ANNUAL REPORT 2023

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, 2023

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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

New energy is our inspiration.

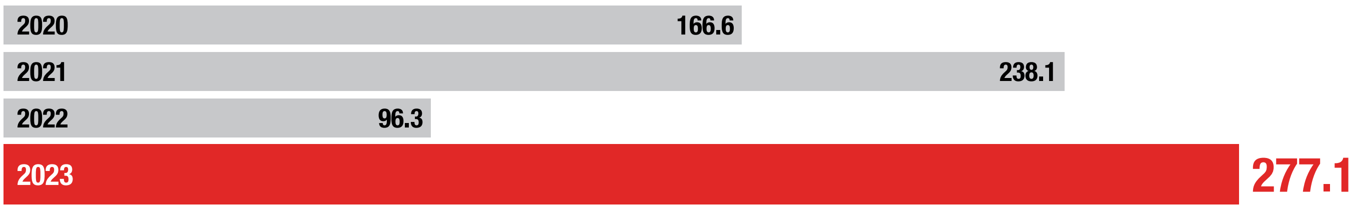
1 BUSINESS HIGHLIGHTS OF 2023

THE PETROL GROUP	Unit	2021	2022	2023	Index 2023/2022	Index 2023/2021
Revenue from contracts with customers	EUR million	4,960.1	9,456.7	**6,982.7**	74	141
Gross profit[1]	EUR million	543.4	393.4	**677.6**	172	125
Gross profit + Net Derivative Financial Instruments[1]	EUR million	577.6	357.8	**730.8**	204	127
Operating profit	EUR million	151.1	-7.9	**180.2**	-	119
Net profit	EUR million	124.5	-2.7	**136.6**	-	110
Equity	EUR million	908.7	860.2	**923.0**	107	102
Total assets	EUR million	2,403.8	2,740.6	**2,635.3**	96	110
EBITDA[1, 2]	EUR million	238.1	96.3	**277.1**	288	116
EBITDA/Gross profit[1]	%	43.8	24.5	**40.9**	167	93
EBITDA / (Gross profit + Net Derivative Financial Instruments)[1]	%	41.2	26.9	**37.9**	141	92
Operating costs/Gross profit[1]	%	79.7	118.9	**82.8**	70	104
Operating costs / (Gross profit + Net Derivative Financial Insruments)[1]	%	75.0	130.8	**76.8**	59	102
Net debt/Equity[1]		0.6	0.6	**0.5**	86	93
Net debt/EBITDA[1]		2.1	5.4	**1.7**	32	81
Return on equity (ROE)[1]	%	14.3	-0.3	**15.3**	-	107
Return on capital employed (ROCE)[1]	%	10.8	-0.5	**12.3**	-	114
Added value per employee[1]	EUR thousand	70.3	41.3	**77.4**	187	110
Earnings per share attributable to owners of the controlling company[3]	EUR	2.9	0.1	**3.3**	-	114
Share price as at last trading day of the year[3]	EUR	25.4	20.0	**23.3**	117	92
Volume of fuels and petroleum products sold	million tons	3.3	4.1	**3.8**	92	115
Volume of natural gas sold	TWh	35.4	18.9	**16.6**	88	47
Volume of electricity sold	TWh	13.8	12.0	**12.8**	106	93
Revenue from the sales of merchandise and services	EUR million	469.5	520.1	**571.2**	110	122

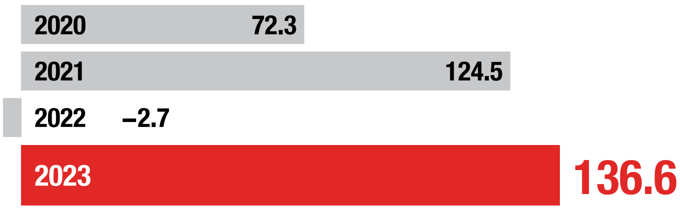
[1] Alternative performance measure (APM) as defined in chapter Alternative Performance Measures.
[2] EBITDA = Operating profit + Net Allowances for operating receivables + Depreciation and amortisation charge.
[3] 2021 - recalculated by taking into account the share split.

THE PETROL GROUP	Unit	31 December 2021	31 December 2022	31 December 2023	Index 2023/2022	Index 2023/2021
Number of employees		6,237	6,224	**5,945**	96	95
Number of service stations		593	594	**594**	100	100
Number of e-charging points operated by the Petrol Group		296	417	**495**	119	167
Number of electricity customers	thousand	225	226	**224**	99	100
Number of natural gas customers (data for the Geoplin Group are not included)	thousand	47	60	**61**	101	129

EBITDA PETROL GROUP, IN EUR MILLION



NET PROFIT OR LOSS, IN EUR MILLION



NET DEBT/EBITDA

STRUCTURE OF INVESTED ASSETS, IN %

VOLUME OF PETROLEUM PRODUCTS SOLD, IN MILLION TONS

NUMBER OF SERVICE STATIONS

2
LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear shareholders, business partners and co-workers,

The Petrol Group was again faced with many challenges in 2023, but at the same time, it also achieved important successes. As the economic growth slowed, we were faced with a loss of purchasing power and the tightened financing conditions. Despite the inflation, energy price regulation and geopolitical tensions, we stayed financially stable and continued expanding and diversifying our activities as set out in our strategy for 2021–2025. The year 2023 was marked by our continued commitment to the sustainable development and innovation and to providing our customers with an excellent customer experience.

The financial indicators and dividend yield point to a high financial performance and attractiveness for investors.

Stability and growth
Although the prices of energy commodities started to drop at the end of 2022, the government measures related to the regulation of energy prices stayed present throughout 2023, which had a profound impact on our business results. The margin cap on certain petroleum products, which entered into effect in November, is a special challenge for the Petrol Group, although the previously capped margins had already been substantially lower than in the comparable countries of Western Europe. If margins are too low, they do not enable covering for all costs and they lower the investment capacity, especially concerning investments in energy transition projects. Having said that, I believe it is important to point out that the energy transition is not only Petrol's strategic focus, but it is a broader social and political objective.

Regardless of the complexity and dynamics of the business environment, the Petrol Group demonstrated its ability to adapt and grow and maintained its stability in 2023. We showed that we are able not only to adapt to the volatile circumstances but also thrive in them. This way, we have laid sound foundations for the preparation of the Petrol Group's new strategy for 2025–2030.

In 2023, the Petrol Group generated **sales revenue** of EUR 7.0 billion, a year-on-year decrease of 26 percent, especially because of the lower prices of fuels and other energy commodities on spot and futures markets. The Petrol Group sold 3.8 tonnes of fuels, a decrease of 8 percent compared to the year before, while the sales of merchandise and services increased by 10 percent to EUR 571.2 million. We also sold 16.6 TWh of natural gas, 12.8 TWh of electricity, and 143.4 thousand MWh of heat. The **gross profit** in 2023 was EUR 677.6 million, an increase of 72 percent compared to 2022. Operating costs increased by 20 percent to EUR 561.3 million, mostly due to the higher labour costs and the higher costs of materials. **EBITDA** was EUR 277.1 million in 2023, a year-on-year increase of EUR 180.8 million. In the EBITDA structure, the share of the Energy and Solutions product group has been increasing, which is in line with the strategic commitment related to the transition from traditional energy sources to cleaner renewable energy sources. The **net profit** in 2023 stood at EUR 136.6 million.

We successfully continued to pursue our debt management strategy and reduced the **net debt** below the level from 2021. All key indicators have stayed at acceptable levels, providing the Group with financially stable foundations for future operations. In December 2023, S&P Global Ratings reaffirmed Petrol d.d., Ljubljana's long-term BBB- and short-term A-3 **rating** with a stable outlook.

We responded to the August flooding by helping the affected employees and communities, thereby demonstrating our corporate social responsibility and willingness to extend a helping hand to those in need.

Response to floods and support to communities

In August 2023, many parts of Slovenia, including our service stations and infrastructure, were hit by devastating flooding. We immediately took action to help our employees and the communities that were affected the most. In the spirit of solidarity, we provided electricity to the affected households at a symbolic price until the end of 2023, which confirms our mission to supply energy and support in difficult times.

Sustainability at the heart of our endeavours

Thanks to its sound financial basis, the Petrol Group is able to continue its path as the leading player in the energy transition and prepare for the challenges and opportunities brought by the future. In 2023, we earmarked EUR 82.9 million for net investments. Despite the challenges brought by the energy crisis, energy transition and regulatory interventions and the uncertainty regarding the reimbursement for the damage resulting from price regulation, which required substantially decreasing CapEx in 2022, the Petrol Group successfully continued its key development projects in 2023.

In the context of the **strategic renovation of our sales network** in Slovenia, two completely reconstructed new-generation service stations stand out, namely Barje-North and Barje-South on the Ljubljana ring road. In Croatia, we completed a comprehensive reconstruction of seven service stations, constructed three replacement service stations, and newly built one service station. We continued the Oil & Gas E2E **supply chain digitalisation** project which is aimed to optimise logistics and will be completed in 2024. Furthermore, our investments have stayed focused on renewable electricity generation. We completed the construction of one of the largest **solar power plants** in the region which covers three locations surrounding our Ljubač wind park in Croatia. We also continued developing the Dazlina **wind power plant** project. We are connecting solar power plants to the grid in the context of the **Petrol Green** project; in parallel, activities are in place to obtain documentation and the necessary licenses for the next phase of the project in Slovenia and to expand to Croatia and Serbia. The Petrol Group's investment policy in 2024 will be focused on expanding its operations in the fields of renewable electricity generation and the energy and environmental solutions, as well as on digitalisation. Despite the limitations resulting from regulation, we plan to earmark EUR 130.0 million for investments in 2024, of which 44 percent for energy transition projects.

Despite our commitment to, and progress made in, the green transition, we are faced with a reality where our endeavours are limited by too low margins on petroleum products. The current cap on margins in Slovenia does not enable covering for costs in fuel and petroleum product operations and, as a result, does not allow us to adapt to the upcoming requirements of the European Green Deal. In this context, we see market liberalisation as an adequate long-term solution to the increasing needs for investments in a new, environmentally sustainable business model. This is a path we cannot walk alone, and which requires understanding and cooperation of all stakeholders – the government, business partners and each individual in our community.

We are about to start preparing the new strategy until 2030. In the new strategic period, we will further consolidate our leading role in the energy transition of the region.

Glance forward

At Petrol's Management Board, we are proud of our team's achievements in 2023 and we look forward to the future with optimism. Our results and endeavours in the field of sustainability represent a sound basis for further growth and development. Together with our team of nearly six thousand employees, we are committed to staying the leading corporation in the SEE region in the fields of the energy transition, innovation and customer satisfaction.

We expect to face new challenges, but also opportunities for growth in 2024. We are committed to improving our key financial indicators, all the while staying committed to our vision to become an integrated partner in the energy transition with an excellent customer experience. Together, we will continue developing and implementing sustainable solutions which not only meet but also exceed the expectations of our customers and the community. In the 2021–2025 strategic period, which will end next year, we have set a target for EBITDA to amount to EUR 336 million in 2025. This goal is ambitious, but achievable. We are starting to prepare a new strategy for the period until 2030, which is planned to be presented to the Supervisory Board for endorsement in the last quarter of 2024. In the new strategic period, we will continue to consolidate our leading position in the energy transition of the region.

In 2023, the Petrol Group once again demonstrated its financial efficiency and performance, resulting in a high shareholder return. The return per share, which reflects its value growth, was 16.5 percent, by comparing the closing share price as at the end of 2023 and 2022. Combined with a 7.5 percent dividend yield, the total return per share stood at 24 percent in 2023, which clearly points to strong confidence and satisfaction of our investors.

I would like to thank everyone for the support and trust you continue to show to the Petrol Group. We will do our best to ensure that the Petrol's share stays stable and reliable and an attractive investment opportunity, and that Petrol stays an attractive, interesting and safe employer, known for excellence in business partnerships and customer experience.

At this place, I would especially like to stress the invaluable contribution of each Petrol Group employee. Dear colleagues, thank you all for your effort, devotion and commitment. You are the heart of our success. Together, we have and will continue to build a future which will exceed the expectations of our customers, partners and the community.

I am sure that together, we will stay on this path of success and growth, explore new opportunities and continue making positive changes in the world around us.

Here is to our future, full of energy for life.

Sašo Berger
President of the Management Board


Zoran Gračner
Member of the Management Board and Worker Director
Jože Smolič
Member of the Management Board
Sašo Berger
President of the Management Board

Marko Ninčević
Member of the
Management Board

Metod Podkrižnik
Member of the
Management Board

Drago Kavšek
Member of the
Management Board

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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 2023, 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 Sašo Berger, President of the Management Board, Drago Kavšek, Member of the Management Board, Marko Ninčević, Member of the Management Board, Jože Smolič, Member of the Management Board, Metod Podkrižnik, 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 2023 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 2023 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.

Sašo Berger
President of the
Management Board

Drago Kavšek
Member of the
Management Board

Marko Ninčević
Member of the
Management Board

Metod Podkrižnik
Member of the
Management Board

Jože Smolič
Member of the
Management Board

Zoran Gračner
Member of the
Management Board and
Worker Director

Ljubljana, 11 April 2024

4 REPORT OF THE SUPERVISORY BOARD

Composition of the Supervisory Board in 2023

The Supervisory Board of Petrol d.d., Ljubljana has worked in its current composition since 22 April 2021. In 2023, the Supervisory Board was 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 2023, 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.

In 2023, Petrol's Supervisory Board continued to operate in a diverse composition, which allowed for an effective complementarity of expertise and exchange of views.

The Supervisory Board held 22 meetings in 2023 (compared to 17 meetings in 2022, which was a year of the energy crisis, the war in Ukraine and management of Geoplin's operations). Of these, 11 were scheduled in the 2023 financial calendar, which already included 4 additional meetings due to the delayed endorsement of the 2023 business plan (the financial calendar normally foresees 7 regular meetings per financial year). In addition to the 11 regular meetings scheduled according to the financial calendar in 2023, the Supervisory Board held 11 extraordinary meetings, mainly to manage costs and stabilise the Company financially in the light of the energy price regulation and its impact on the operations.

Throughout the year, the Supervisory Board regularly monitored the Petrol Group's operations and 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 Meetings in 2023

In January 2023, the Supervisory Board held four meetings to approve the 2023 business plan.

The Supervisory Board met in February 2023 to supervise the operations in January 2023.

In March 2023, the Supervisory Board held two meetings to approve the unaudited Report for 2022 and to monitor operations in February 2023.

In April 2023, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2022, discussed the proposal on the allocation of accumulated profit, and approved the convening of the 37th General Meeting of Shareholders. It also took note of the operations in March 2023.

In May 2023, the Supervisory Board discussed the report on the operations of the Company and the Petrol Group in the first three months, as well as the operations in April 2023. The Supervisory Board also discussed the progress of the renewable energy project. In May, an additional correspondence meeting of the Supervisory Board was held to adopt amendments and supplements to the financial calendar.

Two Supervisory Board meetings were held in June 2023 to discuss strategic topics (Geoplin strategy, Petrol Group mobility strategy and a review of logistics opportunities).

One meeting was held in July 2023, at which changes were made to the Company's Management Board (two new members were appointed and one member resigned).

In 2023, the Supervisory Board held 22 meetings. This reflects its active role in management and supervision in challenging times.

In August, the Supervisory Board discussed the report on the operations of the Company and the Petrol Group in the first six months of 2023.

In October 2023, the Supervisory Board discussed strategic topics (application to the tender for the installation of e-charging points, the Dazlina wind power plant project and the basis for the preparation of the 2024 business plan).

Seven meetings were held in November and December 2023; in addition to two regular meetings where the report on the operations for the first nine months of 2023 and activities related to the independence and transparency of the members of the Supervisory Board were discussed, five extraordinary meetings were held to discuss activities related to the preparation of the 2024 business plan and to the change in the composition of the Management Board.

At least once a month, the Supervisory Board monitored the operations of the Company and the Petrol Group over the previous month in order to stabilise operations and control costs.

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

- adopting the 2024 Internal Audit work programme;
- adopting the 2024 Audit Committee work programme;
- 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;
- 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.

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;
- 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, 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 had **thirteen meetings in 2023** (nine in 2022) to discuss quarterly reports on the operations of the Petrol Group and Petrol d.d., Ljubljana, and standard and other matters, such as:

- progress of the preliminary audit of the 2022 Annual Report;
- preparation of the 2024 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 2024 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;
- carrying out an 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 audited Annual Report for 2022 and submitted a proposal for its endorsement to the Supervisory Board. It also dealt with topics related to the Supervisory Board and the Annual General Meeting.

The two Supervisory Board Committees carried out key tasks in 2023 to support an effective supervision and the strategic direction of the Company.

The Supervisory Board's Human Resources and Management Board Evaluation Committee held four meetings in 2023 (one meeting in 2022) to evaluate the work of the Management Board in 2022 and to make proposals to the Supervisory Board on the remuneration for its work in 2022. 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. Other activities were related to changes in the composition of the Management Board in accordance with the Rules of Procedure of the Supervisory Board.

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

Unaudited business results of the Petrol Group in 2023

At its 49th meeting of 15 March 2024, the Supervisory Board discussed the unaudited business results of the Petrol Group and Petrol d.d., Ljubljana, for 2023.

The Petrol Group's sales revenue stood at EUR 7.0 billion in 2023, down 26 percent on the year before. The gross profit stood at EUR 677.6 million, which was 72 percent more than in 2022. The EBITDA amounted to EUR 277.1 million and the net profit to EUR 136.6 million.

Endorsement of the 2023 Annual Report

At its 51st meeting of 18 April 2024, the Supervisory Board discussed the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2023. 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 2023.

As part of the Annual Report adoption, the Supervisory Board also put forward its position regarding the corporate governance statement and the statement of compliance with the applicable code that are included in the business section of the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2023, and concluded that it is a true reflection of the corporate governance in place in 2023.

Dr Janez Žlak
President of the Supervisory Board

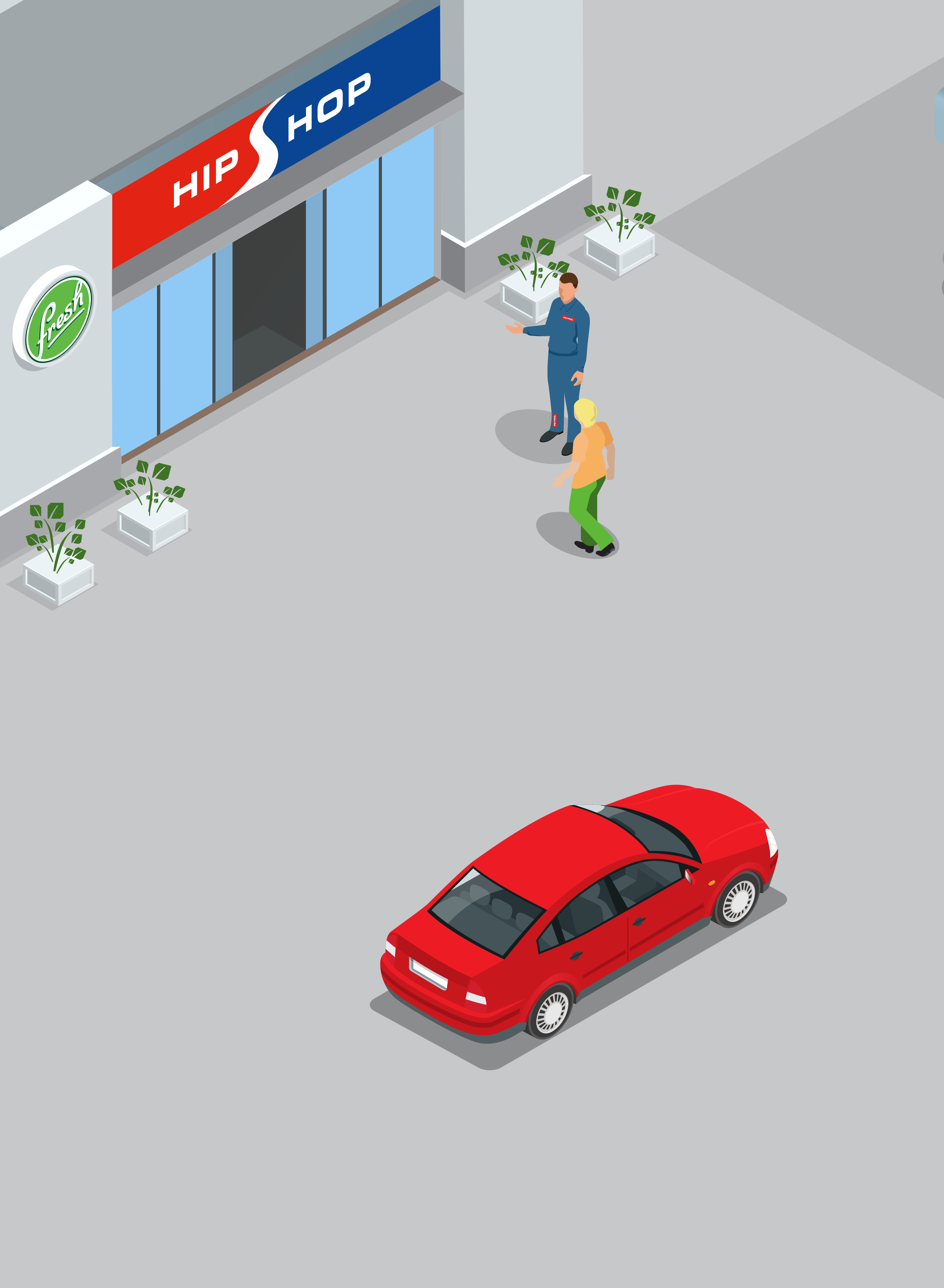
Ljubljana, 18 April 2024

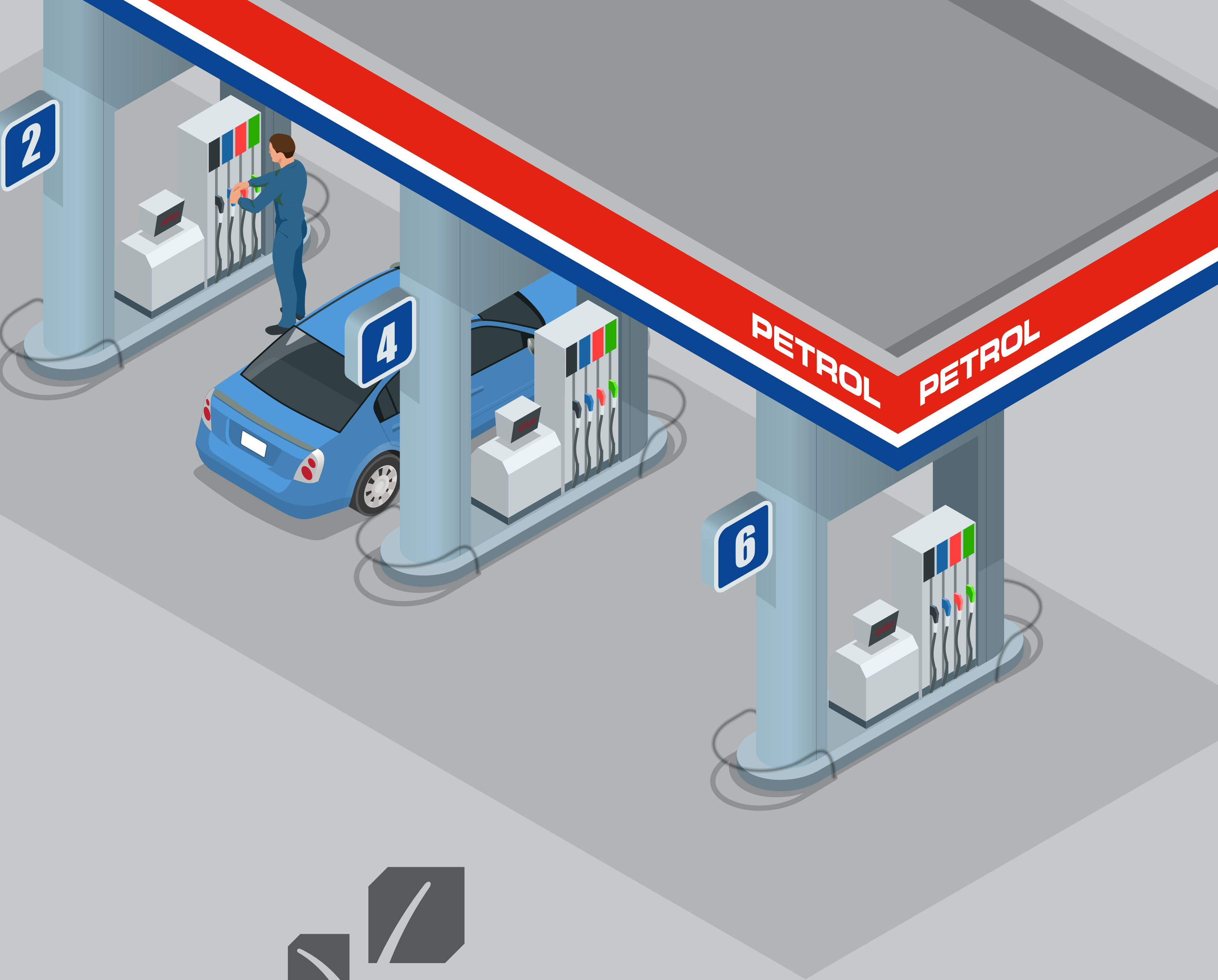
5
THE PETROL GROUP IN THE REGION

The Petrol Group has companies in the following countries:

- Slovenia
- Croatia
- Bosnia and Herzegovina
- Serbia
- Montenegro
- Kosovo
- North Macedonia
- Austria
- Romania

The Group also operates in other countries.


HIP SHOP
fresh



BUSINESS REPORT

The best service for our customers

6
STRATEGIC ORIENTATION

6.1 Our mission, promise, vision and values

Mission
Through a broad range of energy commodities, 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 run.

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

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

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

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

6.2 Strategy of the Petrol Group for the 2021–2025 period

On 28 January 2021, the Supervisory Board of Petrol d.d., Ljubljana endorsed the Strategy of the Petrol Group for the 2021–2025 period, which defines the path to a successful future through a vision, objectives and strategic business plan. 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 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 energy commodities are produced, sold and used. Petrol is committed to making a transition to green energy and is dedicating a significant share of its investments to achieve it. The strategy of the Petrol Group defines clear targets for implementing our vision. While co-creating opportunities brought about by the energy transition, we will also continue to supply the market with hydrocarbons. This helps us focus on our principal activity, which is to supply energy commodities, as it is this area where we still see great potential in connection with the energy transformation.

We will continue to strengthen our sales network in the region. Thanks to new **digital channels, a broader range of energy commodities and a personalised offer**, we are following trends, getting closer to our customers, and 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 strengthen operational efficiency to free up additional funds for investments in renewable energy production.

We understand 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 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.

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 commodities and energy transition services and invest in renewable electricity generation; and
- **Serbia**, where we will increase our share in the energy commodities sales market.

We strive to remain the **first choice for energy transition projects** in the region by offering **integrated services with high added value**. We 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 generation, of which we 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 **electro-mobility and mobility services** shows a great potential for development. In doing so, 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).

Strategic objectives for 2025:

- EBITDA of EUR 336 million;
- net debt/EBITDA less than 1;
- net profit of EUR 180 million;
- CapEx in the 2021–2025 period in total amounting to EUR 698 million, of which 35 percent in energy transformation and the rest mainly in the expansion and upgrade of the retail network and the digitalisation of operations;
- renewable electricity output of 160 MW;
- retail network with a total of 627 service stations;
- 1,575 e-charging points;
- energy savings of 73 GWh for end-customers in the 2021-2025 period.

By pursuing the goals, we strengthen the **long-term financial stability** of the Petrol Group. Through a stable dividend policy, we 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 commodities have severely impacted the Petrol Group's business. The regulated prices for petroleum products were not high enough to cover all costs in a certain period. In 2022 and 2023, we also had to adapt, or limit, our investment funds to the changed business environment, all the while still aiming to earmark as much of investments as possible for the energy transition.

In 2024, in line with current trends and developments in the energy markets, the Petrol Group is preparing a roadmap for the Group's strategic development until 2030.

6.3 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 a corporate culture promoting lawful, transparent and ethical conduct and decision-making by all staff. We raise and consolidate the awareness of how important compliance is among employees and business partners. We apply the zero-tolerance principle to the unlawful and unethical conduct of employees and business partners.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7 PLANS FOR 2024

7.1 Business environment

In 2024, the Petrol Group will continue to face significant uncertainties stemming from volatile energy markets and a heightened geopolitical situation due to the war in Ukraine and tensions in the Middle East. Nevertheless, the outlook points to moderate economic growth. Inflation forecasts for 2024 are slightly lower compared to 2023, but we still expect significant cost pressures.

The energy commodity markets also point to moderating prices in 2024, with the partial regulation of electricity prices for households and a cap on natural gas prices in Slovenia for the 2024 heating season.

The Petrol Group's 2024 Business Plan includes adjustments to the changing market conditions, with continued investment in renewables and the green transition, reflecting global trends and a commitment to sustainable development. At the same time, we are preparing for market developments, including the digitalisation of our business and the development of new sales channels to ensure resilience and growth in a changing global environment.

7.2 Key trends and risks in the 2024 Business Plan

The Petrol Group's 2024 Business Plan has been drawn up in a context of uncertainty, mainly related to the volatility of the energy markets, persistent inflation and slowing economic growth.

In 2024, we plan to increase investments in the energy transition.

We have laid a solid foundation for the future by optimising business processes and costs. We remain committed to meeting the high standards endorsed by S&P Global Ratings.

Against the background of minimal economic growth, the Petrol Group expects sales growth in the fuels and petroleum products segment, especially motor fuels. We are adapting to the decline in fuel oil sales by continuing to replace it with alternative energy commodities. In the retail segment, we will continue to provide fast and convenient customer service and an excellent customer experience. In sales of other energy commodities (electricity and natural gas), we are maintaining our market share while expanding our network of own and third-party charging points and improving the customer experience. Commitment to the green transition remains key and we will increase the share of renewable energy (RES) generation in the region. In the area of energy solutions, most activities will continue to focus on the industrial and household segments. We will continue to optimise costs in order to limit cost increases.

