ANNUAL REPORT 2022

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, 2022

Petrol, Slovenska energetska družba, d.d., Ljubljana
Dunajska cesta 50, 1000 Ljubljana
Registration number: 5025796000
Companies Register entry: District Court of Ljubljana, entry number: 1/05773/00
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Pursuant to Regulation 2019/815 and the first paragraph of Article 134 of the Market in Financial Instruments Act (ZTFI-1), the Slovenian version Annual Report of the Petrol Group and Petrol d.d., Ljubljana prepared in the ESEF format and published on the official SEOnet portal of the Ljubljana Stock Exchange is the official version. The Annual Report in the PDF format is the unofficial version.

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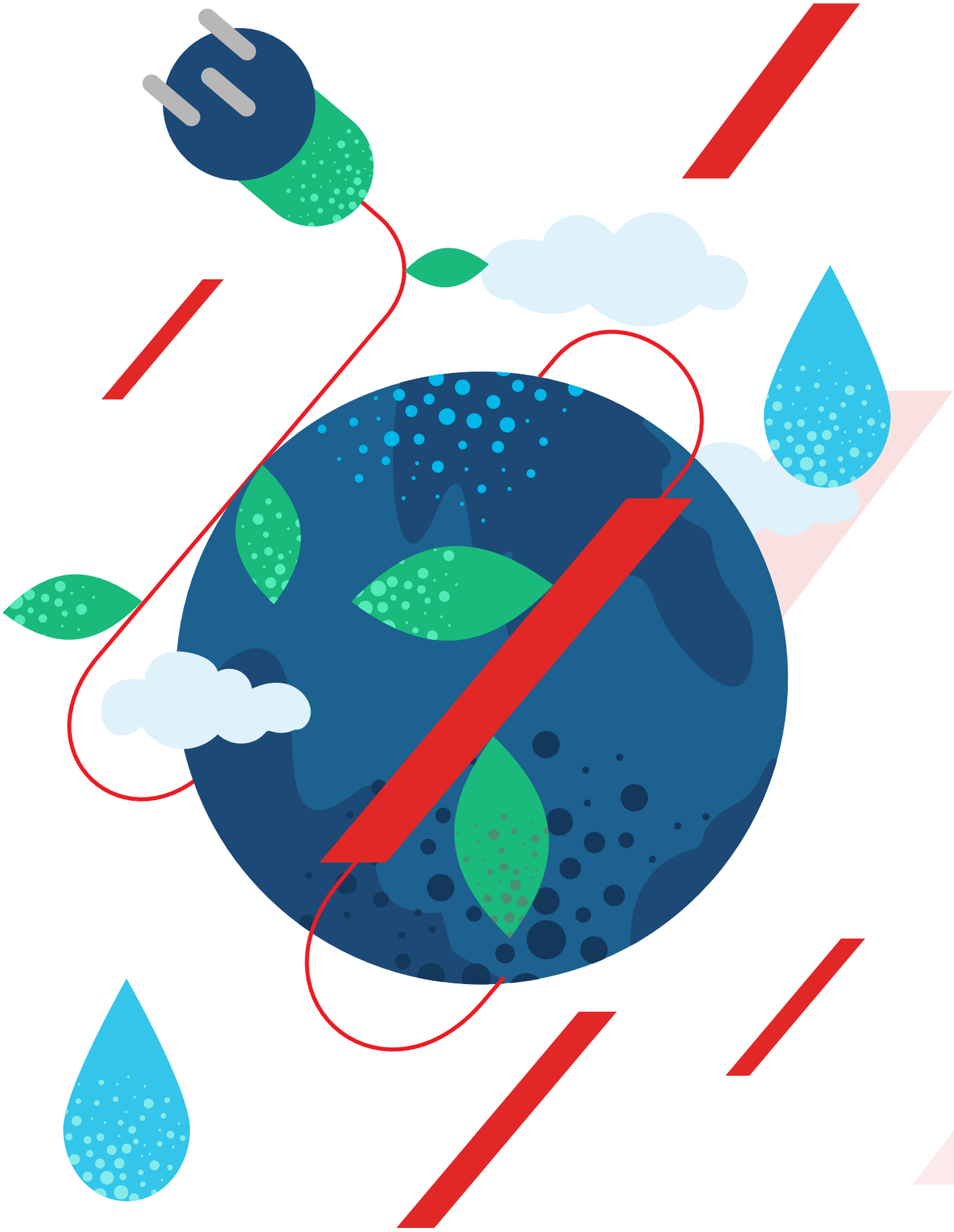


INTRODUCTION

WE KEEP GROWING

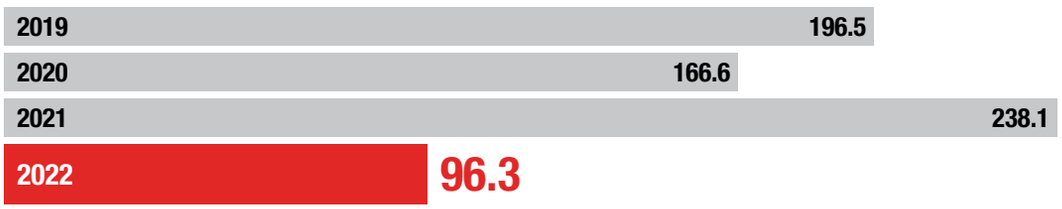
BUSINESS HIGHLIGHTS OF 2022

THE PETROL GROUP	Unit	2022	2021	Index 2022/2021
Sales revenue	EUR million	**9,456.7**	4,960.1	191
Adjusted gross profit[1]	EUR million	**393.4**	543.4	72
Operating profit	EUR million	**-7.9**	151.1	-
Net profit	EUR million	**-2.7**	124.5	-
Equity	EUR million	**860.2**	908.7	95
Total assets	EUR million	**2,740.6**	2,403.8	114
EBITDA[1, 2]	EUR million	**96.3**	238.1	40
EBITDA/Adjusted gross profit[1, 2]	%	**24.5**	43.8	56
Operating costs/Adjusted gross profit[1]	%	**118.9**	79.7	149
Net debt/Equity[1]		**0.60**	0.56	108
Net debt/EBITDA[1, 2]		**5.4**	2.1	252
Return on equity (ROE)[1]	%	**-0.3**	14.3	-
Return on capital employed (ROCE)[1]	%	**-0.5**	10.8	-
Added value per employee[1, 2]	EUR thousand	**41.3**	70.3	59
Earnings per share attributable to owners of the controlling company[3]	EUR	**0.1**	2.9	-
Share price as at last trading day of the year[3]	EUR	**20.0**	25.4	79
Volume of fuels and petroleum products sold	thousand tons	**4,095.2**	3,284.9	125
Volume of natural gas sold	TWh	**18.9**	35.4	54
Volume of electricity sold	TWh	**12.0**	13.8	87
Revenue from the sales of merchandise and services	EUR million	**520.1**	469.5	111

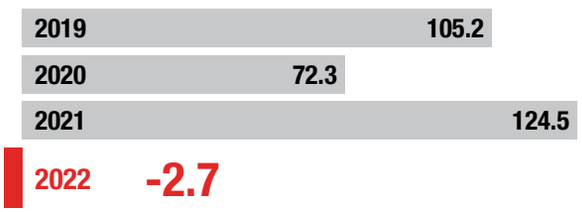
[1] Alternative performance measure (APM) as defined in chapter Alternative Performance Measures.
[2] EBITDA = Operating profit + Net Allowances for operating receivables + Depreciation and amortisation charge.
[3] 2021 - recalculated by taking into account the share split.

THE PETROL GROUP	Unit	31 December 2022	31 December 2021	Index 2022/2021
Number of employees		**6,224**	6,237	100
Number of service stations		**594**	593	100
Number of e-charging points operated by the Petrol Group		**417**	296	141
Number of electricity customers	thousand	**225.7**	224.6	101
Number of natural gas customers (data for Geoplin d.o.o., Ljubljana are not included)	thousand	**60.4**	47.4	128

EBITDA PETROL GROUP (EUR million)

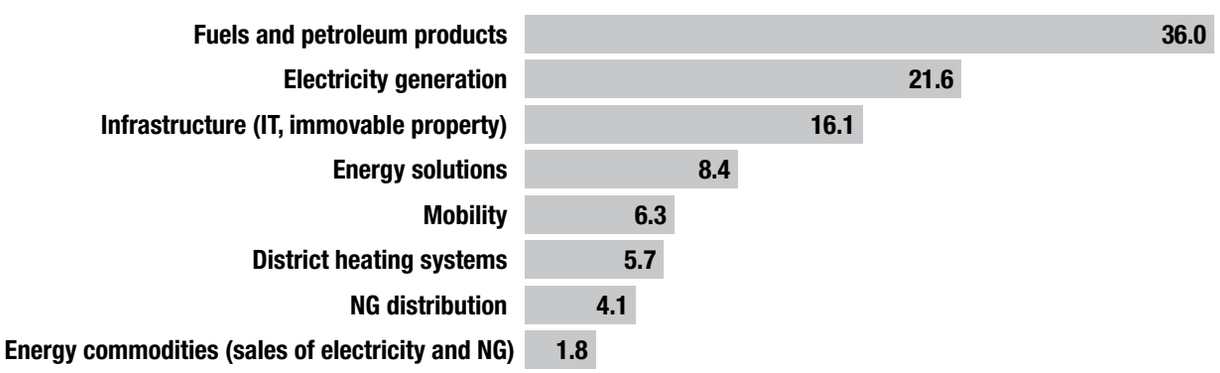


NET PROFIT OR LOSS (EUR million)



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

The year ahead will not be easy. Our goals are ambitious but achievable. With the quality of our team at Petrol Group, we will be able to achieve our goals.

Dear shareholders, business partners and co-workers,

2022 was a special year in many respects. It was marked by extraordinary events in the geopolitical and economic environment, which could not have been foreseen and that left a strong mark on the European and Slovenian economies. The regulation of energy product prices to mitigate the effects of the energy crisis had a negative impact on the Petrol Group's business performance. It deviates from the ambitious Petrol Group Business Plan 2022, as the business situation was significantly different from the assumptions made at the time of the annual planning.

Concentration of emergencies: energy crisis, energy transition and the price regulation of energy products
2022 has been a very challenging year for the economy. The heightened geopolitical situation due to the war in Ukraine, the energy crisis and rising inflation have created numerous and complex challenges. EU Member States have sought to reduce the burden of the extremely high energy product price increases on their populations and economies by regulating energy product prices, and have sought ways to replace Russian energy supplies, including by placing greater emphasis on the provision and use of renewable energy sources.

A well-established risk management system, enhanced cooperation with the Supervisory Board and a swift but measured response to extremely challenging business conditions have helped the Petrol Group mitigate the impact of negative developments in the business environment as much as possible. In the Petrol Group, 2022 will be remembered not only for the challenges posed by the crisis, but also for the successes that have strengthened us in these difficult circumstances.

The heightened geopolitical situation due to the war in Ukraine and the energy crisis have brought numerous and complex challenges.

The effective integration of Petrol Group companies
With the acquisition of Crodux derivati dva d.o.o. in 2021, Petrol has become the second largest supplier of petroleum products in Croatia with 202 points of sale. The legal merger of Petrol d.o.o. with the Croatian company Petrol d.o.o., one of the largest business acquisitions in the Petrol Group's history, was completed at the beginning of November 2022, two months ahead of schedule. With more than 2,100 employees, Petrol d.o.o. is one of the largest Croatian companies and strengthens Petrol's position as a comprehensive energy solutions provider in Croatia.

In 2021, the acquisition of E 3, d.o.o. strengthened our market share and expertise in the electricity market. In 2022, we enhanced the merger by integrating the entire business of E 3, d.o.o. into Petrol's information system.

We paid particular attention to the management of Geoplin d.o.o. Ljubljana, and the measures taken to stabilise the business and mitigate the operational damage resulting from the non-delivery of natural gas under the long-term agreement with Russia's Gazprom. Geoplin d.o.o. Ljubljana has signed a medium-term agreement with Sonatrach for the supply of natural gas from Algeria to Slovenia in November 2022. This agreement is an important step towards ensuring the further diversification of natural gas supply sources, thus further increasing the security of supply for Geoplin d.o.o. Ljubljana's customers.

In 2022, we successfully completed the implementation of the SAP ERP system in all the key companies of the Petrol Group. By further introducing process organisation and functional management throughout the Petrol Group, we have strengthened synergies and pursued a more uniform approach in the markets of our subsidiaries.

The legal merger of Crodux derivati dva d.o.o. with the Croatian company Petrol d.o.o., one of the largest business acquisitions of the Petrol Group, was completed at the beginning of November 2022, two months ahead of schedule.

Steadfastly moving towards a zero-carbon future
We remain **committed to the green transition**, following our strategic vision to become an integrated partner in the energy transition with an excellent customer experience.

In February 2022, Petrol's Supervisory Board approved an investment in solar power plants in Knin, Croatia. It consists of three large solar power plants with a total installed capacity of 22 MW and an expected electricity production

of 29 GWh, which will be operational by summer 2023. In the Kraljevo region of Serbia, the Grajići small hydropower plant completed its test run and went into commercial operation at the beginning of the year. The plant has a capacity of 1.0 MW and is expected to produce around 3.2 GWh per year, enough to supply 1,000 households in Serbia. In May, together with Cinkarna Celje, we commissioned Slovenia's largest solar power plant, which consists of 2,222 solar modules with a total rated output of 1 MW. It is expected to produce 1,160 MWh of electricity per year, enough to supply around 330 average households. In Serbia, we and our partners successfully completed a project to renovate public lighting in the municipality of Kikinda in July 2022. This is the sixth project of its kind in Serbia and the 30th in Petrol's portfolio of energy-efficient public lighting projects in the region. In 2022, the first phase of the Petrol Green project - the installation of solar power plants on the roofs of our points of sale and facilities - was launched. The aim is to gradually equip the entire Petrol network in Slovenia with solar power plants.

A major focus was placed on stabilising the operations of Geoplin d.o.o. Ljubljana.

We launched a project to digitise the Oil & Gas supply chain for service stations, heating oil and gas deliveries and cylinder sales, which will be completed in spring 2024. It will automate, integrate and digitise logistics processes. The project will also have an important sustainability aspect - up to 10 percent fewer emissions per year.

At the point of sale, we also continued to build a quality and sustainable relationship with our customers. **Q Max fuel was named Product of the Year for the third time in February 2022, and for the first time, the "Na Poti" app was also awarded this title.** In June, we became one of the first energy companies in Europe to receive the **European Quality Certification EQTM** from the European Organisation for Quality (EOQ) for the Q Max family of fuels.

Record sales under energy product price regulation fell short of targets
High energy prices and rising inflation have led to the government regulation of fuel, electricity and natural gas prices in all markets where the Group operates (in Slovenia alone, no less than 37 regulations were adopted for this purpose in 2022), which has had a significant impact on the Group's business and thus on the achievement of the Petrol Group's business plan for 2022. The performance of Geoplin d.o.o. Ljubljana, which was exposed to the non-delivery of Russian natural gas and the high volatility of natural gas prices, also had a significant negative impact on the Petrol Group's business performance.

At the end of 2022, the Ljubljana Stock Exchange awarded Petrol d.d., Ljubljana with the prestigious First Listing Share of the Year Award.

For 2022, the Petrol Group planned **sales revenues** of EUR 5.9 billion, with the total sales revenues reaching a record EUR 9.5 billion, an increase of 91 percent compared to 2021. In addition to the higher purchase and selling prices of fuels and energy products, the increase in sales revenues compared to the previous year was also driven by low-cost volume sales of fuels and petroleum products and the incorporation of Crodux derivati dva d.o.o. into the Petrol Group. The Petrol Group sold 4.1 million tons of fuels and petroleum products in 2022, an increase of 25 percent compared to the previous year. Due to the high purchase prices of all energy products and the impact of the regulation of motor fuels and other energy products, this increase in sales is not reflected in the **adjusted gross profit.** It amounted to EUR 393.4 million, down 28 percent year-on-year.

The Petrol Group's **EBITDA** reached EUR 96.3 million in 2022, a decrease of 60 percent compared to 2021. The largest negative impact on this was due to the regulation of motor fuels in all markets, amounting to EUR 188.9 million, while the Petrol Group's EBITDA was also affected by the damage caused to Geoplin d.o.o. Ljubljana due to the non-delivery of natural gas and the price regulation of other energy products in the Slovenian and Croatian markets.

In 2022, the Petrol Group achieved a net profit of EUR -2.7 million.

The changed circumstances have also required the Petrol Group to adjust its investment funds. In 2022, **investments** amounted to EUR 59.8 million, of which 48 percent for energy transition projects, while the amount set aside for further development in the 2022 plan stood at EUR 100 million.

We are working to **obtain compensation for the economic damage** caused to Petrol by the regulation. Although we have been actively seeking an agreement, we have so far been unsuccessful and have had to take the

legal route. In both Slovenia and Croatia, an out-of-court settlement has been submitted to the state attorney's office, amounting to EUR 106.9 million in Slovenia and EUR 55.9 million in Croatia.

Against this background, it is encouraging that, despite the tight operating conditions, S&P Global Ratings has reaffirmed Petrol d.d., Ljubljana's **»BBB-« long-term rating,** its »A-3« short-term credit rating and its »stable« credit rating outlook in December 2022.

In an effort to make the Petrol share more attractive to smaller investors, a successful 1:20 **split of the PETG share** was carried out in November 2022. At the end of 2022, the Ljubljana Stock Exchange awarded Petrol d.d., Ljubljana the **First Listing Share of the Year Award.** In 2022, despite the challenging environment, we paid our highest ever gross dividend of EUR 30 per share to shareholders for 2021.

An optimistic and ambitious partner for households, businesses and the public sector
In 2023, uncertainty about the supply and price of energy products has diminished, the outlook for economic growth has improved accordingly, and inflation is expected to moderate gradually, although it remains high in the early months of 2023.

Due to the high purchase prices of all energy products and the impact of the regulation of motor fuels and other energy products, the increase in sales revenues is not reflected in the adjusted gross profit.

Even though we are facing a challenging period ahead due to the still tight energy markets, we are cautiously optimistic about 2023. The Petrol Group's business will continue to be significantly impacted by the regulation of fuel and energy product sales prices, tighter purchasing conditions and inflation, which will be addressed by adapting business processes and optimising costs. In addition, a number of factors in the international and domestic environment will also have an impact on business: the uncertain geopolitical and economic situation, the state of the global oil and energy markets, and movements in the US dollar. In line with our strategy until 2025, we continue to pursue our core objectives of achieving business growth while remaining committed to sustainable development. Slovenia, Croatia and Serbia remain key markets for Petrol. In 2023, we plan to have a stable business and a positive result at the end of the year by meeting all our financial commitments.

We are working to obtain compensation for the economic damage caused to the Petrol Group by the regulation of energy product prices.

We have long warned that regulation has a negative impact on the Petrol Group's business and, consequently, on the Company's stakeholders. We will work to deregulate or at least adapt regulation to models that are dynamic and take into account the rising operating costs. Margins that are too low jeopardise our business objectives such as productivity growth, sales and green transformation. Only with a sustainable pricing model can the Petrol Group compete in the market, invest in development, remain a supporter of socio-economic life, and at the same time provide stable returns to shareholders and secure employment for more than 6,000 employees and business cooperation for suppliers.

The year ahead will not be easy. Our goals are ambitious but achievable. I am confident that with the quality of our team at Petrol Group, we will be able to achieve our goals. We thank all our customers for continuing to choose Petrol to meet their energy needs, our shareholders for their confidence even in difficult circumstances, and our business partners and other stakeholders for their support and cooperation. As one of the largest energy companies in the region, we at the Petrol Group will continue to strive to provide strong support to households, businesses and the public sector, both in meeting the challenges of the energy crisis and in the transition to a zero carbon future.

Nada Drobne Popović
President of the Management Board


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

Zoran Gračner
Member of the
Management Board and
Worker Director

Jože Bajuk
Member 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 2022, 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 2022 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 2022 gives a fair view of the development and results of the Company's operations and its financial position, including a 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	**Matija Bitenc** Member of the Management Board	**Jože Bajuk** Member of the Management Board	**Jože Smolič** Member of the Management Board	**Zoran Gračner** Member of the Management Board and Worker Director

Ljubljana, 6 April 2023

REPORT OF THE SUPERVISORY BOARD

Composition of the Supervisory Board in 2022

The Supervisory Board of Petrol d.d., Ljubljana, in its current composition, has been functioning since 22 April 2021. In 2022, the Supervisory Board continued to be composed of the President, Janez Žlak, the Deputy President, Borut Vrviščar, and the Members Mladen Kaliterna, Alenka Urnaut, Mário Selecký, Aleksander Zupančič, Robert Ravnikar, Marko Šavli and Alen Mihelčič. The composition is diverse in terms of education, work experience and personality traits, all of which allow for an effective professional complementarity in the exchange of views and opinions.

In 2022, all the Supervisory Board members attended meetings regularly and virtually all decisions were taken unanimously. The Supervisory Board members thoroughly prepared themselves for the topics discussed, gave constructive proposals, and adopted decisions 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 both Supervisory Board committees and their substantive input. The Supervisory Board kept stakeholders informed on a regular basis.

The composition of the Supervisory Board is diverse in terms of educational background, work experience and personality traits, all of which allows for an effective professional complementarity in the exchange of views and opinions.

The Supervisory Board had 17 meetings in 2022. In addition to the seven regular meetings scheduled for 2022 according to the financial calendar, it held a further 10 extraordinary meetings, virtually all of which were devoted to the emergency situation regarding energy product supply, the regulation of energy product prices and their impact on the business and operations of the subsidiary Geoplin d.o.o. Ljubljana.

Throughout the year, the Supervisory Board regularly monitored the Petrol Group's operations and its development in a challenging global and economic environment, focusing on the identification and management of business risks that are important to the future success of the Group's business.

The Most Important Topics Discussed at the Supervisory Board's Meetings in 2022

In February 2022, the Supervisory Board held an extraordinary meeting, not included in the financial calendar, in order to receive presentations and decide on certain investments. At this meeting, the Board also took note of the report of the Works Council, and a new version of the Corporate Governance Policy of Petrol d.d., Ljubljana, was reviewed, amended and published.

In March 2022, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana 2021, discussed the proposal on the allocation of accumulated profit, the proposal on the Petrol share split, and approved the convening of the 34th Annual General Meeting. The Supervisory Board was also informed about the current energy product supply situation in connection with the consequences of the war in Ukraine and on the impact of the introduced price regulation of petroleum products on the Company's operations, which, together with the reporting on the impact of the price regulation of other energy products, was an important topic at the Supervisory Board meetings throughout the year.

An unscheduled meeting was held again in April to provide an update on the digitalisation project and to report on the impact of the petroleum product price regulation on the business.

In May, the Supervisory Board discussed the Report on the performance of the Petrol Group and Petrol d.d., Ljubljana, in the first three months of 2022.

At extraordinary meetings held in June, July and August, the Supervisory Board was informed about the impact of the regulation of petroleum product prices on the Petrol Group's business and on the implementation of the business plan and, as part of the measures to manage the risks arising from the impact of the regulation of petroleum product prices, approved the Company's cash flow plan, taking into account the impact of the subsidiaries. In addition, at its regular meeting in August, the Supervisory Board discussed the Report on the business activities for the first half of 2022.

The Supervisory Board kept stakeholders informed on a regular basis.

At four extraordinary meetings in September and October, the Supervisory Board discussed the impact of the price regulation of energy products on the Petrol Group's operations in Slovenia and Croatia, took note of the report on the measures taken to secure the legal and financial position of the Petrol Group in the light of the regulatory provisions in the field of energy supply in both Slovenia and Croatia, and the preliminary results of the financial and legal audit of the operations of Geoplin d.o.o. Ljubljana, which mainly related to the breach of an agreement for the supply of natural gas by its business partner Gazprom, and, together with the Management Board, sought appropriate solutions and scenarios to manage the related negative effects on the business.

At its regular meeting in November, the Supervisory Board discussed the Report on the business of the Petrol Group and Petrol d.d., Ljubljana in the first nine months of 2022, took note of the measures to compensate for the damage caused by the regulation of energy product prices and the measures to manage the business of Geoplin d.o.o. Ljubljana and alternative sources of natural gas supply, and discussed the baselines for the preparation of the Petrol Group's annual business plan.

The main topic of the December meeting was the discussion of scenarios for the Petrol Group's 2023 business plan. 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. It also took note of the Audit Committee's conclusions and carried out a self-assessment.

At the last extraordinary meeting in 2022, the Supervisory Board discussed the report to the General Meeting on the damage caused by the regulation of the prices of energy products in 2022 and the compensation for the damage by the Republic of Slovenia and the Republic of Croatia and its impact on the Company's/Group's operations and credit rating in 2022 and an assessment of its impact on the Company's/Group's operations in 2023; the report to the General Meeting on the business performance of the subsidiary Geoplin d.o.o. Ljubljana in 2022; and a report to the General Meeting on the impact of the regulated prices of petroleum products, gas and electricity on the Company's/Group's operations in 2022 and an assessment of the impact on the Company's/Group's operations in 2023.

All the decisions taken at regular and extraordinary meetings of the Supervisory Board concerning the impact of price regulation on the operations of the Petrol Group companies were taken unanimously.

The Supervisory Board, acting within its powers, made responsible decisions and discussed a number of other matters within its terms of reference:

- adopting the 2023 Internal Audit work programme;
- adopting the 2023 Audit Committee work programme;
- managing potential 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;

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 stipulated in its Rules of Procedure;
- the ongoing training of all persons involved in the functioning of the body and the adoption of new best practices related to corporate governance;
- the transparent functioning of the Supervisory Board in relation to the Management Board and vice versa, and with all external stakeholders;
- a 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 the proactive functioning of each Supervisory Board member;
- training of members, acquaintance with new trends, acquaintance with key personnel, learning about the structure of the Company, the Petrol Group and its processes;
- self-assessment of the Supervisory Board with a view to the timely identification of the necessary changes and implementation of the measures, and a number of other matters that are the responsibility of the Supervisory Board in accordance with the law, the Statutes and the Rules of Procedure.

Work of the Supervisory Board's Committees

The **Audit Committee** of the Supervisory Board held 9 meetings in 2022 to discuss quarterly reports on the operations of the Petrol Group and Petrol d.d., Ljubljana, and discussed standard and other matters, such as:

- progress of the preliminary audit of the 2021 annual report;
- preparation of the 2023 Audit Committee work programme;
- management of credit, foreign exchange and price risks;
- risk management in the Petrol Group by quarter and its annual overview;
- briefing on the Internal Audit reports and the 2023 Internal Audit work programme;
- briefing on the report of authorised officers concerning the implementation of corporate integrity guidelines;
- discussing and proposing to the Supervisory Board for adoption guidelines governing the performance of non-audit services by the statutory auditor;
- briefing on and monitoring the expected changes in the International Financial Reporting Standards on a regular basis and assessing the effect they may have had on the financial statements;
- an annual interview with the Head of Internal Audit,
- monitoring and communicating the results of the external audit of internal audit work,
- discussing other topics falling within the competence of the Audit Committee.

The Committee also discussed the revised 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.

The Supervisory Board's Human Resources and Management Board Evaluation Committee held one meeting in 2022 to evaluate the work of the Management Board in 2021 and to make proposals to the Supervisory Board on the remuneration for its work in 2021. It also reviewed and approved the Remuneration Policy for the Management Board and the Supervisory Board, which was submitted to the General Meeting for adoption.

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

Assessment of the Petrol Group's Operations in 2022

On 19 January 2023, the Supervisory Board of Petrol d.d., Ljubljana took note of the Petrol Group's performance assessment for 2022. The Management Board prepared the performance assessment due to anticipated deviations from the Petrol Group Business Plan 2022. The estimated deviations are due to the tight operating conditions in the context of the ongoing energy crisis and the

government's measures to mitigate its impact. The information contained in the publication "Preliminary Unaudited Performance Assessment of the Petrol Group for 2022" is available on the website of Petrol d.d., Ljubljana.

At its 30th meeting of 16 March 2023, the Supervisory Board took note of and discussed the unaudited results of the Petrol Group for 2022.

More than half of the meetings were devoted to energy product supply emergencies, energy product price regulation and its impact on business.

The Petrol Group's sales revenue stood at EUR 9.5 billion in 2022, up 91 percent on the year before. Adjusted gross profit stood at EUR 393.4 million, which was 28 percent less than in 2021. The EBITDA totalled EUR 96.3 million and was 60 percent lower than in 2021. The net profit for 2022 totalled EUR -2.7 million, a decrease of EUR 127.2 million from 2021.

Approval of the 2022 Annual Report

At its 32nd meeting held on 13 April 2023, the Supervisory Board discussed the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2022. 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 2022.

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 2022, concluding the actual state of corporate governance in 2022.

Dr Janez Žlak
President of the Supervisory Board

Ljubljana, 13 April 2023

THE PETROL GROUP IN ITS REGION

BUSINESS REPORT

WELCOME, WIND!

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 in 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 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.

Petrol's strategy sets clear goals for the realisation of our **vision: "To become an integrated partner in the energy transition with an excellent customer 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, the public sector and households, Petrol is taking a leading role in achieving 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 the energy product supply segment 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.

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; and
- **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 in the energy transformation, and the rest 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.

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.

The turbulence in the energy markets, high inflation and the resulting regulatory intervention by governments in the pricing of energy products have severely impacted the Petrol Group's business. The Petrol Group's business model as a petroleum retailer does not allow it to cover all costs given the purchase prices which enable refineries to make their profits during the period of retail price regulation. The changed circumstances also required the Petrol Group to adjust its capital expenditure as early as 2022. Energy transition projects continue to account for the bulk of our investment funds. In the light of current developments in the energy markets, the Petrol Group will revise its business plan for the next five-year period in early 2024, if necessary.

Organisational Transformation

In accordance with the Petrol Group Strategy for 2021-2025, in June 2021 the Management Board of Petrol adopted a new organisation of the Company and the Petrol Group, which was updated in 2022 in the course of the process of incorporation of Crodux derivati dva d.o.o. into Petrol d.o.o. on the Croatian market as of 1 October 2022.

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. With clearly defined responsibilities, processes are more efficient, work procedures are unified and more centralised, and thus specialisation is increased. 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.

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 quality 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. In 2022, with the merger of Crodux derivati dva d.o.o. into Petrol d.o.o., we introduced a functional organisation in the Croatian market, which will be implemented by the end of the strategic period in other subsidiaries in Slovenia and in companies in the markets of Bosnia and Herzegovina, Serbia and Montenegro.

Petrol as the ambassador of corporate integrity

Petrol meets its targets while complying with the applicable regulations and the 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. 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 2023

Business environment

The Petrol Group's Business Plan for 2023 has been drawn up in a context of great uncertainty, mainly related to the situation on the energy markets. Economic growth is slowing down. The embargo on Russian crude oil and petroleum products is tightening supply conditions and increasing the risk of a further deterioration in the economic outlook in countries that are important trading partners of Slovenia. Inadequate regulation of the prices of petroleum products and cost pressures due to high inflation in 2022 and expected inflation in 2023 require adjustments to business models and cost optimisation. 2022 was characterised by extreme price fluctuations for petroleum products and other energy products, as well as government regulation. As one of the key drivers of the energy transition in the region, the Petrol Group faces a shortage of funds for investments in the green transition, mainly due to the impact of regulation.

The Petrol Group's Business Plan 2023 has been drawn up in a context of uncertainty, mainly related to the volatility of the energy markets and slowing economic growth.

Key trends and risks in the 2023 Business Plan

Based on economic forecasts, the Petrol Group plans to increase its sales of petroleum products in 2023 compared to the 2022 plan. In the area of merchandise and services, the Petrol Group will continue to ensure fast and convenient purchases for the consumer and an excellent customer experience. In electricity and natural gas sales, Petrol will maintain its market share in Slovenia. In 2023, the Petrol Group will increase the number of proprietary and non-proprietary EV charging stations. It will actively promote energy independence, efficiency and renewable energy in Slovenia and other Central European countries. The share of green energy generation from successful renewable energy projects in the region will increase. In the area of energy solutions, most activities will focus on the industrial and household segments. We will continue to focus on cost-efficiency. Through process optimisation and other measures, we aim to achieve a cost-to-adjusted gross profit ratio of 77 percent by 2023.

In 2023, investments will focus on expanding the renewable electricity production business, digitalising the supply chain, modernising the points of sale and expanding the energy solutions business.

The Petrol Group recognises that despite careful preparation, informed business decisions, quick responses to changes and an efficient risk-management system external factors may arise in the business environment that are beyond our direct control. As a result, there is a risk that annual targets may not be met. We have already seen this with the COVID-19 pandemic, and even more so with the energy crisis in 2022.

The **key risks** to the achievement of the 2023 business plan are the negative impact of the energy crisis on inflation and the resulting increase in the cost of living, and the management of higher operating costs. Other risks to the 2023 plan include:

- disruption to supply chains and the impact on the economy;
- tightening of purchasing conditions for petroleum products;
- further tightening of energy product retail price regulation;
- impact of the Energy Savings Requirements Act in Slovenia and Croatia;
- possible amendment of the Decree on the promotion of the use of biofuels and other renewable fuels for the propulsion of motor vehicles;
- uncertainty when selling into the highly volatile EU markets;
- other regulatory requirements.

Business targets for 2023

For 2023, the Petrol Group projects **sales revenues of EUR 10.2 billion and an adjusted gross profit of EUR 675.0 million.** The Petrol Group will achieve its planned results for 2023 through the sale of 4.0 million tonnes of fuels and petroleum products, merchandise in the amount of EUR 544.8 million, 14.5 TWh of natural gas, 12.9 TWh of electricity (trading and sales to end customers), 154.6 thousand MWh of heat, the production of 188.4 thousand MWh of electricity, and the sale of energy and environmental solutions.

For 2023, the Petrol Group projects **EBITDA of EUR 250.4 million and a net debt/EBITDA ratio of 1.7.** The latest known energy product price regulations have been taken into account in the preparation of the business plan. Regulation of petroleum product margins continues to have a negative impact on the Petrol Group's performance.

For 2023, the Petrol Group plans to generate a **net profit of EUR 117.1 million.**

The Group's **investment policy** for 2023 will be focused on expanding the business in the area of renewable electricity production, digitising the supply chain, modernising its points of sale and expanding its operations in the area of energy and environmental solutions. Price regulation remains in place in 2023, and investment volumes have been adjusted accordingly. In 2023, **investments** will amount to EUR **75.0 million,** one-third of which will be spent on energy transition projects, while the 2023 Strategic Business Plan foresees investments of EUR 135.0 million.

Before the onset of the energy crisis and the resulting price regulation, the Petrol Group was in a very good business and financial shape. In 2022, the negative impact of energy price regulation on the Group's business resulted in a significantly weaker finish than planned. We expect 2023 to be a challenging year, so we will focus a lot of attention on optimising business processes and, as a result, optimising costs. We will meet the high performance standards recognised by S&P Global Ratings. Despite the difficult business conditions, the Group will continue to pursue its goal of ensuring stable operations, thus delivering a reasonable return for shareholders.

We will focus a lot of attention on optimising business processes and, as a result, optimising costs.

CORPORATE GOVERNANCE STATEMENT

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 2022 to 31 December 2022, the Company was bound by the Slovenian Corporate Governance Code for Listed Companies (hereinafter 'the Code') as jointly drawn up by the Ljubljana Stock Exchange and the Slovenian Directors' Association on 27 October 2016 and updated and adopted on 9 December 2021. The Code entered into force in its updated version on 1 January 2022. 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 has since been updated several times at meetings of the Company's Supervisory Board and published on SEOnet. 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. with both 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 2023 (the Code: Corporate governance statement, paragraph 5.6)
- Sustainable development is one of the priorities of the Petrol Group. Due to its importance, since 2012, the Petrol Group has been publishing bi-annual stand-alone Sustainability Reports, which present in more detail the sustainability strategic orientations and challenges, objectives, programmes and projects, as well as the results. Our activities are complex and diversified; therefore, we are constantly formulating a methodology for sustainable development, measurement, evaluation and reporting. The Petrol Sustainable Business Policy is therefore not a single document, but rather a set of interlinked internal documents that cover all the content listed in paragraph 7 of the Code (the Code: Sustainable Business, paragraph 7).
- The Supervisory Board sets out in the Rules of Procedure the content and types of transactions for which the Supervisory Board's consent is required, but does not specify 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 14.3).
- 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 32.1).

- The Company has not published the applicable wording of the rules of procedure of its bodies on its website. The Management Board and 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 the 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 Board is responsible for the keeping of proper books of account, setting up and ensuring the functioning of internal controls and internal accounting controls, 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 Board 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 fraud. 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 the International Financial Reporting Standards, including all disclosures and notes that are required;
- regular internal and external audits of business processes and operations.

The Risk Management chapter of this business report presents risk management and control mechanisms relating to the assessment of specific types of risk in greater detail. It is our opinion that in 2022, the current internal control system was efficient and provided an appropriate environment for the achievement of the business objectives of Petrol d.d., Ljubljana and of the Petrol Group, as well as operation in compliance with the law, and fair and transparent reporting in all material respects.

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

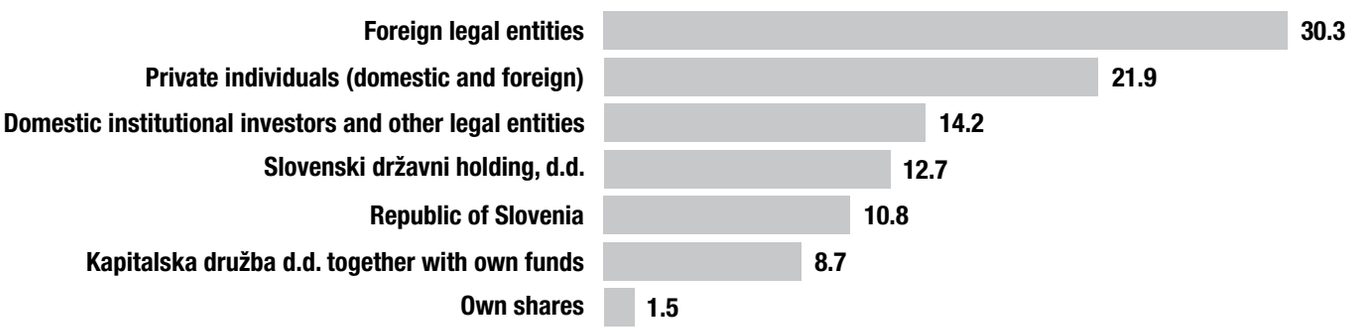
Data pursuant to Article 70(6) of the Companies Act-1

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 only issued 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 2022 (in %)



THE LARGEST SHAREHOLDERS OF PETROL D.D., LJUBLJANA, AS AT 31 DECEMBER 2022

	Shareholder	Address	Number of shares	Holding in %
1	CLEARSTREAM BANKING SA - FIDUCIARY ACCOUNT	42 Avenue J. F. Kennedy, L-1855, Luxemburg	6,467,732	15.50
2	SDH, D.D.	Mala ulica 5, 1000 Ljubljana	5,299,220	12.70
3	REPUBLIC OF SLOVENIA	Gregorčičeva ulica 20, 1000 Ljubljana	4,513,980	10.82
4	KAPITALSKA DRUŽBA, D.D.	Dunajska cesta 119, 1000 Ljubljana	3,452,780	8.27
5	OTP BANKA D.D. - CLIENT ACCOUNT - FIDUCIARY	Domovinskog rata 61, 21000 Split, Croatia	2,849,061	6.83
6	ERSTE GROUP BANK AG - PBZ CROATIA OSIGUR	Am Belvedere 1100 Wien, Austria	1,667,370	4.00
7	VIZIJA HOLDING, D.O.O.	Dunajska cesta 156, 1000 Ljubljana	1,482,780	3.55
8	VIZIJA HOLDING ENA, D.O.O.	Dunajska cesta 156, 1000 Ljubljana	1,350,700	3.24
9	PERSPEKTIVA FT D.O.O.	Dunajska cesta 156, 1000 Ljubljana	725,240	1.74
10	PETROL D.D., LJUBLJANA	Dunajska cesta 50, 1000 Ljubljana	494,060	1.18

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 2022):

- Clearstream Banking SA. — client account held 6,467,732 shares of the issuer Petrol d.d., Ljubljana, representing 15.50 percent of the share capital of the issuer;
- Slovenian Sovereign Holding held 5,299,220 shares of Petrol d.d., Ljubljana, representing 12.70 percent of the issuer's share capital;
- The Republic of Slovenia held 4,513,980 shares of Petrol d.d., Ljubljana, representing 10.82 percent of the issuer's share capital;

- Kapitalska družba, d.d. held 3,452,780 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital; and
- OTP Banka d.d. – Client account – held 2,849,061 shares of the issuer Petrol d.d., Ljubljana, representing 6.83 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

- **the appointment and replacement of members of the 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 the agreements concluded with Management Board members. The Supervisory Board also determines the weight of the 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 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 the 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. The shortlisted candidate/s for President of the Management Board propose other members of the Management Board; the Human Resources and Board Evaluation Committee verifies the conditions and references of the proposed candidates. The Committee thereupon proceeds with the evaluation of the entire Management Board and negotiates with candidates on the basic elements of their agreements. The candidate/s for President of the Management Board, together with the proposed members of the Management Board, present the vision of the Company's development at the 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 no 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, at its own discretion. The Supervisory Board is required to immediately notify the Management Board if it is 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 no 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 Diversity Policy, 13 December 2018).

  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 to 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 and 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 Supervisory Board as a whole;
- knowledge of the industry and the characteristics of the legal and regulatory environment; and
- an 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:

- to ensure at least 30 percent representation of the underrepresented gender among the shareholder representatives on the Supervisory Board by 2022.
- efforts by all stakeholders in the HR processes to appoint the Management Board members in such a way as to achieve the greatest possible gender balance by creating an appropriate set of candidates that ensures the appropriate representation of the underrepresented gender.
- seeking not to change the overall membership 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, the 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. The Management Board comprises a president and four male members of the Management Board. The Supervisory Board comprises one female member and eight male members. In the energy sector, women's representation in management positions is found to be low. In 2019, the Supervisory Board joined the initiative to achieve voluntary 40/33 gender diversity by 2026 as proposed by the Slovenian Directors' Association. Among other partners, the initiative was supported by the Slovenian Sovereign Holding and the Ljubljana Stock Exchange. In 2022, a female representative was appointed as an external member of the Audit Committee.

- **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 the Management Board members, particularly in connection with own shares

At its 34th General Meeting, held on 21 April 2022, the General Meeting by a resolution under item 7, authorised the Management Board to purchase treasury shares for a period of 12 months from the date of the entry into force of the resolution. Under this authorisation, a maximum number of own shares may be acquired so that the total percentage of the shares acquired based on this authorisation does not exceed, together with other own shares already held by the Company, two percent of the Company's share capital. The Company may acquire its own shares through transactions entered into on a regulated securities market, at the then prevailing market price. The Company may also acquire its own shares outside a regulated securities market. When acquiring shares on a regulated or unregulated securities market, the purchase price of the shares may not be less than 50 percent of the book value of the share, calculated on the basis of the Petrol Group's latest publicly published audited annual accounts. The purchase price of the shares may also not exceed 11 times the earnings per share (EPS) calculated on the basis of the Petrol Group's latest publicly published audited annual accounts. Pursuant to Article 381(3) and (4) of the Companies Act (ZGD-1), the Company may reduce the share capital (once or successively) by withdrawing own shares acquired pursuant to this authorisation (but not own shares acquired earlier) in a simplified procedure and against other profit reserves with the consent of the Supervisory Board. The Company may only use its own shares acquired pursuant to this authorisation in accordance with this resolution.

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 any 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

No early termination benefits are payable to a member of the Management Board in the cases provided for in the Companies Act. No severance payment is due to a member of the Management Board in the event of the regular termination of their term of office. Furthermore, a member of the Management Board is not entitled to severance pay if they terminate the employment agreement or if the employment contract is terminated early on the grounds of serious misconduct, incapacity or a vote of no confidence by the General Meeting (unless the vote of no confidence was passed for manifestly unfounded reasons).

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 the 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 2022.

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 the 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 behind the agenda item. Notwithstanding, a 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 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 34th General Meeting held on 21 April 2022 (notice of the resolutions of the General Meeting is available at 34th Annual 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 2021 financial year, as well as with the report on the remuneration of the members of the management and supervisory bodies. They discussed and adopted a resolution on the allocation of the accumulated profit and the granting of a discharge from liability to the Management Board and Supervisory Board for the year 2021. The General Meeting considered the Remuneration Policy of the Management and Supervisory Bodies of Petrol d.d., Ljubljana, which has not yet been approved. Pursuant to Article 294a(3) of the ZGD-1, the vote of the shareholders at the General Meeting on the Remuneration Policy is advisory and will be resubmitted for vote and approval at the next General Meeting.

At the 35th Annual General Meeting held on 27 December 2022 (notice of the resolutions of the General Meeting is available at 35th Annual General Meeting), the shareholders were presented with the report of the Supervisory Board and the Management Board on the damage caused by the regulation of energy product prices in 2022 and the reimbursement of damages by the Republic of Slovenia and the Republic of Croatia and its impact on the Company's/Group's operations and credit rating in 2022, as well as with an assessment of the impact of the regulation on the Company's/Group's operations in 2023. The shareholders were also presented with the report of the Supervisory Board and the Management Board of the Company on the operations of the subsidiary Geoplin d.o.o. Ljubljana in 2022 and with the report of the Supervisory Board and the Management Board of the Company on the impact of the regulation of the prices of petroleum products, gas and electricity on the Company's/Group's operations in 2022 and an assessment of the impact of the regulation of the prices of petroleum products, gas and electricity on the Company's/Group's operations in 2023.

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 28 August 2020, the Management Board functions with five members. The Management Board discussed matters falling within its competence at 90 meetings in 2022. Virtually 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 with 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 only represent the Company 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 loans 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 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 or tangible fixed assets and investment property of the Company, for amounts exceeding EUR 5,000,000.00. For the avoidance of doubt, a set of several interconnected transactions shall also be considered 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 2022 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 2022:

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:

- procurement of and trade in 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:

- finances
- accounting
- back office
- informatics
- controlling
- management of development needs and projects
- risk management
- 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:

- 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:

- sales to end-customers (B2C)
- sales to business customers and the public sector (B2B and B2G)
- digital channels
- marketing and user experience management
- fuels and petroleum products

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 agreement with the auditor of the annual report and the consolidated annual report and in relation to the members of the Supervisory Board.

The Members of the Supervisory Board of Petrol d.d., Ljubljana were as follows in 2022:

Janez Žlak, President of the Supervisory Board, shareholder representative
Project Manager at HSE, d.o.o., Ljubljana. 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 since the constituent meeting of 22 April 2021.

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

Mladen Kaliterna, Member of the Supervisory Board, shareholder representative
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. From 11 April to 21 April 2021, he served as the President of the Supervisory Board. 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, Member of the Supervisory Board, shareholder representative
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, Member of the Supervisory Board, shareholder representative
Representative of J&T Bank, a.s. He 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, Member of the Supervisory Board, shareholder representative
He 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, Member of the Supervisory Board, employee representative
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, Member of the Supervisory Board, employee representative
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, Member of the Supervisory Board, employee representative
Petrol d.d., Ljubljana, assistant for health and safety at work and fire safety: When Member of the Supervisory Board Zoran Gračner resigned, Mr Šavli was appointed as a 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 2022:

Until 21 October 2022:

- Alenka Urnaut, 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

From 22 October 2022 onwards:

- Alenka Urnaut, President of the Committee
- Mladen Kaliterna, Member of the Committee
- Aleksander Zupančič, Member of the Committee
- Robert Ravnikar, Member of the Committee
- Sabina Merhar, External Member of the Committee

The Human Resources and Management Board Evaluation Committee was composed of the following members in 2022:

- 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 Committee

Remuneration policy for members of the 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 was submitted to the General Meeting for approval at the Company's 34th General Meeting. The nominal amounts received in the 2022 financial year by each Management Board member and each Supervisory Board member are indicated in the financial part of this report (chapter 8 Related party transactions) and in more detail in the Report on the Remuneration of the Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2022 financial year, 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:

- The 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 the remuneration is the basic salary of a member of the Management Board, determined by the employment agreement 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 the 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 the 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 using 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 and 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 agreement;
  - under the same conditions and in the amount that applies to employees of the Company, to pay for holiday leave, compensation for holiday leave, jubilee awards, the reimbursement of travel expenses, and the reimbursement of expenses for meals during work;
  - non-competition clause: within the provisions of the Act governing employment relationships and under the conditions set out in the employment agreement;
  - 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 agreement.

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. Pursuant to Article 294a(3) of the ZGD-1, the Remuneration Policy will be resubmitted to the General Meeting for approval at its next meeting.

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

C.1: Composition of the Management Board in the 2022 financial year

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 the supervisory bodies of non-related companies
Nada Drobne Popović	President of the Management Board	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 near Kranj	All-round management competencies, including management of equity investments	/
Matija Bitenc	Member of the Management Board	Finances; Accounting ; Back office; Informatics; Controlling; Management of development needs and project; Risk management; Business intelligence	11 March 2020	10 March 2025	Male	Slovene	1980	Master of Economics	Competencies in the area of corporate finance, risk management, business intelligence and information technology	/
Jože Bajuk	Member of the Management Board	Energy and solutions; Logistics; Operational Management	11 March 2020	10 March 2025	Male	Slovene	1974	Master of Sociology, Bachelor of Law	Competencies in the area of law, corporate governance, energy (especially renewables), electricity trading and ESCO projects	/
Jože Smolič	Member of the Management Board	Sales to end-customers (B2C); Sales to business customers and the public sector (B2B and B2G); Digital channels; Marketing and user experience management; Fuels and petroleum products	28 August 2020	27 August 2025	Male	Slovene	1967	Master of Entrepreneurial Management	Competencies 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	Competencies in the area of energy	/

C.2: Composition of the Supervisory Board and committees in the 2022 financial year, part 1

Name and Surname	Function (president, deputy, member of the Supervisory Board)	First appointment to the office	"Termination of office/ mandate"	"Shareholder/ employee representative"	Attendance at Supervisory Board meetings according to the total number of meetings	Gender	Nationality	Year of birth	Education
Janez Žlak	President of the Supervisory Board in 2022	22 April 2021	21 April 2025	Shareholder representative	All 17 meetings of the Supervisory Board in 2022	Male	Slovene	1965	PhD
Borut Vrviščar	Deputy President of the Supervisory Board in 2022	28 December 2020	10 April 2025	Shareholder representative	15 out of 17 meetings of the Supervisory Board in 2022	Male	Slovene	1969	Bachelor of Electronics Engineering, Leadership and strategic management, Top management program
Aleksander Zupančič	Member of the Supervisory Board in 2022	28 December 2020	10 April 2025	Shareholder representative	All 17 meetings of the Supervisory Board in 2022	Male	Slovene	1979	Bachelor of Law
Mladen Kaliterna	Member of the Supervisory Board in 2022	4 April 2013	15 July 2025	Shareholder representative	All 17 meetings of the Supervisory Board in 2022	Male	Slovene	1967	Master of Management and Organisation
Alenka Urnaut	Member of the Supervisory Board in 2022	28 December 2020	10 April 2025	Shareholder representative	16 out of 17 meetings of the Supervisory Board in 2022	Female	Slovene	1975	MBA, University graduate in economic engineering
Mário Selecký	Member of the Supervisory Board in 2022	28 December 2020	10 April 2025	Shareholder representative	14 out of 17 meetings of the Supervisory Board in 2022	Male	Slovak	1975	Master of Law
Alen Mihelčič	Member of the Supervisory Board in 2022	27 January 2017	22 February 2025	Employee representative	All 17 meetings of the Supervisory Board in 2022	Male	Slovene	1975	Economist
Robert Ravnikar	Member of the Supervisory Board in 2022	27 January 2017	22 February 2025	Employee representative	All 17 meetings of the Supervisory Board in 2022	Male	Slovene	1979	Bachelor of Economics
Marko Šavli	Member of the Supervisory Board in 2022	11 December 2020	22 February 2025	Employee representative	All 17 meetings of the Supervisory Board in 2022	Male	Slovene	1973	Utility Engineer

C.2: Composition of the Supervisory Board and committees in the 2022 financial year, 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 the 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
Janez Žlak	General management and leadership, government investment management	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2022	1 out of 1 meeting in 2022
Borut Vrviščar	Logistics, organisation and management	YES	NO	/	Human Resources and Management Board Evaluation Committee	President of the committee in 2022	1 out of 1 meeting in 2022
Aleksander Zupančič	Organisation and management, law, psychotherapy and coaching	YES	NO	/	Audit Committee	Member of the committee in 2022	All 9 meetings in 2022
Mladen Kaliterna	Investment and management of Group companies	YES	NO	/	Audit Committee	Member of the committee in 2022	All 9 meetings in 2022
Alenka Urnaut	Real estate appraisal	YES	NO	/	Audit Committee	President of the committee in 2022	All 9 meetings in 2022
Mário Selecký	Banking, organisation and management	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2022	1 out of 1 meeting in 2022
Alen Mihelčič	Commercial operations	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2022	1 out of 1 meeting in 2022
Robert Ravnikar	Sales	YES	NO	/	Audit Committee	Member of the committee in 2022	All 9 meetings in 2022
Marko Šavli	Safety, compliance	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2022	1 out of 1 meeting in 2022

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 the supervisory bodies of non-related companies
Janez Pušnik	Audit Committee	7 out of 9 meetings in 2022	Male	Slovene	Master of Business Administration	1970	Court expert witness for economics, specifically business valuation and accounting, certified appraiser	/
Sabina Merhar	Audit Committee	2 out of 9 meetings in 2022	Female	Slovene	Master of Entrepreneurial Management	1975	Competencies in financial and accounting management, auditing	/

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

Nada Drobne Popović
President of the Management Board

Matija Bitenc
Member of the Management Board

Jože Bajuk
Member of the Management Board

Jože Smolič
Member of the Management Board

Zoran Gračner
Member of the Management Board and Worker Director

Ljubljana, 6 April 2023

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. The activities of the Group companies are dominated by the sale of fuels, derivatives, merchandise and services. Petrol's core development activity is the development and upgrading of energy solutions and the generation of electricity from renewable energy sources (see Business by product group for more information on sales of individual products). The operations of the parent company and some of its subsidiaries encompass multiple areas, from sales of fuels and petroleum products, merchandise and services to the sale of energy and solutions, 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 more in The Petrol Group in its region).

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 2020 that was prepared in accordance with GRI (Global Reporting Initiative) standards. The new Sustainability Report 2022 is expected to be published in June 2023.

The situation in the area of transport and the resulting sales of petroleum products and other energy products together with the overall economic situation in the energy markets where the Group operates are the main factors affecting its operations. The Petrol Group's operations in 2022 took place in the highly complex environment of a persistent energy crisis at the EU level and state interventions to mitigate its impact on both the population and economic operators. High energy prices and rising inflation have led to the government regulation of fuel, electricity and natural gas prices in the markets where the Group operates (in Slovenia alone, at least 37 regulatory acts were adopted in 2022), which has had a significant impact on the Group's operations. Petrol d.d., Ljubljana, has transparently informed the public about the impact of the energy crisis and the regulation of energy prices on the Group's operations on the Ljubljana Stock Exchange's SEOnet website and on its own website (available at 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 the Petrol Group. 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 for ensuring 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 holds valid environmental permits for all establishments operating under the SEVESO Directive and for installations operating under the Industrial Emissions Directive (IED). It also consistently implements all the provisions defined in the 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. We have set ourselves the goal of using natural resources efficiently and switching to renewable energy sources. Petrol d.d., Ljubljana 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 and being aware of their vulnerability, ensuring the safety, security and continuity of business is one of the key principles of the Petrol Group's business. This principle is implemented by 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 goods 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. For each process, an annual activity report is drawn up, including environmental

content (monitoring results, inspection results, the execution of environmental projects, and 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 quality and environmental management 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 sub-policies/systems (e.g. the safety and security management system under the SEVESO Directive, which applies to all SEVESO establishments managed by the Petrol Group).

The preparation of a strategy for the management of environmental and climate risks with integration into the Petrol Group's integrated risk management is underway, in line with the latest TCFD (Climate-related Financial Disclosures) guidelines. 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.

We are designing a new model for climate change risk management in the Petrol Group. The model will enable an understanding of vulnerability to current and future climate change, identifying, assessing and monitoring business risks and opportunities, and taking action to manage these risks and exploit opportunities. Climate change risks will subsequently be integrated into the overall risk management system of the Petrol Group.

The time of energy price increases has significantly increased the risk in the supply of energy products and energy for own use. In this area, we have implemented a number of timely and systematic measures to manage energy and energy product prices and to save energy and energy products. Special attention has also been paid to developing measures for the reliable supply of critical infrastructure with energy and energy products for own use.

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, the 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 safe and quality 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 chemical 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

Petrol 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; a new report for 2022 is expected to be published in June 2023). 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 our sustainability performance conforms 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 assessments.
- 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.
- Petrol d.d., Ljubljana operates the SI-64 device which requires having a greenhouse gas emissions permit. As an operator, we are obliged to annually surrender the number of allowances corresponding to the total volume of greenhouse gases emitted into the atmosphere by the device. This is described in detail in the Sustainability Report.
- 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 resource 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 the 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

Care for the health of employees

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. Employees are united in the Trade Union of the Petrol Group and the Service Station Workers' Union. 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 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 2022 was still affected by 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.

Until March 2022, many employees continued to **work from home,** which has had an impact on work processes, management and communication across organisational units.

As of December 2020, employees of Petrol d.d., Ljubljana and 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, and we continued this support in 2022.

Main risks and risk management

No major risks are identified in terms of Petrol Group'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 measurement of the quality of internal services** and, in 2022, the **measurement of organisational culture.** 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. We have introduced two management training programmes, Strategy in Action, which supports the Company's strategic initiatives and the professional development of managers, and a skills workshop programme for operational managers.

In 2022, with the merger of Crodux derivati dva d.o.o. into Petrol d.o.o., we introduced a functional organisation in the Croatian market, which will be implemented by the end of the strategic period in other subsidiaries in Slovenia and in companies in the markets of Bosnia and Herzegovina, Serbia and Montenegro. In this context, we are pursuing our strategy of building a common organisational culture and cooperation within the Petrol Group through various measures.

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, the 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 concerning 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 drawn 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. Risks related to 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

To improve the health and safety of all employees, we ensure that all workplaces have adequate protective equipment and preventive measures in place.

The risk assessment remains 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.eu, as we want to raise awareness that the health and safety of our customers are of utmost importance to us.

Key performance indicators
At Petrol, we measure progress, build relationships, ensure proper communication and provide for the management of employees in Slovenia through measuring the 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 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 our 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 forty-two 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. The added value per employee in the Petrol Group is presented in the chapter Business highlights of 2022 (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 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 Irregularities or the 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 and with executive and other staff in various 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 involving 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

All activities included in the annual plan, which was confirmed by the Management Board, were performed. In addition to the planned activities, business reviews and investigations were carried out following reports of suspected operational irregularities and on the basis of previously obtained analytical data. All of these cases were conducted in accordance with the procedures set out by the rules on exercising control of operations and leading investigations at the Petrol Group. In-depth business reviews were carried out in accordance with the plan. Such reviews are primarily useful for managers of individual business processes, helping them to regulate operations in accordance with the internal acts and applicable legislation, and at the same time influencing the quality of operations and elevating participants' integrity. All findings were duly addressed.

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 or taxonomy-aligned economic activities for the 2022 financial year. Reporting for the 2022 financial year covers the currently defined environmental objectives of climate change mitigation and adaptation for the Petrol Group in Slovenia and Croatia.

For 2021, the controlling company Petrol d.d., Ljubljana was included in the reporting under the Taxonomy Regulation. In line with the first reporting obligations in 2021, taxonomy-eligible activities have been covered. Activities have been reported aggregated by NACE macro sectors (the classification of economic activities).

For 2022, in addition to eligibility, reporting also includes an assessment of the alignment of the activities with the EU taxonomy. In addition to Petrol d.d., Ljubljana, the analysis for 2022 includes direct subsidiaries in Slovenia and Croatia that are also included in the Petrol Group's consolidated financial statements and that also reported operating activity (sales revenues or capital expenditure (CapEx)) in 2022. In Slovenia, these are Petrol Skladiščenje d.o.o., Petrol GEO d.o.o., Ekoen d.o.o., Ekoen S d.o.o., Mbills d.o.o., Geoplin d.o.o. Ljubljana, Atet d.o.o., E 3, d.o.o., and in Croatia Petrol d.o.o., Vjetroelektrane Glunča d.o.o, Vjetroelektrana Ljubač d.o.o and Zagorski metalac d.o.o. The group data is aggregated at the level of the individual taxonomy-defined activities.

The following taxonomy-eligible activities of the Petrol Group in Slovenia and Croatia have been identified within the five NACE macro sectors:

Energy

4.1 Electricity generation using solar photovoltaic technology
4.3 Electricity generation from wind power
4.8 Electricity generation from bioenergy
4.9 Transmission and distribution of electricity
4.14 Transmission and distribution networks for renewable and low-carbon gases
4.15 District heating/cooling distribution
4.16 Installation and operation of electric heat pumps
4.20 Cogeneration of heat/cool and power from bioenergy
4.24 Production of heat/cool from bioenergy
4.30 High-efficiency co-generation of heat/cool and power from gaseous fossil fuels
4.31 Production of heat/cool from gaseous fossil fuels in an efficient district heating and cooling system

Water supply, sewerage, waste management and remediation

5.1 Construction, extension and operation of water collection, treatment and supply systems
5.2 Renewal of water collection, treatment and supply systems
5.3 Construction, extension and operation of wastewater collection and treatment

Transport

6.5 Transport by motorbikes, passenger cars and light commercial vehicles
6.15 Infrastructure enabling low-carbon road transport and public transport

Construction and real estate activities

7.3 Installation, maintenance and repair of energy efficiency equipment
7.6 Installation, maintenance and repair of renewable energy technologies

Information and communication

8.2 Data-driven solutions for GHG emissions reductions

All taxonomy-eligible activities are included in the climate change mitigation objective and are also aligned with the taxonomy (environmentally sustainable economic activities) after a review of the technical criteria.

The indicators are calculated in accordance with the definitions in the annex to Regulation 2020/852 – Key performance indicators for non-financial undertakings. Data at the company level is extracted from the financial statements, while data by activity is extracted from the information system.

PROPORTION OF SALES TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING THE PETROL GROUP (SLOVENIA AND CROATIA), YEAR 2022, PART 1

Economic activities	Codes	Absolute turnover in EUR	Proportion of sales turnover in consolidated sales turnover of the companies included in the analysis*, in %	Taxonomy-aligned proportion of turnover, year 2022 (%)	Category enabling (E) or transitional (T) activity
A.) TAXONOMY - ELIGIBLE ACTIVITIES					
A.1 Environmentally sustainable activities (Taxonomy-aligned)					
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, M71, S95.22, C33.12	26,088,879	0.28	31.30	E
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	12,833,989	0.14	15.40	
4.15 District heating/cooling distribution	D35.30	9,895,761	0.11	11.87	
4.3 Electricity generation from wind power	D35.11, F42.22	8,906,436	0.10	10.68	
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	D35.11, D35.30	7,358,141	0.08	8.83	T
4.9 Transmission and distribution of electricity	D35.12, D35.13	3,141,003	0.03	3.77	E
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	2,363,709	0.03	2.84	
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	2,312,603	0.03	2.77	
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	1,934,328	0.02	2.32	T
5.2 Renewal of water collection, treatment and supply systems	E36.00, F42.99	1,851,408	0.02	2.22	
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	1,660,685	0.02	1.99	
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	1,453,842	0.02	1.74	E
4.24 Production of heat/cool from bioenergy	D35.30	1,145,658	0.01	1.37	
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	1,125,537	0.01	1.35	
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	736,244	0.01	0.88	E
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39, N77.11	524,815	0.01	0.63	T
4.16 Installation and operation of electric heat pumps	F35.30, F43.22	12,763	0.00	0.02	
4.8 Electricity generation from bioenergy	D35.11	10,064	0.00	0.01	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	/	83,355,863	0.90	100.00	
A.2 Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities)					
Turnover of Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities) (A.2)	/	0	0.00		
Total (A.1 + A.2)	**/**	**83,355,863**	**0.90**	**100.00**	
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES					
Turnover of Taxonomy-non-eligible activities (B)	/	9,127,733,363	99.10		
Total (A + B)*	**/**	**9,211,089,226**	**100**		

* The companies included in the analysis: Petrol d.d., Ljubljana, Petrol Skladiščenje d.o.o., Petrol GEO d.o.o., Ekoen d.o.o., Ekoen S d.o.o., Mbills d.o.o., Geoplin d.o.o. Ljubljana, Atet d.o.o., E 3, d.o.o., Petrol d.o.o., Vjetroelektrane Glunča d.o.o, Vjetroelektrana Ljubač d.o.o., and Zagorski metalac d.o.o.