In planning its business objectives for 2024, the Petrol Group faces **several risks** that could affect the achievement of the plan. The main risks are regulatory interventions in the pricing policy, geopolitical risks and the negative impact of the energy crisis on the price of energy commodities. This has a direct impact on the regulatory framework, which is subject to frequent changes, sometimes without prior notice, further complicating business planning. The volatility of the energy markets also tightens the conditions for the purchase of petroleum products and exerts inflationary pressure on costs. There is also the potential risk of supply chain disruptions, which could affect economic stability, as well as the impact on the regulatory requirements for bio-component blending in Slovenia and Croatia. The Decree on the promotion of the use of biofuels and other renewable fuels for the propulsion of motor vehicles in Slovenia and the amendment to the Decree on energy-saving requirements will also have an impact on cost growth in the future. Other risks include the deterioration of the economic outlook in Slovenia's main trading partners, the volatility of European markets, which poses high market risks, and the lack of adequate labour force, which is a particular challenge.

The accelerated and complex transition to green fuels as called for by the EU Green Deal, with requirements for ensuring savings for end users (ZPePKO), adding biofuels, and pay the CO_2 tax and related penalties for not meeting these targets will have a significant effect on the profitability of operations in the future. Future regulation of retail prices should thus also recognise additional costs related to the energy transition. Market liberalisation is a long-term solution which, besides the additional costs related to the green transition, includes the need for investments in a new, environmentally sustainable model; therefore, liberalisation of the margin policy is the regulator's key strategic decision.

7.3 Business targets for 2024

For 2024, the Petrol Group projects **sales revenue of EUR 5.8 billion and a gross profit of EUR 705.6 million.** The Petrol Group will achieve its planned results for 2024 by selling 4.1 million tonnes of fuels and petroleum products, merchandise in the amount of EUR 667.5 million, 16.4 TWh of natural gas (trading and sales to end customers), 12.4 TWh of electricity (trading and sales to end customers), 147.7 thousand MWh of heat, producing 204.4 thousand MWh of electricity, and selling energy and environmental solutions.

For 2024, the Petrol Group projects an **EBITDA of EUR 304.6 million** and a net debt/EBITDA ratio of 1.41.

For 2024, the Petrol Group projects a **net profit of EUR 156.5 million.**

The business plan for 2024 was prepared by taking into account the last known regulated prices of energy on the markets where the Petrol Group is present, which were in effect at the end of December 2023. For Slovenia, we assumed that on 1 March 2024 the margins on fuels would return to the level which was in effect until 4 December 2023, but that did not happen. Unforeseen interventions in the price policy by regulators can cause significant deviations from the set targets.

The Group's **investment policy** for 2024 will be focused on expanding business in the area of renewable electricity production, digitalising its supply chain, modernising and prudently increasing the number of its service stations and on expanding its operations in the area of energy and environmental solutions. In 2024, investments will amount to EUR 130.0 million, 44 percent of which will be spent on energy transition projects.

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In 2023, despite the challenges posed by the energy crisis, the Petrol Group managed to stabilise its business and maintain its solidity, which was key to maintaining the Group's sound financial health. Despite not having achieved our plan in the past year due to energy price regulation, we remain committed to meeting the high standards endorsed by S&P Global Ratings. We have laid a solid foundation for the future by optimising business processes and costs. In 2024, we plan to increase investments in the energy transition, which were slowed in 2022 and 2023 as a result of many external factors. With a commitment to the energy transition and excellent customer experience, the Petrol Group will continue its efforts to ensure stability and profitability for shareholders, even in a changing energy and economic environment.

8 CORPORATE GOVERNANCE STATEMENT

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

8.1 Reference to the applicable Corporate Governance Code

In the period from 1 January 2023 to 31 December 2023, 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 www.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 (www.petrol.eu, www.petrol.si).

Statement of compliance with the Code

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

- The Company is yet to perform an external assessment of the adequacy of the corporate governance statement, but this is expected to be performed in 2024 (the Code: Corporate governance statement, paragraph 5.6).
- Sustainable development is one of the priorities of the Petrol Group. Due to its importance, 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, since 2012. 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).
- In its Rules of Procedure, the Supervisory Board sets out the content and types of transactions which require the Supervisory Board's consent, 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 Procedure 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 them not being familiar with the needs of these bodies. The General Meeting Rules of Procedure were adopted at the first general meeting of Petrol d.d., Ljubljana in 1997; they are always available during the general meeting of shareholders and do not contradict the Slovenian Companies Act (ZGD-1), 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 32.7).

8.2 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 keeping 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 the 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 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 the Management Board 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 the required disclosures and notes;
- regular internal and external audits of business processes and operations.

Chapter 13 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 2023, the existing internal control system of Petrol d.d., Ljubljana and of the Petrol Group operated effectively and provided an appropriate environment for achieving the business objectives, 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, as risk managers, (3) internal audit tasked with providing independent assurance.

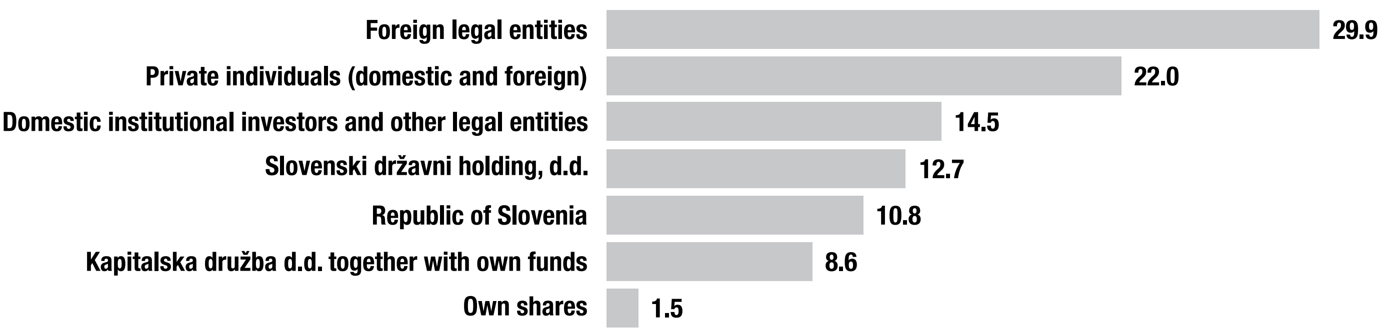
8.3 Data pursuant to Article 70(6) of the Companies Act-1

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:

8.3.1 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 2023, IN %



THE LARGEST SHAREHOLDERS OF PETROL D.D., LJUBLJANA, AS AT 31 DECEMBER 2023

	Shareholder	Address	Number of shares	Holding in %
1	J&T BANKA A.S. - FIDUCIARNI RAČUN	Sokolovská 700/113A, 18600 Praha, Czechia	5,333,200	12.78
2	SDH, D.D.	Mala ulica 5, 1000 Ljubljana	5,299,220	12.70
3	REPUBLIKA SLOVENIJA	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 - FIDUCI	Domovinskog rata 61, 21000 Split, Croatia	2,872,108	6.88
6	ERSTE GROUP BANK AG - PBZ CROATIA OSIGUR	Am Belvedere 1100 Wien, Austria	1,707,944	4.09
7	VIZIJA HOLDING, D.O.O.	Dunajska cesta 156, 1000 Ljubljana	1,582,480	3.79
8	VIZIJA HOLDING ENA, D.O.O.	Dunajska cesta 156, 1000 Ljubljana	1,350,700	3.24
9	MUSTAND ENERGY LIMITED	Klimentos 41-43, Klimentos Tower, Nicosia, Cyprus	796,000	1.91
10	PERSPEKTIVA FT D.O.O.	Dunajska cesta 156, 1000 Ljubljana	725,240	1.74

8.3.2 Restrictions on the transfer of shares

All shares are fully transferable.

8.3.3 Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), the following information is provided (valid as at 31 December 2023):

- J&T BANKA A.S. – Client account – held 5,333,200 shares of the issuer Petrol d.d., Ljubljana, representing 12.78 percent of the issuer's share capital;
- Slovenian Sovereign Holding (SDH, d.d.) 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 2,872,108 shares of the issuer Petrol d.d., Ljubljana, representing 6.88 percent of the issuer's share capital.

8.3.4 Holders of securities carrying special control rights

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

8.3.5 Employee share scheme

The Company has no employee share schemes.

8.3.6 Restrictions on voting rights

There are no restrictions on voting rights.

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

The Company is not aware of such agreements.

8.3.8 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 at the proposal of the President of the Management Board. Management Board members are appointed for a five-year term of office and may be reappointed. On the proposal of the Human Resources and Management Board Evaluation Committee and according to its Rules of Procedure, the Supervisory Board determines general and specific criteria for selecting candidates for the President and members of the Management Board, at the same time laying down a framework for contracts concluded with Management Board members. The Supervisory Board also determines the weight of individual criteria that comprise the competence model of the President and members of the Management Board. The Human Resources and Management Board Evaluation Committee proposes to the Supervisory Board which method or 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 position 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 a Supervisory Board meeting. The Supervisory Board conducts selection interviews with them. The Supervisory Board selects and appoints the President and members of the Management Board. The procedure is repeated, 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. If the term of office of the

President of the Management Board is terminated prematurely for any reason, the Supervisory Board may, taking into account the interests of the Company, either conduct a procedure for the appointment of a new President of the Management Board or appoint a new President of the Management Board from among the remaining members of the Management Board who fulfil the prescribed conditions; the appointed new President of the Management Board performs the duties of the President of the Management Board until the end of the term of office for which he or she was appointed as a member of the Management Board.

The Supervisory Board may reappoint the Management Board within one year before the term of office has expired, although 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 for a period of no more than a year. Reappointment or the 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 of Shareholders with a majority vote of the 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 Slovenian 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.

  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 the long-term risks and opportunities related to the Company's operations and thus to ensure the successful and sustainable long-term 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 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 members are male. The Supervisory Board comprises one female member and eight male members. A female representative was appointed as an external member of the Audit Committee. In the energy sector, women's representation in management positions is found to be low, which is the predominant reason for the male representation in corporate governance and management bodies. In 2019, the Supervisory Board joined the initiative to achieve voluntary 40/33/2026 gender diversity as proposed by the Slovenian Directors' Association. Among other partners, the initiative was supported by the Slovenian Sovereign Holding and the Ljubljana Stock Exchange.

- **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.

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

At its 34th General Meeting of Shareholders, held on 21 April 2022, the General Meeting of Shareholders, 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, 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.

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

The Company is not aware of any such agreements.

8.3.11 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).

If there are no grounds of misconduct for recall, an early termination agreement may be concluded at the initiative of either party and if it is in the interests of both parties to do so, such as when a member of the Management Board is not performing at an optimal level in terms of business management, does not have optimal organisational skills or if there is a lack of the necessary trust between a member of the Management Board and the Supervisory Board. The benefits expected to accrue to the Company must be greater than the amount of the severance payment and any other expenses to be paid at the time the agreement is concluded.

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

8.3.13 The Petrol Group's activities include an activity listed in Article 70b 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 70b in 2023.

8.4 Information on the workings of the General Meeting of Shareholders

As provided by the applicable legislation, specifically the Companies Act, a General Meeting of Shareholders is a body through which shareholders exercise their rights in respect of matters concerning the Company. The convening of a General Meeting of Shareholders is governed by the Articles of Association, in conformity with the applicable legislation. A General Meeting of Shareholders is convened at the request of the Management Board, the Supervisory Board, or the Company's shareholders who collectively represent at least five percent of the Company's share capital. The beneficiary requesting the convening of a General Meeting of Shareholders must enclose the agenda, a proposal for a resolution for each proposed agenda item to be decided by the General Meeting of Shareholders or, if the General Meeting of Shareholders 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 sending a 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 of Shareholders.

The Management Board calls a General Meeting of Shareholders 30 days before the meeting takes place by publishing a notice on the Ljubljana Stock Exchange SEOnet information system, the AJPES website and the Company's website. In the notice, 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 of Shareholders and other information required by the applicable law.

At the 36th General Meeting of Shareholders held on 23 January 2023 (notice of the resolutions of the General Meeting of Shareholders is available at 36th General Meeting), the shareholders were 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/the Petrol Group in 2023, and on measures for the possible business restructuring of Petrol/the Petrol Group as a result of the regulation of energy product prices in 2023.

At the 37th General Meeting of Shareholders held on 18 May 2023 (notice of the resolutions of the General Meeting of Shareholders is available at 37th 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

2022 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 2022. The General Meeting of Shareholders discussed 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 of Shareholders on the Remuneration Policy is advisory and will be resubmitted for vote and approval at the next General Meeting of Shareholders.

8.5 Information on the composition and workings of management and supervisory bodies

Petrol d.d., Ljubljana has a two-tiered Board structure. The Company is led by the Management Board, which is supervised by the Supervisory Board. Petrol d.d., Ljubljana is governed 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.

Work 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. The Management Board discussed matters falling within its competence at 104 meetings in 2023. 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 of Shareholders, 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 by the Management Board. 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 reappointed. 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.

The composition of the Management Board of Petrol d.d., Ljubljana changed in 2023. Until 2 August 2023, it consisted of five members, after which it had four members from 3 August to 31 August, followed by five members in the period between 1 September and 14 September, six members from 15 September to 22 November, five members from 23 November to 8 December, and four members from 9 December until the end of 2023.

Members of the Management Board of Petrol d.d., Ljubljana in 2023:

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. Her term of office ended by mutual agreement on 22 November 2023. Born in 1975, she holds a Master of Science degree from the School of Government and European Studies, Brdo pri Kranju.

Fields of work and responsibility:
From 1 January to 2 August 2023:

- procurement and trading of petroleum products and energy commodities
- 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 business control
- internal audit.

From 3 to 31 August 2023:

- procurement and trading of petroleum products and energy commodities
- 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 business control
- internal audit
- operational management
- logistics.

From 1 September to 22 November 2023:
- procurement and trading of petroleum products and energy commodities
- human resources, processes and general administration
- cabinet of the Management Board
- strategy
- sustainable development, quality and safety
- legal affairs
- corporate security and business control
- internal audit.

Sašo Berger, President of the Management Board
On 15 September 2023, he was appointed as a Member of the Management Board for a five-year term of office. His term of office as a member of the Management Board ended early on 22 November 2023, when he was appointed President of the Management Board for a five-year term starting on 23 November 2023. Born in 1966, holds a bachelor’s degree in economics.

Fields of work and responsibility:
From 15 September to 22 November 2023:
- B2B & B2G sales
- natural gas
- electricity
- IT.

From 23 November to 31 December 2023:
- B2B & B2G sales
- natural gas
- electricity
- informatics
- procurement and trading of petroleum products and energy commodities
- human resources, processes and general administration
- cabinet of the Management Board
- strategy
- sustainable development, quality and safety
- legal affairs
- corporate security and business control
- 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. His term of office ended on 8 December 2023, following a declaration of resignation. Born in 1980, he holds a master’s degree in economics.

Fields of work and responsibility:
From 1 January to 2 August 2023:
- finance
- accounting
- back office
- IT
- controlling
- demand and project management
- risk management
- business intelligence.

From 3 to 31 August 2023:
- finance
- accounting
- back office
- IT
- controlling
- demand and project management
- risk management
- business intelligence
- energy and solutions.

From 1 to 14 September 2023:
- finance
- accounting
- back office
- IT
- controlling
- risk management
- business intelligence.

From 15 September to 8 December 2023:
- finance
- accounting
- back office
- controlling
- risk management
- business intelligence.

Marko Ninčević, Member of the Management Board
On 1 September 2023, he was appointed as a Member of the Management Board for a five-year term of office. Born in 1981, he holds a bachelor's degree in economics and an MBA.

Fields of work and responsibility:
From 1 September to 8 December 2023:
- energy production, energy solutions and mobility
- operational management
- logistics
- heating systems
- demand and project management
- strategic, technical and operational procurement.

From 9 to 31 December 2023:
- energy production, energy solutions and mobility
- operational management
- logistics
- heating systems
- demand and project management
- strategic, technical and operational procurement
- finance
- accounting
- back office
- controlling
- risk management
- business intelligence.

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 work and responsibility:
From 1 January to 14 September 2023:
- B2C sales
- B2B & B2C sales
- digital channels
- marketing and customer experience management
- fuels and petroleum products.

From 15 September to 31 December 2023:
- B2C sales
- marketing and customer experience management
- fuels and petroleum products
- gastro
- merchandise and services
- development of sales outlets.

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. His term of office ended on 2 August 2023, following a declaration of resignation. Born in 1974, he holds a master's degree in sociology and a bachelor's degree in law.

Fields of work and responsibility:
From 1 January to 2 August 2023:
- energy and solutions
- logistics
- operational management.

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 graduate diploma 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 supervises 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 who are elected for a term of four years and may be re-elected when their term of office expires. The Supervisory Board elects its President and Deputy President from among its members. The President and Deputy President of the Supervisory Board are always shareholder representatives. The President of the Supervisory Board represents the Company in relation to the Management Board, and the Supervisory Board in relation to the Management Board and third parties, unless specifically determined otherwise. The President of the Supervisory Board represents the Company in concluding the contract with the auditor of the annual report and the consolidated annual report and in relation to the members of the Supervisory Board.

The Members of the Supervisory Board of Petrol d.d., Ljubljana were as follows in 2023:

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 on 22 April 2021. He has been serving as President of the Supervisory Board since the constituent meeting on 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 on 28 December 2020. He has been serving as Deputy President of the Supervisory Board since the constituent meeting on 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 on 4 April 2013, and reappointed at the 27th General Meeting on 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 on 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 on 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 on 28 December 2020.

Aleksander Zupančič, Member of the Supervisory Board, shareholder representative
Director of Javno podjetje komunala Brežice d.o.o. He was appointed for a four-year term of office beginning on 11 April 2021 at the 32nd General Meeting on 28 December 2020.

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

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

Marko Šavli, Member of the Supervisory Board, employee representative
Specialised Assistant, Occupational Health and Safety and Fire Safety at Petrol d.d., Ljubljana. Following the resignation by Member of the Supervisory Board Zoran Gračner, Mr Šavli was appointed as a substitute member of the Supervisory Board (employee representative) at the 44th Workers' Council meeting on 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 2023: the statutory Audit Committee and the Human Resources and Management Board Evaluation Committee.

The Audit Committee was composed of the following members in 2023:

- Alenka Urnaut, Chair
- Mladen Kaliterna, Member
- Aleksander Zupančič, Member
- Robert Ravnikar, Member
- Sabina Merhar, External Member.

The Human Resources and Management Board Evaluation Committee was composed of the following members in 2023:

- Borut Vrviščar, Chair
- Janez Žlak, Member
- Mário Selecký, Member
- Alen Mihelčič, Member
- Marko Šavli, Member

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 of Shareholders for approval at the Company's 37th General Meeting of Shareholders. The accounting section of this report (Chapter 7 Related party transactions) discloses the nominal amounts received in the 2023 financial year by each Management Board member and each Supervisory Board member, and they are defined in more detail in the Report on the Remuneration of the Management and Supervisory Bodies of Petrol d.d., Ljubljana in the 2023 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 part of the remuneration policy 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.

In accordance with the proposal of the Remuneration Policy for 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 considered payment to members of the Management Board for the performance of their tasks, efforts and responsibilities and is determined to ensure financial stability and 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 members of the Management Board such as determined in the employment agreement and expressed in a gross amount. The basic salary is determined by taking into consideration the complexity and responsibility of work, company size (number of employees,

value of assets and generated net sales revenue) and the operational complexity (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 to predefined objectives. 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 the 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 other remuneration types:
  - 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;
- Members of the Management Board are 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 of Shareholders, 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 Shareholders. The full document of the Remuneration Policy of the Management and Supervisory Bodies of Petrol d.d., Ljubljana is approved by the General Meeting of Shareholders. Pursuant to Article 294a(3) of the ZGD-1, the Remuneration Policy will be resubmitted to the General Meeting of Shareholders 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 2023 financial year

<table>
<tr><th>Name and Surname</th><th>Function (president, member)</th><th>First appointment to the office</th><th>Termination of office/ mandate</th><th>Gender</th><th>Nationality</th><th>Year of birth</th><th>Education</th><th>Professional profile</th><th>Membership of the supervisory bodies of non-related companies</th></tr>
<tr><td>Nada Drobne Popović</td><td>President of the Management Board (until 22 November 2023)</td><td>11 February 2020; 25 October 2019 (ad interim)</td><td>22 November 2023</td><td>female</td><td>Slovene</td><td>1975</td><td>Master of Science, School of Government and European Studies, Brdo near Kranj</td><td>All-round management competencies, including management of equity investments</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
From 1 January to 2 August 2023: procurement of and trade in petroleum products and energy commodities; 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.
From 3 to 31 August 2023: procurement of and trade in petroleum products and energy commodities; 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; operational management; logistics.
From 1 September to 22 November 2023: procurement of and trade in petroleum products and energy commodities; 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.</td></tr>
<tr><td>Sašo Berger</td><td>President of the Management Board (from 23 November 2023)</td><td>23 November 2023</td><td>22 November 2028</td><td>male</td><td>Slovene</td><td>1966</td><td>Bachelor of Economics</td><td>Competencies in the area of corporate governance, finances, accounting, controlling, IT, procurement, human resources and legal affairs</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
From 23 to 31 November 2023: sales to business customers and the public sector (B2B & B2G); natural gas; electricity; informatics; procurement of and trade in petroleum products and energy commodities; 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.</td></tr>
<tr><td>Marko Ninčević</td><td>Member of the Management Board (since 1 September 2023)</td><td>1 September 2023</td><td>31 August 2028</td><td>male</td><td>Slovene</td><td>1981</td><td>Bachelor of economics, with an MBA.</td><td>Competencies in the area of corporate governance, finance, risk management, audit</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
From 1 September to 8 December 2023: energy production, energy solutions and mobility; operational management; logistics; heating systems; management of development needs and projects; strategic, technical and operational procurement.
From 9 to 31 December 2023: energy production, energy solutions and mobility; operational management; logistics; heating systems; management of development needs and projects; strategic, technical and operational procurement; finances; accounting; back office; controlling; risk management; business intelligence.</td></tr>
<tr><td>Jože Smolič</td><td>Member of the Management Board</td><td>28 August 2020</td><td>27 August 2025</td><td>male</td><td>Slovene</td><td>1967</td><td>Master of Entrepreneurial Management</td><td>Competencies in the area of trade, marketing, sales promotions, retail sales, the development of new sales networks and markets, the development of new point-of-sale types and concepts</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
From 1 January to 14 September 2023: sales to end-customers (B2C); sales to business customers and the public sector (B2B and B2C); digital channels; marketing and user experience management; fuels and petroleum products.
From 15 September to 31 December 2023: sales to end-customers (B2C); marketing and user experience management; fuels and petroleum products; gastro; merchandise and services; development of physical points of sale.</td></tr>
<tr><td>Sašo Berger</td><td>Member of the Management Board (from 15 September to 22 November 2023)</td><td>15 September 2023</td><td>22 November 2023</td><td>male</td><td>Slovene</td><td>1966</td><td>Bachelor of Economics</td><td>Competencies in the area of corporate governance, finances, accounting, controlling, IT, procurement, human resources and legal affairs</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
From 15 September to 22 November 2023: information technology; sales to business customers and the public sector (B2B & B2C); natural gas; electricity.</td></tr>
<tr><td>Matija Bitenc</td><td>Member of the Management Board (until 8 December 2023)</td><td>11 March 2020</td><td>8 December 2023</td><td>male</td><td>Slovene</td><td>1980</td><td>Master of Economics</td><td>Competencies in the area of corporate finance, risk management, business intelligence and information technology</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
From 1 January to 2 August 2023: finances; accounting; back office; informatics; controlling; management of development needs and projects; risk management; business intelligence.
From 3 to 31 August 2023: finances; accounting; back office; informatics; controlling; management of development needs and projects; risk management; business intelligence; energy and solutions.
From 1 to 14 September 2023: finances; accounting; back office; informatics; controlling; risk management; business intelligence.
From 15 September to 8 December 2023: finances; accounting; back office; controlling; risk management; business intelligence.</td></tr>
<tr><td>Jože Bajuk</td><td>Member of the Management Board (until 2 August 2023)</td><td>11 March 2020</td><td>2 August 2023</td><td>male</td><td>Slovene</td><td>1974</td><td>Master of Sociology, Bachelor of Law</td><td>Competencies in the area of law, corporate governance, energy (especially renewable energy), electricity trade and project ESCO</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
Until 2 August 2023: energy and solutions; logistics; operational management.</td></tr>
<tr><td>Zoran Gračner</td><td>Member of the Management Board, Worker Director</td><td>11 December 2020</td><td>10 December 2025</td><td>male</td><td>Slovene</td><td>1970</td><td>Master of Business Administration, Graduate of Mechanical Engineering.</td><td>Competencies in the area of energy</td><td>/</td></tr>
<tr><td></td><td colspan="9">Area of work in the Management Board
Worker Director, not responsible for any area of work; participates in decision-making in connection with issues relating to the formulation of personnel and social policy.</td></tr>
</table>

C.2: Composition of the Supervisory Board and committees in the 2023 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 2023	22 April 2021	21 April 2025	Shareholder representative	All 22 meetings of the Supervisory Board in 2023	Male	Slovene	1965	Master of Law
Borut Vrviščar	Deputy President of the Supervisory Board in 2023	28 December 2020	10 April 2025	Shareholder representative	"21 out of 22 meetings of the Supervisory Board in 2023"	Male	Slovene	1969	MBA, University graduate in economic engineering
Aleksander Zupančič	Member of the Supervisory Board in 2023	28 December 2020	10 April 2025	Shareholder representative	All 22 meetings of the Supervisory Board in 2023	Male	Slovene	1979	Bachelor of Law
Mladen Kaliterna	Member of the Supervisory Board in 2023	4 April 2013	15 July 2025	Shareholder representative	All 22 meetings of the Supervisory Board in 2023	Male	Slovene	1967	Bachelor of Electronics Engineering, Leadership and strategic management, Top management programme
Alenka Urnaut	Member of the Supervisory Board in 2023	28 December 2020	10 April 2025	Shareholder representative	21 out of 22 meetings of the Supervisory Board in 2023	Female	Slovene	1975	PhD
Mário Selecký	Member of the Supervisory Board in 2023	28 December 2020	10 April 2025	Shareholder representative	19 out of 22 meetings of the Supervisory Board in 2023	Male	Slovak	1975	Economist
Alen Mihelčič	Member of the Supervisory Board in 2023	27 January 2017	22 February 2025	Employee representative	All 22 meetings of the Supervisory Board in 2023	Male	Slovene	1975	Bachelor of Economics
Robert Ravnikar	Member of the Supervisory Board in 2023	27 January 2017	22 February 2025	Employee representative	All 22 meetings of the Supervisory Board in 2023	Male	Slovene	1979	Master of Management and Organisation
Marko Šavli	Member of the Supervisory Board in 2023	11 December 2020	22 February 2025	Employee representative	All 22 meetings of the Supervisory Board in 2023	Male	Slovene	1973	Utility Engineer

C.2: Composition of the Supervisory Board and committees in the 2023 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	Banking, organisation and management	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2023	4 out of 4 meetings in 2023
Borut Vrviščar	Real estate appraisal	YES	NO	/	Audit Committee	President of the committee in 2023	13 out of 13 meetings in 2023
Aleksander Zupančič	Organisation and management, law, psychotherapy and coaching	YES	NO	/	Audit Committee	Member of the committee in 2023	13 out of 13 meetings in 2023
Mladen Kaliterna	Logistics, organisation and management	YES	NO	/	Human Resources and Management Board Evaluation Committee	President of the committee in 2023	4 out of 4 meetings in 2023
Alenka Urnaut	General management and leadership, government investment management	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2023	4 out of 4 meetings in 2023
Mário Selecký	Commercial operations	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2023	4 out of 4 meetings in 2023
Alen Mihelčič	Sales	YES	NO	/	Audit Committee	Member of the committee in 2023	13 out of 13 meetings in 2023
Robert Ravnikar	Investment and management of Group companies	YES	NO	/	Audit Committee	Member of the committee in 2023	13 out of 13 meetings in 2023
Marko Šavli	Safety, compliance	YES	NO	/	Human Resources and Management Board Evaluation Committee	Member of the committee in 2023	4 out of 4 meetings in 2023

External committee members

Name and Surname	Committee	Attendance at committee meetings according to the total number of committee meeting	Gender	Nationality	Education	Year of birth	Professional profile	Membership of the supervisory bodies of non-related companies
Sabina Merhar	Audit Committee	10 out of 13 meetings in 2023	Female	Slovene	Master of Entrepreneurial Management, Accounting and Auditing	1975	Competencies in financial and accounting management, auditing	/

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

Sašo Berger
President of the
Management Board

Drago Kavšek
Member of the
Management Board

Marko Ninčević
Member of the
Management Board

Metod Podkrižnik
Member of the
Management Board

Jože Smolič
Member of the
Management Board

Zoran Gračner
Member of the
Management Board and
Worker Director

Ljubljana, 11 April 2024

9 NON-FINANCIAL STATEMENT

Pursuant to Articles 56(12) and 70c 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.

9.1 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 principal activities of the Group companies include sales of fuels and petroleum products and sales of other energy commodities, merchandise and services. Petrol's core development activity is focused on efficient energy use-related goals and, hence, advice on energy solutions and renewable electricity generation (see Chapter 13 Operations by Product Groups for details about the sales of individual products). The Petrol Group companies are present in 9 European countries (details in chapter 5. The Petrol Group in the region).

To support the implementation of the Petrol Group Strategy 2021-2025, we started to develop an Advanced Operating Model for the Group, which will be agile and lean, enabling capability development in key operational areas.

The Advanced Operating Model introduces the following four key changes to the organisation:

- Separation of sales and product management where sales functions are focused on the customer who is put in the centre of operations, and product management focused on ensuring an excellent customer experience and product profitability;
- A process-driven organisation with a focus on increased collaboration, lean and agile processes, and clearly defined roles and responsibilities;
- Unified or centralised shared functions with responsibility for quality and efficient internal services; and
- Increased cross-company collaboration and management of subsidiaries through an umbrella organisation.

We are seeking synergies and increasing productivity through activities aimed at streamlining and combining common functions. We place great emphasis on digitalising and automating our processes to enable us to be more active in the market, better support our partners and offer a wider range of services and products.

The Petrol Group's sustainable operations are based on respect for the natural environment and our partnership with society. In September 2023, the Petrol Group published the **Sustainability Report of the Petrol Group 2022**, which was prepared in accordance with GRI standards[2]. Read more about this in the Chapter Sustainable development.

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

9.2.1 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 the processes at Petrol, all three policies overlap as we conduct our business.

2 GRI – Global Reporting Initiative

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 of 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 minimise the possibility of accidents.

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[3] and for installations operating under the IED Directive[4]. 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.

3 SEVESO - Directive on the control of major-accident hazards involving dangerous substances
4 IED - Industrial Emissions Directive

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
The Petrol Group is facing a new challenge of integrating and segmenting the risks associated with a comprehensive ESG[5] approach. Identifying and assessing sustainability risks that can have a significant impact on the Petrol Group's value is part of responsible corporate governance and a duty we owe to our stakeholders and investors. The Petrol Group recognises that ESG risks will have a significant impact on the macroeconomic risk factors and therefore on the risks and profitability of our business portfolios.

Environmental risks are those related to the quality and functioning of environmental and natural systems, such as climate change, the availability of natural resources, including energy and water, changes in land use and urbanisation, air, water and soil quality, waste management and the protection of natural habitats and biodiversity. Climate change is classified as an environmental risk, but it is also a source of structural change that affects economic activity and, indirectly, social, governance and financial systems. It has a long-term impact on the business activities and sectors concerned. The Petrol Group operates in sectors (energy, transport, infrastructure and others) with a higher probability of physical risks. These are also the sectors likely to be affected by the transition to a low-carbon economy. In particular, assets directly or indirectly related to the extraction, processing, combustion or use of fossil fuels, as well as assets that are not energy efficient, may be subject to sudden and severe devaluation. Geographically, the impact of climate change is expected to vary, so it is important to analyse the geographical areas in which we operate separately.

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 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;

5 ESG – Environmental, Social and Governance

- 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[6]);
- 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, handling hazardous chemicals, the transport of hazardous goods, fire safety, anti-explosion protection, environmental protection, the SEVESO plant safety management system, information security, etc.

Societal risks are those related to the rights, well-being and legitimate interests of people and local communities, such as human rights, diversity and the promotion of equal opportunities, demographic changes, the right to appropriate working conditions, including the prohibition of child and forced labour, and health and safety at work, education and the development of human capital, the transition to digital technology and artificial intelligence, and others.

Governance risks are those related to corporate and organisational governance, such as the transparency, ethics and integrity of business practices and compliance with laws, corruption, fiscal responsibility, management board composition, independence and diversity, executive incentive mechanisms, shareholder and stakeholder rights, and protection/restriction of competition.

The first step towards integrating an integrated ESG approach to risk, which we started in 2022, is the integration of environmental/climate risks into the Petrol Group's overall risk management. In 2023, we adopted the Petrol Group Climate Policy, which is the basis for building a new model for managing climate change risks in the Petrol Group. A model will be put in place to understand the vulnerability to current and future climate change, to identify, assess and monitor business risks and opportunities, and to take action to manage these risks and capitalise on opportunities.

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 Energy and Solutions 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 Energy and Solutions products.

Every two years, we prepare a standalone **sustainability report** stating the indicators according to the GRI[7] Guidelines (in September 2023, Petrol d.d., Ljubljana published the 2022 Sustainability Report of the Petrol Group). The content of the sustainability report is determined on the basis of three criteria: relevance, the integrity of key indicators of sustainable development management and the sustainability context.

- The criterion of relevance means that the content of the report shall be narrowed down to the most relevant areas of interest defined based on the matrix of key stakeholders and the sustainable development strategy of the Petrol Group. We selected those that influence our sustainability footprint the most.
- Through sustainability indicators, which are used to measure our performance, we obtained additional leverage for long-term sustainable development management in new areas defined as our strategic goal.

6 LFI – Learning from incidents
7 GRI – Global Reporting Initiative

- Because our sustainability performance conforms to the life cycle philosophy (LCA[8]), the key indicators of our sustainability performance also include those concerning our suppliers and customers. We will continue the orientation of spreading our 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 also being forward-looking. 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 is the operator of the SI-64 plant, which is subject to a greenhouse gas emissions permit. As the operator, we are required to surrender emission allowances each year equal to the total amount of greenhouse gas emissions released into the atmosphere by the plant during its operation. This is discussed in more 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, in the event of significant legislation or environmental policy changes, 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 Environmental Aspects section in the 2022 Sustainability Report of the Petrol Group, which was published by Petrol d.d., Ljubljana in September 2023).

9.2.2 Social and human resource matters and the protection of human rights

Policy

The Petrol Group places social and environmental responsibility at the heart of its business and social activities. We take an active approach to addressing social and environmental challenges, which is reflected in our support for a wide range of projects – from sport and culture to humanitarian and environmental causes. Our commitment to making a positive impact is reflected in promoting healthier lifestyles and improving the quality of life in the local and wider communities.

Petrol's human resources strategy supports the development of committed and motivated employees.

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

8 LCA – Life Cycle Assessment

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.

Petrol is committed to equality and respect for human rights, promoting diversity and ensuring equal opportunities for all employees.

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

Due diligence

At Petrol, we are aware of the importance of **social dialogue** and cooperation with social partners. When adopting regulations governing the rights, obligations and responsibilities of employees, we organise joint consultations and co-decision-making with the Workers' Council or the trade union, in accordance with the applicable legislation and other general regulations. 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 four standing committees (Committee for Status and Personnel Matters, Committee for Occupational Safety and Health Matters, Trade Union Cooperation Committee, and Committee for the Legal Security of Employees and Monitoring the Correctness of the Regulations Adopted) comprising 15 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.

We are aware of the importance of social dialogue and cooperation with social partners.

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" consists of 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 various 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 a range of chronic illnesses that are usually the result of an individual's lifestyle. It can also improve the quality of life in old age (see Chapter 20.7 Healthy at Petrol programme).

Main risks and risk management

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

The Petrol Group is aware of the risks associated with **human resources**, such as lack of necessary knowledge, skills, experience, motivation and the unwanted turnover of key personnel. To prevent, eliminate and manage violence, bullying, harassment and other forms of psychosocial risk in the workplace, we adopted a Code of Conduct. This Code, which is communicated to every new employee, reflects Petrol's values and principles, which commit us to ethical and professional standards. Regular organisational climate measurements and internal surveys give employees the opportunity to express their views and concerns.

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 unfeasible performance measures. Management risks are controlled through the regular measurement of the organisational climate and employee satisfaction and commitment across the Petrol Group, the system of annual and quarterly interviews, and the measurement of the quality of internal services.

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 corporate integrity risk, which are discussed further in Chapter 13. Risk management. 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.

The Code of Conduct, which is communicated to every new employee, reflects Petrol's values and principles, which commit us to ethical and professional standards.

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 information is regularly published and updated on the Petrol's website Sustainable development – Impact assessments. This way we want to raise awareness that health and safety 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 by measuring the organisational climate and employee satisfaction and commitment on a regular basis. We identify our own strengths and areas with room for improvement.

In recent years, we have improved existing and introduced additional **management and development systems**, which helped us improve in this area. The Petrol Group provides for the training of employees in all the markets in which we operate. We provide various ways for employees to acquire expertise, skills and work experience. Some of the training is delivered remotely, using Microsoft 365 tools and creating own materials in the e-classroom. We offer employees a series of short e-courses in corporate compliance, information security, remote team management skills, communication, sales and coaching skills.

We are gradually improving the gender balance in favour of a higher proportion of women and supporting work-life balance.

Fifty-two percent of the Petrol Group employees are men and forty-eight percent are women. Over the years, the **gender structure** has gradually improved in favour of women. 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 5.6 Labour costs of the financial report, we disclosed the receipts of the employees of the Petrol Group and Petrol d.d., Ljubljana. The receipts of employees at third-party-operated service stations are included in the item Costs of service station managers under Note 5.5 Costs of services. The added value per employee in the Petrol Group is presented in Chapter 1 Business highlights of 2023 (for more information, see Chapters 20 Responsibility to Employees, 18 Information technology and 13 Risk management).

9.2.3 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 employees.

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 service stations 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.

We actively promote corporate integrity based on high business ethics standards. By providing several channels for reporting irregularities and having detailed internal regulations in place, we focus on preventing corruption and bribery.

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 Corporate Security and Business Control organisational unit carries out supervision and investigation procedures in Petrol.

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.

9.2.4 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 2023 financial year. The reporting/analysis for the 2023 financial year covers all six of the European Union's environmental objectives:

1. climate change mitigation,
2. climate change adaptation,
3. sustainable use and protection of water and marine resources,
4. transition to a circular economy,
5. pollution prevention and control, and
6. protection and restoration of biodiversity and ecosystems.

Reporting for 2023, as for 2022, not only includes an assessment of eligibility, but also an assessment of the alignment of the activity with the EU Taxonomy. In addition to the parent company Petrol d.d., Ljubljana, all direct subsidiaries in Slovenia and Croatia are included in the 2023 analysis. 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 following 21 Taxonomy-eligible activities of the Petrol Group in Slovenia and Croatia have been identified within the five NACE[9] 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
4.20	Cogeneration of heat/cool and power from bioenergy
4.22	Production of heat/cool from geothermal energy
4.24	Production of heat/cool from bioenergy
4.30	High-efficiency cogeneration 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
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
7.5	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings
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.

Individual activities within an activity are assessed against the ‘Substantial Contribution’ and ‘No Significant Harm’ criteria. In doing so, we note that we use the best available techniques and follow the current legislation on the Slovenian and Croatian market, which is in line with European legislation. The requirements of the Taxonomy Regulation are consistent with the current national permits (environmental, operating, etc.) that we are required to obtain for each activity. The Petrol Code of Conduct covers the areas of “Minimum Safeguards”. With the aim of ensuring compliance, we conduct internal audits, review existing and potential business partners, assess compliance with applicable laws and take the necessary corrective action.

9 NACE – Nomenclature of Economic Activities – European statistical classification of economic activities

Petrol Group's data is aggregated at the level of each Taxonomy-defined activity. The indicators are calculated on the basis of 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. To avoid double counting, we track the turnover from products or services and OpEx linked to profit centres and tasks assigned to specific activities (uniquely assigned titles). Similarly, CapExs are assigned unique numbers within the Development Needs and Projects Management System.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES* ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING PETROL GROUP (SLOVENIA AND CROATIA), YEAR 2023

Economic activities	Codes	Absolute turnover in EUR	Proportion of turnover in % **
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	26,434,358	0.39
7.6 Installation, maintenance and repair of renewable energy technologies	F43, M71	18,661,473	0.27
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	15,803,327	0.23
4.15 District heating/cooling distribution	D35.30	15,415,491	0.23
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71	9,250,777	0.14
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	D35.11, D35.30	9,216,946	0.14
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	7,375,056	0.11
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	4,678,866	0.07
4.3 Electricity generation from wind power	D35.11, F42.22	4,412,320	0.06
4.9 Transmission and distribution of electricity	D35.12, D35.13	4,097,894	0.06
5.2 Renewal of water collection, treatment and supply systems	E36.00, F42.99	3,571,609	0.05
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	3,003,633	0.04
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	2,444,951	0.04
4.24 Production of heat/cool from bioenergy	D35.30	2,141,415	0.03
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	1,893,691	0.03
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	1,715,210	0.03
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39, N77.11	596,061	0.01
8.2 Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	517,203	0.01
4.8 Electricity generation from bioenergy	D35.11	345,289	0.01
4.16 Installation and operation of electric heat pumps	F35.30, F43.22	0	0
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	/	131,575,569	1.94
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
Total (A.1 + A.2)	**/**	**131,575,569**	**1.94**
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities (B)	/	6,667,108,926	98.06
Total (A + B)	**/**	**6,798,684,495**	**100.00**
Turnover of Petrol Group (directly and indierectly owned, all markets) in EUR		**6,993,560,123**	
Proportion of turnover of analyzed companies in turnover of Petrol Group in %		**97.21**	

* Turnover from products or services = revenue from contracts with customers + other income.
** Share of turnover from products or services in the consolidated turnover from products or services of the companies included in the analysis.

Substantital contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation	Climate change adaptation	Water and marine reso-urces	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2023 (%)	Taxonomy-aligned proportion of turnover, year 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
100	0	0	0	0	0	YES	YES	-	-	YES	-	YES	20.09	31.30	E	
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	14.18	0.00	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	12.01	15.40		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	11.72	11.87		
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	7.03	0.00	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	7.01	8.83		T
100	0	0	0	0	0	YES	YES	-	YES	-	YES	YES	5.61	1.35		
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	3.56	2.77		
100	0	0	0	0	0	YES	YES	YES	YES	-	YES	YES	3.35	10.68		
100	0	0	0	0	0	YES	YES	-	YES	YES	YES	YES	3.11	3.77	E	
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	2.71	2.22		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	2.28	2.84		
100	0	0	0	0	0	YES	YES	YES	YES	YES	YES	YES	1.86	0.88	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.63	1.37		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.44	2.32		T
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.30	1.99		
100	0	0	0	0	0	YES	YES	-	YES	YES	-	YES	0.45	0.63		T
100	0	0	0	0	0	YES	YES	-	YES	-	-	YES	0.39	1.74	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.26	0.01		
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.02		
													100.00	100.00		
													100.00	**100.00**		

Taxonomy-aligned activities contributed 1.94 percent of the turnover from products or services or the turnover of the Petrol Group companies in Slovenia and Croatia included in the analysis in 2023 (EUR 131,575,569 out of a total turnover from products or services of EUR 6,798,684,495). Turnover from products or services includes revenue from contracts with customers and other income. The turnover from products or services of the companies included in the analysis accounted for 97.21 percent of the Petrol Group's total turnover from products or services in 2023.

Out of a total of 20 different Taxonomy-aligned activities, the top ten contributed 87.67 percent of the total Taxonomy-aligned turnover from products or services:

- 20.09 percent was accounted for by activity 7.3 Installation, maintenance and repair of energy efficiency equipment (mainly energy-efficient building renovation projects);
- 14.18 percent by activity 7.6 Installation, maintenance and repair of renewable energy technologies (solar power plants and heat pumps for the market);
- 12.01 percent by activity 4.14 Transmission and distribution networks for renewable and low-carbon gases (concessions and natural gas distribution);
- 11.72 percent by activity 4.15 District heating/cooling distribution;
- 7.03 percent by activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);
- 7.01 percent by activity 4.30 High-efficiency cogeneration of heat/cool and power from gaseous fossil fuels;
- 5.61 percent by activity 4.1 Electricity generation using solar photovoltaic technology;
- 3.56 percent by activity 5.1 Construction, extension and operation of water collection, treatment and supply systems;
- 3.35. percent by activity 4.3 Electricity generation from wind power; and
- 3.11 percent by activity 4.9. Transmission and distribution of electricity.

The Taxonomy-aligned proportion of turnover from products or services from enabling activities was 46.67 percent and 8.90 percent from transitional activities.

In 2022, the Taxonomy-aligned turnover from products or services amounted to EUR 83,355,863 or 0.90 percent of the Group's total turnover from products or services. The low proportion of Taxonomy-aligned turnover from products or services in 2022 was driven by the high prices of energy commodities, which contributed significantly to the increase in the total turnover from products or services.

The change in the first two activities with the largest share of Taxonomy-aligned turnover from products or services in 2023 compared to 2022 is due to the placement of solar power plants and heat pumps for the market in activity 7.6 Installation, maintenance and repair of renewable energy technologies, whereas in the previous year, part of these were included in activity 7.3 Installation, maintenance and repair of energy efficiency equipment, and part in activity 4.16 Installation and operation of electric heat pumps. In 2023, for the first time, we also placed part of the turnover from products or services related to charging stations for electric vehicles in activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES* ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING PETROL D.D., YEAR 2023

Economic activities	Codes	Absolute turnover in EUR	Proportion of turnover in % **
A.) TAXONOMY - ELIGIBLE ACTIVITIES			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
7.6 Installation, maintenance and repair of renewable energy technologies	F43, M71, S95.22, C33.12	25,772,583	0.49
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, M71	18,661,473	0.35
4.15 District heating/cooling distribution	D35.30	14,209,696	0.27
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	11,997,653	0.23
5.1 Construction, extension and operation of water collection, treatment and supply systems	F42, F43, M71	9,250,777	0.17
4.9 Transmission and distribution of electricity	D35.11, D35.30	4,854,387	0.09
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	E36.00, F42.99	4,678,866	0.09
5.2 Renewal of water collection, treatment and supply systems	D35.12, D35.13	4,097,894	0.08
5.3 Construction, extension and operation of waste water collection and treatment	E36.00, F42.99	3,571,609	0.07
4.24 Production of heat/cool from bioenergy	E37.00, F42.99	3,003,633	0.06
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	1,950,598	0.04
4.20 Cogeneration of heat/cool and power from bioenergy	D35.30	1,653,260	0.03
4.1 Electricity generation using solar photovoltaic technology	D35.11, D35.30	1,649,660	0.03
8.2. Data-driven solutions for GHG emissions reductions	D35.11, F42.22	1,459,114	0.03
4.8 Electricity generation from bioenergy	F42.11, F71.1	1,248,934	0.02
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	J61, J62, J63.11	517,203	0.01
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	D35.11	345,289	0.01
6.15 Infrastructure enabling low-carbon road transport and public transport	H49.39, N77.11	195,061	0.00
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	/	109,117,689	2.05
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
Total (A.1 + A.2)	**/**	**109,117,689**	**2.05**
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities (B)	/	5,201,180,840	97.95
Total (A + B)	**/**	**5,310,298,529**	**100.00**

* Turnover from products or services = revenue from contracts with customers + other income.
** Share in the turnover from products or services of Petrol d.d., Ljubljana.

The turnover from products or services from Taxonomy-aligned activities in the parent company Petrol d.d. in 2023 amounted to EUR 109,117,689, or 2.05 percent of the total turnover from products or services of Petrol d.d., Ljubljana. The Taxonomy-aligned turnover from products or services of Petrol d.d., Ljubljana accounted for 82.93 percent of the Taxonomy-aligned turnover from products or services of the analysed Petrol Group companies in Slovenia and Croatia and 1.60 percent of the total turnover from products or services of the analysed Petrol Group companies in Slovenia and Croatia.

Substantital contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2023 (%)	Taxonomy-aligned proportion of turnover, year 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
100	0	0	0	0	0	YES	YES	-	-	YES	-	YES	23.62	37.21	E	
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	17.10	0.00	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	13.02	12.90		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	11.00	18.60		
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	8.48	0.00	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	4.45	6.23		
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	4.29	3.35		T
100	0	0	0	0	0	YES	YES	-	YES	YES	YES	YES	3.76	4.55		
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	3.27	2.68		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	2.75	3.43	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.79	1.62		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.52	2.40		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.51	2.40		
100	0	0	0	0	0	YES	YES	-	YES	-	YES	YES	1.34	1.15		T
100	0	0	0	0	0	YES	YES	YES	YES	YES	YES	YES	1.14	0.94		
100	0	0	0	0	0	YES	YES	-	YES	-	-	YES	0.47	2.11	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.32	0.01		
100	0	0	0	0	0	YES	YES	-	YES	YES	-	YES	0.18	0.40		T
													100.00	100.00		
													100.00	**100.00**		

The Taxonomy-aligned turnover from products or services from enabling activities accounted for 52.43 percent of the total Taxonomy-aligned turnover from products or services from Petrol d.d., Ljubljana, and the Taxonomy-aligned turnover from products or services from transitional activities accounted for 5.80 percent.

In 2022, the Taxonomy-aligned turnover from products or services amounted to EUR 68,982,565 or 0.94 percent of Petrol d.d., Ljubljana's total turnover from products or services. The low proportion of Taxonomy-aligned turnover from products or services in 2022 was, as in the Petrol Group as a whole, driven by the high prices of energy commodities, which contributed significantly to the increase in total turnover from products or services.

PROPORTION OF CAPEX* FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING PETROL GROUP (SLOVENIA AND CROATIA), YEAR 2023

Economic activities	Codes	Absolute CapEx in EUR	Proportion of CapEx in % **
A.) TAXONOMY-ELIGIBLE ACTIVITIES			
A.1 Environmentally sustainable activities (Taxonomy-aligned)			
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	11,683,620.98	13.63
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, M71, S95.22, C33.12	10,578,375	12.34
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	1,875,138	2.19
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	1,445,800	1.69
4.3 Electricity generation from wind power	D35.11, F42.22	1,338,653	1.56
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39, N77.11	1,118,264	1.30
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	323,256	0.38
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	233,020	0.27
4.15 District heating/cooling distribution	D35.30	162,944	0.19
4.24 Production of heat/cool from bioenergy	D35.30	89,310	0.10
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	54,406	0.06
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F42, F43, M71	11,854	0.01
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71	3,288	0.00
4.9 Transmission and distribution of electricity	D35.12, D35.13	849	0.00
4.8 Electricity generation from bioenergy	D35.11	0	0
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	0	0
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	D35.11, D35.30	0	0
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	0	0
CapEx of environmentall sustainable activities (Taxonomy-aligned) (A.1)	/	28,918,777	33.74
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
Total (A.1 + A.2)	**/**	**28,918,777**	**33.74**
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities (B)	/	56,793,569	66.26
Total (A + B)	**/**	**85,712,345**	**100.00**
CapEx of Petrol Group (directly and indirectly owned companies, all markets) in EUR		**87,562,651**	
Proportion of CapEx of analyzed companies in CapEx of Petrol Group in %		**97.89**	

* The reduction for the received energy efficient renovation project subsidies is excluded from the amount of net CapEx of the Petrol Group in Slovenia and Croatia in the calculation of indicators tied to CapEx.

** Proportion of the gross CapEx in the total gross CapEx of the companies included in the analysis.

Substantital contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2023 (%)	Taxonomy-aligned proportion of CapEx, year 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
100	0	0	0	0	0	YES	YES	-	YES	-	YES	YES	40.40	38.97		
100	0	0	0	0	0	YES	YES	-	-	YES	-	YES	36.58	34.17	E	
100	0	0	0	0	0	YES	YES	YES	YES	YES	YES	YES	6.48	4.10	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	5.00	0.60		
100	0	0	0	0	0	YES	YES	YES	YES	-	YES	YES	4.63	6.12		
100	0	0	0	0	0	YES	YES	-	YES	YES	-	YES	3.87	0.67		T
100	0	0	0	0	0	YES	YES	-	YES	-	-	YES	1.12	0.14	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.81	0.05		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.56	3.36		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.31	0.00		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.19	7.10		
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	0.04	0.00	E	
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	0.01	0.05	E	
100	0	0	0	0	0	YES	YES	-	YES	YES	YES	YES	0.00	3.28	E	
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.65		
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.53		
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.16		T
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.05		T
													100.00	100.00		
													100.00	**100.00**		

In the calculation of the indicators tied to CapEx, the reduction for subsidies is excluded from the amount of net CapEx[10] (alternative performance criterion) of the Petrol Group in Slovenia and Croatia, which is taken into account in both the denominator and the numerator of activity 7.3 Installation, maintenance and repair of energy efficiency equipment, for charging infrastructure projects within activity 6.15 Infrastructure enabling low-carbon road transport and public transport, and for projects to build own solar power plants within activity 4.1 Electricity generation using solar photovoltaic technology. Long-term financial investments are included in the amount of EUR 4,261,801; as these are fully Petrol d.d., Ljubljana's investments, they are not Taxonomy eligible.

In 2023, the Petrol Group's CapEx in Slovenia and Croatia (excluding the reduction for subsidies received and including long-term financial investments) amounted to EUR 85,712,345, of which 33.74 percent (EUR 28,918,777) was the CapEx for Taxonomy-aligned activities. The CapEx of the companies included in the analysis accounted for 97.89 percent of the Petrol Group's total CapEx in 2023.

Of the 14 identified Taxonomy-aligned activities, the first five represent 93.09 percent of the Petrol Group's total CapEx in Slovenia and Croatia in 2023 for environmentally sustainable activities (aligned with the Taxonomy), namely:

- 40.40 percent was accounted for by activity 4.1 Electricity generation using solar photovoltaic technology (the largest contribution comes from investments in solar power plants in Slovenia and Croatia);
- 36.58 percent by 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 – service stations, and public lighting renovation projects);
- 6.48 percent by activity 6.15 Infrastructure enabling low-carbon road transport and public transport (e-charging infrastructure in Slovenia and Croatia);
- 5.00 percent by activity 4.14 Transmission and distribution networks for renewable and low-carbon gases (including the rehabilitation of distribution networks after floods);
- 4.63 percent by activity 4.3 Electricity generation from wind power.

10 Net investment = CapEx + long-term financial investments – fixed asset disposals – repayments (subsidies).

The Taxonomy-aligned proportion of CapEx from enabling activities was 44.24 percent and 3.87 percent from transitional activities.

For the first time in 2023, investments are shown for activity 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings, noting that some of these technologies are also intrinsically linked to more complex projects in other activities. In 2023, four activities had no new investments compared to 2022.

In 2023, the share of Taxonomy-aligned investments in the Group's total investments decreased compared to 2022, when it amounted to 54.17 percent, although the absolute amount of total investments increased (in 2022, it amounted to EUR 55,809,556). This can be attributed to the long-term financial investments in 2022, which were Taxonomy-eligible, as well as to the increased CapEx in 2023 in Taxonomy-ineligible activities (including new buildings and refurbishments of service stations in Slovenia and Croatia, as investments in the fossil fuel sales infrastructure itself are Taxonomy-ineligible in their entirety, and investments in the Oil&Gas logistics optimisation project).

PROPORTION OF CAPEX* FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING PETROL D.D., YEAR 2023

Economic activities	Codes	Absolute CapEx in EUR	Proportion of CapEx in % **
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	5,829,601	13.40
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	4,951,581	11.38
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	1,557,793	3.58
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	933,842	2.15
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	323,256	0.74
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	233,020	0.54
4.15 District heating/cooling distribution	D35.30	150,817	0.35
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	54,406	0.13
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F42, F43, M71	11,854	0.03
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71	1,606	0.00
4.9 Transmission and distribution of electricity	D35.12, D35.13	849	0.00
4.3 Electricity generation from wind power	D35.11, F42.22	0	0.00
4.8 Electricity generation from bioenergy	D35.11	0	0.00
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	0	0.00
CapEx of environmentall sustainable activities (Taxonomy-aligned) (A.1)	/	14,048,624	32.30
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
Total (A.1 + A.2)	**/**	**14,048,624**	**32.30**
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities (B)	/	29,450,616	67.70
Total (A + B)	**/**	**43,499,240**	**100.00**

* The reduction for the received energy efficient renovation project subsidies is excluded from the amount of net CapEx of the Petrol Group in Slovenia and Croatia in the calculation of indicators tied to CapEx.

** Share of the gross CapEx in the total gross CapEx of Petrol d.d., Ljubljana.

Substantital contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2023 (%)	Taxonomy-aligned proportion of CapEx, year 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
100	0	0	0	0	0	YES	YES	-	-	YES	-	YES	41.50	58.57	E	
100	0	0	0	0	0	YES	YES	-	YES	-	YES	YES	35.25	2.16		
100	0	0	0	0	0	YES	YES	YES	YES	YES	YES	YES	11.09	4.29	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	6.65	5.09		
100	0	0	0	0	0	YES	YES	-	YES	-	-	YES	2.30	0.25	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.66	0.08		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.07	5.81		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.39	12.41		
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	0.08	0.00	E	
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	0.01	0.08	E	
100	0	0	0	0	0	YES	YES	-	YES	YES	YES	YES	0.01	5.18	E	
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	3.97		
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	1.16		
-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.94		
													100.00	100.00		
													100.00	**100.00**		

The CapEx in Taxonomy-aligned activities in Petrol d.d., Ljubljana, in 2023 amounted to EUR 14,048,624, or 32.30 percent of the Company's total CapEx (total CapEx of EUR 43,499,240, of which long-term financial investments amounted to EUR 4,261,801). The Taxonomy-aligned proportion of the CapEx from enabling activities was 54.99 percent.

In 2022, the reported percentage of CapEx in Taxonomy-eligible activities of Petrol d.d., Ljubljana, amounted to 43.16 percent of the total CapEx (total CapEx of EUR 39,690,597, including long-term financial investments and subsidies).

PROPORTION OF OPEX* FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING PETROL GROUP (SLOVENIA AND CROATIA), YEAR 2023

Economic activities	Codes	Absolute OpEx in EUR	Proportion of OpEx in % **
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	27,048,469	0.43
7.6 Installation, maintenance and repair of renewable energy technologies	F43, M71	20,079,984	0.32
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	D35.11, D35.30	13,703,253	0.22
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	12,642,534	0.20
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71	9,197,382	0.15
4.15 District heating/cooling distribution	D35.30	5,300,835	0.08
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	4,972,224	0.08
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	4,866,393	0.08
5.2 Renewal of water collection, treatment and supply systems	E36.00, F42.99	3,867,365	0.06
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	3,858,156	0.06
4.9 Transmission and distribution of electricity	D35.12, D35.13	3,599,988	0.06
4.24 Production of heat/cool from bioenergy	D35.30	3,539,490	0.06
4.3 Electricity generation from wind power	D35.11, F42.22	3,488,073	0.06
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	3,046,719	0.05
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	2,069,814	0.03
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	1,839,434	0.03
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39, N77.11	814,200	0.01
4.8 Electricity generation from bioenergy	D35.11	622,902	0.01
4.22 Production of heat/cool from geothermal energy***	D35.30	309,082	0.00
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	299,682	0.00
OpEx of environmentall sustainable activities (Taxonomy-aligned) (A.1)	/	125,165,977	1.98
A.2 Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities)			
OpEx of Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities) (A.2)	/	0	0
Total (A.1 + A.2)	**/**	**125,165,977**	**1.98**
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy-non-eligible activities (B)	/	6,181,689,545	98.02
Total (A + B)	**/**	**6,306,855,523**	**100.00**
OpEx of Petrol Group (directly and indirectly owned companies, all markets) in EUR		**6,866,373,093**	
Proportion of OpEx of analyzed companies in OpEx of Petrol Group in %		**90.03**	

* OpEx = operating costs + acquisition costs.
** Share of OpEx in the total OpEx of the companies included in the analysis.
*** Due to the nature of the business, the revenue of the activity is recorded under activity 4.15 District heating/cooling distribution.