PROPORTION OF SALES TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING THE PETROL GROUP (SLOVENIA AND CROATIA), YEAR 2022, PART 2

Economic activities	Substantital contribution criteria Climate change mitigation (%)	DNSH criteria ("Does Not Significantly Harm") Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
A.) TAXONOMY - ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
7.3 Installation, maintenance and repair of energy efficiency equipment	100	YES	YES	-	-	YES	-	YES
4.14 Transmission and distribution networks for renewable and low-carbon gases	100	YES	YES	YES	-	YES	YES	YES
4.15 District heating/cooling distribution	100	YES	YES	YES	-	YES	YES	YES
4.3 Electricity generation from wind power	100	YES	YES	YES	YES	-	YES	YES
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	100	YES	YES	YES	-	YES	YES	YES
4.9 Transmission and distribution of electricity	100	YES	YES	-	YES	YES	YES	YES
5.3 Construction, extension and operation of waste water collection and treatment	100	YES	YES	YES	-	YES	YES	YES
5.1 Construction, extension and operation of water collection, treatment and supply systems	100	YES	YES	YES	-	-	YES	YES
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	100	YES	YES	YES	-	YES	YES	YES
5.2 Renewal of water collection, treatment and supply systems	100	YES	YES	YES	-	-	YES	YES
4.20 Cogeneration of heat/cool and power from bioenergy	100	YES	YES	YES	-	YES	YES	YES
8.2. Data-driven solutions for GHG emissions reductions	100	YES	YES	-	YES	-	-	YES
4.24 Production of heat/cool from bioenergy	100	YES	YES	YES	-	YES	YES	YES
4.1 Electricity generation using solar photovoltaic technology	100	YES	YES	-	YES	-	YES	YES
6.15 Infrastructure enabling low-carbon road transport and public transport	100	YES	YES	YES	YES	YES	YES	YES
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	100	YES	YES	-	YES	YES	-	YES
4.16 Installation and operation of electric heat pumps	100	YES	YES	YES	YES	YES	-	YES
4.8 Electricity generation from bioenergy	100	YES	YES	YES	-	YES	YES	YES

Taxonomy-aligned activities contributed 0.90 percent of the Petrol Group's sales turnover from products or services or sales turnover in Slovenia and Croatia in 2022 (EUR 83,355,863 out of a total sales turnover of EUR 9,211,089,226).

Out of a total of 18 different taxonomy-aligned activities, the top six contributed 81.85 percent of the total taxonomy-aligned sales turnover:

- 31.30 percent was accounted for by activity 7.3 Installation, maintenance and repair of energy efficiency equipment (mainly energy-efficient building renovation projects);
- 15.40 percent by activity 4.14 Transmission and distribution networks for renewable and low-carbon gases (concessions and distribution of natural gas);
- 11.87 percent by activity 4.15 District heating/cooling distribution;
- 10.68 percent by activity 4.3 Electricity generation from wind power;
- 8.83 percent by activity 4.30 High-efficiency co-generation of heat/cool and power from gaseous fossil fuels; and
- 3.77 percent by activity 4.9 Transmission and distribution of electricity.

The taxonomy-aligned proportion of sales turnover from enabling activities was 37.69 percent.

PROPORTION OF SALES TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING PETROL D.D., LJUBLJANA, YEAR 2022, PART 1

Economic activities	Codes	Absolute turnover in EUR	Proportion in turnover of Petrol d.d., Ljubljana, in %	Taxonomy-aligned proportion of turnover, year 2022 (%)	Category enabling (E) or transitional (T) activity
A.) TAXONOMY - ELIGIBLE ACTIVITIES					
A.1 Environmentally sustainable activities (Taxonomy-aligned)					
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, M71, S95.22, C33.12	25,669,651	0.35	37.21	E
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	12,833,989	0.18	18.60	
4.15 District heating/cooling distribution	D35.30	8,900,962	0.12	12.90	
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	D35.11, D35.30	4,295,538	0.06	6.23	T
4.9 Transmission and distribution of electricity	D35.12, D35.13	3,141,003	0.04	4.55	E
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	2,363,709	0.03	3.43	
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	2,312,603	0.03	3.35	
5.2 Renewal of water collection, treatment and supply systems	E36.00, F42.99	1,851,408	0.03	2.68	
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	1,657,045	0.02	2.40	T
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	1,652,245	0.02	2.40	
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	1,453,842	0.02	2.11	E
4.24 Production of heat/cool from bioenergy	D35.30	1,120,131	0.02	1.62	
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	794,998	0.01	1.15	
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	646,414	0.01	0.94	E
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39, N77.11	278,964	0.00	0.40	T
4.8 Electricity generation from bioenergy	D35.11	10,064	0.00	0.01	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	/	68,982,565	0.94	100.00	
A.2 Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities)					
Turnover of Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities) (A.2)	/	0	0.00		
Total (A.1 + A.2)	**/**	**68,982,565**	**0.94**	**100.00**	
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES					
Turnover of Taxonomy-non-eligible activities (B)	/	7,246,777,611	99.06		
Total (A + B)	**/**	**7,325,325,520**	**100**		

PROPORTION OF SALES TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING PETROL D.D., LJUBLJANA, YEAR 2022, PART 2

Economic activities	Substantital contribution criteria Climate change mitigation (%)	DNSH criteria ("Does Not Significantly Harm") Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
A.) TAXONOMY - ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
7.3 Installation, maintenance and repair of energy efficiency equipment	100	YES	YES	-	-	YES	-	YES
4.14 Transmission and distribution networks for renewable and low-carbon gases	100	YES	YES	YES	-	YES	YES	YES
4.15 District heating/cooling distribution	100	YES	YES	YES	-	YES	YES	YES
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	100	YES	YES	YES	-	YES	YES	YES
4.9 Transmission and distribution of electricity	100	YES	YES	-	YES	YES	YES	YES
5.3 Construction, extension and operation of waste water collection and treatment	100	YES	YES	YES	-	YES	YES	YES
5.1 Construction, extension and operation of water collection, treatment and supply systems	100	YES	YES	YES	-	-	YES	YES
5.2 Renewal of water collection, treatment and supply systems	100	YES	YES	YES	-	-	YES	YES
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	100	YES	YES	YES	-	YES	YES	YES
4.20 Cogeneration of heat/cool and power from bioenergy	100	YES	YES	YES	-	YES	YES	YES
8.2. Data-driven solutions for GHG emissions reductions	100	YES	YES	-	YES	-	-	YES
4.24 Production of heat/cool from bioenergy	100	YES	YES	YES	-	YES	YES	YES
4.1 Electricity generation using solar photovoltaic technology	100	YES	YES	-	YES	-	YES	YES
6.15 Infrastructure enabling low-carbon road transport and public transport	100	YES	YES	YES	YES	YES	YES	YES
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	100	YES	YES	-	YES	YES	-	YES
4.8 Electricity generation from bioenergy	100	YES	YES	YES	-	YES	YES	YES

At Petrol d.d., Ljubljana, sales turnover from taxonomy-eligible activities stood at EUR 68,982,565 or 0.94 percent in 2022, accounting for 82.76 percent of taxonomy-aligned sales turnover of the Petrol Group in Slovenia and Croatia and 0.75 percent of total sales turnover of the Petrol Group in Slovenia and Croatia. In 2021, taxonomy-aligned (alignment assessed for the first time in 2022) turnover amounted to EUR 70,401,093 or 1.98 percent of total sales turnover of Petrol d.d., Ljubljana. The low proportion of taxonomy-aligned turnover in 2022 was affected by the situation in the energy market which contributed significantly to an increase in total turnover (EUR 7,325,325,520 in 2022 and EUR 3,486,618,697 EUR in 2021). The taxonomy-aligned sales turnover from enabling activities accounted for 44.81 percent of all taxonomy-aligned sales turnover of Petrol d.d., Ljubljana.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING THE PETROL GROUP (SLOVENIA AND CROATIA), YEAR 2022, PART 1

Economic activities	Codes	Absolute CapEx in EUR	Proportion of gross CapEx in total gross Capex of the companies included in the analysis*, in %	Taxonomy-aligned proportion of CapEx, year 2022 (%)	Category enabling (E) or transitional (T) activity
A.) TAXONOMY-ELIGIBLE ACTIVITIES					
A.1 Environmentally sustainable activities (Taxonomy-aligned)					
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	11,780,356	21.11	38.97	
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, M71, S95.22, C33.12	10,331,729	18.51	34.17	E
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	2,146,368	3.85	7.10	
4.3 Electricity generation from wind power	D35.11, F42.22	1,850,769	3.32	6.12	
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	1,239,173	2.22	4.10	E
4.15 District heating/cooling distribution	D35.30	1,014,583	1.82	3.36	
4.9 Transmission and distribution of electricity	D35.12, D35.13	992,668	1.78	3.28	E
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39, N77.11	202,957	0.36	0.67	T
4.8 Electricity generation from bioenergy	D35.11	198,018	0.35	0.65	
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	181,261	0.32	0.60	
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	160,821	0.29	0.53	
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	D35.11, D35.30	49,164	0.09	0.16	T
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	42,297	0.08	0.14	E
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	14,410	0.03	0.05	
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	13,758	0.02	0.05	T
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71	13,758	0.02	0.05	E
CapEx of environmentall sustainable activities (Taxonomy-aligned) (A.1)	/	30,232,090	54.17	100.00	
A.2 Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities)					
CapEx of Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities) (A.2)	/	0	0.00		
Total (A.1 + A.2)	**/**	**30,232,090**	**54.17**	**100.00**	
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES					
CapEx of Taxonomy-non-eligible activities (B)	**/**	25,577,466	45.83		
Total (A + B)*	**/**	**55,809,556**	**100**		

* The companies included in the analysis: Petrol d.d., Ljubljana, Petrol Skladiščenje d.o.o., Petrol GEO d.o.o., Ekoen d.o.o., Ekoen S d.o.o., Mbills d.o.o., Geoplin d.o.o. Ljubljana, Atet d.o.o., E 3, d.o.o., Petrol d.o.o., Vjetroelektrane Glunča d.o.o, Vjetroelektrana Ljubač d.o.o., and Zagorski metalac d.o.o.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING THE PETROL GROUP (SLOVENIA AND CROATIA), YEAR 2022, PART 2

Economic activities	Substantital contribution criteria Climate change mitigation (%)	DNSH criteria ("Does Not Significantly Harm") Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Minimum safeguards
A.) TAXONOMY-ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
4.1 Electricity generation using solar photovoltaic technology	100	YES	YES	-	YES	-	YES	YES
7.3 Installation, maintenance and repair of energy efficiency equipment	100	YES	YES	-	-	YES	-	YES
4.20 Cogeneration of heat/cool and power from bioenergy	100	YES	YES	YES	-	YES	YES	YES
4.3 Electricity generation from wind power	100	YES	YES	YES	YES	-	YES	YES
6.15 Infrastructure enabling low-carbon road transport and public transport	100	YES	YES	YES	YES	YES	YES	YES
4.15 District heating/cooling distribution	100	YES	YES	YES	-	YES	YES	YES
4.9 Transmission and distribution of electricity	100	YES	YES	-	YES	YES	YES	YES
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	100	YES	YES	-	YES	YES	-	YES
4.8 Electricity generation from bioenergy	100	YES	YES	YES	-	YES	YES	YES
4.14 Transmission and distribution networks for renewable and low-carbon gases	100	YES	YES	YES	-	YES	YES	YES
5.1 Construction, extension and operation of water collection, treatment and supply systems	100	YES	YES	YES	-	-	YES	YES
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	100	YES	YES	YES	-	YES	YES	YES
8.2. Data-driven solutions for GHG emissions reductions	100	YES	YES	-	YES	-	-	YES
5.3 Construction, extension and operation of waste water collection and treatment	100	YES	YES	YES	-	YES	YES	YES
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	100	YES	YES	YES	-	YES	YES	YES
7.6 Installation, maintenance and repair of renewable energy technologies	100	YES	YES	-	-	-	-	YES

In the calculation of the indicators related to capital expenditure, the net amount of capital expenditure of the Petrol Group in Slovenia and Croatia is added to the subsidies received for energy-efficient renovation projects, which is taken into account in both the denominator and in the numerator of activity 7.3 Installation, maintenance and repair of energy efficiency equipment. Petrol d.d., Ljubljana's capital expenditure for M&A projects amounting to EUR 2,499,482 are also taken into account and classified accordingly.

In 2022, the Petrol Group's capital expenditure in Slovenia and Croatia amounted to EUR 55,809,556, of which 54.17 percent (EUR 30,232,090) was capital expenditure for taxonomy-aligned activities.

Of the 16 identified taxonomy-aligned activities, the first five represent 90.24 percent of the total capital expenditure of the Petrol Group in Slovenia and Croatia in 2022 for environmentally sustainable activities (aligned with taxonomy), namely:

- 38.97 percent activity 4.1 Electricity generation using solar photovoltaic technology (the largest contribution comes from investments in solar power plants in Croatia);
- 34.17 percent activity 7.3 Installation, maintenance and repair of energy efficiency equipment (includes projects for the energy-efficient renovation of public buildings and, to a lesser extent, own facilities - points of sale);
- 7.10 percent activity 4.20 Cogeneration of heat/cool and power from bioenergy (wood biomass);

- 6.12 percent activity 4.3 Electricity generation from wind power;
- 4.10 percent activity 6.15 Infrastructure enabling low-carbon road transport and public transport (e-charging infrastructure in Slovenia and Croatia).

The taxonomy-aligned proportion of the capital expenditure for enabling activities was 41.74 percent.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING PETROL D.D., LJUBLJANA, YEAR 2022, PART 1

Economic activities	Codes	Absolute CapEx in EUR	Proportion in CapEx of Petrol d.d., Ljubljana, in %	Taxonomy-aligned proportion of CapEx, year 2022 (%)	Category enabling (E) or transitional (T) activity
A.) TAXONOMY-ELIGIBLE ACTIVITIES					
A.1 Environmentally sustainable activities (Taxonomy-aligned)					
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, M71, S95.22, C33.12	10,033,039	25.28	58.57	E
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	2,126,421	5.36	12.41	
4.15 District heating/cooling distribution	D35.30	994,635	2.51	5.81	
4.9 Transmission and distribution of electricity	D35.12, D35.13	887,865	2.24	5.18	E
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	871,987	2.20	5.09	
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	735,261	1.85	4.29	E
4.3 Electricity generation from wind power	D35.11, F42.22	680,882	1.72	3.97	
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	369,997	0.93	2.16	
4.8 Electricity generation from bioenergy	D35.11	198,018	0.50	1.16	
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	160,821	0.41	0.94	
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	42,297	0.11	0.25	E
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	14,410	0.04	0.08	
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71	13,758	0.03	0.08	E
CapEx of environmentall sustainable activities (Taxonomy-aligned) (A.1)	/	17,129,389	43.16	100.00	
A.2 Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities)					
CapEx of Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities) (A.2)	**/**	0	0.00		
Total (A.1 + A.2)	**/**	**17,129,389**	**43.16**	**100.00**	
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES					
CapEx of Taxonomy-non-eligible activities (B)	/	22,561,208	56.84		
Total (A + B)	**/**	**39,690,597**	**100**		

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING PETROL D.D., LJUBLJANA, YEAR 2022, PART 2

Economic activities	Substantital contribution criteria Climate change mitigation (%)	DNSH criteria ("Does Not Significantly Harm") Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Minimum safeguards
A.) TAXONOMY-ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
7.3 Installation, maintenance and repair of energy efficiency equipment	100	YES	YES	-	-	YES	-	YES
4.20 Cogeneration of heat/cool and power from bioenergy	100	YES	YES	YES	-	YES	YES	YES
4.15 District heating/cooling distribution	100	YES	YES	YES	-	YES	YES	YES
4.9 Transmission and distribution of electricity	100	YES	YES	-	YES	YES	YES	YES
4.14 Transmission and distribution networks for renewable and low-carbon gases	100	YES	YES	YES	-	YES	YES	YES
6.15 Infrastructure enabling low-carbon road transport and public transport	100	YES	YES	YES	YES	YES	YES	YES
4.3 Electricity generation from wind power	100	YES	YES	YES	YES	-	YES	YES
4.1 Electricity generation using solar photovoltaic technology	100	YES	YES	-	YES	-	YES	YES
4.8 Electricity generation from bioenergy	100	YES	YES	YES	-	YES	YES	YES
5.1 Construction, extension and operation of water collection, treatment and supply systems	100	YES	YES	YES	-	-	YES	YES
8.2. Data-driven solutions for GHG emissions reductions	100	YES	YES	-	YES	-	-	YES
5.3 Construction, extension and operation of waste water collection and treatment	100	YES	YES	YES	-	YES	YES	YES
7.6 Installation, maintenance and repair of renewable energy technologies	100	YES	YES	-	-	-	-	YES

At Petrol d.d., Ljubljana, capital expenditures for taxonomy-aligned activities stood at EUR 17,129,389 or 43.16 percent of total capital expenditures of the Company in (a total of EUR 39,690,597 of total capital expenditures, of which M&A projects amounted to EUR 2,499,482). In 2021, the reported percentage of capital expenditures for in taxonomy-aligned activities (alignment assessed for the first time in 2022) of Petrol d.d., Ljubljana, amounted to 57.30 percent of total capital expenditures (a total of EUR 25,665,491 of total capital expenditures, excluding M&A projects). The share of taxonomy-aligned capital expenditures from enabling activities accounted for 68.37 percent.

The Petrol Group in Slovenia and Croatia has no significant operating expenses (OpEx) from products or services associated with taxonomy-eligible or taxonomy-aligned economic activities.

Sustainable economic activities and sustainable investments at Petrol Group follow the strategic objectives of the Energy Transition and Green Future 2021-2025, with a focus on improving energy efficiency, investing in production, developing sustainable mobility and smart energy management (see Section 14.3 Energy and Solutions for more details).

Nada Drobne Popović
President of the Management Board

Matija Bitenc
Member of the Management Board

Jože Bajuk
Member of the Management Board

Jože Smolič
Member of the Management Board

Zoran Gračner
Member of the Management Board and Worker Director

Ljubljana, 6 April 2023

PERFORMANCE ANALYSIS OF THE PETROL GROUP 2022

Business environment

The year 2022 began with an ongoing COVID-19 epidemic and stable economic growth, but also with high energy product prices fuelled by the war in Ukraine. The high prices of energy products and rising inflation led to fuel price regulation in the markets where we operate. Fuel price regulation was followed by natural gas and electricity price regulation, all of which have an impact on Petrol's operations.

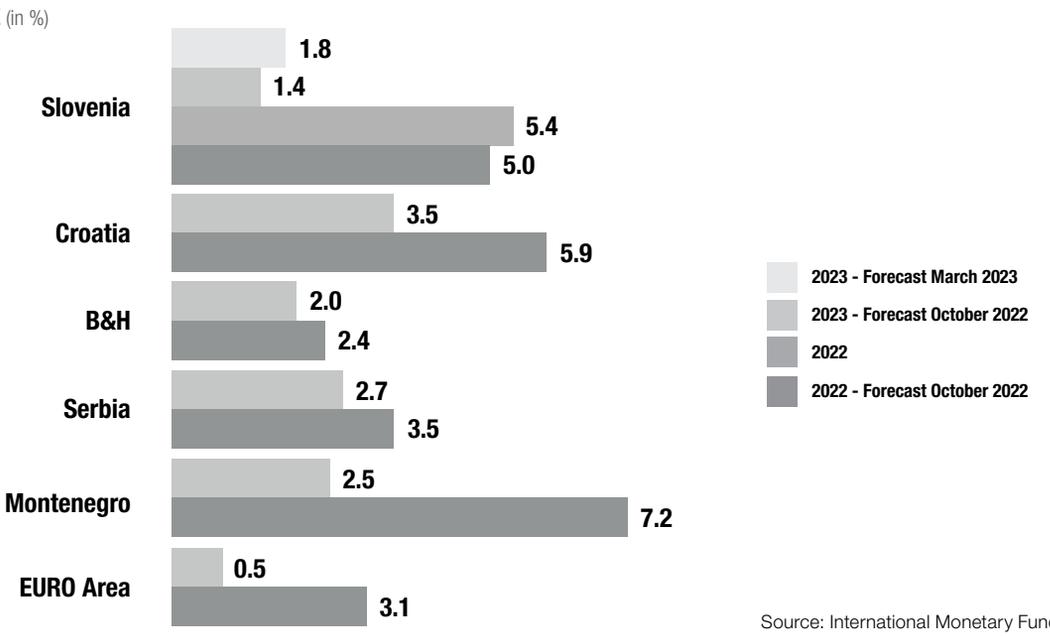
The Petrol Group operates in **two highly competitive industries – energy and trade.** Besides trends in the area of energy and trade, the Group's operations are subject to several other often interdependent factors, in particular changes in energy product prices and the US dollar exchange rate, which are a reflection of the global economic trends. In addition, operations in the Petrol Group's markets are influenced to a significant extent by local economic conditions (economic growth, inflation rate, growth in consumption and manufacturing) and measures taken by governments to regulate prices and the energy market. Another factor affecting business is the measures taken by countries to contain the pandemic, as shown when it first emerged.

High energy product prices and rising inflation have led to the price regulation of fuel and other energy products in the markets in which we operate.

In its World Economic Outlook, published in early October 2021, the IMF expected the economy to recover. With the start of the Russian invasion of Ukraine at the end of February 2022, the outlook has deteriorated significantly. In the autumn of 2021, when the 2022 business plan was being prepared, the IMF's October forecast for 2022 was 4.6 percent GDP growth for Slovenia and 5.8 percent GDP growth for Croatia. In its Autumn Economic Outlook (2021) for Slovenia, the UMAR expected a GDP growth of 4.7 percent in 2022. Economic growth was expected to be mainly driven by domestic consumption.

In 2022, Slovenia's GDP growth stood at 5.4 percent and the inflation rate averaged 8.8 percent. The annual inflation rate in December 2022 was 10.3 percent. According to Hrvatska narodna banka, the annual GDP growth rate in Croatia stood at 6.3 percent and inflation at 10.6 percent in December 2022.

GDP CHANGE (in %)



Source: International Monetary Fund, IMAD

The Petrol Group strictly follows government instructions in preparing and implementing measures in all its markets. We have followed all the instructions regarding the implementation of measures to limit the spread of SARS-CoV-2 infection. For example, until 20 February 2022, access to the sales premises of service stations in Slovenia was only allowed with a valid RVT certificate, but this condition has been abolished as of 21 February 2022. We also comply with all the regulations on the pricing of petroleum products and other energy products in all the markets in which we operate.

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.

Oil and petroleum product price movements

Oil and petroleum product prices have been increasing in value since the beginning of 2022. Following the Russian attack on Ukraine at the end of February 2022, we have seen huge price hikes for both oil and, by extension, all petroleum products. The price peaked on 8 March 2022 at USD 137.6 per gallon, up 74 percent since the beginning of the year. After the initial shock at the beginning of April, growth moderated, but in mid-May, prices started to rise again, reaching similar peaks in mid-June as in March. Prices then fell to the levels at the start of the war in Ukraine. At the beginning of November, prices had fallen to around USD 80 per barrel, i.e. to early 2022 prices.

The average price for a barrel of Brent Dated North Sea crude oil stood at USD 101.3 per barrel in 2022 and was up 43 percent year-on-year while the average price in euros was up 60 percent. Brent crude oil reached its highest value in the reviewed period on 8 March 2022, namely USD 137.6 per barrel, and the lowest value on 8 December 2022 of USD 76.4 per barrel.

The prices of petrol and middle distillates mostly followed the same trends as crude oil prices. The increase in the price of petrol was similar to that of crude oil, but lower than that of diesel, heating oil and kerosene. The price of diesel peaked on 21 June 2022 at USD 1,409.3 per metric tonne, up 104 percent compared to the beginning of 2022. As with crude oil, this was followed by a fall in prices of petroleum products to below USD 1,000 per metric tonne.

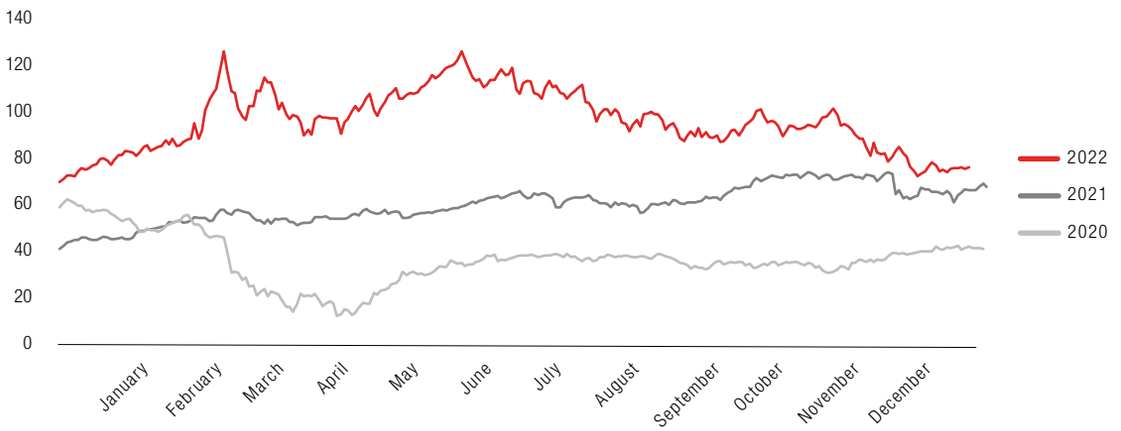
At the beginning of August, diesel, heating oil and kerosene prices started to rise again, while petrol prices remained at the same levels or started to fall. The difference between diesel and petrol rose to USD 300 per metric tonne at the end of August (the price of diesel was higher than the price of petrol). From September to the end of the year, the difference between the prices of the two fuels fluctuated between USD 100 and 300 per metric tonne, ending the year at a difference of USD 110 per metric tonne. The price of petrol at the end of 2022 was up 8 percent compared to the beginning of 2022, while the price of diesel was up 35 percent since the beginning of the year.

Going forward, the main influences on crude oil prices will be: the situation in Ukraine, the OPEC agreements on the volume of oil to be produced, and the impact of the global recession on lower oil demand.

CHANGES IN BRENT DATED HIGH OIL PRICE 2020-2022 (in USD/barrel)

Source: Petrol, 2022

CHANGES IN BRENT DATED HIGH OIL PRICE IN 2020-2022 (in EUR/barrel)



Source: Petrol, 2022

Regulation of petroleum product prices

In **Slovenia,** the retail prices of petrol NMB-95 and diesel were formed freely according to the market conditions until 14 March 2022, when the Government of the Republic of Slovenia adopted the Decree on setting prices for certain petroleum products, which set the maximum retail price of EUR 1.503 per litre for petrol NMB-95 and EUR 1.541 per litre for diesel. On 31 March 2022, the Decree on setting prices for certain petroleum products also set a maximum wholesale price of EUR 1.483 per litre for NMB-95 petrol and EUR 1.521 per litre for diesel. Both for retail and wholesale prices, the Decree applied up to and including 30 April 2022. Prices were not regulated until 10 May 2022, until re-regulation with effect from 11 May to 10 August 2022. The Government of the Republic of Slovenia set the maximum retail price of NMB-95 at EUR 1,560 per litre and the maximum wholesale price at EUR 1,540 per litre. For diesel, it regulated the price at EUR 1.668 per litre retail and EUR 1.648 per litre wholesale. The Decree was in force until 20 June 2022.

On 15 June 2022, the Government of the Republic of Slovenia adopted a new Decree exempting the prices of motor fuels at service stations on motorways and expressways, as well as the following premium fuels: NMB 100 and iQ diesel. Retail and wholesale prices for these service stations and premium fuels are set freely by the market. The Government adopted a Decree and suspended the cap on maximum prices and limited the level of the seller's margin to EUR 0.0591 per litre for diesel and EUR 0.0607 per litre for NMB-95, and after 17 August 2022 to EUR 0.0983 per litre for diesel and EUR 0.0994 per litre for NMB-95. The Decree shall apply from 21 June 2022 inclusive, for a period of one year. The Decree excludes the biocomponent markup from the formula for calculating the model price, although it still has to be added to the fossil fuels in accordance with the Decree on renewable energy sources in transport of 30 December 2021.

According to the new Decree adopted by the Government of the Republic of Slovenia on 2 December 2022, the biocomponent markup for NMB-95 and diesel is also considered in the calculation of the maximum retail prices. For the first calculation of the 14-day average selling price of the current period net of duties, the accounting period from 21 November 2022 to 2 December 2022 was taken into account.

Due to the 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, and on 20 January 2022, it was extended for another three months. The margin regulation of EUR 0.0600 per litre was extended by a new Decree of 21 April 2022 for another month and remained in force until 21 May, when the price regulation for heating gas oil also expired. On 9 October 2022, the Government of the Republic of Slovenia adopted the Decree amending the Decree on setting prices for certain petroleum products, which reintroduced the state regulation of the prices of heating gas oil. As from 13 September 2022, the maximum margin allowed is EUR 0.08 per litre.

In **Croatia,** on 7 February 2022, the Government of the Republic of Croatia adopted the Decree on setting maximum retail prices for petroleum products. The Decree set maximum prices for the following motor fuels for a

period of 30 days: petrol (eurosuper 95) at HRK 11.37 per litre (EUR 1.51 per litre), diesel (eurodiesel) at HRK 11.29 per litre (EUR 1.49 per litre) and blue diesel (eurodiesel BS blue) at HRK 6.50 per litre (EUR 0.86 per litre).

On 7 March 2022, the Government of the Republic of Croatia adopted a new Decree on setting maximum retail prices for petroleum products with a validity of up to 90 days. The Decree set out the pricing model for petrol, diesel, and blue diesel and a maximum margin that could be charged by oil traders, namely for petrol (eurosuper 95) of HRK 0.75 per litre (EUR 0.099 per litre), diesel (eurodiesel) of HRK 0.75 per litre (EUR 0.099 per litre) and blue diesel of HRK 0.50 per litre (EUR 0.066 per litre).

On 17 March 2022, the Government of the Republic of Croatia adopted an addendum to the Decree, removing the biocomponent markup from the formula for calculating the maximum price. On 17 March 2022, the Government of the Republic of Croatia also adopted a new Decree to reduce the penalty for non-mixing in the biocomponent.

By Decree of 7 June 2022, the Government of the Republic of Croatia reduced the regulated margins of oil traders for petrol (eurosuper 95) and diesel (eurodiesel) to HRK 0.65 per litre (EUR 0.086 per litre) and for blue diesel to HRK 0.40 per litre (EUR 0.053 per litre) and changed the retail price calculation method by extending the accounting period to 14 days (previously 7 days).

In an amendment to the Decree of 20 June 2022, the Government of the Republic of Croatia separated the regulation of sales at motorway and other locations. For fuels not sold on motorways, it has set the following maximum retail prices: petrol (eurosuper 95) at HRK 13.50 per litre (EUR 1.794 per litre), diesel (eurodiesel) at HRK 13.08 per litre (EUR 1.738 per litre) and blue diesel (eurodiesel BS blue) at HRK 9.45 per litre (EUR 1.256 per litre). For fuels at motorway locations, the margin regulation was set at 0.65 per litre (EUR 0.0863 per litre) for petrol (eurosuper 95), HRK 0.65 per litre (EUR 0.0863 per litre) for diesel (eurodiesel) and HRK 0.40 per litre (EUR 0.0531 per litre) for blue diesel (EUR 0.40 per litre).

On 4 July 2022, the Government of the Republic of Croatia adopted a Decree, keeping in force the separation of regulation in the retail sector on motorways and other locations, as was already the case under the previously valid Decree adopted on 20 June 2022. Additionally, for the first time in Croatia, the wholesale price was regulated which, however, could not be higher than the retail price for off-motorway retail outlets.

On 18 July 2022, the Government of the Republic of Croatia adopted a new Decree reverting to the margin regulation of HRK 0.65 per litre (EUR 0.086 per litre) for petrol (eurosuper 95) and HRK 0.65 per litre (EUR 0.086 per litre) for diesel while the regulated maximum retail price for blue diesel remained at HRK 9.45 per litre (EUR 1.256 per litre). At the same time, the Decree ended the separation of regulation between motorway and other locations. On 25 March 2022, the Government of the Republic of Croatia adopted an addendum to the Decree, regulating the sellers' margin also for blue diesel at HRK 0.40 per litre (EUR 0.053 per litre). The addendum to the Decree was in force until 22 August 2022, when a new Decree reintroduced a maximum price of HRK 8.49 per litre (EUR 1.13 per litre).

On 12 September 2022, the Government of the Republic of Croatia passed a new Decree, effective for 14 days from the date of publication, to additionally regulate LPG, namely the margin for propane-butane blend for large tanks or gas storage tanks at HRK 2.80 per kg (EUR 0.3716 per kg) and the maximum price for LPG cylinders (7.5 kg or more) at HRK 13.94 per kg (EUR 1.85 per kg). On 26 September, it extended the validity of the previous Decree by adopting a new Decree, which was in effect for 7 days after the date of publication.

On 4 October 2022, the Government of the Republic of Croatia passed a new Decree, effective for 14 days from the date of publishing, to extend the validity of the Decree adopted on 27 September 2022, with which it regulated LPG margin, namely the margin for propane-butane blend for large tanks or gas storage tanks at HRK 2.80 per kg (EUR 0.3716 per kg) and the maximum price for LPG cylinders (7.5 kg or more) at HRK 13.94 per kg (EUR 1.85 per kg).

On 17 October 2022, the Government of the Republic of Croatia adopted a new Decree, which was in effect for seven days from the date of publication, regulating the maximum prices of the following energy products: HRK 10.72 per litre (EUR 1.42 per litre) for petrol (eurosuper 95), HRK 12.30 per litre (EUR 1.63 per litre) for diesel, HRK 8.49 per litre (EUR 1.13 per litre) for blue diesel, HRK 13.94 per litre (EUR 1.85 per litre) for LPG cylinders, and HRK 10.01 per litre (EUR 1.33 per litre) for LPG tanks/gas storage tanks.

On 24 October 2022, the Government of the Republic of Croatia adopted a new Decree, reverting to the regulation of the margin, namely for petrol (eurosuper 95) at HRK 0.65 per litre (EUR 0.0863 per litre), for diesel (eurodiesel) at HRK 0.65 per litre (EUR 0.0863 per litre), for propane-butane blend for large tanks or gas storage tanks at HRK 2.80

per kg (EUR 0.3716 per kg), for LPG cylinders (7.5 kg or more) at HRK 6.20 per kg (EUR 0.8229 per kg), while for blue diesel, the maximum retail price remained regulated at HRK 8.49 per litre (EUR 1.13 per litre). The Decree was in force for 14 days from the date of its publication.

On 7 November 2022, the Government of the Republic of Croatia adopted a new Decree on the regulation of the prices of petroleum products, effective for 14 days from the date of publication. The margins remained the same as in the previously valid Decree.

On 21 November 2022, the Government of the Republic of Croatia adopted a new Decree, setting the margins, namely for petrol (eurosuper 95) at HRK 0.65 per litre (EUR 0.0863 per litre), for diesel (eurodiesel) at HRK 0.65 per litre (EUR 0.0863 per litre), for propane-butane blend for large tanks or gas storage tanks at HRK 2.80 per kg (EUR 0.3716 per kg), for LPG cylinders (7.5 kg or more) at HRK 6.20 per kg (EUR 0.8229 per kg), while for blue diesel, the maximum retail price remained regulated at HRK 8.49 per litre (EUR 1.13 per litre). The Decree was in force for 14 days from the date of its publication.

On 5 December 2022, the Government of the Republic of Croatia adopted a new Decree, valid until 21 December 2022, setting the margin for blue diesel at HRK 0.4 per litre (EUR 0.0531 per litre), while the margins for petrol, eurodiesel, propane-butane blend for large tanks or gas chambers and LPG cylinders remained unchanged compared to the previous Decree.

On 19 December 2022, the Government of the Republic of Croatia extended the validity of the previously adopted Decree until 2 January 2023, setting maximum margins of HRK 0.65 per litre (EUR 0.0863 per litre) for petrol (eurosuper 95), HRK 0.65 per litre (EUR 0.0863 per litre) for eurodiesel, HRK 0.4 per litre (EUR 0.0531 per litre) for blue diesel, HRK 2.80 per kg (EUR 0.3716 per kg) for large tanks or gas storage tanks, and HRK 6.20 per kg (EUR 0.8229 per kg) for LPG cylinders (7.5 kg or more).

In **Serbia,** the Government of the Republic of Serbia has adopted a Decree on the price capping of petroleum (non-additivated) products, which applies to eurodiesel and unleaded petrol and is in force as of 12 February 2022. The amended Decree of 11 March 2022 sets the maximum retail price with value-added tax for eurodiesel and unleaded petrol NMB 95 at the average wholesale price of petroleum products in Serbia, increased by RSD 6 per litre (EUR 0.05 per litre), and later (by amendment on 29 April 2022) increased by RSD 7 per litre (EUR 0.06 per litre). Before that, retail prices for petroleum products were formed freely according to the market conditions. The Government of the Republic of Serbia extends the validity of the Decree on a monthly basis.

In **Bosnia and Herzegovina,** from 3 April 2021, the retail calculation margin is limited to a maximum of BAM 0.25 per litre (EUR 0.128 per litre) and the wholesale margin to BAM 0.06 per litre (EUR 0.0307 per litre) - before that, the retail prices of petroleum products were formed freely according to the market conditions.

In **Montenegro,** the prices of petroleum products are set in accordance with the Decree 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 EUR and USD exchange rates are rounded off. Before that, the prices of petroleum products were set in accordance with the Decree in force from 1 January 2011.

Price movements of other energy products

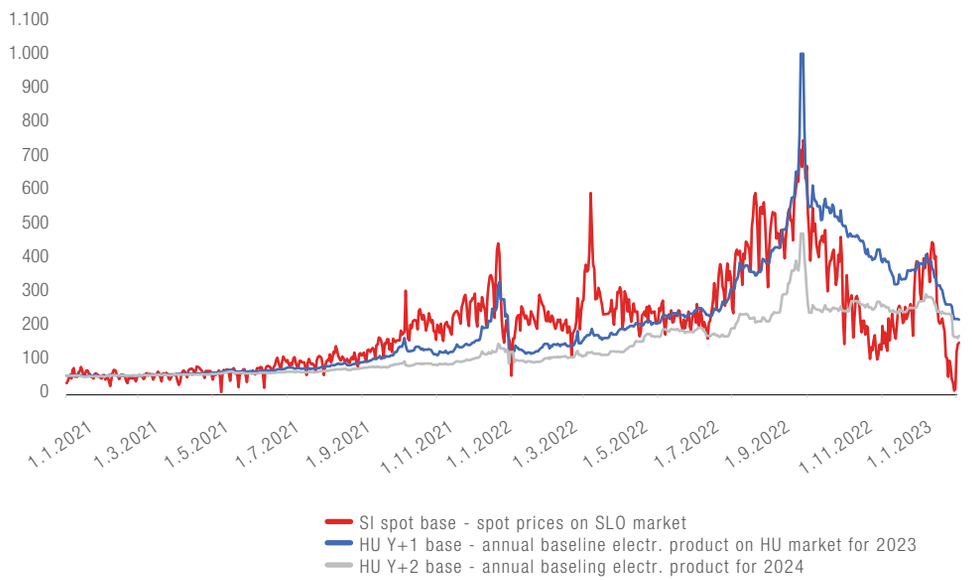
In 2022, with electricity prices rising exponentially, we recorded the highest prices in the history of trading on 28 August 2022. The annual electricity base product on the Hungarian market for 2023 peaked at EUR 1,007 and the annual electricity base product on the Hungarian market for 2024 stood at EUR 476.7, while the spot price formed on the Slovenian market peaked at EUR 751.3. The rise in electricity prices that we have witnessed since the beginning of the year is a reflection of the high energy prices on the world exchanges, stock market speculation and the war in Ukraine, which has led the European Union to impose a number of economic sanctions against Russia in order to weaken the Kremlin's ability to finance the war.

From the beginning of 2022 until the record price on 28 August 2022, the annual base electricity product on the Hungarian market for 2023 was 8 times the initial value, the annual base electricity product for 2024 was 3.8 times the initial value, while the spot price formed on the Slovenian market was 13.5 times the initial value.

The upward trend in stock market prices ceased at the end of August, when electricity and natural gas prices peaked. The reversal of the trend followed the announcement of a draft regulation by EU ministers reaching a political agreement on measures to tackle energy price rises, as well as favourable temperatures that have diverged from the historical averages across Europe. The EU's actions and efforts to tackle the energy crisis have been matched by a high occupancy rate of EU gas storage facilities: pipeline-filled natural gas storage facilities reached 95 percent occupancy in the second half of November 2022, while tanker-filled natural gas storage facilities reached 73 percent occupancy. In addition, electricity generation from gas-fired power plants has largely decreased, while electricity generation from renewable energy sources has increased.

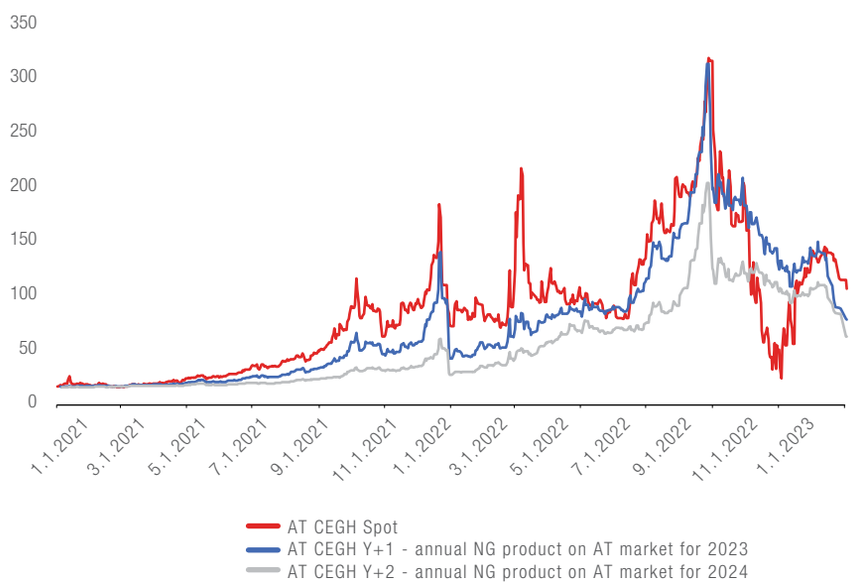
However, there are still a number of factors that could significantly tighten Europe's energy balance: an extremely cold winter, a shortage of natural gas supplies to the EU due to increased global demand for natural gas, especially in Asia, the complete loss of currently existing Russian gas supplies, and others.

TRENDS IN ELECTRICITY PRICES IN 2021 AND 2022 AND PROJECTIONS FOR 2023 AND 2024 (in EUR/MWh)



Source: Petrol, 2022

TRENDS IN NATURAL GAS PRICES IN 2021 AND 2022 AND PROJECTIONS FOR 2023 AND 2024 (in EUR/MWh)



Source: Petrol, 2022

Price regulation of other energy products

In **Slovenia,** on 5 March 2022, the Government of the Republic of Slovenia adopted the Act Determining Measures to Mitigate the Consequences of Energy Commodity Price Rise in Business and Agriculture, which equalized the conditions for the supply of natural gas for the common boiler rooms of floor owners with the prices of natural gas for household customers, with effect from 1 January 2022.

On 14 July 2022, the Government of the Republic of Slovenia adopted the Decree on the determination of electricity prices, which sets the maximum permissible retail electricity price for household and small business customers as defined by the Electricity Supply Act and for consumption in common areas of multi-apartment buildings and in common areas of mixed multi-apartment and mixed multi-business buildings.

On 21 July 2022, the Government of the Republic of Slovenia also adopted the Decree on setting gas prices from the system, which sets the maximum permitted retail price of natural gas from the gas system of the transport and distribution network for household customers, for final gas customers supplying heat to several households through a common heating installation owned or co-owned by these households, for basic social services as defined in the second indent of paragraph one of Article 117 of the Gas Supply Act and for customers who, on the date of entry into force of this Decree, are small business customers as defined in the Gas Supply Act. For households and common household customers, the maximum allowable tariff items for gas are EUR 0.07300 per kWh (excluding VAT). For small business customers and basic social services, the maximum allowable tariff for gas is EUR 0.07900 per kWh (excluding VAT).

Both Decrees set a maximum retail selling price for energy products from 1 September 2022 to 31 August 2023.

At the beginning of September 2022, the Government adopted the Act Amending the Gas Supply Act. The amendments, inter alia, update the definition of household gas customers to prevent abuse and ensure that all households have the right to a basic gas supply. The Act also guarantees a basic and substitute gas supply to all protected customers who are (would be) suddenly left without a supplier or the offer of a new supplier. The Act also broadened the definition of protected customers, including primary schools, kindergartens and health centres. The suppliers of the substitute natural gas supply are designated by the Energy Agency on the basis of the Act.

In September 2022, the Act on Measures for the Management of Crisis Conditions in the Field of Energy Supply was adopted. This has set the basis for the identification of temporary management measures in times of increased energy supply risk, as well as measures to ensure the security of the energy supply, to reduce import dependency and to reduce the pressure on energy prices due to the volatility of energy markets.

On 27 October 2022, an amendment to the Decree on setting gas prices from the system was adopted - the maximum retail price also applies to household customers of district heating, and the Decree also redefines the maximum retail price of gas for kindergartens, primary schools and health centres, as well as for the substitute and basic supply of natural gas for protected customers. The Decree applies from 1 November 2022 to 31 August 2023.

In December 2022, the Government also set a maximum retail price for natural gas from the system for certain public entities, such as public bodies, public economic institutions, public agencies, public funds and municipalities. The Decree on setting gas prices from the system sets the maximum permitted retail price of natural gas from the gas system of the transmission and distribution network for certain legal entities under public law, for providers of publicly valid education and training programmes, and for providers of social care services, social welfare programmes and family support programmes. The gas price is capped at EUR 0.095 per kWh for the period from 1 January 2023 to 31 December 2023.

In **Croatia,** on 8 September 2022, the Government of the Republic of Croatia adopted the Decree on the elimination of disturbances on the domestic energy market, setting the electricity price for household and business customers and for public institutions, effective from 1 October 2022 to 31 March 2023.

On 14 September 2022, the Government of the Republic of Croatia adopted a Decree supplementing and amending the previously valid Decree, which also laid down special measures for trade in natural gas.

On 19 September 2022, the Government of the Republic of Croatia adopted a Decision on the level of tariff rates for the guaranteed gas supply to non-household end customers of natural gas for the period from 1 October to 31 December 2022.

Effect of changes in the USD/EUR exchange rate

The exchange rate between the US dollar and the euro in 2022 ranged between 0.96 and 1.15 USD per 1 euro. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank in 2022 was 1.05 USD for 1 EUR.

Operations of the Petrol Group

In June 2021, the Petrol Group adopted a new corporate structure for the Company and the Petrol Group. The reorganisation was carried out 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 reorganisation is reflected in stronger market integration, a regional approach and the standardisation of business processes. It brings more efficient processes, the unification and optimisation of the operation of support functions, customer focus and a unified presence on the markets in subsidiaries.

Sales, which focuses on the customer with the aim of increasing the proportion of time spent with customers and increasing sales revenue, has been separated from product management. Product management focuses on product development and lifecycle management, group sales and profitability planning, ensuring a high customer experience and maximising the profitability of the group's products.

Accordingly, we have started to report results by the following product groups from 2022 onwards:

- **Fuels and petroleum products,** which includes sales of petroleum products, sales of LPG and other alternative energy (compressed natural gas), the transport, storage and handling of fuels, payment card sales revenues, and sales of biomass, tyres and tubes, and batteries.
- **Merchandise and services,** which includes the sale of foodstuffs, haberdashery, tobacco products, lotteries, coupons and cards, coffee on the go, Fresh products, car cosmetics and spare parts, as well as car wash services, sales promotion services and other services.
- **Energy and solutions,** which includes the sale and trading of electricity and natural gas, the sale of energy solutions (energy and environmental management systems for buildings, water systems, efficient lighting systems, district energy, water treatment, industrial solutions), the sale of heating systems, natural gas distribution systems, mobility and energy product production.
- **Other:** mining services, maintenance services, rent from holiday accommodation.

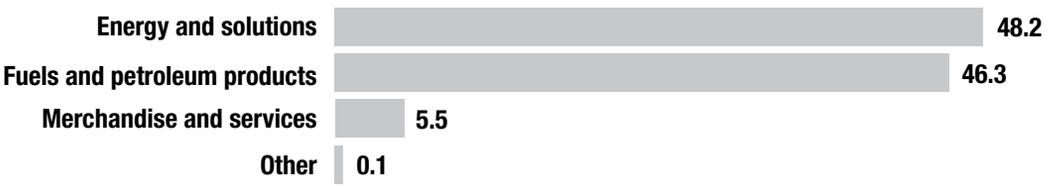
We have also restated all the data for the 2021 comparative period and for the 2022 plan to reflect the new reporting method.

Sales revenue

In 2022, the Petrol Group generated sales revenues in the amount of EUR 9.5 billion, which is 91 percent more than in 2021.

In 2022, the Petrol Group's operations took place in a highly complex environment of energy crisis and government intervention to mitigate it. During January and most of February 2022, the Petrol Group's operations continued to be impacted by pandemic mitigation measures. Until 20 February 2022, access to the sales premises of service stations in Slovenia was only allowed with a valid RVT certificate. The prices of all energy products have been rising since the end of 2021, and at the end of February 2022, with the start of the Russian invasion of Ukraine, the prices of all energy products rose sharply. Thus, in addition to the increased volume of sales revenues from fuels and petroleum products and merchandise due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group, the growth of sales revenues compared to 2021 was also affected by the increase in the purchase and sales prices of energy products, as well as by the regulation of fuel prices, which for a certain period of time, limited the maximum retail and wholesale prices of the best-selling fuels - unleaded petrol NMB-95 and diesel fuel. The Petrol Group is not vertically integrated into the oil business (it does not have its own access to crude oil and does not have its own refinery) and is therefore completely dependent on fuel imports.

STRUCTURE OF PETROL GROUP'S SALES REVENUES IN 2022 BY ACTIVITIES (in %)



In 2022, the Petrol Group sold 4.1 million tons of fuels and petroleum products, which was 25 percent more than in 2021. The most significant impact on the growth in the sales of fuels and petroleum products was the incorporation of Crodux derivati dva d.o.o. into the Petrol Group. In Slovenia, strong growth was realised in the retail sector, largely driven by the regulation of fuel prices in Slovenia from 15 March 2022. As a result, between 15 March and 20 June 2022, when the maximum retail price was set by the decree, fuel prices were significantly lower than in neighbouring countries, which led to a significant increase in sales at border stations, especially along the border with Italy, to foreign truckers at service stations in the interior of the country and, during the tourist season, to foreign private individuals. On the Italian market, we gained new customers who also have storage facilities with the possibility of intra-community deliveries, and we have been able to increase our sales to Austria. In 2022, fuel prices were much higher than in the previous year.

Sales revenue reached a record EUR 9.5 billion, up 91 percent year-on-year, but due to the regulated prices of fuel and other energy commodities, this was not reflected in a higher EBITDA. Compared to 2021, EBITDA decreased by EUR 141.8 million.

In 2022, we generated EUR 520.1 million in sales revenues from the sale of merchandise and services, which is 11 percent more than in 2021. The increase in sales revenue is mainly due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group. At Petrol d.d., Ljubljana, sales revenues from foodstuffs and tobacco products increased, while sales revenues from vignettes decreased due to the transition of DARS to electronic toll collection. As we no longer have Slovenian vignettes in stock, we now only recognise the difference between the final sales price and the purchase price to which we are contractually entitled as sales revenue. Sales revenues from hot beverages in Slovenia also decreased compared to the previous year.

In 2022, we also sold 18.9 TWh of natural gas, 12.0 TWh of electricity and 158.9 thousand MWh of heat. Although this is less than in 2021, the considerable increase in the price of energy products meant that sales revenues were higher than in 2022.

Adjusted gross profit

The adjusted gross profit for the period stood at EUR 393.4 million, which was 28 percent less than in 2021.

The positive contribution of the incorporation of Crodux derivati dva d.o.o. into the Petrol Group to the growth of the adjusted gross profit was largely offset by the effect of the fuel price regulation in Croatia, as the regulated prices did not allow us to cover the operating costs for a significant part of the year.

In several countries, national governments have intervened in the market for petroleum products by restricting sales prices. In Slovenia, the price of extra light heating oil has been regulated from 20 October 2021, except for the period from 22 May to 12 September 2022. The prices of NMB-95 petrol and diesel are regulated from 15 March 2022, except for a short period between 1 and 10 May. The price cap was in place until 20 June, and from 21 June the decree sets the maximum margins for dealers. Fuel prices in Slovenia were therefore much lower than in most neighbouring countries at the time of the price cap regulation, which significantly increased sales, but the regulated selling prices were set lower than the purchase prices, which meant that we realised a negative margin during this period. In Croatia, prices are regulated from 7 February 2022. For the first month, the decree set the maximum sales prices below the purchase price of the regulated fuels, and from 7 March onwards, the decree set maximum margins that covered the purchase price but not all costs. The maximum selling prices were also imposed in the periods from 21 June to 18 July and from 18 October to 24 October. From 12 September, the Croatian government has also regulated the price of LPG - for propane-butane blends for large tanks and for cylinders. In Serbia, price regulation applies from 12 February 2022. All of this contributed to a lower adjusted gross profit on sales of fuels and petroleum products than in the same period last year.

In Slovenia, the retail prices of diesel and petrol stood below the cost most of the time between 15 March and 20 June 20. The Petrol Group estimates that as a result of the government's measures on the fuel market it has suffered damage of EUR 106.9 million in Slovenia between 15 March and 20 June 2022 (a claim for compensation has been filed) and EUR 26.4 million from 21 June onwards. The damage caused by petroleum product price regulation in Croatia is estimated at EUR 55.9 million in 2022 (a claim for compensation has been filed).

In Slovenia, we recorded an additional shortfall of EUR 0.7 million in the adjusted gross profit due to the regulated electricity network charges between 1 February and 30 April 2022, EUR 2.4 million because of the equalisation of household consumers of natural gas and floor owners, and EUR 4.5 million because of the electricity price regulation decree. In Croatia, we recorded EUR 0.6 million of economic damage due to the regulation pursuant to the decree on the elimination of disruptions in the domestic energy market.

Regulation is also inappropriate in the field of biofuels. Pursuant to Decree on renewable energy sources in transport, the energy share of renewables in fuels and energy sold by fuel suppliers to end customers in the transport sector must amount to 10.1 percent in 2022 (10.3 percent in 2023). Between 21 June and 5 December 2022, the biofuel surcharge which is much more expensive than fossil fuel was not included in the petroleum product price calculation formula. In the time of maximum prices of biofuels, the cost of added biofuel was even higher than the margin determined by the relevant decree. From 6 December 2022 onwards, the biofuel surcharge is again included in the abovementioned formula, but not in an amount which would enable covering the costs incurred by fulfilling the requirements of the Decree on renewable energy sources in transport.

The supply of electricity to end-customers was below last year's level due to the high increase in purchase prices. We achieved good results in electricity trading. Sales of natural gas were also below the previous year's level due to the high purchase prices of this energy product. At Geoplin d.o.o. Ljubljana alone, we realised an economic loss of EUR 140.3 million from our business with Gazprom, namely EUR 43.2 million from the non-delivery in 2022 and the cost of purchasing replacement natural gas, and a loss of EUR 97.1 million from the non-delivery of fixed-price leased natural gas volumes from previous years. We increased our electricity production from renewable energy sources.

STRUCTURE OF THE ADJUSTED GROSS PROFIT OR LOSS OF THE PETROL GROUP IN 2022 BY ACTIVITIES (in %)

The Petrol Group's **operating costs** totalled EUR 467.9 million in 2022, which was EUR 34.9 million or 8 percent more than in 2021.

Operating costs exceeded the realised adjusted gross profit due to high losses on the sale of regulated energy products. The ratio of operating costs to adjusted gross profit was therefore 118.9 percent in 2022. If the claimed compensation was received from the Republic of Slovenia and the Republic of Croatia, the share of costs in the adjusted gross profit would be 84.1 percent.

OPERATING COSTS OF THE PETROL GROUP

The Petrol Group (in EUR)	2022	2021	2022/2021 Index
Cost of materials	39,423,844	29,296,024	135
Cost of services	180,137,325	147,697,919	122
Labour costs	135,562,309	114,341,509	119
Depreciation and amortisation	96,300,070	79,091,758	122
Other costs	16,476,159	62,612,453	26
- of which net allowances for operating receivables	7,930,749	7,914,095	100
Operating costs	**467,899,707**	**433,039,663**	**108**

The costs of materials totalled EUR 39.4 million in 2022, which was EUR 10.1 million or 35 percent more than in 2021.

- Energy costs increased by EUR 8.6 million, or 40 percent, of which EUR 4.2 million was due to higher electricity costs and EUR 3.7 million to higher gas costs. Energy costs for heating increased by EUR 0.8 million compared to the previous year, while fuel costs for engines increased by EUR 0.7 million. Of this, costs increased by EUR 2.2 million due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group.
- Costs of consumables increased by EUR 1.3 million or 18 percent. Among them, the costs of materials for maintenance, cleaning supplies and personal protective equipment and the cost of water consumed, increased the most, both due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group.

The costs of services in 2022 totalled EUR 180.1 million and were up EUR 32.4 million or 22 percent from 2021.

- The most significant item in the costs of services were the costs of transport services, which stood at EUR 45.5 million and increased by EUR 12.3 million or 37 percent compared to the previous year. Of this, costs increased by EUR 3.2 million due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group. Parent company costs increased by EUR 9.0 million due to both higher fuel sales (sales of fuels and petroleum products at service stations in Slovenia were 21 percent higher in 2022) and an increase in transport tariffs as a result of the rising fuel prices.
- The costs incurred by the service station operators amounted to EUR 32.6 million, up EUR 1.8 million or 6 percent compared to the previous year, of which EUR 1.2 million was due to an increase in student work due to a shortage of service station staff and to the use of students at the beginning of the year to check compliance with the RTV condition when entering service stations.
- The costs of fixed asset maintenance services amounted to EUR 28.7 million, an increase of EUR 3.8 million or 15 percent compared to the previous year, of which EUR 1.9 million was due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group. Most of the other companies in the Petrol Group saw increases in the maintenance of plant and equipment (totalling EUR 1.4 million), utilities and waste disposal (totalling EUR 0.4 million) and cleaning costs (totalling EUR 0.3 million).
- The costs of payment transactions and bank services amounted to EUR 16.0 million, which was EUR 3.1 million or 24 percent more than in the previous year, of which EUR 1.7 million was in the Petrol Croatia Group, both due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group and due to the increase in fuel prices. The remaining increase in costs was due to higher sales at service stations in Slovenia and higher fuel prices compared to the previous year.
- The cost of intellectual services in 2022 totalled EUR 11.9 million and were up EUR 2.5 million, or 26 percent, compared to the previous year, of which EUR 1.0 million is due to higher student labour costs as a result of the aforementioned replacement of staff by students and the RVT compliance check at the beginning of the year. Consultancy and lawyer's fees increased by EUR 1.0 million and copyright and electronic media costs by EUR 0.3 million
- Short-term rental costs amounted to EUR 9.6 million, an increase of EUR 1.1 million or 13 percent compared to 2021, including an increase of EUR 2.0 million in software rental costs and an increase of EUR 1.0 million in motorway operating charges. In the Petrol Croatia Group, rental expenses decreased by EUR 1.5 million, mainly due to the cancellation of the lease of the Omišalj warehouse and the transfer of the lease rent of the Zadar warehouse to the depreciation of long-term leased assets in accordance with IFRS 16.
- Amounting to EUR 7.7 million, the costs of fairs, advertising and entertainment increased by EUR 1.0 million or 15 percent compared to the previous year.
- The costs of insurance premiums totalled EUR 6.9 million and were up EUR 2.0 million or 42 percent from 2021, due to both the rising prices on the insurance market and the higher volume of claims.
- Outsourcing costs stood at EUR 5.3 million and were up EUR 1.3 million or 31 percent relative to 2021, due to higher business volumes in the Home Energy Solutions segment.
- The costs of environmental protection services in 2022 totalled EUR 2.5 million and were up EUR 0.4 million or 19 percent from 2021, mainly due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group.
- Security costs in 2022 totalled EUR 2.3 million, which is in line with the previous year's realised costs.
- Costs of membership fees totalled EUR 1.6 million in 2022 and were up EUR 0.8 million or 89 percent compared to the previous year, mostly due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group.

- Property management costs totalled EUR 1.6 million and were up EUR 0.4 million or 33 percent compared to the previous year, mainly due to higher business volumes in the Energy Solutions segment.
- Employee reimbursements, which include training costs and subsistence costs, mileage, accommodation and tolls on business trips, totalled 1.5 million and were up EUR 0.5 million or 51 percent compared to 2021. In particular, training costs increased, as did mileage and daily subsistence allowances, due to both higher fuel prices and a higher volume of business trips compared to 2021, when movement restrictions were in place due to the COVID-19 pandemic.
- Other service costs amounted to EUR 6.4 million and were up EUR 1.4 million or 27 percent compared to the previous year, mainly due to higher sales intermediation costs.

Labour costs totalled EUR 135.6 million and were up 19 percent or EUR 21.2 million compared to 2021. The incorporation of Crodux derivati dva d.o.o. into the Petrol Group increased costs by EUR 13.3 million. In Petrol d.o.o. Zagreb, costs increased by EUR 1.2 million, mainly due to salary increases for service station employees. In the parent company, costs increased by EUR 3.8 million, of which EUR 1.0 million was due to an increase in the number of employees (Energy & Solutions, Logistics), EUR 0.6 million due to the statutory harmonisation of salaries and the increase in the minimum wage. In areas where we are constantly faced with staff shortages, notably service stations, salary increases led to an increase in costs of EUR 1.1 million. In line with the actuarial calculation, reimbursements for severance payments, jubilee bonuses and unused leave were up EUR 1.1 million. Costs for pay for annual leave were EUR 1.1 million higher than the year before, while accrued gratuities were EUR 1.1 million lower. The increase in business volumes also led to an increase in costs at Petrol d.o.o. Belgrade, Petrol BH Oil Company d.o.o. and Atet d.o.o. 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 28 thousand, while in 2021 this amount amounted to EUR 0.6 million – these effects are recorded as a decrease in labour costs.

The **depreciation and amortisation charge** stood at EUR 96.3 million, an increase of 22 percent or EUR 17.2 million relative to 2021. Costs increased by EUR 14.6 million due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group, while costs increased by EUR 3.2 million at Vjetroelektrana Ljubač, which started operations in mid-2021. However, as a result of the liquidity constraints caused by the price regulation of energy products and the consequent reduction in capital expenditure, the parent company's depreciation charges have decreased.

Other costs stood at EUR 16.5 million, which was EUR 46.1 million less than in 2021. Compared to the previous year, other costs decreased by EUR 20.8 million, especially because of the lower accrued costs, and costs related to asset impairments and write-offs decreased by EUR 8.1 million. Costs are EUR 18.2 million lower year-on-year because of the reversal of other provisions and liabilities in 2022; provisions and liabilities were not reversed in 2021.