Substantital contribution criteria: Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2023 (%)	Taxonomy-aligned proportion of OpEx, year 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
100	0	0	0	0	0	YES	YES	-	-	YES	-	YES	21.61	N/A	E	
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	16.04	N/A	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	10.95	N/A		T
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	10.10	N/A		
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	7.35	N/A	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	4.24	N/A		
100	0	0	0	0	0	YES	YES	-	YES	-	YES	YES	3.97	N/A		
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	3.89	N/A		
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	3.09	N/A		
100	0	0	0	0	0	YES	YES	YES	YES	YES	YES	YES	3.08	N/A	E	
100	0	0	0	0	0	YES	YES	-	YES	YES	YES	YES	2.88	N/A	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	2.83	N/A		
100	0	0	0	0	0	YES	YES	YES	YES	-	YES	YES	2.79	N/A		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	2.43	N/A		T
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.65	N/A		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.47	N/A		
100	0	0	0	0	0	YES	YES	-	YES	YES	-	YES	0.65	N/A		T
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.50	N/A		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.25	N/A		
100	0	0	0	0	0	YES	YES	-	YES	-	-	YES	0.24	N/A	E	
													100.00			
													100.00	**100.00**		

In 2023, we report on the OpEx of Taxonomy-aligned activities for the first time. OpEx includes costs and acquisition costs. Taxonomy-aligned activities contributed 1.98 percent of the OpEX from products or services of the companies in Slovenia and Croatia included in the analysis in 2023 (EUR 125,165,977 out of a total OpEX of EUR 6,306,855,523). The OpEx of the companies included in the analysis represented 90.03 percent of the total OpEx of the Petrol Group in 2023.

Out of a total of 21 different Taxonomy-aligned activities, the top ten contributed 84.32 percent of the total OpEX:

- 21.61 percent was accounted for by activity 7.3 Installation, maintenance and repair of energy efficiency equipment (mainly energy-efficient building renovation projects);
- 16.04 percent by activity 7.6 Installation, maintenance and repair of renewable energy technologies (solar power plants and heat pumps for the market);
- 10.95 percent by activity 4.30 High-efficiency cogeneration of heat/cool and power from gaseous fossil fuels;
- 10.10 percent by activity 4.14 Transmission and distribution networks for renewable and low-carbon gases (concessions and natural gas distribution);
- 7.35 percent by activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings);
- 4.24 percent by activity 4.15 District heating/cooling distribution;
- 3.97 percent by activity 4.1 Electricity generation using solar photovoltaic technology;
- 3.89 percent by activity 5.1 Construction, extension and operation of water collection, treatment and supply systems;
- 3.09 percent by activity 5.2 Renewal of water collection, treatment and supply systems; and
- 3.08 percent by activity 6.15 Infrastructure enabling low-carbon road transport and public transport.

The Taxonomy-aligned proportion of the OpEX from enabling activities was 51.20 percent and 14.03 percent from transitional activities.

PROPORTION OF OPEX* FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING PETROL D.D., YEAR 2023

Economic activities	Codes	Absoluten OpEx v EUR"	Delež OpEx-a ** v %"
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	26,620,339	0.51
7.6 Installation, maintenance and repair of renewable energy technologies	F43, M71	20,079,984	0.38
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	D35.11, D35.30	10,332,814	0.20
4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21, H49.50	9,223,705	0.18
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71	9,197,382	0.18
5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	4,866,393	0.09
4.15 District heating/cooling distribution	D35.30	3,943,352	0.08
5.2 Renewal of water collection, treatment and supply systems	E36.00, F42.99	3,867,365	0.07
4.9 Transmission and distribution of electricity	D35.12, D35.13	3,599,988	0.07
4.24 Production of heat/cool from bioenergy	D35.30	3,449,812	0.07
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	D35.30	2,450,904	0.05
5.3 Construction, extension and operation of waste water collection and treatment	E37.00, F42.99	2,069,814	0.04
6.15 Infrastructure enabling low-carbon road transport and public transport	F42.11, F71.1	2,012,032	0.04
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	1,805,353	0.03
4.1 Electricity generation using solar photovoltaic technology	D35.11, F42.22	806,083	0.02
4.8 Electricity generation from bioenergy	D35.11	622,902	0.01
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.39, N77.11	391,202	0.01
4.22 Production of heat/cool from geothermal energy***	D35.30	309,082	0.01
8.2. Data-driven solutions for GHG emissions reductions	J61, J62, J63.11	299,682	0.01
OpEx of environmentall sustainable activities (Taxonomy-aligned) (A.1)	/	105,948,186	2.02
A.2 Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities)			
OpEx of Taxonomy-Eligible but not environmentally sustainable actvities (not Taxonomy-aligned activities) (A.2)	/	0	0
Total (A.1 + A.2)	**/**	**105,948,186**	**2.02**
B.) TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy-non-eligible activities (B)	/	5,144,024,139	97.98
Total (A + B)	**/**	**5,249,972,325**	**100.00**

* OpEx = operating costs + acquisition costs.
** Share of the OpEx in the total OpEx of Petrol d.d., Ljubljana.
*** Due to the nature of the business, the revenue of the activity is recorded under activity 4.15 District heating/cooling distribution.

Substantital contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Circular economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2023 (%)	Taxonomy-aligned proportion of OpEx, year 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
100	0	0	0	0	0	YES	YES	-	-	YES	-	YES	25.13	N/A	E	
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	18.95	N/A	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	9.75	N/A		T
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	8.71	N/A		
100	0	0	0	0	0	YES	YES	-	-	-	-	YES	8.68	N/A	E	
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	4.59	N/A		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	3.72	N/A		
100	0	0	0	0	0	YES	YES	YES	-	-	YES	YES	3.65	N/A		
100	0	0	0	0	0	YES	YES	-	YES	YES	YES	YES	3.40	N/A	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	3.26	N/A		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	2.31	N/A		T
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.95	N/A		
100	0	0	0	0	0	YES	YES	YES	YES	YES	YES	YES	1.90	N/A	E	
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	1.70	N/A		
100	0	0	0	0	0	YES	YES	-	YES	-	YES	YES	0.76	N/A		
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.59	N/A		
100	0	0	0	0	0	YES	YES	-	YES	YES	-	YES	0.37	N/A		T
100	0	0	0	0	0	YES	YES	YES	-	YES	YES	YES	0.29	N/A		
100	0	0	0	0	0	YES	YES	-	YES	-	-	YES	0.28	N/A	E	
													100.00			
													100.00	**100.00**		

OpEx from Taxonomy-aligned activities in the parent company Petrol d.d. in 2023 amounted to EUR 105,948,186, or 2.02 percent of the total OpEx of Petrol d.d., Ljubljana. The Taxonomy-aligned OpEx of Petrol d.d., Ljubljana accounted for 84.65 percent of the Taxonomy-aligned OpEx of the analysed Petrol Group companies in Slovenia and Croatia and 1.68 percent of the total OpEx of the analysed Petrol Group companies in Slovenia and Croatia.

Taxonomy-aligned OpEx from enabling activities accounted for 58.34 percent of the total Taxonomy-aligned OpEx from Petrol d.d., Ljubljana, and the Taxonomy-aligned OpEx from transitional activities accounted for 12.44 percent.

Sustainable economic activities and sustainable investments of the 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).

Sašo Berger
President of the
Management Board

Drago Kavšek
Member of the
Management Board

Marko Ninčević
Member of the
Management Board

Metod Podkrižnik
Member of the
Management Board

Jože Smolič
Member of the
Management Board

Zoran Gračner
Member of the
Management Board and
Worker Director

Ljubljana, 11 April 2024

10 PERFORMANCE ANALYSIS OF THE PETROL GROUP 2023

10.1 Business environment

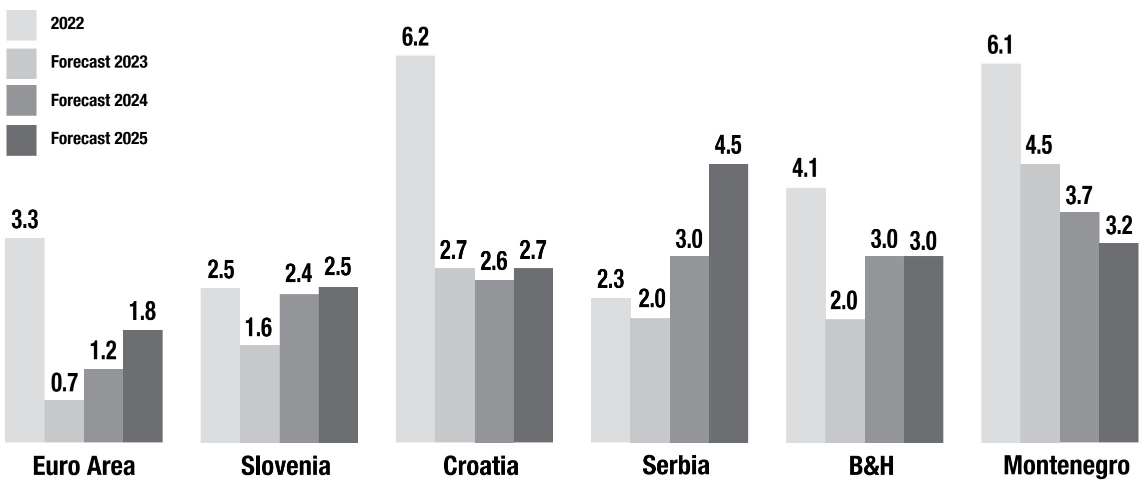
The Petrol Group operates in **two highly competitive industries – energy and trade**. Besides trends in the area of energy and trade, the Group's operations are subject to several other and often interdependent factors, especially changes in energy commodity prices and the US dollar exchange rate, which are a reflection of global economic trends. In addition, operations in the Petrol Group's markets are influenced to 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 commodity market.

In 2022, high energy commodity prices and rising inflation led to fuel price regulation in the markets where we operate. Fuel price regulation was followed by price regulation for natural gas, electricity and heat. Although the prices of oil and petroleum products, electricity and natural gas had already fallen by the end of 2022, energy commodity prices remained regulated in 2023, which had a significant impact on the Petrol Group's operations in that year.

Economic growth moderated in 2023, mainly in the export-led part of the economy, and private consumption growth was also lower. Investments in buildings and structures, however, continued to grow. Problems in the supply chains are gradually easing and energy commodity prices are falling with more reliable supplies. Confidence indicators have fallen, household purchasing power has declined and financing conditions are tightening. Retail sales are also lower than in 2022, while the consumption of services continued to grow, particularly in relation to tourism. Employment growth and unemployment are slowing down, but there are still significant labour shortages.

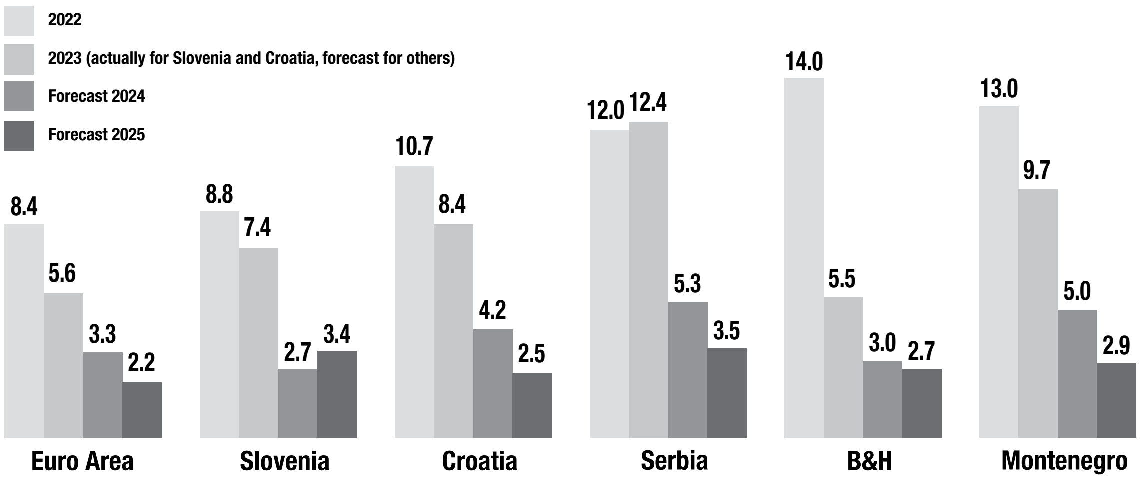
In 2023, Slovenia recorded a 1.6 percent real GDP growth, as forecast by IMAD in its Autumn Forecast in September 2023. The annual inflation in Slovenia in 2023 was 7.4 percent (year-average, or 4.2 percent from December 2023 to December 2022). In Croatia, the Croatian Statistical Office estimates inflation at 8.4 percent in 2023 (year-average).

GDP CHANGE, IN %



Source: IMAD, Statistical Office of the Republic of Slovenia, International Monetary Fund

INFLATION (YEAR AVERAGE), IN %



Source: IMAD, Statistical Office of the Republic of Slovenia, International Monetary Fund

Oil and petroleum product price movements

The price of North Sea Brent crude oil in 2023 ranged between USD 71.8 per barrel and USD 96.6 per barrel. The average price stood at USD 82.2 per barrel in 2023, down 19 percent compared to 2022, when the war in Ukraine started. The average price in euros was 21 percent lower. Brent crude oil reached its highest value in 2023 on 27 September and the lowest value on 13 June.

The price of oil rose in the third quarter of 2023, mainly due to OPEC's reduced oil production and increased demand from China, the largest oil importer. In the last quarter, we saw oil prices fall to around USD 80 per barrel, due to the falling demand (especially from China) and a weakening economic outlook. Further OPEC production cuts and the war in the Middle East have also not reversed the price trend, but only limited further declines.

Although the prices of oil and petroleum products, electricity and natural gas had already fallen by the end of 2022, energy commodity prices remained regulated in 2023, which had a significant impact on the Petrol Group's operations.

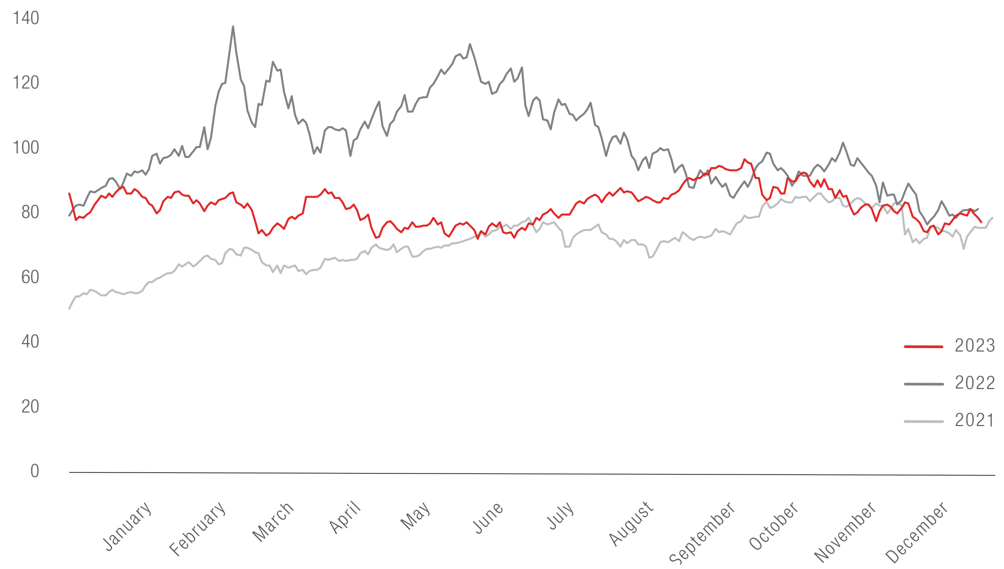
The price of diesel in 2023 ranged between USD 644.8 per metric unit and USD 1,030.5 per metric unit. The average price of diesel in 2023 was USD 832.5 per metric unit.

The price of petrol in 2023 ranged between USD 729.5 per metric unit and USD 1,043.0 per metric unit. The average price of petrol in 2023 was USD 861.3 per metric unit.

Going forward, the main influences on oil demand and crude oil prices will be: the OPEC agreements on the volume of oil to be produced and the state of the global economy (especially in China). Additional geopolitical tensions, such as the escalation of the war in the Middle East and the possible spread of the conflict to neighbouring countries, could have an impact on price increases. On the other hand, the possible onset of recession and a further decline in economic growth in developing countries, especially in the BRICS[11] group, could lead to a fall in oil prices.

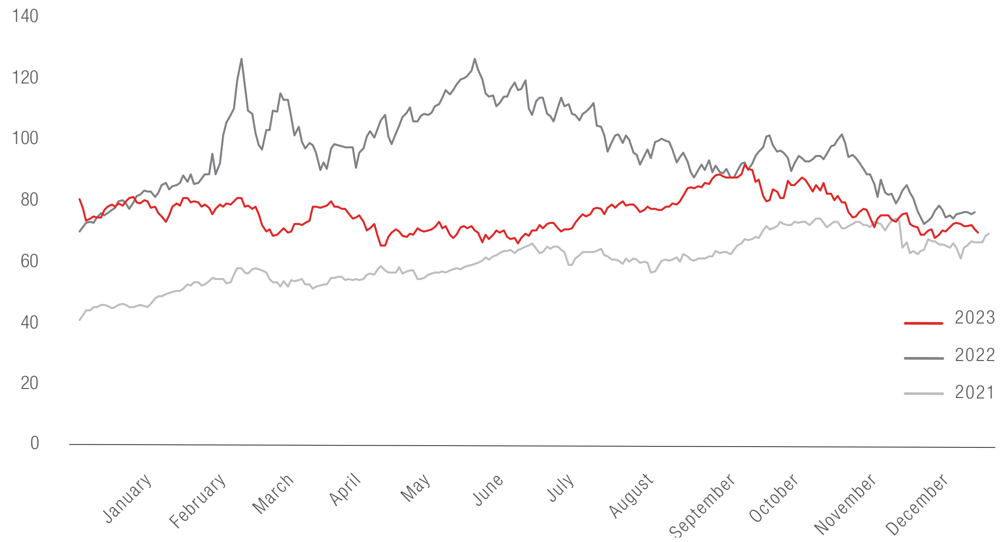
11 BRICS – an economic association of Brazil, Russia, India, China and South Africa

CHANGES IN BRENT DATED HIGH OIL PRICE IN 2021–2023 IN USD/BARREL



Source: Petrol, 2023

CHANGES IN BRENT DATED HIGH OIL PRICE IN 2021–2023 IN EUR/BARREL



Source: Petrol, 2023

Petroleum product price regulation

Slovenia

The prices of unleaded NMB-95 petrol and diesel have been regulated since 15 March 2022, with a few exceptions. Initially, a decree set the maximum sales prices. In June 2022, a decree exempted motorway and premium fuel prices from regulation and capped the sellers' margins instead of the retail prices. The bio-component allowance was excluded from the pricing formula for part of the year, but was reintroduced by decree in December 2022.

From 21 June 2022, the maximum margin on diesel was determined by way of decree in the amount of EUR 0.05910 per litre and on NMB-95 in the amount of EUR 0.06070 per litre. From 17 August 2022, the maximum permitted margin on diesel set by decree stood at EUR 0.09830 per litre and on NMB-95 at EUR 0.09940 per litre.

On 19 June 2023, the Government of the Republic of Slovenia adopted a new Decree on setting prices for certain petroleum products, according to which the margins remained capped at EUR 0.0983 per litre for diesel and EUR 0.0994 per litre for NMB-95. The prices of motor fuels at service stations on motorways and expressways are still exempt from regulation, as are premium fuels NMB-100 and iQ diesel. The Decree entered into force on 21 June 2023 and was expected to stay in effect for one year.

On 30 November 2023, the Government of the Republic of Slovenia adopted Decree amending Decree on setting prices for certain petroleum products, reducing the maximum margin for diesel to EUR 0.0683 per litre and for NMB-95 to EUR 0.0694 per litre for the period from 5 December 2023 to 29 February 2024.

The price of extra-light fuel oil has been regulated since 9 November 2021, except for the period from 22 May to 12 September 2022. Until 21 May 2022, the margin was capped at EUR 0.06 per litre and from 27 September 2022, it has been capped at EUR 0.08 per litre.

Petrol Archive

Croatia
In Croatia, prices have been regulated since 7 February 2022. For the first month, a decree set the maximum retail prices, and from 7 March 2022 onwards, the decree set the maximum margins. Maximum retail prices were also set in the period from 21 June to 18 July and from 18 to 24 October 2022. From 12 September 2022, the Croatian government has also regulated the price of LPG – for propane-butane blends for large tanks and cylinders.

On 2 January 2023, the Government of the Republic of Croatia adopted the Decree on the establishment of maximum retail prices, setting maximum margins to EUR 0.0995 per litre for petrol (eurosuper 95), EUR 0.0995 per litre for eurodiesel, EUR 0.0531 per litre for blue diesel, EUR 0.3716 per kg for propane-butane blends for large tanks or gas storage tanks, and EUR 0.8229 per kg for LPG cylinders (7.5 kg or more). The Decree entered into force on 3 January 2023. The Croatian government extended the validity of the Decree every two weeks.

On 5 June 2023, the Government of the Republic of Croatia adopted the Decree on the establishment of maximum retail prices, increasing the maximum margin for petrol (eurosuper 95) to EUR 0.1245 per litre, eurodiesel to EUR 0.1245 per litre and blue diesel to EUR 0.0781 per litre. The maximum margin fixed for propane-butane blends for large tanks or gas storage tanks remains at EUR 0.3716 per kg, as does that for LPG cylinders (7.5 kg or more) at EUR 0.8229 per kg. The Decree entered into force on 6 June 2023. The Croatian government extended the validity of the Decree every two weeks.

Serbia
In Serbia, the Government of the Republic of Serbia adopted the Decree on the price capping of petroleum (non-additivated) products, which applied to eurodiesel and unleaded petrol and entered into force on 12 February 2022. The amended Decree of 11 March 2022 set the maximum retail price, including value-added tax, for eurodiesel and unleaded petrol (NMB-95) at the average wholesale price of petroleum products in Serbia[12], increased by RSD 6 per litre (EUR 0.05 per litre), and later (with the amendment of 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.

On 24 February 2023, the Government of the Republic of Serbia adopted the Decree on the price capping of petroleum products, setting a maximum retail price, including value-added tax, for eurodiesel and unleaded NMB-95 petrol. It was set at the average wholesale price of petroleum products in Serbia plus RSD 13 per litre (EUR 0.11 per litre). The Decree was in force until 31 March 2023. The Decree was first extended until 31 July 2023, then until 31 October 2023 and finally until 31 December 2023.

Bosnia and Herzegovina
In Bosnia and Herzegovina, the retail calculation margin has been 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) since 3 April 2021 – before that, the retail prices of petroleum products were determined freely according to the market conditions.

Montenegro
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, based on changes in Platts quotations and the US dollar exchange rate. The decree determined fixed margins, namely for NMB-95/98 in the amount of EUR 0.1108 per litre and for diesel in the amount of EUR 0.1079 per litre.

Price movements of other energy commodities

In 2022, with electricity prices rising exponentially due to low gas stocks and fears of the coming winter, we recorded the highest prices in the history of trading. The upward trend in exchange prices peaked, with the annual product for banded electricity supply on the Hungarian market for delivery in 2023 peaking at EUR 1,007 per MWh. The highest recorded price for the day-ahead baseload power supply on the Slovenian market was EUR 751.3 per MWh. The reversal of the trend and the fall in prices followed the announcement of a draft regulation by EU ministers reaching a political agreement on measures to tackle energy price rises. Moving into 2023, electricity prices in Europe fell significantly in January 2023, after record highs in 2022.

The annual product for baseload power supply on the Hungarian market for 2024 closed at EUR 222.3 per MWh on the first trading day of 2023. Prices also stabilised in the short-term market due to a relatively mild start to the winter and the increased natural gas supply via LNG[13] terminals.

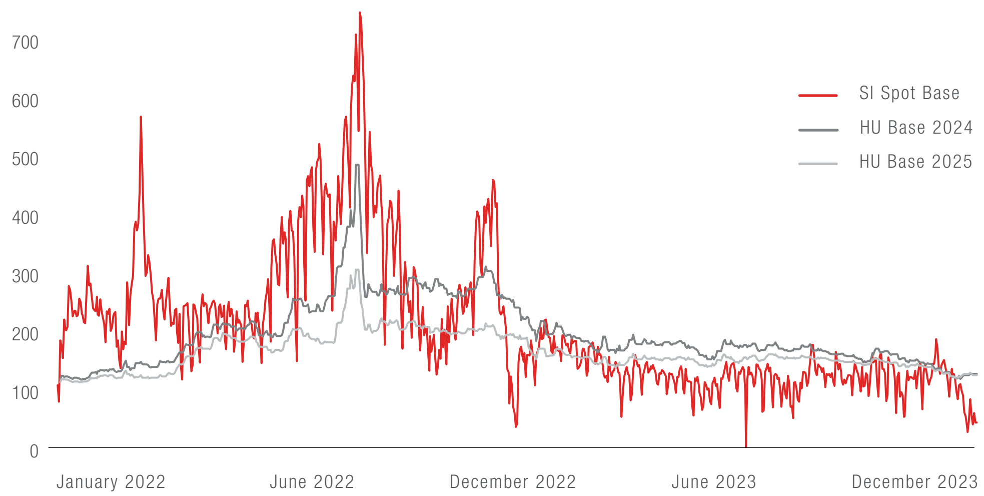
In the first half of 2023, the main factors contributing to the fall in energy commodity prices were the political agreement between EU member states on measures to combat rising energy prices, the oversupply of LNG and the mild winter, which, with above-average temperatures, helped reduce both electricity and natural gas consumption, while at the same time allowing European natural gas storage facilities to be filled to above-average levels. They were between 97 and 100 percent full ahead of the heating season, with consumption levels well below those of the previous year, against a background of stable Norwegian gas flows and high LNG supplies on the world market. In the period that followed, electricity futures prices closely followed the bearish trend of the gas, coal and carbon markets. The downward trend in the electricity market in the second half of 2023 was supported by sufficient gas reserves in Europe, improved hydro flows, increased renewable energy production from wind and solar, the increased availability of French nuclear power and weak industrial demand.

The settlement price of the annual product for baseload power supply on the Hungarian market for 2024 was 104.8 EUR/MWh on the last trading day of 2023.

12 The average wholesale prices of unleaded petrol (NMB-95) and eurodiesel in the territory of the Republic of Serbia are calculated every Friday by the Ministry of Mining and Energy.
13 LNG – Liquefied natural gas

According to Eurostat in June 2023, the euro area as a whole entered a technical recession in mid-2023, as gross domestic product in the euro area shrunk due to the negative impact of inflation, which reduced consumer spending against a backdrop of rising prices. Energy commodity prices in 2024 will be most affected by the consumption of primary energy commodities in the US and the European Union. Data on inflation, employment and economic activity point to a cooling of the global economy, which could impact the demand for energy commodities. In the longer term, energy commodity prices will be strongly influenced by the demand in India and China. Energy demand in these countries is growing rapidly, which could lead to more aggressive competition for energy commodities between the EU and Asian countries and a consequent increase in energy commodity prices. In addition to the above, the geopolitical crisis, mainly due to the war in Ukraine and military conflicts in the Middle East, will also have an impact on the future development of energy commodity prices. Both hotspots are exacerbating political uncertainty and raising concerns in international markets.

TRENDS IN ELECTRICITY PRICES IN 2022 AND 2023 AND PROJECTIONS FOR 2024 AND 2025 IN EUR/MWH



Source: Petrol, 2023

TRENDS IN NATURAL GAS PRICES IN 2022 AND 2023 AND PROJECTIONS FOR 2024 AND 2025 IN EUR/MWH

Source: Petrol, 2023

Price regulation of other energy products

Slovenia

- **Electricity**

In Slovenia, the Government of the Republic of Slovenia adopted the Decree on the determination of electricity prices on 14 July 2022, which set 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. The Decree set a maximum retail selling price for energy commodities from 1 September 2022 to 31 August 2023.

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 13 April 2023, the electricity price regulation was extended by way of decree until 31 December 2023.

By way of decree of 20 October 2023, electricity prices for household customers have remained regulated in 2024 for 90 percent of the actual monthly consumption for each individual tariff, and for the remaining 10 percent the price of the supply contract applies.

- **Natural gas**

On 21 July 2022, the Government of the Republic of Slovenia adopted the Decree on setting gas prices from the system, which set 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 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. The Decree set a maximum retail selling price for energy commodities from 1 September 2022 to 31 August 2023.

At the beginning of September 2022, the Government of the Republic of Slovenia 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 (or would be) suddenly left without a supplier or the offer of a new supplier. The Act also broadened the definition of protected customers.

In September 2022, the Act on Measures for the Management of Crisis Conditions in the Field of Energy Supply was adopted and 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 the pressure on energy prices due to the volatility of the energy markets. In the Act, the Government also implemented the guidelines of the European Union Regulation on the voluntary reduction of natural gas demand for the period between 1 October 2022 and 31 March 2023 by at least 15 percent compared to the average consumption over the last five years, through measures of own choosing.

On 27 October 2022, an amendment to the Decree on setting gas prices from the system was adopted – the maximum retail price also applied to household customers of district heating, and the Decree also redefined 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 applied from 1 November 2022 to 31 August 2023.

In December 2022, the Government of the Republic of Slovenia also set a maximum retail price for natural gas from the system 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 for the period from 1 January 2023 to 31 December 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 27 January 2023, the Decree amending Decree on setting gas prices from the system was adopted in Slovenia, with effect from 28 January 2023, which regulated the maximum retail price for natural gas required for the generation of heat for basic social services, kindergartens, primary schools and health centres, for heat distributors, and that applied to natural gas for the production of heat supplied during the period from 1 January to 31 August 2023.

On 13 April 2023, the natural gas price regulation was extended by decree until 31 December 2023.

The decree adopted on 20 October 2023 has kept the natural gas prices regulated until 30 April 2024.

- **Heat**

On 24 January 2023, the Government of the Republic of Slovenia adopted the Decree on the pricing of district heating, which set the maximum tariff rate for the variable part of the heat price for household customers who receive heat from a distribution system where the distributor performs an economic public service, either through an individual or a common point of consumption. Distributors whose published price lists for January 2023 set the level of the tariff for the variable part of the heat price below this amount were not allowed to increase it. The Decree applied to heat supplied in the period from 1 January to 30 April 2023.

On 6 July 2023, the Government of the Republic of Slovenia adopted the Decree on determining the compensation of distributors of district heating, which, after the end of the period of price regulation under the Decree on setting the price of district heating, assesses the entitlement of the distributor of district heating in a way that assesses the material damage incurred in the form of loss of revenue due to the reduction of the price with respect to the existing price, or the impossibility to increase the price in question with respect to the price that the distributor has independently increased after the period of the supplementary regulation by the decree.

Croatia

- **Electricity**

In Croatia, the government adopted the Decree on the elimination of disturbances on the domestic energy market on 8 September 2022, setting the electricity price for household and business customers and for public institutions, effective from 1 October 2022 to 31 March 2023. Another decree fixed the prices until the end of September 2023, and the amendment and supplement to the second decree extended its period of validity until 31 March 2024.