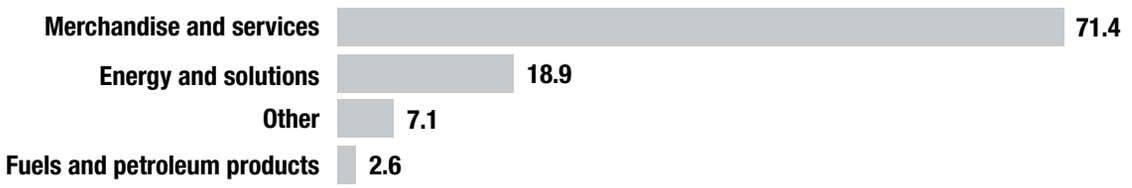
The Petrol Group is exposed to price and volumetric risks arising from trade in energy products (petroleum products, natural gas, electricity, LPG). The Petrol Group manages price and volumetric risks primarily by striving to harmonise purchases and sales of energy products, both in terms of volumes 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 the non-fulfilment of concluded agreements 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 agreements 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. Gain on derivatives totalled EUR 523.1 million or EUR 253.2 million more than in 2021. Loss on derivatives totalled EUR 558.7 million or EUR 323.0 million more than in 2021.

Other revenue stood at EUR 102.4 million, which was EUR 95.0 million more than in 2021. Of this, EUR 88.6 million refers to the revaluation of liabilities to Gazprom to the fair value based on valuation provided by an independent valuer. **Other expenses** stood at EUR 0.3 million, which was EUR 0.6 million less than in 2021.

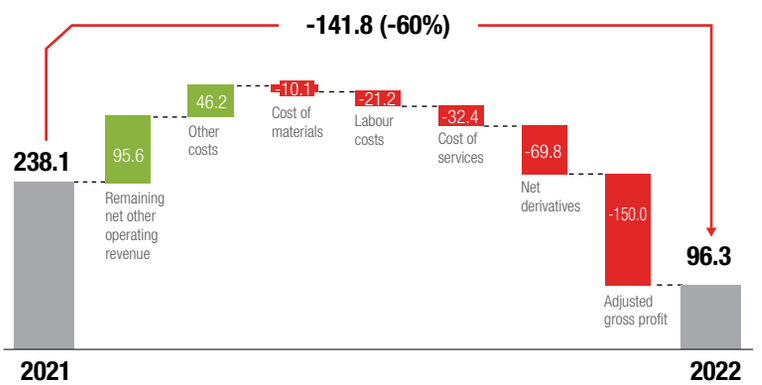
EBITDA of the Petrol Group broken down by activity

The EBITDA for 2022 totalled EUR 96.3 million, a decrease of EUR 141.8 million from 2021.

STRUCTURE OF THE EBITDA OF THE PETROL GROUP IN 2022 BY ACTIVITIES (in %)



EBITDA IN 2022 COMPARED TO 2021 (in EUR million)



The company's **net profit** totalled EUR -7.9 million, a decrease of EUR 159.0 million from 2021.

Shares of investment income valued according to the equity method amounted to EUR 3.3 million, which is EUR 0.7 million or 29 percent more than in 2021.

The net finance expenses of the Petrol Group stood at EUR 5.2 million in 2022, which was EUR 3.0 million more than the year before. In 2022, the net loss on exchange rate differences were down EUR 4.1 million compared to the same period in 2021, net revenues from derivative financial instruments were EUR 0.6 million higher than in 2021 and net interest expenses EUR 10.0 million higher (interest expenses were up by EUR 5.2 million due to higher borrowing and interest income was down by EUR 4.7 million because a one-off interest income of EUR 6.9 million was recognised at a subsidiary in 2021 as a result of categorising certain sales transactions as financing transactions). In 2022, reversal of allowance for financial receivables was EUR 0.3 million higher than in 2021. No impairment of investments and goodwill was recorded in 2022, while in 2021 it amounted to EUR 0.9 million. Other net finance income was EUR 1.1 million higher than in 2021.

The **profit before tax** in 2022 totalled EUR -9.8 million, down EUR 161.3 million compared to the previous year. **Net profit** for 2022 totalled EUR -2.7 million, a decrease of EUR 127.2 million from 2021.

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

The Petrol Group (EUR million)	2022	2021	2022/2021 Index
Adjusted gross profit	393.4	543.4	72
Labour costs, including government grants	135.6	114.3	119
Labour costs, excluding government grants	135.6	115.0	118
EBITDA, including government grants	96.3	238.1	40
EBITDA, excluding government grants	96.3	237.5	41
Pre-tax profit, including government grants	-9.8	151.4	-
Pre-tax profit, excluding government grants	-9.8	150.8	-

Financial position of the Petrol Group

The **balance sheet total** of the Petrol Group as at 31 December 2022 amounted to EUR 2.7 billion, which is 14 percent more than at the end of 2021. Non-current assets amounted to EUR 1.3 billion, the same as at the end of 2021, and current assets amounted to EUR 1.4 billion, which is 31 percent more than at the end of 2021. Compared to the end of 2021, current operating receivables increased by EUR 195.1 million. The growth of balance sheet items was mainly influenced by the rise in prices of energy products.

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 13.8 million lower than at the end of 2021. Right-of-use assets totalled EUR 131.6 million at the end of 2022, which was 8 percent more than at the end of 2021. Non-current investments in jointly controlled entities and associates stood at EUR 58.2 million, which was EUR 2.4 million more than in 2021.

The management of **current assets,** which accounted for 51 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 2021, the balance of operating receivables as at the last day of 2022 increased by 30 percent.

The value of inventories increased by 47 percent year-on-year. Oil prices were higher at the end of 2022 than at the end of 2021.

In response to the steep growth of electricity and oil prices, the short-term operating liabilities increased by 57 percent year-on-year.

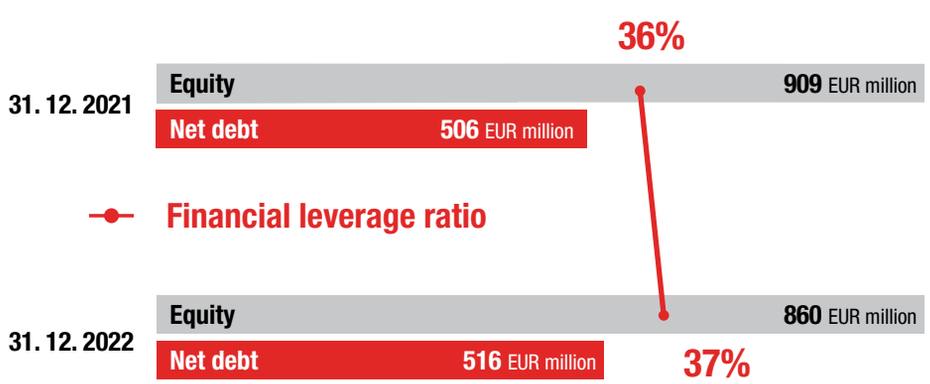
In the area of credit risk management, we closely follow all the procedures of credit insurance companies. The Petrol Group has secured 79 percent of all receivables, which individually exceed a nominal value of EUR 100,000. We monitor customer payments on a daily basis and, where appropriate, adopt 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 18.1 million in **working capital** or EUR 110.1 million less than at the end of 2021 when it stood at EUR 128.2 million.

Cash flows generated from operations amounted to EUR 203.1 million in 2022, which is EUR 26.1 million more than in 2021. The Petrol Group used its own revenues for investment activities, the payment of dividends and the repayment of loans while missing funds were secured from banks. The net financial liabilities to equity ratio **(net debt/equity ratio)** was 0.6 as at the last day of 2022, and it also stood at 0.6 at the end of 2021. **The net debt/EBITDA ratio** stood at 5.4 at the end of 2022 compared to 2.1 at the end of 2021. **The financial leverage ratio** stood at 37 percent at the end of 2022, up from 36 percent at the end of 2021.

Due to the consequences of the energy crisis, we set a high priority in 2022 to ensuring an adequate liquidity structure. 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



We have also had to adapt our investment funds to the changed operating environment. The Petrol Group's **net investments** in property, plant and equipment, intangible fixed asset and long-term investments of the Petrol Group totalled EUR 59.8 million in 2022, of which 48 percent was in energy transition. In 2021, we allocated EUR 233.2 million for investments.

Before the onset of the energy crisis and the resulting price regulation, the Petrol Group was in very good business and financial shape. Despite the challenging circumstances of the energy crisis and energy transition, as well as government regulatory interventions and uncertainty regarding the compensation for damage we successfully and professionally managed business and liquidity risks, implemented key development projects, minimised the impact of negative energy market developments to the maximum extent possible through a comprehensive energy offering and effective adaptation to the tight business environment, ensured a stable and reliable supply of fuels and energy products through an efficient procurement process, and provided comprehensive support to our customers. We stayed committed to our strategic guidance in the field of debt and kept the net debt at approximately the same level as at the end of 2021. The results of events in the wider business and social environment in the EU and uncertainty on energy markets from the past year are reflected in the Petrol Group's operations, as seen in the deteriorated indicators compared to 2021. Nevertheless, all key indicators of the Petrol Group have remained at acceptable levels, providing the Group with financially sustainable bases for future operations.

The national approaches taken by the Republic of Slovenia and the Republic of Croatia to mitigate the effects of the energy crisis on citizens by capping fuel prices have affected the net debt-to-EBITDA ratio. The Petrol Group obtained consent from banks that the ratio can deviate from the agreed contractual values in 2022, which shows banks' trust in the Group's operations in the future.

We expect 2023 to be as challenging as 2022. Despite the difficult business conditions, we will continue to pursue our 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 energy crisis, Petrol d.d., Ljubljana paid out the dividend in 2022, amounting to EUR 30.00 gross per share, which is 36 percent more than in 2020 and 2021 when it amounted to EUR 22.00 per share.

On 20 July 2022, S&P Global Ratings announced on the Bloomberg website that Petrol d.d., Ljubljana, has been placed on »CreditWatch Negative« with respect to its long-term rating of »BBB-« and short-term rating of »A-3« due to the impact of the negative intervention in the motor fuel market, where sellers were forced to sell motor fuels below cost due to price regulation, uncertainties regarding the recovery of damages, and the risks associated with potential additional interventions in the energy markets.

S&P Global Ratings reaffirmed Petrol d.d., Ljubljana's »BBB-« long-term rating, its »A-3« short-term credit rating and its »stable« credit rating outlook on 12 December 2022.

With this, S&P Global Ratings has removed Petrol d.d., Ljubljana, with a long-term rating of »BBB-« and a short--term rating of »A-3«, from the »CreditWatch Negative« list, where it was placed on 20 July 2022.

S&P Global Ratings has reaffirmed Petrol d.d., Ljubljana's »BBB-« long-term rating, »A-3« short-term 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 + Net Allowances for operating receivables + Depreciation and amortisation charge.	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	Operating costs = Costs of materials + Costs of services + Labour costs + Depreciation and amortisation + Other costs	The criterion is important in terms of the cost-effectiveness of operations.
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 25.4 million in 2022 and EUR 25.2 million in 2021	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.
Net investments	Net investments = Investments in fixed assets (EUR 72.1 million in 2022) + Non-current investments (EUR 5.7 million in 2022) – Disposal of fixed assets and reimbursements (EUR 18.0 million in 2022).	The information about investments reflects the direction of the Petrol Group's development.
Book value per share	Book value per share = equity/total number of issued shares	Book value per share reflects the value of a public limited company's total equity per share.

EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

On 2 January 2023, the Government of the Republic of Croatia adopted the Decree on setting maximum retail prices, determining the maximum margins for petrol (eurosuper 95) at EUR 0.0995 per litre, eurodiesel at EUR 0.0995 per litre, blue diesel at EUR 0.0531 per litre, propane-butane blend for large gas storage tanks at EUR 0.3716 per kg and LPG cylinders (7.5 kg or more) at EUR 0.8229 per kg. The Decree was in force from 3 January 2023. Croatia extended the validity of the Decree every two weeks, but it did not limit the validity date of the Decree of 27 February 2023.

On 13 January 2023, the Government of the Republic of Slovenia adopted the Decree on determining compensation for natural gas suppliers. For supplies regulated by the decrees, suppliers are entitled to a monthly compensation for the difference between the average monthly purchase cost and the regulated retail price, taking into account the supplier's cost of EUR 5 per MWh.

On 13 January 2023, the Government of the Republic of Slovenia adopted the Decree on the determination of electricity prices. For supplies regulated by the decrees, suppliers are entitled to a monthly compensation for the difference between the average monthly purchase cost and the regulated retail price, taking into account the supplier's cost of EUR 10 per MWh.

On 23 January 2023, the 36th General Meeting of Petrol was held, at which the shareholders considered the proposal to recall Aleksander Zupančič from the Supervisory Board. The motion for a resolution was not put to the vote. At the General Meeting, the shareholders were also presented with the Report of the Management Board of Petrol d.d., Ljubljana, on the operations of the subsidiary Geoplin d.o.o. Ljubljana in 2022 and the assessment of the operations of the subsidiary Geoplin d.o.o. Ljubljana in 2023, as well as the Report of the Supervisory Board and Management Board of Petrol d.d., Ljubljana, on the measures taken to obtain compensation for the damage caused by the regulated energy product prices in 2022, on the assessment of the operations of Petrol/Petrol Group in 2023, and on measures for the possible business restructuring of Petrol/Petrol Group as a result of the regulation of energy product prices in 2023.

On 24 January 2023, the Government of the Republic of Slovenia adopted the Decree on setting district heating price, determining the maximum tariff item for the variable part of the price of heat at EUR 98.70 per MWh for households which accept heat from the distribution system where the distributor carries out the public service, namely via the individual or common offtake point. The distributors whose pricelists for January 2023 include the tariff item for the variable part of the heat price that is below the indicated amount, cannot increase such price. The Decree applies to the heat supplied in the period from 1 January 2023 to 30 April 2023.

In Slovenia, the Decree amending the Decree on setting gas prices from the system was adopted on 27 January 2023 and entered into effect on 28 January 2023. It sets the maximum permitted retail price of natural gas needed for the production of heat for basic social services, kindergartens, primary schools and health centres at EUR 0.079 per kWh and applies to natural gas supplied in the period from 1 January 2023 to 31 August 2023.

The Government of the Republic of Serbia adopted the Decree on the price capping of petroleum products on 24 February 2023, setting the maximum retail price, including VAT, for eurodiesel and unleaded petrol NMB-95. The price is set in the amount of the average wholesale price of petroleum products in Serbia, increased by RSD 13 per litre (EUR 0.11 per litre). The Decree is in effect until 31 March 2023.

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 that together will contribute to a successful energy transition. There is increasing awareness of sustainable development, accompanied by tightening regulations. In trading, we are seeing a notable change 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 a 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 but also new opportunities. In its 2021 – 2025 strategy, the Petrol Group has adjusted its business objectives according to its risk management policies and its risk appetite.

Risk management in 2022

In the last quarter of 2022, the Croatian company Crodux derivati dva d.o.o. was merged into Petrol d.o.o., resulting, among other things, in consolidation and more efficient operational and control procedures. This was also ensured in the subsidiary E 3, d.o.o. by switching to the internal SAP information system. In particular, preparations for Croatia's transition to the euro have progressed in the last quarter of the year, and a considerable amount of activity has been devoted to these processes.

In 2022, we saw a continuation of the extraordinary rise in the prices of all energy products, which had a major impact on the whole of Europe and on the Petrol Group's operations. National governments have responded to the situation with various decrees and energy product price regulations. The Petrol Group was mainly affected by changes and restrictions in the pricing of petroleum products in the markets of Slovenia, Croatia and Serbia (retail and wholesale), as well as by regulated prices of electricity and natural gas. The details of the decrees by country are described in the section Analysis of the business performance of the Petrol Group's operations in 2022 and in the subsection Business environment.

In 2022, the actions already taken in 2020 to manage the risks associated with the COVID-19 pandemic were continued, focusing on controlling and mitigating the negative effects of the pandemic. Measures continued to ensure the health and safety of employees and customers, and the uninterrupted supply of services to the economy. Additional focus remained on credit risk management, due to the expected increase in default risks from our customers at the level of the entire Petrol Group. 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 2022.

Cyberattack is the battlefield of the future, which can be evidenced by the significantly increased cyber risks in the last period. The Petrol Group must endeavour to step up its cyber resilience today to be ready for cyber threats in the future. More about cyber risks is presented in chapter 18.3 Information security put to the test.

The last risk assessment of the Petrol Group was carried out in 2021. According to the last risk assessment results, financial risks, especially credit, price, volumetric and foreign exchange risks remain among the most important and most probable risks. In 2022, 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 securities we hold. As of 31 December 2022, 79 percent of Petrol's trade receivables individually exceeding EUR 100,000 were secured through insurance policies, bank guarantees and other appropriate insurance

instruments. As mentioned above, two more subsidiaries migrated to the Petrol Group's information system in 2022, resulting in increased operational efficiency and control procedures through a unified information system.

The **Credit Committee** continued to actively pursue its mandate. A great deal of attention was paid to receivables management, realising that our partners, just like us, will face the financial consequences of high prices for all energy products, increased inflation and a tight macroeconomic environment, as well as the COVID-19 pandemic.

The liquidity of Petrol Group companies was ensured through the central management and reconciliation of current cash flows and by managing the Petrol Group's debt. In ensuring the structural liquidity of the Petrol Group, we follow the guidelines set out in connection with the rating assigned to us by S&P Global Ratings. In 2022, 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 despite the tight operating conditions. This continues to provide us with better access to financial resources and, at the same time, a stable financial position. In 2022 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 2022, a lot of attention was paid to **credit, price and volumetric risks.** Most attention was paid to the sale of electricity and natural gas to end-customers, where we completely overhauled the system of monitoring volumetric and price risks beyond quantity limits (by individual segments) and setting the required mark-ups for the assumed risks. Monitoring volumetric and price risks through quantity limits was also introduced in electricity production from own sources. In the area of electricity trading, the monitoring of credit risks has been even more detailed than in previous years due to the high price growth and increased volatility.

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.

In addition to the main financial risks, the most relevant risks include **economic environmental risks, business decision-making risks, financial environmental 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.

Strategic outline for risk management at the Petrol Group

In risk management, the Petrol Group pursues the 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. This 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:

- environmental risks;
- risks affecting the safety and health of our staff;
- reputational risks;
- risks of fraud and corruption;
- risk of losing our »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:

- The Petrol Group shall monitor changes in the industry and markets in which it operates, and proactively adapt its operations and targets in order to achieve its strategic objectives.
- 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.
- 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.
- 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.
- 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.
- 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.
- The Petrol Group shall make sure that its partner portfolio is 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.
- The Petrol Group shall provide for long-term financial stability through sustainable financial leverage.
- The Petrol Group shall manage its short-term liquidity by matching inflows and outflows and by maintaining adequate credit lines.
- The Petrol Group shall make every effort to hedge its interest rate risk.

Petrol's risk model with the most relevant and probable risks

Petrol's risk model consists of an integrated set of 20 risk categories divided into two major groups: environmental 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

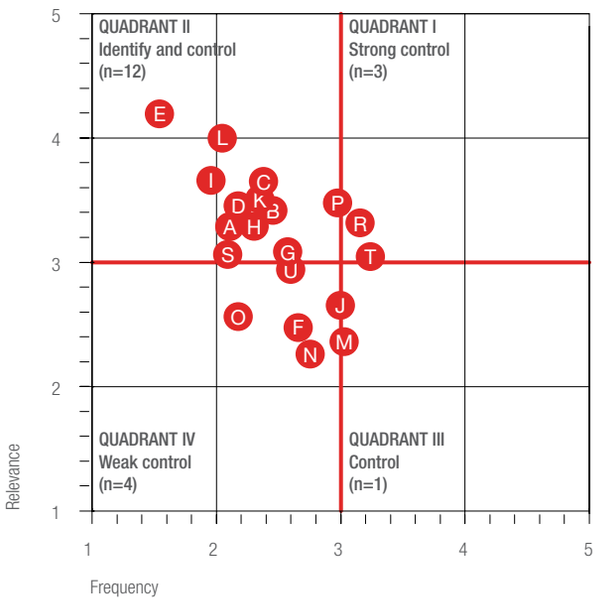
II. Performance risks

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: 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 Petrol Group uses such a system that 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 environmental risks, business decision-making risks, financial environmental 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

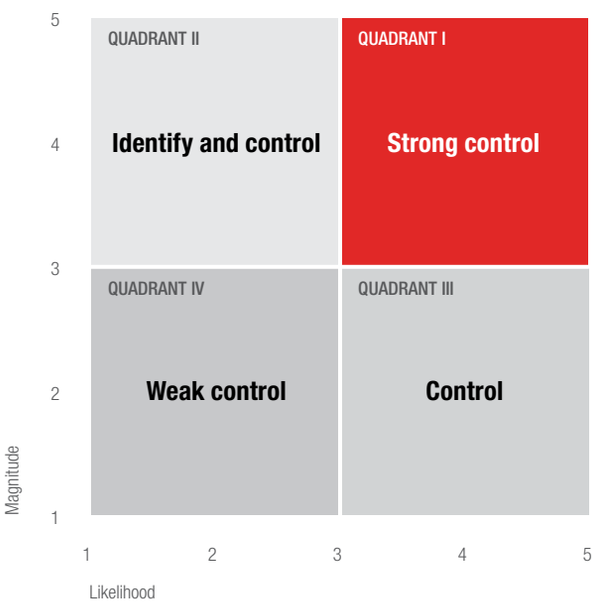


A Political risks
B Financial environment risks
C Economic environment risks
D Legislation and regulation risks
E Disasters
F Human resources management and leadership risks
G Information system risks
H Security and safety risks
I Risks of discontinued operations
J Process risks
K Business and financial 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 2022, individual risk categories were managed as follows:

I. ENVIRONMENTAL RISKS

The Petrol Group protects itself against external environmental 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 environmental risks are **economic environmental risks.** Although relevant, disaster risks, which also belong in this group, occur infrequently. Financial environmental 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 environmental 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 environmental risks** through financial planning and simulations, as well as through cooperation with the financial environment (banks, financial institutions and 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. In 2022, energy product price regulations in various countries in response to the energy crisis had a key impact on the Petrol Group's negative performance.

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 a lack of responsiveness to changes in the Company's internal/external 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 (Enterprise Resource Planning) system and the deployment of a new CRM (Customer Relationship Management) system, which was implemented in 2019 in the parent company, in 2020 in a subsidiary in Croatia, while other companies in the group transitioned to the new system in 2021 and 2022, as scheduled.

Human resources management and leadership risks are controlled through the regular measurement of the 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).

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 drawn 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 financial risks were credit, price and volumetric risks, as well as foreign exchange risks, while liquidity and interest rate risks were assessed as less significant. The tight economic environment, high energy price hikes and the consequent regulation of energy prices and higher interest rates have had an impact on the Company's liquidity. 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 greatest 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. The war in Ukraine has brought uncertainty and some challenges to the supply of petroleum products. Despite the tightening situation, the supply of petroleum products has been secured, though some uncertainty about market developments remains with the full implementation of the diesel sanctions starting in February 2023. As a result, we have already secured, at an annual level, goods with an origin in line with the sanctions adopted for 2023, before the sanctions come into force.

According to the last risk assessment results, financial risks, especially credit, price, volumetric and foreign exchange risks remain among the most important.

Trading in electricity exposes the Group to price and volumetric risks. In the period from the beginning of 2022 until 26 August 2022, prices for electricity supplied in Hungary in 2023 have been increasing. On 26 August 2022, the price peaked at EUR 1,007 per MWh and then gradually decreased until the end of 2022. On 28 December 2022 (the last day of quotation of the annual price for 2023 delivery in Hungary on the EEX), the price was EUR 259.85 per MWh, up 104 percent compared to the beginning of the year when the price was EUR 127.18 per MWh. The main reason for the high rise in electricity prices is the high rise in natural gas prices as a result of the closure of nuclear power plants in Germany and the war in Ukraine. 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 Petrol 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.

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, in these demanding times, try to maintain the range of first-class credit insurance instruments as a requirement to approve sales (receivables insurance with credit insurance companies, bank guarantees, collaterals, corporate guarantees, securities and 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 the market conditions evolve. A great deal of work is put into the management of receivables from all customers in Slovenia, and significant attention is also devoted to the collection of receivables in the 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, and high energy prices have also been an additional challenge in recent months. In 2022, the Petrol Group continued to closely monitor indicators of increased risk and had intensive communication with its customers. At the operational level, all the 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. Given the sharp increase in energy prices, we expect credit risks to increase over the next few years. This is particularly true for partners in the electricity and natural gas segments, where the forward price for 2023, as at 28 December 2022, is up year-on-year by 107 percent (electricity) and 187 percent (natural gas) - this compares to a 47 percent factor for the forward price of diesel next month. In order to limit both credit and price risks, an electricity and natural gas sales policy has recently been adopted that provides for a more rigorous way of entering into transactions in 2023. In addition, a methodology is being developed to systematically address the higher risks assumed through a higher contractual margin (risk/reward aspect).

2022 was marked by various regulatory actions by countries in the markets where we operate, which had a significant negative impact on the Petrol Group's operations.

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. 72 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 92 percent).

In the field of credit risk management, we strictly comply with all official procedures of credit insurers. 79 percent of the Petrol Group's receivables that individually exceed the nominal value of EUR 100,000 are insured. Payments made by buyers are monitored on a daily basis and measures are taken to decrease credit risk, if necessary. Despite the negative effects on the economy, the payment discipline has not deteriorated significantly thus far.

Liquidity risks

Petrol's strong position is confirmed by its long-term »BBB-« **credit rating,** which was reaffirmed by S&P Global Ratings in December 2022. 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 Global Ratings methodology in the management of liquidity risks. On 20 July 2022, S&P Global Ratings announced on the Bloomberg website that Petrol d.d., Ljubljana, has been placed on »CreditWatch Negative« with respect to its long-term rating of »BBB-« and short-term rating of »A-3« due to the impact of the negative intervention in the motor fuel market, where sellers were forced to sell motor fuels below cost due to price regulation, uncertainties regarding the recovery of damages, and the risks associated with potential additional interventions in the energy markets. Despite the tight operating conditions, S&P Global Ratings has reaffirmed Petrol d.d., Ljubljana's **»BBB-« long-term rating, its »A-3« short-term credit rating and its »stable« credit rating outlook** in December 2022.

Despite the high market prices and regulated selling prices for energy products, we have managed to maintain a strong liquidity position, which is also reflected in keeping our long-term »investment grade« rating by S&P Global Ratings.

In 2022, the average petroleum and energy product prices were significantly higher year-on-year, meaning that more working capital of the Petrol Group was needed. Despite the high volatility of energy prices and regulations by the countries where the Petrol Group operates, 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. In order to ensure the Group's stable liquidity position, in the second half of 2022, we started activities to obtain additional credit lines to further strengthen the Group's stable and solid liquidity position, which, in the event of a deterioration in the economic situation, will ensure smooth operations and an adequate liquidity structure according to the criteria of S&P Global Ratings.

The current business and wider societal environment in the EU and globally is strongly influenced by the war in Ukraine, the resulting tightening of the energy market (high prices and the uncertain supply of fuels and energy products), diverging national approaches to regulating fuel prices to mitigate the impact of the energy crisis on people and businesses, and high inflation. Therefore, we continue to intensify our activities and pay more attention and care to the management of the Petrol Group's cash flows, especially in the area of deferred inflow planning, which represents an important source of liquidity risk and, consequently, credit risk. We continue to pay additional attention to internal liquidity management within the Petrol Group companies.

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.

Both the age structure of receivables and the collateralisation of receivables remain at satisfactory levels.

Interest rate risks

Interest rate risk is the risk of a negative impact of changes in market interest rates on the Petrol Group's operations. The Petrol Group's exposure to interest rate risk arises from a potential change in the EURIBOR reference rate. 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 the EURIBOR. The average value of the EURIBOR in 2022 was higher than the value at the end of 2021.

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

The Petrol Group also manages interest rate risk by entering into traditional derivative financial instruments (interest rate swaps and forward interest rate agreements). The Petrol Group has derivative financial instruments for all entered into and drawn down long-term loans with variable interest rates, thus hedging the interest rate position. We did not take out any new interest rate insurance in 2022.

The risk of changes in interest rates on short-term funding sources is managed within the framework of the Petrol Group's liquidity risks and policies.

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

OPERATIONS BY PRODUCT GROUPS

Fuels and petroleum products

In 2022, the Petrol Group generated sales revenues of EUR 4,375.2 million from the fuels and petroleum products product group, a year-on-year increase of 102 percent, as a result of the more volumes sold and the higher prices of fuels.

In 2022, the price regulation of certain petroleum products introduced by countries in response to the high energy product prices and rising inflation was the most significant factor affecting the Petrol Group's operations in the field of petroleum product sales. While low fuel prices had a positive impact on the fuel sale volumes, especially in the Slovenian market, the maximum selling price was set below the purchase price of energy products for part of the regulated period.

On the Slovenian market, we sold 1,754.2 thousand tons of fuels and petroleum products in 2022, 21 percent more than in 2021 and 22 percent more than planned.

On the **Slovenian market,** we sold 1,754.2 thousand tons of fuels and petroleum products in 2022, 21 percent more than in 2021 and 22 percent more than planned. We achieved good sales results in Slovenia, particularly in the sale of motor fuels. Between 15 March and 20 June 2022, when the maximum retail price was set by the decree, fuel prices were significantly lower than in neighbouring countries, which led to a significant increase in sales at border stations, especially along the border with Italy, to foreign truckers at service stations in the interior of the country and, during the tourist season, to foreign private individuals.

In the **markets of SE Europe,** we sold 1,480.2 thousand tons of fuels and petroleum products in 2022, 26 percent more than in 2021, mainly due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group.

In the **EU markets,** we sold 860.7 thousand tons of fuels and petroleum products in 2022, 30 percent more than in 2021 and 28 percent more than planned, mainly due to the resumption of motor fuel sales in Italy and higher sales of middle distillates to the Austrian market.

At the end of June 2022, the Petrol Group managed 594 service stations, of which 318 were in Slovenia, 202 in Croatia, 42 in Bosnia and Herzegovina, 17 in Serbia and 15 in Montenegro.

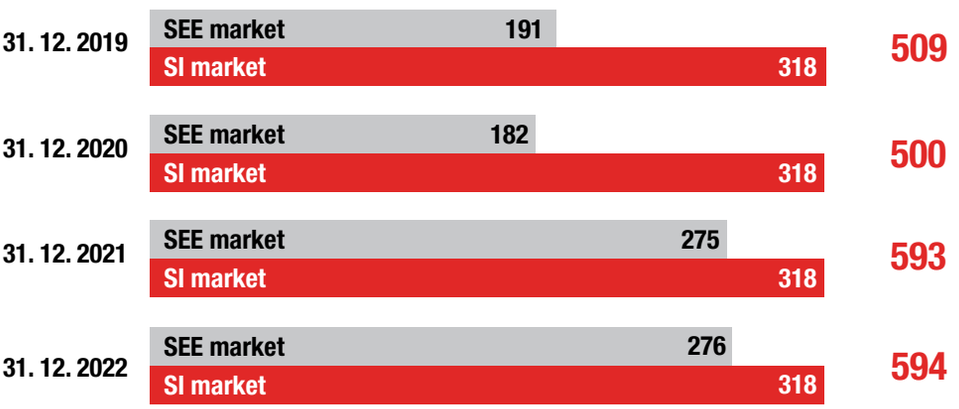
Including the sales of Crodux derivati dva d.o.o., which was merged into the Petrol Group in September 2021, sales growth in the Slovenian market was almost as high as sales growth in the markets of SE Europe, resulting in no significant change in the sales structure by market compared to the previous year. Thus, in 2022, 43 percent of our fuels and petroleum products sales were generated in Slovenia, 36 percent in the markets of SE Europe, and 21 percent in the EU markets.

Of the 4,095.2 thousand tons of fuels and petroleum products sold, 45 percent were sold at retail and 55 percent at wholesale. Retail sales increased by 29 percent compared to 2021 and by 6 percent compared to the plan. The growth was mainly driven by the incorporation of Crodux derivati dva d.o.o. into the Petrol Group and, on the Slovenian market, by the regulation of fuel prices, as the regulated maximum selling prices of fuels in Slovenia were significantly lower than in neighbouring countries Wholesale sales increased by 21 percent compared to 2021 and by 12 percent compared to the plan, mainly due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group, higher sales to EU markets and also due to the growth in wholesale sales in Slovenia.

THE PETROL GROUP'S FUELS AND PETROLEUM PRODUCTS SALES IN THE 2019 – 2022 PERIOD (in million tons))

Service station network of the Petrol Group
At the end of June 2022, the Petrol Group managed 594 service stations, of which 318 were in Slovenia, 202 in Croatia, 42 in Bosnia and Herzegovina, 17 in Serbia and 15 in Montenegro.

SERVICE STATION NETWORK OF THE PETROL GROUP IN THE 2019 – 2022 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 a particular emphasis on motorway locations and key urban and border locations. Petrol's main competitor is the company OMV Slovenia, which has a 20 percent market share in terms of the number of service stations. MOL has a 9 percent market share in Slovenia.

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 in 2021 in terms of the number of service stations, thus consolidating the brand's presence and position in this market.

With the merger of Crodux derivati dva d.o.o. in 2021, we consolidated the brand's presence and position in the **Croatian market.** Our market share in terms of the number of service stations was 23 percent at the end of 2022. INA remains our biggest competitor, followed by other companies such as Lukoil, Tifon and some smaller companies. In **Bosnia and Herzegovina,** Petrol has an almost a 4 percent market share in terms of the number of service stations. Its major retail competitors include Nestro Petrol, Energopetrol, the Nešković Group, Ina and Hifa Petrol. In **Serbia,** the companies NIS, Lukoil, Knez Petrol and Mol have the largest retail networks. In **Montenegro,** Petrol has 12 percent of the market in terms of the number of service stations, its major competitors being Eko and Ina.

LPG sales are becoming increasingly important for the Petrol Group, seeing that infrastructure is being built in the wider region of SE Europe - Activities have been particularly strong in Northern Macedonia, where we have a strategic initiative to build an LPG storage facility and increase the wholesale of LPG.

Among the fuels and petroleum products, LPG sales are becoming increasingly important for the Petrol Group, seeing that **regional infrastructure,** which is a basis for establishing a presence in the wider SE Europe region, is now being built. The Petrol Group is engaged in both **LPG supply** and 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 Slovenia, the Petrol Group operated five LPG supply concessions in 2022.
- In Croatia, Petrol d.o.o., concluded agreements for the supply of LPG in the cities of Šibenik and Rijeka. Liquefied petroleum gas is also supplied to customers 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 2022, 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 North 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. In the Serbian market, we are temporarily unable to use the Smederevo terminal in a way that would allow us to deliver gas by barge, which we own but have leased until we obtain a concession to carry out port activities. Until then, gas will be delivered to the terminal by rail tankers and road tankers.
- In 2022, Autogas will be sold at 302 service stations in the Petrol Group's distribution network, and at wholesale outlets.

At the end of 2022, the Petrol Group operated five LPG supply concessions in Slovenia. We thus also supply LPG to our customers through gas storage facilities and autogas at service stations.

Sales to business customers and the public sector

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. We take them as an opportunity for improvement in the direction of providing an excellent user experience.

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.

Efficient supply chains

Efficient supply chains are an important competitive advantage of the Petrol Group. Their optimal management is therefore one of the key factors for the Petrol Group's successful operation. Despite the exacerbated market situation in 2022 we ensured smooth supply and sales of fuels and petroleum products via all sales channels to all markets where the Petrol Group is present by having ensured that all purchased petroleum products are compliant with the effective European standards and decrees.

Merchandise and services

In 2022, the Petrol Group generated EUR 520.1 million in sales revenues from the sale of merchandise and services, which is 11 percent more than in 2021 and 1 percent less than planned.

In the **Slovenian market** in 2022, we generated EUR 362.2 million in sales revenues from the sale of merchandise and services, which is 7 percent less than in 2021. The main impact on the decrease in sales revenue from the sale of commercial goods and services was the transition of DARS to electronic tolling - As we no longer have Slovenian vignettes in stock, we now only recognise the difference between the final sales price and the purchase price to which we are contractually entitled as sales revenue. Sales of hot beverages and of haberdashery and appliances were lower, especially in the first months of the year, compared to the same period last year, when sales were significantly higher due to the restrictive measures in other activities. The

strong sales performance was mainly driven by tobacco sales. In the service sector, car wash operations and entrances to sanitary facilities in Slovenia were the main areas of improvement on the previous year's performance. We installed Lottery Slovenia's digital displays in more than 150 points of sale in Slovenia. The range of products offered at Petrol points of sale is changing and being updated as we strive to keep up with the needs of service station visitors by quickly adapting our product range. Sales of merchandise and services in 2022 were in line with the plan.

In the **markets of SE Europe,** we generated sales revenues of EUR 157.9 million from the sale of merchandise and services in 2022, an increase of 93 percent compared to 2021, mainly due to the incorporation of Crodux derivati dva d.o.o. into the Petrol Group. The good sales results of the other companies in the markets of SE Europe were mainly achieved in tobacco and foodstuffs, while the Croatian market in particular (excluding the impact of the incorporation of Crodux derivati dva d.o.o. into the Petrol Group) underperformed in the lottery, vouchers and cards and hot beverages. In Bosnia and Herzegovina, we introduced Loto-Bingo terminals at 16 additional locations, and in Serbia, we installed electronic toll payment machines at 5 facilities. Sales of merchandise and services were 3 percent lower than planned, mainly due to lower sales of foodstuffs.

The range of products offered at Petrol points of sale is changing and being updated as we strive to keep up with the needs of service station visitors by quickly adapting our product range.

At the beginning of the year, the Petrol Group's business was significantly affected by the COVID-19 pandemic. Until mid-February, visits to points of sale and, consequently, sales on the Slovenian market were also affected by the fulfilment of the RVT condition. In 2021, we also took various measures to ensure user-friendly access to the range of goods and services. The use of mobile shopping solutions has also increased, i.e. the "Na poti" mobile app.

Thanks to our management and the 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 the legal provisions.

Major activities in the sale of fuels, derivatives, merchandise and services

Turbulence in the economic environment had a significant impact on business in 2022. In order to mitigate the negative impact on the Group's business, we further strengthened our customer focus.

We are strengthening the position of the distribution network by adapting the business models that we manage (bars, restaurants, car washes), digital solutions (digitalisation of forms, the new SmartSpotter Team process tracking tool, process for introducing eTickets at motorway locations, setting up new totems and price lists) and empowering our employees to provide services tailored to the customer. We integrated Crodux points of sale into the Petrol network, and we are also establishing uniform operating standards on the Croatian market.

Through various training activities, we are reinforcing the key skills of all employees in order to provide tailor-made services to customers (the reorganisation of the work processes of sales managers, expansion of the network of internal trainers, the revision of the protocols for the implementation of work processes at points of sale, the tidiness of the points of sale, the optimisation of the procedures for managing crowds, monitoring of the CEX indicator - Customer Experience).

We also monitor the quality of our sales processes through outsourced mystery shopping. Customer satisfaction is monitored through the Transaction Net Promoter Score questionnaire, where customers provide feedback on their satisfaction with the service at the point of sale. A strong emphasis is placed on keeping points of sale clean and tidy.

We also ensure cost optimisation by monitoring the costs of individual segments and proposing improvements to optimise operations and performance, as well as the use of technological equipment.

In the business-to-business segment, we place great emphasis on maintaining good relationships and working successfully with our customers, which has been particularly important at a time of significant changes in fuel input prices and the regulation of fuel retail prices or margins. We attract new customers and offer new products to existing customers. We provide adequate financial security. We appointed key administrators for all major customers to ensure that all our products are fully available to each customer.

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 range 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 range for existing and new customers according to their needs.

In the markets of SE Europe, at a time of the tight supply of petroleum products, we established cooperation with several private service stations, strengthened our cooperation with some major customers, concluded several new gas cylinder supply agreements and gained several new bitumen customers. Also, Crodux's wholesale network was integrated into the wholesale processes.

Energy and Solutions

By selling energy and solutions, the Petrol Group generated sales revenue of EUR 4,554.2 million in 2022, a year-on-year increase of 97 percent. The high growth is mainly a result of the growth of electricity and natural gas prices.

Energy and Solutions underwent a number of substantive and organisational changes in 2022. In the second half of the year especially, we were faced with unprecedented increases in the price of energy products and limited investment funds.

The Petrol Group follows its 2021-2025 strategy, which has set the path for **energy transition** towards a green future. A large part of this transition is assumed by Energy and Solutions with its products and team of experts. A new organisational structure has been adopted at the Group level to better meet the challenges of the energy transition.

The **new organisation** is based on the product as the holder of content work and the 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.

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

Another important substantive shift is the **extension of product management** to the area of three strategic key Petrol markets: Slovenia, Croatia and Serbia. More details are presented below in a comprehensive overview of all products, business indicators and business opportunities according to the potential of individual markets.

2022 was marked by an extraordinary **increase in electricity and natural gas prices.** The price volatility of all energy products raises questions about current way of working, risk-taking, leasing and various forms of partnerships. In particular, the rise in prices of energy products has sharply increased the demand in all customer segments (end-customers, business customers and the public sector) for renewable energy solutions (solar and wind power plants, energy storages, hydrogen).

In 2022, we also launched the **DOM project,** which sets out a comprehensive strategy for developing the sale of energy solutions to end-customers.

Energy solutions

Systems for the energy and environmental management of buildings
We generated EUR 41.7 million in sales revenue from the energy solutions product.

The Energy Efficiency Directive establishes a number of measures in the field of energy efficiency, including the leading role in the energy renovation of public sector buildings, which is to serve as an example for other stakeholders. In this context, the Directive requires that, from 1 January 2014, three percent of the total floor area of buildings owned and occupied by public sector entities be renovated each year. The Directive was transposed into Slovenian law by the Energy Act – EZ-1.

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, the Petrol Group carries out **energy performance contracting services** for buildings in the narrow and wider public sector. Energy performance contracting is defined as a contractual reduction of energy costs. It is more than just a financing method. It is a contract model that, in addition to designing and implementing (construction and technological) actions, also covers the financing, management and supervision of operation, servicing and maintenance, the elimination of defects, as well as the encouragement of consumers towards efficient energy use. Energy performance contracting is a method for the 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 the contractual penalties, if any, in case the agreed results or savings are not achieved (no service - no payment).

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

In 2022, we successfully completed three major projects and implemented additional measures in one existing project:

- comprehensive and technological energy renovation of public buildings in the Municipality of Brezovica (four buildings covering an area of 3,000 m^2);
- comprehensive energy renovation of the Residential Care Home of dr. France Bergelj (three parts of the building covering an area of 6.4 thousand m^2);
- technological energy renovation of public buildings in the Municipality of Novo mesto - additional measures on an existing project (three buildings with an area of 12 thousand m^2);
- comprehensive and partial energy renovation of buildings in the Municipality of Ljubljana (EOL-3), comprising 19 buildings and an area of 52.5 thousand m^2. In 2022, 12 buildings were completed, totalling 38 thousand m^2.

In 2022 we carried out the energy renovation and assumed the management of 20 buildings with a total area of 59.4 thousand m^2.

In 2022, we started the implementation of two more projects (EUO Ruše and EUO Ig), which will be completed in spring 2023.

In 2022 we implemented energy performance contracting services at 365 buildings with a total area of 1.1 million m^2, which is comparable to the floor area of approximately 95 Petrol office buildings in Ljubljana.

Water supply systems DISNet-WS (Digital Intelligent Smart Networks – Water Supply)
The digital transformation, which has become a reality here and worldwide, is changing the structure of national economies, affecting macroeconomic categories and radically changing 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 and efficiency 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 to 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 digital transformation of the management of water supply systems. The processes carried out by the DISNet-WS Group for our service users have proven to be an effective measure and are recognised by critical infrastructure managers as a key part of their management process.

In 2022, we successfully completed negotiations for the maintenance service of the digitised telemetry of the water supply system managed by Komunala Novo mesto in the area of central Dolenjska and the area of Suha Krajina. In mid-2022, we completed the 10-year Technical and Economic Optimisation of the Kranj Water Supply System (TEOVS) project, which saved nearly 2 million m3 of drinking water per year. In December, we signed a framework agreement to continue our activities in the management of the Kranj water supply system for the next three years.

We also successfully continued working with all our **strategic partners:** Javno podjetje Vodovod Kanalizacija Snaga Ljubljana, Komunalno podjetje Velenje, Mariborski vodovod, javno podjetje. We continued one of the largest infrastructure digitalisation projects in the region with a focus on reducing water losses, Vodovod Slavonski Brod, which is among the 10 largest in Croatia. In November 2022, together with our Slovenian partner, Javno podjetje Vodovod Kanalizacija Snaga Ljubljana, we presented the successfully completed project of upgrading the digital twin water supply system with measures for the effective reduction and management of water losses at the international conference HGVIK (Hrvatska grupacija vodovoda i kanalizacije).

With DISNet-WS services, we support the management of more than 60 water supply systems in **seven countries in the region.** We cooperate with 17 major drinking water system operators (Ljubljana, Maribor, Kranj, Velenje, Murska Sobota, Novo mesto, Ptuj, Čakovec, Slavonski Brod, Novara, Arad, Sofia, Podgorica…), as well as some smaller ones in more than 80 municipalities.

We support our partners by digitalising services in real-time, improving the efficiency of operation and management on almost 15 thousand km of water supply network, with more than 1.3 million users and more than 420 thousand water metres, which together produce and distribute more than 130 million m3 drinking water per year. In doing so, we maintain water losses at the achieved level below those before the measures, which we consider to be a great success. Based on our references, we joined the project in 2021, with which we want to reduce water losses in one of the largest water supply systems in the region by approximately 1.7 million m3 by the end of 2024.

Wastewater treatment

In modern times, a clean environment is becoming increasingly important and wastewater, which can significantly 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 the treatment of both municipal and industrial wastewater, which has to be environmentally friendly and cost-effective. We provide wastewater treatment services both for our own needs and as a commercial activity.

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

In 2022 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. We also operated **industrial wastewater treatment plants** in the companies Papirnica Vevče d.o.o. and Paloma d.d. 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. We also operate and maintain more than 50 small municipal wastewater treatment plants, ranging in size from 5 to 800 PE.

In 2022, after obtaining an environmental permit, we carried out a trial run of the **Ihan Mud Dryer.** 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 2022, a total of over 3.2 million m3 of municipal wastewater was treated at four municipal wastewater treatment plants, and 1.5 million m3 of industrial wastewater was treated at 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)
Heat generation is one of the largest consumers of energy and an area where energy efficiency is a key objective. The main guidelines for the development of smart district heating systems are: reducing energy consumption and cost-efficiency, and measures to increase renewable energy sources through the simultaneous digitisation of the system. Through forecasting and mathematical modelling, we can determine the needs of district heating systems, providing a comprehensive and intuitive overview of the situation at all points in the network and the impact of system changes on the primary energy source. Through digitalisation, we ensure that heat losses are reduced and system operating costs are minimised, while maximising efficiency and supporting decarbonisation and ensuring network optimisation.

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.

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

With smart grids, we are developing district heating systems as part of the smart city infrastructure - smart heat generation, distribution and off-take.

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). In 2022, we have further strengthened our cooperation with major district energy systems (Ljubljana, Velenje, Maribor, Zagreb, Osijek, Sisak, Tuzla, Belgrade...).

We manage one of the largest district heating systems in the Balkans: the "Belgrade Power Plants" district heating network, which, with over 1,600 km of pipelines and instrumentation, connects the generating source to the end users with an average annual heat production of over 3,500 GWh.

Efficient lighting systems
The entire region in which the Petrol Group is present is becoming increasingly aware of the importance of the 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 of the environment. Binding for lighting operators, the Decree prescribes the method of lighting and the maximum consumption of electricity for public lighting systems per resident.

Similar guidelines are also followed by other countries in the region. In Croatia, the Act on Protection From Light Pollution is in force, while Serbia has in place: the Energy Act, the Efficient Energy Consumption Act and the 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.

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

In 2022, despite limited investment funds, we managed to implement energy-efficient public lighting renovation projects in Šentilj, the Croatian municipality of Oriovac, and the Serbian municipality of Kikinda. At the end of 2022, **we started work on additional projects in Croatia: Trogir, Jastrebarsko and Molve**. This will further strengthen Petrol's position in the region of SE Europe.

In the region of SE Europe, the Petrol Group will thus manage a total of 31 concessions or public lighting systems. Through the energy renovation of public lighting systems, we save over 28 thousand MWh of electricity per year and reduce CO_2 emissions by more than 17 thousand tons annually.

We are also continuing to replace inefficient lighting in public buildings and in dedicated sports facilities through energy and environmental management projects.

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.

Using Tango allows internal and external 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 use and costs;
- introduce the automation of process and device management based on advanced analytical models.

Tango is the Petrol Group's own IoT platform, which solves the challenges of modern business and enables digital and green transformation.

In 2022, we used Tango in many Petrol products and areas, with which we are present in our key markets. 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.

Industrial solutions
In the area of industrial solutions, we manage two closed economic areas located in Ravne and Štore, a virtual power plant integrated into the tertiary electricity supply and a boiler room in Trebnje.

In addition to managing solutions for steam and heat, natural gas, industrial gases and compressed air, water, waste heat, cooling systems and industrial wastewater treatment plants, as well as virtual power plants, we pay special attention to developing and providing integrated energy solutions for all our customers in these areas.

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

In 2022, our main focus was on finding solutions to provide renewable energy sources, mainly in the area of solar power plants and electricity storage. Several studies and proposals have been prepared but have not yet been implemented.

District heating

In the field of district heating, we generated EUR 23.5 million in sales revenue in 2022.

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, 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 2022, 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 are proprietary and three are market distribution systems.

In 2022, the Hrastnik Heating Plant completed an extensive reconstruction, which included the replacement of cogeneration with natural gas, the replacement of two natural gas boilers with a total capacity of 7 MW and the installation of a new biomass boiler with a capacity of 1 MW. In addition to reducing greenhouse gas emissions, the aim of the retrofit is to provide reliable heat production from a variety of energy sources, at the lowest possible cost, which is important at a time of unpredictability in the energy market.

In 2022 the Petrol Group sold 158.9 thousand MWh of heat, which was 4 percent less than in 2021 and 5 percent less than planned. The reason for the lower sales is the above-average temperatures during the heating season (according to the Slovenian Environment Agency, 2022 was the warmest year on record).

Distribution of natural gas

The Petrol Group generated EUR 16.3 million in sales revenue from gas distribution in 2022.

At the end of December 2022, the Petrol Group operated **31 natural gas supply concessions** in Slovenia, and in Serbia we supply natural gas to the municipalities of Bačka Topola and Pećinci, as well as three municipalities in Belgrade. Since the end of 2018, the Petrol Group has also been present on the Croatian market, where Zagorski metalac d.o.o. distributes natural gas in certain municipalities in the areas of Zagorje-Krapinje and Zagreb County.

In **Slovenia,** we completed the construction and expansion of the gas pipeline network in Idrija, started the construction of the gas pipeline in Vransko (in its final phase), completed the construction of the gas network interconnection in Črenšovci and Beltinci, and started the final phase of the construction of the gas pipeline in the

municipality of Škocjan, which has been delayed until 2023 due to the simultaneous construction of a part of the pipeline with the sewerage network.

In **Croatia,** we mainly built small connections and carried out procurement procedures for works at four sites in the municipalities of Zabok and Veliko Trgovišće. We have completed all the planned investments.

In **Serbia,** network expansion took place mainly in Belgrade and in the municipality of Pećinci. Most of the connections were built in the municipality of Čukarica, and we have also agreed with Perutnina Ptuj to expand the network in the area of the chicken farms in Bačka Topola.

In 2022, the Petrol Group distributed 1,231.6 thousand MWh of natural gas, which is 10 percent less than in 2021 and 3 percent less than planned. The lower distribution was due to the tight energy situation and high natural gas prices.

Energy products

The Petrol Group generated EUR 4,457.5 million in sales revenue from energy products in 2022.

While the world is still recovering from the COVID-19 epidemic, which had a major impact on the economy, especially in 2020 and 2021, Europe is already facing a new crisis in 2022, this time an energy crisis. The war in Ukraine has pushed the already high prices of energy products to record levels. Europe's sanctions against Russia, on which it has relied for years for cheap supplies of energy products, have also led to a reduction and phasing out of supplies. Europe has therefore been forced to look for alternative energy sources, notably LNG via the sea and natural gas from Norway and North Africa, and has placed a strong emphasis on investing in its own renewable energy production.

The upward trend, which started in 2021 with the rising price of emission allowances, gained momentum in early 2022. The declaration of martial law between Russia and Ukraine added an unimaginable premium to EU energy market prices, driving them to unimaginable levels in a panic to save companies' financial positions.

While electricity prices hovered between EUR 20 and EUR 100 per MWh for most of the last decade, they peaked at EUR 1,000 per MWh in 2022. At the same time, the price of natural gas has risen from a long-standing range of between EUR 4 and EUR 33 per MWh to EUR 340 per MWh.

In 2022, Europe almost completely switched its natural gas imports from Russia for LNG originating mainly from the US, Qatar, and Nigeria and increased imports from other pipelines (Norway and Algeria).

The diversification of natural gas imports and favourable weather conditions have reduced fears of energy product shortages in the winter, and energy prices have moderated somewhat towards the end of 2022.

Sales and trading of natural gas

2022 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, and situations and events where we were even worried about the security of supply, which has never happened before.

At the Austrian CEGH gas hub, SPOT gas prices in 2021 for delivery in 2022 ranged from EUR 16 per MWh in the first half of 2022 to EUR 139 per MWh in November 2022. Natural gas suppliers have started to adjust their regular natural gas price lists for household and small business customers for deliveries in the last quarter of 2021 and in 2022, with natural gas supply prices for household customers already rising to EUR 80 per MWh and even EUR 125 per MWh as of 1 January 2022. Petrol d.d., Ljubljana adjusted its regular price list for natural gas applicable from 1 December 2021, then from 1 May 2022, 1 September 2022 and 1 October 2022.

With such a sharp increase in the price of natural gas, the end users of natural gas who did not make a timely decision to purchase this energy product found themselves in an unfavourable situation. Consumers in communal boiler rooms owned by floor owners and in large or small district heating systems that use natural gas as an energy source were particularly exposed to the high natural gas prices.

Successive governments have worked to tackle the high prices and ensure the security of the energy supply. **Regulated prices** did not reflect the world market prices. Measures in the area of natural gas pricing are described in more detail in the section Price regulation of other energy products.

The adoption of measures to regulate the retail prices of natural gas on the basis of the Price Control Act caused significant economic damage to Petrol d.d., Ljubljana in 2022, as the maximum permitted retail prices were below the market prices throughout the entire period of regulation.

The efforts of Petrol d.d., Ljubljana regarding compensation to be paid to natural gas suppliers were focused on preparing the content for the adoption of the appropriate regulatory framework for determining such compensation. This defined the method for determining and the procedure for paying appropriate compensation for the economic damage caused to natural gas suppliers as a result of the capped retail price for natural gas in accordance with the Decree on setting gas prices from the system.

On 12 July 2022, the Energy Agency, as the competent authority for ensuring the security of the natural gas supply, declared an **Early Warning Level** on the basis of the Gas Supply Act and the Legal Act on the emergency plan for natural gas supply.

The Agency urged natural gas consumers to use energy rationally and informed industrial consumers that in a situation requiring a declaration of a higher level of crisis, supply may be interrupted or they may be required to switch to alternative energy sources. Suppliers and industrial customers were invited to regularly monitor developments and the situation on the natural gas market and to consider alternative options that could help reduce consumption in the event of supply disruptions.

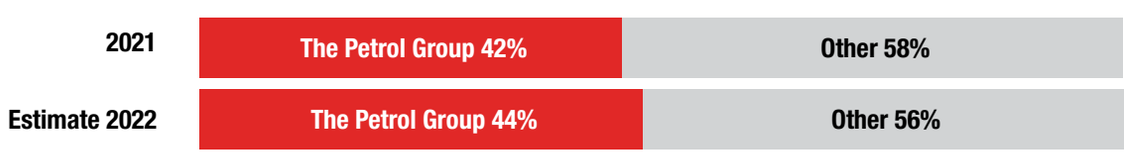
The Early Warning Level will remain in place in 2023 until it is lifted. The Agency monitors the security of the natural gas supply in Slovenia and other countries and will promptly inform the stakeholders and the public of any changes.

Due to the considerable uncertainty and unpredictability of the further development of the energy crisis in Europe and the development of natural gas prices, the natural gas supply activities of Komunalno podjetje Velenje, Komunalno podjetje Vrhnika, E.ON Ljubljana, Domplan Kranj and Energetika Celje were discontinued in 2022.

Despite the extremely challenging conditions, the Petrol Group has ensured a reliable supply of natural gas to all its customers, and has also taken on some new customers who were left without a supplier on the market. By adapting our business processes, we have ensured compliance with the new legislation in the natural gas market and with all the regulations designed to mitigate the impact of high natural gas prices.

In 2022, the Petrol Group sold 11.7 TWh of natural gas to end-customers, 55 percent less than in 2021 and 25 percent less than planned, mainly due to lower sales volumes in foreign markets (a drop in sales in Eastern European markets due to the tense geopolitical situation). In natural gas trading, the Petrol Group realised sales of 7.3 TWh.

MARKET SHARE OF NATURAL GAS SUPPLIERS TO END CUSTOMERS ON THE RETAIL MARKET IN SLOVENIA



Source: Energy Agency

Electricity sales and trading

High electricity prices have had a major impact on all consumers, who have been used to relatively low prices and a stable market over the past decade. Industry, which buys energy at market prices, has faced a huge increase in operating costs as a result. Household and small business customers, for whom we lease energy on a portfolio basis, have also seen their regular tariffs increase as a result of the exceptional price hikes on the market. Last but not least, this market shock has shaken electricity suppliers, who have been forced to adapt their processes, tools and working methods to the new market conditions in a very short time.

In addition to promoting energy self-sufficiency from renewable energy sources, the EU has mitigated the unsustainable situation of high prices of energy products mainly through market and price regulation, which is described in more detail in the section Price regulation of other energy products.

The cap on the maximum retail price of electricity was a positive and certainly one of the key measures for the majority of consumers, who would not have been able to accept full market prices. However, for suppliers, such a cap created an unsustainable situation, as they were forced to buy electricity at high market prices, while we were able to sell it at much lower regulated prices. A number of smaller suppliers have decided to go out of business due to the difficult market conditions, so the market has consolidated and customers have contracted with those suppliers that have remained in the market. The Petrol Group, together with other suppliers, has been campaigning all along for fair compensation for the commercial damage we have suffered as a result of the price regulation.

Despite the extremely challenging conditions, the Petrol Group has ensured a reliable supply of electricity to all its customers, and has also taken on some new customers who were left without a supplier on the market. By adapting our business processes, we have ensured compliance with the new legislation in the electricity market and with all regulations designed to mitigate the impact of high electricity prices.

With its energy solutions, Petrol helps the industry achieve the goals of the NEPN.

In addition to the activities related to the energy crisis, in 2022 we completed the integration of E 3, d.o.o. into the Petrol Group, which today brings together not only the customers but also the know-how, experience and best practices of both companies under one roof. However, knowing that know-how alone is not enough and that data and information play an increasingly important role in the age of digitalisation, we have also started a complete overhaul of our portfolio management system in 2022, which will allow us to better control, manage and make decisions, while giving customers more efficient access to all relevant information and facilitating the implementation of activities related to the supply, purchase and production of electricity, as well as the management of dispersed resources.

The Petrol Group's electricity sales to end-customers in 2022 stood at 3.4 TWh, which is 7 percent less than in 2021 and 9 percent less than planned. The underperformance is due to the current electricity market situation. The volumes sold on the trading market in 2022 were 8.7 TWh.

THE MARKET SHARE OF ELECTRICITY SUPPLIERS TO END CUSTOMERS ON THE SLOVENIAN MARKET

Source: Energy Agency

The Petrol Group 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:

- The Petrol Group is investing heavily in its own production of renewable electricity. 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. In 2022, 164 GWh of electricity generated from renewable energy sources was purchased from 127 generators and fed into the grid.
- In the area of the active management of distributed energy resources (production sources and active market customers), we are continuing our activities to develop IT support and a portfolio aimed at reducing the cost of balancing group deviations, developing new sources of sales revenue and preparing the basis for dynamic tariffs. With these new approaches, we can ensure lower final electricity costs for our customers and increase the share of renewable energy in their final energy consumption.
- We are working with our own and contracted resources to provide a manual frequency recovery reserve (rRPF) service to ELES, the operator of the Slovenian electricity transmission system. The rRPF service is one of the mechanisms ELES uses to maintain a stable 50 Hz grid frequency in real-time, which is ensured by balancing electricity consumption and production in the electricity system. We plan to expand the service in 2023 by adding new sources.

- In order to manage Petrol's fast-growing renewable energy portfolio cost-effectively and reliably, we will place even greater emphasis in 2023 on building and enhancing IT support, process improvements and staff training.
- 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. An in-depth market study was carried out in 2022. Contacts are established with partners interested in long-term sales and customers interested in long-term energy leases. Based on the draft general terms and conditions and PPAs, we will be able to launch competitive PPA products in 2023 in the markets where we operate.

Production of electricity

The Petrol Group generated EUR 10.7 million in sales revenue from electricity production in 2022.

Globally, 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. **Renewable electricity production is also an important pillar of the Petrol Group's** development into a modern energy company. The developments and turmoil in the energy markets in 2022 are an important indicator of the importance of having our own long-term, secure sources of energy production.

The Petrol Group is therefore accelerating the development and implementation of renewable energy projects, in which wind and solar power plants will play a key role. By developing our own production capacity, we are pursuing the strategic objective of becoming a visible regional provider of comprehensive energy and environmental solutions, and a partner in the development of the circular economy for the transition to a low-carbon society.

We are present in the markets of Croatia, Bosnia and Herzegovina and Serbia with the production of electricity from renewable energy sources.

The Petrol Group has been involved in electricity production since 2003. We produce hydroelectric power in Bosnia and Herzegovina and Serbia, where we generate electricity from hydropower in six **small hydropower plants.** In 2022, they produced almost 24 GWh of electricity.

The Petrol Group currently manages two **wind power plants** in Croatia (Glunča and Ljubač wind power plants), which are expected to produce 122.7 GWh of electricity in 2022. We are also in the final stages of developing a third wind farm.

In 2022, a project to build one of the largest **solar power plants** in the region, comprising three power plants (Suknovci, Vrbnik and Pliskovo) with a total capacity of 22 MW, was launched. Construction will be completed in early 2023.

As part of the Petrol Green project, in 2022, we were in the process of obtaining the necessary documentation for the installation of solar power plants on our own buildings. Over the next two years, solar power plants will be built on our facilities in Slovenia and Croatia.

The Petrol Group is accelerating the planning and development of new renewable energy projects, both in Slovenia and in the wider region.

In 2022, the Petrol Group produced a total of 166.8 thousand MWh of electricity, an increase of 28 percent compared to 2021, mainly due to the new wind power plant in Ljubač. However, due to the poor wind conditions in the cooler part of the year and low water levels in the summer months, electricity production was 15 percent lower than planned.

Mobility

The Petrol Group generated EUR 4.5 million in sales revenue from mobility products and services.

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 2022, we continued to manage the Urban-E and Multi-E projects, and commissioned the last charging stations from 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.

The URBAN-E project has officially ended with the installation of all 94 conventional (slow) and 18 fast charging stations in Ljubljana (47 AC and 9 DC) and Zagreb (47 AC and 9 DC). A final financial and technical report will follow in 2023.

The **URBAN-E project** brings together three municipalities (Ljubljana, Zagreb and Bratislava) with companies that have experience in the field of charging infrastructure for electric vehicles in the cohesion countries (Petrol d.d. Ljubljana from Slovenia, Petrol d.o.o. Zagreb from Croatia and Západoslovenská energetika, a.s. from Slovakia), a railway company (Slovenske železnice - Potniški promet from Slovenia), and innovative B2C and B2B transport service providers (Go4 from Slovakia and GoOpti from Slovenia) to form a new strategic partnership for green urban transport. It was designed to promote e-mobility, intermodal travel and green transport services in the urban nodes of the core network, thus making an important contribution to the implementation of the European Strategy on Alternative Fuels.

The **URBAN-E project,** a study with pilot implementation, was carried out in the central urban centres of Ljubljana, Zagreb and Bratislava from March 2017 to December 2022. It included the testing of urban green transport between Ljubljana and Zagreb, the deployment of parking sensors to test parking management options and smart charging use cases. The project has installed a network of 167 charging stations, including 144 conventional (slow charging up to 22 kW) AC and 23 AC/DC fast charging stations. The charging infrastructure deployed focuses on intermodality and convenient integration with other transport modes and is integrated into municipal transport strategies focused on decarbonisation and contributes to the implementation of national sustainable mobility plans. The adopted and integrated ICT systems for Charge Point Operator (CPO) and E-Mobility Service Provider (EMSP) services enable the management of the charging infrastructure, different urban use cases and ensure interoperability between urban charging networks and other long-distance charging infrastructures. The intermodal platform developed in the city of Bratislava with the “Po meste” app is an innovative intermodal solution that supports green transport services in Bratislava and is a key tool for citizens, city administrations and transport planners to make more informed decisions towards zero-emission cities.

URBAN-E is co-funded by the European Union’s Connecting Europe Facility for the 2017-2022 period.

A FAST-CHARGING STATION AT THE RUDNIK WEST OUTLET IN LJUBLJANA, PART OF THE URBAN-E PROJECT

Source: Petrol archive

As part of the final step to obtain a grant from the NEXT-E project in Slovenia and Croatia, we hosted a representative from the European Climate, Infrastructure and Environment Executive Agency (CINEA). Following the on-site verification, we received positive confirmation of the achievement of the project's objectives and the proper technical functioning of all the charging stations installed in the project. This makes 30 fast chargers and 6 ultra-fast chargers eligible for full funding.

Through the **MULTI-E project,** we will further expand our market presence with new types of charging stations in Slovenia and Croatia and, when the opportunity arises, enter the market of northern Italy. In 2022, we signed contracts to further expand the public charging infrastructure at the following locations: Ljubljana Jože Pučnik Airport, Meksiko Parking House, Šentpeter Parking House (both in Ljubljana), Supernova Ljubljana Šiška Shopping Centre and Supernova Koper Shopping Centre. We also installed and commissioned 6 AC charging stations in Croatia at Lesnina Rijeka (Kukuljanovo), Lesnina Zagreb East and Lesnina Zagreb West, as well as 3 AC charging stations at Ljubljana Jože Pučnik Airport.

In addition to the charging infrastructure in the EU projects, in 2022, we installed and commissioned one fast charging station in front of the HOFER store in Ljubljana-Polje and Marina Portorož in Portorož, and in Croatia we commissioned 2 fast charging stations at the Stop-Shop Kaštel Sućurac shopping centre. For our own needs, we installed and commissioned four conventional charging stations in front of Petrol's premises in Dravlje.

In addition to our own investments, we expanded the charging infrastructure by selling charging stations to private and business users both in both Slovenia and the Croatian market. On the business side, we continue to deliver successful sales projects. At the end of March, we completed a major **BMW - BTC project,** where we supplied, installed and commissioned 16 charging stations in front of the Crystal Palace office building in Ljubljana's BTC. In the second quarter of the year, we set up the charging infrastructure and installed a total of 12 charging stations at 3 locations for Nova KBM d.d. We will also manage the installed charging stations. We were also successful in a public tender of the City of Maribor, where we will supply and install 1 fast charging station for charging e-buses in 2023.

In 2022, the number of users has quadrupled compared to the previous year, and users have completed 1.5 times more charging sessions, transferring 1.8 times more energy.

The development of charging infrastructure is based on partnerships with the largest energy companies, municipalities and transport companies in Central and South-Eastern Europe.

Working with foreign charging infrastructure providers allows us to host our users at a growing network of charging stations in nearby European countries. We continue to build access to an increasing network across Europe. Our users can use the **OneCharge mobile app** and the associated bank card at the

charging stations of partners with whom we have established collaborations. We have also increased the number of partnerships we have with other charging service providers, enabling the growing number of EV users in Europe to charge at our charging stations. This will facilitate travel and increase traffic on our network, as users of our partner's mobile apps and ID cards will be able to charge seamlessly on the move in Slovenia and Croatia, with a stopover at our locations. By collaborating and networking on an international platform, we have expanded to 38 partnerships with charging service providers, enabling us to grow and increase Petrol's visibility in the field of e-mobility in Europe and in the regions where the Petrol Group operates, as well as to further expand into the rest of the new markets of e-mobility in Europe and the regions where the Petrol Group operates.

At the end of 2022, Petrol Group operated 417 charging stations for electric vehicles.

Mobility services

In the area of **mobility services,** we develop services related to new concepts and forms of mobility. With Atet d.o.o., we offer the market **fleet management services** and provide mobility through long-term and short-term vehicle leasing. In addition, we aim to be a partner to companies and municipalities in the green transition and in achieving their sustainability goals through fleet electrification.

Companies that are committed to operating more sustainably or optimising their business efficiency are increasingly turning to alternative forms of mobility, such as giving up their own vehicles and using experts to help them manage their own fleets. We offer integrated mobility solutions in fleet management, long-term corporate leasing, short-term vehicle rental, door-to-door services and fleet analysis and optimisation. Tailor-made services are also complemented by charging stations and charging solutions.

In mobility services, we realised a 60 percent increase in sales revenue in 2022 compared to 2021. Short-term rental sales revenue increased by 36 percent compared to 2021, driven by high rental sales prices. In the long-term or operating lease of vehicles, we have entered into contractual cooperation with some major partners, which has contributed positively to the positive results, with a more than fourfold increase in sales revenue compared to 2021. In 2022, we also see an increased demand for electric vehicles and charging needs, which is an excellent starting point for the efficient integration of Petrol Group services. This was also supported by a change in legislation, which has become more favourable to green forms of transport and offers certain benefits for electric company cars (0 percent benefit, VAT deduction). We are actively continuing to market and integrate with other products, including energy solutions, as completely new patterns of mobility needs and the integration of different forms of mobility have emerged among users over the past two years. In September 2022, we confirmed the further development of a digital fleet management support solution. With advanced integrated solutions tailored to the customer's needs, we aim to further strengthen our position in the market and to offer our partners integrated support in mobility and fleet management.

As a leading company in the field of electromobility and mobility services, Petrol's presence is also particularly important in establishing a corporate image that is sustainable and focused on reducing its carbon footprint. The latter is a major but important challenge for a company whose primary business is the sale of petroleum products.

INVESTMENTS

In 2022, we have earmarked the majority of our investment funds for the construction of solar power plants at Vjetroelektrane Glunča 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 solutions in Slovenia and the markets of SE Europe and in expanding sales and upgrading and maintaining logistics capacities in Slovenia.

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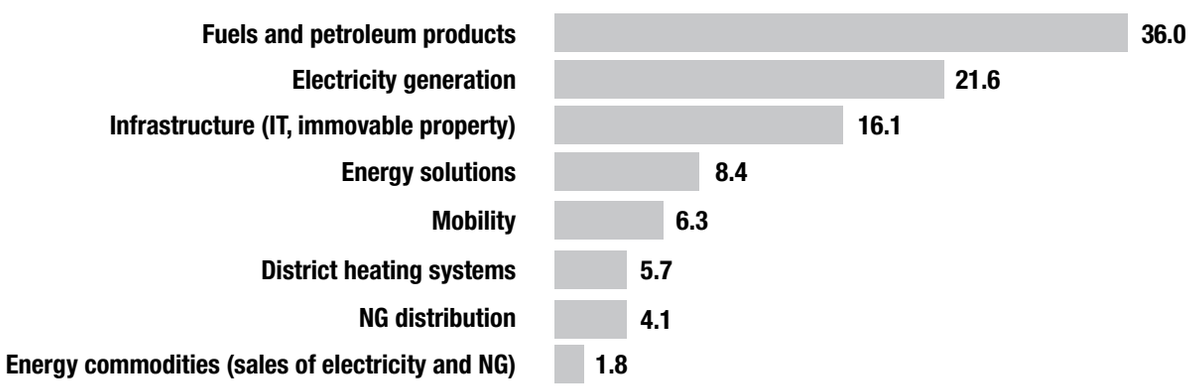
Due to the impact of current fuel and energy market regulations on the Group's cash flow, we have invested less than planned in 2022. We have made the highest priority investments, as well as those that were legally and contractually required. This resulted in a lower-than-planned realisation of net investments.

In 2022, net investments in property, plant and equipment, intangible assets and long-term investments stood at net EUR 59.8 million, and in 2021 at EUR 233.2 million, of which EUR 181.7 million for the acquisition of Crodux derivati dva d.o.o.

STRUCTURE OF INVESTED ASSETS (in %)



Fuels and petroleum products

In Slovenia, the majority of our investments were spent on the replacement of the Grosuplje service station, capital maintenance, the installation of totems at points of sale and meeting the legal requirements for the installation of central fuel filling cabinets at service stations. Investment funds were also earmarked for obtaining documentation for investments to be made in the coming years.

We have carried out projects required by law and risk reduction projects at all Petrol storage facilities. At the Sermin petroleum products warehouse, we completed the second phase of the renovation of the hydrant network and the installation of an additional VRU to recover vapours from the gas storage tank.

In November, Crodux derivati dva d.o.o. was legally merged into Petrol d.o.o. In Croatia, we started the design of three new service stations, Dragalić S, St. Helena E and St. Helena W, and seven renovations of Crodux service stations.

Throughout the year, we carried out investment maintenance at points of sale in all markets.

The production of renewable electricity

Renewable electricity production is undoubtedly one of the key areas for sustainable future development as well 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 2022, we started the construction of three solar power plants in the Croatian market, Suknovci, Pliskovo and Vrbnik, with a total capacity of 22 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. To this end, we have participated in Petrol Green calls for proposals to find ways to save money at Petrol points of sale in a sustainable way. To date, Petrol has been awarded EUR 0.7 million in grants to implement Petrol Green projects.

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.

Energy solutions

In the past year, we completed the Energy Management of Facilities (EMF) projects, namely the EMF Dom Franceta Bergelja Jesenice, the EMF MOL EOL 3 and the EMF Brezovica, the renovation of the EMF Ruše is underway, and the renovation of the EMF Ig is due to be completed in February 2023.

The implementation of sales projects for the market took place, such as the sale and implementation of heating stations, central control system and various project extensions.

In the markets of SE Europe, energy renovations of public lighting systems in the municipality of Oriovac in Croatia and public lighting in the municipality of Kikinda in Serbia were carried out.

Mobility

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

District heating

The existing Hrastnik Heating Plant was completely reconstructed accommodating the boiler plants, cogeneration plants and other technical equipment necessary for the smooth operation of the district heating system.

Energy products

After the acquisition of E 3, d.o.o. in 2021, in 2022, we successfully implemented a complete information system replacement (ERP, CRM, Portal, Webshop) and integrated it into Petrol's systems, thus unifying the processes in the area of electricity supply and optimising and improving them with our combined knowledge.

Other

In order to participate in the digital transformation of the economy, we participated in a public call for proposals from the Ministry of Economic Development and Technology and obtained approval for a grant

of EUR 1.4 million for the implementation of the Digitisation of the Oil&Gas E2E Supply Chain project. The project will be a vital foundation for the next 20 years of the Petrol Group's business. The project will digitise and upgrade the Company's key core processes, from the procurement of petroleum products to their sale. There will be a particular focus on efficient and digitised logistics.

Throughout the year, we invested in the modernisation of information and other infrastructure and in ensuring security both in Slovenia and in the markets of South-Eastern Europe.

The Digitisation of the Supply Chain project will digitise and upgrade the Company's key core processes, from the procurement of petroleum products to their sale. There will be a particular focus on efficient and digitised logistics.

SHARE AND OWNERSHIP STRUCTURE

The share price movements on the Ljubljana Stock Exchange in 2022 were significantly affected by the escalation of tensions and the war in Ukraine, as well as by the energy crisis. This was also reflected in the SBI TOP index, which lost 16.9 percent relative to the end of 2021, reaching 1,046.1 points at the end of 2022.

Petrol's shares are traded on the prime market of the Ljubljana Stock Exchange (LJSE) under the ticker PETG and have been listed there since 5 May 1997. Last year, Petrol's share was again one of the most traded shares on the Ljubljana Stock Exchange, and at the end of 2022, its price was 21.3 percent lower than at the end of 2021. The shares of Petrol d.d., Ljubljana accounted for 19.96 percent of the index as of 28 December 2022. Despite the challenging business environment in 2022, Petrol d.d., Ljubljana paid a dividend in the amount of EUR 30.0 gross per share for 2021.

Petrol d.d., Ljubljana, share split

On 1 November 2022, Petrol d.d., Ljubljana, performed a split of the PETG share (in a ratio of 1:20) in accordance with the resolution of the 34th General Meeting following the entry into force of the resolution on the amendment of the Articles of Association, through the entry of the amendment of the Articles of Association in the court register, the corporate exchange act and the prescribed procedures in the Central Register of Securities at the KDD d.o.o. and the Ljubljana Stock Exchange.

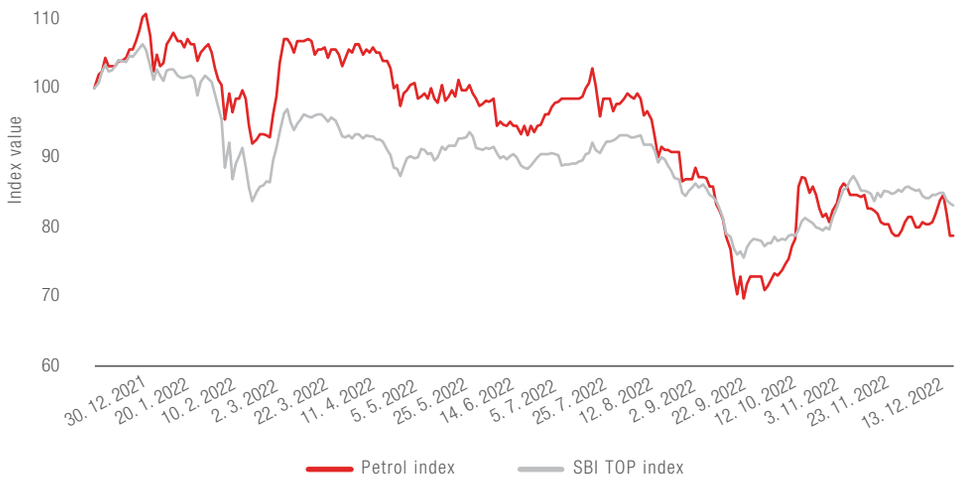
The 34th General Meeting of Petrol d.d., Ljubljana, held on 21 April 2022, at the proposal of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana, adopted a resolution on the PETG share split. The share capital of Petrol d.d., Ljubljana, in the amount of EUR 52,240,977.04 was divided into 2,086,301 ordinary registered no-par value shares. The General Meeting adopted a split ratio of 1:20, which means that the total number of PETG shares increased by a factor of 20 from 2,086,301 to 41,726,020 as a result of the amendment of the Articles of Association and the split. The share capital of Petrol d.d., Ljubljana, amounting to EUR 52,240,977.04 remained unchanged following the distribution of PETG shares.

Petrol share price

After being on average higher at the end of 2021 than at the end of 2020, share prices mostly declined in 2022. Such share price movements on the Ljubljana Stock Exchange in 2022 were significantly affected by the escalation of tensions and the war in Ukraine, as well as by the energy crisis. This was also reflected in the SBI TOP index, which lost 16.9 percent relative to the end of 2021, reaching 1,046.1 points at the end of 2022.

After an initial rise in Petrol's share price at the beginning of 2022, the share price declined later in the year. The share price reached EUR 20.0 at the end of 2022 and was 21.3 percent lower than at the end of 2021.

BASE INDEX CHANGES FOR PETROL'S CLOSING SHARE PRICE AGAINST THE SBI TOP INDEX IN 2022 COMPARED TO THE END OF 2021

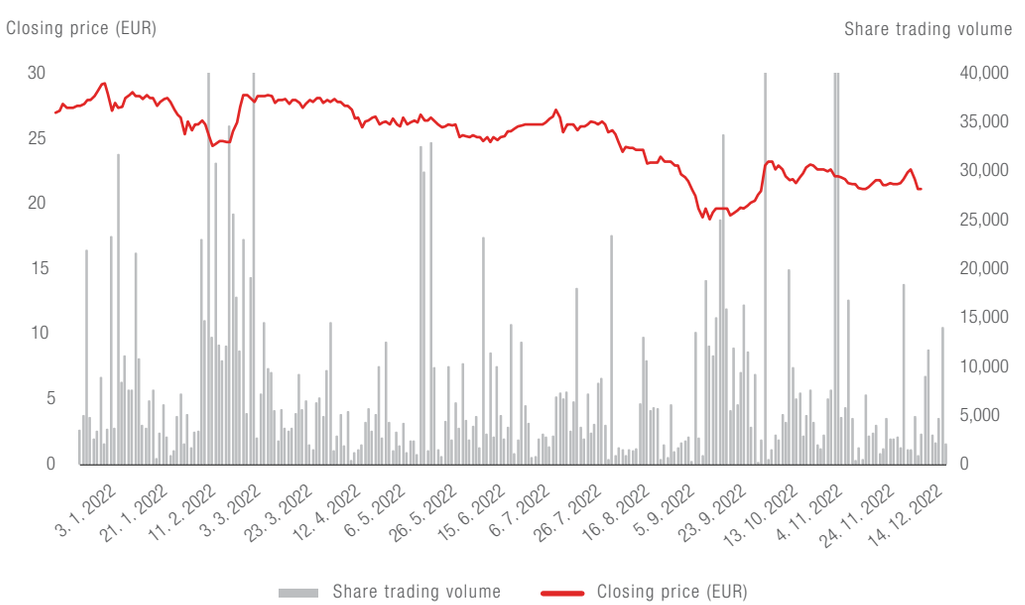


The average price of Petrol's shares, which stood at EUR 23.89 in 2022, was up 14.7 percent year-on-year. The closing share price ranged between EUR 17.70 and EUR 28.10 in 2022.

PETROL'S SHARE PRICES IN 2022 AND 2021 IN EUR

	2022 (recalculation according to the distribution of shares)	**2021 (recalculation according to the distribution of shares)**	**2021**
Total shares outstanding	41,726,020	41,726,020	2,086,301
Highest closing price for the year	28.10	25.80	516.00
Lowest closing price for the year	17.70	16.25	325.00
Average closing price for the year	23.89	20.83	416.68
Closing price as at last trading day of the year	20.00	25.40	508.00
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)	-21.26%	56.31%	56.31%

CLOSING PRICE AND THE VOLUME OF TRADING IN PETROL'S SHARES IN 2022



Trading volume and market capitalisation

The volume of trading in Petrol's shares at the Ljubljana Stock Exchange amounted to EUR 52.3 million in 2022, including batch trading (totalling EUR 12.7 million), and was down 7.0 percent from 2021. The turnover of the Petrol share, excluding bundles, totalled EUR 39.5 million in 2022, which was 48 percent more than in 2021.

The trading in Petrol's shares accounted for 12.1 percent of the Ljubljana Stock Exchange total trading volume, which stood at EUR 430.9 million, and also 12.1 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 4.4 million.

The market capitalisation of Petrol d.d., Ljubljana as at the last trading day of 2022 totalled EUR 834.5 million, which accounted for 10.9 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 2022.

In 2022, Petrol's shares were again one of the most traded among those listed on the Ljubljana Stock Exchange.

Key financial indicators for Petrol's shares

The Petrol Group's earnings per share (EPS) attributable to the owners of the parent company in 2022 stood at EUR 0.11 and its cash earnings per share (CEPS) at EUR 2.45. The return per share calculated by comparing the closing share price as at the end of 2022 and the closing share price as at the end of 2021 was negative and stood at -21.3 percent. Combined with the dividend yield of 5.9 percent, the total return per share stood at -15.4 percent in 2022.

The ratio between the shares' market price and book value as at the end of 2022 – the latter amounting to EUR 20.61 in the case of the Petrol Group – was 0.97 (P/BV), which was lower than at the end of 2021. The ratio between the shares' market price as at the end of 2022 and the Petrol Group's earnings per share stood at 181.9 (P/E).

Share capital structure

The structure of Petrol d.d., Ljubljana share capital changed slightly in 2022 compared to the end of the previous year. The largest single shareholder is Clearstream Banking SA – client account with 6,467,732 shares. It is followed by the Slovenian Sovereign Holding with 5,299,220 shares, the Republic of Slovenia with 4,513,980 shares and Kapitalska družba d.d. with 3,452,780 shares. Other large single shareholders include OTP banka d.d. – client account, Erste Group Bank AG - PBZ Croatia OsigurVizija Holding, d.o.o., Vizija Holding Ena, d.o.o. and Perspektiva FT d.o.o.

OWNERSHIP STRUCTURE OF PETROL D.D., LJUBLJANA AT THE END OF 2022 AND AT THE END OF 2021

	31 December 2022		31 December 2021	
Petrol d.d., Ljubljana	**No. of Shares**	**in %**	**No. of Shares (recalculation according to the distribution of shares)**	**in %**
Slovenski državni holding, d.d.	5,299,220	12.7	5,290,320	12.7
Republic of Slovenia	4,513,980	10.8	4,513,980	10.8
Kapitalska družba d.d. together with own funds	3,642,789	8.7	3,650,860	8.7
Domestic institutional investors and other legal entities	5,906,011	14.2	7,084,640	17.0
Foreign legal entities	12,628,247	30.3	11,378,840	27.3
Private individuals (domestic and foreign)	9,121,313	21.9	9,192,920	22.0
Own shares	614,460	1.5	614,460	1.5
Total	**41,726,020**	**100.0**	**41,726,020**	**100.0**

At the end of 2022, 12,677,587 shares or 30.4 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2021, the number of foreign shareholders increased by 3 percentage points, while in 2022, the total number of shareholders decreased from 21,730 as at the end of 2021 to 21,203.

SHARES OWNED BY MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD AS AT 31 DECEMBER 2022

	Name and Surname	Position	Shares owned	Equity share in %
Supervisory Board			**1,760**	**0.0042**
	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	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
	Internal members		**1,760**	**0.0042**
1.	Marko Šavli	Member of the Supervisory Board	1,760	0.0042
2.	Alen Mihelčič	Member of the Supervisory Board	0	0.0000
3.	Robert Ravnikar	Member of the Supervisory Board	0	0.0000
Management Board			**80**	**0.0002**
1.	Nada Drobne Popović	President of the Management Board	80	0.0002
2.	Matija Bitenc	Member of the Management Board	0	0.0000
3.	Jože Bajuk	Member of the Management Board	0	0.0000
4.	Jože Smolič	Member of the Management Board	0	0.0000
5.	Zoran Gračner	Member of the Management Board and Worker Director	0	0.0000

Other explanations by Petrol d.d., Ljubljana

The prospectus of the company Petrol d.d., Ljubljana, which has been prepared for the purpose of listing its shares on the stock exchange, is published on the Company's website. All changes to the prospectus are published in the Company's strategy document, annual reports of Petrol d.d., Ljubljana and its public announcements available from the Company's website http://www.petrol.si/ 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 2022 regarding the contingent increase in share capital.

Reserves for own shares

Petrol d.d., Ljubljana did not repurchase its own shares in 2022. As at the last day of 2022, the number of own shares stood at 614,460, representing 1.5 percent of the share capital. This includes 494,060 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 2022 and was EUR 7.3 million lower than their market value on that date. The remaining 120,400 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 into the Petrol Group. Own shares of Petrol d.d., Ljubljana, in total 722,840 (without the shares of Geoplin d.o.o. Ljubljana), were purchased between 1997 and 1999 (this figure is recalculated to the number of shares after the split; the number of shares before the split was 36,142). The Company may acquire these own shares only for the purposes laid down in Article 247 of the Companies Act (ZGD-1) and as remuneration to the Management Board and the Supervisory Board. Own shares are used in accordance with the Company's Articles of Association.

In accordance with a resolution of the 34th General Meeting held on 21 April 2022, the Management Board of Petrol d.d., Ljubljana is authorised to acquire own shares within 12 months from the effective date of the resolution. Under this authorisation, a maximum number of own shares may be acquired so that the total percentage of the shares acquired based on this authorisation does not exceed, together with other own shares already held by the Company, 2 percent of the Company's share capital. The Company may acquire its own shares through transactions entered into on a regulated securities market, at the then prevailing market price. The Company may also acquire its own shares outside a regulated securities market. When acquiring shares on a regulated or unregulated securities market, the purchase price of the shares may not be less than 50 percent of the book value of the share, calculated on the basis of the Petrol Group's latest publicly published audited annual accounts. The purchase price of the shares may also not exceed 11 times the earnings per share (EPS) calculated on the basis of the Petrol Group's latest publicly published audited annual accounts. Pursuant to Article 381(3) and (4) of the Companies Act (ZGD-1), the Company may reduce the share capital (once or successively) by withdrawing own shares acquired pursuant to this authorisation (but not own shares acquired earlier) in a simplified procedure and against other profit reserves with the consent of the Supervisory Board. The Company may only use its own shares acquired pursuant to this authorisation in accordance with this resolution. The resolution entered into force on 30 November 2022.

A dividend policy maximising long-term returns

A shareholder policy that is based on the long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. Petrol's management board 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. 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.

In accordance with a resolution of the 34th General Meeting of 21 April 2022, Petrol paid out in 2022 a gross dividend of EUR 30.00 per share for 2021, taking into account the number of Petrol shares before the split.

DIVIDEND OVERVIEW 2016 – 2021 (RECALCULATED TO THE NUMBER OF SHARES BEFORE SPLIT)

Period	Gross dividend per share
2016	EUR 14.00
2017	EUR 16.00
2018	EUR 18.00
2019	EUR 22.00
2020	EUR 22,00
2021	EUR 30.00

Balance sheet profit

The accumulated profit of Petrol d.d., Ljubljana, as determined in accordance with the Companies Act (ZGD-1), stood at EUR 61.85 million in 2022.

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 2022. In March and August, we participated in the online conference of the Ljubljana Stock Exchange, and in May and November 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. In May and October, we took part in the "Trade on the Stock Exchange" event organised by the Ljubljana Stock Exchange.

All information relevant to the 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.

First Listing Share of the Year Award

For many years, the Ljubljana Stock Exchange has been presenting the traditional Ljubljana Stock Exchange Awards. One of the categories is the First Listing Share of the Year Award for 2022, which went to Petrol d.d., Ljubljana. According to the stock exchange, PETG had the highest turnover, price increase, turnover increase and number of days traded in 2022. The award was presented on behalf of Petrol d.d., Ljubljana to Matija Bitenc, Member of the Management Board of Petrol responsible for Finance, Information and Risk.

"This award is proof that we have successfully coped with the challenging economic circumstances in 2022 and that we have maintained investor confidence despite the energy crisis. At the same time, it is also a confirmation that the decision to split the PETG share to attract new investors and increase the share's liquidity was the right one," said Matija Bitenc, Member of the Management Board of Petrol, upon receiving the First Listing Share of the Year Award.

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 2022 the Audit Committee received quarterly reports on all the audits, significant findings and recommendations for improving the system of internal controls and risk management within the Petrol Group.

Internal Audit reported quarterly to the Audit Committee in 2022 on all the 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 that 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 sales revenues above USD 2 billion.

In 2022, Internal Audit continued to carry out certain procedures to improve the quality of work:

- due to organisational changes 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 2023 was approved in December 2022 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 monitoring the service station, logistics and storage facility operations from the perspective of goods and finance. In 2022, the internal audit performed 11 regular and extraordinary audit reviews of assurance (one review was in its final phase as at 31 December 2022). 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 had not been 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 2022, in addition to the audits, Internal Audit regularly monitored the implementation of recommendations from previous and current years.

In 2022, we also allocated part of our resources to activities related to a comprehensive application solution for internal auditing. The aim of the comprehensive solution, which is to be implemented in 2023, is to ensure even more efficient and systematic internal audit procedures.

INFORMATION TECHNOLOGY

2022 was a year full of business challenges, from the acceleration of digitisation and process automation, to external influences (war in Ukraine, inflation, multiple regulatory requirements, etc.), which was also reflected in a tremendous increase in requests for changes and upgrades to information systems and IT solutions.

Introduction of key information solutions

We have accelerated the pace of our planned IT transformation. Following the application to the call for tenders "Digital Transformation of the Economy" of the Ministry of Economic Development and Technology (under the "Recovery and Resilience Plan" national programme) in September 2022, the consortium of Petrol d.d., Ljubljana (as lead partner), Smart Cargo d.o.o. and Špica International d.o.o. has been awarded a grant to implement the **"Digitisation of the Oil&Gas E2E Supply Chain"** project. Together with our partners and the selected SAP solution implementation provider, we expect to lay an important foundation for the Petrol Group's future operations in the next 14 months. The project will digitise and upgrade the Company's key core processes, from the procurement of petroleum products to their distribution.

In parallel with other activities, Petrol d.o.o., Ljubljana issued a tender for the selection of a SAP Oil&Gas service provider in September 2022. The selection process is in its final stages.

At the beginning of 2022, following the preliminary work carried out in the last quarter of 2021, we started to work intensively on the **IT integration of E 3, d.o.o.** and the migration of IT support to the Petrol information system. E 3, d.o.o.'s operations were fully migrated to the Petrol information system in October 2022 (SAP, CRM, portal, document system).

In February 2022, we made it possible for customers to shop via a new **online shop** (eShop B2C), developed on a modern technology platform, which brings many improvements to both business users in the 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. During 2022, we have been upgrading the solution with new/additional functionalities.

In early 2022, we developed IT support to enable the migration of Crodux derivati dva d.o.o. service stations to the Petrol information system. The migration of 93 service stations of Crodux derivati dva d.o.o. into the Petrol information system was completed in October 2022. In November 2022, with the legal merger of the two companies, we completed the complex project of the acquisition of Crodux derivati dva d.o.o. by Petrol d.o.o. An important part of the project and of the future success of the business was the **migration of Crodux derivati dva d.o.o.'s information system** to Petrol's information system. During 2022, we continued to develop and successfully upgraded Petrol's information system with many new functionalities that enable quality support for the overall operations of the merged company.

In 2022, we made the necessary preparations and adjustments to Petrol's information system for the **Croatian currency transition to the euro at Petrol d.o.o. in Croatia.** We have successfully implemented the transition as of 1 January 2023, allowing the Company to operate smoothly. The project was very complex as it encompassed several information systems (retail, back-end ERP and Petrol information systems, mobile applications, CRM, ETRM,...) and many business areas and users.

Modernising, improving, optimising and digitalising

We upgraded the retail solutions that support the operation of Petrol service stations in all markets by supporting the tax certification of invoices in Serbia.

We have also developed platforms that make it easier and more flexible to integrate new partner services into point-of-sale. As part of this, we offered customers the option to purchase AirCash prepaid cards and to pick up Express One parcels at points of sale in Slovenia. In 2023, we will build on the solutions and expand them to other Petrol markets.

In the first half of the year, we replaced the In-store mobile apps (technological and content overhaul). We have also developed a mobile checkout that enables new business models and new approaches to Petrol's customers (both in-store and out-of-store).

To support 24/7 fuel delivery at service stations, a mobile app has been developed to enable out-of-hours fuel delivery.

The dynamics of changes in goods prices at service stations dictate the need for the clear and digitalised communication of prices to customers. In 2022, we implemented the integration of a platform for the **digitalisation of the display of prices of goods in stores** (electronic price tags). The solution is currently in use at 38 Petrol points of sale.

Changing fuel prices and adapting to the business environment requires adequate IT support. To this end, the Dynamic Pricing system has been integrated with Petrol's IS for fuel price management.

At the beginning of the year, we introduced the SAP Ariba software solution to support our procurement processes, which was successfully integrated with our back-office systems.

In May, we successfully completed the upgrade of the entire SAP system to the latest version, which allows us to track the development and implementation of the next steps - SAP projects.

In the second half of 2022, there were an extraordinary number of regulatory requirements in the area of energy sales on the networks, especially in the area of electricity and gas sales (Slovenia, Croatia, Serbia), which we successfully implemented.

For the digitalisation of sustainability certification, the VTA Biofuels solution was implemented and integrated into the Petrol information system.

We have started a technological, design and content redesign of the **"Na poti" mobile application.** The redesign will continue in 2023. With the redesigned app, we aim to offer users an even better shopping experience at Petrol points of sale.

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

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.

We have modernised and upgraded many existing and added some **new integrations,** thus improving the communication and speed of internal processes and processes with our partners. At the end of 2022, we completed a major upgrade and replacement of our Application Programming Interface (API) management platform.

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

Information security put to the test

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.

The heightened security situation and changed geopolitical relations in 2022 have also led to significant changes in some cyber risks. The probability of a catastrophic event affecting the normal functioning of the information system has increased significantly. That is why the Petrol Group immediately started to increase the monitoring of security events and information in our control systems within the Security Operations Centre (SOC) with the help of an external partner. At Petrol, we have taken all possible measures to minimise the success of such attacks (duplicated connections from two ISPs, hiring and testing a service to detect and prevent DdoS attacks).

At the Petrol Group level, we have continued our activities to **strengthen our resilience against cyber-attacks** and to build on existing measures. These include the aforementioned **establishment of a 24/7 SOC,** the introduction of effective **data loss prevention (DLP),** the **establishment of a certification agency (CA)** to enhance the security of communications, the definition of **security requirements for key suppliers** in accordance with the requirements of the Information Security Act, and we have also commenced the implementation of a **comprehensive business continuity management system** in accordance with the ISO 22301 standard.

The effectiveness of our successful defence, detection and response to information security incidents is demonstrated by the fact that no incidents have caused commercial loss or compromised the security of the personal data of either employees or customers.

In 2022, no information security incidents caused commercial loss or compromised the security of personal data.


PETROL
PETROL

SUSTAINABLE DEVELOPMENT

FOCUSING ON GREEN

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

Petrol recognises the importance and complexity of the energy transition. We are pursuing an interim goal for the European Union to reduce emissions by at least 55 percent by 2030, the Regulation on green investments or Taxonomy Regulation and the 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.

Our **goals** until 2025 are **ambitious:**

- reducing the carbon footprint of our core activity by 40 percent;
- investing EUR 244 million in energy transition;
- 164 MW of installed renewable electricity production capacity.

The Petrol Group has a three-fold sustainable orientation:

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

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 through 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. 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 the Q Max iQ diesel fuel, which reduces greenhouse gas (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.

Partnership with employees and the social environment

We care for the health and safety at work of employees and provide customers with 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. Thanks to new digital channels, a broader range of energy products and a personalised offer, we are also helping our customers make the transition from traditional energy sources to cleaner renewable energy.

An important part of our digital story is e-learning, which has an indirect positive impact on the environment. We drove less due to remote learning and saved paper due to materials in electronic format.

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. We run a number of social responsibility projects, such as humanitarian actions and sponsorships.

We want to become an integrated partner in the energy transition, offering an excellent user experience.

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 operates **four concessions** for **municipal wastewater treatment** and manages and treats wastewater at three industrial plants. We recycle and reuse wastewater in our own automatic car washes.

Thanks to new digital channels, a broader range of energy products and a personalised offer, we help our customers make a transition from traditional energy sources to cleaner renewable energy.

As a retailer of consumer products, we are aware of the importance of the most **sustainable packaging** and the responsible handling of packaging throughout its lifecycle. We are introducing the use of recycled packaging materials for our own-brand products.

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 the efficient separation of waste at the source. The range of our activities and points of sale affects the diversity of the waste we handle. At all Petrol locations, waste is separated at source; the biggest challenge is motorway rest areas, which are used as a stopping point for passengers in transit.

Our goal is to reduce the carbon footprint of our core activity by 40 percent.

A strategic perspective and increasing objectives

The 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. As a partner to industry, the public sector and households, Petrol is taking a leading role in achieving environmental goals. All employees are part of Petrol's commitment to remain competitive in the new conditions of transition to a greener future with 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. Our activities are complex and diversified; therefore, we are constantly formulating a methodology for sustainable development, measurement, evaluation and reporting.

RESPONSIBILITY TOWARDS EMPLOYEES

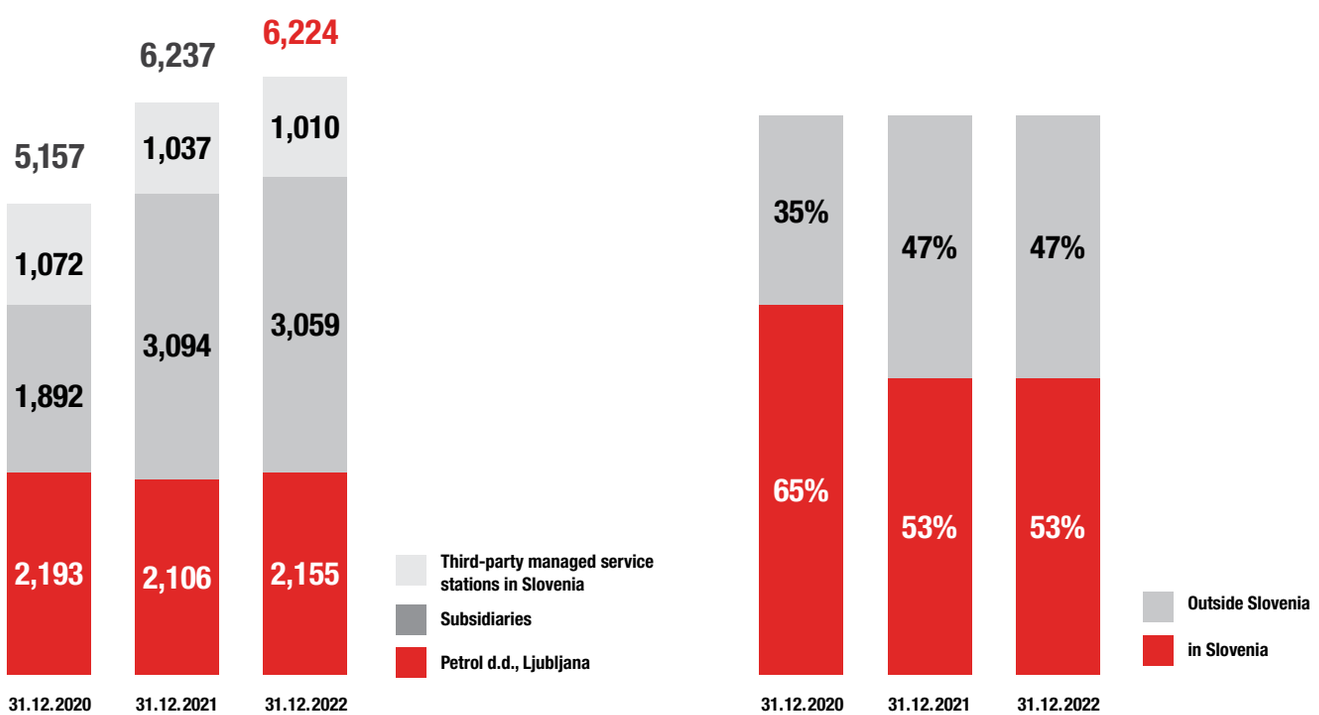
At the Petrol Group, we build a culture of mutual trust and respect, innovation and teamwork, while also striving to provide a friendly, stimulating and dynamic work environment, as well as opportunities for employee development.

Status of employees in 2022

The measures to contain the epidemic were relaxed in 2022, which helped facilitate the implementation of regular work processes.

At the end of 2022, there were 6,224 people employed within the Petrol Group and at third-party managed service stations, of whom 47 percent are abroad. Compared to the end of 2021, the number of employees in 2022 remains almost the same (13 fewer employees in total at the end of 2022).

EMPLOYEES IN THE PETROL GROUP 2020 – 2022

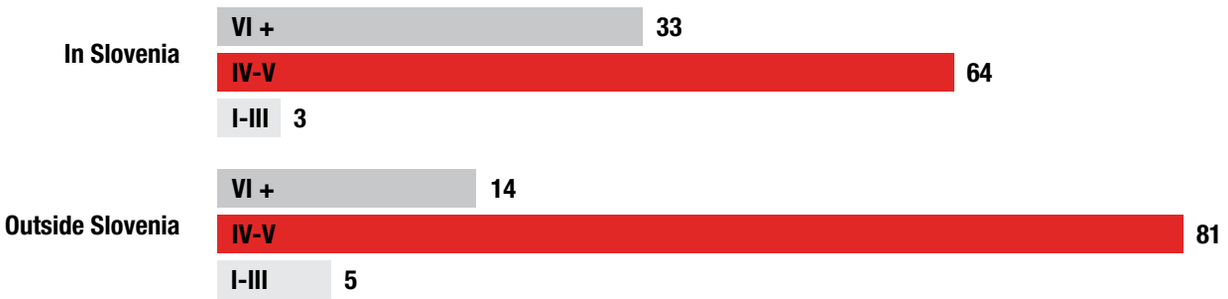


Employee structure in the Petrol Group

At the end of 2022, the average age of Petrol Group employees was 40 years.52 percent of employees were male and 48 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 2022 (%)



Recruitment

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

During the recruitment process, all candidates are given equal treatment irrespective of gender, age or other circumstances. Acquiring the right staff is becoming increasingly challenging, which is why we look for candidates through different channels. We have set up our own recruitment database to find new staff quickly and efficiently. In recruitment and selection, we use various 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 to 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.

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.

The **voluntary supplementary pension insurance** has been part of Petrol's salary policy since 2002. The scheme covers the employees of the parent company.

In 2022, after almost a year of negotiations with a group of Croatian labour negotiators, trade union members and the Workers' Council, we signed **the new Petrol Company Collective Agreement in Croatia,** which regulates the rights and duties of employees at Petrol d.o.o. The new collective agreement is the result of a successful dialogue and cooperation with the social partners.

Management based on goals and feedback

Performance is monitored through a performance management system that provides periodic feedback between the manager and the employee, so that employees can improve their performance. In 2022, 535 employees took part in **annual interviews** and 1,048 in **quarterly interviews.** The system of quarterly periodic monitoring and evaluation of individual performance provides managers with a useful management tool to guide their employees towards strategic goals and enables employees to have direct influence and accountability on the achievement of individual objectives and thus on the level of individual performance rewards.

Supporting employee growth and development

In the autumn, we invited all the employees of Petrol d.d., Ljubljana, with the exception of point-of-sale employees, to complete a **personal development plan.** The decision to draw up a career plan is the first and most important step in actively managing one's own professional and career development. At the same time, it is an opportunity to strengthen the employee-manager relationship, provides opportunities for open communication and feedback, and helps build trust and respect. In this way, we identified highly motivated employees and recognised them as promising or key to their processes. Based on development plans, we support motivated employees in their career development, and actively create an environment in which employees can realise their development plan and their potential.

Training in figures

In 2022, the Petrol Group delivered almost 122 thousand teaching hours, an increase of 42 percent compared to the previous year. On average, each Petrol employee received more than 19 hours of training. The increase is due to the release of the COVID-19 epidemic control measures, which meant that we were again able to organise more face-to-face training. The number of participants is still very high or higher than in the pre-COVID-19 period, with 32,000 participants. This is due to the introduction of more short e-courses for staff and external collaborators. On average, each employee in the Petrol Group attended at least 5 different courses.

In 2022, the Petrol Group conducted 122 thousand pedagogical hours of training and recorded 32 thousand participations.

Strategy In Action is a training programme designed to enhance strategic management skills. In cooperation with the IEDC International School in Bled, we have developed a training programme for the top and middle management of the Petrol Group and delivered the first module in 2022. The programme will continue in 2023, with 130 employees. Supporting activities (group learning, coaching, etc.) further promote interdisciplinary cooperation, project work and potential development.

Professional Development of Managers is a two-year programme involving all operational managers who manage colleagues, delivered through skills training.

2022 was also a special year for training due to the upstream merger of Crodux derivati dva d.o.o. into Petrol d.o.o. and the integration of E 3, d.o.o. into Petrol's information system. The **induction of employees** in the Croatian retail network took place with the help of an in-house trainer, both technically and in terms of skills. We also built a common culture and relationships around change, with the help of external contractors, motivational speakers and renowned lecturers, in order to make the integration process as smooth as possible. We also launched an Open Space programme for our Croatian colleagues and started Croatian and Slovenian business courses for support and business functions in both companies.

We enhanced **compliance training** by training all the managers on how to switch on the document sensitivity function. Corporate Integrity and How We Communicate at Petrol are regular e-courses for all new employees, and a new e-course on the new Personal Data Protection Act is in preparation.

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, the security of card operations, and food handling). We updated the skills training system for area managers, sales managers and business managers and renamed it Energy for Leadership.

In 2022, induction seminars for newly recruited salespeople were held at learning centres in Zalog, Rače and Nova Gorica. 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 the markets of SE Europe comprises 12 coaches. Every year, we renew our internal certificates and we are committed to maintaining the quality of the coaching skills. In 2022, we made the School for Internal Trainers available to a new group of point-of-sale employees. 7 new in-house trainers completed their training and will complement the existing network of trainers. The learning centre makes it possible to train new employees, to refresh or gain knowledge, to practice sales skills and to acquaint 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.

The traditional competition for **Best Seller** was once again held in person at the point of sale, where sales skills were demonstrated in front of random customers. 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.

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.

As part of **Open Space**, we organised 43 different online events, thematically related to occupational health, knowledge, skills, sustainability and current projects, plus 10 events for our colleagues on the Croatian market. The events were organised as live online presentations, and the recordings are available to all employees in the archive in the cloud.

The e-learning room is richer for the **mojeznanje.si** web portal, which is available to all employees, and the Udemy learning platform, which can be accessed by individuals according to their professional or personal development needs.

Memberships in many professional organisations in the region also offer many educational benefits, allowing professionals to network and share knowledge.

Petrol has a full Family Friendly Enterprise certificate

Petrol d.d., Ljubljana has a full **Family Friendly Enterprise** certificate, for which we received the decision to maintain full certification for the next three years in February 2022, following a successful audit. The programme associated with this certificate includes a range of activities designed to maintain a balance between personal and professional life.

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. To everyone's delight, after two

years of measures to combat the COVID-19 epidemic, the Christmas show for our employees' children with Santa Claus was performed live again. In December, we also organised ice-skating for Petrol employees and their families at three different ice-skating rinks in Slovenia.

In 2022, for the sixth year in a row, we organised the **Petrol Family Day** with a varied programme, this time in cooperation with the AMZS Safe Driving Centre in Vransko. Over 680 Petrol employees and their family members responded to the invitation to Sunday's gathering. The children's programme was dedicated to road safety and entertained both adults with skill drives on the obstacle course and children with learning about electric scooters and bicycles. We enjoyed a rich programme of activities and a presentation of the quality of Petrol fuels.

Petrol volunteers and humanitarian projects

With corporate volunteering called **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 since 2014.

In 2022, we once again extended our helping hand to the Moste – Polje Association of Friends of Youth. As part of **Petrol's Santa Claus** campaign, employees in Slovenia collected 208 New Year's presents for children from disadvantaged backgrounds.

Healthy at Petrol programme

In 2022, we focused on a variety of topics in our **Healthy at Petrol** programmes. In the Open Space we discussed the impact of hormonal imbalances on our lives, touched on healthy eating during COVID-19, looked at how to properly support our immune systems and how to stay healthy with a spring detox. In March, we hosted doctors from the Oncology Institute to discuss the hidden dangers of cervical and ovarian cancer and the importance of early symptom detection. In the context of cardiovascular risk factors, which are the leading cause of morbidity and mortality in adults, we focused on high blood pressure, high blood sugar and high blood fats, and how to significantly reduce the risks. In October, we focused on breast cancer prevention in women and the importance of regular monthly self-examination. In Ljubljana, we conducted a fast walking test with individual consultations with experts. Due to the high level of interest, we have expanded the tests and launched them regionally throughout Slovenia as part of the **Connected in Awareness** programme.

As part of the Connected in Awareness programme, we conducted three more major regional events:

- nordic walking courses, which were organised in 13 locations across Slovenia. In October we encouraged employees to get moving again, this time in the spirit of charity. In the event, entitled "Walking and Running to Support Women's Health", we managed to run or walk a total of 1,437 kilometres between 10 and 31 October, 206 km more than the previous year, to support and raise breast cancer awareness;
- in December, we gave employees and their families a chance to skate at several major ice rinks.

In 2022, we continued to promote short **active work breaks** which took place:

- twice a week in the form of guided active breaks using the Feldenkrais for Business™ method; and
- once a week in the form of guided exercises, via a link to a video of the exercise.

At the same time, employees also had constant access to an in-house e-library, where they could watch short 2-, 5-, 7- or 10-minute videos with exercises to relieve the stress on the spine, joints and muscles that are most stressed during work.

During the summer months, the Petrol Tennis League took place, and in December we also held a programme where we discussed relationships and their impact on health.

As in the past two years, we provided individual counselling sessions with mental health counsellors and psychological support for victims of violence at points of sale.

A large part of our activities in 2022 was dedicated to the preparation and communication of additional measures to prevent the spread of COVID-19 infections and other respiratory illnesses and to ensure the safety of our employees as much as possible, as infections were still occurring.

Organisational climate, satisfaction and commitment of Petrol Group employees

In 2022, after two years, we again **measured the organisational climate, satisfaction and commitment of Petrol Group employees.** The survey has been helping us to systematically identify our strengths and areas for improvement on which to build further development since 2001.

The survey covered 5,319 employees of the Petrol Group. 3,052 employees provided their answers to the questionnaire and comments, representing a 59 percent participation rate.

The organisational climate among Petrol Group employees in 2022 was slightly higher than the average rating of employees in other Slovenian organisations, while satisfaction was rated at the same level. The highest-rated categories of organisational climate were employee attitudes towards quality, innovation and initiative, internal relations and motivation, and employee commitment. Employee satisfaction is driven by job stability, colleagues, line managers and working hours. Opportunities for improvement were identified in the areas of remuneration and career development, which were among the lowest-scoring areas.

The results of the engagement measurement showed the same level of engagement as in other Slovenian organisations.

Internal communication and bringing people together

Development and communication of a corporate culture 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, which we run as part of our programmes **The Energy of Our Growth, The Energy of Our Responsibility** and **Our Energy Connects.**

In 2022, in support of the implementation of the strategy, we continued with activities to connect a network of internal **change ambassadors,** who deepened the understanding of the strategy through their involvement in strategic initiatives. This way, management also obtains valuable feedback from employees, strengthens dialogue and gains a broader understanding of work areas. As part of internal communication in the area of building a desired employer, we presented the stories of our employees again in 2022 to consolidate the Company's organisational culture, showcase jobs, networking stories and the stories behind the different faces and accomplishments and stories of creativity through staff profiles. Creativity was also boosted through internal contests, stories of courage and bringing people together. A more visible linking campaign in the strengthening of functional organisation, which was introduced across the region in early 2022, is the sharing of information about Petrol's regional presence with the slogan **Energy is us, together.**

In internal journals, we presented managerial, organisational, process and business changes in more detail. A large part of our activities was devoted to communicating the changes to employees in the Croatian market, where, during the integration process of Crodux derivati dva d.o.o. into Petrol d.o.o., we set up a communication portal page **Energija smo mi, zajedno,** which aims to engage and connect employees. We shared all the relevant information and news on integration on the portal and organised several discussions and training events. In 2022, we also published on this portal all information related to the COVID-19 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 is successfully keeping up with the changes. We look for solutions that are healthier and safer for our employees.

All the 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 for 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 the staff in the Petrol Group. Particular attention is devoted to co-workers with reduced working capacity.

Considerable attention is also paid 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.

Petrol has a full Family Friendly Enterprise certificate.

RESPONSIBILITY TOWARDS CUSTOMERS

In the 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.

Establishing and caring for customer relationships is our priority, and with new digital channels, an expanded range of energy products 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 for future growth

By providing an excellent experience, we develop customer relationships, increase loyalty, promote ambassadorship, 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, and the importance and intertwining of points of contact.

For years, the Petrol Group 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.** In the Petrol Group, 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 are key elements in all categories/areas, are as follows:

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

All these 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.

The market situation, both in energy products and fuels, where we faced high price increases and supply difficulties in 2022, and in energy solutions, where we faced high demand from all suppliers, is reflected in the changed expectations of our clients and customers.

Maintaining customer satisfaction

The satisfaction survey is one of the key strategic research activities that we have been implementing at Petrol for a number of years in a row, which provides a deeper insight into the customer, their expectations and satisfaction, which in turn is an important source for defining activities to improve the customer experience and thus increase customer satisfaction.

Despite the difficult market conditions in 2022, we have maintained Petrol customer satisfaction at most points of contact at a high level.

The 2022 Customer Satisfaction Survey, conducted for the 4th year in a row, shows that **price has the biggest impact on final customer satisfaction,** with **price increasing in importance in 2022.** The rising prices of energy products and fuels and the general increase in prices that consumers and customers faced in 2022, even outside our business areas (general inflation), had an impact on **poorer consumer sentiment,** which in turn led to a **widespread drop in satisfaction in other segments.** The most noticeable drop in satisfaction was in the energy product segment, where there was also a drop in other providers, while the greatest stability and high level of satisfaction over time was achieved in the digital channels (apps, online shop) and in the contact centre, which is one of the key points of contact for customer care.

Excellent user experience and emotional imprint are becoming increasingly important, with the 2022 measurement showing the highest growth in importance in these two dimensions.

In 2022, we measured the satisfaction of Petrol's customers and the customers of competitors in key areas of the Croatian market. The highest satisfaction in the Croatian market was expressed by users of the Petrol Contact Centre and Petrol e-charging stations, while Petrol is considered by customers to be the best among all the competitors at resolving complaints.

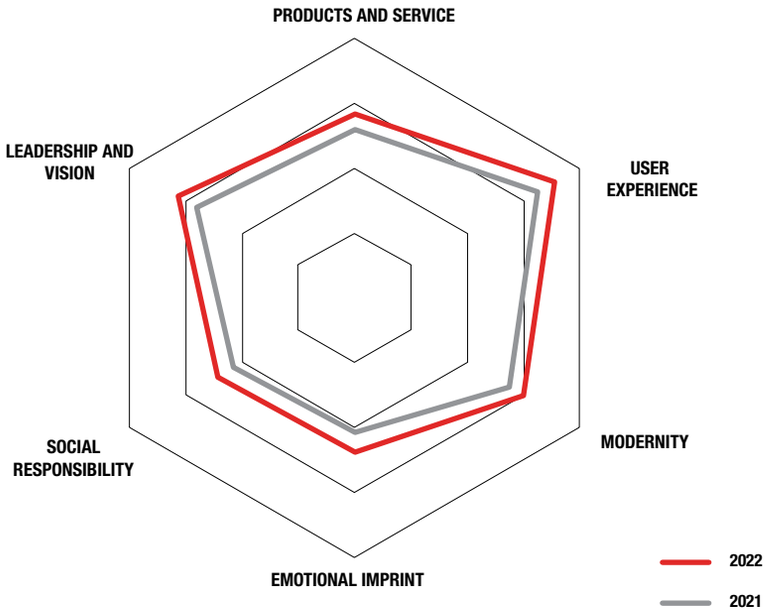
With the annual **Brand Power** study, which we conduct in all five markets (Slovenia, Croatia, Serbia, Bosnia and Herzegovina and Montenegro), we follow the image of Petrol and Petrol's brands in the general public, while observing how our competitors are positioned among customers. The selected data shows us the success of the progress in the activities we set ourselves last year, all with the aim of realising the Petrol Group'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 2022. **Excellent user experience and emotional imprint are becoming increasingly important,** with the 2022 measurement showing the highest growth in importance on these two dimensions.

User experience has proven to be Petrol's biggest advantage for many years. In 2022, we have strengthened it further.

The highest satisfaction in the Croatian market was expressed by users of the Petrol Contact Centre and Petrol e-charging stations, while Petrol is considered by customers to be the best among all the competitors at resolving complaints.

PETROL BRAND IMAGE BY DIMENSION, 2022 VS. 2021



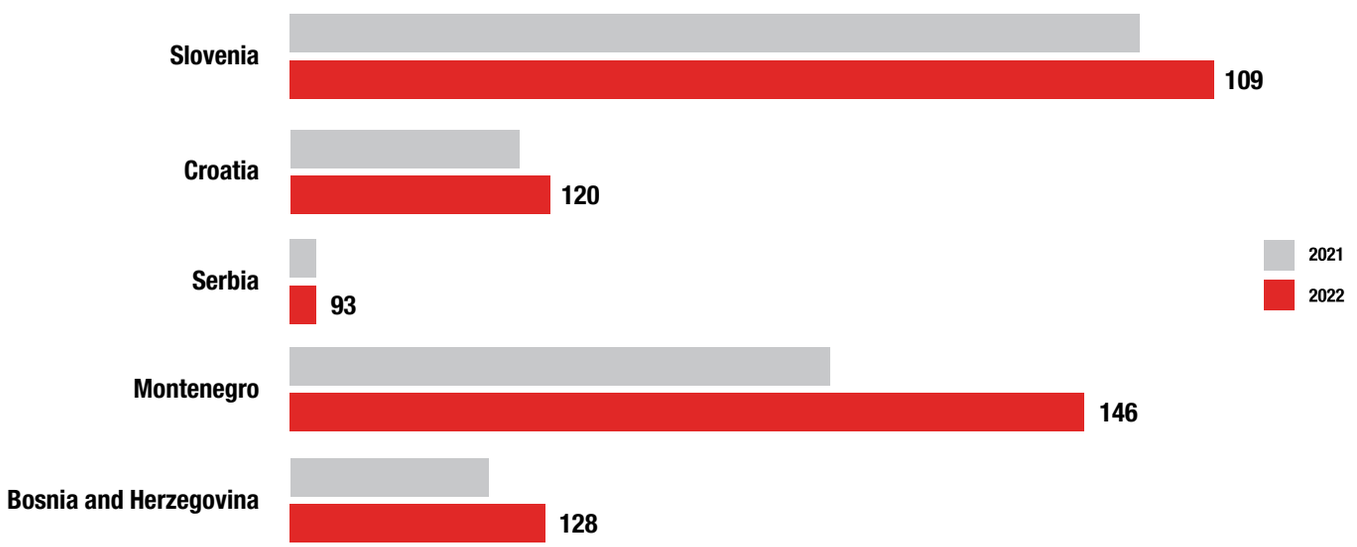
Source: Brand Strength Survey 2022 and 2021, general public, Slovenia; n = 1,000.

Growth in preference as a result of excellent user experience

In the SEE markets, where the Petrol Group is not the leading player, our strongest dimension remains our User Experience, and by far the highest awareness among all the assessed attributes is achieved by the friendliness of our employees.

In all markets (with the exception of Serbia), Petrol has significantly improved its preference rate, which generally reflects a good customer experience. Compared to 2021, 9 percent more of the general public in Slovenia, where we have held the leading position for many years, would choose Petrol over a competitor, given all the available service stations.

PETROL'S PREFERENCE BY MARKET - GROWTH INDEX IN 2022 COMPARED TO 2021



Source: Brand Strength Survey 2022 and 2021, general public Slovenia, Croatia, Serbia, Bosnia and Herzegovina and Montenegro; n => 1,000.

[4] Preference: You are in a situation with service stations from different companies available. Which one would you choose?

We increased the awareness that Petrol has service stations with quality fuel by eight percent in 2022.

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 more 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 the Petrol Group's sales network is present with excellent communication. As a result, we have increased awareness that Petrol has service stations with quality fuel by 8 percent in 2022.

Monitoring and responding to customer comments

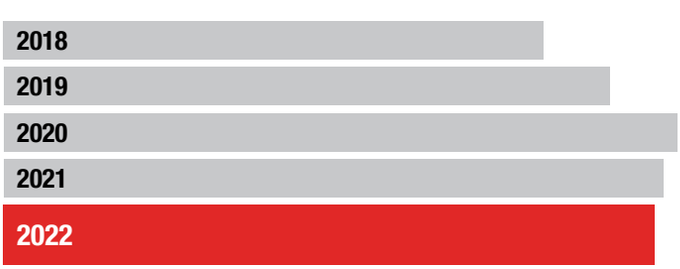
We have been measuring transaction satisfaction for several years using the internationally established **tNPS (Transactional Net Promoter Score) index.** It enables us to monitor and respond to customer feedback on a daily basis on all the key contact points of Petrol – the entire retail network, TipStop 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 2022 we received more than 26 thousand ratings. In 2023, we are expanding the measurement of tNPS 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. The Petrol Group 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, with a moderation in growth over the last two years.

We entered 2022 in the spirit of the epidemiological situation and related measures, such as checking the RVT condition and other measures that both businesses and consumers had to follow until mid-February. The year then continued with emergency situations on the energy products and fuel markets, the outbreak of the war in Ukraine, which resulted in high inflation and price increases, as well as supply problems in the energy products and fuel markets. All of this has had the effect of increasing consumer sensitivity and concern, which is also evident in the responses we regularly monitor through the tNPS survey. As already shown in some areas in the Satisfaction Survey, the tNPS survey has shown a moderation in the growth in satisfaction, which has remained at a high level for the last two years.

IMPORTANCE GROWTH INDEX BY BRAND IMAGE DIMENSIONS IN 2022



Growth moderating over the last 2 years and satisfaction at a high level.

Regardless of the circumstances and the difficult market conditions, which were particularly evident in 2022, both in the fuel market and especially in the energy products market, more than 80 percent of the customers are our promoters, who express high levels of satisfaction with the friendliness and helpfulness of employees at service stations.

ANALYSIS OF THE REASONS TO RECOMMEND PETROL

Source: Transaction Satisfaction (tNPS), 2022, n = 26,075.

We listen to the users and get to know their wishes and needs in detail
Most improvements and the 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 points and test ideas and prototypes at all stages of development of a process, service or product.

With this kind of agile mindset and approaches to innovation and re-innovation, we have laid the foundations for the renewal of our loyalty programme in 2022. In addition to end-customers, we also invited Petrol employees to co-create, both at service stations and in office buildings. 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 co-create the image of the service station and participate in the co-creation of the new advertising campaign
The Petrol's Research Panel has been active in Slovenia since 2018. We have over 4,000 members in the community, with over 200 new members joining in the last year. They helped us decide on the new look of the service stations, described their driving habits, co-created the mobility package, evaluated the creative solutions in the pipeline and co-designed them according to their feelings and perception of communication. We learned about their lifestyle and values, and wanted to understand their ways of giving. One of the most important and in-depth surveys was dedicated to the redesign of the Petrol Club loyalty programme, where we also considered the opinions of our panellists.

How do you use your Petrol Club card?

77% of you present your card every time you make a purchase

73% of you use your card in physical form

50% of you already use your loyalty card in one of our mobile apps—and the rest of you forget about it repeatedly

Source: Petrol Research Panel 2022: Driver mobility and the use of the Petrol Club card | Petrol

Brand loyalty – Petrol Club

Despite the change in people's mobility behaviour due to the energy crisis and the increase in work from home, **Petrol Club** members remained active in 2022 in accessing and using the benefits available to them in the Petrol Club. Membership of the Petrol Club is growing year on year. Despite the widespread membership in Slovenia, the number of members of both Petrol Club payment card holders and Petrol Club loyalty card holders has increased by 4 percent per year compared to 2021.

Golden Points remain the main currency of the Petrol Club and were accumulated on Petrol Cards through purchases or rewarded actions by 16 percent more than in 2021. The share of Golden Points redeemed in 2022 decreased by 9 percentage points due to the discontinuation of the energy product rebates in the second half of the year, as a result of regulated sales prices that were lower than the purchase prices of energy products.

In order to offer members of our loyalty family the best possible user experience and to make it easy for them to understand what they can redeem their Golden Points for, in 2022 we continued with direct communication via email and SMS, joined by more content-rich messages via the Viber app and notifications in the "Na poti" mobile application. Indirect communication with our customers continued to take place through our and our partners' social networks and advertising. We also continued publishing the Petrol Club catalogues, which have been enriched with new content, and we redesigned the Petrol Club website.

In addition to our regular messages, where we showcase the great deals on individual products available for Golden Points in the online shop and in-store, we also send our members a message once a month, where they can find in one place all the benefits and discounts available to them in that month. We managed targeted emails more efficiently and segmented our messages more effectively in 2022, achieving an increase of more than 23 percent in the share of emails opened by users.