- **Natural gas**

The Republic of Croatia, through its energy regulatory agency HERA, introduced a market-based supply for household customers across Croatia in 2020. To this end, in October 2020, HERA published an implementing regulation with a detailed methodology for calculating the price for this customer segment.

On 4 April 2023, the Croatian energy regulator HERA adopted a new methodology regulating retail natural gas prices in Croatia, introducing a 15-day reference period for setting gas sales prices instead of the previous 11-month period. The amendment has a retroactive effect on the contractual relationships between suppliers and customers, as the amended methodology does not take into account the actual value of the leased gas price according to the methodology set in 2020.

On 7 July 2023, the Government of the Republic of Croatia, by decree, established a mechanism to compensate natural gas suppliers for the difference between the price to be paid for the purchase of this energy commodity and the price regulated by the pricing methodology for the supply of natural gas. The decree applies to deliveries from 1 April 2023 to 31 March 2024.

Impact of movements in the US dollar/euro exchange rate

The exchange rate between the US dollar and the euro in 2023 ranged between 1.05 and 1.13 USD per 1 euro. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank in 2023 was 1.08 USD for 1 EUR (in 2022, the average exchange rate was USD 1.05 for 1 EUR).

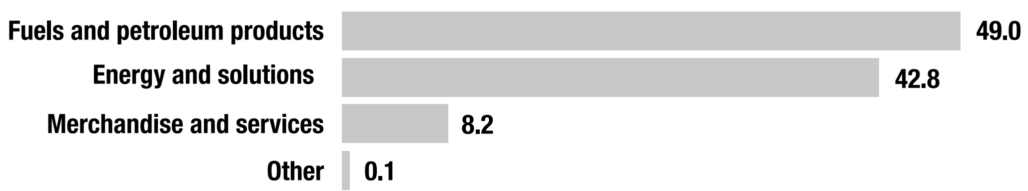
10.2 Operations of the Petrol Group

The Petrol Group's operating results are reported by the following product groups:

- **Fuels and petroleum products,** which includes sales of petroleum products, sales of LPG and other alternative energy commodities (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,** which includes the sale of foodstuffs, haberdashery, tobacco products, lotteries, coupons and cards, Coffee to Go, Fresh products, car cosmetics and spare parts, as well as car wash services, sales promotion services and other services and catering facility rentals.
- **Energy and solutions,** which includes the sale and trading of electricity and natural gas, the sale of energy solutions (systems of energy and the environmental management of buildings, water supply systems, efficient lighting systems, district energy, water treatment, industrial solutions and energy solutions for home and industry), the sale of heating systems, natural gas distribution systems, mobility and energy commodity generation.
- **Other:** mining services, maintenance services, vacation rentals.

In 2023, the Petrol Group generated **revenue from contracts with customers** in the amount of EUR 7.0 billion, which is 26 percent less than in 2022. The fall in revenue was mainly due to lower prices for petroleum products and electricity and natural gas on the spot and futures markets, as well as lower trading volumes for these energy commodities.

STRUCTURE OF THE PETROL GROUP'S REVENUE FROM CONTRACTS WITH CUSTOMERS IN 2023 BY PRODUCT GROUPS, IN %



In 2023, the Petrol Group sold 3.8 thousand MWh of fuels and petroleum products, which was 8 percent less than in 2022. In 2022, the Government of the Republic of Slovenia regulated the price of certain petroleum products, which was lower than in neighbouring countries for a certain period, resulting in higher sales at service stations in 2022 than in 2023.

The gross profit was EUR 677.6 million, a year-on-year increase of 72 percent.

In 2023, we generated EUR 571.2 million in revenue from the sale of merchandise and services, which is 10 percent more than in 2022. We increased our revenue mainly in the tobacco and food segments, both in Slovenia and in the markets of South-Eastern Europe. The only slight decrease was in the revenue from carwashes. In 2023, we also sold 16.6 TWh of natural gas, 12.8 TWh of electricity and 143.4 thousand MWh of heat.

Operations in 2023 took place in a very different context to 2022. The energy markets stabilised compared to 2022, which contributed to the more relaxed regulation of the prices of some petroleum products than in 2022. In 2023, the **gross profit** stood at EUR 677.6 million, which was 72 percent more than in 2022.

In accordance with standards, gains and losses on derivatives which are used to balance volumetric and price risks when selling energy commodities are not recorded under revenue from contracts with customers or cost of goods sold, but separately in the context of the operating profit. Net gains on derivatives amounted to EUR 53.3 million in 2023, a year-on-year increase of EUR 88.9 million. The gross profit, increased by the net gains on derivatives, amounted to EUR 730.8 million, up by EUR 373.0 million compared to 2022.

STRUCTURE OF THE PETROL GROUP'S GROSS PROFIT, INCREASED BY THE NET GAINS ON DERIVATIVES IN 2023, BY PRODUCT GROUP, IN %

Compared to 2022, **the gross profit, increased by the net gains on derivatives, energy and solutions,** increased the most. **Electricity and natural gas prices** were freely determined by the market conditions **in Slovenia** in the first eight months of 2022. On 1 September 2022, price regulation came into force for both electricity and natural gas. The prices of both energy commodities were regulated for the whole of 2023, and a decree set compensation for suppliers for the difference between the average monthly purchase cost and the regulated retail price, which are recognised in the financial statements. **In Croatia**, electricity and natural gas prices are also regulated. The Croatian regulator has also set up a compensation mechanism for natural gas suppliers, for which we have submitted claims. Not having been approved by the regulator yet, they are not recognised in the Petrol Group's financial statements. Within the gross profit, damage of EUR 140.3 million was recorded in 2022 as a result of the Geoplin Group's cooperation with Gazprom Export LLC; in 2023, the situation normalised in terms of supplies because Geoplin d.o.o., Ljubljana, signed a medium-term agreement on natural gas supply to Slovenia from Algeria with Sonatrach. Higher gross profit was also achieved in the sales of energy solutions and electricity generation from RES.

The increase in the **gross profit, increased by the net gains on derivatives, fuels and petroleum products** was affected most by the milder price regulation compared to 2022, although fuel margins are still substantially lower than in comparable countries of the Western Europe. **In 2023**, petrol and diesel prices were regulated throughout the period. Slovenia determined the maximum margin that can be charged at off-motorway service stations, while prices at motorway service stations and premium fuel prices are set by the market. In Croatia, however, the maximum margin was capped at all service stations, including those by motorways, while premium fuels are exempt from regulation. **In 2022**, the prices in Slovenia were set freely at market conditions until 14 March 2022, while from 15 March to 20 June 2022 (with the exception of a short period between 1 and 10 May 2022), a maximum retail price was set and applied in all locations. For most of the period, the regulation set a maximum price, which was even lower than the purchase price of the fuel. As of 21 June 2022, a decree exempting petrol prices at service stations on motorways, expressways and premium fuels was in force, ending the cap on maximum prices but limiting the sellers' margins. The decree set the margins quite low until 17 August 2022, but after 17 August 2022, they were increased and remained in force until 4 December 2023, when they were reduced sharply by another decree. In Croatia, prices were liberalised until 6 February 2022. Since then, part of the period has seen maximum selling prices and part of the period maximum sellers' margins. As in Slovenia, the regulated sales prices in Croatia were lower than the purchase prices for part of 2022, resulting in a low gross profit in 2022.

The **gross profit from sales of merchandise and services** increased compared to 2022 on account of higher sales in all markets.

The Petrol Group's **operating costs** totalled EUR 561.3 million in 2023, which was EUR 93.4 million or 20 percent more than in 2022.

The share of the operating costs in the gross profit plus net gains on derivative financial instruments used to hedge the volumetric and price risks on the sale of energy commodities was 76.8 percent in 2023 and 130.8 percent in 2022. The share in 2023 is in line with the plan, while in 2022 it was high due to the impact of tight regulation, when the regulated prices for certain petroleum commodities were for some time lower than their purchase prices.

OPERATING COSTS OF THE PETROL GROUP IN EUR MILLION

The Petrol Group	2021	2022	2023	Index 2023/2022	Index 2023/2021
Cost of materials	29.3	39.4	65.6	166	224
Cost of services	147.7	180.1	186.3	103	126
Labour costs	114.3	135.6	160.6	118	140
Depreciation and amortisation	79.1	96.3	97.5	101	123
Other costs	62.6	16.5	51.4	312	82
- of which net allowances for operating receivables	7.9	7.9	-0.5	-	-
Operating costs	**433.0**	**467.9**	**561.3**	**120**	**130**

The costs of materials totalled EUR 65.6 million in 2023, which was EUR 26.2 million or 66 percent more than in 2022.

- Energy costs increased by EUR 25.7 million, or 85 percent, due to higher energy commodity prices, because a large part of energy commodities for the year 2023 was purchased in 2022 when the cost prices were much higher than in previous years.
- Costs of consumables increased by EUR 0.5 million or 7 percent. Among these, the most significant increase was in the cost of materials for the provision of services.

The costs of services in 2023 totalled EUR 186.3 million and were up EUR 6.1 million or 3 percent from 2022.

- The most significant item in the costs of services was the costs of transport services, which stood at EUR 42.6 million and decreased by EUR 2.8 million or 6 percent compared to the previous year. The decrease is a result of a combination of lower volumes of fuels sold and optimisation of logistics processes through the introduction of all-day transport logistics and reduction of transport rates in the Croatian market.
- The costs incurred by the service station operators amounted to EUR 37.4 million, up EUR 4.8 million or 15 percent compared to the previous year, mainly due to salary changes (bonuses for less favourable working hours, promotions and bonuses based on good sales performance), and an increase of EUR 0.8 million in student work costs. At the end of 2023, the number of workers at third-party operated service stations was 154 down compared to the end of 2022, of which 140 transferred to Petrol d.d., Ljubljana, because in November the structure of operation models was changed at 26 service stations which transferred from the CODO[14] model to the COCO[15] model.
- The cost of services for the maintenance of fixed assets amounted to EUR 28.5 million, which was down EUR 0.2 million compared to the previous year.
- The costs of payment transactions and bank services amounted to EUR 15.0 million, which was EUR 0.9 million or 6 percent less than in the previous year, of which there was a decrease of EUR 0.5 million in stock exchange commissions, EUR 0.3 million in payment card fees and EUR 0.3 million in payment traffic costs – lower energy commodity prices.
- Short-term rental costs amounted to EUR 12.8 million, an increase of EUR 3.2 million or 33 percent compared to 2022, including an increase of EUR 1.0 million in software rental costs and an increase of EUR 1.0 million in motorway operating charges (recorded as concession fee costs in 2022), and an increase of EUR 0.7 million in service station rental costs.
- Costs of professional services stood at EUR 12.5 million in 2023, a year-on-year increase of EUR 0.6 million or 5 percent, of which EUR 1.3 million due to higher costs of student work (students substituted employees). Consultancy and lawyer's fees decreased by EUR 0.9 million, while copyright and electronic media costs increased by EUR 0.2 million.
- Outsourcing costs stood at EUR 9.5 million and were up EUR 4.2 million or 79 percent relative to 2022, due to higher business volumes in the energy solutions for home and industry segment.
- Amounting to EUR 7.4 million, the costs of fairs, advertising and entertainment decreased by EUR 0.4 million or 5 percent compared to the previous year.
- The costs of insurance premiums totalled EUR 6.4 million and were down EUR 0.5 million or 7 percent from 2022.

14 CODO – Company Owned Dealer Operated
15 COCO – Company Owned Company Operated

- The costs of environmental protection services totalled EUR 2.7 million and were up EUR 0.2 million or 7 percent from 2022.
- Security costs for 2023 totalled EUR 2.2 million, a decrease of EUR 0.1 million from the year before.
- Employee reimbursements totalled 1.4 million and were at a similar level as in 2022.
- Property management costs amounted to EUR 0.7 million and were down EUR 0.9 million or 56 percent compared to the previous year – part of the costs were reallocated to subcontractors.
- Membership fees in 2023 amounted to EUR 0.6 million and were EUR 1.0 million lower than in the previous year – fees to the Croatian energy regulatory agency, the Croatian Tourist Board and the contribution to Hrvatske šume from 2023 onwards are recorded under other costs (other revenue-dependent fees); they were accrued at EUR 0.9 million in the period analysed.
- Other costs of services stood at EUR 6.4 million, the same level as in 2022.

Labour costs totalled EUR 160.6 million, a year-on-year increase of 18 percent or EUR 25.0 million. The largest cost increases were in Petrol d.d., Ljubljana and the Petrol Croatia Group. In both Slovenia and Croatia, costs increased mainly due to salary changes (pay rises for the lowest-paid employees, additional payments up to the minimum wage, bonuses for less favourable working hours – service stations are still facing staff shortages) and to rewarding employees on the basis of good business results. In November, a change in the structure of the service station management models from a CODO to a COCO model was implemented, which increased the number of employees by 140.

The **depreciation and amortisation charge** stood at EUR 97.5 million, an increase of 1 percent or EUR 1.2 million relative to 2022. The depreciation and amortisation charge was higher mainly in the retail network in Croatia and due to the higher volume of Atet d.o.o.'s business.

Other costs stood at EUR 51.4 million, which was EUR 34.9 million more than in 2022. Compared to the previous year, the remaining other costs increased by EUR 46.1 million, mainly due to higher accruals. Net allowances for the impairment of operating receivables decreased by EUR 8.4 million and impairment charges. Inventory impairment costs decreased by EUR 4.2 million on account of increased recording of inventory impairment in 2022 at the Geoplin Group and the Petrol Croatia Group.

The Petrol Group is exposed to price and volumetric risks arising from trade in energy commodities (petroleum products, natural gas, electricity and LPG). The Petrol Group manages price and volumetric risks primarily by striving to harmonise purchases and sales of energy commodities, both in terms of volumes and purchase and sale conditions, and thus protects the generated margin on energy commodities. Based on the energy commodity business model, limits are set to cap exposure to price, foreign exchange and volumetric risks. To hedge 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 is regularly monitored based on changes in market prices and the need for our portfolio hedging. The net gain on derivatives stood at EUR 53.3 million, an increase of EUR 88.9 million compared to 2022.

Other income stood at EUR 10.9 million, which was EUR 91.5 million less than in 2022. In 2022, EUR 88.6 million was recorded under other income as a result of the revaluation of the liability to Gazprom Export LLC to fair value based on an independent valuer's valuation.

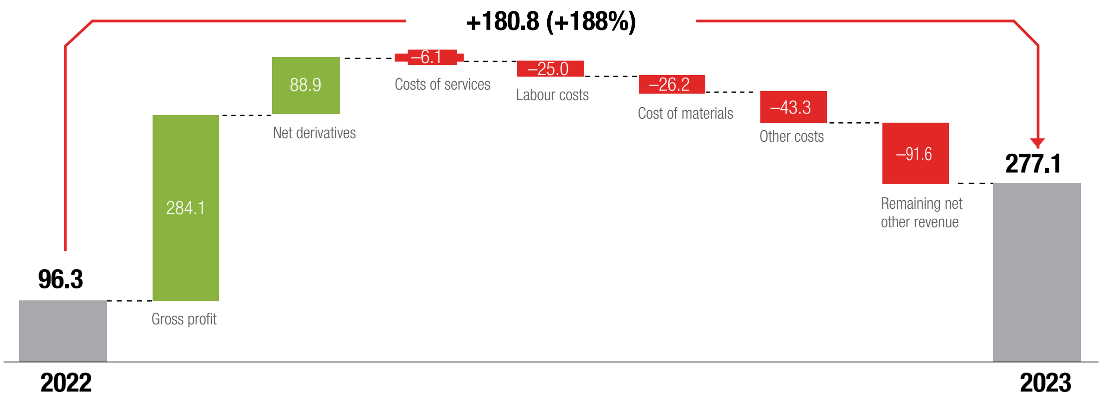
Other expenses stood at EUR 0.3 million, the same level as in 2022.

The **EBITDA** for 2023 totalled EUR 277.1 million, an increase of EUR 180.8 million from 2022 and EUR 26.7 million compared to the plan.

STRUCTURE OF THE EBITDA OF THE PETROL GROUP IN 2023 BY PRODUCT GROUPS, IN %

Compared to 2022 when the energy markets were in a state of extraordinary situation, the EBITDA structure was again normalised. In the structure, the EBITDA share of the Energy and Solutions product group has been increasing, which corresponds to the strategic commitment of transitioning from traditional energy sources to cleaner renewable energy sources.

EBITDA IN 2023 COMPARED TO 2022 IN EUR MILLION



Operating profit totalled EUR 180.2 million, an increase of EUR 188.1 million from 2022 when it was even negative due to the regulation of the retail prices of certain fuels.

The EBITDA of the Energy and Solutions product group has been increasing in the structure, in line with the strategic commitment of transitioning from the traditional energy sources to renewable energy sources.

The share of profit of equity-accounted investees valued according to the equity method amounted to EUR 3.7 million, which is EUR 0.4 million or 12 percent more than in 2022.

The net finance expenses of the Petrol Group stood at EUR 16.1 million in 2023, which was EUR 10.9 million more than the year before. In 2023, the net foreign exchange gain was up 1.6 million compared to 2022 and the net interest expenses were up EUR 1.3 million. The net loss on derivatives was EUR 7.6 million higher than in 2022. There was no reversal of the allowance for financial receivables in 2023 and it amounted to EUR 0.6 million in 2022. Other net financial expenses in EUR 2023 were EUR 2.9 million higher than in 2022.

The **profit before tax** in 2023 totalled EUR 167.8 million, up EUR 177.6 million compared to the previous year. **The net profit** realised in 2023 totalled EUR 136.6 million, which was EUR 139.2 million more compared to the loss realised in 2022 and EUR 19.5 million more than planned.

10.3 Financial position of the Petrol Group

The **total assets** of the Petrol Group as at 31 December 2023 amounted to EUR 2.6 billion, which is 4 percent less than at the end of 2022. Non-current assets amounted to EUR 1.4 billion, which is 2 percent more than at the end of 2022, and the current assets amounted to EUR 1.3 billion, a year-on-year decrease of 9 percent. The drop in the value of total assets is most of all a result of the changes in energy prices and the optimisation of the working capital management.

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 billion and were EUR 10.5 million higher than at the end of 2022. Right-of-use assets totalled EUR 130.8 million at the end of 2023, which was 1 percent less than at the end of 2022. Non-current investments in jointly controlled entities and associates stood at EUR 59.7 million at year-end, which was EUR 1.4 million more than year-end 2022.

The management of **current assets**, which accounted for 48 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. The Group's short-term credit lines in both domestic and foreign markets allow the Group to respond quickly to changes in the amount of these assets. Compared to the end of 2022, the balance of operating receivables as at the last day of 2023 decreased by 5 percent or EUR 43.1 million, while inventories are down by EUR 59,1 million or 22 percent. The decrease in these items was mainly due to lower prices for petroleum products compared to the previous year.

The reduced margins on certain petroleum product prices to the level way below EU average puts a disproportionate pressure on the Company's operations, resulting in a need to cut its green transition budget.

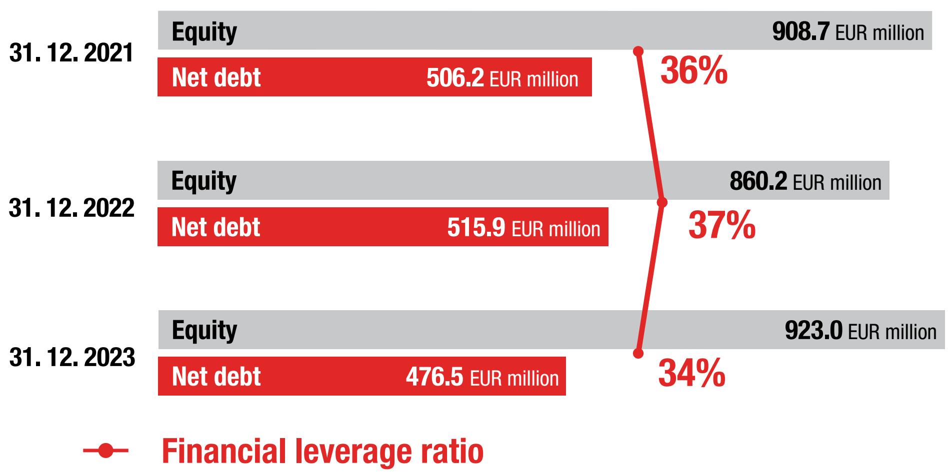
In the area of credit risk management, we closely follow all the procedures of credit insurance companies. The Petrol Group has secured 87 percent of all receivables, which individually exceed a nominal value of EUR 100,000. We monitor customer payments on a daily basis and, where appropriate, adopt 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 under review, the Petrol Group's **working capital** amounted to EUR 87.8 million, which is EUR 69.7 million more than at the end of 2022, when the Group's working capital amounted to EUR 18.1 million.

Cash flows generated from operations amounted to EUR 220.7 million in 2023, which is EUR 17.7 million more than in 2022. The Petrol Group used its own revenues for investment activities, the payment of dividends and the repayment of loans. The net financial liabilities to equity ratio (**net debt/equity ratio**) was 0.52 as at the last day of 2023, and it stood at 0.60 at the end of 2022. **The net debt/EBITDA ratio** was 1.7 at the end of 2023 compared to 5.4 at the end of 2022. **The financial leverage ratio** stood at 34 percent at the end of 2023 and at 37 percent at the end of 2022.

Despite the stabilisation of the energy market, we continued to give high priority to ensuring an adequate liquidity structure in 2023. When determining the needs for additional debt, we took into account the appropriate net debt to EBITDA ratio.

EQUITY, NET DEBT AND FINANCIAL LEVERAGE RATIO



In 2023, we earmarked EUR 82.9 million for net investment, an increase of 38.7 percent compared to EUR 59.8 million in 2022 due to the limited available financial resources.

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 situation brought by the energy crisis and energy transition, as well as government regulatory interventions and uncertainties about compensation for damages, when we had to severely restrict our investment budget in 2022, we continued to successfully implement key development projects in 2023. We kept our strategic focus on debt and reduced the net debt below the level from 2021. The Petrol Group kept all the key indicators at acceptable levels, which provide the Group with a financially sustainable basis for its future operations.

We expect 2024 to be as challenging as 2023. We will continue to pursue our strategic objective of ensuring stable operations, including by maintaining an appropriate debt to EBITDA ratio. Despite the tough business environment, 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.

S&P Global Ratings reaffirmed Petrol d.d., Ljubljana's 'BBB-' long-term and 'A-3' short-term credit rating with a 'stable' outlook on 22 December 2023.

On 4 August 2023, Slovenia suffered devastating floods which also damaged some of Petrol's infrastructure. We had to temporarily close some of our service stations. On the report publication date, the Nazarje, Otiški vrh and Žerjav service stations still did not operate at full capacity (the sale of merchandise was limited, but the sale of fuels ran smoothly). Due to damage to the gas pipeline system, the supply of district heating and natural gas was temporarily disrupted to a part of households in the municipalities of Mežica, Črna na Koroškem and Prevalje, but it has already been restored. Damage to Petrol's infrastructure amounted to EUR 3.4 million, but due to the appropriate property insurance it did not have any major effect on the business results of Petrol d.d., Ljubljana. As part of the solidarity aid activities, the Petrol Group focused first and foremost on its employees who were severely affected by flooding. The Company helped them both financially and through other measures. We also stood by our customers during this difficult time, hence we agreed to the initiative of the Ministry of the Environment, Climate and Energy to enable households in the most affected areas to pay electricity at the price of EUR 1 MWh until the end of 2023.

The Management Board of Petrol d.d., Ljubljana submitted proposals for amicable settlement of dispute to the State Attorney's Offices of the Republic of Slovenia and the Republic of Croatia to be compensated for the damage resulting from the regulated prices of motor fuels in 2022, in Slovenia in the amount of EUR 106.9 million and in Croatia in the amount of EUR 55.9 million. Both State Attorney's Offices rejected our proposals.

A legal action for damages of EUR 106.9 million resulting from the capped motor fuel prices in 2022 was brought against the Republic of Slovenia on 16 May 2023. The Republic of Slovenia rejected cooperation in mediation, meaning that the court proceedings would continue before the Ljubljana District Court.

Given the decision of the Croatian Constitutional Court in the case in which small fuel distributors sought review of constitutionality and lawfulness of regulations where the Constitutional Court decided that regulation was in line with the legal regulations, we are currently preparing a new compensation claim for damage resulting from the capped petroleum product prices in Croatia; the claim will be submitted to the State Attorney's Office in Zagreb.

On 4 December 2023, Petrol d.d., Ljubljana submitted a Petition for the Review of the Constitutionality and Legality of Decree on Setting Prices for Certain Petroleum Products and Decree and Decree amending Decree on Setting Prices for Certain Petroleum Products and a Petition for a Temporary Suspension of Implementation, which were prepared in the light of the decision made by the Republic of Slovenia to reduce the regulated margin for NMB-95 and diesel fuel by even 30 and 31 percent, respectively, effective from 5 December 2023, even though fuel margins in Slovenia were still much lower than in comparable countries of Western Europe. The reduced margins put a disproportionate pressure on the Company's operations, resulting in a need to cut its green transition budget. On 6 March 2024, the petition was amended due to the adopted Decree amending Decree on setting prices for certain petroleum products (Official Journal of the RS, No. 15/2024) which, despite the increased permitted margin by 1 cent, still forces petroleum product sellers to sell at prices below their cost price.

On 16 May 2023, Geoplin d.o.o. Ljubljana initiated an arbitration against Gazprom Export LLC on the grounds of a breach of the natural gas supply agreement. Due to a corporate guarantee being enforced by Gazprom Export LLC, Petrol d.d., Ljubljana joined Geoplin d.o.o. Ljubljana in initiating the arbitration proceedings. Pursuant to the decision made by the court of arbitration, the two arbitration proceedings must be conducted separately, hence the Geoplin d.o.o. Ljubljana proceedings against Gazprom Export LLC will continue within the initiated proceedings and Petrol d.d., Ljubljana will enter the arbitration subsequently.

On 7 July 2023, the Government of the Republic of Croatia passed a decree, setting a mechanism of compensation payments to natural gas suppliers for the difference between the purchase price for the relevant energy commodity and the price regulated by the natural gas pricing methodology. Geoplin d.o.o. Zagreb has already filed an application for the reimbursement of the price difference in the amount of EUR 21.0 million for the period of April–December 2023. The claim is not recognised in the Petrol Group›s financial statements because it has not been confirmed by the market regulator.

11 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

Alternative performance measures	Calculation information	Reasons for choosing the measure
Gross profit	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 gross profit more appropriate to monitor business performance.
Gross profit + Net DFI	Gross profit + Net Derivative Financial Instruments	Net derivatives are intended for hedging price and volumetric risks and, hence, the amount of sales revenue and the cost of goods sold. In terms of comparison with the previous period, the ratio is more appropriate than merely the gross profit.
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/Gross profit	Ratio = EBITDA/Gross profit	The ratio is a good approximation of the share of free cash flows from operating activities in gross profit.
EBITDA / (Gross profit + Net DFI)	EBITDA / (Gross profit + Net Derivative Financial Instruments)	The share of EBITDA in the Gross profit, increased by the net derivatives is a good approximation to the share of free cash flow in the gross profit, increased by the net derivatives and ensures better comparability to the previous period and the plan.
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/Gross profit	Ratio = Operating costs/Gross profit	The ratio is relevant because it concerns the cost-effectiveness of operations.
Operating costs / (Gross profit + Net DFI)	Operating costs / (Gross profit + Net Derivative Financial Instruments)	The ratio is relevant in terms of the operational cost efficiency and ensures better comparability to the previous period and the plan.
Net debt/Equity	Net debt = Current and non-current financial liabilities + Current and non-current lease liabilities – Cash and cash equivalents; Ratio = Net debt/Equity	The ratio reflects the relation between debt and equity and is, as such, relevant for monitoring the Company's capital adequacy.
Net debt/EBITDA	Ratio = Net debt/EBITDA	The ratio expresses the Petrol Group's ability to settle its financial obligations, indicating in how many years financial debt can be settled using existing liquidity and cash flows from operating activities.
ROE	ROE = Net profit/Average equity	The ratio indicates the Petrol Group's efficiency to generate net profit relative to equity. Return on equity also reflects management's performance in increasing the value of the Company for its owners.
ROCE	ROCE = Operating profit / (Total assets – Current liabilities)	The ratio shows how efficient the Petrol Group is in generating profits from its long-term sources of finance.
Added value/Employee	Added value per employee = (EBITDA + Integral labour costs)/Average number of employees. Integral labour costs = Labour costs relating to Petrol Group employees + Labour costs relating to third-party managed service stations, which stood at EUR 28.6 million in 2023 and EUR 25.2 million in 2022.	This productivity ratio indicates average newly created value per Petrol Group employee.
Working capital	Working capital = Operating receivables + Contract assets + Inventories – Current operating liabilities – Contract liabilities	The ratio reflects operational liquidity of the Petrol Group.
Financial leverage	Financial leverage = Net debt/(Equity + Net debt)	Financial leverage indicates the proportion to which the Petrol Group's operations are financed through equity relative to borrowing.
Net investments	Net investments = Investments in fixed assets (EUR 90.9 million in 2023) + Non-current investments (EUR 4.3 million in 2023) – Disposal of fixed assets and reimbursements (EUR 12.2 million in 2023).	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.

12
EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

On 22 February 2024, the Government of the Republic of Slovenia adopted Decree amending Decree on Setting Prices for Certain Petroleum Products, capping the margin on diesel at EUR 0.0783 per litre and on NMB-95 at EUR 0.0794 per litre in the period from 27 February to 25 March 2024.

On 25 March 2024, the Government of the Republic of Slovenia adopted Decree amending Decree on Setting Prices for Certain Petroleum Products, keeping the margin on diesel capped at EUR 0.0783 per litre, on NMB-95 at EUR 0.0794 per litre and on extra-light fuel oil at EUR 0.08 per litre until 20 June 2024.

13 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 commodities and to the development of new ones that together contribute to a successful energy transition. There is an 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 has been adapting to changes in the trade and energy activity by emphasising the energy efficiency, the development of new energy commodities and sustainable development.

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 commodities 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 the 2021–2025 strategy, the Petrol Group has adjusted its business objectives according to its risk management policies and its risk appetite.

13.1 Risk management in 2023

The period of high prices and increased volatility for all energy commodities continued in 2023. The high energy commodity prices have had a significant impact on the economic and political environment across Europe and therefore on the Petrol Group's business. National governments have responded to the situation with various decrees and energy commodity 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 the regulated prices of electricity and natural gas. The details of the decrees by country are described in Chapter 10 Analysis of the business performance of the Petrol Group's operations in 2023, the Business environment subsection.

Cyber risks have increased significantly in recent years, as cyber-attacks will be the battlefields of the future. The Petrol Group is therefore already working today to increase its resilience to be ready for such threats in the future. Read more about cyber risks in section 18.3 Information security put to the test.

According to the latest risk assessment results, financial risks, especially credit, price, volumetric and foreign exchange risks, remain among the most important and probable risks. In 2023, several activities were carried out in this area, particularly in the area of integrating and segmenting the risk aspects related to the overall ESG approach. At the end of 2023, we started a comprehensive modernisation of the Petrol Group's enterprise risk management system, which will continue in 2024. The updated system will enable the more detailed identification of risks, an accurate assessment thereof and a definition and evaluation of the necessary control measures and active reporting on the Petrol Group's risks. This will strengthen the culture of risk awareness and make Petrol more resilient to default risks and more effective in responding to them.

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 2023, 87 percent of Petrol's trade receivables individually exceeding EUR 100,000 were secured through insurance policies, bank guarantees and other appropriate insurance instruments. Despite the difficult macroeconomic situation in the last three years due to the pandemic, the war and the energy crisis, the stock of overdue receivables has not deteriorated significantly and remains at a satisfactory level of 12 percent. The age structure of the receivables is presented in more detail in the accounting section of the report.

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 commodities, increased inflation and a tight macroeconomic environment.

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. Despite the tight operating conditions, S&P Global Ratings has once again reaffirmed Petrol d.d., Ljubljana's 'BBB-' long-term 'investment-grade' rating, its 'A-3' short-term credit rating and its 'stable' credit rating outlook at the end of 2023. This continues to provide us with better access to financial resources and, at the same time, a stable financial position. In 2023 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 2023, a lot of attention was again paid to **credit, price and volumetric risks**. Most attention was paid to the sale of electricity and natural gas to end-customers, where we further upgraded the system of monitoring volumetric and price risks beyond the quantity limits (by individual segments) and setting the required mark-ups for the assumed risks. In the area of electricity trading, we continued to monitor credit risks closely due to high prices 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, according to the latest risk assessment, the most relevant risks include **economic environment risks, business decision-making risks, financial environment risks, process risks, strategic decision-making risks, information systems risks and interest rate risks**.

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

We are not willing to take on the following risks:

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

Our strategic targets are in line with the trends and challenges, with an emphasis on a comprehensive offer of energy solutions, digitalisation and the transition to renewable sources.

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 ensure 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.

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

Petrol's risk model consists of an integrated set of 32 risk categories divided into two major groups: environment risks, performance risks and environmental and climate risks.

The high prices of energy commodities and the increased price volatility have strongly impacted the economic and political environments, requiring us to apply a flexible approach to managing risks, including price, volumetric and foreign exchange risks.

According to the results of the latest 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, which is described in more detail in the sections dealing with individual financial risks. In addition to the main financial risks, the most relevant and probable risks include economic environment risks, business decision-making risks, financial environment risks, process risks, strategic decision-making risks, information systems risks and interest rate risks.

The Petrol Group is facing the new challenge of integrating and segmenting the risks associated with a comprehensive ESG approach. The first step towards integrating an integrated ESG approach to risk, which we started in 2022, is the integration of environmental and climate risks into the Petrol Group's overall risk management. In 2023, we placed our risk management scheme at Level III, as presented in the Risk categories within the Petrol Group table. We did not conduct a new risk assessment in 2023 as we received an ESG rating in 2023 that is better than some comparable companies in Europe. As part of the modernisation of our business risk management system, we will also conduct an environmental and climate risk assessment in 2024.

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

III. Environmental and climate risks

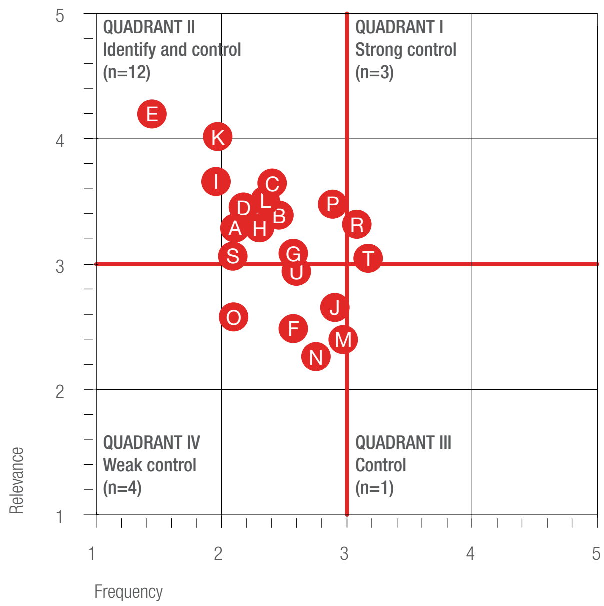
III.1. Environmental risks
III.1.1. Lack of natural resources
III.1.2. Loss of ecosystems
III.1.3. Environmental pollution
III.1.4. Environmental legislation
III.1.5. Human migrations

III.2. Physical climate risks
III.2.1. Acute
III.2.2. Chronic

III.3. Climate risks of transition
III.3.1. Politics and legislation
III.3.2. Litigation risks
III.3.3. Technology
III.3.4. Market risks
III.3.5. Reputational 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



ENVIRONMENTAL RISKS

A Political risks
B Economic environment risks
C Financial environment risks
D Legislation and regulation risks
E Disaster risks

PERFORMANCE RISKS

Operational risks
F Human resources management and leadership risks
G Process risks
H Information system risks
I Security and safety risks
J Risks of discountinued operations

Strategic risks
K Strategic decision-making risks
L Business decision-making risks
M Information risks

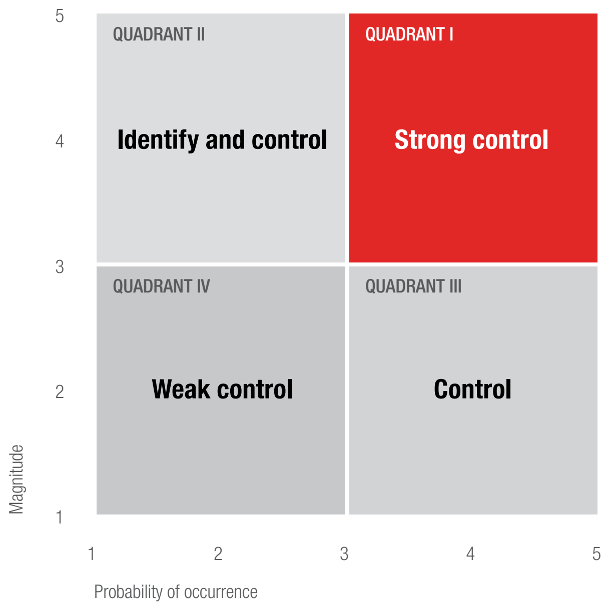
Risks of fraud and other illegal acts
N Risks of criminal offences/fraud
O Corporate integrity risks

Financial 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 lower than EUR 50,000;
2 - potential damage to operations ranges from EUR 50,000 to EUR 250,000;
3 - potential damage to operations ranges from EUR 250,001 to EUR 1,000,000;
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 5,000,000.

THE PETROL GROUP'S RISK MANAGEMENT MATRIX WITH CONTROL METHODS



In 2023, the individual risk categories were managed as follows:

I. ENVIRONMENTAL RISKS

The Petrol Group protects itself against external environment risks by systematically monitoring developments in the business environment and responding to them in a timely manner. The most relevant and frequent risks included in the group of external environment risks are **economic environment risks**.

Although relevant, disaster risks, which also belong in this group, occur infrequently. Financial environment risks, legislation and regulation risks and political risks were also assessed as medium-relevance and lower-frequency risks and were classified into the second quadrant together with other environment risks.

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

We also try to identify the **financial environment risks** through financial planning and simulations, as well as through cooperation with the financial environment (banks, financial institutions 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 2023, energy commodity price regulations in various countries continued to have a negative impact on the Petrol Group's 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 its business processes. At the same time, we are developing a process architecture that will determine the owners and administrators of individual processes.

Nowadays, information infrastructure is also becoming increasingly important. The risk of **information systems** not being properly set up, not functioning correctly, not being sufficiently secure or being prone to interruptions, or of errors occurring in the collection and processing of data, or of the systems not being responsive to changes in the external and internal environment or to the needs of users is extremely relevant, which is why we pay considerable attention to this field. The projects addressing this risk include the replacement of the Petrol Group's ERP system[16] and the deployment of a new CRM system[17], which was implemented first in the parent company in 2019, followed by the other companies in the Petrol Group in 2020 to 2023.

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 latest risk assessment.

16 ERP – Enterprise Resource Planning
17 CRM – Customer Relationship Management

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, the risk of criminal offences/fraud and 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 as being high frequency and low relevance.

Special attention is paid to cyberthreats because Petrol has been enhancing its resilience to cyberattacks.

The **risk of a 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 service stations 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, which is why the Petrol Group pays special attention to these risk categories. This is evident from detailed risk management procedures including clearly specified systems of limits, appropriate monitoring levels and reporting on the exposure to individual financial risks, the active involvement of boards and committees tasked with monitoring and controlling individual financial risks, as well as the use of derivative financial instruments to secure specific financial risks. The financial risk management system focuses on the unpredictability of the financial and energy markets and aims to minimise the negative impact on the financial performance and consequently the volatility of the Petrol Group's financial results. This system is continuously evaluated and improved, and specific activities are outlined below for each risk.

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, energy price hikes and the consequent regulation of energy commodity 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 commodities, 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 purpose of securing with derivate financial instruments is to secure the selling margin. The war in Ukraine has brought uncertainty and some challenges to the supply of petroleum products. Despite the tight situation, their uninterrupted supply has been ensured, although market volatility remains high. For 2023, we had already secured sufficient goods with origins complying with the sanctions at an annual level before the sanctions themselves were implemented.

High electricity and natural gas prices significantly increase the price and volumetric risks managed by the Petrol Group through a diverse 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 updates 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 of all the risks, at the time mainly due to the impact of the pandemic. However, it remains equally important in the face of the energy crisis and higher interest rates in 2022 and 2023. The Petrol Group was exposed to it in connection with the sale of products and services to natural and legal persons and manages it using 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 became even more intense since the beginning of the COVID-19 pandemic due to the exceptional economic situation, and has continued to be so in the last two years as a result of the high prices of all energy commodities. In the first half of 2023, the internal model for assessing the creditworthiness of business customers was upgraded, further strengthening our resilience to the expected tightening of conditions. We also refine procedures for approving the amount of exposure (limits) to individual buyers and try to maintain the range of first-class credit insurance instruments as a requirement to approve sales (receivables insurance with credit insurance companies, bank guarantees, collaterals, corporate guarantees, securities and pledges). In the previous year, this was a significant challenge. The insurance scheme allows 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 differ from those 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 the received credit insurance instruments and collection.

In the past, the pandemic resulted in a reduced economic activity, causing companies to face liquidity shocks, which in turn means higher credit risk for our customers. In the last two years, however, the tightening situation and the resulting higher credit risk are mainly a result of the high energy commodity prices and the higher interest rates at which companies are borrowing. In 2023, the Petrol Group continued to monitor closely the indicators of increased risk and held 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 higher energy commodity prices and interest rates, we expect credit risks to increase over the next few years, especially in the event of a possible recession in the European Union. This is particularly true for partners in the electricity and natural gas sales segment, where the forward price of electricity (on the European Energy Exchange EEX[18]) for delivery in Hungary for 2024 as at 27 December 2023 (the last day of quotation of the annual price for 2024 delivery in Hungary on the EEX) was still at a high level although lower by approximately 53 percent compared to the forward price as at 28 December 2022 (the last day of the quotation of the annual price for 2023 delivery in Hungary on the EEX). As at 27 December 2023, the forward[19] hub for 2024 was also lower compared to the forward price as at 28 December 2022, by around 52 percent. In order to limit credit and price risks, an electricity and natural gas sales policy was adopted at the end of 2022 that provided for a more rigorous way of entering into transactions in 2023. In addition, a methodology was adopted to systematically address the higher risks assumed through a higher contractual margin (risk/reward aspect).

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. 77 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 93 percent). In addition, despite the difficult macroeconomic situation in the last three years due to the pandemic, the war and the energy crisis, the stock of overdue receivables has not deteriorated significantly and remains at a satisfactory level of 12 percent. The age structure of the receivables is presented in more detail in the accounting section of the report.

In the area of credit risk management, we closely follow all the procedures of credit insurance companies. The Petrol Group has secured 87 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.

Liquidity risks

Petrol's strong position is confirmed by its long-term BBB- credit rating with a stable outlook, which was reaffirmed by S&P Global Ratings in December 2023. This investment-grade rating enables us to tap international financial markets more easily and at the same time represents an additional commitment to 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.

The liquidity position of the Petrol Group remained solid in 2023, 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. The Petrol Group's stable and solid liquidity position, which ensures smooth operations and an adequate liquidity structure according to the criteria of S&P Global Ratings in the event of a potential deterioration of the general economic situation, was already strengthened in the second half of 2022 by obtaining additional credit lines, which were maintained in 2023. Risks are managed through a diversified portfolio of credit lines, regular reviews of funding market conditions, appropriate financial planning processes and careful investment planning.

The current business and wider social environment in the EU and globally continues to be shaped by the war in Ukraine, the situation in energy markets, different national approaches to regulating fuel and energy commodity 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 additional attention and care to the management of the Petrol Group's cash flows, especially in the area of deferred inflow planning, which

18 EEX – European Energy Exchange
19 CEGH – Central European Gas Hub

represents an important source of liquidity risk and, consequently, credit risk. We pay additional attention to internal liquidity management within the Petrol Group companies.

The Petrol Group has stayed financially stable thanks to its sound management of liquidity and credit risks; at the end of 2023, S&P Global Ratings reaffirmed its long-term "BBB-" and short-term "A-3" rating with a stable outlook.

The Petrol Group settles all its liabilities as they fall due. This is possible thanks to its relatively low debt levels and strong liquidity position.

Interest rate risks

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 interest rate risk. 84 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to the EURIBOR.

In 2023, we saw a notable change in the EURIBOR rates compared to the rates in 2022. This can be attributed to various macroeconomic factors, including changes in central bank policies, inflationary pressures and market dynamics. The average value of the EURIBOR in 2023 was higher than the value at the end of 2022.

With EURIBOR rates still rising and uncertainties about future developments still present, we are constantly assessing the implications and closely monitoring the situation on the funding markets. By implementing appropriate risk mitigation strategies, we aim to effectively manage interest rate exposure, ensure stability and optimise returns.

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 entered into derivative financial instruments for the majority (97 percent) of its long-term variable-rate borrowings and drawdowns, thus hedging its interest rate position.

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.

III. ENVIRONMENTAL AND CLIMATE RISKS

Identifying and assessing environmental and climate risks that can have a significant impact on the Petrol Group's value is part of responsible corporate governance and a duty we owe to our stakeholders and investors. Environmental risks and their management are described in section 9.2.1 Environment.

14 OPERATIONS BY PRODUCT GROUPS

14.1 Fuels and petroleum products

In 2023, the Petrol Group generated revenue of EUR 3,419.1 million from the fuels and petroleum products product group, a 22 percent decrease compared to the previous year. The decrease is due to both lower fuel prices and lower sales volumes than in the previous year.

In 2023, the price regulation of certain petroleum products introduced by countries in response to the high energy commodity prices and rising inflation was again the factor affecting the Petrol Group's operations in the field of petroleum product sales, which, however, was much milder than the previous year.

In the **Slovenian market**, we sold 1,537.2 thousand tons of fuels and petroleum products in 2023, 12 percent less than in 2022. Retail fuel sales have dropped, with record sales in 2022 at a time of regulated fuel prices that were lower than in most neighbouring countries. Wholesale fuel sales also declined, mainly due to lower sales to the Agency of the Republic of Slovenia for Commodity Reserves.

In the **SEE markets**, we sold 1,357.8 thousand tonnes of fuels and petroleum products in 2023, 8 percent less than in 2022. Retail sales of fuels and petroleum products increased, despite the temporary closure of 10 service stations in the Croatian market due to renovation works, while wholesale sales fell, mainly due to the worsening economic situation and a drop in industrial production.

In the **EU markets**, we sold 883.3 thousand tonnes of fuels and petroleum products in 2023, up 3 percent compared to 2022. While we achieved significantly higher sales volumes than in the same period last year in the first half of the year, sales volumes in the second half fell significantly.

In 2023, the share of sales to EU markets in the structure of sales of fuels and petroleum products increased compared to 2022, while the share of sales in Slovenia decreased. The share of sales to SEE markets remained unchanged (2023: Slovenia 41 percent, SEE 36 percent and EU 23 percent; 2022: Slovenia 43 percent, SEE 36 percent and EU 21 percent).

Of the 3,778.4 thousand tonnes of fuels and derivatives sold, 47 percent were sold at retail and 53 percent at wholesale.

THE PETROL GROUP'S FUEL AND PETROLEUM PRODUCT SALES IN THE 2020–2023 PERIOD IN MILLION TONS

Service station network of the Petrol Group
At the end of 2023, 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 2020–2023 PERIOD

With 318 service stations, the Petrol Group holds a 58 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 MOL & INA, which has a 26 percent market share in terms of the number of service stations.

With the acquisition 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 2023. INA remains our biggest competitor, followed by other companies such as Lukoil, Tifon and some smaller companies. In **Bosnia and Herzegovina**, Petrol has a 4 percent market share in terms of the number of service stations. Its major retail competitors include Nestro, Energopetrol, INA, Hifa Petrol and TI Oil. In **Serbia**, the companies NIS, Lukoil, Knez Petrol and MOL and OMV have the largest retail networks in terms of the number of service stations. In **Montenegro**, Petrol has 12 percent of the market in terms of the number of service stations, its major competitors being Eko and IINA.

Among the fuels and petroleum products, **LPG sales** are important for the Petrol Group, seeing that the regional infrastructure, which is a basis for establishing a presence in the wider SE Europe region, is well-established. The Petrol Group is engaged in both LPG supply and the construction and management of the LPG distribution networks. LPG operations include gas sales through networks and gas storage tanks, autogas sales and sales of gas in cylinders through our service stations and wholesale.

In **Slovenia**, the Petrol Group operated four LPG supply concessions in 2023. In **Croatia**, Petrol d.o.o. concluded agreements for the supply of LPG in the cities of Šibenik and Rijeka. In both countries, we also supply LPG to customers via gas storage facilities, and autogas and gas in cylinders to customers at service stations and in wholesale. We also supply autogas and gas in cylinders to retail and wholesale customers in Montenegro. In 2023, we further expanded our business through our own retail network and wholesale operations.

47 percent of fuels and petroleum products was sold in retail and 53 percent in wholesale.

In **Serbia**, Petrol LPG d.o.o. Beograd continued to expand in the region by exporting LPG to North Macedonia, Croatia, Montenegro, Bosnia and Herzegovina, and Kosovo. 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 out 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.

Sales to business customers and the public sector

The high-quality level of products and services, which is made possible by the widespread 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 was especially evident during the pandemic, which has significantly changed the shopping habits of our business customers.

Efficient Supply Chains
Efficient supply chains are one of Petrol's key competitive advantages. Their optimal management is therefore one of the key factors for the success of its business. In the procurement of fuels and petroleum products, we continued to ensure an uninterrupted supply to all markets in which the Petrol Group operated in 2023, despite the tight market conditions, taking into account the compliance of all purchased derivatives with the applicable European standards and regulations, thus enabling the uninterrupted sale of fuels and petroleum products in all markets through all sales channels.

14.2 Merchandise and services

In 2023, the Petrol Group generated EUR 571.2 million in revenue from the sale of merchandise and services, which is 10 percent more than in 2022.

In the **Slovenian market** in 2023, we generated EUR 393.6 million in revenue from the sale of merchandise and services, which is 9 percent more than in 2022.

In the **SEE markets**, we generated EUR 177.6 million in revenue from the sale of merchandise and services in 2023, a year-on-year increase of 12 percent.

Sales revenue from merchandise and services increased by 10 percent year-on-year in both Slovenia and SEE markets.

We increased our revenue mainly in the tobacco and food segments, both in Slovenia and in the markets of South-Eastern Europe. The only slight decrease was in the revenue from carwashes.

Petrol service stations are becoming an increasingly popular destination for customers, offering a wide range of products and services in addition to the standard range of fuels. Coffee to Go, soft drinks and sandwiches stand out, including ice cream sales which increase during the summer season. The range of food and hot drinks at our service stations is therefore becoming an increasingly important part of our business and a decisive factor for customers when choosing where to buy groceries, fuel and other products from our range.

We also attribute the increase in sales of merchandise and services to our investment in expertise and the customisation of our range of products. The strategy of modernising service stations and expanding the gastronomic offer also plays an important role. In 2023, we revamped our range of bakery products, fresh sandwiches, desserts and juices. We expanded our partnership with McDonald's, which opened four new restaurants in Croatia and two in Slovenia.

Revenue growth is also driven by attractive offers for Petrol Club members, who can enjoy benefits such as discounted or even free purchases by collecting Golden Points.

Customers also have the option of purchasing goods via the Na poti app, which makes it easier to pick up goods at a specific time, including the option of delivery to the vehicle.

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.

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

The 2023 financial year was marked by various factors that affected the **performance of the retail network**. The crossing of the border with Croatia freed in 2023; August was marked by flooding, which also led to a short-term closure of some service stations; and the year was again marked by the regulation of margins on certain fuels.

All these factors are reflected in fuel sales where the price policy led some customers to switch to the Croatian market. The impact on sales of merchandise and services was slightly lower. We adjusted our retail activities to the market conditions.

Since January 2023, agricultural beneficiaries who meet the requirements of the new excise duty legislation have been able to buy fuel oil for their machinery at our service stations. It is also fully compatible with diesel engines, both old and new, and can still be used for heating. To prevent misuse, the new fuel oil is coloured red.

We introduced the new EuroWag B2B card in our sales network in Slovenia and additionally, the Shell and AS 24 B2B cards in Croatia.

We strengthened the position of the sales network by adapting the business models that we manage (bars and restaurants), digital solutions (digitisation of forms and upgrading of the SmartSpotter Team process monitoring tool), training employees to provide tailored services to customers and developing various process improvements.

We placed great emphasis on preparing the optimal number of staff per service station in order to ensure the smooth operation of the service stations, thus guaranteeing the expected operating result.

We are strengthening our customer-facing services through employee training and a new "learning path" concept covering a wide range of retail skills.

2023 was also marked by slightly more intensive training for service station staff. In Slovenia and Croatia, in particular, all employees received targeted training with the aim of improving the customer experience and increasing sales efficiency.

Slovenia successfully implemented a change in the structure of its service station management models. A number of service stations moved from the CODO to the COCO model, mainly to further facilitate the operation of the retail network and to address staffing challenges.

We focused on finding new technological and digital solutions to optimise business and administrative processes, standardising and unifying processes and reporting systems across markets, and controlling performance monitoring.

One of the major achievements was the introduction of digital forms in the Croatian market. More than 80 different process documents and several additional processes were digitalised. Their use will be expanded in 2024.

In order to ensure the quality of our operations, we also established revised standards at the regional level in 2023, which will be intensively monitored in 2024 through the tools we have put in place. In 2023, additional attention was paid to the cleanliness standards of service stations, the tidiness of visitor toilets and the monitoring of cleaning services by business partners.

Regular cooperation was established with all markets to ensure the effective implementation of solutions and the transfer of best practices between markets. Through regular meetings, we addressed and successfully resolved all sales, process, service delivery and cost management challenges.

We also ensured 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. We focused on finding solutions for energy savings and established a model and protocol for monitoring operating costs in all markets.

We are broadening our customer base with new products and bundles.

We are implementing project activities of a technological nature with the aim of reducing our operating costs and our carbon footprint. We introduced a cost benchmarking system that allows us to compare the performance of different service stations, making it easier to identify opportunities for improvement. This approach was extended to all the markets in South-Eastern Europe with the introduction of a single model for monitoring and analysing costs, which has contributed to better risk management. Particular attention was paid to optimising the cleaning of service stations and reducing energy consumption by introducing more detailed instructions, strict monitoring and regular reminders.

In the context of improving the business performance of service stations, we carried out activities in the area of productivity, proposed changes to service station operating models (impersonal, combined, etc.) and sought partnerships to convert a proportion of service stations to the DODO[20] model.

20 DODO – Dealer Owned Dealer Operated

In the **business-to-business segment**, we place great emphasis on maintaining good relationships and working successfully with our customers, which is particularly important at a time when retail fuel prices or margins are being regulated. We are actively gaining new customers and introducing new products and bundling options for existing customers. We provide appropriate financial security. To improve business relationships and provide a comprehensive service to all major customers, we introduced a system of key administrators who are responsible for presenting and offering all our products to each individual customer.

In the transition to renewable energy, we offer personalised solutions using CRM tools to build strong customer relationships.

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 tailor personalised offers to the specific needs of each customer, using a state-of-the-art Customer Relationship Management (CRM) tool that enables us to effectively build and maintain relationships.

We actively participate in public procurement for all the products in our portfolio.

Major investments and reconstructions in fuels and petroleum products and in commercial goods and services are listed in Chapter 15. Investments.

14.3 Energy and Solutions

In 2023, the Petrol Group generated a revenue of EUR 2,985.5 million from the sales of energy and solutions, down 34 percent on the previous year. The decrease is mainly due to the lower electricity and natural gas prices on the spot and forward markets and lower trading volumes.

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.

14.3.1. Energy solutions

The energy solutions product generated sales revenue of EUR 51.3 million in 2023.

Systems for the energy and environmental management of buildings

The Energy Efficiency Directive has set out 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, and 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, if the agreed results or savings are not achieved (no service – no payment).

In 2023, we and our partner completed three major projects:
- comprehensive and technological energy renovation of public buildings in the Municipality of Ig (six buildings covering an area of 7.6 thousand m²);
- comprehensive and technological energy renovation of public buildings in the Municipality of Ruše (six buildings covering an area of 11 thousand m²);
- comprehensive and technological energy renovation of public buildings in the City Municipality of Ljubljana – EOL 4.1 (five buildings covering an area of 21 thousand m²).

In 2023, we carried out the energy renovation and assumed the management of 17 buildings with a total area of 39.6 thousand m².

In 2023, we and our partner launched another project (EOL 4.2), which will be completed in 2024.

In 2023 we implemented energy performance contracting services at 382 buildings with a total area of 1.1 million m², 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.

In the field of energy contracting, we completed three major projects of comprehensive and technological energy renovation of public buildings: in the municipalities of IG and Ruše and the City of Ljubljana.

The 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. The 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 (e.g. by reducing water losses, integrating low-energy solutions and 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 2023, we continued our work with our strategic partners: The public company Vodovod Kanalizacija Snaga Ljubljana and Komunala Kranj, and in one of the largest infrastructure digitalisation projects in the region with a focus on reducing water losses, Vodovod Slavonski Brod, which is among the ten largest in Croatia.

Wastewater treatment
In modern times, a clean environment is becoming increasingly important and wastewater, which can significantly pollute the environment when left 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.

The annual operational monitoring performed by authorised institutions indicates that all machinery in the Petrol Group operated in compliance with the legislation and achieved the required effects.

In 2023, 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.

After obtaining an environmental permit, we carried out a trial run of the **Ihan Sludge 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 2023, a total of over 3.2 million m^3 of municipal wastewater was treated at four municipal wastewater treatment plants, and 1.5 million m^3 of industrial wastewater was treated at the industrial wastewater treatment plants. At Petrol's service stations in Slovenia and Croatia, we operated more than 50 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, supporting decarbonisation and ensuring network optimisation.

In the area of district energy, we implement projects for the reconstruction and modernisation of district heating systems, the automation of heat substations, the conversion of boiler houses, and technical and economic optimisation by reducing primary energy consumption, reducing heat losses and reducing system operating costs with the maximum efficiency, supporting decarbonisation, and ensuring the optimisation of network operation.

With smart grids (Digital Intelligent Smart Systems), we are developing district heating systems as part of the smart city infrastructure – smart heat generation, distribution and consumption. We optimise measurable data with advanced real-time analytics and software tools.

In December 2023, we added the DISNet-DH product to Petrol's IoT platform, which enables actively controlling the key indicators of operations and faster response to system anomalies through the alarm system.

We work to help our subscribers achieve the best possible results in terms of the cost of the heat produced, environmental protection and unparalleled control over the operation of the system.

District heating systems are operated and controlled automatically:

- a complete and immediate overview of the system;
- better knowledge of the network;
- instant reporting based on real data;
- providing expert input for revisions to development plans and development strategies;
- real-time monitoring and control of the system during operation.

District heating systems also make business decisions easier and faster.

DISNet-DH services contribute to boosting **energy and environmental performance in 5 countries in the region** (Slovenia, Austria, Croatia, Bosnia and Herzegovina and Serbia). In 2023, we have further strengthened our cooperation with major district energy systems (Ljubljana, Maribor, Zagreb, Osijek, Sisak, Belgrade, etc.).

In 2023, we took over the management and supply of thermal energy to 10 public buildings in the municipality of Kula, Serbia. The project is implemented through a public-private partnership.

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 the 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 for or interest of local communities in 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 IoT **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.

In 2023, we implemented four projects in Croatia in the field of energy-efficient public lighting under the energy contracting or public-private partnership model: Molve, Trogir, Oriovac and Jastrebarsko. We provided utility and energy management for all existing public lighting projects in all our markets. All existing projects regularly meet their contractual obligations and achieve or exceed the contractually guaranteed electricity savings. This will further strengthen Petrol's position in the region of SE Europe.

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

IoT platform

Petrol has been developing its IoT platform which will enable it to address the digital and green transformation even more efficiently. The technological upgrade of the IoT platform is in progress and will ensure Petrol and our customers with:

- More efficient monitoring of the functioning of various systems in one place,
- Faster response to the changed situation in systems,
- Analysing and control of the functioning of devices and systems,
- Improved operational efficiency with simultaneous increase of service quality,
- Reduced energy use and costs,
- Implementation of process and device management based on advanced analytical models.

The technological upgrade of the IoT platform is expected to be completed by the end of 2024.

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.

In 2023, 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.

Energy solutions for households and businesses
In the field of energy solutions **for business customers**, we develop comprehensive solutions for efficient energy use, the increased use of renewable energy sources and efficient systems management. We help our customers optimise their production processes, reduce costs and meet their commitments to reduce their carbon footprint. With integrated energy solutions, we are their partner in the sustainable transition and energy transformation.