Our members can also always check the applicable discounts and benefits available to them at any given time on the updated www.petrol.si/petrol-klub website, whether concerning a purchase in the Petrol eShop or at selected points of sale or partners. It also lists the possibilities of donating Golden Points to a good cause and the benefits that are available to members on the Petrol Club card in a given period. The latest issue of the Petrol Club catalogue is also available on the website. Purchases with Golden Points represent on average 67 percent of the sale of goods and services from the Petrol Club catalogue.

2022 was marked by two strong donation campaigns. In the first one, at the beginning of 2022, together with members of the Petrol Club, we collected Golden Points for young athletes from socially disadvantaged backgrounds as part of the Beijing Winter Olympics and, thanks to the overwhelming response, the **Botrstvo v športu** programme was awarded a total of EUR 25,000. We continued collecting Golden Points for a good cause in December 2022, inviting Petrol Club members to help the clown doctors, **the Red Noses.** With the help of our customers, we have donated EUR 20,000 to inspire courage and joy in Slovenian hospitals and nursing homes.

The "Na poti" app has become even more user-friendly; in addition to simply paying for fuel without entering the service station, the biggest increase in usage has been in the donation of Golden Points. A quarter of all those who donated their Golden Points to the Red Noses did so via the "Na poti" app. At the end of 2022, 12 percent more Petrol Club members were using the "Na poti" app than the year before. In-app payments with the Petrol Club payment card are also on the rise. The number of users making payments with their card was 5 percent higher in 2022 than in 2021.

Petrol's customer support and Contact Centre

At Petrol's Customer Support and Contact Centre, we take care of both retail and business customers. We are available to them through different communication channels all year round. The most popular communication channels are phone and email, but customers are increasingly contacting us via web chat, chatbots, mobile apps and video calls.

Customer claims and complaints handling

Meeting our customers' expectations and satisfaction are key principles in our work, which is why we strive for simplicity and high-quality service. To this end, we regularly evaluate customer satisfaction through various surveys and methods. The goal in this area remains unchanged - to maintain a high level of customer satisfaction. We also have a system for capturing customer feedback (suggestions, comments, compliments) in place, which we regularly analyse and use to make improvements in all areas of our business. In 2022, significant attention was placed on process efficiency and making the best use of IT tools. We have therefore continued to make procedural and IT improvements to the handling of complaints. In addition, we have focused on unifying customer support processes and standards, as well as functional accountability across Petrol Group companies, to ensure a high level of service across the Group. We will continue to focus on these activities in 2023.

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 our 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 to 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 they 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 into the air

In the Petrol Group, caring for the quality of the 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 into the air that are regulated by law and we monitor them as legally required.

Noise emissions

Petrol carries out the operational monitoring and professional assessment of noise pollution in individual areas to reduce the nuisance of noise and to implement certain measures for its reduction. These activities are carried out in accordance with the Decree on limit values for environmental 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. When a 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 the schedule in accordance with the 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.

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 care in the maintenance of cleaning devices and the need for awareness, control and supervision by employees.

Adequate wastewater status is ensured through the planned and systematic installation of modern treatment plants and oil traps.

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 the 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 follow 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.

New eco-vehicle for cleaning petroleum product tanks

In 2022, Petrol became the proud owner of a new eco-vehicle. It is a vacuum tanker designed to clean petroleum product tanks at Petrol's storage facilities and points of sale, equipped with the latest technology to make our work safer, better and with a smaller carbon footprint. The vehicle, which cost almost half a million euros, consists of a Volvo chassis and bodywork manufactured entirely in Slovenia by Vozila Fluid d.o.o. from Ajdovščina, with Petrol experts involved in the design and production. They used their expertise to design the project, technical solutions and adaptations to the equipment, and to supervise production. The result of this collaboration is a unique vehicle, fully tailored to Petrol's needs.

Built to ADR (Agreement concerning the International Carriage of Dangerous Goods by Road) specifications, the new eco-vehicle is suitable for pumping, cleaning, vacuuming and transporting hazardous liquids. At the same time, it is equipped with all the safety and technological equipment for refuelling at petroleum product storage facilities, which significantly facilitates and speeds up the commissioning of metering lines after construction, reconstruction or annual maintenance. The vehicle can also be used in the event of environmental accidents involving petroleum products.

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 ambient light.

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 direct the light where it is needed, we significantly reduced electricity consumption while significantly reducing light pollution.

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.

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, the 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 protection against natural and other disasters, and 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 2022, the month of fire safety, in Petrol's office buildings, at service stations and at fuel storage facilities.

In 2022, 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 2022 will be presented in the next Sustainability Report of the Petrol Group, which is expected to be released 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 HACCP food safety management system, of the ISO 45001 occupational health and safety system and of the ISO 27001 information security system. Petrol d.d., Ljubljana 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 storing renewable energy sources.

Thanks to our highly qualified professional services, supportive monitoring of innovations and market requirements, 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 the maximum quality is a fundamental principle of our operations. Thanks to our specialist services and support, we maintain our status as a leading energy company in Slovenia, which has an important impact on the development and introduction of new technologically 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), plays an important role in this process. At the end of the year 2022, Petrol Laboratory had 52 accredited test methods for petroleum product testing.

Petrol fuel quality control procedures are included in all the key points of the supply and sales chain.

Operating as part of Petrol d.d., Ljubljana 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 inspections) 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.

Petrol d.d., Ljubljana is one of the first energy companies in Europe to receive the European quality certificate (EQTM), awarded by the European Organization for Quality (EOQ), for the Q Max family of fuels. To obtain certification, specific requirements are needed, both for the product and for the Company.

In 2022, Petrol Laboratory again expanded its range of accredited methods.

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	EQTM, 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 FSC certified product sale. 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

With advanced solutions in the field of fuel additives, Q Max ensures that the interiors 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 under the most unfavourable climatic conditions (low temperatures).

In 2022, in the field of Q Max fuel development, Petrol continued to adapt fuels to better environmental acceptability by selecting and including modern sustainably produced ingredients, which can further reduce the negative effects of fuels on the environment and potential effects on global warming.

SOCIAL RESPONSIBILITY

In our business and social activities, we want to actively influence and help solve environmental, social and other challenges in the environment in which we live and operate. In 2022, 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 the region. We sponsor individuals, clubs, associations and sports events at the national and international levels. By supporting sports and the arts, we strengthen our reputation and make our brands more visible.

Petrol has a traditional presence in winter sports, where our support for the Ski Association of Slovenia and the Biathlon Association of Slovenia stands out. We have been sponsoring national teams of all ages for many years. We are also a personal sponsor of some of the best athletes in these winter sports, including Žan Kranjec, Jakov Fak, Žan Košir and the promising young biathletes Alex Cisar and Lena Repinc. In 2022, we also traditionally sponsored the Pokljuka biathlon world cup competition, and the Rogla snowboarding world cup competition, the New Year's Eve Girls' Ski-Jumping Tournament in Ljubno and the FIS Ski-Flying World Championship Finals in Planica.

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, the Gymnastics Association of Slovenia and many larger and smaller clubs, including the Cedevita Olimpija Basketball Club, the Jesenice Hockey and Skating Association, the Bravo Football club, the "Z`Dežele" Sankaku Celje Judo club, the Domžale Helios Suns Basketball club, the Branik Maribor Tennis club, the Ježica Women's basketball club, the Dobovec Futsal club and other smaller sports teams.

As in the winter, we supported several major sporting events, including the biggest sporting event to be held in Slovenia in 2022 - the Men's Volleyball World Championships. In addition, as the largest sponsor and thus also the name holder, we have supported the Petrol Q Max Petrol Ilirska Bistrica Mountain Speed Race, as well as several smaller sporting events such as the Triglav Run, Active Posočje 2022, the Four Bridges Run, and the Sporto Conference.

The Petrol Group has been a major supporter of sport in Slovenia and in the region for a number of years.

In addition to the above-mentioned winter athletes, the Petrol Group is a personal sponsor of the regular Dakar Rally participant and motocross rider Simon Marčič, triathlete Denis Šketak and promising young tennis player Maša Viriant. Our 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 (24th Energy Managers' Days, 27th Slovene Marketing Conference, 24th Portorož Business Conference, 4th Local E-mobility Conference, Slotrib 22, GS1, 16th and 17th Slovenian Economy Summit, 13th International Conference "Corporate Security Days 2022", 18th European Energy Market Conference, Energy and Environment 22, 24th SKOJ, 16th Strategic Trade Conference, BledCom 2022, 23rd Days of Conservation Science, Bled Strategic Forum 2022, 11th International Conference IIA Slovenia and others).

In the arts segment, we have been cooperating with the Ljubljana Festival and the Lent Festival for many years, and we also support cultural events taking place in Ljubljana City Theatre, Cankarjev Dom (The Magnificent 7 season tickets) and Slovenia's other cultural institutions, and we have also supported the cultural events Vinska vigred 2022 and Jurjevanje 2022.

We were also active as a sponsor in the region in 2022. In Croatia, we sponsored the Croatian Olympic Committee (HOO), the Zadar Basketball Club and SOC - Supercars Owner Circle. In Bosnia and Herzegovina, we supported the “Naš Tim” ski club. In Serbia, we sponsored the “Lokomotiva” Tennis Club and the Arena Niš Football Club last year.

Humanitarian projects

Part of our social footprint are corporate volunteering activities, which we have been nurturing since 2012 and through which we give back to society through our volunteer work, knowledge and increasing material aid. In 2022, 85 employees from Slovenia took part in nine work campaigns in the Corporate Volunteering Week **We Give Back To Society.** Petrol contributed 170 work hours in these work campaigns, with volunteers contributing another 170 of their own volunteer hours.

2022 marked the twelfth 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 about the importance of blood donation throughout Slovenia, invite new blood donors and inform existing donors about healthcare needs.

In 2022, we celebrated the twelfth anniversary of the Our Energy Connects project, in which funds earmarked for business gifts are given to charity.

In 2022, we also celebrated the twelfth 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 200 euros. Through this project, we have supported a total of 129 different humanitarian projects implemented by non-profit organisations. As part of this project, we have donated a total of more than EUR 750,000 to local humanitarian projects in twelve years.

In 2022, we extended our helping hand to the Moste-Polje Association of Friends of Youth. As part of **Petrol’s Santa Claus** campaign, employees in Slovenia collected 208 New Year’s presents for children from disadvantaged backgrounds.

In 2022, we also supported several projects in the region with donations. In Slovenia, the Glassy Classy bottles project raised over EUR 1,700 for the **Miroslav Cerar Foundation,** which supports athletes from socially disadvantaged backgrounds. Through the collection of Golden Points, we have donated EUR 20,000 to the **Red Noses** and through the Ski Cents campaign, we raised over EUR 44,000 by the end of 2022, which we will donate to the **Slovenian Ski Association** for young ski hopefuls.

In Croatia and Serbia, a total of EUR 50,000 was donated to the Dubrava Clinical Hospital in Zagreb, the Biokovo Fire Brigade, the Dinara, Zagora and Arena Niš football clubs, the Sveti Ivan and Ogulin motorcycle clubs and the Spužvar Sailing Club.

THE PETROL GROUP

ENERGY OF THE CONNECTED

COMPANIES IN THE PETROL GROUP

The Petrol Group, 31 December 2022	Fuels and petroleum products	Merchandise and services	Energy and solutions	Other
The parent company				
Petrol d.d., Ljubljana	•	•	•	•
Subsidiaries				
Petrol d.o.o. (100%)	•	•	•	•
Petrol javna rasvjeta d.o.o. (100%)			•	
Adria-Plin d.o.o. (75%)	•			
Petrol BH Oil Company d.o.o. Sarajevo (100%)	•	•	•	
Petrol d.o.o. Beograd (100%)	•	•	•	
Petrol Lumennis PB 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 Lumennis KI JO 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 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 (74.34%)			•	
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%)			•	
Vjetroelektrana Dazlina d.o.o. (50%)			•	
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 2022, the Petrol Group diagram does not include inactive companies.

THE PARENT COMPANY

PETROL, SLOVENSKA ENERGETSKA DRUŽBA, D.D., LJUBLJANA
President of the Management Board: Nada Drobne Popović;
Members of the Management Board: Matija Bitenc, Jože Bajuk, Jože Smolič;
Member of the Management Board and Worker Director: Zoran Gračner
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 principal activity is selling fuels and petroleum products, merchandise and services, and energy and solutions.

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

In 2022, the company Petrol d.d., Ljubljana generated EUR 7.3 billion in sales revenue, which is 106 percent more than in 2021, mainly due to the higher prices of oil, electricity and other energy products, as well as good sales of fuels and petroleum products.

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

- 3.5 million tons of fuels and petroleum products, up 34 percent relative to 2021,
- merchandise and services in the amount of EUR 358.5 million, down 7 percent relative to 2021,
- 0.8 TWh of natural gas to end-customers, up 6 percent relative to 2021,
- 1.8 TWh of natural gas to end-customers, down 9 percent relative to 2021,
- 117.2 thousand MWh of heat, down 7 percent relative to 2021.

Operating costs totalled EUR 301.4 million, which is 4 percent less than in previous year. The costs of materials totalled EUR 28.6 million, up 20 percent relative to 2021, mainly due to the increase in energy prices. The costs of services stood at EUR 136.1 million, an increase of 19 percent compared to the year before, with the largest increase in the cost of transport services due to the strong sales of fuels and petroleum products. The costs of work stood at EUR 82.1 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 28 thousand (in the amount of EUR 0.4 million in 2021) and recorded this exemption as a decrease in labour costs. Depreciation totalled EUR 46.5 million, on a par with the previous year. Other costs amounted to EUR 8.1 million.

Other operating revenue stood at EUR 6.4 million, which was 29 percent more than in 2021. The gain on derivatives totalled EUR 525.1 million or 95 percent more than in 2021. Other operating expenses, stood at EUR 0.03 million. Loss on derivatives totalled EUR 551.3 million or 133 percent more than in 2021.

The company's net profit totalled EUR 17.9 million, a decrease of EUR 68.2 million from 2021.

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

Petrol d.d., Ljubljana (EUR million)	2022	2021	2022/2021 Index
Adjusted gross profit	339.1	360.5	94
Labour costs, including government grants	82.1	78.3	105
Labour costs, excluding government grants	82.2	78.7	104
EBITDA, including government grants	67.4	147.0	46
EBITDA, excluding government grants	67.4	146.6	46
Pre-tax profit, including government grants	17.8	83.4	21
Pre-tax profit, excluding government grants	17.8	83.0	21

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities stood at EUR 1.7 million, a decrease of EUR 1.6 million relative to 2021. Net finance expenses stood at EUR -1.7 million.

In 2022 Petrol d.d., Ljubljana's net profit on derivatives was down by EUR 2.0 million and EUR 3.4 million lower loss from net exchange rate differences relative to 2021. In 2022, there were no impairments of investments and goodwill. Net interest expenditure amounted to EUR 5.9 million, on a par with the previous year. Loss allowances for financial receivables reversed were EUR 0.3 million higher compared to 2021. Net other finance income was up EUR 2.6 million in 2022 compared to 2021.

Pre-tax profit totalled EUR 17.8 million or EUR 65.6 million less than in 2021. The net profit of Petrol d.d., Ljubljana for the year 2022 stood at EUR 19.4 million, down 47.1 million relative to 2021. The total assets of Petrol d.d., Ljubljana as at 31 December 2022 equalled EUR 2.1 billion, which was 13 percent more than on 31 December 2021. Of this, non-current assets amounted to EUR 1.2 billion, which is 3 percent less than on 31 December 2021. Current assets amounted to EUR 921.5 million, which is 42 percent less than on 31 December 2021, mainly due to higher operating receivables.

The equity of Petrol d.d., Ljubljana as at 31 December 2022 equalled EUR 598.0 million, which was 2 percent less than at the end of 2021.

SUBSIDIARIES

THE PETROL ZAGREB GROUP

President of the parent company's Management Board: Simona Kostrevc (since 1 December 2022), Boris Antolovič (until 30 November 2022); **Members of the parent company's Management Board:** Vladimir Kuzmič, Niko Knez (since 1 December 2022); **Procuration Holder of the parent company:** Jože Smolič
E-mail: simona.kostrevc@petrol.si
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, Petrol d.o.o. purchased Crodux Plin d.o.o.'s LPG operations, while in January 2020, it acquired its electricity-trading operations. In October 2021, Petrol d.d., Ljubljana, after fulfilling the suspensive conditions, completed the acquisition of a 100 percent interest in the company 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. The Petrol Zagreb Group is active on the Croatian market in the sale of fuels and petroleum products, merchandise and services, and energy and solutions.

On 2 November 2022, Crodux derivati dva d.o.o. was merged into Petrol d.o.o.

In 2022, the Petrol Zagreb Group sold 1,228.9 thousand tons of fuels and petroleum products, up 41 percent on the previous year. In 2022, the Petrol Zagreb Group generated a total of EUR 1,484.5 million in sales revenue, which is 102 percent more than in 2021. The Group generated EUR 1,507.9 million of sales revenue from the sale of fuels and petroleum products, EUR 136.4 million from the sale of merchandise and services and EUR 35.8 million from energy and solutions. Its operating profit stood at EUR 0.3 million in 2022, a decrease of EUR 30.3 million from the previous year. The Group's net profit for 2022 totalled EUR -4.3 million, a decrease of EUR 24.8 million from 2021. The Petrol Zagreb Group operated 202 service stations at the end of 2022. The group's equity totalled EUR 243.9 million as at 31 December 2022.

PETROL BH OIL COMPANY D.O.O. SARAJEVO

General Manager: Gregor Žnidaršič; **Procuration Holder:** Bojan Košir
E-mail: gregor.znidarsic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is selling fuels and petroleum products, merchandise and services in Bosnia and Herzegovina.

In 2022, the company sold 191.5 thousand tons of fuels and petroleum products, up 1 percent on the previous year. In 2022, Petrol BH Oil Company d.o.o. Sarajevo generated a total of EUR 236.0 million in sales revenue, which is 75 percent more than in 2021. The Group generated EUR 208.6 million of sales revenue from the sale of fuels and petroleum products and EUR 11.4 million from the sale of merchandise and services. Its operating profit stood at EUR 4.6 million in 2022, an increase of EUR 1.4 million from the previous year. The company's net profit for 2022 totalled EUR 3.8 million, an increase of EUR 0.3 million from 2021. Petrol BH Oil Company d.o.o. Sarajevo operated 42 service stations at the end of 2022. The company's equity totalled EUR 72.9 million as at 31 December 2022.

THE PETROL BEOGRAD GROUP

General Managers of the parent company: Uroš Bider, Miljko Vlačić; **Procuration Holder:** Aleš Zupančič
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 and 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., Petrol KU 2021 d.o.o. and Petrol Lumennis KI JO d.o.o., which are engaged in public lighting projects in Serbia. The Petrol d.o.o. company's principal activity is selling fuels and petroleum products, merchandise and services in Serbia.

The volume of fuels and petroleum products sold in 2022 totalled 112.8 thousand tons, up 5 percent from the previous year. In 2022, the Petrol Beograd Group generated a total of EUR 132.5 million in sales revenue, which is 80 percent more than in 2021. The Group generated EUR 125.5 million of sales revenue from the sale of fuels and petroleum products and EUR 4.5 million from the sale of merchandise and services. Its operating profit stood at EUR 4.2 million in 2022, an increase of EUR 0.6 million from the previous year. The company's net profit for 2022 totalled EUR 3.2 million, on a par with the previous year. Petrol d.o.o. Beograd operated 17 service stations at the end of 2022. The company's equity totalled EUR 35.4 million as at 31 December 2022.

PETROL CRNA GORA MNE D.O.O.

General Manager: Tadej Zorjan; Procuration Holder: Ignac Rupar
E-mail: tadej.zorjan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is selling fuels and petroleum products, 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.

The volume of fuels and petroleum products sold in 2022 totalled 50.5 thousand tons, down 6 percent from the previous year. In 2021, Petrol Crna Gora MNE d.o.o. generated EUR 75.4 million in sales revenue, up 87 percent from 2021. The company generated EUR 58.1 million of sales revenue from the sale of fuels and petroleum products and EUR 6.5 million from the sale of merchandise and services. Its operating profit stood at EUR 2.0 million in 2022, an increase of EUR 0.2 million from the previous year. The company's net profit for 2022 totalled EUR 1.7 million, an increase of EUR 0.5 million from 2021. Petrol Crna Gora MNE d.o.o. operated 15 service stations at the end of 2022. The company's equity totalled EUR 23.2 million as at 31 December 2022.

THE GEOPLIN GROUP

Director-General of the parent company: Matija Bitenc (since 21 October 2022), Aleš Zupančič (since 26 September 2022 until 20 October 2022), Vanja Lombar (since 3 January 2022 until 20 October 2022); **General Manager of the parent company:** Jože Bajuk (until 1 February 2022 and then since 21 October 2022); **Procuration Holder of the parent company:** David Štoka (since 26 September 2022)
E-mail: matija.bitenc@geoplin.si
Ownership interest of Petrol d.d., Ljubljana: 74.34%

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 1978. Its operations in the area of natural gas supply and services also extend abroad. To be able to ensure a 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 2022, 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 2022, the Geoplin Group sold 19.4 TWh of natural gas, generating EUR 1,350.2 million in sales revenue. The group's net profit for 2022 totalled EUR -28.3 million. The net profit or loss attributable to Petrol d.d., Ljubljana amounted to EUR -21.1 million. The group's equity totalled EUR 113.7 million as at 31 December 2022.

BEOGAS D.O.O. BEOGRAD

General Manager: Uroš Bider; **Procuration Holder:** Primož Kramer
E-mail: uros.bider@petrol.co.rs
Ownership interest of Petrol d.d., Ljubljana: 100%

Beogas d.o.o. Beograd is engaged in financing, designing and constructing distribution pipelines, but it also distributes natural gas in the Belgrade municipalities of 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 516.3 km of gas distribution network and 13,464 active gas connections.

In 2022, the company sold 362.6 thousand MWh of natural gas, up 1 percent on the previous year. In 2022, it generated EUR 13.6 million in sales revenue, up 6 percent on the previous year. The company's operating profit stood at EUR 1.2 million in 2022, a decrease of EUR 1.2 million from the previous year. The company's net profit for 2022 totalled EUR 1.1 million, a decrease of EUR 0.9 million from 2021. The company's equity totalled EUR 22.5 million as at 31 December 2022.

THE PETROL LPG GROUP

General Managers of the parent company: 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 2022, the Petrol LPG Group sold 61.9 thousand tons of liquefied petroleum gas, down 13 percent on the previous year. In 2022, it generated EUR 48.5 million in sales revenue, a year-on-year increase of 14 percent. The operating profit for 2022 totalled EUR 1.4 million, an increase of EUR 1.2 million from 2021. The group's net profit for 2022 totalled EUR 1.1 million, which was EUR 1.3 million more than in the previous year. The group's equity totalled EUR 11.7 million as at 31 December 2022.

PETROL GEO D.O.O.

General Manager: Štefan Hozjan; **Procuration Holder:** Borut Bizjak
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; the management and development of district heating systems based on geothermal boreholes).

Petrol Geo d.o.o. generated EUR 4.0 million in sales revenue in 2022, up EUR 0.6 million on the previous year. The company's operating profit stood at EUR 2.4 million in 2022, an increase of EUR 0.2 million from the previous year. The company's net profit for 2022 totalled EUR 1.8 million, a year-on-year increase of EUR 0.5 million. The company's equity totalled EUR 4.0 million as at 31 December 2022.

IG ENERGETSKI SISTEMI D.O.O.

General 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, an agreement 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; **Procuration Holder:** Tomaž Slavec (since 5 March 2022)
E-mail: marko.malgaj@petrol-trade.at
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol Trade Handelsgesellschaft m.b.H sells petroleum products in Austria and neighbouring countries.

In 2022, the company sold 143.6 thousand tons of fuels and petroleum products. In 2022, it generated EUR 160.3 million in sales revenue, up EUR 101.3 million from 2021. Its net profit for 2022 totalled EUR 895.2 thousand. The company's equity totalled EUR 2.5 million as at 31 December 2022.

VJETROELEKTRANE GLUNČA D.O.O.

General Managers: Borut Bizjak, Tomislav Benković
E-mail: borut.bizjak@petrol.si; tomislav.benkovic@petrol.hr
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 2022, it generated EUR 4.7 million in sales revenue, its net profit totalling EUR 0.9 million. The company's equity totalled EUR 12.7 million as at 31 December 2022.

PETROL HIDROENERGIJA D.O.O., TESLIĆ

General Manager: Aleš Weiss; **Procuration Holder:** Borut Bizjak (since 20 May 2022)
E-mail: ales.weiss@petrol.si; borut.bizjak@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 2022, the company generated EUR 735.6 thousand in sales revenue. Its net loss for 2022 totalled EUR 371 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 297 thousand. The company's equity totalled EUR 7.2 million as at 31 December 2022.

PETROL POWER D.O.O.

General Manager: Aleš Weiss; **Procuration Holder:** Borut Bizjak (since 18 January 2022)
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 2022, the group generated EUR 824.8 thousand in sales revenue. Its net loss for 2022 totalled EUR -36.7 thousand. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR -36.6 thousand. The company's equity totalled EUR -1.9 million as at 31 December 2022.

MBILLS D.O.O.

General Manager: Leon Stare (since 30 June 2022), Primož Zupan (until 30 June 2022)
E-mail: leon.stare@petrol.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 2022, the company generated EUR 2.2 million in sales revenue. Its net loss for 2022 totalled EUR -1.1 million. The company's equity totalled EUR 3.4 million as at 31 December 2022.

EKOEN D.O.O.

General Manager: Igor Jogan; **Procuration Holder:** Zoran Gračner
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. On 29 December 2022 Ekoen GG d.o.o. was merged into Ekoen d.o.o.

In 2022, EKOEN d.o.o. together with Ekoen GG d.o.o. generated EUR 557.1 thousand in sales revenue. Its net loss for 2022 totalled EUR -10.4 thousand. The company's equity totalled EUR 728.4 thousand as at 31 December 2022.

EKOEN S D.O.O.

General Manager: Igor Jogan; **Procuration Holder:** Zoran Gračner
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 2022, the company generated EUR 55.4 thousand in sales revenue. Its net loss for 2022 totalled EUR -4.9 thousand. The company's equity totalled EUR 10.5 thousand as at 31 December 2022.

ZAGORSKI METALAC D.O.O.

General Manager: Zdravko Čulig; **Procuration Holder:** Aleš Gruden
E-mail: zculig@zagorski-metalac.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 2022, it sold 198.1 million kWh of natural gas and distributed 248.6 million kWh of natural gas. In 2022, the group generated EUR 11.1 million in sales revenue. Its net loss for 2022 totalled EUR -264,0 thousand. The company's equity totalled EUR 8.8 million as at 31 December 2022.

E 3, D.O.O.

General Manager: Jože Smolič (since 30 November 2022), Darko Pahor (until 30 November 2022); **Procuration Holder:** Miha Vrbinc (since 3 January 2023)
E-mail: joze.smolic@petrol.si; miha.vrbinc@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 2022, E 3, d.o.o. sold 1,477 GWh of electricity and 7.4 GWh of heat. In 2022, the group generated EUR 211.8 million in sales revenue. Its net loss for 2022 totalled EUR -2.3 million. The company's equity totalled EUR 12.2 million as at 31 December 2022.

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 2022, the company generated EUR 13.3 thousand in sales revenue. Its net profit for 2022 totalled EUR 7.1 thousand. The company's equity totalled EUR 118.1 thousand as at 31 December 2022.

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 2022, the company generated EUR 66.8 thousand in sales revenue. Its net profit for 2022 totalled EUR 15.9 thousand. The company's equity totalled EUR -69 thousand as at 31 December 2022.

VJETROELEKTRANA LJUBAČ D.O.O.

General Managers: Borut Bizjak, Tomislav Benković, Slaven Tudić
Company Members: Petrol d.d., Ljubljana
E-mail: borut.bizjak@petrol.si; tomislav.benkovic@petrol.hr
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 Vjetro-elektrana 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 2022, it generated sales revenues in the amount of EUR 4.2 million and net profit in the amount of EUR 0.8 million. The company's equity totalled EUR 8.2 million as at 31 December 2022.

ATET D.O.O.

General Managers: Matevž Kustec (until 3 March 2023), Robert Surina (since 5 January 2023), Tomaž Novak (since 3 March 2023)
E-mail: matevz.kustec@atet.si, robert.surina@petrol.si
Ownership interest of Petrol d.d., Ljubljana for the 2022 financial year: 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. As of 12 January 2023, Petrol d.d., Ljubljana will acquire a further 23.04 percent interest in Atet d.o.o. and will become the 96 percent owner of Atet d.o.o. (100 percent of voting rights). 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 2022, the company generated EUR 3.5 million in sales revenue. Its net loss for 2022 totalled EUR 410.0 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 299.2 thousand. The company's equity totalled EUR 2.6 million as at 31 December 2022.

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, with regular operations starting in February 2022.

In 2022, the company generated EUR 210.1 thousand in sales revenue. Its net profit for 2022 totalled EUR 65.2 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 52.1 thousand. The company's equity totalled EUR 581.4 thousand as at 31 December 2022.

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 2022.

JOINTLY CONTROLLED ENTITIES

GEOENERGO D.O.O.

General Managers: Verena Zidar, Mojca Logar (from 8 September 2022 until 8 March 2023), Peter Hrastar (since 8 March 2023
E-mail: verena.zidar@nafta-lendava.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 2022 totalled EUR -299.4 thousand. The net profit for 2022, which belongs to the Petrol Group, totalled EUR -149.7 thousand. The company's equity totalled EUR 178.2 thousand as at 31 December 2022.

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 cogeneration in thermal power plants and nuclear power plants. Its net loss for 2022 totalled EUR 3.7 million. The net profit for 2022, which belongs to the Petrol Group, totalled EUR 0.9 thousand. The company's equity totalled EUR 4.9 million as at 31 December 2022.

VJETROELEKTRANA DAZLINA D.O.O.

Managers: Borut Bizjak, Slaven Tudić
E-mail: borut.bizjak@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 50%

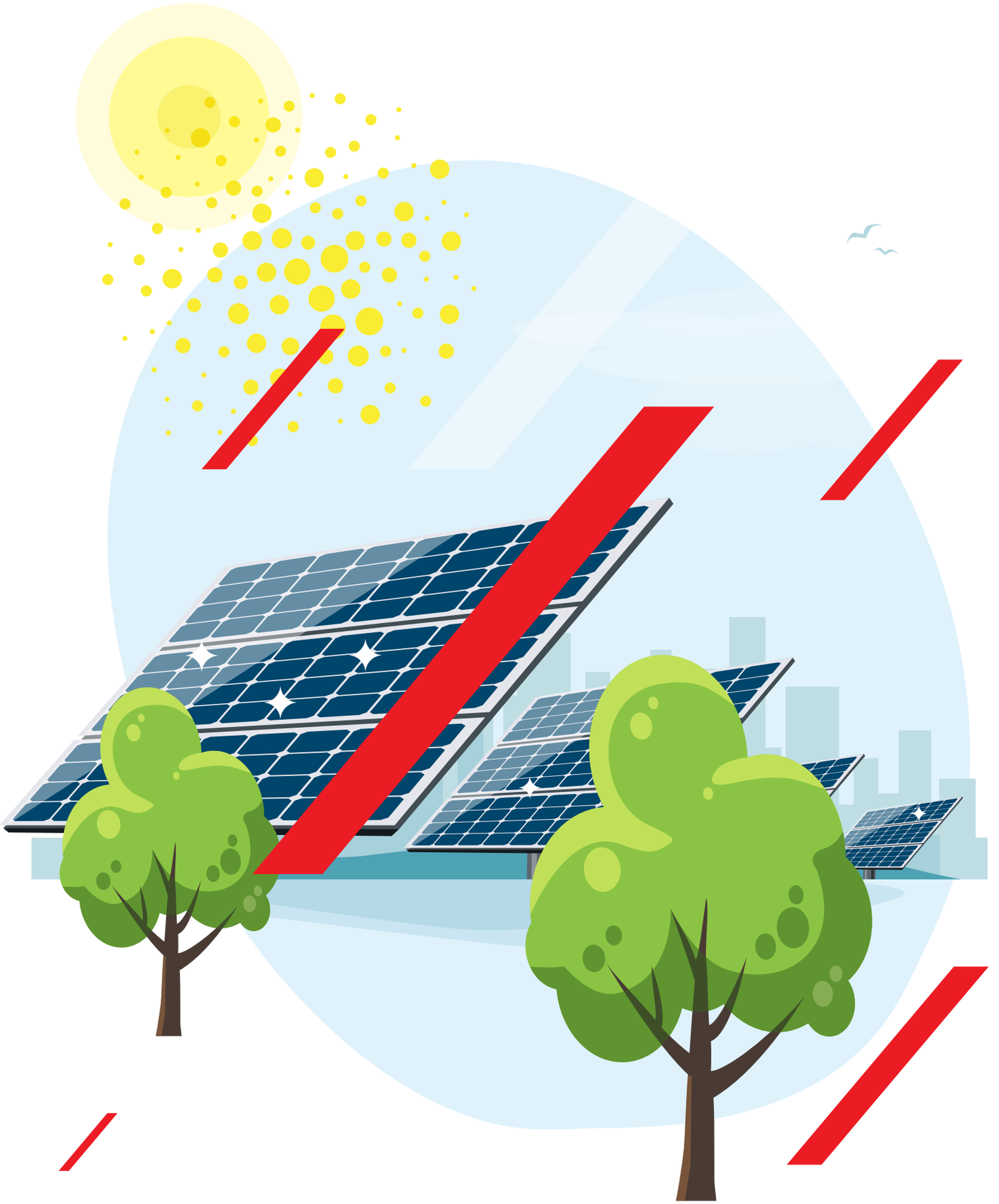
The company's principal activity is electricity generation from wind. The company did not yet operate in 2022. At the end of 2022, the company's equity totalled EUR -1.8 thousand.

ASSOCIATES

AQUASYSTEMS D.O.O.
Ownership interest of Petrol d.d., Ljubljana: 26%
Activities: The 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



FINANCIAL REPORT

KEEPING UP WITH THE SUN

ANNUAL REPORT OF THE PETROL GROUP AND PETROL d.d., LJUBLJANA, 2022 – Financial Report

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STATEMENT OF THE MANAGEMENT BOARD'S RESPONSIBILITY

The Company's Management Board is responsible for the preparation and fair presentation of the financial statements of the Petrol Group and Petrol d.d., Ljubljana, for the year ended 31 December 2022, including the related policies and notes, which, in its opinion, give a true and fair view of the development and results of operations and the financial position of the Company, together with a description of the principal risks to which the Company and other companies included in the consolidated financial statements, taken as a whole, are exposed.

The Management Board confirms that the appropriate accounting policies have been applied consistently in the preparation of the financial statements, that the accounting estimates have been made on the basis of fair value, prudence and good governance, and that the financial statements give a true and fair view of the state of affairs of the Group and the Company and the results of their operations for the year ended 31 December 2022.

The Management Board is also responsible for keeping proper accounting records, for taking reasonable precautions to safeguard property and other assets, and for certifying that the financial statements, including the notes thereto, have been prepared on a going concern basis and in accordance with the applicable law and International Financial Reporting Standards as adopted by the European Union.

The Management Board accepts and approves the financial statements of the Petrol Group and Petrol d.d., Ljubljana, including the related policies and notes, for the year ended 31 December 2022.

The tax authorities may audit the Company's operations at any time within five years of the end of the year in which the tax was due. This may result in additional liabilities for tax, interest and penalties from corporate income tax (CIT) or other taxes and duties. The Company's Management Board is not aware of any circumstances that could give rise to a material liability in this respect.

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

Petrol d.d., Ljubljana, Dunajska cesta 50, 1000 Ljubljana, Slovenia

Ljubljana, 6 April 2023

Independent Auditor's Report

To the Shareholders of Petrol d.d., Ljubljana

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Petrol d.d., Ljubljana (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2022, and the Group's and the Company's consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 11 April 2023.

What we have audited

The Group's and the Company's consolidated and separate financial statements comprise:

- the consolidated and separate statement of profit or loss for the year ended 31 December 2022;
- the consolidated and separate statement of other comprehensive income for the year ended 31 December 2022;
- the consolidated and separate statement of financial position as at 31 December 2022;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 (the "Regulation"). Our responsibilities under those standards is further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers d.o.o.
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Matriculation No.: 5717159, VAT No.: SI35498161

Translation note:

This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independence

We are independent of the Group and the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International

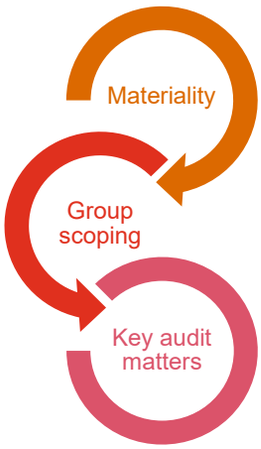
Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Slovenia. We have fulfilled our other ethical responsibilities in accordance with those requirements and with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in Slovenia and that we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation.

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2022 to 31 December 2022 are disclosed in the note 6.5 to the consolidated and separate financial statements.

Our audit approach

Overview



- Overall materiality for the consolidated financial statements of the Group: EUR 7,420 thousand, which represents approximately 2% of Gross profit (Sales revenue minus Cost of goods sold) of the Group.
- Overall materiality for the separate financial statements of the Company: EUR 6,200 thousand, which represents approximately 2% of Gross profit (Sales revenue minus Cost of goods sold) of the Company.

- We conducted audit work at 9 companies/groups of related companies in 4 countries.
- Our audit scope addressed 81% of the Group's absolute value of underlying result.

- Impairment of investments in subsidiaries in the separate financial statements and impairment of goodwill in the consolidated financial statements.
- Measurement, derecognition, and recognition of liabilities due to the company Gazprom Export LLC (hereinafter: Gazprom) in the consolidated financial statements.
- Final business combination purchase price allocation (PPA) in the consolidated financial statements for 2022 arising from the acquisition of a controlling interest in the company Crodux derivati dva d.o.o. (hereafter: Crodux) in 2021.
- Recognising income and loss from derivatives in the consolidated and separate financial statements.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where Management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of Management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group and the Company materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with other qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Overall Group and Company materiality	The Group: EUR 7,420 thousand The Company: EUR 6,200 thousand
How we determined it	• The Group: approximately 2% of Gross profit (Sales revenue minus Cost of goods sold) of the Group. • The Company: approximately 2% of Gross profit (Sales revenue minus Cost of goods sold) of the Company.
Rationale for the materiality benchmark applied	We chose Gross profit (Sales revenue minus Cost of goods sold) as the benchmark because, in our view, it is the benchmark against which the performance of the Group and Company is most commonly measured by users and is a generally accepted benchmark. We chose the 2% threshold, which is within the range of acceptable quantitative materiality thresholds for this benchmark.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Translation note:

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Key audit matter	How our audit addressed the key audit matter
Impairment of investments in subsidiaries in separate financial statements and impairment of goodwill in consolidated financial statements	
See Note 4.b Significant accounting policies of the Company – Investments in subsidiaries, Note 4.k2 Significant accounting policies of the Company – Impairment of assets – Impairment of investments in subsidiaries and Note 3.e Significant accounting policies of the Group – Intangible assets – Goodwill. The total value of investments in subsidiaries as at 31 December 2022 is disclosed in Note 6.19 in the financial statements – Investments in subsidiaries, and amounts to EUR 554,032,932; the total value of goodwill as at 31 December 2022 is disclosed in Note 6.15 in the consolidated financial statements – Intangible assets, and amounts to EUR 160,685,312. Investments in subsidiaries and goodwill are subject to significant audit risk due to: ● the complexity of the assessments made by the Management based on the discounted future cash flows, ● the importance of subjective judgements and assessments used by the Management, and ● the impact of the ever-changing operations in the industry in which the subsidiaries, for which investments are shown or to which goodwill relates, operate. Group/Company applied value in use to determine recoverable amount.	Our audit approach included significant audit procedures, including: ● Assessing whether the recoverable amount calculated as Value in Use (ViU) is appropriately determined in accordance with requirements of IAS 36. ● Assessing and testing key assumptions used in the impairment tests, such as growth rates and EBITDA margin, which are used in cash flows, and assumptions used to determine discount rates. ● Assessing the methodologies used in valuations. We assess that the Value in Use (ViU) method used was consistent with the requirements of applicable IFRSs. ● Testing the mathematical accuracy of the valuation calculations. ● Assessing the suitability of the disclosures in consolidated and separate financial statements in relation to the performed impairment tests for investments in subsidiaries and goodwill. We also included an asset valuation expert in our audit team who helped us assess the methodology used and the use of discount rates.

Measurement, derecognition, and recognition of liabilities due to Gazprom Export LLC (hereinafter: Gazprom) in consolidated financial statements

See Note 3.c 6 Significant accounting policies of the Group – Financial liabilities and Note 3.c 7 Operating liabilities and Note 3.p Significant accounting policies of the Group – Determination of fair value.

The total value of liabilities to Gazprom as at 31 December 2022 is disclosed in Note 6.39 in the financial statements – Current operating liabilities, and amounts to EUR 3,550,000. The total impact on profit or loss for 2022 from the derecognition and recognition of liabilities is the income recognition in the amount of EUR 88,592,000, which is disclosed in Note 6.3 Revenue – Other revenue.
The measurement, derecognition and recognition of liabilities to Gazprom are subject to significant audit risk due to:

- significant and uncertain business with Gazprom due to the war in Ukraine and associated international sanctions on Russia,
- the complicated application of International Financial Reporting Standard 9 – Financial Instruments (hereinafter: IFRS 9),
- the complexity of the estimation of the fair value of liabilities, and
- the importance of subjective judgements and assessments used by the Management in determining fair value.

Our audit approach included significant audit procedures, including:

- Checking the gas supply contract with Gazprom and checking other documentation related to the termination of this contract in 2022.
- Checking the invoices received from Gazprom for the supplied gas quantities in the amount of the reported liability before the recognition of this liability in 2022.
- Checking the accounting for the derecognition of the liability to Gazprom for the supplied gas, recognition of the new liability, and measurement of this liability to Gazprom in 2022 and as at 31 December 2022 in accordance with IFRS 9.
- Assessing the relevance of the input data used in the valuation report by our internal valuation experts prepared by the Group advisers.
- Checking input data used in the calculation of the claim for damages the Group has towards Gazprom.
- With support of our internal legal experts, we assessed the reasonableness of the scenarios used in the valuation report prepared by the Group valuation advisers in the context of their legal argument.
- Assessing the suitability of the disclosures in consolidated financial statements related to the measurement, derecognition and recognition of liabilities to Gazprom.

In our audit team, we also included those with appropriate expertise in IFRS 9 who assisted in assessing the appropriateness of the accounting treatment of the derecognition and recognition of liabilities, an asset valuation expert who assisted in assessing the appropriateness of the methodology used and the use of discount rates, and a legal expert who was used primarily to assess the appropriateness of the legal scenarios applied in the valuation in the Gazprom case.

Key audit matter	How our audit addressed the key audit matter
Final business combination PPA in consolidated financial statements for 2022 arising from acquisition of controlling interest in the company Crodux derivati dva d.o.o. (hereafter: Crodux) in 2021	
See Note 3.a Significant accounting policies of the Group – Basis for consolidation – Business combinations The purchase price allocation of the business combination in 2022 arising from the acquisition of a controlling interest in Crodux is disclosed in Note 6.1 in the financial statements – Business combinations. As disclosed in more detail in this Note, in 2021 Petrol Group made a purchase price allocation based on the provisional values of assets and liabilities, and in 2022 it made a final allocation based on the estimated fair value of the assets and liabilities of Crodux. The business combination purchase price allocation in 2022 arising from the acquisition of a controlling interest in Crodux is subject to significant audit risk due to: ● the significant impact on the consolidated financial statements, ● the complicated application of International Financial Reporting Standard 3 – Business combinations (hereinafter: IFRS 3), ● the complexity of the assessments made by the Management based on the discounted future cash flows, ● the importance of subjective judgements and assessments applied by the Management, and the impact of the ever-changing operations in the industry in which Crodux operated.	Our audit approach included significant audit procedures, including: ● Understanding the transaction based on discussions with the Management and the predecessor auditor. ● Checking the purchase price allocation to individual categories in the business combination of acquired assets and liabilities in accordance with the final fair value calculated by the Company. ● Assessing and testing the assumptions used in fair value determination; such as growth rates and EBITDA margins on which cash flows were based and assessing appropriateness of applied discount rates. ● Assessing the appropriateness of disclosures in the consolidated financial statements related to the final purchase price allocation. In our audit team, we also included an asset valuation expert who assisted in assessing the methodology used and the use of discount rates.

Key audit matter	How our audit addressed the key audit matter
Recognising income and expenses from derivatives in consolidated and separate financial statements	
See Note 3.c2 Significant accounting policies of the Group – Financial assets at fair value through profit or loss, and 4.d2 Significant accounting policies of the Company – Financial assets at fair value through profit or loss The total value of Gain from derivatives in 2022 is disclosed in Note 6.9 *Gain/(Loss) from derivates* and amounts to: ● EUR 523,094,819 of Gain from derivatives for the Group and ● EUR 525,064,103 of Gain from derivatives for the Company. The total value of Loss from derivatives in 2022 is disclosed in Note 6.9 Gain/(Loss) from derivatives and amounts to: ● EUR 558,699,150 of Loss from derivatives for the Group and ● EUR 551,271,270 of Loss from derivatives for the Company. Recognising gains and losses from derivatives is subject to significant audit risk due to: ● the significant changes in prices of goods and interest rate increases in 2022, ● the complicated application of International Financial Reporting Standard 9 – Financial Instruments (hereinafter: IFRS 9), ● the specifics of the valuation of derivatives, the importance of subjective judgements and assessments of the Management in differentiating between a contract based on the requirements of IFRS 9, which is treated as a derivative at fair value, and a contract for "own use" that is not measured at fair value and the related subjective judgement regarding the classification in the financial statements and the related valuation of open positions as at 31 December 2022.	Our audit approach included significant audit procedures, including: ● Assessing the environment of the IT systems related to the recording of derivatives transactions, as well as other relevant systems that support the accounting of related income and expenses. ● Assessing the design of the processes established for the accounting of derivatives transactions and testing their operational effectiveness all the way to the general ledger entry level. ● On the sample basis we tested underlying documentation (such as contracts and settlement documents) supporting derecognition of derivatives and recognition of gain/loss in financial statements. ● On the sample basis we tested the appropriateness of valuation of derivatives and recognition of gain/loss in financial statements. ● Assessing the accuracy and completeness of presentation and disclosures in the consolidated and separate financial statements. In our audit team, we also included an expert for IFRS 9 who assisted us with the accounting treatment of derivatives and the related valuation of open positions as at 31 December 2022.

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How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group engagement team carried out audit work on the Company's separate financial statements. The Group engagement team determined Group audit materiality and issued audit instructions to component auditors and reviewed the work of component auditors.

Reporting on other information including the Business Report

The Management is responsible for the other information. The other information comprises "Introduction", "Business Report", "Sustainable Development" and "Petrol Group" (jointly referred to as: "Business Report") (but does not include the consolidated and separate financial statements and our auditor's report thereon).

Our opinion on the consolidated and separate financial statements does not cover the other information, including the Business Report and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Business Report we also performed procedures required by the Slovenian Companies Act. These procedures include assessing whether the Business Report is consistent with the consolidated and separate financial statements and whether the Business Report was prepared in accordance with valid legal requirements.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Business Report for the financial year for which the consolidated and separate financial statements are prepared is consistent, in all material respects, with the consolidated and separate financial statements; and
- the Business Report has been prepared, in all material respects, in accordance with the requirements of the Slovenian Companies Act.

In addition, in the light of knowledge and understanding of the Group and the Company and their environments obtained in the course of the audit, we are required to report if we have identified material misstatements in other information obtained before the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated and separate financial statements

The Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the 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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we comply with the 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company at the shareholders' meeting of the Company on 21 April 2022 for the financial year ended 31 December 2022. The president of the supervisory board signed the audit contract on 1 August 2022. The contract was concluded for 3 years. Our uninterrupted period of appointment is one year.

The key audit partners on the audit resulting in this independent auditor's report are Primož Kovačič and Dušan Hartman.

Reporting in accordance with Gas Supply Act (ZOP), Electricity Supply Act (ZOEE), and Heat Supply from Distribution Systems Act (ZOTDS)

The Company Petrol d.d. disclosed financial statements by activities in Note 11 » *Financial statements of Petrol d.d. by activities according to Gas Supply Act (ZOP), Electricity Supply Act (ZOEE) and Heat Supply from Distribution Systems Act (ZOTDS)*«, which include Statement of financial position by activities as at 31 December 2022 and Statement of profit and loss by activities for the year then ended and the criteria for allocation of assets, liabilities, revenues and expenses by activities (the "Criteria").

The Management is responsible for establishing the Criteria which are contained in the internal act "Pravilnik o računovodstvu" and comply with Gas Supply Act (ZOP), Electricity Supply Act (ZOEE) and Heat Supply from Distribution Systems Act (ZOTDS). Management is also responsible for keeping of separate accounting records and preparation of the financial statements by activities as at 31 December 2022 and for the year then ended.

Auditor's responsibilities are examination of the adequacy and compliance with the requirements of ZOP, ZOEE, ZOTDS of the Criteria, correctness of application of the Criteria and related disclosures by activities as 31 December 2022 and for the year then ended.

Based on the procedures performed and evidence obtained during the audit of financial statements for the year ended 31 December 2022, we report that, in all material respects, the Company disclosed financial statements by activities, established the adequate Criteria and applied correctly these Criteria to prepare financial statement by activities in compliance with the requirements of ZOP, ZOEE, ZOTDS.

Report on the compliance of the presentation of consolidated and separate financial statements in with the requirements of the European single electronic reporting format (ESEF)

We have been engaged based our agreement by the Management of the Parent Company Petrol d.d. to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated and separate financial statements of Petrol d.d. for the year ended 31 December 2022 (the "Presentation of the consolidated and separate financial statements").

Description of the subject matter and applicable criteria

The Presentation of the consolidated and separate financial statements has been applied by the Management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 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 (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the consolidated and separate financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the consolidated and separate financial statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The Management of the Company is responsible for the Presentation of the consolidated and separate financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and presenting, as well as designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the consolidated and separate financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting processes, which should also be understood as the preparation of consolidated and separate financial statements in accordance with the format resulting from the ESEF Regulation.

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Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the consolidated and separate financial statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (R) - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (ISAE 3000(R)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the consolidated and separate financial statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality control requirements and professional ethics

We apply the provisions of the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the consolidated and separate financial statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the consolidated and separate financial statements, including the preparation of the XHTML format of the consolidated and separate financial statements and the use of markup in consolidated and separate financial statements;
- verification whether the XHTML format was applied properly in consolidated and separate financial statements;
- evaluating the completeness of marking up the consolidated and separate financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the consolidated and separate financial statements complies, in all material respects, with the ESEF Regulation.

For and on behalf of PricewaterhouseCoopers d.o.o.

Primož Kovačič
Director, Certified auditor

Dušan Hartman
Certified auditor

Ljubljana, Slovenia, 13 April 2023

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FINANCIAL STATEMENTS OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		2022	2021	2022	2021
Sales revenue	6.3	9,456,733,497	4,960,125,965	7,325,325,520	3,562,467,539
Cost of goods sold		(9,063,284,948)	(4,416,701,515)	(6,986,267,630)	(3,201,977,488)
Costs of materials	6.4	(39,423,844)	(29,296,024)	(28,590,381)	(23,818,764)
Costs of services	6.5	(180,137,325)	(147,697,919)	(136,071,228)	(114,204,989)
Labour costs	6.6	(135,562,309)	(114,341,509)	(82,129,297)	(78,318,991)
Depreciation and amortisation	6.7	(96,300,070)	(79,091,758)	(46,517,125)	(46,696,671)
Other costs	6.8	(16,476,159)	(62,612,453)	(8,082,795)	(49,859,719)
- of which net allowance for trade receivables		(7,930,749)	(7,914,095)	(2,990,233)	(3,003,074)
Gain from derivatives	6.9	523,094,819	269,931,980	525,064,103	269,846,734
Loss from derivatives	6.9	(558,699,150)	(235,728,482)	(551,271,270)	(236,333,237)
Other income	6.3	102,421,062	7,416,653	6,443,925	4,983,049
Other expenses		(278,445)	(876,145)	(30,455)	-
Operating profit or loss		**(7,912,872)**	**151,128,793**	**17,873,367**	**86,087,463**
Share of profit or loss of equity accounted investees	6.10	**3,328,395**	**2,583,771**	**-**	**-**
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	6.10	**-**	**-**	**1,652,814**	**3,287,054**
Finance income	6.11	109,249,416	31,833,463	103,318,887	23,488,199
Finance expenses	6.11	(114,478,291)	(34,098,000)	(105,021,002)	(29,465,373)
Net finance expense		**(5,228,875)**	**(2,264,537)**	**(1,702,115)**	**(5,977,174)**
Profit/(loss) before tax		**(9,813,352)**	**151,448,027**	**17,824,066**	**83,397,343**
Current tax expense	6.12	(4,258,179)	(30,683,697)	(786,831)	(18,781,868)
Deferred tax	6.12	11,385,725	3,717,031	2,346,643	1,867,467
Income tax expense		**7,127,546**	**(26,966,666)**	**1,559,812**	**(16,914,401)**
Net profit for the year		**(2,685,806)**	**124,481,361**	**19,383,878**	**66,482,942**
Net profit for the year attributable to:					
Owners of the controlling company		4,520,125	119,079,575	19,383,878	66,482,942
Non-controlling interest		(7,205,931)	5,401,786	-	-
Basic and diluted earnings per share attributable to owners of the controlling company	6.13	0.11	2.90	0.47	1.61

The Group/Company has changed the presentation of individual items in the statement of profit or loss in 2022. The changes are explained in Point 2.f. 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.	
		2022	2021	2022	2021
Net profit for the year		**(2,685,806)**	**124,481,361**	**19,383,878**	**66,482,942**
Effective portion of changes in the fair value of cash flow variability hedging	6.14	17,755,033	4,109,730	34,292,222	3,283,988
Change in deferred taxes		(3,333,632)	(772,591)	(6,515,522)	(623,957)
Change in the fair value of financial assets through other comprehensive income		-	(61,866)	-	-
Change in deferred taxes		-	11,756	-	-
Foreign exchange differences		(863,631)	496,086	-	-
Other comprehensive income to be recognised in the statement of profit or loss in the future		**13,557,770**	**3,783,115**	**27,776,700**	**2,660,031**
Total other comprehensive income to be recognised in the statement of profit or loss in the future		**13,557,770**	**3,783,115**	**27,776,700**	**2,660,031**
Unrealised actuarial gains and losses		2,405,390	(5,406)	2,583,114	12,995
Other comprehensive income not to be recognised in the statement of profit or loss in the future		**2,405,390**	**(5,406)**	**2,583,114**	**12,995**
Total other comprehensive income not to be recognised in the statement of profit or loss in the future		**2,405,390**	**(5,406)**	**2,583,114**	**12,995**
Total other comprehensive income after tax		15,963,160	3,777,709	30,359,814	2,673,026
Total comprehensive income for the year		**13,277,354**	**128,259,070**	**49,743,692**	**69,155,968**
Total comprehensive income attributable to:					
Owners of the controlling company		24,749,798	122,872,937	49,743,692	69,155,968
Non-controlling interest		(11,472,444)	5,386,133	-	-

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

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		31 December 2022	31 December 2021 Restated*	31 December 2022	31 December 2021
ASSETS					
Non-current (long-term) assets					
Intangible assets	6.15	245,289,473	254,911,455	151,972,471	155,524,818
Right-of-use assets	6.16	131,620,269	122,091,589	29,237,692	27,874,823
Property, plant and equipment	6.17	854,552,521	857,414,048	366,310,650	366,262,157
Investment property	6.18	14,777,108	16,139,743	11,490,836	12,335,994
Investments in subsidiaries	6.19	-	-	554,032,932	553,970,331
Investments in jointly controlled entities	6.20	1,277,748	704,501	233,000	210,000
Investments in associates	6.21	56,968,277	55,169,626	26,610,477	26,610,477
Financial assets at fair value through other comprehensive income	6.22	4,112,346	4,133,044	2,117,914	2,117,914
Loans	6.23	949,277	991,831	59,134,780	83,299,185
Operating receivables	6.24	7,015,756	8,228,771	7,007,540	8,219,107
Deferred tax assets	6.12	18,190,424	11,379,674	3,987,393	8,155,514
		1,334,753,199	**1,331,164,282**	**1,212,135,685**	**1,244,580,320**
Current assets					
Inventories	6.25	264,849,265	180,009,192	151,178,363	96,573,239
Contract assets	6.28	13,319,362	3,338,893	11,722,300	7,604,649
Loans	6.26	1,679,138	16,168,692	41,343,762	16,181,049
Operating receivables	6.27	845,195,344	650,133,882	566,790,889	385,829,891
Corporate income tax assets	6.12	23,897,315	616,729	11,880,734	-
Financial assets at fair value through profit or loss	6.29	2,646,334	34,666,891	2,525,437	34,561,544
Financial assets at fair value through other comprehensive income	6.22	38,034,066	1,776,801	33,376,691	1,100,446
Prepayments and other assets	6.30	115,267,863	85,718,759	51,468,197	50,728,784
Cash and cash equivalents	6.31	100,962,531	100,226,890	51,203,361	57,567,397
		1,405,851,218	**1,072,656,729**	**921,489,734**	**650,146,999**
Total assets		**2,740,604,417**	**2,403,821,011**	**2,133,625,419**	**1,894,727,319**

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		31 December 2022	31 December 2021 Restated*	31 December 2022	31 December 2021
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 profit reserves		299,826,206	318,523,082	322,180,686	340,914,615
Fair value reserve		1,810,718	(789,611)	42,539,491	39,809,449
Hedging reserve		17,827,312	(858,584)	26,639,848	(1,136,850)
Foreign exchange differences		(9,496,033)	(8,634,420)	-	-
Retained earnings		323,576,627	362,184,854	9,545,011	33,241,471
		828,765,147	**865,645,638**	**597,990,971**	**609,914,620**
Non-controlling interest		**31,401,474**	**43,052,367**	**-**	**-**
Total equity	6.32	**860,166,621**	**908,698,005**	**597,990,971**	**609,914,620**
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits	6.33	7,836,685	9,516,091	5,898,618	7,969,809
Other provisions	6.34	18,210,763	34,323,479	13,381,922	17,606,490
Long-term deferred income	6.35	39,931,269	34,447,444	29,581,096	29,459,071
Financial liabilities	6.36	401,613,002	433,812,995	365,355,088	404,555,761
Lease liabilities	6.37	101,100,126	92,991,633	27,331,350	26,735,533
Operating liabilities	6.38	2,596,382	5,661,782	2,596,382	5,661,782
Deferred tax liabilities	6.12	20,682,541	21,953,238	-	-
		591,970,768	**632,706,662**	**444,144,456**	**491,988,446**
Current liabilities					
Financial liabilities	6.36	96,656,433	65,842,106	225,811,701	272,369,421
Lease liabilities	6.37	17,498,969	13,768,130	3,965,318	2,717,596
Operating liabilities	6.39	1,082,103,909	690,456,613	792,213,281	442,507,932
Commodity derivative instruments	6.40	29,872,456	116,341	16,007,602	116,341
Corporate income tax liabilities	6.12	1,062,768	18,786,511	-	16,353,199
Contract liabilities	6.41	23,153,575	14,828,344	18,367,017	7,905,838
Other liabilities	6.42	38,118,918	58,618,299	35,125,073	50,853,926
		1,288,467,028	**862,416,344**	**1,091,489,992**	**792,824,253**
Total liabilities		**1,880,437,796**	**1,495,123,006**	**1,535,634,448**	**1,284,812,699**
Total equity and liabilities		**2,740,604,417**	**2,403,821,011**	**2,133,625,419**	**1,894,727,319**

*The Group/Company has changed the presentation of individual items of the financial position in 2022. The changes are explained in Point 2.f. The 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	Profit reserves			
			Legal reserves	Reserves for own shares	Own shares	
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 comprehensive income						
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	
As at 31 December 2021	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**	
As at 1 January 2022	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**	
Dividend payments for 2021						
Transfer of a portion of 2022 net profit						
Increase/(decrease) in non-controlling interest						
Transactions with owners	**-**	**-**	**-**	**-**	**-**	
Net profit for the current year						
Other comprehensive income						
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	
As at 31 December 2022	**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.
For more details, see Notes 6.19 and 6.32.

Profit reserves							
Other profit reserves	Fair value reserve	Hedging reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the controlling company	Non-controlling interest	Total
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**
318,523,082	**(789,611)**	**(858,584)**	**(8,634,420)**	**362,184,854**	**865,645,638**	**43,052,367**	**908,698,005**
(28,425,869)				(33,241,474)	**(61,667,343)**		**(61,667,343)**
9,691,939				(9,691,939)	**-**		**-**
37,054					**37,054**	(178,449)	**(141,395)**
(18,696,876)	**-**	**-**	**-**	**(42,933,413)**	**(61,630,289)**	**(178,449)**	**(61,808,738)**
				4,520,125	**4,520,125**	(7,205,931)	**(2,685,806)**
	2,600,329	18,685,896	(861,613)	(194,939)	**20,229,673**	(4,266,513)	**15,963,160**
-	**2,600,329**	**18,685,896**	**(861,613)**	**4,325,186**	**24,749,798**	**(11,472,444)**	**13,277,354**
299,826,206	**1,810,718**	**17,827,312**	**(9,496,033)**	**323,576,627**	**828,765,147**	**31,401,474**	**860,166,621**

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

(in EUR)	Called-up capital	Capital surplus	Profit reserves	
			Legal reserves	Reserves for own shares
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 comprehensive income				
Total comprehensive income	**-**	**-**	**-**	**-**
As at 31 December 2021	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
As at 1 January 2022	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
Dividend payments for 2021				
Transfer of a portion of 2022 net profit				
Transactions with owners	**-**	**-**	**-**	**-**
Net profit for the current year				
Other comprehensive income				
Total comprehensive income	**-**	**-**	**-**	**-**
As at 31 December 2022	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
Accumulated profit for 2022				

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

	Profit reserves					
	Own shares	Other profit reserves	Fair value reserve	Hedging reserve	Retained earnings	Total
	(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**
	(2,604,670)	**340,914,615**	**39,809,449**	**(1,136,850)**	**33,241,471**	**609,914,620**
		(28,425,869)			(33,241,474)	**(61,667,343)**
		9,691,939			(9,691,939)	**-**
	-	**(18,733,930)**	**-**	**-**	**(42,933,413)**	**(61,667,343)**
					19,383,878	**19,383,878**
			2,730,042	27,776,700	(146,928)	**30,359,814**
	-	**-**	**2,730,042**	**27,776,700**	**19,236,950**	**49,743,692**
	(2,604,670)	**322,180,686**	**42,539,491**	**26,639,848**	**9,545,011**	**597,990,971**
		52,156,001			**9,691,939**	**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.	
		2022	*2021 Restated	2022	2021
Cash flows from operating activities					
Net profit		**(2,685,806)**	**124,481,361**	**19,383,878**	**66,482,942**
Adjustment for:					
Corporate income tax	6.12	(7,127,546)	26,966,666	(1,559,812)	16,914,401
Depreciation of property, plant and equipment, investment property and right-of-use assets	6.7	82,694,805	65,861,834	36,767,966	37,020,227
Amortisation of intangible assets	6.7	13,605,265	13,229,924	9,749,159	9,676,444
(Gain)/loss on disposal of property, plant and equipment	6.3, 6.8	(2,308,698)	627,202	(496,493)	653,815
Impairment, write-down/(reversed impairment) of assets	6.8	6,194,071	14,259,583	7,024	2,705,061
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	(176,863)	(306,149)	305,793	(310,918)
Net (decrease in)/creation of other provisions and long-term deferred revenue	6.34, 6.35	(9,707,692)	3,356,189	(3,896,414)	3,881,951
Net goods surpluses	6.8	(4,964,865)	(2,696,235)	(3,343,967)	(1,476,726)
Net (decrease in)/creation of allowance for receivables	6.11	7,292,624	7,571,039	2,352,108	2,660,018
Net finance (income)/expense	6.11	8,160,628	(657,814)	4,789,290	7,431,554
Impairment of investments	6.11	-	873,366	-	11,193,296
Share of profit of jointly controlled entities	6.10	(665,483)	(300,040)	-	-
Share of profit of associates	6.10	(2,662,912)	(2,283,731)	-	-
Finance income from dividends received from subsidiaries	6.10	-	-	(723,160)	(1,823,324)
Finance income from dividends received from jointly controlled entities	6.10	-	-	(115,217)	(135,495)
Finance income from dividends received from associates	6.10	-	-	(814,437)	(1,328,236)
Cash flow from operating activities before changes in working capital		**87,582,114**	**250,917,781**	**62,340,304**	**153,479,596**
Net (decrease in)/creation of other liabilities	6.42	(20,483,464)	36,963,249	(15,728,852)	38,374,470
Net decrease in/(creation) of other assets	6.30	(4,126,645)	(18,616,569)	(1,568,792)	(13,287,076)
Change in inventories	6.25	(86,164,815)	(20,869,739)	(51,268,181)	(7,441,204)
Change in operating and other receivables and contract assets	6.27, 6.28	(180,638,456)	(209,709,855)	(147,757,061)	(182,227,918)
Change in operating and other liabilities and contract liabilities	6.39, 6.41	406,890,937	138,301,308	374,077,361	80,276,004
Cash generated from operating activities		**203,059,671**	**176,986,175**	**220,094,779**	**69,173,872**
Interest paid	6.11	(14,411,347)	(9,750,418)	(9,669,252)	(7,157,264)
Taxes paid	6.12	(44,996,685)	(12,585,658)	(28,964,937)	3,921,348
Net cash from (used in) operating activities		**143,651,639**	**154,650,099**	**181,460,590**	**65,937,956**

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		2022	*2021 Restated	2022	2021
Cash flows from investing activities					
Payments for investments in subsidiaries, net of cash acquired	6.19	(3,720,482)	(185,966,729)	(3,720,482)	(204,150,000)
Receipts from investments in subsidiaries	6.19	3,244,000	-	3,244,000	-
Payments for investments in jointly controlled entities	6.20	(23,000)	-	(23,000)	-
Receipts from investments in associates	6.21	-	2,575,000	-	2,575,000
Receipts from sale of intangible assets	6.15	294,638	412,459	289,265	407,294
Payments for intangible assets	6.15	(8,710,587)	(7,276,610)	(6,298,800)	(4,074,759)
Receipts from sale of property, plant and equipment	6.17	4,025,620	5,385,276	1,278,388	687,619
Payments for property, plant and equipment	6.17	(74,289,070)	(57,030,318)	(38,631,661)	(28,496,285)
Receipts from sale of investment property	6.18	265,870	-	21,725	-
Payments for investment property		(124,378)	-	-	-
Receipts from loans granted	6.23, 6.26	16,086,323	91,219,887	251,765,872	159,534,710
Payments for loans granted	6.23, 6.26	(905,474)	(39,367)	(251,057,987)	(178,542,919)
Interest received	6.11	5,339,642	17,028,503	4,422,427	2,529,225
Dividends received from subsidiaries	6.10	-	-	723,160	1,823,324
Dividends received from jointly controlled entities	6.10	115,217	135,495	115,217	135,495
Dividends received from associates	6.10	864,261	1,403,355	814,437	1,328,236
Dividends received from others	6.10	258,925	177,148	148,925	67,148
Net cash from (used in) investing activities		**(57,278,495)**	**(131,975,901)**	**(36,908,514)**	**(246,175,912)**
Cash flows from financing activities					
Payments for lease liabilities	6.37	(16,611,194)	(12,056,039)	(3,867,861)	(3,566,349)
Proceeds from borrowings	6.36	1,884,402,641	926,931,269	2,577,234,111	1,327,414,213
Repayment of borrowings	6.36	(1,891,704,933)	(880,837,557)	(2,662,608,090)	(1,085,490,135)
Dividends paid to shareholders	6.32	(61,674,272)	(45,222,901)	(61,674,272)	(45,222,901)
Net cash from (used in) financing activities		**(85,587,758)**	**(11,185,228)**	**(150,916,112)**	**193,134,828**
Increase/(decrease) in cash and cash equivalents		785,386	11,488,970	(6,364,036)	12,896,872
Changes in cash and cash equivalents					
At the beginning of the year		**100,226,890**	**88,674,952**	**57,567,397**	**44,670,525**
Foreign exchange differences		(49,745)	62,968	-	-
Increase/(decrease)		785,386	11,488,970	(6,364,036)	12,896,872
At the end of the period		**100,962,531**	**100,226,890**	**51,203,361**	**57,567,397**

*The Group corrected an error from the previous year in 2022. The changes are explained in Point 2.g.
The accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

NOTES ON 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, 1000 Ljubljana. Below we present the consolidated financial statements of the Group for the year ended 31 December 2022 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 31 December 2022. The consolidated financial statements comprise the Company and its subsidiaries, as well as the Group's interests in associates and jointly controlled entities (together referred to as the "Group"). A more detailed overview of the Group's structure is presented in the chapter Companies in the Petrol Group of the business report.

2. Basis of preparation

a. Statement of compliance

The Company's Management Board approved the Company's financial statements and the Group's consolidated financial statements on 6 April 2023.

The financial statements of Petrol d.d., Ljubljana and the 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.

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 in 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 the 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 are disclosed in the notes on 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 only affects that period. 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 (Policy 3.h)

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 assessment is based on indicators that determine the nature of the duty and the appropriateness of its presentation, such as: the assessment of the basis of calculation, the point when the duty is payable, the possibility of varying the selling price in the event of a change in the duty, and the risks associated with the value of the inventory of goods. Taking into account all the above indicators and after reviewing the presentation of comparable companies, the Group/Company concludes that it is appropriate to present the revenue from the sale of goods and the cost of goods net of excise duties. Among the above indicators, the most important indicator is the possibility of price variation, where we note that due to the importance of the excise duty in the final price, the variation of the excise duty has an impact on the final price, which demonstrates that we are selling in the name and on behalf of third parties.
  In 2022, the Group's excise duties amount to EUR 1,130,616,855 (2021: EUR 1,040,980,981).
- *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 with 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 only purchases equipment upon the 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.

Allocating assets or part of the assets to investment property

When the Group/Company uses property in part for the performance of its 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 control is gained over the acquired assets/liabilities.
  Since the completion of a transaction involving a business combination is subject to the 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 the 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. A description of the methods and assumptions is disclosed in Note 6.1.

Estimating the useful lives of depreciable assets (Notes 6.15 and 6.16, 6.17 and 6.18, Policies 3.e, 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 any 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 that 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),
- loans (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 the 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 the 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.

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 current 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 the unforeseeable future, which is beyond the control of Group companies. The management of a company regularly checks whether 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 the relevant circumstances regarding conformity with the required standards and legal aspects, and represent the management's best estimate of how likely the outflow of economic benefits from the Group/Company is.

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 6.42)

Provisions for onerous contracts include:

- Provisions for long-term transport and storage contracts. Provisions are carried as the difference between the contractual and market value of the contract. They are recognised on the basis of a calculation approved by the management and based on the assumptions and

estimates valid at the time of the calculation, which relate primarily to the determination of the discount rate and

- Provisions for the supply of electricity. They are recognised on the basis of the calculation of the estimated economic benefits and costs of services from contracts for the supply of electricity. The projected market prices of electricity for the following year are used 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 2022.

f. Change of financial statement presentation

In 2022, the Group changed the individual item presentation in the Statement of Financial Position and Statement of Profit or Loss in order to ensure a more relevant presentation. The change also includes a comprehensive adjustment of the items for the 2021 comparative period on an equal basis.

Commodity derivatives and commodity forward contracts

The Group/Company utilises commodity derivatives and commodity forward contracts for the purchase of petroleum products, natural gas and for electricity trading. The Group/Company recognises the effects of these derivatives in other income/expenses in profit or loss. Until 2022, the Group/Company reported the liabilities of commodity derivatives and commodity forward contracts as financial liabilities. In 2022, they were reclassified as a new line item commodity derivatives. The reason for the change in recognition is that those derivatives are an integral part of the operations and should be considered together with the effects of commodity derivatives and commodity forward contracts, as they are one of the Group's/Company's activities.

The Group/Company believes that the change in presentation will improve the presentability of the information and the comparability of the Group/Company's financial statements with other companies in the market.

The effect on the statement of the financial position of the Petrol Group and Petrol, d.d. following a change in the presentation of commodity derivative instruments and definitive allocation of the purchase price

	The Petrol Group				Petrol d.d.		
		Change of presentation				Change of presentation	
(in EUR)	31 December 2021 Published	Definitive allocation of goodwill	Commodity derivative instruments	31 December 2021 Restated	31 December 2021 Published	Commodity derivative instruments	31 December 2021 Adjusted
ASSETS							
Non-current (long-term) assets	**1,312,403,308**	**18,760,974**	**-**	**1,331,164,282**	**1,244,580,320**	**-**	**1,244,580,320**
Intangible assets	345,329,895	(90,418,440)	-	254,911,455	155,524,818	-	155,524,818
Right-of-use assets	102,621,512	19,470,077	-	122,091,589	27,874,823	-	27,874,823
Property, plant and equipment	767,704,711	89,709,337	-	857,414,048	366,262,157	-	366,262,157
Current assets	**1,071,048,123**	**1,608,606**	**-**	**1,072,656,729**	**650,146,999**	**-**	**650,146,999**
Inventories	178,191,288	1,817,904	-	180,009,192	96,573,239	-	96,573,239
Operating receivables	650,343,180	(209,298)	-	650,133,882	385,829,891	-	385,829,891
Total assets	**2,383,451,431**	**20,369,580**	**-**	**2,403,821,011**	**1,894,727,319**	**-**	**1,894,727,319**
EQUITY AND LIABILITIES							
Total equity	**908,698,005**	**-**	**-**	**908,698,005**	**609,914,620**	**-**	**609,914,620**
Non-current liabilities	**612,337,082**	**20,369,580**	**-**	**632,706,662**	**491,988,446**	**-**	**491,988,446**
Deferred tax liabilities	1,583,658	20,369,580	-	21,953,238	-	-	-
Current liabilities	**862,416,344**	**-**	**-**	**862,416,344**	**792,824,253**	**-**	**792,824,253**
Financial liabilities	65,958,447	-	(116,341)	65,842,106	272,485,762	(116,341)	272,369,421
Commodity derivative instruments	-	-	116,341	116,341	-	116,341	116,341
Total liabilities	**1,474,753,426**	**20,369,580**	**-**	**1,495,123,006**	**1,284,812,699**	**-**	**1,284,812,699**
Total equity and liabilities	**2,383,451,431**	**20,369,580**	**-**	**2,403,821,011**	**1,894,727,319**	**-**	**1,894,727,319**

Definitive allocation of the purchase price of Crodux derivati dva d.o.o.

Because the business combination of the company took place at the end of 2021 and the fair value of the assets as at 31 December 2021 could not be determined with certainty, the acquired assets as at 31 December 2021 were recognised at provisional values. In 2022, 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 the purchase price and reflecting it in the 2021 financial statements.

Net allowances for operating receivables

The Group/Company used to carry the reversed and recovered allowances for operating receivables as part of other financial income and the allowance for operating receivables as part of other financial expenses until 2022. On reconsideration of this presentation, the Group/Company considered that it was more appropriate to present net allowances for operating receivables as an operating expense.

Impairment of investments in subsidiaries

Until 2022, the Company carried the impairment of investments in subsidiaries as part of other financial expenses. On reconsideration of this presentation, the Company considered it more appropriate to present the impairment of investments as an operating expense.

Sale in the name and on behalf of third parties

In previous periods, the revenues from the sale of goods and their cost in electricity trading in a subsidiary were carried as part of the subsidiary's financial statements. On reconsideration of such presentation, the Company considered it more appropriate to present the revenue from the sale of goods and the cost of goods sold in the parent company because the subsidiary makes the sales in the name of and on behalf of the parent company. The change in presentation in the financial statements had no impact on the Group's financial statements.

Impact on the statement of profit or loss of the Petrol Group and Petrol d.d

	The Petrol Group			Petrol d.d.		
(in EUR)	2021 Published	Change of presentation	2021 Adjusted	2021 Published	Change of presentation	2021 Adjusted
Sales revenue	4,960,125,965	-	4,960,125,965	3,557,019,790	5,447,749	3,562,467,539
Cost of goods sold	(4,416,701,515)	-	(4,416,701,515)	(3,196,529,739)	(5,447,749)	(3,201,977,488)
Costs of materials	(29,296,024)	-	(29,296,024)	(23,818,764)	-	(23,818,764)
Costs of services	(147,697,919)	-	(147,697,919)	(114,204,989)	-	(114,204,989)
Labour costs	(114,341,509)	-	(114,341,509)	(78,318,991)	-	(78,318,991)
Depreciation and amortisation	(79,091,758)	-	(79,091,758)	(46,696,671)	-	(46,696,671)
Other costs	(54,698,358)	(7,914,095)	(62,612,453)	(35,663,349)	(14,196,370)	(49,859,719)
- of which net allowance for operating receivables	-	(7,914,095)	(7,914,095)	-	(3,003,074)	(3,003,074)
Gain from derivatives	-	269,931,980	269,931,980	-	269,846,734	269,846,734
Loss from derivatives	-	(235,728,482)	(235,728,482)	-	(236,333,237)	(236,333,237)
Other income	277,348,633	(269,931,980)	7,416,653	274,789,421	(269,806,372)	4,983,049
Other expenses	(236,604,627)	235,728,482	(876,145)	(236,292,875)	236,292,875	-
Operating profit or loss	**159,042,888**	**(7,914,095)**	**151,128,793**	**100,283,833**	**(14,196,370)**	**86,087,463**
Share of profit or loss of equity accounted investees	**2,583,771**	**-**	**2,583,771**	**-**	**-**	**-**
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	**-**	**-**	**-**	**3,287,054**	**-**	**3,287,054**
Finance income	32,172,838	(339,375)	31,833,463	23,508,629	(20,430)	23,488,199
Finance expenses	(42,351,470)	8,253,470	(34,098,000)	(43,682,173)	14,216,800	(29,465,373)
Net finance expense	**(10,178,632)**	**7,914,095**	**(2,264,537)**	**(20,173,544)**	**14,196,370**	**(5,977,174)**
Profit before tax	**151,448,027**	**-**	**151,448,027**	**83,397,343**	**-**	**83,397,343**

g. Change of financial statement presentation due to correction of a prior year error in the Statement of Cash Flows

Cash acquired through the acquisition of a company

The Group presented cash acquired from the acquisition of companies separately from cash flows from investing activities and therefore made an adjustment to the Statement of Cash Flows at 31 December 2021 to present cash acquired from the acquisition of a company as part of cash flows from investing activities in the line item Expenditure on investments in subsidiaries.

Effect on the Statement of Cash Flows of the Petrol Group

	The Petrol Group		
(in EUR)	2021 Published	Change of presentation	2021 Adjusted
Payments for investments in subsidiaries	(196,650,000)	10,683,271	(185,966,729)
Net cash from (used in) investing activities	**(142,659,172)**	**10,683,271**	**(131,975,901)**
Increase/(decrease) in cash and cash equivalents	805,699	10,683,271	11,488,970
Cash acquired through acquisition of companies	10,683,271	(10,683,271)	-

3. Significant accounting policies of the Group

The Group and Group companies applied the accounting policies set out below consistently to all the 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 2022

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to the IAS 16, IAS 37 and IFRS 3, and Annual Improvements to the IFRSs 2018-2020 – amendments to the IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

The amendment to the IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity has to use the IAS 2 to measure the cost of those items. The cost does not include the depreciation of the asset being tested because it is not yet ready for its intended use. The amendment to the IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to the IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilment. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

The IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination Prior to the amendment, the IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in the IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying the IFRS 3 should instead refer to the IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under the IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in the IAS 37, at the acquisition date.

The amendment to the IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, the costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies the IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts the IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to the IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. The IFRS 1 was amended

to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to the IFRS. The amendment to the IFRS 1 extends the above exemption to cover cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under the IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The amendments did not have a material impact on the financial statements of the Group/Company.

Covid-19-Related Rent Concessions – Amendments to the IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

In May 2020 an amendment to the IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

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 the 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 a bargain purchase.

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 by the Group. A contingent liability that 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 the acquisitions of non-controlling interests

The Group accounts for acquisitions of non-controlling interests that do not involve a 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 profit reserves.

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 using 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 as 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 as profit or loss.

c. Financial assets

The Group's financial assets include cash and cash equivalents, receivables and loans, and investments.

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 of 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 the transaction price determined according to the provisions of the IFRS 15 less expected credit losses in accordance with the provisions of the IFRS 9. 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 that 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 the 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 the 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 that 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 irrevocably classify its non-listed equity investments under this category.

c5. Financial assets at the 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 and receivables. 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 the amortised cost are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at the 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 the 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 depreciation 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, cancelled or expired.

c7. Operating liabilities

Trade liabilities and other operating liabilities are stated at fair value upon initial recognition and at amortised cost after initial recognition.

c8. 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 the changes in the fair value of the derivative is recognised in the 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 by the Group.

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.

When a forward financial instrument 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 the comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as a finance income or expense.

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 by the Group. 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 a gain or loss on the derivative financial instruments.

When a commodity derivative financial instrument 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 the comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as a gain or loss on the derivative financial instruments.

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 by the Group. 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 another finance income or expense.

Commodity forward contracts

Under the IFRS 9, commodity forward contracts the purpose of which is not the 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 the IFRS 9.

Forward purchase and sale transactions concluded to ensure the physical settlement of goods are treated outside the scope of the IFRS 9 when the contract comprising those transactions is treated as being part of the ordinary course of business to ensure the physical delivery of goods, provided that the following conditions are met:

- the 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 optional.

As commodity forward contracts in electricity trading 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 a gain or loss on the derivative financial instruments. However, forward contracts for the supply of electricity meet the above conditions and are therefore treated outside the provisions of the IFRS 9.

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 the 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.

In accordance with the Companies Act, legal reserves may be used in excess to increase share capital from the assets of the company and to cover net and carried-forward losses, provided that profit reserves are not used at the same time to pay out profits to shareholders.

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 the 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 capital surplus net of transaction costs and related tax effects.

Other profit reserves

At the time of preparing the annual report, the Group may form other profit reserves up to 50% of the net profit or loss for the year. Other profit reserves may be used for any purpose in accordance with the Act, the Articles of Association, the operating policy and the resolutions of the General Meeting.

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.

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.

Upon initial recognition, the Group performs an annual review of the appropriateness of goodwill. 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 the 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 the usage of the concession infrastructure. An intangible non-current asset received as a 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 depreciation and any accumulated impairment losses. The duration of the right is linked to the duration of the concession agreement.

District heating

At the end of 2022, 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 are proprietary and three are market distribution systems.

Distribution of natural gas

At the end of December 2022, the Petrol Group operated 31 natural gas supply concessions in Slovenia, and in Serbia we supply natural gas to the municipalities of Bačka Topola and Pećinci, as well as three municipalities in Belgrade. Since the end of 2018, the Petrol Group has also been present on the Croatian market, where Zagorski metalac d.o.o. distributes natural gas in certain municipalities in the areas of Zagorje-Krapinje and Zagreb County.

Wastewater treatment

In 2022 the Petrol Group operated four concessions for the public utility service of municipal wastewater treatment.

For more details, see Business report 14. Operations by product groups.

Development of software solutions

The 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 depreciation 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 the 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 mostly comprise 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. Depreciation begins when the asset is available for use.

Amortisation rates for the current and comparative years are as follows:

(in %)	2022	2021
Right to use concession infrastructure	2.00-20.00	2.00-20.00
Material and other rights	3.33-33.33	3.33-33.33

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 with 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.

Depreciation rates for the current and comparative periods are as follows:

(in %)	2022	2021
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
Machinery:		
Pumping equipment at service stations	5.00-25.00	5.00-25.00
Freight cars, rail tankers	25.00	25.00
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
Motor vehicles	10.00-25.00	10.00-25.00
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

The 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.

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. Environmental fixed assets are part of buildings and equipment.

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 plant, property and equipment. The impairment of assets is detailed in Point j2.

The Group considers as investment property all properties held by the Group that are 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 the 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 a 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 the 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 whose lease term expires earlier than 12 months from initial use and leases of low-value assets. Low-value leases are leases of assets with an individual value of less than EUR 4,300 (the value of the new asset being leased is taken into account). With regard to 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 %)	2022	2021
Lands	**3.33-20.00**	**3.33-20.00**
Buildings	**5.00-20.00**	**5.00-20.00**
Equipment:		
Equipment	10.00-100.00	10.00-100.00
Motor vehicles	16.67-33.33	16.67-33.33

If the 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 that is reasonably certain to be exercised by the Group and the 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 the 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 the lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of the 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 expenses are 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 asset 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 expenses on a straight-line basis over the lease term.

i. Inventories

Inventories of merchandise and materials are measured at the lower of the cost and net realisable values.

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.

The 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 weighted average price method for fuel stocks is used for the use of stocks in the cost of goods sold and the FIFO method for merchandise stocks.

j. Impairment

j1. Financial assets

In accordance with the IFRS 9, the Group uses the expected loss model based on which the Group not only recognises 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 has 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 impairments. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectable 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 a 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, and the expected credit loss is also reduced by expected offsets of trade receivables against trade payables.

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, the timing of recoveries and the amount of loss incurred, adjusted for the management board'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.

The Group recognises the creation, reversal of allowances and recoveries of written-off receivables as net allowances for operating receivables within operating expenses.

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
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

On each reporting date, the Group reviews the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, 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 defined that it 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 the interdependence of individual points of sale, the Group determined that identifying the point-of-sale network in an individual country as a level at which to check for signs of impairment was the most appropriate approach. In case of indicators of impairment on the network, impairment is done on the level of individual point of sale.

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 after the deduction of depreciation write-off 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 the 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 the 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 the 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 income

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 income over the periods in which the costs that they are intended to compensate are incurred. The income, 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 income

Long-term deferred income comprises deferred income 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 income is restated under other income in proportion to the depreciation of environmental fixed assets. The portion of the deferred income attributable to the period under 12 months is moved to the current deferred income.

m. Revenue from contracts with customers

Revenue from contracts with customers is recognised once the control of goods or services is transferred to a customer in 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.

Fuels and petroleum products segment revenue includes sales of petroleum products, sales of LPG and other alternative energy (compressed natural gas), the transport, storage and handling of fuels, payment card revenues, and sales of biomass, tyres and tubes, and batteries.

Merchandise and services segment revenue includes the sale of foodstuffs, haberdashery, tobacco products, lotteries, coupons and cards, coffee on the go, Fresh products, car cosmetics and spare parts, as well as car wash services, sales promotion services and other services.

Energy and solutions segment revenue includes the sale and trading of electricity and natural gas, the sale of energy solutions (energy and environmental management systems for buildings, water systems, efficient lighting systems, district energy, water treatment, industrial solutions), the sale of heating systems, natural gas distribution systems, mobility and energy product production.

Other segment revenue includes mining services, maintenance services, rent from holiday accommodation.

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, where there is an actual physical delivery of electricity.

Transportation is not recognised in the revenue from the sale of goods as it is charged separately and recognised in the revenue from services.

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 the 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 separately recognises revenue from the sale of goods and finance income deferred over the entire contract term. The finance income to total purchase price ratio is assessed based on discounted future cash flows flowing to the Group based on the sale. The Group mainly sells solar power plants on an instalment basis.

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, segment merchandise and services.

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 the payment of the consideration is due). See the 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 received prepayments, 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, 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 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 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 Group determines the fair value of assets 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 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.

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 assets. See Note 7.7.

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 on 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 on 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. The basic earnings per share are calculated by dividing the profit or loss attributable to the owners of the controlling company 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 the owners of the controlling company 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 Board (Chief Operating Decision Maker) 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:
- fuels and petroleum products,
- merchandise and services,
- energy and solutions,
- other.

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 2021 and 31 December 2022 and data derived from the statement of profit or loss for the period January to December 2022. The default interest paid and received in connection with operating receivables and Interest on loans are allocated to cash flows from operating activities. The dividends paid are allocated to cash flows from financing activities, while dividends received are allocated to cash flows from investment 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 converted to the functional currency using the exchange rate on 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 using 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

Subsidiaries are entities controlled by the Company. 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.

In the Company's financial statements, investments in subsidiaries are accounted for at cost less impairment. The Company only recognises income from an investment to the extent that it originates from a distribution of accumulated profits of the investee arising after the date of acquisition. If a Group controlled company is merged, the difference between the investments and the net value of acquired assets is recognised in other profit reserves, taking into account goodwill, if any.

The impairment of assets is detailed in Point k2.

c. Investments in associates and jointly controlled entities

The Company measures investments in associates and jointly controlled entities at cost less impairment.

d. Financial assets

The Company's financial assets include cash and cash equivalents, receivables and loans, and investments.

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 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 of 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 the IFRS 15 less expected credit losses in accordance with the provisions of the IFRS 9. 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 that 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 the 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 financial assets that meet the definition of equity under the 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 that 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 irrevocably classify its non-listed equity investments under this category.

d5. Financial assets at the 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 and receivables. 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 the amortised cost are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at the 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 the 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 depreciation 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, cancelled or expire.

d7. Operating liabilities

Trade liabilities and other operating liabilities are stated at fair value upon initial recognition and at amortised cost after initial recognition.

d8. 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 the 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 by the Company.

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 financial income or expenses.

When a forward financial instrument 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 the comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as a finance income or expense.

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 a gain or loss on the derivative financial instruments.

When a commodity derivative financial instrument 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 the comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as a gain or loss on the derivative financial instruments.

Interest rate swaps and collars
Interest rates on loans received are exposed to a risk of interest rate fluctuations that 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 another finance income or expense.

Commodity forward contracts
Under the IFRS 9, commodity forward contracts the purpose of which is not the 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 the IFRS 9.

Forward purchase and sale transactions concluded to ensure the physical settlement of goods are treated outside the scope of the IFRS 9 when the contract comprising those transactions is treated as being part of the ordinary course of business to ensure the physical delivery of goods, provided that the following conditions are met:
- the 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 optional.

As commodity forward contracts in electricity trade 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 a gain/loss from derivatives. However, forward contracts for the supply of electricity meet the above conditions and are therefore treated outside the provisions of the IFRS 9.

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 the 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.

In accordance with the Companies Act, legal reserves may be used in excess to increase share capital from the assets of the company and to cover net and carried-forward losses, provided that profit reserves are not used at the same time to pay out profits to shareholders.

Reserves for own shares

If the Company acquires an ownership interest, the amount paid, including transaction costs less tax, is deducted from the 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 capital surplus net of transaction costs and related tax effects.

Other profit reserves

At the time of preparing the annual report, the Company may form other profit reserves up to 50% of the net profit or loss for the year. Other profit reserves may be used for any purpose in accordance with the Act, the Articles of Association, the operating policy and the resolutions of the General Meeting.

Fair value reserve

The fair value reserve comprises the effect of the upstream merger 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.

f. Intangible assets

Goodwill

Goodwill arises on the upstream merger of a subsidiary. An upstream merger of a subsidiary to the controlling company is accounted for at the carrying amount from highest level of consolidation, in the case of any goodwill arising from a business combination, goodwill is recognised at the Group's cost. Any difference between the net assets of the merged company plus goodwill and the investment in the merged company is recognised in other profit reserves. After the initial recognition, the Company performs a goodwill adequacy check once a year. 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 the 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 a 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 depreciation and any accumulated impairment losses. The duration of the right is linked to the duration of the concession agreement.

For more details, see Business report 14. Operations by product groups.

Development of software solutions

The 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 the 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 depreciation 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 the distribution of natural gas, which are described below, intangible fixed assets mostly comprise 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. Depreciation 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 %)	2022	2021
Right to use concession infrastructure	2.00-20.00	2.00-20.00
Material and other rights	3.33-33.33	3.33-33.33

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 with 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 %)	2022	2021
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
Machinery:		
Pumping equipment at service stations	5.00-25.00	5.00-25.00
Freight cars, rail tankers	25.00	25.00
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
Motor vehicles	10.00-25.00	10.00-25.00
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

The 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.

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. Environmental fixed assets are part of buildings and equipment.

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 plant, property and equipment. 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 Company'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 it exceeds 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 the 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 a 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 the 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 whose lease term expires earlier than 12 months from initial use 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 the lease relates. Low-value leases are leases of assets with an individual value of less than EUR 4,300 (the value of the new asset being leased is taken into account).

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 %)	2022	2021
Lands	**3.33-20.00**	**3.33-20.00**
Buildings	**5.00-20.00**	**5.00-20.00**
Equipment:		
Equipment	10.00-100.00	10.00-100.00
Motor vehicles	16.67-33.33	16.67-33.33

If the 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 Company'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 Company 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 the lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of the 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 expenses are 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 expenses on a straight-line basis over the lease term.

j. Inventories

Inventories of merchandise and materials are measured at the lower of the cost and net realisable values.

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.

The 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 weighted average price method for fuel stocks is used for the use of stocks in the cost of goods sold and the FIFO method for merchandise stocks.

k. Impairment

k1. Financial assets

In accordance with the IFRS 9, the Company use 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 impairments. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectable 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 a 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 and the expected credit loss is also reduced by expected offsets of trade receivables against trade payables.

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, the timing of recoveries and the amount of loss incurred, adjusted for the management board'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.

The Company recognises the creation, reversal of allowances and recoveries of written-off receivables as net allowances for operating receivables within operating expenses.

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

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.

k2. Non-financial assets

On each reporting date, the Company reviews the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, 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 after the deduction of depreciation write-off if no impairment loss had been recognised in previous years.

In the case of points of sale, the Company defined that it 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 the interdependence of individual points of sale, the Company determined that identifying the point-of-sale network as a level at which to check for signs of impairment was the most appropriate approach. In case of indicators of impairment on the network, impairment is done on the level of individual point of sale.

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 the most recent available financial results, the management's expectations for the future and market assumptions.

l. 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 the 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. 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 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 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 the 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 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 the 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 the 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 income

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 income over the periods in which the costs that they are intended to compensate are incurred. The income, 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 income

Long-term deferred income comprises deferred income 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 income is restated under other income in proportion to the depreciation of environmental fixed assets. The portion of the deferred income attributable to the period under 12 months is moved to the current deferred income.

n. Revenue from contracts with customers

Revenue from contracts with customers is recognised once the control of goods or services is transferred to a customer in 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.

Fuels and petroleum products segment revenue includes sales of petroleum products, sales of LPG and other alternative energy (compressed natural gas), the transport, storage and handling of fuels, payment card revenues, and sales of biomass, tyres and tubes, and batteries.

Merchandise and services segment revenue includes the sale of foodstuffs, haberdashery, tobacco products, lotteries, coupons and cards, coffee on the go, Fresh products, car cosmetics and spare parts, as well as car wash services, sales promotion services and other services.

Energy and solutions segment revenue includes the sale and trading of electricity and natural gas, the sale of energy solutions (energy and environmental management systems for buildings, water systems, efficient lighting systems, district energy, water treatment, industrial solutions), the sale of heating systems, natural gas distribution systems, mobility and energy product production.

Other segment revenue includes mining services, maintenance services, rent from holiday accommodation.

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 the goods.

Gains on commodity forward contracts are also recognised as revenue from the sale of goods, where there is an actual physical delivery of electricity.

Transportation is not recognised in the revenue from the sale of goods as it is charged separately and recognised in the revenue from services.

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 the 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 separately recognises revenue from the sale of goods and finance income deferred over the entire contract term. The finance income to total purchase price ratio is assessed based on discounted future cash flows flowing to the Company based on the sale. The Company mainly sells solar power plants on an instalment basis.

Sale in the name and for the account of third parties
The Company 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, segment merchandise and services.

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 the payment of the consideration is due). See the accounting policies on the recognition of financial assets in the section Financial assets.

Contract liabilities
A contract liability is an 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 received prepayments, 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, 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.

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 and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Company's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the Company's separate financial statements. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 assets 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.

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 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 on 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 on 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 the owners of the controlling company 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 the owners of the controlling company 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 2021 and 31 December 2022 and data derived from the statement of profit or loss for the period January to December 2022. The default interest paid and received in connection with operating receivables and interest on loans are allocated to cash flows from operating activities. The dividends paid are allocated to cash flows from financing activities and dividends received are allocated to the cash flows from investment 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 as of 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 to 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.

Amendments to the IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

The IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to the IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, the IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).

IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts

that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

The amendments are not expected to have impact on the Group's consolidated financial statements or the Company's separate financial statements.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- Effective date: The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- Expected recovery of insurance acquisition cash flows: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- Contractual service margin attributable to investment services: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
- Reinsurance contracts held – recovery of losses: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- Other amendments: Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

The amendments are not expected to have impact on the Group's consolidated financial statements or the Company's separate financial statements.

Amendments to the IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
The amendment to the IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to the IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
The amendments to the IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Group/Company is currently assessing the impact of the amendments and plans to adopt them on the required effective date.

Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and will result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and fan entity chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS 9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information. The transition option would be available, on an instrument-by-instrument basis; allow an entity to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of IFRS 9; and require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying IFRS 9.

The amendments are not expected to have impact on the Group's consolidated financial statements or the Company's separate financial statements.

Amendments to the IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
The amendments relate to sale and leaseback transactions that satisfy the requirements in the IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in such a way that it does not recognise any gain or loss related to the right of use that it retained. This means the deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. 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.

Classification of liabilities as current or non-current – Amendments to the IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The Management's expectations of whether they will subsequently exercise the right to defer settlement do not affect the classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt that a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. 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 Board (Chief Operating Decision Maker) to make decisions about resources to be allocated to a segment and assess the Group's performance.

In June 2021, the Petrol Group adopted a new corporate structure for the Company and the Petrol Group. The reorganisation was carried out 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 reorganisation is reflected in stronger market integration, a regional approach and the standardisation of business processes. It brings more efficient processes, the unification and optimisation of the operation of support functions, customer focus and a unified presence on the markets in subsidiaries. For segment reporting, the product group is used as a benchmark.

Segment reporting is presented in more detail in the business section of the report in chapter Analysis of the business performance of the Petrol Group's operations in 2022 and in the chapter Business by product group.

As of 1 January 2022, the Management Board monitors data at four segments.

The Group uses the following segments both in the preparation and presentation of its financial statements:
- fuels and petroleum products,
- merchandise and services,
- energy and solutions,
- other.

Fuels and petroleum products include:
- sales of petroleum products,
- sales of liquefied petroleum gas and other alternative energy products,
- transport, storage and handling of fuels,
- revenue from payment cards,
- biomass sales,
- sale of tyres, inner tubes and batteries.

Merchandise and services include:
- sales of foodstuffs, haberdashery, tobacco products, lotteries, coupons and cards,
- selling Coffee-to-go and Fresh products,
- sales of car cosmetics, spare parts and car wash services,
- sales promotion and other services, and
- rental of catering facilities.

Energy and solutions include:
- electricity and natural gas sales and trading,
- sales of energy solutions,
- sales of heating systems,
- distribution of natural gas,
- mobility, and
- production of energy products.

Other includes:
- mining services,
- maintenance services,
- rent from holiday accommodation.

The data for the comparative period has also been adjusted to the new method of reporting on segments.

The Group's operating segments in 2021:

(in EUR)	Fuels and petroleum products	Merchandise and services	Energy and solutions	Other	Total	Statement of profit or loss
Sales revenue	2,676,612,412	470,372,591	2,453,988,995	9,693,281	5,610,667,279	
Revenue from subsidiaries	(507,079,552)	(858,794)	(139,173,375)	(3,429,593)	(650,541,314)	
Sales revenue	2,169,532,860	469,513,797	2,314,815,620	6,263,688	4,960,125,965	4,960,125,965
Cost of goods sold	(1,858,167,801)	(352,318,850)	(2,206,051,719)	(163,145)	(4,416,701,515)	(4,416,701,515)
Adjusted gross profit	311,365,060	117,194,947	108,763,901	6,100,543	543,424,450	543,424,450
Operating profit or loss	78,412,083	49,999,343	20,891,531	1,825,837	151,128,793	151,128,793
Depreciation of property, plant and equipment, depreciation of right-of-use assets, depreciation of investment property and amortisation of intangible assets	(64,326,701)	8,464,079	(23,161,381)	(67,755)	(79,091,758)	(79,091,758)
EBITDA	127,069,934	60,753,573	48,024,779	2,286,360	238,134,646	238,134,646
Depreciation and amortisation						(79,091,758)
Net allowance for trade receivables						(7,914,095)
Share of profit or loss of equity accounted investees						2,583,771
Net finance expense						(2,264,537)
Profit/(loss) before tax						151,448,027

EBITDA and adjusted gross profit are an alternative performance measures.
EBITDA = Operating profit + Net Allowances for operating receivables + Depreciation and amortisation charge.
Adjusted gross profit = Sale revenue – Cost of goods sold

The Group's operating segments in 2022:

(in EUR)	Fuels and petroleum products	Merchandise and services	Energy and solutions	Other	Total	Statement of profit or loss
Sales revenue	5,937,520,958	520,514,114	4,865,131,891	12,177,973	11,335,344,937	
Revenue from subsidiaries	(1,562,312,529)	(405,121)	(310,896,174)	(4,997,616)	(1,878,611,439)	
Sales revenue	4,375,208,430	520,108,993	4,554,235,718	7,180,357	9,456,733,497	9,456,733,497
Cost of goods sold	(4,160,047,021)	(374,422,267)	(4,528,784,668)	(30,992)	(9,063,284,948)	(9,063,284,948)
Adjusted gross profit	215,161,408	145,686,726	25,451,050	7,149,365	393,448,549	393,448,549
Operating profit or loss	(59,732,637)	59,836,856	(13,837,601)	5,820,510	(7,912,872)	(7,912,872)
Depreciation of property, plant and equipment, depreciation of right-of-use assets, depreciation of investment property and amortisation of intangible assets	(58,516,999)	(8,544,958)	(28,214,192)	(1,023,922)	(96,300,070)	(96,300,070)
EBITDA	2,456,353	68,818,327	18,198,835	6,844,432	96,317,947	96,317,947
Depreciation and amortisation						(96,300,070)
Net allowance for trade receivables						(7,930,749)
Share of profit or loss of equity accounted investees						3,328,395
Net finance expense						(5,228,875)
Profit/(loss) before tax						(9,813,352)

EBITDA and adjusted gross profit are an alternative performance measures.
EBITDA = Operating profit + Net Allowances for operating receivables + Depreciation and amortisation charge.
Adjusted gross profit = Sale revenue – Cost of goods sold

Assets and net investments are not disclosed by segment. They are reported by geographical area, as reviewed by the Management Board.

Additional information about the geographic areas in which the Group operates:

(in EUR)	Sales revenue		Total assets		Net investments	
	2022	2021	31 December 2022	31 December 2021	2022	2021
Slovenia	4,017,985,870	2,318,794,060	1,674,869,418	1,385,093,355	35,563,085	37,883,262
Croatia	1,622,605,372	892,630,457	735,407,533	729,205,431	19,592,304	188,763,187
Austria	468,110,434	189,705,906	5,070,379	2,521,013	-	-
Bosnia and Herzegovina	355,988,228	157,179,446	93,997,700	84,410,027	357,945	158,544
Serbia	233,284,499	126,953,533	116,865,024	97,542,278	4,046,258	6,256,121
Montenegro	83,258,002	42,138,531	35,279,180	34,663,240	227,712	142,741
Macedonia	6,457,655	7,185,333	228,555	737,181	-	-
Romania	4,279,766	26,828,155	508,318	474,400	-	-
Other countries	2,664,763,671	1,198,710,544	1,941,861	1,920,285	7,710	-
	9,456,733,497	**4,960,125,965**	**2,664,167,968**	**2,336,567,210**	**59,795,014**	**233,203,855**

Jointly controlled entities	1,277,748	704,501
Associates	56,968,277	55,169,626
Unallocated assets	18,190,424	11,379,674
Total assets	**2,740,604,417**	**2,403,821,011**

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.

Net investments are acquisitions and disposals of property, plant and equipment, intangible assets and long-term investments of the Group.

6. Notes on individual items in the financial statements

6.1 Business combinations

a. Acquisitions

The Group did not acquire a new company in 2022.

b. Definitive allocation of the purchase price in 2022 in the subsidiaries acquired in 2021

Crodux derivati dva d.o.o.

Under a contract for the sale and purchase of interests, which was concluded in 2021, 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 control 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.

Because the business combination took place at the end of 2021 and the fair value of the assets as at 31 December 2021 could not be determined with certainty, the acquired assets as at 31 December 2021 were recognised at provisional values.

In 2022, 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 the purchase price. The fair value of property, plant and equipment and rights to use leased assets was estimated using the present value method of expected cash flows, which are based on the future financial plans of the Company.

The valuation applied the company's five-year financial plans, a required after-tax rate of return of 9.63% and an annual growth rate of residual free cash flow of 1.5%.

Goodwill was assessed at the aggregate level of the acquired company as Crodux derivati dva d.o.o. is one cash-generating unit from the Group's perspective.

The company's statement of financial position as at the day the Company gained control is as follows:

(in EUR)	Restated fair value	Provisional fair value
Cash and cash equivalents	9,891,052	9,891,052
Intangible assets	7,713,630	5,328,030
Right-of-use assets	67,053,363	47,507,231
Property, plant and equipment	157,966,847	67,907,084
Investment property	120,243	120,243
Deferred tax assets	571,383	571,383
Inventories	23,406,527	21,581,519
Contract assets	128,366	128,366
Loans	80,520,260	80,520,260
Operating receivables	51,379,005	51,589,121
Prepayments and other assets	822,789	822,789
Assets	**399,573,465**	**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
Deferred tax liabilities	20,449,150	-
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	**263,610,587**	**243,161,437**
Net assets upon acquisition	**135,962,878**	**42,805,641**
Purchase price	191,700,000	191,700,000
Deferred payment	10,000,000	10,000,000
Goodwill	55,737,122	148,894,359
Amount paid	181,700,000	181,700,000
Cash and cash equivalents	9,891,052	9,891,052
Net payment	171,808,948	171,808,948

In 2022, 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 the purchase price and reflecting it in the 2021 financial statements. For more details, see Note 2.f.

c. Business combinations in 2021

In 2021, the Group acquired Crodux derivati dva d.o.o. and E 3, d.o.o. The disclosures related to Crodux derivati dva d.o.o. are presented in paragraph 6.1 b and for E 3 d.o.o. below.

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 control 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 the day of gaining control 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 gained control 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**
Purchase price	14,950,000	-
Bargain purchase	1,179,726	-
Amount paid	14,950,000	-
Cash and cash equivalents	792,219	-
Net payment	14,157,781	-

The Group recognised the bargain purchase in other finance income in the 2021 income statement.

6.2 Changes within the Group

In 2022, Petrol d.d.:

- Acquired an additional 0.06 percent interest in Geoplin d.o.o., becoming a 74.34 percent owner of the company.
- Acquire a 50 percent interest in a jointly controlled company Vjetroelektrana Dazlin d.o.o. in April 2022.

Crodux derivati dva d.o.o. was merged into Petrol d.o.o., Zagreb in November 2022. The upstream merger had no impact on the Group's financial statements as Petrol d.d. was the sole owner of Crodux derivati dva d.o.o.

In December 2022, Ekoen GG d.o.o. was merged into Ekoen d.o.o. with an effective date of 30 September 2022. The upstream merger had no impact on the Group's financial statements as Ekoen d.o.o., a subsidiary of Petrol d.d., was its sole owner.

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, which operate in the segment of energy and environmental solutions. Petrol d.o.o. Beograd is the sole owner of the three companies.

6.3 Revenue

Sales revenue by type of good

	The Petrol Group		Petrol d.d.	
(in EUR)	2022	2021	2022	2021
Revenue from the sale of merchandise	9,309,295,575	4,839,400,223	7,207,075,854	3,460,089,296
Revenue from the sale of services	123,382,883	100,885,679	100,767,046	89,574,535
Revenue from the sale of products	24,055,039	19,840,063	17,482,620	12,803,708
Total revenue	**9,456,733,497**	**4,960,125,965**	**7,325,325,520**	**3,562,467,539**

Sales revenue by sales market

	The Petrol Group		Petrol d.d.	
(in EUR)	2022	2021	2022	2021
EU market sales revenue	4,168,513,223	2,318,794,060	3,093,819,919	2,307,448,117
Domestic sales revenue	4,017,985,870	2,040,354,381	3,595,285,373	1,079,437,479
Non-EU market sales revenue	1,270,234,404	600,977,524	636,220,228	175,581,943
Total revenue	**9,456,733,497**	**4,960,125,965**	**7,325,325,520**	**3,562,467,539**

Sales revenue by operating segment

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Fuels and petroleum products	4,375,208,430	2,169,532,860	3,817,278,960	1,697,126,445
Merchandise and services	520,108,993	469,513,797	368,774,771	390,798,929
Energy and solutions	4,554,235,718	2,314,815,620	3,132,243,066	1,468,935,919
Other	7,180,357	6,263,688	7,028,723	5,606,246
Total revenue	**9,456,733,497**	**4,960,125,965**	**7,325,325,520**	**3,562,467,539**

The Group's/Company's sales revenue includes rental income. In 2022, the Group generated EUR 4,593,925 in rental income (2021: EUR 4,083,960) and the Company EUR 3,369,870 (2021: EUR 3,068,650).

Other revenue

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Gain on disposal of plan, property and equipment	2,826,755	694,563	820,584	367,422
Compensation received from insurance companies	269,380	244,184	28,442	103,091
Compensation, lawsuits, contractual penalties received	129,603	997,066	54,275	807,961
Payment of court fees	123,884	131,183	100,978	79,213
Other income	99,071,440	5,349,657	5,439,646	3,625,362
Total other income	**102,421,062**	**7,416,653**	**6,443,925**	**4,983,049**

Geoplin d.o.o.'s business with the supplier Gazprom
In 2022, the subsidiary Geoplin d.o.o. recorded a negative operating result due to the non-delivery of natural gas under a long-term contract with Russia's Gazprom.

We have analysed the damages arising from our business with Gazprom and have identified the following realised damages up to the end of 2022, totalling EUR 140.3 million:

- EUR 43.2 million from realised losses due to the non-delivery of the current year's supplies and the cost of replacement purchases of natural gas, and
- EUR 97.1 million losses on undelivered leased volumes of natural gas at fixed prices from previous years.

On 27 December 2022, we notified Gazprom of the realised damages and that our outstanding liability to Gazprom for natural gas delivered for the months of October and November 2022, totalling EUR 92.1 million, would be set off against a pro rata share of our claims for damages.

On 27 December 2022, we notified Gazprom of the termination of the contract due to the non-delivery of natural gas and to prevent further damage.

As a result of the above, we have derecognised the liabilities to Gazprom for natural gas delivered in the months of October and November 2022, totalling EUR 92,142 thousand, and have re-recognised and re-measured them at fair value as at 31 December 2022 in the amount of EUR 3,550 thousand.

Among other income, EUR 88,592 thousand relates to the revaluation of the liability to Gazprom to fair value based on an independent valuer's valuation.

The valuation is based on a scenario method of different present values of the expected cash flows from the liability. The valuation of the liabilities takes into account the offsetting of our claims for damages arising from our business with Gazprom against Gazprom's liabilities. The claims for damages exceed our liabilities to Gazprom. The valuation used required rates of return ranging between 15 and 25 percent.

The fair value of the liability to Gazprom represents 4 percent of the historical cost. If the range of discount rates were increased or decreased, the fair value would decrease by EUR 90 thousand and increase by EUR 130 thousand, respectively. We estimate that a change in the remaining assumptions would not have a material effect on the fair value of these liabilities.

6.4 Costs of materials

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Costs of energy	30,102,486	21,471,005	23,082,756	18,411,758
Costs of consumables	8,132,585	6,867,875	4,954,424	4,908,925
Write-off of small tools	95,790	137,680	27,675	82,889
Other costs of materials	1,092,983	819,464	525,526	415,192
Total costs of materials	**39,423,844**	**29,296,024**	**28,590,381**	**23,818,764**

6.5 Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Costs of transport services	45,471,308	33,146,816	34,779,327	25,813,408
Costs of service station managers	32,639,895	30,812,368	32,639,895	30,812,368
Costs of fixed-asset maintenance services	28,743,771	24,904,966	19,723,393	18,793,301
Costs of payment transactions and bank services	15,959,548	12,872,038	10,044,627	7,960,337
Costs of professional services	11,889,278	9,428,504	8,008,946	6,952,438
Lease payments	9,577,561	8,441,011	8,898,635	5,965,952
Costs of fairs, advertising and entertainment	7,710,875	6,705,784	4,844,865	4,274,674
Costs of insurance premiums	6,922,009	4,880,292	4,208,387	2,891,553
Outsourcing costs	5,304,401	4,034,087	4,962,756	3,734,872
Costs of environmental protection services	2,496,177	2,094,424	1,507,812	1,343,340
Costs of fire protection and physical and technical security	2,316,803	2,289,964	1,555,505	1,763,982
Membership fees	1,633,669	865,602	245,944	208,848
Property management	1,601,807	1,206,789	1,200,794	906,228
Reimbursement of work-related costs to employees	1,463,794	969,200	864,523	508,490
Other costs of services	6,406,429	5,046,074	2,585,819	2,275,198
Total costs of services	**180,137,325**	**147,697,919**	**136,071,228**	**114,204,989**

The Petrol Group

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 308,150 (2021: EUR 231,465). Auditing services comprise the fee for the auditing of the annual report of EUR 300,150 (2021: EUR 193,565). Other, non-auditing services stood at EUR 8,000 in 2022 (2021: EUR 37,900).

Petrol d.d., Ljubljana

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 93,000 (2021: EUR 73,000). Auditing services comprise the fee for the auditing of the annual report of EUR 88,000 (2021: EUR 72,600). Other, non-auditing services stood at EUR 5,000 in 2022 (2021: EUR 400).

Lease expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Depreciation of right-of-use assets	21,260,001	12,802,769	4,347,502	3,983,028
Finance expenses	4,557,812	2,425,310	1,315,973	1,291,951
Lease expenses	9,577,561	8,441,011	8,898,635	5,965,952
Total recognised costs/expenses	**35,395,374**	**23,669,090**	**14,562,110**	**11,240,931**

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.	
	2022	2021	2022	2021
Salaries	100,503,917	85,401,258	60,753,400	58,731,102
Costs of other social insurance	9,309,380	7,576,461	4,623,943	4,234,369
Expense for define contribution plan	6,842,468	6,691,637	5,393,248	5,604,526
Transport allowance	4,328,999	3,340,708	2,064,078	1,916,044
Annual leave allowance	4,038,516	2,816,497	3,398,196	2,343,077
Meal allowance	3,813,618	3,479,550	2,642,735	2,669,093
Supplementary pension insurance	1,928,255	1,648,409	1,800,820	1,520,449
Other allowances and reimbursements	4,797,156	3,386,989	1,452,877	1,300,331
Total labour costs	**135,562,309**	**114,341,509**	**82,129,297**	**78,318,991**

In line with the measures taken by countries to contain the COVID-19 epidemic, in 2022, the Group made use of measures relating to the unconditional reimbursement of labour costs of EUR 28,428 (2021: EUR 613,261) recording their effects as a decrease in labour costs.

In line with the measures taken by the state to contain the COVID-19 epidemic, in 2022, the Company made use of measures relating to the unconditional reimbursement of labour costs of EUR 28,428 (2021: EUR 357,311) recording this as a decrease in labour costs.

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**

Number of employees by formal education level as at 31 December 2022

	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	38	5	43	14	5	19
Level II	63	21	84	28	21	49
Level III	100	7	107	10	7	17
Level IV	1,777	264	2,041	353	264	617
Level V	1,836	589	2,425	858	589	1,447
Level VI	323	48	371	164	48	212
Level VII	662	60	722	378	60	438
Level VII/2	399	16	415	343	16	359
Level VIII	16	-	16	7	-	7
Total	**5,214**	**1,010**	**6,224**	**2,155**	**1,010**	**3,165**

On average, the Group and the Company had 6,224 and 2,128 employees in 2022, respectively (2021: 5,387 and 2,122).

6.7 Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Depreciation of property, plant and equipment	60,365,040	51,689,896	31,742,704	32,282,770
Depreciation of right-of-use assets	21,260,001	12,802,769	4,347,502	3,983,028
Amortisation of intangible assets	13,605,265	13,229,924	9,749,159	9,676,444
Depreciation of investment property	1,069,764	1,369,169	677,760	754,429
Total depreciation and amortisation	**96,300,070**	**79,091,758**	**46,517,125**	**46,696,671**

6.8 Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Net allowance for trade receivables	7,930,749	7,914,095	2,990,233	3,003,074
Environmental charges and charges unrelated to operations	7,891,323	6,534,253	3,567,023	4,099,121
Impairment of PPE, investment property and inventories	6,194,071	14,259,583	7,024	2,705,061
Sponsorships and donations	2,404,579	2,034,138	1,788,066	1,581,268
Loss on sale/disposal of property, plant and equipment	518,057	1,321,765	324,091	1,021,237
Impairment of investments	-	-	-	11,193,296
Other costs (reversal of other provisions and other liabilities)	(8,462,620)	30,548,619	(593,642)	26,256,662
Total other costs	**16,476,159**	**62,612,453**	**8,082,795**	**49,859,719**

In 2022, the Group/Company reversed part of the long-term provisions. The value of the reversal of long-term provisions exceeds the value of the provisions made, which is reflected in the negative value of the reversal of other provisions and other liabilities.

The impairment of the Group's assets relates to the impairment of inventories to the net realisable value of EUR 6,194,071 (2021: EUR 7,205,752)

Among other costs, EUR 20,924,453 in the Group/Company in 2021 relates to the costs of recognising short-term provisions from onerous contracts with customers for the supply of electricity, which were used up in 2022. This note should be read in conjunction with Notes 6.9 and 6.42.

6.9 Gain/(Loss) from derivatives

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Gain from derivatives	523,094,819	269,931,980	525,064,103	269,846,734
Loss from derivatives	(558,699,150)	(235,728,482)	(551,271,270)	(236,333,237)
Gain/(Loss) from derivatives	**(35,604,331)**	**34,203,498**	**(26,207,167)**	**33,513,497**

Gains and losses increased in 2022 compared to 2021 due to the higher market electricity prices and increased volatility of these prices.

6.10 Interests and dividends

Shares of the profit or loss of equity-accounted investees of the Petrol Group

(in EUR)	The Petrol Group	
	2022	2021
Plinhold d.o.o.	1,646,458	1,424,430
Aquasystems d.o.o.	912,173	814,857
Knešca d.o.o.	104,281	48,026
Ivicom Energy d.o.o.	-	(3,582)
Total net profit of associates	**2,662,912**	**2,283,731**
Geoenergo d.o.o.	(246,684)	187,370
Soenergetika d.o.o.	912,333	112,670
Vjetroelektrana Dazlina d.o.o.	(166)	-
Total net profit of jointly controlled entities	**665,483**	**300,040**
Total net finance income from interests	**3,328,395**	**2,583,771**

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

(in EUR)	Petrol d.d.	
	2022	2021
Geoplin d.o.o. Ljubljana	-	958,260
Petrol Hidroenergija d.o.o.	299,422	713,159
Petrol Trade Handelsgesellschaft m.b.H.	423,738	151,905
Total subsidiaries	**723,160**	**1,823,324**
Aquasystems d.o.o.	814,437	763,964
Plinhold d.o.o.	-	564,272
Total associates	**814,437**	**1,328,236**
Soenergetika d.o.o.	115,217	135,495
Total jointly controlled entities	**115,217**	**135,495**
Total finance income from interests	**1,652,814**	**3,287,054**

6.11 Finance income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Foreign exchange differences	80,079,268	15,516,194	74,011,689	12,635,432
Gain on derivatives	19,687,756	4,525,059	19,687,756	7,093,905
Interest income	5,337,485	10,065,835	5,455,669	3,279,520
Loss allowances for financial receivables reversed	638,125	343,056	638,125	343,056
Other finance income	3,506,782	1,383,319	3,525,648	136,286
Total finance income	**109,249,416**	**31,833,463**	**103,318,887**	**23,488,199**
Foreign exchange differences	(80,848,842)	(20,417,028)	(74,625,841)	(16,601,747)
Loss on derivatives	(16,624,554)	(2,016,266)	(16,624,554)	(2,016,266)
Interest expense	(14,427,380)	(9,189,739)	(11,331,719)	(9,218,597)
Impairment of goodwill	-	(873,366)	-	-
Other finance expenses	(2,577,515)	(1,601,601)	(2,438,888)	(1,628,763)
Total finance expenses	**(114,478,291)**	**(34,098,000)**	**(105,021,002)**	**(29,465,373)**
Net finance expense	**(5,228,875)**	**(2,264,537)**	**(1,702,115)**	**(5,977,174)**

6.12 Income tax expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Current tax expense	(4,258,179)	(30,683,697)	(786,831)	(18,781,868)
Deferred tax	11,385,725	3,717,031	2,346,643	1,867,467
Taxes	**7,127,546**	**(26,966,666)**	**1,559,812**	**(16,914,401)**

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Profit/(Loss) before tax	(9,813,352)	151,448,027	17,824,066	83,397,343
Tax at effective tax rate	(1,864,537)	28,775,125	3,386,573	15,845,495
Tax effect of untaxed revenue	(4,750,994)	(3,009,646)	(3,443,483)	(2,278,094)
Tax effect of expenses not deducted on tax assessment	152,605	1,794,663	(1,502,902)	3,347,000
Effect of higher/lower tax rates for companies abroad	(664,620)	(593,476)	-	-
Taxes	**(7,127,546)**	**26,966,666**	**(1,559,812)**	**16,914,401**
Effective tax rate	**72.63%**	**17.81%**	**-8.75%**	**20.28%**

As at 31 December 2022, the Group has a corporate income tax receivable of EUR 23,897,315 (2021: EUR 616,729) and EUR 1,062,768 in income tax liabilities (2021: EUR 18,786,511). 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 2022 (2021: 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 and impairment of assets	Inventories	Tax loss	Depreciation/ amortisation	Other	Total
As at 1 January 2021	**1,568,770**	**3,242,729**	**6,540,846**	**100,499**	**557,962**	**42,093**	**454,506**	**12,507,405**
Netting								(2,601,373)
Total net receivables as at 1 January 2021								**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	10,260	(293,626)	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**	**52,353**	**258,254**	**17,009,777**
Netting								(5,630,103)
Total net receivables as at 31 December 2021								**11,379,674**
(Charged)/credited to the statement of profit or loss	(122,962)	(3,457,283)	(464,664)	1,062,075	8,183,166	5,120,454	(29,267)	10,291,519
(Charged)/credited to other comprehensive income	3,003,714	-	-	-	-	-	-	3,003,714
Foreign exchange differences	216	(17,203)	(3,802)	(274)	(2,011)	-	(1,139)	(24,213)
As at 31 December 2022	**3,582,778**	**2,152,282**	**8,800,807**	**1,176,131**	**9,168,144**	**5,172,807**	**227,848**	**30,280,797**
Netting								(12,090,373)
Total net receivables as at 31 December 2022								**18,190,424**

The Group has deferred tax assets for depreciation and amortisation arising from the difference between tax and operating depreciation and amortisation.

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Other	Total
As at 1 January 2021	**161,456**	**6,387,436**	**38,181**	**6,587,073**
Netting				(2,601,373)
Total net liabilities as at 1 January 2021				**3,985,700**
New acquisitions as a result of control obtained	-	21,174,793	-	21,174,793
(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	(96,892)	-	(96,863)
As at 31 December 2021	**153,956**	**27,381,250**	**48,135**	**27,583,341**
Netting				(5,630,103)
Total net receivables as at 31 December 2021				**21,953,238**
(Charged)/credited to the statement of profit or loss	293	(1,146,350)	51,094	(1,094,963)
(Charged)/credited to other comprehensive income	6,337,345	-	-	6,337,345
Foreign exchange differences	(17)	(52,792)	-	(52,809)
As at 31 December 2022	**6,491,577**	**26,182,108**	**99,229**	**32,772,914**
Netting				(12,090,373)
Total net liabilities as at 31 December 2022				**20,682,541**

Changes in deferred taxes of Petrol d.d., Ljubljana

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Depreciation/ amortisation	Other	Total
As at 1 January 2021	**1,409,555**	**1,263,024**	**4,524,144**	**-**	**317,693**	**7,514,416**
Netting						(602,411)
Total net receivables as at 1 January 2021						**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**
(Charged)/credited to the statement of profit or loss	(65,938)	(2,374,477)	(186,129)	5,120,327	(147,140)	2,346,643
(Charged)/credited to other comprehensive income	(177,418)	-	-	-	-	(177,418)
As at 31 December 2022	**399,505**	**806,778**	**4,581,353**	**5,120,327**	**23,412**	**10,931,375**
Netting						(6,943,982)
Total net receivables as at 31 December 2022						**3,987,393**

The Group has deferred tax assets for depreciation and amortisation arising from the difference between tax and operating depreciation and amortisation.

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Total
Total net liabilities as at 1 January 2021	**-**	**-**	**-**
As at 31 December 2021	**145,380**	**461,256**	**606,636**
Netting			(606,636)
Total net liabilities as at 31 December 2021			**-**
(Charged)/credited to other comprehensive income	6,337,346	-	6,337,346
As at 31 December 2022	**6,482,726**	**461,256**	**6,943,982**
Netting			(6,943,982)
Total net liabilities as at 31 December 2022			**-**

6.13 Earnings per share

	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Net profit attributable to owners of the controlling company (in EUR)	4,520,125	119,079,575	19,383,878	66,482,942
Number of shares issued	41,726,020	41,726,020	41,726,020	41,726,020
Number of own shares at the beginning of the year	614,460	614,460	494,060	494,060
Number of own shares at the end of the year	614,460	614,460	494,060	494,060
Weighted average number of ordinary shares issued	41,111,560	41,111,560	41,231,960	41,231,960
Diluted average number of ordinary shares	41,111,560	41,111,560	41,231,960	41,231,960
Basic and diluted earnings per share attributable to owners of the controlling company (EUR/share)	**0.11**	**2.90**	**0.47**	**1.61**

Basic earnings per share are calculated by dividing the net profit attributable to owners of the parent company 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. Petrol's share is listed on the main board of the stock exchange under the ticker PETG. For both years, the number of shares after the 1: 20 split carried out in November 2022 is taken into account. The total number of PETG shares increased from 2,086,301 to 41,726,020.

6.14 Other comprehensive income

The Petrol Group

The effective portion of the changes in the fair value of the cash flow variability hedging instrument increased by EUR 17,755,033 (in 2021: an increase of EUR 4,109,730) and decreased by the deferred tax effect of EUR 3,333,632 (in 2021: a decrease of EUR 772,591).

The change relates to interest rate swap hedging, commodity derivative financial instruments and forward contracts and increases the hedging reserve.

The balance of the hedging reserve is explained in Note 6.32.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

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The effective portion of the changes in the fair value of the cash flow variability hedging instrument increased by EUR 34,292,220 (in 2021: an increase of EUR 3,283,988) and decreased by the deferred tax effect of EUR 6,515,522 (in 2021: a decrease of EUR 623,957). The change relates to interest rate swap hedging, commodity derivative financial instruments and increases the hedging reserve.

The balance of the hedging reserve is explained in Note 6.32.

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 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	4,680,240	6,790,410	55,737,122	97,923	18,950	67,324,645
New acquisitions	448,882	76,570	-	6,363,213	387,945	7,276,610
Disposals	(347,753)	(7,183)	-	(47,110)	(279,602)	(681,648)
Impairments	-	-	(873,366)	-	-	(873,366)
Transfers between assets categories	201,150	-	-	-	(201,150)	-
Transfers between PPE and investment property	-	-	-	64,656	-	64,656
Transfer from ongoing investments	7,694,856	1,306,460	-	(9,001,316)	-	-
Foreign exchange differences	22,453	15,188	99,329	2,707	-	139,677
As at 31 December 2021	**57,455,821**	**130,298,591**	**160,858,241**	**4,485,643**	**291,102**	**353,389,398**
Accumulated amortisation						
As at 1 January 2021	**(26,023,005)**	**(59,455,652)**	**(13,536)**	**-**	**-**	**(85,492,193)**
Amortisation	(7,892,334)	(5,337,590)	-	-	-	(13,229,924)
Disposals	262,355	6,834	-	-	-	269,189
Foreign exchange differences	(8,825)	(10,423)	(5,767)	-	-	(25,015)
As at 31 December 2021	**(33,661,809)**	**(64,796,831)**	**(19,303)**	**-**	**-**	**(98,477,943)**
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**	**65,501,760**	**160,838,938**	**4,485,643**	**291,102**	**254,911,455**

*The Group finalised the allocation of the purchase price of Crodux derivati dva d.o.o. in 2022. The changes are explained in Point 2.f.