Our integrated energy solutions for solar power generation and storage, heating and cooling, building energy retrofits, efficient lighting, energy self-sufficiency and even electric vehicle fleets deliver immediate savings to our customers. We also offer a range of financial models to implement these solutions, allowing customers to invest their capital in their core business while embarking on a green transformation.

Uncertainty in the energy market has made many companies more aware of the importance of energy security and modern energy solutions. Solar power plants were the leading solution in 2023. **In the segment of solar power plant installation for business customers, Petrol is steadily increasing its market share**, while introducing advanced technological solutions that also enable customers to improve their competitiveness. This puts Petrol on track to meet the energy transition targets set out in the Petrol Strategy 2021–2025.

In 2023, we completed a number of solar power plant projects for business customers with a total rated capacity of more than 10 MW. This has enabled our customers to generate their own electricity, reducing their environmental footprint, improving the reliability of their energy supply, optimising their costs and taking concrete steps towards the energy transition.

In the area of energy solutions **for household customers**, we mainly focus on offering heat pumps and solar power plants that can significantly reduce the cost of energy consumption in residential buildings and help improve the carbon footprint. Our solar power systems include both conventional and hybrid solar power plants with integrated energy storage. In 2023, we connected more than 60 percent more solar power plants and more than 120 percent more heat pumps than in the same period last year.

In addition to sales, we focused on optimising and digitalising processes and in 2023 we successfully implemented digital records of potential solar power plant visits and successfully launched an online tool for preparing an informative one-step offer.

14.3.2. District heating

The heating systems segment generated sales revenue of EUR 36.6 million in 2023.

District heat supply consists of heating systems where heat is generated 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. Climate change legislation encourages the connection to district heating. On the other hand, higher outdoor temperatures and energy efficiency measures are reducing heat consumption. The Petrol Group ranks third in the Slovenian market among the 50 heat distributors in terms of the market share of distributed heat sales.

Heat generation and distribution is a regulated activity under the Heat Supply from Distribution Systems Act (ZOTDS), regardless of the primary energy input. According to this Act, 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 electricity, or 50 percent as a combination of heat from these two sources. The sales prices for heat are also regulated. The Energy Agency of the Republic of Slovenia monitors heat generation and distribution, as well as heat prices.

Based on the record natural gas prices in 2022, district heating systems were subject to several different regulations in 2023. In the second half of 2022, the Decree on setting gas prices from the system was adopted for calculating the variable part of the heat price for all households in Slovenia. Despite this measure, the heat prices were very high, so the Slovenian government capped the final heat price in January 2023. The difference between the market price and the regulated price was reimbursed by Borzen.

In the field of district heating, the Decree on the determination of compensation for electricity suppliers had a significant negative impact on the operation of district heating systems by reducing the already agreed purchase prices for electricity generated by CHP plants[21] without the foreseen compensation.

At the end of December 2023, the Petrol Group operated **37 district heating systems**, of which 18 were organised as an optional public utility service (a concession) or concession agreements for their management were signed with municipalities. 16 district heating systems are proprietary and 3 are market distribution systems.

In 2023, 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 or pellet boiler with a capacity of 1 MW. The reconstruction increased the reliability of heat generation and distribution, reduced greenhouse gas emissions and met the legal requirement for district heating systems to be energy efficient. Using a variety of primary energy sources also ensures that the price of heat is competitive, which is important in an unpredictable energy market. We also take special care to ensure that all our customers are treated in a non-discriminatory way when we distribute heat.

In 2023, the Petrol Group sold 127.6 thousand MWh of heat in the heating systems segment, which is 9 percent less than in 2022, due to the warmer temperatures during the heating season and savings measures taken by customers as a result of the high heat and natural gas prices. In addition, we generated 15.8 thousand MWh of thermal energy in the context of energy solutions.

14.3.3. Distribution of natural gas

In natural gas distribution, the Petrol Group generated sales revenue of EUR 16.5 million in 2023.

At the end of 2023, 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 Krapina-Zagorje and Zagreb County.

In the coming months, activities in all the markets have been, and will continue to be, focused mainly on the completion of small infrastructure projects and maintenance to optimise costs. The high cost of energy and the resulting reduction in purchasing power have also led to a reduction in gas consumption and to customers switching to cheaper energy commodities, which has also resulted in the disconnection of smaller customers.

21 CHP – Cogeneration of heat and power

In September, we successfully connected the Vransko concession to the gas transmission network and individual customers are now being connected.

In August 2023, the Carinthian distribution system was severely affected by the floods, but we were able to mitigate the impact significantly by responding quickly and efficiently.

Our distribution network in Carinthia was severely affected by the floods in August 2023 but we were able to mitigate the impact significantly by responding quickly and efficiently. A temporary alternative supply of liquefied natural gas was set up for customers whose supply was interrupted for a longer period due to damage to the gas distribution network.

In 2023, the Petrol Group distributed 1,188.8 thousand MWh of natural gas, 3 percent less than in 2022. The lower distribution was due to the tight energy situation and higher average temperatures during the heating season. The lower distribution in Slovenia was also influenced by the Slovenian government's measure to refund part of the RES contribution to end-customers in the event of a permanent reduction in gas consumption in the winter period of 2022/2023 of at least 15 percent compared to their average consumption in the same period of the previous five years.

14.3.4 Energy commodities

The sale of energy commodities in the Petrol Group generated sales revenue of EUR 2,858.3 million in 2023.

Natural gas sales and trading

After a landmark year for the natural gas market in 2022, characterised by extreme volatility and major challenges, including record prices and security of supply concerns, the situation gradually started to calm down at the beginning of 2023. Across Europe, activities were stepped up and measures were taken to ensure a reliable supply of natural gas.

The focus was on the diversification of supply sources, in particular the development of LNG supplies. As a result, storage capacities were intensively filled to enable EU Member States to cope with possible cold spells in February and March 2023 and to ensure an adequate level of security of supply for the 2023-2024 winter season, despite the reduction of natural gas supplies from Russia.

Activities and actions in 2023 were focused on ensuring the security of the natural gas supply, with an emphasis on source diversification.

There was also unanimous support for voluntary reductions in demand for natural gas, which would in particular help fill storage capacities and ensure a sufficient supply and lower energy prices. An appeal was also made to all gas consumers to use alternative energy sources during periods of reduced security of supply. As a result, business customers who were able to do so, switched to LPG and extra-light fuel oil.

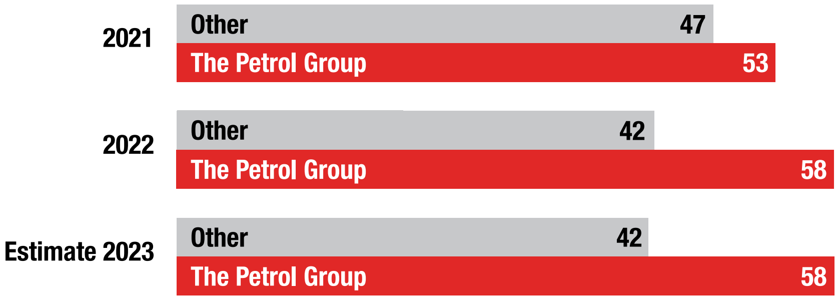
The government's measures to limit the impact of energy commodity price increases in 2022 were appropriately continued and supplemented in 2023, as described in more detail in Chapter 10 Analysis of the Petrol Group's performance in 2023 in the context of price regulation.

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 commodities 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 remained in place in 2023. The Agency monitors the security of the natural gas supply in Slovenia and other countries and will promptly inform the stakeholders and the public about any changes.

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



Source: Energy Agency

At the end of December 2023, the Petrol Group had 61 thousand natural gas customers (excluding Geoplin Group customers). Sales to end-customers in 2023 amounted to 11.5 TWh of natural gas, a 2 percent decrease compared to 2022. The volumes sold in trading in 2023 were 5.1 TWh.

Electricity sales and trading

The year 2023 was marked by a number of challenges and emergencies in the electricity supply in Slovenia, to which the electricity suppliers, together with the rest of the market participants, had to adapt quickly and efficiently. As the price of electricity for the vast majority of customers is set at the time of contract conclusion, before delivery, the price for delivery in 2023 was set during the energy crisis in 2021 and 2022, when energy commodity prices soared. The Government of the Republic of Slovenia thus followed the European guidelines on permissible aid and introduced electricity price regulation for practically all customer segments for 2023, mainly by capping maximum retail prices.

The Petrol Group had to adapt by drawing up new supply contracts tailored to each regulated segment within a very short timeframe. We also adjusted our billing accordingly to ensure the smooth implementation of the Decree. As a result of the government's price regulation, electricity suppliers sold electricity below cost, resulting in a significant operating loss. Through the government's Damage Compensation Mechanism, we successfully managed a complex process and successfully obtained reimbursement for all claims submitted by the end of 2023.

The year 2023 brought a number of challenges and emergencies to the electricity supply in Slovenia, to which suppliers, including Petrol, had to adapt quickly and efficiently.

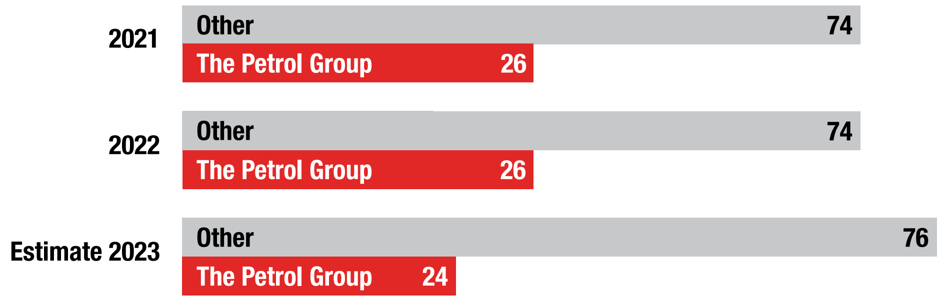
In 2023, Slovenia was hit by widespread floods, which caused significant material damage. The Petrol Group joined the government's initiative and provided electricity at a symbolic price of EUR 1/MWh from August to December 2023 to all its electricity customers who were on the list of those affected by the floods. As a socially responsible company, we contributed to the reconstruction efforts after the floods.

The end of 2023 was mainly characterised by a calming of the market conditions and preparations for the new regulatory changes that will come into force in 2024. These include the end of the "net-metering" scheme for self-sufficient customers and the new Network Charges Act, which comes into force on 1 July 2024. The Petrol Group is actively preparing for the implementation of the new Network Charges Act, which will encourage customers to actively adjust their consumption to support efficient network regulation. We will also adapt our products and services to the new Network Charges Act to maximise the synergy effect for all parties (customer, network and supplier).

Many existing and new business customers recognised us as a reliable long-term partner for electricity supply in 2023 – both in Slovenia and Croatia. Petrol d.d., Ljubljana was successful in the Borzen auction for the second year in a row and will therefore remain the Eko Group's purchaser of renewable energy in 2024. In addition to the supply of electricity, the Petrol Group is active in the purchase of electricity, self-sufficiency products, the management of generation units and system services for the regulation of the electricity system.

The Petrol Group is also active in trading on the European wholesale electricity market, where we add value by using our in-house expertise and trading infrastructure. In 2023, we therefore traded electricity with different delivery times in the markets where we are present. We significantly increased our trading activities in the SEE markets. In particular, we increased our trading volumes in Bulgaria, Serbia, North Macedonia and Bosnia and Herzegovina. In 2023, we participated for the first time in an auction for virtual electricity imports to Italy and also executed our first physical transactions on the Italian market.

MARKET SHARE OF ELECTRICITY SUPPLIERS TO END-CUSTOMERS ON THE SLOVENIAN MARKET, IN %



Source: Energy Agency

Sales to end-customers in 2023 amounted to 3.1 TWh, an 8 percent decrease compared to 2022. The volumes sold in trading in 2023 were 7.8 TWh and we sold an additional 1.9 TWh of electricity as part of our retail portfolio management.

14.3.5. Renewable electricity generation

In 2023, the Petrol Group generated sales revenue of EUR 17.3 million from electricity generation.

Globally, renewable energy generation is undoubtedly one of the key areas for sustainable development and an **important pillar of the Petrol Group's development** into a modern energy company. Developments in the energy markets are an important indicator of the importance of having our own long-term, secure sources of energy generation. At the same time, investments in renewable electricity generation make a tangible contribution to strengthening the self-sufficiency and energy transition of households, the economy and the country.

The Petrol Group manages two **wind power plants** in Croatia (Glunča and Ljubač), which generated 128.8 GWh of electricity in 2023. We are also in the final stages of developing a third wind power plant (Dazlina).

We operate six **small hydropower plants** in Bosnia and Herzegovina and Serbia, which together generated 33.0 thousand MWh of electricity in 2023.

SOLAR PARK IN CROATIA

In 2023, we completed the construction of the Suknovci, Vrbnik and Pliskovo solar power plants, which are now in the grid connection phase.

The construction of the Suknovci, Vrbnik and Pliskovo **solar power plants** in Croatia was completed in 2023 and is now in the grid connection phase. The 22 MW power plants surrounding our Ljubač wind farm will generate 29 thousand MWh of electricity per year. In Slovenia, in addition to the 30 existing small solar power plants under the Petrol Green project, we installed solar power plants on 85 of our own facilities in 2023. The first power plants have already been connected to the grid, with an additional installed capacity of 4.3 MW. The Petrol Green project plans to install a further 60 solar power plants on its own facilities in Slovenia by 2024 and to expand the project to Croatia, Serbia and Bosnia and Herzegovina.

PETROL GREEN, SOLAR POWER PLANT AT SERVICE STATION

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The Petrol Group is accelerating the planning and development of new renewable energy projects in both Slovenia and the wider region. In addition to providing green energy, which will be increasingly in demand, we are harnessing the potential of natural energy resources in an economically efficient and environmentally friendly way by managing, building and developing RES power plants.

As part of the Petrol Green project, we installed solar panels on 85 of our own facilities and are preparing everything necessary to expand the project to Croatia, Serbia and Bosnia and Herzegovina.

In 2023, the Petrol Group produced a total of 164.4 thousand MWh of electricity in the area of energy commodity production, which is 1 percent less than in 2022. The Petrol Group also produces electricity as part of Energy Solutions and Heating Systems and for own needs (the Petrol Green project).

14.3.6. Mobility

The sale of mobility products and services in the Petrol Group generated sales revenue of EUR 5.5 million EUR in 2023.

The development of charging infrastructure for electric vehicles and the development of new e-mobility solutions and services are an important pillar of Petrol's sustainable and innovative business. This establishes Petrol as a leading company in promoting sustainable solutions and raising public awareness. Our commitment to sustainability is not only a commitment to achieving the climate goals but also to creating a better quality of life for all of us and for future generations.

The visibility of the Petrol charging network is increasing among both domestic users and foreign providers of charging services, who provide their users with charging on the Petrol network in Slovenia and Croatia.

In 2023, the Petrol Group accelerated the development of its e-mobility network and services by:

- realising the transfer of 3.8 thousand MWh of electricity for charging electric vehicles; enabling around 20 million kilometres to be driven electrically;
- recording 9,720 new users;
- expanding Petrol's charging infrastructure by 86 new charging points and 152 charging bays;
- increasing the number of registered charging service providers on the Petrol network to 48 partners through cooperation and networking on an international platform.

We are closing 2023 with 495 e-charging points in Petrol's charging network and the finalisation of the charging fleet at Petrol's state-of-the-art Barje service station on Ljubljana's southern ring road.

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 2023, we completed the final report for the **NEXT-E** project and submitted it to the European Commission. The report was fully approved, securing a 100% subsidy under the tender conditions. This completes the project and fulfils all the obligations to the European Commission.

In the framework of the **URBAN-E** project, we held an online event in early 2023 to present the project results to key stakeholders in the field of urban e-mobility, namely representatives from the European Commission's Directorate-General for Mobility and Transport, the European Climate, Infrastructure and Environment Executive Agency (CINEA), Eurocities, the Ministries of Infrastructure of Slovenia and Slovakia, energy companies and business partners, and to start preparations for the final review of the project for 2022.

In June, Petrol's largest charging park was publicly opened at Ljubljana's main railway station. The new charging park is the first Petrol and Slovenian Railways partnership site in Slovenia under the URBAN-E project and offers electric vehicle users 2 fast charging points with a charging capacity of 50 KW and 5 charging points with a charging capacity of 22 KW, as well as the possibility of charging 14 vehicles at the same time. The charging park is ready for further expansion with an additional 6 charging points, i.e. 12 charging bays or parking bays. With this, passengers can access and combine different types of sustainable transport in one place.

In Zagreb, we completed and put into public operation the last 21 charging points from the URBAN-E project at 11 locations.

As part of the **MULTI-E** project, we continue to expand our presence on the Slovenian and Croatian markets with new types of charging points in Slovenia and Croatia. In 2023, we put 41 charging bays into public operation, installed the first 3 mini ultra-fast charging points in Slovenia and reinforced the ultra-fast charging bays at the Kozina service station. We also installed charging bays in parking houses (Šentpeter and Meksiko), at the shopping centre in Supernova Šiška and Mercator Koper, and in front of the Petrol office building in Zagreb. 6 charging bays at Ljubljana's main railway station were also put into operation.

We operate 495 e-charging points.

In addition to our own investments, we expanded our charging infrastructure network by installing 96 charging points for private and business users in both Slovenia and Croatia. In addition to the slower 11-22 KW charging points, we also delivered 3 faster 50 KW charging points, one 100 KW charging point and an additional 22 KW charging point in Croatia. At the end of February, we installed and commissioned an ultra-fast charging point at Marprom to charge the buses of the Municipality of Maribor. We were also successful in a tender from the Faculty of Computer Science and Informatics, where we supplied and installed 4 charging points in 2023. In 2023, we carried out several sales projects to private and business users, totalling 96 charging points.

OPENING OF A CHARGING PARK IN THE CONTEXT OF THE URBAN-E PROJECT

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Mobility services

In the area of **mobility services**, we develop services related to new concepts and forms of mobility. We offer the market **fleet management services** and provide mobility through long-term vehicle leasing and short-term vehicle rental. 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. We offer integrated mobility solutions in fleet management, long-term corporate leasing, short-term vehicle rental, door-to-door services and fleet management, analysis and optimisation. Services are also complemented by charging stations and charging solutions.

We are also entering the Croatian market with mobility services by registering Atet Mobility Zagreb d.o.o.

In the area of long-term leasing, we entered into a partnership with DARS d.d. in 2023, through which we are already actively working on the provision of electric vehicles. We are also continuing our "Vehicle as a Service" project, which enables municipalities and businesses to electrify their fleets. We also started to offer long-term leases of used vehicles from our own rent-a-car fleet. This means that vehicles can be delivered to customers immediately, which is definitely a competitive advantage at a time when waiting times for vehicles are long.

We also continue our successful cooperation with various companies and public institutions. We are committed to providing our partners with the most appropriate mobility they need at any given time.

An important step forward is the increased expansion into international markets through intermediaries (so-called "brokers"). On the domestic market, we are focusing more on B2B customers, with whom we are entering into long-term partnerships. At the beginning of the year, we also carried out a pilot project for car sharing within the Petrol fleet at the Stegne site in Ljubljana, to determine the benefits and possibilities of introducing such a system for fleets.

In 2023, we entered into new partnerships with several companies in the field of short-term vehicle rentals. Among others, we actively cooperate with the Ministry of Defence of the Republic of Slovenia, where we are also the first provider of short-term vehicle rentals.

We registered the company Atet Mobility Zagreb in Croatia and are entering the Croatian market with mobility services.

CHARGING POINTS

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In the area of the digitalisation of fleet management and related mobility services, we successfully secured funding for the development of the FMG[22] platform, which will be launched in early 2024. A digitalised and integrated solution is essential for the strategic expansion of fleet management activities in domestic and foreign markets and for the activation of new advanced mobility services further down the road.

As a leading company in the field of electromobility and e-mobility services, Petrol's presence is also particularly important in establishing a corporate image that is sustainable and focused on reducing its carbon footprint. This is a major and important challenge for a company primarily engaged in the sale of petroleum products.

22 FMG – Fleet Management

15 INVESTMENTS

In 2023, we earmarked the majority of our funds for the construction of replacement motorway service stations in Barje North and Barje South at Petrol d.d., Ljubljana, and in the renovation and construction of replacement service stations at Petrol 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. Investments were also made in the expansion of sales and the modernisation and maintenance of logistics capacities in Slovenia.

In 2023, net investments in property, plant and equipment, intangible assets and long-term investments stood at EUR 82.9 million, up 39 percent compared to 2022, when the net investments amounted to EUR 59.8 million, and on a par with the plan. Energy transition accounted for 31 percent of investments in 2023.

STRUCTURE OF INVESTED ASSETS, IN %

Fuels and petroleum products, merchandise and services – retail

In Slovenia, a larger share of the realised investments was dedicated to the replacement construction of the Barje North and Barje South motorway service stations. We completed the installation of new digital fuel price displays at all service stations. At 30 service stations, we installed central filling stations to enable tanker trucks to empty into underground tanks, thus complying with the legal requirements. The tanks and pumps at two service stations were replaced and the technology was upgraded. Throughout the year, we carried out investment maintenance and obtained documentation for investments to be made in the coming years. **In Croatia**, we completely renovated 7 service stations: Umag, Pula, Zadar, Labin, Split Solinska, Dugopolje North and Dugopolje South, carried out three replacement constructions of the Desinec Motorway – North, Helena Motorway – East and Helena Motorway – West service stations and the new construction of the Dragalić Motorway – North service station. **In Serbia**, we renovated our Vetrnik service station. We also carried out the capital maintenance of service stations in other markets where the Petrol Group operates.

In 2023, Petrol's main investments were in the replacement of motorway service stations and in energy transition, supporting the Group's strategy until 2025. The service stations of the future Barje North and Barje South stand out in terms of construction.

Fuels and petroleum products – logistics

We carried out projects required by law and risk mitigation projects at all **Petrol storage facilities**. The second phase of the reconstruction of the rail tanker transfer station at the Zalog petroleum products warehouse was completed. At the petroleum products warehouse in Lendava, investments were made to increase the turnover of biofuels and to ensure further fuel distribution. At the Sermin petroleum products warehouse, documentation was prepared to obtain a building permit for culverts under an access road, the floor of a tank was rehabilitated and a building permit was obtained for a new tank. Other minor investments and capital maintenance were carried out at all storage facilities.

We increased our investments by 39 percent year-on-year. 31 percent of investments were in energy transition.

The **Digitisation of the Oil&Gas E2E supply chain** project, which was implemented in 2023, continues in 2024. The project is aimed at optimising logistics and represents 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. A particular focus will be on efficient and digitised logistics. A project to develop and implement a logistics platform to automate and optimise energy commodity supply chain processes was also carried out in 2023 and will continue in 2024.

NEW AND RENOVATED SERVICE STATIONS

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Energy transition and digitisation

In the area of **renewable electricity generation, we completed the construction** of the Suknovci, Vrbnik and Pliskovo **solar power plants in Croatia** in 2023. The solar power plants are being connected to the grid. The 22 MW power plants surrounding our Ljubač wind farm will generate 29 thousand MWh of electricity per year. **In Slovenia**, in addition to the 30 existing small solar power plants under the Petrol Green project, we installed solar power plants on 85 of our own facilities. The first power plants have already been connected to the grid, with an additional installed capacity of 4.3 MW. The next phase of the Petrol Green project is expected to be completed in 2024 and will include around 60 sites in Slovenia and extend to Croatia, Serbia and Bosnia and Herzegovina.

In the area of renewable electricity generation, we completed the construction of solar power plants in 2023, which are now in the grid connection phase. As part of the Petrol Green project, we installed solar power plants at 85 of our own facilities.

In the area of **energy solutions, in 2023,** we completed the Energy Management of Facilities (EMF) projects, namely the EMF Ruše and the refurbishment of the EMF Ig. Projects for the market (heating stations, central control systems and various project extensions) were implemented.

In **mobility**, investments in the expansion of charging infrastructure and investments in vehicles for the provision of mobility services took place in all markets. **We expanded our charging infrastructure by 78 new charging points.** As part of the **URBAN-E** project, Petrol's largest charging park was opened to the public at Ljubljana's main railway station in June. As part of the **MULTI-E** project, we continue to expand our market presence with new types of charging points in Slovenia and Croatia. In 2023, we put 41 charging bays in Slovenia and Croatia into public operation. In 2023, we completed the final report for the **NEXT-E** project and submitted it to the European Commission. The report was fully approved, securing a 100% subsidy under the tender conditions. This completes the project and fulfils all the obligations towards the European Commission.

In 2023, we again invested in the modernisation of information infrastructure and ensuring information security both in Slovenia and in the markets of South-Eastern Europe.

Other

Throughout 2023, we invested in the areas of wholesale, human resources, security, environmental protection, operational business, office space, and made other smaller investments, both in Slovenia and in the SEE markets.

With the aim of optimising logistics for the next 20 years, we continued with the Oil&Gas E2E supply chain digitisation project.

16 SHARE AND OWNERSHIP STRUCTURE

Share prices on the Ljubljana Stock Exchange were mostly up in 2023 compared to 2022, when the escalation of tensions and the war in Ukraine, as well as the energy crisis, significantly affected the share price movements.[23] This was also reflected in the SBI TOP index, which gained 19.8 percent relative to the end of 2022, reaching 1,253.4 points at the end of 2023.

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. Despite the challenging business environment, which had a very negative impact on the operating results in 2022, Petrol d.d., Ljubljana paid a dividend in the amount of EUR 1.5 gross per share in 2023 for the year 2022.

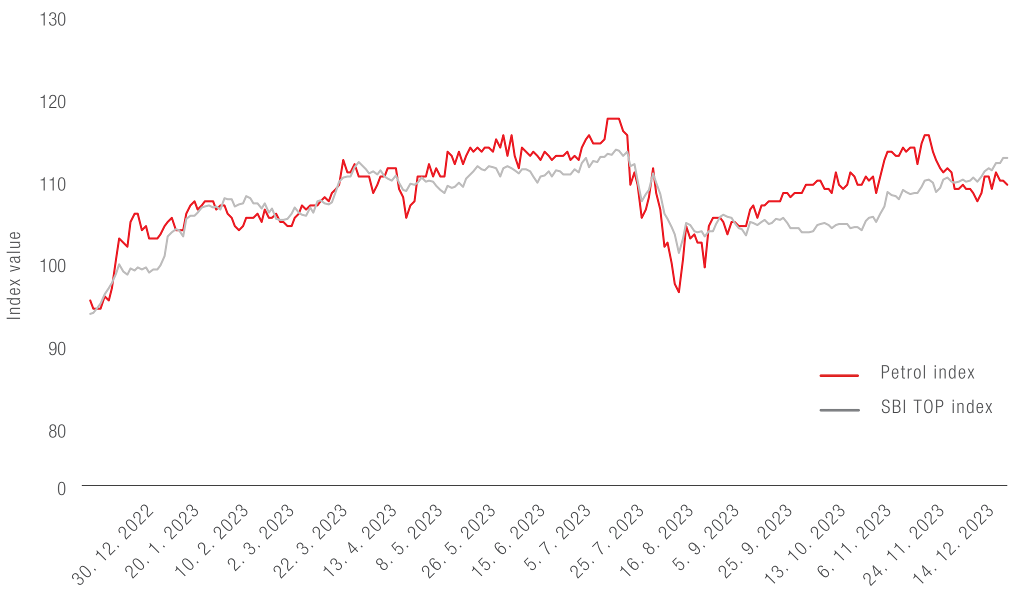
16.1 Petrol d.d., Ljubljana share split

On 1 November 2022, the Management Board of Petrol d.d., Ljubljana executed a split of the PETG share (in a ratio of 1:20; after the split, the number of PETG shares is 41,726,020) 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 share capital of Petrol d.d., Ljubljana, amounting to EUR 52,240,977.04 remained unchanged following the PETG share split.

16.2 Petrol share price

In 2023, the Petrol share was again one of the most traded shares on the Ljubljana Stock Exchange, and at the end of 2023, its price was 16.5 percent higher than at the end of 2022. The shares of Petrol d.d., Ljubljana accounted for 19.89 percent of the index as at 18 December 2023.

BASE INDEX CHANGES FOR PETROL'S CLOSING SHARE PRICE AGAINST THE SBI TOP INDEX IN 2023 COMPARED TO THE END OF 2022



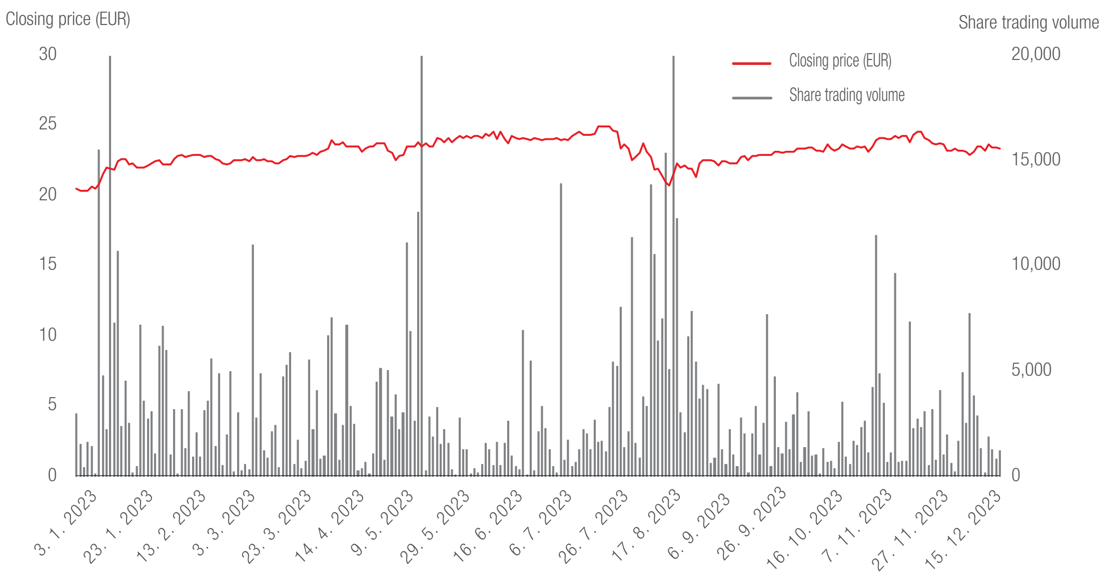
23 Sources of data in the Share and ownership structure section: websites of the Ljubljana Stock Exchange, share register of Petrol d.d., Ljubljana, the Petrol Group's 2023 financial statements.