In the prior year, value adjustments for new acquisitions due to control of the Company totalling EUR 11,183,339 were recorded, but are now included in the reduction of the cost of new acquisitions due to the acquisition of control of the Company.

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2022	**57,455,821**	**130,298,591**	**160,858,241**	**4,485,643**	**291,102**	**353,389,398**
New acquisitions	695,909	25,989	-	6,975,101	1,013,588	8,710,587
Disposals	(398,911)	(270,036)	(19,268)	(3,115)	(119,824)	(811,154)
Transfers between PPE and investment property	(57,863)	(5,477,567)	-	(955,289)	-	(6,490,719)
Transfer from ongoing investments	2,717,411	1,930,526	-	(4,647,937)	-	-
Foreign exchange differences	(16,979)	(34,498)	(153,661)	2,202	-	(202,936)
As at 31 December 2022	**60,395,388**	**126,473,005**	**160,685,312**	**5,856,605**	**1,184,866**	**354,595,176**
Accumulated amortisation						
As at 1 January 2022	**(33,661,809)**	**(64,796,831)**	**(19,303)**	**-**	**-**	**(98,477,943)**
Amortisation	(8,035,813)	(5,569,452)	-	-	-	(13,605,265)
Disposals	235,361	261,887	19,268	-	-	516,516
Transfers between PPE and investment property	13,033	2,229,123	-	-	-	2,242,156
Foreign exchange differences	7,964	10,834	35	-	-	18,833
As at 31 December 2022	**(41,441,264)**	**(67,864,439)**	**-**	**-**	**-**	**(109,305,703)**
Net carrying amount as at 1 January 2022	**23,794,012**	**65,501,760**	**160,838,938**	**4,485,643**	**291,102**	**254,911,455**
Net carrying amount as at 31 December 2022	**18,954,124**	**58,608,566**	**160,685,312**	**5,856,605**	**1,184,866**	**245,289,473**

All the intangible assets presented herein are the property of the Group and are unpledged.

17.6 percent of all the intangible assets in use on 31 December 2022 were fully depreciated (compared to 16.1 percent as at 31 December 2021).

The Group's intangible fixed assets were tested for impairment as at 31 December 2022 and no impairment of intangible fixed assets was identified.

In 2021, the Group impaired the goodwill of Zagorski metalac d.o.o. by EUR 873,366 on the basis of a review of indicators.

Goodwill

Goodwill structure presented by business combination from which it originates is as follows:

(in EUR)	The Petrol Group	
	31 December 2022	31 December 2021
Instalacija d.o.o., Koper[1]	85,266,022	85,266,022
Crodux derivati dva d.o.o.[2]	55,666,513	55,780,012
Euro-Petrol d.o.o.[3]	12,626,888	12,652,682
Vjetroelektrana Ljubač d.o.o.	2,579,423	2,584,691
Atet d.o.o.	2,434,972	2,434,972
Petrol-Jadranplin d.o.o.[4]	747,045	748,569
Vjetroelektrane Glunča d.o.o.	357,979	358,710
Crodux Plin d.o.o.	264,429	280,768
Petrol-Butan d.o.o.[5]	279,555	280,125
MBills d.o.o.	245,250	245,250
Adria-Plin d.o.o.	217,236	207,137
Total goodwill	**160,685,312**	**160,838,938**

[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] Crodux derivati dva d.o.o. was merged into Petrol d.o.o., Ljubljana in 2022.
[3] Euro-Petrol d.o.o. was renamed Petrol d.o.o.
[4] Petrol-Jadranplin d.o.o. was renamed Petrol Plin d.o.o. and merged into Petrol d.o.o. in 2017.
[5] Petrol-Butan d.o.o. was merged into Petrol Plin d.o.o. in 2012, whereas the latter was merged into Petrol d.o.o. in 2017.

In 2022, the Group recognised the assets of Crodux derivati dva d.o.o. at fair value in its consolidated financial statements, thus definitively allocating of purchase price, which had only been recognised temporarily in 2021. The impact on the financial statements is presented in Note 6.1.

Other changes in the value of goodwill are due to the translation of exchange rate differences.

In accordance with the IAS 36, goodwill was tested for impairment as at 31 December 2022. The test showed no need for impairment.

The impairment of goodwill is recognised if its carrying amount exceeds its recoverable amount. The recoverable amount of goodwill is the greater of its value in use and its fair value less costs to sell. The impairment test used the value in use, where expected future cash flows are discounted to their present value using a discount rate.

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 present value method of expected cash flows, which are based on the future financial plans of cash-generating units (value in use method). The assumptions used in the calculation of net cash flows (long-term growth rate of cash flows, cash flow projection, projection period, discount rate) are based on past operations and reasonably expected operations in the future. Cash flow projection periods reflect the operations and investment activities of individual companies. Growth rates of free cash flows are based on expected price growth rates.

For Instalacija d.o.o., the 5-year financial plans of the cash-generating unit, the required rate of return of 9.03 percent before taxes (2021: 8.29 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 1.97 percent (2021: 1.97 percent) were used in testing goodwill for impairment.

For Petrol d.o.o., the 5-year financial plans of the cash-generating unit, the required rate of return of 12.5 percent after taxes (2021: 8.5 percent) and the annual growth rate of the remaining free cash flows (the residual value) of -1 percent (2021: 2 percent) were used in testing goodwill for impairment. The testing of Petrol d.o.o.'s goodwill comprises goodwill arising from the upstream merger of Crodux derivati dva d.o.o., Euro-Petrol d.o.o., Petrol-Jadranplin d.o.o., Crodux Plin d.o.o. and Petrol-Butan d.o.o.

For Atet d.o.o., the 5-year financial plans of the cash-generating unit, the required rate of return of 7.8 percent after taxes (2021: 7.4 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2021: 2 percent) were used in testing goodwill for impairment.

For MBILLS d.o.o., the 5-year financial plans of the cash-generating unit, the required rate of return of 22,1 percent after taxes (2021: 24.01 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2021: 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., the 20-year financial plans of the cash-generating unit and the required rate of return of 10.9 percent after taxes (2021: 8.7 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 24-year financial plans of the cash-generating unit and the average required rate of return of 10.9 percent after taxes (2021: 8.5 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 Adria-Plin d.o.o., 4-year financial plans of the cash-generating unit, the required rate of return of 9 percent after taxes (2021: 8.4 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2021: 2 percent) were used in testing goodwill for impairment.

For Zagorski metalac d.o.o., the 7-year financial plans of the cash-generating unit, the required rate of return of 6.59 percent after taxes (2021: 8 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2021: 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:

In 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 assumptions 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	-

In 2022

(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 assumptions change
	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)				
			+ 0.5	- 0.5	(15)	(16)	(29)	-
Adria-Plin d.o.o.	9.00%	2%	- 0.5	+ 0.5	17	18	38	-
			+ 0.5	- 0.5	(551)	(482)	(1,034)	-
	7.80%	2%	- 0.5	+ 0.5	651	582	1,233	-
Petrol d.o.o. (Crodux derivati dva d.o.o. and Euro-Petrol d.o.o.)			+ 0.5	- 0.5	(34,471)	(23,785)	(56,098)	-
	12.50%	-1%	- 0.5	+ 0.5	41,414	28,593	73,791	-
			+ 0.5	- 0.5	(10,630)	(9,650)	(19,037)	-
Instalacija d.o.o., Koper	9.03%	2%	- 0.5	+0.5	14,448	11,235	28,192	-
			+ 0.5	- 0.5	(225)	(133)	(346)	(169)
MBills d.o.o.	22.10% ; 13.90%	2%	- 0.5	+ 0.5	246	145	407	-
			+ 0.5	- 0.5	(1,181)	-	(1,181)	-
Vjetroelektrane Glunča d.o.o.	10.90	-	- 0.5	+ 0.5	1,245	-	1,245	-
			+ 0.5	-	(1,569)	-	(1,569)	-
Vjetroelektrana Ljubač d.o.o.	10.90	-	- 0.5	-	1,662	-	1,662	-

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 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**

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs	Total
Cost						
As at 1 January 2022	**41,934,032**	**112,044,827**	**85,266,022**	**1,879,712**	**276,793**	**241,401,386**
New acquisitions	-	1,406	-	5,286,334	1,011,058	6,298,798
Disposals	(341,270)	(213,646)	-	(2,400)	(115,183)	(672,499)
Transfers between PPE and investment property	(12,656)	543,746	-	-	-	531,090
Transfer from ongoing investments	2,699,324	766,933	-	(3,466,257)	-	-
As at 31 December 2022	**44,279,430**	**113,143,266**	**85,266,022**	**3,697,389**	**1,172,668**	**247,558,775**
Accumulated amortisation						
As at 1 January 2022	**(27,058,108)**	**(58,818,460)**	**-**	**-**	**-**	**(85,876,568)**
Amortisation	(5,547,972)	(4,201,187)	-	-	-	(9,749,159)
Disposals	177,739	205,497	-	-	-	383,236
Transfers between PPE and investment property	8,669	(352,482)	-	-	-	(343,813)
As at 31 December 2022	**(32,419,672)**	**(63,166,632)**	**-**	**-**	**-**	**(95,586,304)**
Net carrying amount as at 1 January 2022	**14,875,924**	**53,226,367**	**85,266,022**	**1,879,712**	**276,793**	**155,524,818**
Net carrying amount as at 31 December 2022	**11,859,758**	**49,976,634**	**85,266,022**	**3,697,389**	**1,172,668**	**151,972,471**

All the intangible assets presented herein are owned by the Company and are unpledged.

17.4 percent of all the intangible assets in use on 31 December 2022 were fully depreciated (compared to 13.5 percent as at 31 December 2021).

Intangible fixed assets as at 31 December 2022 were tested for impairment And it was determined that there is no need for the impairment of intangible fixed assets, the same as in 2021.

Goodwill

As at 31 December 2022, the Company disclosed goodwill arising from the upstream merger of Instalacija d.o.o.

In 2013, the upstream merger of Instalacija d.o.o. resulted in goodwill in the amount of EUR 85,266,022.

In 2022, 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 the goodwill disclosure relating to the Group.

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 2021	**43,684,979**	**31,791,552**	**5,965,717**	**81,442,248**
New acquisitions as a result of control obtained	36,259,696	30,607,283	305,752	67,172,731
New acquisitions	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	(68,253)	5,203	924	(62,126)
As at 31 December 2021	**77,501,535**	**64,707,813**	**6,577,767**	**148,787,115**
Accumulated depreciation				
As at 1 January 2021	**(6,197,450)**	**(9,367,210)**	**(3,475,982)**	**(19,040,642)**
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	(7,424)	(25,717)	(901)	(34,042)
As at 31 December 2021	**(9,472,503)**	**(12,534,287)**	**(4,688,736)**	**(26,695,526)**
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	**68,029,032**	**52,173,526**	**1,889,031**	**122,091,589**

*The Group finalised the allocation of the purchase price of Crodux derivati dva d.o.o. in 2022. The changes are explained in Point 2.f.

In the prior year, value adjustments for new acquisitions due to control of the Company totalling EUR 13,658,542 were recognised but are now included in the reduction of the cost of new acquisitions due to control of the Company.

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost				
As at 1 January 2022	**77,501,535**	**64,707,813**	**6,577,767**	**148,787,115**
New acquisitions	23,256,763	53,430,756	19,888,157	96,575,676
Disposals	(23,707,396)	(55,348,762)	(486,070)	(79,542,228)
Transfers between assets categories	2,568,882	(2,568,882)	-	-
Foreign exchange differences	(92,522)	(108,261)	(5,952)	(206,735)
As at 31 December 2022	**79,527,262**	**60,112,664**	**25,973,902**	**165,613,828**
Accumulated depreciation				
As at 1 January 2022	**(9,472,503)**	**(12,534,287)**	**(4,688,736)**	**(26,695,526)**
Depreciation	(7,069,549)	(11,587,220)	(2,603,232)	(21,260,001)
Disposals	6,525,251	7,153,465	256,603	13,935,319
Transfers between assets categories	(790,946)	790,946	-	-
Foreign exchange differences	6,033	19,592	1,024	26,649
As at 31 December 2022	**(10,801,714)**	**(16,157,504)**	**(7,034,341)**	**(33,993,559)**
Net carrying amount as at 1 January 2022	**68,029,032**	**52,173,526**	**1,889,031**	**122,091,589**
Net carrying amount as at 31 December 2022	**68,725,548**	**43,955,160**	**18,939,561**	**131,620,269**

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 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/Impairments	-	-	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**

(in EUR)	Right to use land	Right to use buildings	Right to use equipment	Total
Cost				
As at 1 January 2022	**32,218,878**	**1,878,132**	**5,397,463**	**39,494,473**
New acquisitions	1,259,241	1,329,656	3,148,387	5,737,284
Disposals	-	(91,031)	(141,097)	(232,128)
As at 31 December 2022	**33,478,119**	**3,116,757**	**8,404,753**	**44,999,629**
Accumulated depreciation				
As at 1 January 2022	**(6,409,800)**	**(966,818)**	**(4,243,032)**	**(11,619,650)**
Depreciation	(2,262,808)	(629,928)	(1,454,766)	(4,347,502)
Disposals	-	91,031	114,184	205,215
As at 31 December 2022	**(8,672,608)**	**(1,505,715)**	**(5,583,614)**	**(15,761,937)**
Net carrying amount as at 1 January 2022	**25,809,078**	**911,314**	**1,154,431**	**27,874,823**
Net carrying amount as at 31 December 2022	**24,805,511**	**1,611,042**	**2,821,139**	**29,237,692**

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 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	108,318,946	37,571,004	2,293,618	12,547,707	2,331,159	163,062,434
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)
Transfers between assets 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)	-
Transfers between investment property	(3,463)	2,100,779	-	-	-	2,097,316
Foreign exchange differences	(135,907)	409,356	528	240,484	98,617	613,078
As at 31 December 2021	**326,139,185**	**796,182,254**	**7,259,275**	**367,201,042**	**60,437,164**	**1,557,218,920**
Accumulated depreciation						
As at 1 January 2021	**-**	**(448,659,582)**	**(2,403,660)**	**(207,615,395)**	**-**	**(658,678,637)**
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
Transfers between assets categories	-	1,984	(2,408)	424	-	-
Transfers between investment property	-	(2,268,673)	-	-	-	(2,268,673)
Foreign exchange differences	-	(248,059)	(1,199)	(169,264)	-	(418,522)
As at 31 December 2021	**-**	**(474,840,389)**	**(2,975,105)**	**(221,989,378)**	**-**	**(699,804,872)**
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	**326,139,185**	**321,341,865**	**4,284,170**	**145,211,664**	**60,437,164**	**857,414,048**

*The Group finalised the allocation of the purchase price of Crodux derivati dva d.o.o. in 2022. The changes are explained in Point 2.f.

In the prior year, value adjustments for new acquisitions due to control of the Company totalling EUR 108,443,099 were recognised, but are now included in the reduction of the cost of new acquisitions due to control of the Company.

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2022	**326,139,185**	**796,182,254**	**7,259,275**	**367,201,042**	**60,437,164**	**1,557,218,920**
New acquisitions	-	218,339	70,076	5,694,408	58,462,957	64,445,780
Disposals	(417,828)	(1,888,551)	(10,539)	(10,588,891)	(34,401)	(12,940,210)
Transfers between intangible assets	106,699	10,227,604	(2,617,822)	(2,159,341)	146,109	5,703,249
Transfer to contract assets	-	-	-	(7,493,238)	-	(7,493,238)
Transfer from ongoing investments	746,662	21,390,024	66,729	50,278,031	(72,481,446)	-
Transfers between investment property	-	-	-	-	(29,461)	(29,461)
Foreign exchange differences	(341,186)	(293,352)	(1,035)	(179,477)	(61,460)	(876,510)
As at 31 December 2022	**326,233,532**	**825,836,318**	**4,766,684**	**402,752,534**	**46,439,462**	**1,606,028,530**
Accumulated depreciation						
As at 1 January 2022	**-**	**(474,840,389)**	**(2,975,105)**	**(221,989,378)**	**-**	**(699,804,872)**
Depreciation	-	(28,820,561)	(303,483)	(31,240,996)	-	(60,365,040)
Disposals	-	1,607,439	10,539	7,296,612	-	8,914,590
Transfers between intangible assets	-	(5,188,946)	420,951	3,488,442	-	(1,279,553)
Transfer to contract assets	-	-	-	824,274	-	824,274

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total
Foreign exchange differences	-	129,594	742	104,256	-	234,592
As at 31 December 2022	**-**	**(507,112,863)**	**(2,846,356)**	**(241,516,790)**	**-**	**(751,476,009)**
Net carrying amount as at 1 January 2022	**326,139,185**	**321,341,865**	**4,284,170**	**145,211,664**	**60,437,164**	**857,414,048**
Net carrying amount as at 31 December 2022	**326,233,532**	**318,723,455**	**1,920,328**	**161,235,744**	**46,439,462**	**854,552,521**

33.2 percent of all items of property, plant and equipment in use on 31 December 2022 were fully depreciated.

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Group are unpledged.

The Group's impairment review process has determined that no indicators of impairment exist for property, plant and equipment as at 31 December 2022. And it was determined that there is no need for the impairment of property, plant and equipment.

In 2021, 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., 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. Therefore, the Group impaired the assets of the cash-generating units by EUR 6,726,152.

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

(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 assets categories	-	943	926,878	(16,253)	911,568
Transfer from ongoing investments	1,324,989	12,089,495	10,707,788	(24,122,272)	-
Transfers between 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 assets categories	-	(424)	424	-	-
Transfers between 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**

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2022	**102,794,116**	**577,375,427**	**266,626,550**	**14,315,883**	**961,111,976**
New acquisitions	-	-	-	32,614,695	32,614,695
Disposals	(401,114)	(1,504,318)	(5,076,701)	(34,401)	(7,016,534)
Transfers between intangible assets	193,874	(237,878)	583,674	-	539,670
Transfer from ongoing investments	126	8,983,729	14,474,671	(23,458,526)	-
Transfers between investment property	-	-	-	(29,461)	(29,461)
As at 31 December 2022	**102,587,002**	**584,616,960**	**276,608,194**	**23,408,190**	**987,220,346**
Accumulated depreciation					
As at 1 January 2022	**-**	**(415,142,838)**	**(179,706,981)**	**-**	**(594,849,819)**
Depreciation	-	(15,658,372)	(16,084,332)	-	(31,742,704)
Disposals	-	1,323,457	4,911,183	-	6,234,640
Transfers between intangible assets	-	(33,334)	(518,479)	-	(551,813)
As at 31 December 2022	**-**	**(429,511,087)**	**(191,398,609)**	**-**	**(620,909,696)**
Net carrying amount as at 1 January 2022	**102,794,116**	**162,232,589**	**86,919,569**	**14,315,883**	**366,262,157**
Net carrying amount as at 31 December 2022	**102,587,002**	**155,105,873**	**85,209,585**	**23,408,190**	**366,310,650**

43.8 percent of all items of property, plant and equipment in use on 31 December 2022 were fully depreciated.

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Company are unpledged.

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 2022. The Company's impairment review process has determined that no indicators of impairment exist for property, plant and equipment as at 31 December 2022. In addition, fixed assets were also valued in the context of goodwill and subsidiary valuations. And it was determined that there is no need for the impairment of property, plant and equipment.

In 2021, when testing asset impairment indicators, the Company determined the need to impair the cash-generating unit of the biogas plants, certain land, buildings and certain investments in progress in the amount of EUR 1,320,938.

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 2021	**41,134,662**	**28,678,072**
New acquisitions as a result of control obtained	120,243	-
Impairments	(2,616,094)	(516,016)
Transfers between intangible assets	16,297	16,297
Transfers between property, plant and equipment	(2,097,316)	(353,455)
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
Transfers between property, plant and equipment	2,268,673	222,003
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**

(in EUR)	The Petrol Group Investment property	Petrol d.d. Investment property
Cost		
As at 1 January 2022	**36,577,379**	**27,824,898**
New acquisitions	124,378	-
Disposals	(265,870)	(21,725)
Transfers between intangible assets	(101,127)	(101,127)
Transfers between property, plant and equipment	29,461	29,461
Foreign exchange differences	(14,721)	-
As at 31 December 2022	**36,349,500**	**27,731,507**
Accumulated depreciation		
As at 1 January 2022	**(20,437,636)**	**(15,488,904)**
Depreciation	(1,069,764)	(677,760)
Transfers between intangible assets	(74,007)	(74,007)
Foreign exchange differences	9,015	-
As at 31 December 2022	**(21,572,392)**	**(16,240,671)**
Net carrying amount as at 1 January 2022	**16,139,743**	**12,335,994**
Net carrying amount as at 31 December 2022	**14,777,108**	**11,490,836**

The Petrol Group

After assessing the intended use of the property and the long-term goals pursued as at 31 December 2022, 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 29,461 (2021: EUR 435,177) from plant, property and equipment to investment property.

In 2022, revenue generated by the Group from investment property totalled EUR 3,262,056 (2021: EUR 3,664,417). The Group estimates that the fair value of investment property as at 31 December 2022 amounts to EUR 27,936,214 (EUR 28,624,904 as at 31 December 2021). 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 8.5 to 11.95 percent after taxes (2021: from 8.95 to 11.95 percent) and the long-term growth rate of lease payments from 0.05 to 1 percent (2021: from 0.05 to 1 percent) were used.

In 2022, the Group's impairment review process has determined that no indicators of impairment exist for investment property as at 31 December 2022. It was determined that there is no need for the impairment of investment property.

In 2021, 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.

Petrol d.d., Ljubljana

In 2022, the revenue generated by the Company from investment property totalled EUR 2,576,791 (2021: EUR 3,060,974). The Company estimates that the fair value of investment property as at 31 December 2022 amounts to EUR 22,241,655 (31 December 2021: EUR 23,184,416). 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 (2021: 0.05 percent) and a required rate of return of 8.5 percent (2021: 8.95 percent) are assumed.

In 2022, the Company's impairment review process has determined that no indicators of impairment exist for investment property as at 31 December 2022. It was determined that there is no need for the impairment of investment property.

In 2021, 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.

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 2022

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 2022 (in EUR)	Net profit or loss for 2022 (in EUR)
Slovenia				
IGES d.o.o.	Dunajska cesta 50, Ljubljana, Slovenia	100%	15,845,841	16,282
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	100%	815,803	(154)
Petrol GEO d.o.o.	Mlinska ulica 5d, Lendava, Slovenia	100%	4,001,327	1,813,899
Ekoen d.o.o.	Luče 117a, Luče, Slovenia	100%	728,431	(10,370)
Ekoen S d.o.o.	Ljubljanska cesta 35, Domžale, Slovenia	100%	10,502	(4,890)
MBills d.o.o.	Tržaška cesta 118, Ljubljana, Slovenia	100%	3,423,040	(1,094,420)
Geoplin d.o.o. Ljubljana	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	74.34%	112,325,789	(28,619,727)
Atet d.o.o.[1]	Devova ulica 6a, Ljubljana, Slovenia	72.96%	2,579,764	410,029
E 3, d.o.o.	Prvomajska ulica 21, Nova Gorica, Slovenia	100%	12,240,655	(2,345,898)
Croatia				
Petrol d.o.o.	Savska Opatovina 36, Zagreb, Croatia	100%	242,932,611	(2,846,379)
Vjetroelektrane Glunča d.o.o.	Savska Opatovina 36, Zagreb, Croatia	100%	12,722,925	913,813
Vjetroelektrana Ljubač d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	100%	8,179,063	805,584
Zagorski metalac d.o.o.[2]	Ulica Josipa Broza Tita 2F, Zabok, Croatia	75%	8,778,575	(263,970)

Name of subsidiary	Address of subsidiary	Ownership interest	Equity as at 31 December 2022 (in EUR)	Net profit or loss for 2022 (in EUR)
Serbia				
Petrol d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	35,377,619	3,179,777
Beogas d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	22,574,022	1,126,337
Petrol LPG d.o.o.	Ulica Patrijarha Dimitrija 12v, Beograd, Serbia	100%	12,388,930	1,381,292
STH Energy d.o.o. Kraljevo	Miloša Velikog 52-2/14, Kraljevo, Serbia	80%	581,400	65,210
Montenegro				
Petrol Crna Gora MNE d.o.o.	Ulica Slobode br. 2, Podgorica, Montenegro	100%	23,206,150	1,666,046
Bosnia and Herzegovina				
Petrol BH Oil Company d.o.o. Sarajevo	Tešanjska 24a, Sarajevo, Bosnia and Herzegovina	100%	72,931,492	3,831,613
Petrol Hidroenergija d.o.o. Teslić	Branka Radičevića 1, Teslić, Bosnia and Herzegovina	80%	7,172,943	370,823
Petrol Power d.o.o. Sarajevo	Tešanjska 24a, Sarajevo, Bosnia and Herzegovina	99.75%	(1,982,136)	(36,731)
Other countries				
Petrol Trade Handelsgesellschaft m.b.H.	Elisabethstrasse 10/4, Dunaj, Austria	100%	2,456,304	895,221
Petrol-Energetika DOOEL Skopje	Ul. Sv. Kiril i Metodij 20, Skopje, Macedonia	100%	118,136	7,146
Petrol Bucharest ROM S.R.L.	B-dul Tudor Vladimirescu 22, Sector 5, Bucharest, Romania	100%	(69,001)	15,910
Petrol-OTI-Terminal L.L.C.	Industrijska zona b.b., Kosovo Polje, Kosovo	100%	8,546,888	(14,593)

[1] Petrol d.d., Ljubljana has 76 percent of the 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 93.59 percent interest in Zagorski metalac d.o.o.

Information about indirect subsidiaries as at 31 December 2022

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 2022 (in EUR)	Net profit or loss for 2022 (in EUR)
The Petrol LPG Group				
Tigar Petrol d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	(353,623)	(28,445)
Petrol LPG HIB d.o.o.	Preduzetnička zona bb, Šamac, Bosnia and Herzegovina	100%	(281,680)	(203,821)
The Petrol Beograd Group				
Petrol Lumennis PB JO d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Beograd, Serbia	100%	2,144	988
Petrol Lumennis VS d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Beograd, Serbia	100%	2,100	983
Petrol Lumennis ZA JO d.o.o. Beograd	Omladinskih brigada 88–90, Novi Beograd, Serbia	100%	2,697	2,008
Petrol Lumennis ŠI JO d.o.o. Beograd	Omladinskih brigada 88–90, Novi Beograd, Serbia	100%	1,121	1,054
Petrol KU 2021 d.o.o. Beograd	Omladinskih brigada 88–90, Novi Beograd, Serbia	100%	39,545	39,517
Petrol Lumennis KI JO d.o.o. Beograd	Omladinskih brigada 88–90, Novi Beograd, Serbia	100%	355	354
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.	Savska Opatovina 36, Zagreb, Croatia	100%	95,096	23,859
Adria-Plin d.o.o.	Ulica Stinice 15, Kastel Gomilica, Croatia	75%	32,501	(36,115)
The Geoplin Group				
Geocom d.o.o.	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	100%	437,090	-
Geoplin d.o.o.	Radnička cesta 177, Zagreb, Croatia	100%	1,702,940	268,530
Geoplin d.o.o. Beograd	Zelenogorska ulica broj 1g, 11070 Novi Beograd, Serbia	100%	36,611	-

[1] The company is in bankruptcy proceedings.

Balance of investments in subsidiaries

(in EUR)	Petrol d.d.	
	31 December 2022	31 December 2021
Petrol d.o.o.	327,833,986	136,133,985
Geoplin d.o.o. Ljubljana	56,964,237	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	14,950,000
Beogas d.o.o. Beograd	12,774,000	12,774,000
Vjetroelektrarna Ljubač d.o.o.	9,056,761	9,056,761
Zagorski metalac d.o.o.	7,600,316	7,600,316
Vjetroelektrane Glunča d.o.o.	6,523,622	6,523,622
MBills d.o.o.	5,955,122	5,955,122
Petrol Hidroenergija d.o.o. Teslić	5,000,409	5,000,409
Petrol LPG d.o.o.	4,770,601	4,770,601
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
Crodux derivati dva d.o.o.	-	191,700,000
Petrol Power d.o.o. Sarajevo	-	-
Total investments in subsidiaries	**554,032,932**	**553,970,331**

Changes in investments in subsidiaries

(in EUR)	Petrol d.d.	
	2022	2021
As at 1 January	**553,970,331**	**351,013,627**
New acquisitions	62,600	214,150,000
Impairment	-	(11,193,296)
As at 31 December	**554,032,932**	**553,970,331**

The Group acquired an additional 0.04 percent interest in Geoplin d.o.o., becoming a 74.34 percent owner of the company.

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.

The Group/Company received a refund of the purchase consideration of EUR 3,244,000 in 2022 as a result of the final settlement of the purchase consideration, in accordance with the purchase agreement, and recognised the amount in finance income.

In 2021, the Group's expenses from investments in subsidiaries of EUR 185,966,729 consisted of payments to Crodux derivati dva d.o.o. of EUR 181,700,000 and E 3, d.o.o. of EUR 14,950,000 less cash acquired through the acquisition of Crodux derivati dva d.o.o. of EUR 9,891,052 and E 3, d.o.o. of EUR 792,219.

In 2021, the Company's expenses on investments in subsidiaries of EUR 204,150,000 consisted of payments to Crodux derivati dva d.o.o. of EUR 181,700,000 and to E 3, d.o.o. of EUR 14,950,000 as well as the recapitalisation of Vjetroelektrana Ljubač d.o.o. of EUR 7,500,000.

In accordance with the IAS 36, the Company tested investment impairment indicators and determined that they do not exist for investments in subsidiaries as at 31 December 2022. It was determined that there is no need for the impairment of investments in subsidiaries.

In 2021, when testing impairment indicators of investments in subsidiaries, the Company impaired them by EUR 11,193,296.

An impairment of an investment in a subsidiary is recognised when its carrying amount exceeds its recoverable amount. The recoverable amount of an investment in a subsidiary is the higher of its value in use and its fair value less costs to sell. The impairment test used the value in use, where expected future cash flows are discounted to their present value using a discount rate.

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 investments is presented below:

In 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 assumptions 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	-

(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 assumptions change
	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)				
			+ 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	-

In 2022

(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 assumptions change
	Discount rate (WACC)	Long-term growth rate (g)	Discount rate (WACC)	Long-term growth rate (g)				
			+ 0.5	- 0.5	(34,471)	(23,785)	(56,098)	-
Petrol d.o.o.	12.50%	-1%	- 0.5	+ 0.5	41,414	28,593	73,791	-
			+ 0.5	- 0.5	(4,957)	(1,962)	(6,677)	(5,855)
Petrol d.o.o. Beograd	11.60%	1%	- 0.5	+ 0.5	5,498	2,147	7,984	-
			+ 0.5	- 0.5	(1,416)	(1,036)	(2,343)	-
Petrol Crna Gora MNE d.o.o.	11.80%	2%	- 0.5	+ 0.5	1,761	1,115	3,097	-
			+ 0.5	- 0.5	(693)	(171)	(844)	-
E 3, d.o.o.	9.80%	0%	- 0.5	+ 0.5	739	192	959	-
			+ 0.5	-	(1,569)	-	(1,569)	-
Vjetroelektrane Ljubač d.o.o.	10.90%	-	- 0.5	-	1,662	-	1,662	-
			+ 0.5	- 0.5	(530)	(431)	(876)	-
Zagorski metalac d.o.o.	6.59%	2%	- 0.5	+ 0.5	661	535	1,360	-
			+ 0.5	-	(1,181)	-	(1,181)	-
Vjetroelektrana Glunča d.o.o.	10.90%	-	- 0.5	-	1,245	-	1,245	-
			+ 0.5	- 0.5	(225)	(133)	(346)	(169)
MBills d.o.o.	22.10% ; 13.90%	2%	- 0.5	+0.5	246	145	407	-
			+ 0.5	- 0.5	(551)	(483)	(1,034)	(530)
Atet d.o.o.	7.80%	2%	- 0.5	+0.5	651	582	1,233	-

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.

The second step of the exchange is subject to suspensive conditions that cannot be met by either party to the contract, and therefore we do not consider that the conditions for recognising the option in the Group's/Company's financial statements have been met.

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 29,367,274.

Data on non-controlling interests

The financial data for each subsidiary with a non-controlling interest are summarised below. Data for Petrol Power d.o.o., Adria-Plin d.o.o., STH Energy d.o.o. Kraljevo are shown among others. Disclosures are made before the elimination of intercompany relationships.

2021

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Revenue	761,070,984	8,348,470	1,042,013	2,590,606	**773,052,073**
Net profit for the year	**21,369,435**	**(2,844,025)**	**574,770**	**(168,170)**	**18,932,010**
Net profit for the year attributable to:					
Non-controlling interest	5,496,219	(182,871)	114,954	(26,516)	**5,401,786**
Total other comprehensive income after tax	(72,042)	41,823	-	833	**(29,386)**
Total comprehensive income for the year	**21,297,393**	**(2,802,202)**	**574,770**	**(167,337)**	**18,902,624**
Total comprehensive income attributable to:					
Non-controlling interest	5,477,689	(180,182)	114,954	(26,328)	**5,386,133**

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o.	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Non-current (long-term) assets	36,585,535	8,185,682	5,591,483	5,559,899	**55,922,599**
Current assets	263,940,612	8,487,790	1,676,616	758,183	**274,863,201**
Non-current liabilities	(10,971,781)	(3,738,340)	-	(1,755,239)	**(16,465,360)**
Current liabilities	(130,863,290)	(2,237,755)	(72,715)	(8,481,329)	**(141,655,089)**
Net assets	**158,691,076**	**10,697,377**	**7,195,384**	**(3,918,486)**	**172,665,351**
Net assets attributable to:					
Non-controlling interest	40,815,343	687,838	1,439,080	110,106	**43,052,367**

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o.	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Net cash from (used in) operating activities	83,136,255	1,161,948	473,604	295,156	**85,066,963**
Net cash from (used in) investing activities	(66,429,283)	(2,214,424)	49,112	(243,437)	**(68,838,032)**
Net cash from (used in) financing activities	(16,130,870)	(110,066)	(713,158)	(127,387)	**(17,081,481)**
Increase/(decrease) in cash and cash equivalents	**576,102**	**(1,162,542)**	**(190,442)**	**(75,668)**	**(852,550)**
Dividend payments to non-controlling interest	331,803	-	178,290	-	**510,093**

2022

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o.	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Revenue	1,450,642,390	11,606,837	783,914	2,851,477	**1,465,884,618**
Net profit for the year	**(28,260,761)**	**(506,585)**	**371,537**	**130,978**	**(28,264,831)**
Net profit for the year attributable to:					
Non-controlling interest	(7,250,924)	(32,578)	74,310	3,261	**(7,205,931)**
Total other comprehensive income after tax	(16,623,899)	(21,686)	-	534	**(16,645,051)**
Total comprehensive income for the year	**(44,884,660)**	**(528,271)**	**371,537**	**131,512**	**(44,909,882)**
Total comprehensive income attributable to:					
Non-controlling interest	(11,516,147)	(33,968)	74,307	3,364	**(11,472,444)**

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o.	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Non-current (long-term) assets	46,223,996	7,848,272	5,406,963	5,253,854	64,733,085
Current assets	296,065,447	9,273,796	1,871,673	1,415,723	308,626,639
Non-current liabilities	(304,109)	(3,578,989)	-	(1,753,625)	(5,636,723)
Current liabilities	(228,178,923)	(3,373,973)	(105,693)	(8,702,885)	(240,361,474)
Net assets	**113,806,411**	**10,169,106**	**7,172,943**	**(3,786,933)**	**127,361,527**
Net assets attributable to:					
Non-controlling interest	29,199,537	653,870	1,434,592	113,475	31,401,474

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o.	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Net cash from (used in) operating activities	(42,826,070)	180,977	479,513	552,678	(41,612,902)
Net cash from (used in) investing activities	41,804,495	(946,833)	41,911	(53,154)	40,846,419
Net cash from (used in) financing activities	72,498	(111,210)	(315,182)	(3,578)	(357,472)
Increase/(decrease) in cash and cash equivalents	**(949,077)**	**(877,066)**	**206,242**	**495,946**	**(1,123,955)**
Dividend payments to non-controlling interest	-	-	78,795	-	78,795

6.20 Investments in jointly controlled entities

A more detailed overview of the Group's structure is presented in the chapter Companies in the Petrol Group of the business report.

Information about jointly controlled entities as at 31 December 2022

Name of jointly controlled entity	Address of jointly controlled entity	Business activities	Ownership and voting rights	
			31 December 2022	31 December 2021
Slovenia				
Geoenergo d.o.o.	Mlinska ulica 5, Lendava, Slovenia	Extraction of natural gas, oil and gas condensate	50%	50%
Soenergetika d.o.o.	Stara cesta 3, Kranj, Slovenia	Electricity, gas and steam supply	25%	25%
Other Countries				
Vjetroelektrana Dazlina d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	Electricity production	50%	-

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.	
	2022	2021	2022	2021
Soenergetika d.o.o.	1,214,374	417,259	210,000	210,000
Geoenergo d.o.o.	40,558	287,242	-	-
Vjetroelektrana Dazlina d.o.o.	22,816	-	23,000	-
Total investments in jointly controlled entities	**1,277,748**	**704,501**	**233,000**	**210,000**

The Petrol Group

Changes in investments in jointly controlled entities

(in EUR)	The Petrol Group	
	2022	2021
As at 1 January	**704,501**	**562,016**
Attributed profit/loss	665,483	300,040
Dividends received	(115,217)	(135,495)
New acquisitions	23,000	-
Disposals	-	(22,060)
Foreign exchange differences	(19)	-
As at 31 December	**1,277,748**	**704,501**

In conformity with the equity method, the Group recorded attributable profit of EUR 665,483 in 2022 (2021: EUR 300,040). From this amount, dividends on retained earnings, which stood at EUR 115,217 (2021: EUR 135,495).

In 2022, the Group reacquired a 50 percent interest in the jointly controlled entity Vjetroelektrana Dazlina d.o.o., which it sold in 2021.

The testing of investment impairment indicators applicable to investments in jointly controlled entities identified no need for impairment in 2022 and 2021.

Significant amounts from the financial statements of jointly controlled entities

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

2022

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Soenergetika d.o.o.	5,564,582	707,087	7,421,629	3,727,173	931,793
Geoenergo d.o.o.	3,107,184	2,928,991	5,863,181	(299,384)	(149,692)
Vjetroelektrana Dazlina d.o.o.	317,212	319,028	517	(332)	(166)

Petrol d.d., Ljubljana

Changes in investments in jointly controlled entities

(in EUR)	Petrol d.d.	
	2022	2021
As at 1 January	**210,000**	**233,000**
New acquisitions	23,000	-
Disposals	-	(23,000)
As at 31 December	**233,000**	**210,000**

The increase in investment in 2022 and the decrease in 2021 relate to Vjetroelektrana Dazlina d.o.o.

Options contracts

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 the chapter Companies in the Petrol Group of the business report.

Information about associates as at 31 December 2022

Name of associate	Address of associate	Business activities	Ownership and voting rights	
			31 December 2022	31 December 2021
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%	-

Balance of investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Plinhold d.o.o.	54,737,222	53,090,764	26,273,425	26,273,425
Aquasystems d.o.o.	1,309,691	1,211,955	337,052	337,052
Knešca d.o.o.	921,364	866,907	-	-
Total investments in associates	**56,968,277**	**55,169,626**	**26,610,477**	**26,610,477**

The Petrol Group

Changes in investments in associates

(in EUR)	The Petrol Group	
	2022	2021
As at 1 January	55,169,626	55,953,391
Attributed profit/loss	2,662,912	2,283,731
Dividends received	(864,261)	(1,403,355)
New acquisitions	-	894,000
Decrease	-	(2,558,141)
As at 31 December	**56,968,277**	**55,169,626**

In 2022, in conformity with the equity method, the Group attributed the corresponding share of 2022 profits or losses to its investments, in total EUR 2,662,912 (2021: EUR 2,283,731 EUR), deducting from the investments the dividends received of EUR 864,261 (2021: EUR 1,403,355).

Significant amounts from the financial statements of associates

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

2022

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Plinhold d.o.o.	346,700,000	125,100,000	100,000,000	5,400,000	1,603,719
Aquasystems d.o.o.	7,428,079	2,419,467	8,329,270	3,456,249	898,625
Knešca d.o.o.	1,546,971	104,412	421,841	216,809	102,485

Petrol d.d., Ljubljana

Changes in investments in associates

(in EUR)	Petrol d.d.	
	2022	2021
As at 1 January	**26,610,477**	**29,185,477**
Decrease	-	(2,575,000)
As at 31 December	**26,610,477**	**26,610,477**

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.

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.

The second step of the exchange is subject to suspensive conditions which are not under control of any of the parties, and therefore we do not consider that the conditions for recognising the option in the Group's/Company's financial statements have been met.

6.22 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are 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 2022	31 December 2021	31 December 2022	31 December 2021
Current balance of financial assets at fair value through other comprehensive income				
Assets arising from interest rate swaps	34,616,805	1,420,486	30,293,507	1,078,208
Assets arising from commodity swaps	3,083,184	22,238	3,083,184	22,238
Bonds	334,077	334,077	-	-
	38,034,066	**1,776,801**	**33,376,691**	**1,100,446**
Non-current balance of financial assets at fair value through other comprehensive income				
Shares of companies	2,048,210	2,068,908	1,871,378	1,871,378
Interests in companies	2,064,136	2,064,136	246,536	246,536
	4,112,346	**4,133,044**	**2,117,914**	**2,117,914**
Total financial assets at fair value through other comprehensive income	**42,146,412**	**5,909,845**	**35,494,605**	**3,218,360**

Interest rate swap assets increased due to the rise in market interest rates.

The assets arising from interest rate swaps are fully designated for hedging and the effects are recognised in other comprehensive income and shown in the hedging reserve within equity.

Changes in financial assets at fair value through other comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
As at 1 January	**4,133,044**	**4,528,987**	**2,117,914**	**2,117,914**
Transfer of bonds to current assets	-	(334,077)	-	-
Disposals	(20,698)	-	-	-
Gain/loss recognised in the other comprehensive income	-	(61,866)	-	-
As at 31 December	**4,112,346**	**4,133,044**	**2,117,914**	**2,117,914**

The Group's/Company's financial assets at fair value through other comprehensive income are carried at fair value.

6.23 Non-current loans

Balance of non-current loans

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loans and other financial receivables	949,277	991,831	59,134,780	83,299,185
Total non-current loans	**949,277**	**991,831**	**59,134,780**	**83,299,185**

The Petrol Group

Changes in non-current loans

(in EUR)	The Petrol Group	
	2022	2021
As at 1 January	**991,831**	**2,680,471**
New acquisitions as a result of control obtained	-	2,656
New loans	178,621	8,231
Loans repaid	(1,355,624)	(1,602,313)
Reversal of allowances	638,125	-
Transfer from current loans	498,189	-
Transfer to current loans	-	(100,259)
Foreign exchange differences	(1,865)	3,045
As at 31 December	**949,277**	**991,831**

Petrol d.d., Ljubljana

Non-current loans of EUR 59,134,780 (31 December 2021: EUR 83,299,185) comprise non-current loans from Group companies totalling EUR 59,087,634 (31 December 2021: EUR 83,233,789) and non-current loans from others equalling EUR 47,146 (31 December 2021: EUR 65,396).

Non-current loans to subsidiaries are presented in the table below.

(in EUR)	Petrol d.d.	
	2022	2021
Non-current loans to subsidiaries		
Vjetroelektrarna Ljubač d.o.o.	25,786,626	25,786,626
Vjetroelektrarne Glunča d.o.o.	13,308,291	-
Petrol d.o.o. Beograd	10,000,000	16,200,000
Petrol LPG d.o.o.	6,000,000	6,000,000
Petrol d.o.o., Zagreb	2,338,826	-
STH Energy d.o.o. Kraljevo	1,402,492	1,402,492
Ekoen d.o.o.	173,200	266,400
Ekoen S d.o.o.	78,199	97,749
Crodux derivati dva d.o.o.	-	25,980,522
Petrol Crna Gora MNE d.o.o.	-	7,500,000
Total	**59,087,634**	**83,233,789**

Changes in non-current loans

(in EUR)	Petrol d.d.	
	2022	2021
As at 1 January	**83,299,185**	**58,124,422**
New loans	39,227,436	28,602,580
Loans repaid	(54,932,091)	(3,673,270)
Reversal of impairment	-	343,056
Transfer to current loans	(8,441,500)	(97,603)
Foreign exchange differences	(18,250)	-
As at 31 December	**59,134,780**	**83,299,185**

6.24 Non-current operating receivables

The majority of non-current operating receivables consist of the receivables of Petrol d.d., Ljubljana.

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Receivables from companies	1,216,844	1,216,662	1,214,651	1,214,651
Allowance for receivables from companies	(1,214,831)	(1,214,651)	(1,214,651)	(1,214,651)
Receivables from municipalities	180	180	180	180
Other receivables	7,013,563	8,226,580	7,007,360	8,218,927
Total non-current operating receivables	**7,015,756**	**8,228,771**	**7,007,540**	**8,219,107**

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 the profit of the company Geoenergo d.o.o., an allowance was made for the entire receivable.

Other receivables of EUR 7,013,563 (2021: EUR 8,226,580) refer to the non-current portion of receivables arising from selling solar power plants on instalment plans of EUR 7,007,360 (2021: EUR 8,218,927) and other receivables.

6.25 Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Spare parts and materials	2,827,561	9,990,768	2,502,499	2,393,989
Merchandise:	262,021,704	170,018,424	148,675,864	94,179,250
- fuel	205,210,206	109,844,027	105,874,708	64,589,822
- other petroleum products	146,102	98,160	123,081	95,334
- other merchandise	56,665,396	60,076,237	42,678,075	29,494,094
Total inventories	**264,849,265**	**180,009,192**	**151,178,363**	**96,573,239**

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 2022, 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 6,194,071 (2021: EUR 7,205,752) 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 2022, 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 2022. In 2021, the Company did not impair its inventories.

6.26 Current loans

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loans granted	2,365,069	19,371,415	39,937,625	16,427,850
Allowance to the value of loans granted	(779,400)	(3,751,210)	(718,115)	(1,285,380)
Time deposits with banks (3 months to 1 year)	43,103	517,546	26,869	-
Interest receivables	73,654	293,088	6,616,330	5,424,514
Allowance for interest receivables	(23,288)	(262,147)	(4,518,947)	(4,385,935)
Total current loans	**1,679,138**	**16,168,692**	**41,343,762**	**16,181,049**

The Petrol Group

In addition to the loans of EUR 1,284,433 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 1,080,636 (EUR 17,330,743 as at 31 December 2021) granted to other companies, mainly in connection with the payment of goods delivered.

Petrol d.d., Ljubljana

Short-term loans to companies of EUR 39,937,625 (EUR 16,427,850 as at 31 December 2021) include the short-term portion of loans to Group companies totalling EUR 38,653,192 (EUR 14,387,178 as at 31 December 2021) and short-term loans to others equalling EUR 1,284,433 (EUR 2.040.672 as at 31 December 2021).

Short-term loans to subsidiaries are presented below.

(in EUR)	Petrol d.d.	
	31 December 2022	31 December 2021
Current loans to subsidiaries		
Petrol d.o.o., Beograd	16,200,000	-
E 3, d.o.o.	12,200,000	7,600,000
Atet d.o.o.	3,490,000	2,320,986
Petrol Power d.o.o. Sarajevo	3,562,233	3,562,233
Petrol Crna Gora MNE	2,500,000	-
Petrol Bucharest ROM S.R.L.	603,234	583,234
Petrol Oti Terminali d.o.o.	44,975	9,475
Ekoen d.o.o.	33,200	33,200
Ekoen S d.o.o.	19,550	19,550
Vjetroelektrarna Ljubač d.o.o.	-	258,500
Total	**38,653,192**	**14,387,178**

Short-term loans to others of EUR 1,284,433 refer to loans to companies for the payment of goods delivered of EUR 1,198,573 (EUR 1,723,403 as at 31 December 2021) and other loans of EUR 85,860 (EUR 317,269 as at 31 December 2021). The Company did not have loans arising from the sale of financial instruments as at 31 December 2022. Nor did it have such loans as at 31 December 2021.

6.27 Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Trade receivables	883,095,961	692,538,011	585,600,764	409,335,386
Allowance for trade receivables	(58,471,044)	(57,763,043)	(30,333,833)	(31,098,414)
Operating receivables from state and other institutions	5,008,957	5,450,026	-	244,934
Operating interest receivables	1,362,471	1,364,467	2,232,069	2,335,796
Allowance for interest receivables	(1,239,410)	(1,192,941)	(843,877)	(943,204)
Receivables from insurance companies (loss events)	48,497	67,157	26,635	45,955
Other operating receivables	17,874,625	10,997,013	10,833,971	6,734,226
Allowance for other receivables	(2,484,713)	(1,326,808)	(724,840)	(824,788)
Total current operating receivables	**845,195,344**	**650,133,882**	**566,790,889**	**385,829,891**

Other operating receivables mainly represent card receivables from banks. The changes in allowances are presented in Note 7.1.

In Slovenia, the selling prices of diesel and petrol between 15 March and 20 June 2022 were below the purchase prices for most of the period. As a result of the State's measures on the motor fuel market, the Group estimates damages of EUR 106.9 million in Slovenia for the period from 15 March to 20 June 2022 (claim for damages submitted) and EUR 26.4 million from 21 June 2022 onwards. In Croatia, the Group estimates damages of EUR 55.9 million in 2022 due to the regulation of the prices of petroleum products (claim submitted). The claims for the reimbursement of damages arising from the regulation of the final sale are not recognised in the financial statements of Petrol d.d., Ljubljana, as they do not qualify for recognition as receivables or contingent assets under International Financial Reporting Standards.

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 2022 stood at EUR 13,319,362 (2021: EUR 3,338,893) in the Group and EUR 11,722,300 (2021: EUR 7,604,649) in the Company.

Contract assets were not impaired.

6.29 Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets arising from commodity swaps	2,297,589	34,337,157	2,176,692	34,231,810
Assets arising from forward contracts	348,745	-	348,745	-
Assets arising from interest rate swaps	-	329,734	-	329,734
Total financial assets at fair value through profit or loss	**2,646,334**	**34,666,891**	**2,525,437**	**34,561,544**

The Petrol Group and Petrol d.d., Ljubljana
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 2022.

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 2022	31 December 2021	31 December 2022	31 December 2021
Prepayments and collaterals	80,538,388	61,569,731	27,457,632	34,494,898
Prepaid licences, subscriptions, specialised literature, etc.	3,640,143	3,573,415	2,888,280	2,841,366
Prepaid insurance premiums	1,618,395	1,332,648	1,299,037	971,052
Other deferred costs	29,470,937	19,242,965	19,823,248	12,421,468
Total prepayments and other assets	**115,267,863**	**85,718,759**	**51,468,197**	**50,728,784**

6.31 Cash and cash equivalents

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cash in banks	87,958,378	91,918,939	43,687,289	53,148,173
Cash	12,989,715	8,293,516	7,516,072	4,419,224
Short-term deposits (up to 3 months)	14,438	14,435	-	-
Total cash and cash equivalents	**100,962,531**	**100,226,890**	**51,203,361**	**57,567,397**

6.32 Equity

Called-up capital

On 1 November 2022, Petrol d.d., Ljubljana, carried out a distribution of PETG shares (in the ratio of 1:20) in accordance with the resolution of the 34th General Meeting following the entry into force of the resolution on the amendment of the Articles of Association, through the entry of the amendment of the Articles of Association in the court register, the corporate exchange act and the prescribed procedures in the Central Register of Securities at the KDD d.o.o. and the Ljubljana Stock Exchange.

The 34th General Meeting of Petrol d.d., Ljubljana, held on 21 April 2022, on the proposal of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana, adopted a resolution on the distribution of PETG shares. The General Meeting adopted a split ratio of 1:20, which means that the total number of PETG shares increased by a factor of 20 from 2,086,301 to 41,726,020 as a result of the amendment of the Articles of Association and the distribution. The share capital of Petrol d.d., Ljubljana, amounting to EUR 52,240,977.04 remained unchanged following the distribution of PETG shares.

Thus the Company's share capital totals EUR 52,240,977 and is divided into 41,726,020 ordinary shares with a nominal value of EUR 1.25. All the shares have been paid up in full. 41,726,020 ordinary shares (designated PETG) are listed on the Ljubljana Stock Exchange. The quoted share price as at 30 December 2022 was EUR 20.00 per share (EUR 25.40 as at 31 December 2021). And the book value per share of the Group as at 31 December 2022 was EUR 20.47 (EUR 21.78 as at as at 31 December 2021).

Capital surplus

Capital surplus may be used under the conditions and for the purposes stipulated by law.

The Group's capital surplus stood at EUR 80,991,385 as at 31 December 2022 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 2022 was the same as the Group's capital surplus.

In 2022, there were no changes in capital surplus.

Profit reserves

- Legal reserves and other profit reserves

Legal and other profit 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 of 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 profit reserves of EUR 9,691,939, 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	**722,840**	**3,640,782**
Disposal by year		
Payment of bonuses in 1997	(22,880)	(104,848)
Payment of bonuses in 1998	(21,840)	(98,136)
Payment of bonuses in 1999	(14,300)	(62,189)
Payment of bonuses in 2000	(25,740)	(119,609)
Payment of bonuses in 2001	(22,440)	(95,252)
Payment of bonuses in 2002	(36,600)	(158,256)
Payment of bonuses in 2003	(32,060)	(138,625)
Payment of bonuses in 2004	(20,880)	(90,284)
Payment of bonuses in 2005	(2,880)	(15,183)
Payment of bonuses in 2006	(8,060)	(42,492)
Payment of bonuses in 2007	(14,620)	(77,077)
Payment of bonuses in 2008	(6,480)	(34,162)
Total disposals 1997 – 2008	**(228,780)**	**(1,036,113)**
Own shares as at 31 December 2022	**494,060**	**2,604,669**

* Amounts converted from SIT into EUR at the parity exchange rate of 239.64.

In 2022, the number of own shares remained unchanged. As at 31 December 2022, the Company held 494,060 own shares. The market value of repurchased own shares totalled EUR 9,881,200 on the above date (EUR 12,549,124 as at 31 December 2021). The Company did not change its reserves for own shares in 2022. For both years, the number of shares after the 1: 20 split carried out in November 2022 is taken into account.

The Petrol Group

The company Geoplin d.o.o. Ljubljana owned 120,400 shares of Petrol d.d., Ljubljana as at 31 December 2022, the market value of which on that date was EUR 2,408,000 (EUR 3,058,160 as at 31 December 2021). The Group held 614,460 own shares as at 31 December 2022. The market value of own shares was EUR 12,289,200 on the above date (EUR 15,607,284 as at 31 December 2021).

Other reserves

Other reserves of the Group/Company consist of fair value reserve and the hedging reserve. Changes in these reserves that took place in 2022 are explained in more detail in Note 6.14. The nature of other reserves (especially drawdown) must also take into account local legislation, which may be a matter of professional legal judgement.

The Company's fair value reserve totalled EUR 42,539,491 as at 31 December 2022. The fair value reserve consists of the reserves of EUR 40,513,851 resulting from the upstream merger of Instalacija d.o.o. and the reserves of EUR 742,921 resulting from carrying financial assets at fair value through other comprehensive income. Its value was increased by actuarial gains resulting from the actuarial calculation of post-employment benefits on retirement totalling EUR 1,423,875 and deferred taxes of EUR 141,155.

The Group's hedging reserves as at 31 December 2022 amount to EUR 17,827,312 and relate to the positive valuation of interest rate swaps of EUR 28,081,756 the negative valuation of forward contracts of EUR 4,872,828 and the negative valuation of commodity derivative financial instruments of EUR 5,381,616.

The Company's hedging reserves as at 31 December 2022 amount to EUR 26,639,848 and relate to the positive valuation of interest rate swaps of EUR 24,537,741 and the positive valuation of commodity derivative financial instruments of EUR 2,102,107.

Interest rate swaps are designated as a hedging instrument against the variability of cash flows from bank borrowings.

Forward contracts and commodity-derivative financial instruments are designated as hedging instruments against the variability of cash flows under a gas purchase agreement with a subsidiary, Geoplin d.o.o.

Because all the material characteristics of the hedged item and the hedging instrument are consistent (price, period, amount and quantity), we assess that the hedges are effective and that it is appropriate to record the effects of the hedges in other comprehensive income.

Accumulated profit

Allocation of accumulated profit for 2021

At the 34th General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 21 April 2022, 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 2021 financial year of EUR 61,847,942 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 30.00 per share or the total of EUR 61,667,340 (own shares excluded). The remaining accumulated profit of EUR 180,600 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 profit reserves.

The dividends were paid out of the net profit for 2021. In 2022, the Company paid out dividends for the year 2021 of EUR 61,667,340 and dividends from the previous years of EUR 6,932.

Accumulated profit for 2022

	Petrol d.d.	
(in EUR)	31 December 2022	31 December 2021
Compulsory allocation of net profit		
Net profit	19,383,878	66,482,942
Net profit after compulsory allocation	**19,383,878**	**66,482,942**
Creation of other profit reserves	9,691,939	33,241,471
Determination of accumulated profit		
Net profit	9,691,939	33,241,471
Decrease by the amount of long-term deferred development costs on the balance sheet date	-	(96,363)
Other profit reserves	52,156,001	28,702,832
Accumulated profit	**61,847,940**	**61,847,940**

Acting on the proposal of 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 profit reserves of EUR 9,691,939, in accordance with Article 230 of the Companies Act.

The final dividends for the year ended 31 December 2022 have not yet been proposed and confirmed by the 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 the estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is performed 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 Petrol Group		Petrol d.d.	
(in EUR)	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Post-employment benefits on retirement	5,003,701	6,190,099	3,789,738	5,244,108
Jubilee benefits	2,832,984	3,325,992	2,108,880	2,725,701
Total provisions	**7,836,685**	**9,516,091**	**5,898,618**	**7,969,809**

The Petrol Group

Changes in provisions for employee post-employment and other long-term benefits

	The Petrol Group		
(in EUR)	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2021	**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**
Current service cost	483,926	80,770	564,696
Costs of interest	9,833	9,308	19,141
Post-employment benefits paid	(170,283)	(251,425)	(421,708)
Actuarial surplus/deficit	(1,501,561)	76,801	(1,424,760)
Reversal	(8,007)	(407,784)	(415,791)
Foreign exchange differences	(306)	(678)	(984)
As at 31 December 2022	**5,003,701**	**2,832,984**	**7,836,685**

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 3.02 percent annual discount rate for companies in Slovenia (2021: 0.36 percent), which is based on the yield of a 10-year AA-rated euro corporate bond, a 3.79 percent discount rate for companies in Croatia (2021: 1.25 percent), a 9.45 percent discount rate for companies in the Federation of Bosnia and Herzegovina (2021: 3.25 percent), and a 7.07 percent discount rate for companies in Serbia (2021: 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 is based on the most recent mortality tables for the local population.

For companies in Slovenia, it is assumed that the average salaries 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 2 percentage points, Serbia 4 percentage points, the Federation of Bosnia and Herzegovina 3 percentage points, 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	1.0	-1.0	1.0	-1.0	1.0	-1.0
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(934,320)**	**1,110,468**	**1,112,900**	**(953,022)**	**(993,339)**	**1,168,491**

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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 2021	**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**
Current service cost	371,525	-	371,525
Post-employment benefits paid	(146,611)	(218,304)	(364,915)
Actuarial surplus/deficit	(1,679,284)	(398,517)	(2,077,801)
As at 31 December 2022	**3,789,738**	**2,108,880**	**5,898,618**

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 3.02-percent annual discount rate (2021: 0.36-percent), which is based on the yield of a 10-year AA-rated euro corporate bond,
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality is based on the most recent mortality tables for the local population.

It is assumed that the average salaries 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	1.0	-1.0	1.0	-1.0	1.0	-1.0
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(545,927)**	**647,890**	**648,058**	**(555,972)**	**(579,096)**	**679,823**

6.34 Other provisions

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Provisions for lawsuits	2,511,603	956,347	1,799,722	493,383
Provisions for employee post-employment and other long-term benefits at third-party managed service stations	2,576,650	4,040,854	2,576,650	4,040,854
Other provisions*	13,122,510	29,326,278	9,005,550	13,072,253
Total provisions	**18,210,763**	**34,323,479**	**13,381,922**	**17,606,490**

Changes in the 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 2021	**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**
Creation of provisions	1,957,839	-	1,388,615	-
Reversal	(319,900)	(16,194,016)	-	(4,066,703)
Utilisation	(82,276)	-	(82,276)	-
Foreign exchange differences	(407)	(9,752)	-	-
As at 31 December 2022	**2,511,603**	**13,122,510**	**1,799,722**	**9,005,550**

Other provisions*

The Group's other provisions include provisions for partial non-compliance in the area of renewables in transport amounting to EUR 12,986,510 as at 31 December 2022 (2021: EUR 17,819,686). Considering its position, technical limitations and the legislative framework, the Group 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 Company has provisions of EUR 8,869,550 as at 31 December 2022 (2021: EUR 12,953,253) in respect of the same.

The provisions were estimated by considering all the relevant circumstances regarding conformity with the required standards and legal aspects, and represent the management's best estimate of how likely the outflow of economic benefits from the Group/Company is.

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.

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 2,295,570 as at 31 December 2022 (EUR 867,712 as at 31 December 2021) while the provisions for interest on overdue amounts arising from the claims stood at EUR 216,033 (EUR 88,635 as at 31 December 2021).

The Company's long-term provisions for lawsuits totalled EUR 1,583,688 as at 31 December 2022 (EUR 404,748 as at 31 December 2021), with the provisions for interest on overdue amounts arising from the claims amounting to EUR 216,033 (EUR 88,635 as at 31 December 2021). 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 the estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is performed 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 the provisions for employee post-employment and other long-term benefits at third-party-managed service stations

	Petrol d.d.		
(in EUR)	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2021	**2,308,050**	**1,852,416**	**4,160,466**
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**
Current service cost	127,960	(533,352)	(405,392)
Post-employment benefits paid	(51,087)	(103,895)	(154,982)
Actuarial surplus/deficit	(903,830)	-	(903,830)
As at 31 December 2022	**1,414,737**	**1,161,913**	**2,576,650**

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 3.02-percent annual discount rate (2021: 0.36-percent), which is based on the yield of a 10-year AA-rated euro corporate bond,
- the currently applicable amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality is based on the most recent mortality tables for the local population.

It is assumed that the average salaries will increase by 2 percentage points and, in addition, that individual salaries will increase by 0.5 percentage point.

Sensitivity analysis

	Discount rate		Salary increase		Staff turnover	
Change in	Percentage point		Percentage point		Percentage point	
Change by	1.0	-1.0	1.0	-1.0	1.0	-1.0
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(234,121)**	**276,326**	**276,397**	**(238,441)**	**(248,354)**	**289,853**

6.35 Long-term deferred income

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Long-term deferred income from grants	31,482,845	30,614,640	28,823,739	28,605,113
Other long-term deferred income	8,448,424	3,832,804	757,357	853,958
Total	**39,931,269**	**34,447,444**	**29,581,096**	**29,459,071**

The Petrol Group

Changes in deferred income

(in EUR)	Long-term deferred income from grants	Other long-term deferred income	Total
As at 1 January 2021	**29,504,005**	**3,908,471**	**33,412,476**
Increase	6,561,174	176,462	6,737,636
Decrease	(5,450,539)	(263,849)	(5,714,388)
Foreign exchange differences	-	11,720	11,720
As at 31 December 2021	**30,614,640**	**3,832,804**	**34,447,444**
Increase	7,959,892	5,368,486	13,328,378
Decrease	(7,091,475)	(745,868)	(7,837,343)
Foreign exchange differences	(212)	(6,998)	(7,210)
As at 31 December 2022	**31,482,845**	**8,448,424**	**39,931,269**

Long-term deferred income refers to funds received based on European projects and cohesion funding in the area of energy solutions.

The increase of EUR 7,959,892 (2021: EUR 6,561,174) in long-term deferred income from grants received relates to funds received under European projects and cohesion funds in the field of energy solutions, while the decrease of EUR 7,091,475 (2021: EUR 5,450,539) relates to costs incurred on projects for which we have received funds.

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Changes in deferred income

(in EUR)	Long-term deferred income from grants	Other long-term deferred income	Total
As at 1 January 2021	**27,522,894**	**896,879**	**28,419,773**
Increase	6,471,686	176,462	6,648,148
Decrease	(5,389,467)	(219,383)	(5,608,850)
As at 31 December 2021	**28,605,113**	**853,958**	**29,459,071**
Increase	7,363,508	172,244	7,535,752
Decrease	(7,144,882)	(268,845)	(7,413,727)
As at 31 December 2022	**28,823,739**	**757,357**	**29,581,096**

6.36 Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Current financial liabilities				
Bank loans	85,954,276	61,575,727	59,493,518	61,575,727
Bonds issued	300,831	246,928	300,831	246,928
Liabilities to banks arising from interest rate swaps	-	2,503,965	-	2,503,965
Liabilities to banks arising from forward contracts	8,837,601	287,484	745,579	287,484
Other loans and financial liabilities	1,563,725	1,228,002	165,271,773	207,755,317
	96,656,433	**65,842,106**	**225,811,701**	**272,369,421**
Non-current financial liabilities				
Bank loans	357,416,530	389,623,422	300,538,159	339,746,359
Bonds issued	43,816,929	43,809,402	43,816,929	43,809,402
Loans obtained from other companies	379,543	380,171	21,000,000	21,000,000
	401,613,002	**433,812,995**	**365,355,088**	**404,555,761**
Total financial liabilities	**498,269,435**	**499,655,101**	**591,166,789**	**676,925,182**

The Petrol Group

In 2022, the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 1.91 percent p.a. (2021: 1.92 percent p.a.).

The lending banks require that the financial covenants defined in the loan agreements are maintained at the Petrol Group level. Failure to meet the prescribed covenant values may result in early maturity of the loans. In 2022, before the end of the financial year, the Group reached agreements with banks to change the net debt/EBITDA ratio from the agreed contractual value for 2022. The Group is thus in compliance with all the financial covenants, which demonstrates a healthy liquidity position and confirms the banks' confidence in the Group's continued operations.

Derivative financial instruments

Liabilities arising from forward contracts for the purchase of US dollars, which stood at EUR 8,837,601 represent the fair values of outstanding forward contracts as at 31 December 2022 (2021: EUR 287,484). The above financial liabilities arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial assets at fair value through profit or loss in Note 6.29.

Among the forward liabilities, a part of the liability in the amount of EUR 6,015,836 is earmarked for hedging and the effect of these forward contracts is recognised in other comprehensive income and shown in the hedging reserve within equity.

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 2022, the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 1.69 percent p.a. (2021: 1.89 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 loans obtained by the Company relate mainly to loans from subsidiaries amounting to EUR 177,154,655 (2021: EUR 221,277,769), as shown in the table below.

(in EUR)	Petrol d.d.	
	31 December 2022	31 December 2021
Petrol d.o.o.	96,031,378	85,842,742
Geoplin d.o.o. Ljubljana	38,500,000	86,950,000
IGES d.o.o.	15,803,898	15,786,457
Petrol BH Oil Company d.o.o. Sarajevo	11,700,000	20,000,000
Petrol Trade Handelsgesellschaft m.b.H.	10,193,496	6,779,404
Petrol Geo d.o.o.	2,866,518	1,679,516
MBills d.o.o.	1,650,000	3,850,000
Geoenergo d.o.o.	300,000	300,000
Petrol Skladiščenje d.o.o.	109,365	89,650
Petrol d.o.o. Beograd	-	-
Total	**177,154,655**	**221,277,769**

Changes in financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
As at 1 January	**499,655,101**	**347,167,926**	**676,925,182**	**438,409,978**
New acquisitions as a result of control obtained	-	109,787,346	-	-
Proceeds from borrowings	1,884,402,641	926,931,269	2,577,234,111	1,327,414,213
Repayment of borrowings	(1,891,704,933)	(880,837,557)	(2,662,608,090)	(1,085,490,135)
Change in fair value of financial instruments	6,046,152	(3,374,046)	(2,045,870)	(5,460,221)
Changes in interest liabilities	16,239	(26,583)	1,661,456	2,051,347
Foreign exchange differences	(145,765)	6,746	-	-
As at 31 December	**498,269,435**	**499,655,101**	**591,166,789**	**676,925,182**

6.37 Lease liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current lease liabilities	101,100,126	92,991,633	27,331,350	26,735,533
Current lease liabilities	17,498,969	13,768,130	3,965,318	2,717,596
Total lease liabilities	**118,599,095**	**106,759,763**	**31,296,668**	**29,453,129**

The Group's lease liabilities include liabilities arising from contracts for the leased assets, the value of which was determined in accordance with the IFRS 16.

Changes in lease liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
As at 1 January	**106,759,763**	**64,466,463**	**29,453,129**	**31,868,245**
New acquisitions as a result of control obtained	-	49,176,771	-	-
Increase	96,549,794	11,857,655	5,711,402	1,141,233
Decrease	(67,938,761)	(6,664,393)	-	-
Interest	4,557,812	2,425,310	1,315,973	1,291,951
Lease payments	(21,169,006)	(14,481,349)	(5,183,836)	(4,848,300)
Foreign exchange differences	(160,507)	(20,694)	-	-
As at 31 December	**118,599,095**	**106,759,763**	**31,296,668**	**29,453,129**

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 2022	31 December 2021	31 December 2022	31 December 2021
Liabilities arising from interests acquired	2,024,000	5,024,000	2,024,000	5,024,000
Liabilities arising from assets received for administration	572,382	637,782	572,382	637,782
Total non-current operating liabilities	**2,596,382**	**5,661,782**	**2,596,382**	**5,661,782**

The liabilities for shares in companies purchased are mainly liabilities for the payment of the purchase price of Crodux Derivati Dva d.o.o. amounting to EUR 2,000,000.

The Petrol Group and Petrol d.d., Ljubljana company

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 2022	31 December 2021	31 December 2022	31 December 2021
Trade liabilities	829,990,796	549,530,229	598,342,065	349,637,848
Excise duty liabilities	116,169,181	61,892,936	101,934,781	44,570,278
Value added tax liabilities	103,251,423	44,535,860	73,163,760	22,003,518
Liabilities to employees	10,274,352	9,130,848	6,529,867	5,709,649
Other liabilities to the state and other state institutions	4,815,981	3,758,297	1,720,853	1,181,150
Liabilities arising from interests acquired	3,947,693	6,597,693	3,450,000	6,100,000
Liabilities for environmental charges and contributions	4,486,633	8,503,921	1,886,975	8,476,548
Import duty liabilities	2,946,580	596,054	-	-
Social security contribution liabilities	1,945,001	1,742,750	952,677	815,529
Liabilities associated with the allocation of profit or loss	768,880	775,812	768,880	775,812
Other liabilities	3,507,389	3,392,213	3,463,423	3,237,600
Total current operating and other liabilities	**1,082,103,909**	**690,456,613**	**792,213,281**	**442,507,932**

In 2022, the liabilities associated with the allocation of profit or loss increased based on the General Meeting resolution on the payment of dividends of EUR 61,667,340 (2021: EUR 45,222,716) and decreased based on the payment of the 2021 dividends of EUR 61,667,340 (2021: EUR 45,222,706) to shareholders and the payment of dividends from previous years totalling EUR 6,932 (2021: EUR 185).

Among trade liabilities there is liability to Gazprom measured at fair value in amount of EUR 3,550 thousand.

6.40 Commodity derivative instruments

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Commodity derivative instruments	29,872,456	116,341	16,007,602	116,341
Total commodity derivative instruments	**29,872,456**	**116,341**	**16,007,602**	**116,341**

Of the commodity derivative instruments, a part of EUR 9,727,153 is designated as hedging and the effect from these commodity derivatives is recognised in other comprehensive income and shown in the hedging reserve within equity.

6.41 Contract liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Short-term prepayments and securities given	20,018,795	12,053,171	16,295,826	5,973,801
Deferred prepaid card revenue	3,016,958	2,611,155	2,071,191	1,932,037
Deferred revenue from rebates and discounts granted	86,523	164,018	-	-
Other	31,299	-	-	-
Total contract liabilities	**23,153,575**	**14,828,344**	**18,367,017**	**7,905,838**

Revenue related to advances received and securities received from customers is expected to be recognised in the financial statements within two months of the receipt of the advance or security.

6.42 Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Accrued annual leave expenses	3,964,599	3,229,710	2,279,179	1,755,565
Accrued expenses for tanker demurrage	968,947	502,794	968,947	502,794
Accrued motorway site lease payments	531,993	592,868	531,993	592,868
Accrued concession fee costs	360,333	433,122	356,736	316,567
Short-term provisions for onerous contracts	785,846	20,924,454	-	20,924,454
Other accrued costs	26,736,957	29,749,767	26,345,012	23,668,402
Other deferred revenue	4,770,243	3,185,584	4,643,206	3,093,276
Total other liabilities	**38,118,918**	**58,618,299**	**35,125,073**	**50,853,926**

Other accrued charges mainly represent accrued labour costs of EUR 3,883,773, accrued contractual penalties of EUR 2,933,191, accrued material costs of EUR 648,811, accrued payment card costs of EUR 472,236 and accrued intellectual services costs of EUR 301,793. Other costs include licence maintenance costs, logistics costs, costs of services provided to energy solutions, commissions payable and other accrued costs.

As at 31 December 2022, the Group/Company has concluded contracts with customers for the supply of electricity for 2023. As part of the sold quantities of the Group/Company for 2023 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.

Accordingly, the Group/Company has formed new provisions from short-term onerous contracts for the supply of electricity in the amount of EUR 785,846. The amount was determined based on the estimated economic benefits and the costs of services under contracts for the supply of electricity. The projected market prices of electricity for 2023 were used in the calculations. Provisions from 2021 in the amount of EUR 20,924,453 were used up in 2022.

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 2022.

7.1 Credit risk

In 2022, 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 expected credit loss (ECL) is calculated as the product of:

- Unsecured receivables from the partner (Earnings at Default – EAD)
- Probabilities of default by the partner based on an internally developed model that takes into account the Group's business data with the partner and the partner's financial data (Probability of Default – PD).

The carrying amount of financial assets has the maximum exposure to credit risks and was the following as at 31 December 2022:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets at fair value through other comprehensive income	42,146,412	5,909,845	35,494,605	3,218,360
Non-current loans	949,277	991,831	59,134,780	83,299,185
Non-current operating receivables	7,015,756	8,228,771	7,007,540	8,219,107
Contract assets	13,319,362	3,338,893	11,722,300	7,604,649
Current loans	1,679,138	16,168,692	41,343,762	16,181,049
Current operating receivables (excluding rec. from the state)	840,186,387	644,683,856	566,790,889	385,584,957
Financial assets at fair value through profit or loss	2,646,334	34,666,891	2,525,437	34,561,544
Cash and cash equivalents	100,962,531	100,226,890	51,203,361	57,567,397
Total assets	**1,008,905,197**	**814,215,669**	**775,222,674**	**596,236,248**

The item that was most exposed to credit risk on the reporting date was the current operating receivables. Compared to the end of 2022, they decreased, in nominal terms, by 30 percent in the case of the Group and 47 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	572,042,233	51,421,340	7,287,064	1,296,628	2,727,703	634,774,968
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	**581,349,164**	**51,808,754**	**7,299,072**	**1,314,736**	**2,912,130**	**644,683,856**

	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	738,315,493	71,183,742	9,407,479	3,515,484	2,202,719	824,624,917
Interest receivables	6,188	1,933	33,538	16,781	64,621	123,061
Other receivables (excluding receivables from the state)	14,610,337	787,652	188	758	39,474	15,438,409
Total as at 31 December 2022	**752,932,018**	**71,973,327**	**9,441,205**	**3,533,023**	**2,306,814**	**840,186,387**

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	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**

(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	513,737,535	27,798,258	4,482,811	1,589,324	7,659,003	555,266,931
Interest receivables	-	-	-	-	1,388,192	1,388,192
Other receivables (excluding receivables from the state)	9,531,621	563,655	188	758	39,544	10,135,766
Total as at 31 December 2022	**523,269,156**	**28,361,913**	**4,482,999**	**1,590,082**	**9,086,739**	**566,790,889**

Changes in allowances for the current operating receivables of the Group

(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)**
Creation/reversal of allowances affecting profit or loss	(7,966,732)	(65,643)	(8,032,375)
Changes in allowances not affecting profit or loss	(3,176,365)	(35,760)	(3,212,125)
Write-downs	2,919,772	126,043	3,045,815
Foreign exchange differences	(11,559)	(3,475)	(15,034)
As at 31 December 2021	**(59,089,851)**	**(1,192,941)**	**(60,282,792)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2022	**(59,089,851)**	**(1,192,941)**	**(60,282,792)**
Creation/reversal of allowances affecting profit or loss	(7,598,209)	(99,466)	(7,697,675)
Changes in allowances not affecting profit or loss	249,964	(290,411)	(40,447)
Write-downs	5,462,098	343,417	5,805,515
Foreign exchange differences	20,241	(9)	20,232
As at 31 December 2022	**(60,955,757)**	**(1,239,410)**	**(62,195,167)**

Changes in allowances for the current operating receivables of the Company

(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)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2022	**(31,923,202)**	**(943,204)**	**(32,866,406)**
Creation/reversal of allowances affecting profit or loss	(2,734,572)	-	(2,734,572)
Changes in allowances not affecting profit or loss	-	(193,123)	(193,123)
Write-downs	3,599,101	292,450	3,891,551
As at 31 December 2022	**(31,058,673)**	**(843,877)**	**(31,902,550)**

Collateralisation of receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Current trade receivables	883,095,961	692,538,011	585,600,764	409,335,386
Allowances	(58,471,044)	(57,763,043)	(30,333,833)	(31,098,414)
Current trade receivables including allowances	824,624,917	634,774,968	555,266,931	378,236,972
Overdue current trade receivables (gross amount)	130,909,575	107,423,690	62,527,269	58,813,962
Share of overdue receivables in outstanding receivables	15%	16%	11%	14%
Current operating receivables over EUR 100,000 secured with high-quality collaterals:				
Credit insurance	283,079,740	214,325,348	126,186,073	97,047,976
Supplier (offsetting transaction)	210,720,716	122,394,599	166,740,382	78,178,182
Bank guarantee	12,705,138	17,283,712	3,162,336	2,882,496
Lien	10,151,491	10,034,391	5,666,766	3,222,076
Received prepayments and collaterals	9,353,964	1,499,449	9,181,402	1,369,708
High-quality guarantee	8,726,199	14,155,235	7,923,843	7,239,420
Total current operating receivables over EUR 100,000 secured with high-quality collaterals	**534,737,248**	**379,692,734**	**318,860,802**	**189,939,857**
Collateral coverage (v %)	79%	79%	84%	81%

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 42,314,524 as at 31 December 2022 (the customer is a company), accounting for 4.8 percent of the Group's trade receivables. The receivable from the Company's largest single customer stood at EUR 42,314,524 as at 31 December 2022 (the customer is a company), accounting for 7.2 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 40,310 active customers (legal persons) as at 31 December 2022. 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 2022, 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)	2022	2021	2022	2021
Days sales outstanding				
Contract days	27	36	23	31
Overdue receivables in days	3	4	2	3
Total days sales outstanding	**30**	**40**	**25**	**34**

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

The business and wider societal environment in the EU and globally were strongly influenced by the war in Ukraine, the crisis situation in the energy markets (high prices and the uncertain supply of fuels and energy products), the resulting diverging national approaches to regulating fuel prices to mitigate the impact of the energy crisis on people and businesses, and high inflation. Therefore, the Petrol Group continues to intensify its activities and pay more attention and care to liquidity risk management.

Successfully managing the Group's/Company's liquidity risk in line with Standard & Poor's guidelines remains a key objective despite the challenging circumstances.

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 common approach to banks in domestic and foreign financial markets,
- computer-assisted system for the management of the cash flows of the parent company and all its subsidiaries;
- the centralised collection of available cash through cash pooling.

Despite the impact of the war in Ukraine, the crisis situation in the energy markets and the consequences of different national approaches to the regulation of energy prices in the domestic market and in the markets where the Group operates, which present additional uncertainties for the Group's operations, we have optimised our cash flow planning and responded in a timely manner to all changes and challenges, ensuring optimal and strong liquidity for the Group. In order to ensure the Group's stable liquidity position, in the third quarter, we started activities to obtain additional credit lines to further strengthen the Group's stable and solid liquidity position. Our strong liquidity position also allows for the settlement of all liabilities as they fall due.

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.

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	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	65,842,106	70,964,562	51,114,568	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	-	-
Commodity derivative instruments	116,341	116,341	116,341	-	-	-
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**

The current financial liabilities include derivative financial instruments totalling EUR 2,791,449.

(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	401,613,002	433,536,129	-	-	372,631,738	60,904,391
Non-current lease liabilities	101,100,126	109,074,515	-	-	85,655,698	23,418,817
Non-current operating liabilities (excluding other liabilities)	2,024,000	2,024,000	-	-	2,024,000	-
Current financial liabilities	96,656,433	110,096,768	61,187,352	48,909,416	-	-
Current lease liabilities	17,498,969	21,007,713	11,041,027	9,966,686	-	-
Liabilities arising from commodity forward contracts*	-	1,636,926,610	756,687,613	622,733,589	257,505,408	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	838,214,758	838,214,758	837,450,259	764,499	-	-
Commodity derivative instruments	29,872,456	29,872,456	29,872,456	-	-	-
As at 31 December 2022	**1,486,979,744**	**3,180,752,949**	**1,696,238,707**	**682,374,190**	**717,816,844**	**84,323,208**

The current financial liabilities include derivative financial instruments totalling EUR 8,837,601.

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	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	272,369,421	279,188,159	105,988,961	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	-	-
Commodity derivative instruments	116,341	116,341	116,341	-	-	-
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**

The current financial liabilities include derivative financial instruments totalling EUR 2,791,449.

(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	365,355,088	397,362,215	-	-	315,808,328	81,553,887
Non-current lease liabilities	27,331,350	36,394,573	-	-	16,335,004	20,059,569
Non-current operating liabilities (excluding other liabilities)	2,024,000	2,024,000	-	-	2,024,000	-
Current financial liabilities	225,811,701	240,808,279	200,158,490	40,649,789	-	-
Current lease liabilities	3,965,318	5,162,635	2,691,072	2,471,563	-	-
Liabilities arising from commodity forward contracts*	-	1,625,382,552	748,075,117	619,802,027	257,505,408	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	606,024,368	606,024,367	605,806,817	217,550	-	-
Commodity derivative instruments	16,007,602	16,007,602	16,007,602	-	-	-
Contingent liabilities for guarantees issued**	-	368,063,707	368,063,707	-	-	-
As at 31 December 2022	**1,246,519,427**	**3,297,229,930**	**1,940,802,805**	**663,140,929**	**591,672,740**	**101,613,456**

* 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.

The current financial liabilities include derivative financial instruments totalling EUR 745,579.

7.3 Foreign exchange risk

The Group

(in EUR)	The Petrol Group 31 December 2021 EUR	USD	HRK
Cash and cash equivalents	61,013,124	1,156,764	29,756,999
Current operating receivables (excluding rec. from the state)	481,505,521	847,677	106,875,723
Non-current operating receivables	8,223,281	-	3,479
Current loans	15,336,028	-	313,552
Non-current loans	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)
Non-current financial liabilities	(433,432,824)	-	(29,098)
Non-current lease liabilities	(27,145,512)	-	(59,134,959)
Current financial liabilities	(65,750,505)	-	(58,967)
Current lease liabilities	(2,941,874)	-	(9,844,609)
Exposure of the statement of financial position	**(387,165,414)**	**(62,852,288)**	**1,183,822**
Nominal value of forward contracts	(95,305,770)	85,448,575	-
Net exposure of the statement of financial position	**(482,471,184)**	**22,596,287**	**1,183,822**

(in EUR)	The Petrol Group 31 December 2022 EUR	USD	HRK
Cash and cash equivalents	54,580,906	7,933,042	19,251,321
Current operating receivables (excluding rec. from the state)	664,758,580	3,185,317	101,803,591
Non-current operating receivables	7,013,743	-	-
Current loans	1,321,649	-	340,265
Non-current loans	52,798	-	894,523
Non-current operating liabilities (excluding other liabilities)	(2,024,000)	-	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(651,101,201)	(143,987,078)	(37,239,860)
Non-current financial liabilities	(351,703,263)	-	(49,909,739)
Non-current lease liabilities	(94,209,290)	-	-
Current financial liabilities	(96,375,479)	-	(280,954)
Current lease liabilities	(16,459,073)	-	-
Exposure of the statement of financial position	**(484,144,630)**	**(132,868,719)**	**34,859,147**
Nominal value of forward contracts	(450,436,390)	440,579,195	-
Net exposure of the statement of financial position	**(934,581,020)**	**307,710,476**	**34,859,147**

	The Petrol Group				
	31 December 2021				
	BAM	RSD	RON	Other	Total
	2,417,531	2,101,401	3,375,162	405,909	100,226,890
	27,387,657	27,616,081	442,479	8,718	644,683,856
	-	2,011	-	-	8,228,771
	1,566	-	-	517,546	16,168,692
	-	-	1,918	-	991,831
	-	-	-	-	(5,024,000)
	(6,317,304)	(1,851,569)	(1,050)	(632,431)	(560,295,947)
	-	(351,073)	-	-	(433,812,995)
	(3,279,377)	(3,431,785)	-	-	(92,991,633)
	-	(32,634)	-	-	(65,842,106)
	(419,962)	(561,685)	-	-	(13,768,130)
	19,790,111	**23,490,747**	**3,818,509**	**299,742**	**(401,434,771)**
	-	-	9,857,195	-	-
	19,790,111	**23,490,747**	**13,675,704**	**299,742**	**(401,434,771)**

	The Petrol Group				
	31 December 2022				
	BAM	RSD	RON	Other	Total
	3,514,250	10,561,710	4,340,968	780,334	100,962,531
	38,109,671	31,832,732	442,479	54,017	840,186,387
	-	2,013	-	-	7,015,756
	990	-	-	16,234	1,679,138
	-	-	1,956	-	949,277
	-	-	-	-	(2,024,000)
	(2,000,207)	(3,710,871)	-	(175,541)	(838,214,758)
	-	-	-	-	(401,613,002)
	(2,930,085)	(3,960,751)	-	-	(101,100,126)
	-	-	-	-	(96,656,433)
	(401,466)	(638,430)	-	-	(17,498,969)
	36,293,153	**34,086,403**	**4,785,403**	**675,044**	**(506,314,199)**
	-	-	9,857,195	-	-
	36,293,153	**34,086,403**	**14,642,598**	**675,044**	**(506,314,199)**

The Company

(in EUR)	Petrol d.d. 31 December 2021 EUR	USD	HRK
Cash and cash equivalents	53,486,780	351,048	19,083
Current operating receivables (excluding rec. from the state)	384,117,222	-	1,016,538
Non-current operating receivables	8,219,107	-	-
Current loans	16,181,049	-	-
Non-current loans	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)	-	(17,797,013)
Current lease liabilities	(2,717,596)	-	-
Exposure of the statement of financial position	**(460,862,423)**	**(62,604,781)**	**(364,634)**
Nominal value of forward contracts	(95,305,770)	85,448,575	-
Net exposure of the statement of financial position	**(556,168,193)**	**22,843,794**	**(364,634)**

(in EUR)	Petrol d.d. 31 December 2022 EUR	USD	HRK
Cash and cash equivalents	38,154,909	7,914,181	106,873
Current operating receivables (excluding rec. from the state)	564,992,018	898,973	403,841
Non-current operating receivables	7,007,540	-	-
Current loans	41,042,883	-	300,879
Non-current loans	56,795,954	-	2,338,826
Non-current operating liabilities (excluding other liabilities)	(2,024,000)	-	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(461,963,051)	(143,881,855)	(5,961)
Non-current financial liabilities	(365,355,088)	-	-
Non-current lease liabilities	(27,331,350)	-	-
Current financial liabilities	(225,449,533)	-	(362,168)
Current lease liabilities	(3,965,318)	-	-
Exposure of the statement of financial position	**(378,095,036)**	**(135,068,701)**	**2,782,290**
Nominal value of forward contracts	(151,093,284)	141,236,089	-
Net exposure of the statement of financial position	**(529,188,320)**	**6,167,388**	**2,782,290**

The following exchange rates prevailed in 2022 and 2021:

Per 1 euro	31 December 2022	31 December 2021
USD	1.0666	1.1334
HRK	7.5365	7.5211
BAM	1.9558	1.9558
RSD	117.2900	117.4400
CZK	24.1160	24.9170
RON	4.9495	4.9494
MKD	61.6000	61.5350
HUF	400.8700	370.1500
CHF	0.9847	1.0363
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 and natural gas 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 cash flows from purchase of oil and petroleum products. The hedging instruments used in this case are forward contracts entered into with banks.

	Petrol d.d.				
	31 December 2021				
	BAM	RSD	RON	Other	Total
	55	29,358	3,366,757	314,316	57,567,397
	-	-	442,479	8,718	385,584,957
	-	-	-	-	8,219,107
	-	-	-	-	16,181,049
	-	-	-	-	83,299,185
	-	-	-	-	(5,024,000)
	-	-	-	(631,721)	(359,751,260)
	-	-	-	-	(404,555,761)
	-	-	-	-	(26,735,533)
	-	-	-	-	(272,369,421)
	-	-	-	-	(2,717,596)
	55	**29,358**	**3,809,236**	**(308,687)**	**(520,301,876)**
	-	-	9,857,195	-	-
	55	**29,358**	**13,666,431**	**(308,687)**	**(520,301,876)**

	Petrol d.d.				
	31 December 2022				
	BAM	RSD	RON	Other	Total
	-	29,396	4,300,827	697,175	51,203,361
	-	-	442,479	53,578	566,790,889
	-	-	-	-	7,007,540
	-	-	-	-	41,343,762
	-	-	-	-	59,134,780
	-	-	-	-	(2,024,000)
	-	-	-	(173,500)	(606,024,367)
	-	-	-	-	(365,355,088)
	-	-	-	-	(27,331,350)
	-	-	-	-	(225,811,701)
	-	-	-	-	(3,965,318)
	-	**29,396**	**4,743,306**	**577,253**	**(505,031,492)**
	-	-	9,857,195	-	-
	-	**29,396**	**14,600,501**	**577,253**	**(505,031,492)**

The effect of forward contracts

	The Petrol Group		Petrol d.d.	
(in EUR)	2022	2021	2022	2021
Unrealised loss	(8,837,601)	(287,484)	(745,579)	(287,484)
Unrealised gain	348,745	-	348,745	-
Realised loss	(7,457,219)	(1,728,783)	(15,549,241)	(1,728,783)
Realised gain	19,339,011	4,195,325	19,339,011	4,195,325
Total effect of forward contracts	**3,392,936**	**2,179,058**	**3,392,936**	**2,179,058**

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 2,622,222 (2021: expenses of EUR 2,721,775) for the Group and revenue of EUR 2,778,784 (2021: expenses of EUR 1,787,256) for the Company.

Given that forward contracts for hedging against foreign exchange risks are entered into with first-class European banks, the Group/Company considers that 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 2022, the Group/Company was also exposed to certain other currencies (RON), 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 3,372,503 (2021: EUR 3,161,421), 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. From the beginning of 2022, the forward price of next month's Diesel 10 ppm CIF Med H has increased from EUR 591.36 per MT to EUR 867.66 per MT, an increase of 47 percent. The price peaked in mid-June 2022, when it reached EUR 1,267.74 per MT. Such a high increase in energy product prices significantly increases the price risks managed by the Group through a set of limit systems defined according to the business partner and product, and through appropriate monitoring and control processes. The 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.

As part of the management of volumetric and price risks, regular adjustments to retail and wholesale plans were made and appropriate financial hedging transactions were entered into. The changes to the regulations had no impact on the price and volumetric risk management system itself, but there was an impact on the sale of petroleum products. The State (Slovenia) is expected to make good the losses incurred during the period, as a result of the Decree limiting the selling prices of petroleum products.

Trading in electricity exposes the Group to price and volumetric risks. In the period from the beginning of 2022 until 26 August 2022, prices for electricity supplied in Hungary in 2023 have been increasing. On 26 August 2022, the price peaked at EUR 1,007 per MWh and then gradually decreased until the end of 2022. On 28 December 2022 (the last day of quotation of the annual price for 2023 delivery in Hungary on the EEX), the price was EUR 259.85 per MWh, up 104 percent compared to the beginning of the year when the price was EUR 127.18 per MWh. The main reason for the high rise in electricity prices is the high rise in natural gas prices as a result of the closure of nuclear power plants in Germany and the war in Ukraine.

The natural gas prices for delivery in 2022 in Austria (CEGH market) have increased since the beginning of 2022 from EUR 46.18 per MWh to EUR 88.37 per MWh (28 December 2022), i.e. by 91 percent, peaking on the same day as electricity (26 August 2022) at EUR 314.6 per MWh.

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 Petrol Group regularly monitors the adequacy of the limit systems used, which it renews and supplements if necessary.

The effect of commodity swaps

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Unrealised loss	(29,872,456)	(116,341)	(16,007,602)	(116,341)
Unrealised gain	5,380,773	34,359,395	5,259,876	34,254,048
Realised loss	(528,826,694)	(235,612,141)	(535,263,668)	(236,216,896)
Realised gain	517,714,046	235,572,585	519,804,227	235,592,686
Total effect of commodity swaps	**(35,604,331)**	**34,203,498**	**(26,207,167)**	**33,513,497**

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 2022 would mean that the market value of the contracts would be EUR ±252,000. The calculation includes both physical and financial transactions.

In the case of petroleum products and natural gas, volumes are bought on the market with a view to selling to end-customers. In this case, there is no trading with petroleum products, which means that the key risk is not the price risk but the volumetric risk, which is managed by a limit system linked to the volumetric exposure.

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 2022, 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 2022 and 2021

	6-month Euribor	3-month Euribor	1-month Euribor
Value as at 31/12/2021 (in percent)	(0.544)	(0.571)	(0.594)
Value as at 31/12/2022 (in percent)	2.693	2.132	1.884
Change in interest rate (in percentage points)	**3.237**	**2.703**	**2.478**
The lowest value in 2022 (in percent)	(0.539)	(0.576)	(0.576)
The lowest value in 2022 (in percent)	2.752	2.184	1.913
Change between the lowest and the highest interest rate (in percentage points)	**3.291**	**2.76**	**2.489**
Average value in 2021 (in percent)	(0.523)	(0.549)	(0.561)
Average value in 2022 (in percent)	0.682	0.348	0.094
Change in average interest rate (in percentage points)	**1.205**	**0.897**	**0.656**

Interest rate swaps by maturity

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
6 to 12 months	34,000,000	74,000,000	34,000,000	74,000,000
1 to 5 years	323,000,000	307,000,000	273,000,000	257,000,000
Total interest rate swaps	**357,000,000**	**381,000,000**	**307,000,000**	**331,000,000**

The effect of interest rate swaps

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
Unrealised loss on effective transactions	35,701,883	4,109,730	31,719,264	3,283,988
Realised loss	(329,734)	(2,156,222)	(329,734)	(1,968,491)
Total effect of interest rate swaps	**35,372,149**	**1,953,508**	**31,389,530**	**1,315,497**

The Group's/Company's exposure to the risk of changing interest rates was as follows:

Financial instruments with a fixed interest rate

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loans	1,486,919	1,788,799	95,514,226	95,847,532
Financial liabilities	(91,328,000)	(144,855,441)	(257,150,704)	(316,133,210)
Net financial instruments with a fixed interest rate	**(89,841,081)**	**(143,066,642)**	**(161,636,478)**	**(220,285,678)**

Financial instruments with a variable interest rate

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loans	1,141,496	15,371,724	4,964,316	3,632,702
Financial liabilities	(406,941,435)	(354,799,660)	(334,016,085)	(360,791,972)
Net financial instruments with a variable interest rate	**(405,799,939)**	**(339,427,936)**	**(329,051,769)**	**(357,159,270)**

Value of the financial liabilities hedged using interest rate swaps

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Interest rate swaps	357,000,000	381,000,000	307,000,000	331,000,000
Total interest rate swaps	**357,000,000**	**381,000,000**	**307,000,000**	**331,000,000**

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.

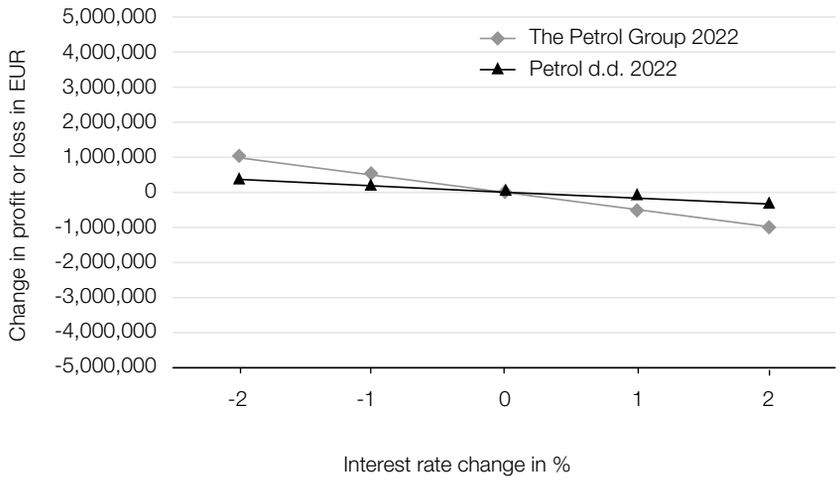
Change in profit or loss in the case of an increase by 100 or 200 bp

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cash flow variability (net)–100 bp	(487,999)	415,721	(220,518)	(261,593)
Cash flow variability (net)–200 bp	(975,999)	831,441	(441,035)	(523,185)

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 2022	31 December 2021	31 December 2022	31 December 2021
Cash flow variability (net)–100 bp	487,999	(415,721)	220,518	261,593
Cash flow variability (net)–200 bp	975,999	(831,441)	441,035	523,185

Effect of changes in interest rates on profit or loss



7.6 Capital 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. S&P's Global Ratings placed the Company on CreditWatch Negative in July 2022 due to the impact of the negative intervention in the fuel market, but in December 2022 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 2022, the Petrol Group continued to implement its strategic direction in the area of indebtedness and maintained the net debt/equity ratio at acceptable levels that provide the Group with a stable position for future operations.

Despite the consequences of the negative intervention in the fuel market, the uncertainties regarding the reimbursement of the damage caused by the intervention and the risks associated with possible additional interventions in the energy markets in 2022, the Petrol Group continued to implement its strategic direction in the area of indebtedness and maintained the net debt/equity ratio at acceptable levels that provide the Group with a stable position for future operations. The Group obtained approval from the banks for the deviation of the Net Debt/EBITDA ratio from the agreed contractual value in 2022, which demonstrates the Group's healthy liquidity position and confirms the banks' confidence in the Group's future performance.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Non-current financial liabilities	401,613,002	433,812,995	365,355,088	404,555,761
Non-current lease liabilities	101,100,126	92,991,633	27,331,350	26,735,533
Current financial liabilities	96,656,433	65,842,106	225,811,701	272,369,421
Current lease liabilities	17,498,969	13,768,130	3,965,318	2,717,596
Total financial liabilities	616,868,530	606,414,864	622,463,457	706,378,311
Total equity	860,166,621	908,698,005	597,990,971	609,914,620
Debt/Equity	**0,72**	**0,67**	**1,04**	**1,16**
Cash and cash equivalents	100,962,531	100,226,890	51,203,361	57,567,397
Net financial liabilities	515,905,999	506,187,974	571,260,096	648,810,914
Net debt/Equity	**0,60**	**0,56**	**0,96**	**1,06**

7.7 Carrying amount and fair value of financial instruments

The Petrol Group

(in EUR)	The Petrol Group			
	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	42,146,412	42,146,412	5,909,845	5,909,845
Non-derivative financial assets at amortised cost				
Loans	2,628,415	2,628,415	17,160,523	17,160,523
Operating receivables (excluding receivables from the state)	847,202,143	847,202,143	652,912,627	652,912,627
Contract assets	13,319,362	13,319,362	3,338,893	3,338,893
Cash and cash equivalents	100,962,531	100,962,531	100,226,890	100,226,890
Total non-derivative financial assets	**1,006,258,863**	**1,006,258,863**	**779,548,778**	**779,548,778**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(489,431,834)	(489,431,834)	(496,863,652)	(496,863,652)
Lease liabilities	(118,599,095)	(118,599,095)	(106,759,763)	(106,759,763)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state and employees)	(840,238,758)	(840,238,758)	(565,319,947)	(565,319,947)
Total non-derivative financial liabilities	**(1,448,269,687)**	**(1,448,269,687)**	**(1,168,943,362)**	**(1,168,943,362)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	2,646,334	2,646,334	34,666,891	34,666,891
Derivative financial instruments (liabilities)	(38,710,057)	(38,710,057)	(2,907,790)	(2,907,790)
Total derivative financial instruments	**(36,063,723)**	**(36,063,723)**	**31,759,101**	**31,759,101**

Petrol d.d., Ljubljana

(in EUR)	Petrol d.d.			
	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	35,494,605	35,494,605	3,218,360	3,218,360
Non-derivative financial assets at amortised cost				
Loans	100,478,542	100,478,542	99,480,234	99,480,234
Operating receivables (excluding receivables from the state)	573,798,429	573,798,429	393,804,064	393,804,064
Contract assets	11,722,300	11,722,300	7,604,649	7,604,649
Cash and cash equivalents	51,203,361	51,203,361	57,567,397	57,567,397
Total non-derivative financial assets	**772,697,237**	**772,697,237**	**561,674,704**	**561,674,704**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(590,421,210)	(590,421,210)	(674,133,733)	(674,133,733)
Lease liabilities	(31,296,668)	(31,296,668)	(29,453,129)	(29,453,129)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state and employees)	(608,048,368)	(608,048,368)	(364,775,260)	(364,775,260)
Total non-derivative financial liabilities	**(1,229,766,246)**	**(1,229,766,246)**	**(1,068,362,122)**	**(1,068,362,122)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	2,525,437	2,525,437	34,561,544	34,561,544
Derivative financial instruments (liabilities)	(16,753,181)	(16,753,181)	(2,907,790)	(2,907,790)
Total derivative financial instruments	**(14,227,744)**	**(14,227,744)**	**31,653,754**	**31,653,754**

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 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	2,646,334	-	2,646,334	-	34,666,891	-	34,666,891
Financial assets at fair value through other comprehensive income	-	37,699,989	4,446,423	42,146,412	-	1,442,724	4,467,121	5,909,845
Total assets at fair value	**-**	**40,346,323**	**4,446,423**	**44,792,746**	**-**	**36,109,615**	**4,467,121**	**40,576,736**
Non-current loans	-	-	949,277	949,277	-	-	991,831	991,831
Current loans	-	-	1,679,138	1,679,138	-	-	16,168,692	16,168,692
Non-current operating receivables	-	-	7,015,756	7,015,756	-	-	8,228,771	8,228,771
Current operating receivables (excluding rec. from the state)	-	-	840,186,387	840,186,387	-	-	644,683,856	644,683,856
Contract assets	-	-	13,319,362	13,319,362	-	-	3,338,893	3,338,893
Cash and cash equivalents	100,962,531	-	-	100,962,531	100,226,890	-	-	100,226,890
Total assets with fair value disclosure	**100,962,531**	**-**	**863,149,920**	**964,112,451**	**100,226,890**	**-**	**673,412,043**	**773,638,933**
Total assets	**100,962,531**	**40,346,323**	**867,596,343**	**1,008,905,197**	**100,226,890**	**36,109,615**	**677,879,164**	**814,215,669**

The fair value of the financial assets at fair value through other comprehensive income was assessed using the income capitalisation method and the assumption of a 6.5 percent (2021: 5,0 percent) required rate of return before taxes and a 1.5 percent (2021: 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 925,879 (2021: 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 770,121 (2021: EUR 846,121).

Fair value of liabilities

(in EUR)	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities	-	(8,837,601)	-	(8,837,601)	-	(2,791,449)	-	(2,791,449)
Commodity derivative instruments	-	(29,872,456)	-	(29,872,456)	-	(116,341)	-	(116,341)
Total liabilities at fair value	**-**	**(38,710,057)**	**-**	**(38,710,057)**	**-**	**(2,907,790)**	**-**	**(2,907,790)**
Non-current financial liabilities	-	-	(401,613,002)	(401,613,002)	-	-	(433,812,995)	(433,812,995)
Non-current lease liabilities	-	-	(101,100,126)	(101,100,126)	-	-	(92,991,633)	(92,991,633)
Current financial liabilities (excluding liabilities at fair value)	-	-	(87,818,832)	(87,818,832)	-	-	(63,050,657)	(63,050,657)
Current lease liabilities	-	-	(17,498,969)	(17,498,969)	-	-	(13,768,130)	(13,768,130)
Non-current operating liabilities (excluding other liabilities)	-	-	(2,024,000)	(2,024,000)	-	-	(5,024,000)	(5,024,000)
Current operating liabilities (excluding liabilities to the state, employees and liabilities at fair value)	-	-	(838,214,758)	(838,214,758)	-	-	(560,295,947)	(560,295,947)
Total liabilities with fair value disclosure	**-**	**-**	**(1,448,269,687)**	**(1,448,269,687)**	**-**	**-**	**(1,168,943,362)**	**(1,168,943,362)**
Total liabilities	**-**	**(38,710,057)**	**(1,448,269,687)**	**(1,486,979,744)**	**-**	**(2,907,790)**	**(1,168,943,362)**	**(1,171,851,152)**

Petrol d.d., Ljubljana

Fair value of assets

(in EUR)	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	2,525,437	-	2,525,437	-	34,561,544	-	34,561,544
Financial assets at fair value through other comprehensive income	-	33,376,691	2,117,914	35,494,605	-	1,100,446	2,117,914	3,218,360
Total assets at fair value	**-**	**35,902,128**	**2,117,914**	**38,020,042**	**-**	**35,661,990**	**2,117,914**	**37,779,904**
Non-current loans	-	-	59,134,780	59,134,780	-	-	83,299,185	83,299,185
Current loans	-	-	41,343,762	41,343,762	-	-	16,181,049	16,181,049
Non-current operating receivables	-	-	7,007,540	7,007,540	-	-	8,219,107	8,219,107
Current operating receivables (excluding rec. from the state)	-	-	566,790,889	566,790,889	-	-	385,584,957	385,584,957
Contract assets	-	-	11,722,300	11,722,300	-	-	7,604,649	7,604,649
Cash and cash equivalents	51,203,361	-	-	51,203,361	57,567,397	-	-	57,567,397
Total assets with fair value disclosure	**51,203,361**	**-**	**685,999,271**	**737,202,632**	**57,567,397**	**-**	**500,888,947**	**558,456,344**
Total assets	**51,203,361**	**35,902,128**	**688,117,185**	**775,222,674**	**57,567,397**	**35,661,990**	**503,006,861**	**596,236,248**

The fair value of financial assets at fair value through other comprehensive income was assessed using the income capitalisation method and the assumption of an 8.0 percent (2021: 5.0 percent) required rate of return before taxes and a 1.5 percent (2021: 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 433,086 (2021: EUR 751,086). A decrease in the above assumptions by 0.5 percentage point would have caused the fair value to decrease by EUR 265,914 (2021: EUR 539,914).

Fair value of liabilities

(in EUR)	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities	-	(745,579)	-	(745,579)	-	(2,791,449)	-	(2,791,449)
Commodity derivative instruments	-	(16,007,602)	-	(16,007,602)	-	(116,341)	-	(116,341)
Total liabilities at fair value	**-**	**(16,753,181)**	**-**	**(16,753,181)**	**-**	**(2,907,790)**	**-**	**(2,907,790)**
Non-current financial liabilities	-	-	(365,355,088)	(365,355,088)	-	-	(404,555,761)	(404,555,761)
Non-current lease liabilities	-	-	(27,331,350)	(27,331,350)	-	-	(26,735,533)	(26,735,533)
Current financial liabilities (excluding liabilities at fair value)	-	-	(225,066,122)	(225,066,122)	-	-	(269,577,972)	(269,577,972)
Current lease liabilities	-	-	(3,965,318)	(3,965,318)	-	-	(2,717,596)	(2,717,596)
Non-current operating liabilities (excluding other liabilities)	-	-	(2,024,000)	(2,024,000)	-	-	(5,024,000)	(5,024,000)
Current operating liabilities (excluding liabilities to the state, employees and liabilities at fair value)	-	-	(606,024,368)	(606,024,368)	-	-	(359,751,260)	(359,751,260)
Total liabilities with fair value disclosure	**-**	**-**	**(1,229,766,246)**	**(1,229,766,246)**	**-**	**-**	**(1,068,362,122)**	**(1,068,362,122)**
Total liabilities	**-**	**(16,753,181)**	**(1,229,766,246)**	**(1,246,519,427)**	**-**	**(2,907,790)**	**(1,068,362,122)**	**(1,071,269,912)**

Changes in Level 3 assets measured at fair value

(in EUR)	The Petrol Group		Petrol d.d.	
	2022	2021	2022	2021
As at 1 January	**4,467,121**	**4,528,987**	**2,117,914**	**2,117,914**
Disposals	(20,698)	-	-	-
Total profit or losses recognised in the statement of comprehensive income	-	(61,866)	-	-
As at 31 December	**4,446,423**	**4,467,121**	**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 2022 is presented in the chapter Share and Ownership Structure and in the chapter Companies in the Petrol Group of 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)	2022	2021	2022	2021
Sales revenue:				
Subsidiaries	-	-	1,278,693,637	415,270,782
Jointly controlled entities	4,450,996	2,311,547	34,299	18,346
Associates	38,746	29,528	38,746	29,528
Cost of goods sold:				
Subsidiaries	-	-	134,397,651	83,445,895
Jointly controlled entities	115,850	142,232	-	-
Costs of materials:				
Subsidiaries	-	-	908,547	412,845
Jointly controlled entities	4,645	2,509	-	-
Costs of services:				
Subsidiaries	-	-	1,103,313	685,341
Jointly controlled entities	3,977	1,380	-	-
Associates	-	-		-
Impairment of investments:				
Subsidiaries	-	-	-	11,193,296
Gain on derivatives:				
Subsidiaries	-	-	4,687,243	2,568,846
Loss on derivatives:				
Subsidiaries	-	-	1,658,727	934,626
Finance income from interests in Group companies:				
Subsidiaries	-	-	723,160	1,823,324
Jointly controlled entities	665,483	300,040	115,217	135,495
Associates	2,662,912	2,283,731	814,437	1,328,236
Finance income from interest:				
Subsidiaries	-	-	1,296,282	1,052,504
Jointly controlled entities	1,793	317	1,793	317
Other finance income:				
Subsidiaries	-	1,179,726	132,035	68,409
Associates	-	729	-	729
Impairment of goodwill:				
Subsidiaries	-	873,366	-	-
Finance expenses for interest:				
Subsidiaries	-	-	2,180,053	2,220,406

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Investments in Group companies:				
Subsidiaries	-	-	554,032,932	553,970,331
Jointly controlled entities	1,277,748	704,501	233,000	210,000
Associates	56,968,277	55,169,626	26,610,477	26,610,477
Non-current loans:				
Subsidiaries	-	-	59,087,634	83,233,789
Current operating receivables:				
Subsidiaries	-	-	83,627,973	56,193,756
Jointly controlled entities	1,100,698	684,743	15,433	3,900
Associates	1,568	842	1,487	842
Current loans:				
Subsidiaries	-	-	40,046,732	14,741,616
Jointly controlled entities	247,383	-	247,383	-
Contract assets:				
Subsidiaries	-	-	5,542,493	5,559,143
Non-current financial liabilities:				
Subsidiaries	-	-	21,000,000	21,000,000
Current financial liabilities:				
Subsidiaries	-	-	164,958,704	207,418,493
Jointly controlled entities	300,000	300,000	300,000	300,000
Current operating liabilities:				
Subsidiaries	-	-	8,515,784	17,420,542
Jointly controlled entities	898,293	-	876,704	-
Contract liabilities				
Subsidiaries	-	-	2,527	9,241
Other liabilities				
Subsidiaries	-	-	11,321,656	7,523,646

Remuneration of the Supervisory Board and committee members of Petrol d.d., Ljubljana

(in EUR)	Function	Basic SB payment	Attendance fees	Travel expenses	Sum gross	Sum net
Janez Žlak	President of the Supervisory Board	26,250	4,895	453	31,598	22,981
Borut Vrviščar	Deputy President of the Supervisory Board	22,125	4,345	-	26,470	19,252
Aleksander Zupančič	Member of the Supervisory board	18,750	6,611	-	25,361	18,445
Alenka Urnaut	Member of the Supervisory board	20,625	6,336	-	26,961	19,609
Mario Selecky	Member of the Supervisory board	18,750	4,015	-	22,765	17,643
Mladen Kaliterna	Member of the Supervisory board	18,750	6,611	-	25,361	18,445
Alen Mihelčič	Member of the Supervisory board	18,750	4,895	-	23,645	17,197
Robert Ravnikar	Member of the Supervisory board	18,750	6,611	-	25,361	18,445
Marko Šavli	Member of the Supervisory board	18,750	4,895	-	23,645	17,197
Janez Pušnik	External member of the Audit Committee	3,617	1,452	-	5,069	3,687
Sabina Merhar	External member of the Audit Committee	883	440	-	1,323	962
Total:		**186,000**	**51,106**	**453**	**237,559**	**173,862**

Remuneration of the Management Board members of Petrol d.d., Ljubljana
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**

2022

(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	249,159	93,695	99,000	192,695	-	-	45,570	-	487,424	190,133
Jože Bajuk, Member of the Management Board	212,017	79,620	84,000	163,620	-	-	35,836	-	411,473	167,997
Matija Bitenc, Member of the Management Board	212,042	79,620	84,000	163,620	-	-	34,889	-	410,551	170,546
Jože Smolič, Member of the Management Board	212,000	79,620	84,000	163,620	-	-	26,706	-	402,326	170,304
Zoran Gračner, Worker Director	128,953	25,742	19,873	45,615	-	-	3,306	-	177,874	97,797
Total:	**1,014,171**	**358,297**	**370,873**	**729,170**	**-**	**-**	**146,307**	**-**	**1,889,648**	**796,777**

* Travel expenses, costs of accommodation and subsistence allowance are not disclosed as, in 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 2022 by the Company to members of the Workers' Council stood at EUR 8,194.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31 December 2022.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31 December 2022, except for liabilities arising from December salaries payable in January 2023.

In 2022, 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, except in the case of Geoplin d.o.o., where two members of the Management Board of Petrol d.d., Ljubljana, have a management contract.

Remuneration of the Management Board of the Petrol Group's subsidiaries in 2022

(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						
Jože Bajuk, Member of the Management Board	12,077	-	-	-	-	-	-	-	12,077	8,482
Matija Bitenc, Member of the Management Board	12,077	-	-	-	-	-	-	-	12,077	8,482
Total:	**24,154**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,154**	**16,964**

** Fixed remuneration – gross comprises the basic salary and pay for annual leave.
*** Variable remuneration – gross comprises the annual bonus and the performance bonus.

9. Contingent liabilities

Contingent liabilities for guarantees issued

The maximum contingent liabilities of Petrol d.d., Ljubljana for guarantees issued stood at EUR 264,599,582 as at 31 December 2022 (31 December 2021: EUR 217,624,992) and were as follows:

(in EUR)	Petrol d.d.		Petrol d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Petrol d.o.o.	176,237,013	139,287,883	110,590,551	79,389,205
Vjetroelektrana Ljubač d.o.o.	23,792,130	23,792,130	-	-
Geoplin d.o.o. Ljubljana	21,000,000	21,000,000	-	-
E 3, d.o.o.	15,000,000	15,000,000	3,812,407	4,781,973
Petrol BH Oil Company d.o.o. Sarajevo	5,437,589	4,466,135	166,588	67,104
Petrol LPG d.o.o.	4,700,000	-	-	-
Petrol d.o.o. Beograd	3,999,800	3,500,000	1,023	80,749
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.	3,000,000	420,000	206,682	189,941
Petrol LPG HIB d.o.o.	460,163	-	-	-
Aquasystems d.o.o.	373,318	373,318	373,318	373,318
Total	**257,000,013**	**210,839,466**	**116,950,569**	**86,682,290**
Bills of exchange issued as security	103,464,125	99,585,169	103,464,125	99,585,169
Other guarantees	7,599,569	6,785,526	7,599,569	6,785,526
Total contingent liabilities for guarantees issued	**368,063,707**	**317,210,161**	**228,014,263**	**193,052,985**

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 3,150,872. Interest on overdue amounts arising from the claims stood at EUR 333,858 as at 31 December 2022. 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 the explanation in Note 6.34.

The total value of lawsuits against the Group as defendant and debtor totals EUR 4,233,150. Interest on overdue amounts arising from the claims stood at EUR 333,858 as at 31 December 2022. The Group's Management Board 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 the explanation in Note 6.34.

10. Events after the reporting date

On 13 January 2023, the Government of the Republic of Slovenia adopted the Decree on the determination of compensation to natural gas suppliers. For supplies regulated by the decrees, suppliers are entitled to a monthly compensation for the difference between the average monthly purchase cost and the regulated retail price, taking into account the supplier's cost of EUR 5/MWh.

There were no events after the reporting date that would significantly affect the presented financial statements for 2022.

11. Financial statements of Petrol d.d., Ljubljana by activity in accordance with the Electricity Supply Act, the Gas Supply Act and the Heat Supply from Distribution Systems 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 Electricity Supply Act (Official Gazette of the RS No. 172/2021), the Gas Supply Act (Official Gazette of the RS Nos. 204/2021 and 121/2022) and the Heat Supply from Distribution Systems Act (Official Gazette of the RS No. 44/2022), which stipulate 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 Electricity Supply Act, the Gas Supply Act and the Heat Supply from Distribution Systems 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;
- the 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: the production of electricity, the distribution of electricity – closed distribution system, the distribution of natural gas (as an open and closed distribution system), heat generation and heat distribution. In addition to these activities, we 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. 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 field of Energy Product and Electricity Management and are the basis for the division indirect costs and expenses carried under the support of Energy Product and Electricity Management – 1st coverage for 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 into 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 the 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 charge is the direct depreciation charge that falls on an individual activity; an individual activity also accounts for a proportionate share of the indirect depreciation 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.
- Finance income is carried under separate financial statements under the other activities of the Company.
- 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 compared 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 income is carried directly under individual activities:
- Long-term deferred income 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 the 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” as lower than “Liabilities”, the calculated difference is carried under other receivables by individual activity.

If we determine the value of “Assets” as 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 the financial statements by the 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	12,238,569	72,129,853	597,844	4,165,109	2,234,665
Cost of goods sold	-	(72,284,136)	-	19,555	(1,947)
Costs of materials	(2,374,035)	36,969	(386,527)	(2,532,489)	(515,980)
Costs of services	(524,611)	(64,150)	(18,608)	(552,895)	(277,928)
Labour costs	(1,454,709)	(109,864)	(79,537)	(1,097,852)	(1,114,740)
Depreciation and amortisation	(2,832,739)	(3,804)	(29,893)	(565,598)	(622,107)
Other costs	(1,646,801)	(112)	(5,065)	(189,249)	(58,713)
Gain from derivatives					
Loss from derivatives					
Other income	67,994	-	-	18,119	38,782
Other expenses	-	-	-	-	-
Operating profit or loss	**3,473,668**	**(295,244)**	**78,214**	**(735,300)**	**(317,968)**
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	**-**	**-**	**-**	**-**	**-**
Finance income	-	-	-	-	-
Finance expenses	(374,664)	(29)	(2,845)	(46,821)	(83,700)
Net finance expense	**(374,664)**	**(29)**	**(2,845)**	**(46,821)**	**(83,700)**
Profit before tax	**3,099,004**	**(295,273)**	**75,369**	**(782,121)**	**(401,668)**
Tax expense	(588,810)	56,101	(14,320)	148,603	76,317
Deferred tax	-	-	-	-	-
Corporate income tax	**(588,810)**	**56,101**	**(14,320)**	**148,603**	**76,317**
Net profit for the year	**2,510,194**	**(239,172)**	**61,049**	**(633,518)**	**(325,352)**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	5,691,112	665,983,794	3,141,003	2,792,970	6,556,350,601	7,325,325,520
	-	(642,894,401)	-	(1,693)	(6,271,105,008)	(6,986,267,630)
	(2,244,733)	(3,144)	(1,407,040)	(463,152)	(18,700,250)	(28,590,381)
	(319,614)	(1,232,384)	(201,926)	(802,740)	(132,076,372)	(136,071,228)
	(295,863)	(521,211)	(811,542)	(692,144)	(75,951,835)	(82,129,297)
	(389,578)	(33,634)	(707,105)	(501,942)	(40,830,725)	(46,517,125)
	(155,565)	(483)	(136,052)	(91,995)	(5,798,760)	(8,082,795)
					525,064,103	525,064,103
					(551,271,270)	(551,271,270)
	-	-	1,402	256	6,317,372	6,443,925
	-	-	-	-	(30,455)	(30,455)
	2,285,759	**21,298,537**	**(121,260)**	**239,560**	**(8,032,599)**	**17,873,367**
	-	**-**	**-**	**-**	**1,652,814**	**1,652,814**
	-	-	-	-	103,318,887	103,318,887
	(26,647)	(269)	(113,684)	(35,575)	(104,336,768)	(105,021,002)
	(26,647)	**(269)**	**(113,684)**	**(35,575)**	**(1,017,881)**	**(1,702,115)**
	2,259,112	**21,298,268**	**(234,944)**	**203,985**	**(7,397,666)**	**17,824,066**
	(429,231)	(4,046,671)	44,639	(38,757)	4,005,298	(786,831)
	-	-	-	-	2,346,643	2,346,643
	(429,231)	**(4,046,671)**	**44,639**	**(38,757)**	**6,351,941**	**1,559,812**
	1,829,880	**17,251,598**	**(190,305)**	**165,228**	**(1,045,724)**	**19,383,878**

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	38,090,099	955	-	1,922,118	5,590,561
Property, plant and equipment	464,545	1,975	286,426	3,494,430	3,061,455
Investment property	-	-	-	30,226	-
Investments in subsidiaries	-	-	-	-	-
Investments in jointly controlled entities	-	-	-	-	-
Investments in associates	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-
Loans	-	-	-	-	-
Operating receivables	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
	38,554,644	**2,930**	**286,426**	**5,446,774**	**8,652,016**
Current assets					
Inventories	-	-	-	-	-
Contract assets	-	-	-	-	-
Loans	-	-	-	-	-
Operating receivables	29,251,029	158,702,804	1,042,827	4,699,640	3,895,983
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	-	6,460,495	-	-	-
Cash and cash equivalents	-	-	-	-	-
	29,251,029	**165,163,299**	**1,042,827**	**4,699,640**	**3,895,983**
Total assets	**67,805,673**	**165,166,229**	**1,329,253**	**10,146,414**	**12,547,999**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	405,854	8,504	16,015	3,532,983	131,643,074	181,210,163
	2,782,519	13,530	11,973,627	23,742	344,208,401	366,310,650
	-	-	-	-	11,460,610	11,490,836
	-	-	-	-	554,032,932	554,032,932
	-	-	-	-	233,000	233,000
	-	-	-	-	26,610,477	26,610,477
	-	-	-	-	2,117,914	2,117,914
	-	-	-	-	59,134,780	59,134,780
	-	-	-	-	7,007,540	7,007,540
	-	-	-	-	3,987,393	3,987,393
	3,188,373	**22,034**	**11,989,642**	**3,556,725**	**1,140,436,121**	**1,212,135,685**
	-	-	-	-	151,178,363	151,178,363
	-	-	-	-	11,722,300	11,722,300
	-	-	-	-	41,343,762	41,343,762
	218,662	276,445,953	12,939,494	351,198	79,243,299	566,790,889
	-	-	-	-	11,880,734	11,880,734
	-	-	-	-	2,525,437	2,525,437
					33,376,691	33,376,691
	-	-	-	-	45,007,702	51,468,197
	-	-	-	-	51,203,361	51,203,361
	218,662	**276,445,953**	**12,939,494**	**351,198**	**427,481,649**	**921,489,734**
	3,407,035	**276,467,987**	**24,929,136**	**3,907,923**	**1,567,917,770**	**2,133,625,419**

(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 profit reserves	-	-	-	-	-
Fair value reserve	-	-	-	-	-
Hedging reserve	-	-	-	-	-
Retained earnings	-	-	-	-	-
Net profit or loss for the year	2,510,194	(239,172)	61,049	(633,518)	(325,352)
Total equity	**35,598,830**	**4,899,434**	**56,101**	**6,561,730**	**1,674,674**
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits	-	-	-	-	-
Other provisions	-	-	-	-	-
Long-term deferred revenue	-	-	-	90,809	219,178
Financial liabilities	15,757,259	1,235	119,169	1,961,094	3,505,769
Lease liabilities	28,180	304	-	-	-
Operating liabilities	572,382	-	-	8,662	4,563
	16,357,821	**1,539**	**119,169**	**2,060,565**	**3,729,510**
Current liabilities					
Financial liabilities	3,939,315	309	29,792	490,273	876,442
Lease liabilities	-	-	-	-	-
Operating liabilities	11,263,079	135,691,714	1,093,001	1,008,339	6,165,804
Commodity derivative instruments	-	-	-	-	-
Contract liabilities	76,472	169,709	-	-	362
Other liabilities	570,156	24,403,524	31,190	25,507	101,207
	15,849,022	**160,265,256**	**1,153,983**	**1,524,119**	**7,143,815**
Total liabilities	**32,206,843**	**160,266,795**	**1,273,152**	**3,584,684**	**10,873,325**
Total equity and liabilities	**67,805,673**	**165,166,229**	**1,329,253**	**10,146,414**	**12,547,999**

	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)
	-	-	-	-	322,180,686	322,180,686
	-	-	-	-	42,539,491	42,539,491
	-	-	-	-	26,639,848	26,639,848
	-	-	-	-	9,545,011	9,545,011
	1,829,880	17,251,598	(190,305)	165,228	(20,429,602)	-
	(3,487,742)	**28,840,798**	**8,827,209**	**165,228**	**514,854,709**	**597,990,971**
	-	-	-	-	5,898,618	5,898,618
	-	-	-	-	13,381,922	13,381,922
	136,000	-	702	-	29,134,407	29,581,096
	1,116,122	11,243	4,761,616	1,490,048	336,631,533	365,355,088
	-	2,707	-	-	27,300,159	27,331,350
	-	-	-	-	2,010,775	2,596,382
	1,252,122	**13,950**	**4,762,318**	**1,490,048**	**414,357,414**	**444,144,456**
	279,030	2,811	1,190,404	372,512	218,630,813	225,811,701
	-	-	-	-	3,965,318	3,965,318
	5,181,910	243,787,204	10,058,209	1,854,189	376,109,832	792,213,281
	-	-	-	-	16,007,602	16,007,602
	-	1,687,282	-	133	16,433,059	18,367,017
	181,715	2,135,942	90,996	25,813	7,559,023	35,125,073
	5,642,655	**247,613,239**	**11,339,609**	**2,252,647**	**638,705,647**	**1,091,489,992**
	6,894,777	**247,627,189**	**16,101,927**	**3,742,695**	**1,053,063,061**	**1,535,634,448**
	3,407,035	**276,467,987**	**24,929,136**	**3,907,923**	**1,567,917,770**	**2,133,625,419**

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