The average price of Petrol's shares, which stood at EUR 23.12 in 2023, was down 3.2 percent year-on-year. The closing share price ranged between EUR 20.30 and EUR 24.90 in 2023.

PETROL'S SHARE PRICES IN 2023 AND 2022 IN EUR

	2023	2022
Total shares outstanding	41,726,020	41,726,020
Highest closing price for the year	24.90	28.10
Lowest closing price for the year	20.30	17.70
Average closing price for the year	23.12	23.89
Closing price as at last trading day of the year	23.30	20.00
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)	16.50%	-21.26%

CLOSING PRICE AND THE VOLUME OF TRADING IN PETROL'S SHARES IN 2023



16.3 Trading volume and market capitalisation

The volume of trading in Petrol's shares at the Ljubljana Stock Exchange amounted to EUR 17.9 million in 2023, including batch trading (totalling EUR 0.3 million), and was down 65.7 percent from 2022. The turn-over of the Petrol share, excluding bundles, totalled EUR 17.7 million in 2023, which was 55.3 percent less than in 2022.

The trading in Petrol's shares accounted for 5.4 percent of the total trading volume of the Ljubljana Stock Exchange, which stood at EUR 330.2 million (EUR 430.9 million in 2022), and 5.6 percent of the stock mar-ket's share trading volume in the amount of EUR 320.4 million (EUR 430.4 million in 2022).

The shares of Petrol d.d., Ljubljana were ranked fifth on the Ljubljana Stock Exchange by trading volume. On average, the monthly volume of transactions involving Petrol's shares totalled EUR 1.5 million.

The market capitalisation of Petrol d.d., Ljubljana on the last trading day of 2023 totalled EUR 972.2 million, which accounted for 10.6 percent of the stock market's total capitalisation.

Petrol d.d., Ljubljana was ranked third in terms of market capitalisation on the last trading day of 2023.

16.4 Key financial indicators for Petrol's shares

The Petrol Group's earnings per share (EPS) attributable to the owners of the controlling company in 2023 stood at EUR 3.29 and its cash earnings per share (CEPS) at EUR 5.66. The return per share calculated by comparing the closing share price as at the end of 2023 and the closing share price as at the end of 2022 was positive and stood at 16.5 percent. Combined with a dividend yield of 7.5 percent, the total return per share stood at 24 percent in 2023.

The ratio between the shares' market price and book value as at the end of 2023 – the latter amounting to EUR 22.12 in the case of the Petrol Group – was 1.05 (P/BV), which was higher than at the end of 2022. The ratio between the shares' market price as at the end of 2023 and the Petrol Group's earnings per share (P/E) stood at 7.08.

16.5 Share capital structure

The structure of the Petrol d.d., Ljubljana share capital changed in 2023 compared to the end of the previous year. The largest single shareholder is J&T BANKA A.S. – a client account with 5,333,200 shares (change of depositary, previously the largest depositary was Clearstream Banking SA), followed by Slovenski državni holding, d.d. (SDH, d.d.) 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 Osiguranje, Vizija Holding, d.o.o., Vizija Holding Ena, d.o.o., MUSTAND ENERGY LIMITED and Perspektiva FT d.o.o.

OWNERSHIP STRUCTURE OF PETROL D.D., LJUBLJANA AT THE END OF 2023 AND AT THE END OF 2022

	31 December 2023		31 December 2022	
Petrol d.d., Ljubljana	No. of Shares	in %	No. of Shares	in %
Slovenski državni holding, d.d.	5,299,220	12.7	5,299,220	12.7
Republic of Slovenia	4,513,980	10.8	4,513,980	10.8
Kapitalska družba d.d. together with own funds	3,594,617	8.6	3,642,789	8.7
Domestic institutional investors and other legal entities	6,030,856	14.5	5,906,011	14.2
Foreign legal entities	12,491,327	29.9	12,628,247	30.3
Private individuals (domestic and foreign)	9,181,560	22.0	9,121,313	21.9
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 2023, 12,533,575 shares or 30.0 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2022, the number of foreign shareholders decreased by 0.3 percentage points, while in 2023, the total number of shareholders increased from 21,203 at the end of 2022 to 21,404.

SHARES OWNED BY MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD AS AT 31 DECEMBER 2023

	Name and Surname	Position	Shares owned	Equity share in %
Supervisory Board			**5.897**	**0,0141**
	External members		**4.137**	**0,0099**
1.	Janez Žlak	President of the Supervisory Board	0	0,0000
2.	Borut Vrviščar	Deputy President of the Supervisory Board	4.137	0,0099
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

	Name and Surname	Position	Shares owned	Equity share in %
	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			**2.800**	**0,0067**
1.	Sašo Berger	President of the Management Board	700	0,0017
2.	Jože Smolič	Member of the Management Board	700	0,0017
3.	Marko Ninčević	Member of the Management Board	700	0,0017
4.	Zoran Gračner	Member of the Management Board and Worker Director	700	0,0017

16.6 Other explanations by Petrol d.d., Ljubljana

The prospectus of 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, the annual reports of Petrol d.d., Ljubljana and its public announcements available on the Company's website www.petrol.eu and the website of the Ljubljana Stock Exchange https://seonet.ljse.si/.

Contingent increase in share capital
The General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions in 2023 regarding a contingent increase in share capital.

Reserves for own shares
Petrol d.d., Ljubljana did not repurchase its own shares in 2023. As at the last day of 2023, 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 2023 and was EUR 8.9 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 only acquire these own shares 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 37th General Meeting of 18 May 2023, Petrol paid out a gross dividend for 2022 of EUR 1.5 per share in 2023.

DIVIDENDS IN 2017–2022

Period	Gross dividend per share (recalculation after the share split in a 1:20 ratio)	Gross dividend per share
2017	EUR 0.80	EUR 16.00
2018	EUR 0.90	EUR 18.00
2019	EUR 1.10	EUR 22.00
2020	EUR 1.10	EUR 22.00
2021	EUR 1.50	EUR 30.00
2022	EUR 1.50	

Balance sheet profit

In accordance with the Companies Act (ZGD-1), Petrol d.d., Ljubljana's accumulated profit was EUR 74.2 million in 2023.

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 2023. We participated in events organised by the Ljubljana Stock Exchange: in March and September at the webinar "Slovenian Stock Exchange Companies Online", in May at the event "Trade on the Stock Exchange", in June in Zagreb and in December in Ljubljana at the event "Investors' Day of the Ljubljana and Zagreb Stock Exchanges – CEE Investment Opportunities" and in October at the event "Financial Festival".

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.

17 INTERNAL AUDIT

Internal Audit operates as an **independent and autonomous support function** within the organisational structure of the controlling company. Organisationally, it reports directly to 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 to 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 achieve the strategic and business goals based on best practices.

Internal Audit in the Petrol Group operates to high standards, ensures independence, professionalism, impartiality and follows ethical principles.

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, presented to the Audit Committee for information, and endorsed by the Company's Supervisory Board. 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 2023, the Audit Committee received quarterly reports on all audits, significant findings and recommendations for improving the system of internal controls and risk management within the Petrol Group.

In accordance with the International Standards for the Professional Practice of Internal Auditing, an **external assessment** of the quality of Internal Audit should be conducted at least once every five years by an independent assessor or assessment team from outside the organisation. At Petrol, the external assessment of the quality of internal auditing was last performed in 2019, resulting in a report 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. The next assessment is planned for the end of 2024.

In 2023, 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 2024 was approved in December 2023 by the Management Board and the Supervisory Board;
- it carried out procedures to measure the efficiency of internal audits.

The functioning of the **internal controls in the Petrol Group's retail network** was verified by a dedicated team of qualified experts from the Corporate Security and Business Control, which, in order to prevent and detect fraud, focuses primarily on monitoring the service station, logistics and storage facility operations from the perspective of goods and finance.

In 2023, Internal Audit performed 21 regular and extraordinary audits of assurance.

In 2023, Internal Audit **performed 21 regular and extraordinary audits** of assurance (four were in the final phase as at 31 December 2023). 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 efficiency. In terms of content, the audits were mainly focused 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 a suitable internal control system in place that was operational on a regular basis. As there was still room for improvement, recommendations were provided, the implementation of which was verified on a regular basis. In 2023, in addition to the audits, Internal Audit also regularly monitored the implementation of recommendations from previous and current years.

In 2024, part of the resources will be allocated to activities related to a comprehensive application solution for internal auditing, which aims to ensure even more efficient and systematic internal audit processes.

18 INFORMATION TECHNOLOGY

2023 was a year full of business challenges, from the acceleration of the energy transition, digitisation and process automation, to external influences (the war in Ukraine, inflation and multiple regulatory requirements), which was also reflected in an increase in requests for changes and upgrades to information systems and IT solutions.

18.1 Introduction of key information solutions

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We 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. was 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 worked intensively in 2023 on the implementation of the project. Once the project has been completed in the parent company, the solution will be rolled out in other markets. The new IT solution is an important foundation for the Petrol Group's future operations. The project will digitalise and modernise the Company's most important core processes, from the procurement of petroleum products to logistics and sales.

In 2023, we continued consolidating IT solutions in the Petrol Group and implemented SAP solutions in 9 additional Group companies.

In the area of energy and energy solutions, we launched a number of projects as part of the "**Digitalisation of the Energy Sector**" initiative, which will support and optimise energy and energy solution processes (planning, construction, sales, management, trading and maintenance) in the coming years. We launched a digital configurator to help customers decide whether to buy a solar power plant, and as part of the Home project, we digitalised some of the other steps in the solar power plant sales process (e.g. the preparation of quotations). We are implementing a technological overhaul of Petrol's IoT platform and developing a solution that will allow B2B buyers and producers to access the market to buy or sell electricity.

We also started planning the solution “**Information platform for monitoring the condition of fixed assets and technological processes”**, which will enable better support, management, maintenance and thus the comprehensive monitoring of the condition of the equipment owned, operated and maintained by Petrol (in the first phase, support will be provided for solar power plants, e-charging points, the energy management of facilities, and later also for other assets under maintenance). We will continue to implement projects in this area in 2024.

18.2 Modernising, improving, optimising and digitalising

In the area of service station support, we are working on a technological overhaul of the platform which underlies the service station support solutions. We are moving to a new distribution of the **Linux operating system** and introducing a new data exchange platform. As part of the overhaul, we will also create a platform that will enable the exchange of data at the service stations with the SAP system (previously this was only possible via the PIS system).

As part of Petrol’s card system, we supported the renewed DinaCard in Serbia and the Eurowag truck card for payments at service stations in Petrol’s retail network. In the area of card transactions, we carried out a number of activities with various card systems (Routex, AS 24, LogPay, Amex, etc.). We also successfully renewed Petrol’s compliance with the PCI DSS[24] (PCI P2PE[25]) standard.

We continue to digitise documents in various areas and are increasingly moving towards a paperless business. We will continue our activities in this area in 2024.

In the area of developing support for the sales of partner services and products, we supported a number of new services (Bitins Croatia, Moje Karte Croatia, Aircash services for Slovenia and Croatia, support for the sale of IQOS products in Croatia and Japan Tobacco products in Slovenia, GLS parcel distribution in Croatia and others).

In the area of CRM and customer care, we continue to digitalise processes that enable more efficient business operations (complaints support, support for B2B processes, contracting and sales of energy solutions).

In 2023, we continued to implement solutions enabling the digitalisation of internal processes in the Petrol Group (implementation of eContracts and mSign solutions in subsidiaries).

In the area of network sales of energy commodities (electricity, gas and heat), we implemented a number of statutory changes (price regulation, billing changes and reporting to the regulator) in both Slovenia and Croatia.

In the area of fuel logistics, we are developing a solution that will enable electronic data exchange with foreign fuel depots (Žitnjak depot) that we lease. The solution will be ready in the first quarter of 2024.

As we moved into 2023, we successfully implemented the introduction of a new currency in Croatia (the euro).

We continued the technological, design and content overhaul of the “Na poti” mobile app, which has been upgraded to the “**Petrol GO**” app. This is a major and comprehensive overhaul, which will be completed by the beginning of February 2024. With the redesigned app, we aim to provide users with an even better shopping experience at Petrol service stations. The redesigned app will also provide a good basis for the many functional upgrades that will be implemented in the future.

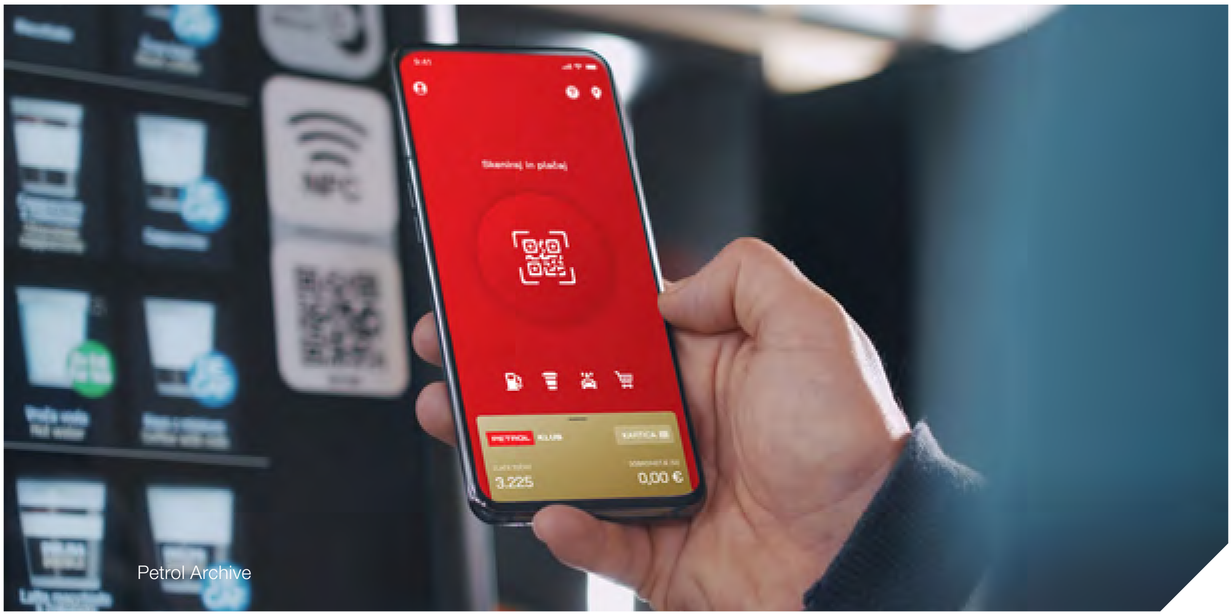
At the beginning of August, we revamped the IT service request portal. The portal upgrade introduced Atlassian’s state-of-the-art IT request management platform, resulting in an improved user experience and a streamlined request resolution process. In Jira, we implemented a number of integrations between Jira, SAP and the data warehouse to streamline the development process, and we also improved and automated a number of other processes in Jira.

We provide capacities and ensure the high availability of the system and network infrastructure, with which we effectively support business processes.

24 PCI DSS – Payment Card Industry Data Security Standard
25 PCI P2PE – Payment Card Industry Point-to-Point Encryption

We implemented a new backup system, including cloud backup of data to local infrastructure.

We modernised and upgraded many existing and added some new integrations, thus improving the communication and speed of internal processes and processes with various partners.



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18.3 Information security put to the test

Recently, IT systems have received a lot of media attention due to the vulnerability of ICT[26] equipment suppliers and outsourcers. Any security incident that occurs with them could also pose a serious security threat to the Petrol Group due to the interconnectedness of its systems. Defending against such threats is particularly difficult because their information systems are not under our control. 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, so information security is a key concern.

The management of these risks is also dictated by the Information Security Act (ZInfV), which aims to regulate the field of cyber security and ensure a high level of security of networks and information systems in Slovenia, which are essential for the smooth functioning of the state in all security situations and provide essential services for the maintenance of vital social and economic activities.

The heightened security situation in 2023 has 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 started to **increase the monitoring of security events and information in our control systems within the Security Operations Centre (SOC[27]) on a 24/7 basis.** Petrol has taken a number of measures to minimise the success of such attacks.

IT system hacks are a serious threat to the Petrol Group which responded by having increased control and protective measures.

At the Petrol Group level, we continued our activities to strengthen our resilience against cyber-attacks and to build on existing measures with a 24/7 SOC, by introducing effective Data Loss Prevention (DLP[28]) measures, assessing and defining security requirements for key suppliers in accordance with the requirements of the ZInfV and implementing a comprehensive business continuity management system in accordance with the ISO 22301 standard.

26 ICT – Information and Communication Technology
27 SOC – Security Operations Centre
28 DLP – Data Loss Prevention


CO2

SUSTAINABLE DEVELOPMENT

A reliable path to a carbon-free future

19 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 for the period 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.

At Petrol, sustainability has a face and concrete actions

Our sustainability performance is detailed in our sixth consecutive Sustainability Report. For the first time, we report on areas that include environmental, social and governance (ESG) aspects as defined by the European Sustainability Reporting Standards (ESRS[29]), which we will be required to report on in the future. We also included TCFD reporting elements[30] – for each environmental, social and governance (ESG) sub-area, we are identifying the Petrol Group's key policies, objectives, metrics and actions to achieve the objectives, as well as the monitoring and management of each sub-area. This is in preparation for reporting under the Corporate Sustainability Reporting Directive, or CSRD[31], which introduces the ESRS Uniform Reporting Standards.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Climate Change	Own Workforce	Business Conduct
Pollution	Workers in the Value Chain	
Water & Marine Resources	Affected Communities	
Biodiversity & Ecosystems	Customers and Users	
Resource Use & Circular Economy		

29 ESRS – European Sustainability Reporting Standards
30 TCFD – Climate-related Financial Disclosures
31 CSRD – Corporate Sustainability Reporting Directive

But it is not just about getting the numbers right - at Petrol, sustainability has a face and concrete actions. Every action, no matter how small, counts, but together we are writing a big story and achieving big goals. Our Sustainability Ambassadors are making a difference by taking small steps in their personal and work environments and encouraging other colleagues to join the “**Me Too!”** initiative.

> **We committed to an energy transition with ambitious targets by 2025, including a 40 percent reduction in our carbon footprint and a EUR 244 million investment in renewable energy generation.**

Like our Sustainability Ambassadors, we at the Petrol Group are on a journey of transformation based on partnership in the energy transition of society as a whole. We recognise that we cannot achieve our common goals alone. We see opportunities and potential primarily in our core business of supplying energy commodities. Building relationships with and serving our customers is a priority. That’s why we’re strengthening our digital channels and expanding our range of sustainable energy commodities and personalised offers.

In the Petrol Group Strategy 2021-2025, we have committed to allocating 35 percent of our total investments, totalling EUR 698 million, to the energy transition over this period. We are increasing the share of renewable energy sources (RES) in our own electricity generation and contributing to growing energy independence for our own operations, as well as for communities and cities.

> **We adopted a Climate Policy that reaffirms our commitment to preventing and mitigating climate change and implementing low-carbon solutions while emphasising the importance of water quality and circular models in business processes.**

In 2022, we prepared a Climate Policy, which was adopted in 2023. This reaffirms our decision to actively work to prevent, mitigate and adapt to climate change, while continuing our efforts to reliably deliver the energy needed for society’s well-being at an affordable price. We are implementing solutions that support the European Union’s low-carbon agenda, both in our own operations and with our business partners.

One of the Petrol Group’s fundamental objectives is to continually reduce emissions of harmful substances into the air and soil and noise into the environment, which is why we are constantly upgrading our equipment and installing systems in line with the best available technology guidelines.

We are committed to the quality of water resources and the careful and efficient management of water, both for our own use and in developing solutions for cities and regions.

We are gradually introducing circular models into our business processes (new packaging materials, the use of recycled materials, the optimisation of waste management, and the introduction of reverse packaging systems in supply chains).

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We are strengthening our partnership with our employees and the community, with a focus on reinforcing corporate integrity, ensuring a healthy working environment and employee satisfaction, and supporting the wider community in all markets where the Petrol Group operates.

We signed a commitment to provide long-term support for the **Green Heart of Karst** project, which implements the reforestation plan for the burnt Karst under the auspices of the Slovenian Forest Service. We are part of **The Bee Path in Ljubljana** project and supporters of the **Urban Beekeeping** project.

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We face the future with courage, despite the many challenges and often unexpected events that force us to make quick decisions. That's why we take a strategic approach to sustainable development. In 2024, ESG/climate risks will be included in the comprehensive risk assessment for the first time. We also made environmental performance and the fight against climate change a cornerstone of our strategic development and sustainable management system, inspired by the highest standards of climate governance. At the same time, we recognise that we are part of a bigger story and that further bold steps towards ambitious sustainability goals can only be taken in agreement with all stakeholders, because we are interdependent.

THE SUSTAINABILITY AWARD RECEIVED FROM SLOVENIAN CHAMBER OF COMMERCE

Petrol Archive

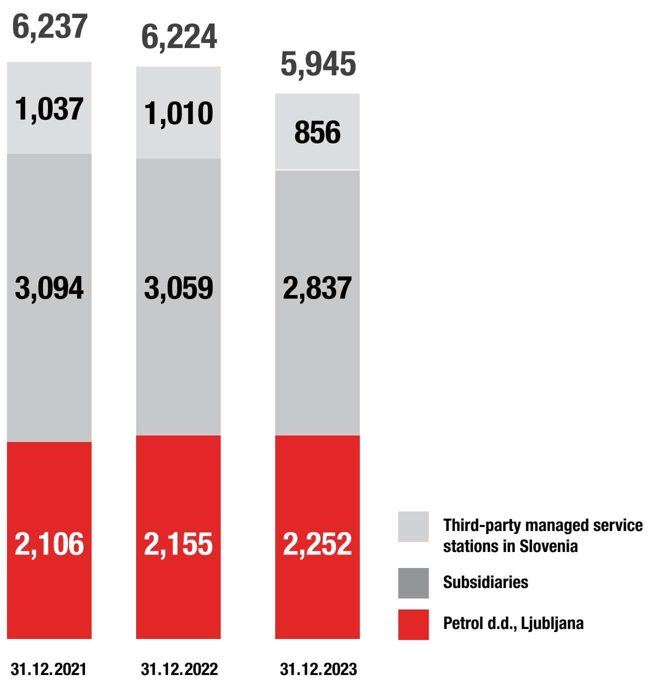
20 RESPONSIBILITY TOWARDS EMPLOYEES

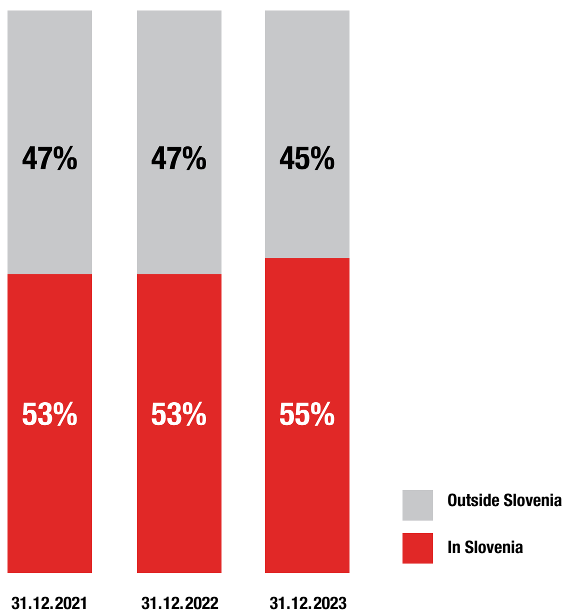
At the Petrol Group, we build a culture of mutual trust and respect, innovation and teamwork, while also striving to provide a friendly, stimulating and dynamic work environment, as well as opportunities for employee development.

20.1 Status of employees in 2023

At the end of 2023, 5,945 people were employed within the Petrol Group and at third-party operated service stations, of whom 45 percent abroad. Compared to the end of 2022, the number of employees in the Petrol Group dropped by 279, mostly in subsidiaries, particularly abroad, where staff turnover was high due to labour shortages in many activities.

EMPLOYEES IN THE PETROL GROUP 2021–2023



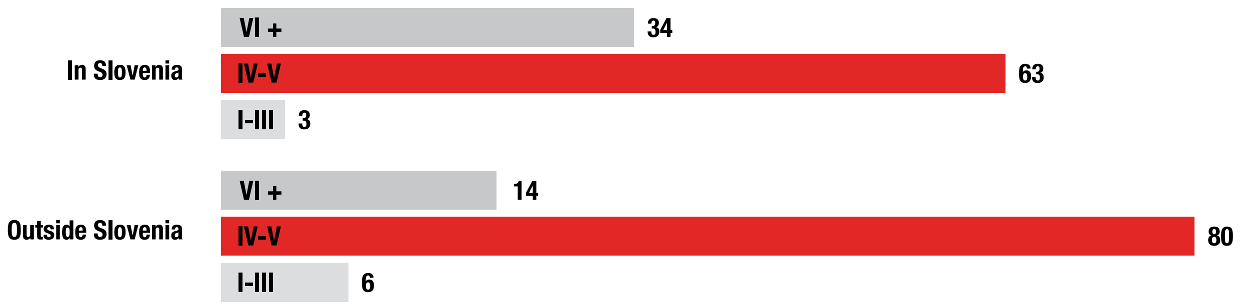


Employee structure in the Petrol Group

At the end of 2023, the average age of Petrol Group employees was 40 years. 52 percent of the 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 majority share of Petrol Group employees have attained level V of education (equal to the secondary education).

THE PETROL GROUP'S EDUCATION STRUCTURE AS AT 31 DECEMBER 2023, IN %



20.2 Recruitment

Recruiting the best experts is 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 take advantage of internal vacancies to find challenges in new areas of work within the Petrol Group.

20.3 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 are included in either the service station remuneration system or the remuneration system for corporate functions.

Petrol Archive

Service station employees receive the variable part of their salary in the form of a monthly performance bonus based on the productivity of a service station. They receive an additional bonus for maintaining or improving the quality of operations. Employees are also remunerated 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 service station.

The job performance of **employees in corporate functions** is monitored through quarterly and annual 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** linked to the Company's performance.

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

20.4 Training in figures

In 2023, the Petrol Group provided more than 98 thousand hours of training, with an average of more than 16 hours per employee, reflecting its commitment to continuous learning and employee development.

In 2023, we provided more than 98 thousand hours of training. On average, each Petrol Group employee received more than 16 hours of training and attended at least four different training courses.

Petrol Group training is targeted at different groups. Certain programmes are mandatory for all employees and are largely carried out in the form of e-learning (for example, occupational safety, information security, the security of card operations, etc.). Employees also acquire and further develop their knowledge through courses and seminars held at external institutions in their home country and abroad.

Trainings we provided for specific target groups:

- In 2023, 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 sales personnel are trained by the network of internal coaches who all have the appropriate skills and knowledge to conduct training and workshops, both in Slovenia and in the SEE markets.
- We conducted an annual internal certificate review for internal coaches to enhance their coaching skills.
- Employees in retail management positions received training in management and professional skills, as well as coaching sessions.
- We provided additional training for some of our employees to work as industrial train drivers.
- We organised systematic training for tanker drivers to ensure that operations at storage facilities and service stations can continue to run safely and smoothly in the future.
- We also provided theoretical and practical training in the use of drones.
- We also paid close attention to information security training.
- We organised a Business English course for employees and a Croatian course for individuals.
- We provided funding for employees who wished to further their education and study.
- We gave our employees the opportunity to improve their knowledge at conferences, training courses and trade fairs in Slovenia and abroad.

We also focused on leadership development. The **Strategy in Action** programme for Petrol Group managers was continued and successfully completed in 2023. This was followed by additional activities for the managers – group and team coaching. In addition, four more groups of managers completed the first year of the **Professional Development of Managers** programme, which involves operational managers who manage colleagues through skills training.

Through **Open Space**, we organised more than 40 different events on topics such as occupational health, knowledge, skills, sustainability and current projects.

We also offer employees the opportunity to acquire and update their knowledge through the **MojeZnanje** platform. Employees decide for themselves which training courses they want to attend and when. It is a platform that provides knowledge for both professional and personal development. We also offer the opportunity to develop through programmes on the **Udemy Business** platform, which contains world-class content ranging from coding and digital design to management and marketing.

20.5 Activities under the Family-Friendly Enterprise certificate

Petrol d.d., Ljubljana has a full Family-Friendly Enterprise certificate. The programme associated with this certificate includes a range of activities designed to maintain a balance between personal and professional life.

To help employees balance work and family commitments, we also offer flexible working hours for introducing a child to kindergarten, participation in corporate volunteering campaigns, healthy lifestyle activities, gifts for newborns and much more.

Petrol Archive

In 2023, we organised a **Petrol Family Day** at the Safe Driving Centre in Vransko, which was attended by more than 530 Petrol employees and their family members. We focused on safe driving of cars, electric scooters and bicycles. For the youngest children, we prepared an animated children's programme with creative workshops, testing driving skills on a children's polygon and learning about Petrol's activities.

20.6 Petrol volunteers and humanitarian projects

Through 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. It was held for the tenth consecutive year in 2023. We ran seven volunteering campaigns, in which a total of 51 Petrol volunteers took part. Petrol contributed 102 work hours, with volunteers contributing another 102 of their own volunteer hours. We also ran three more volunteering events in 2023 as part of the **Growing Together** project, in which 41 Petrol employees took part. They planted 2,500 tree seedlings in three locations across Slovenia from a quota of 10,000 seedlings donated by Petrol to the Slovenian Forest Service.

Through corporate volunteering and various humanitarian activities such as Become the Petrol Santa Claus, the Petrol Group strengthens its social responsibility and employee engagement.

In 2023, for the sixth year in a row, we once again extended our helping hand to the Moste-Polje Association of Friends of Youth. As part of the **Become the Petrol Santa Claus** campaign, employees in Slovenia collected 192 New Year's presents for children from disadvantaged backgrounds.

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20.7 Healthy at Petrol programme

In 2023, the Healthy at Petrol programme focused on a variety of topics. In line with the guidelines of the Healthy at Petrol strategy, the core areas of programme implementation in 2023 are healthy nutrition for employees and the promotion of active breaks during work and other physical activity for employees. Both areas are based on analyses of the causes of sickness absenteeism over several years and on analyses of the annual occupational health reports, which are drawn up following the completion of preventive and periodic medical check-ups.

A large part of our activities in 2023 also focused on communication and preventive measures to prevent the spread and alleviate the symptoms of respiratory infections and other viral illnesses, which can be a major challenge for the Company due to employee absenteeism, especially during the winter months.

The programmes were implemented through the so-called Open Space and the Connected in Awareness programme, as well as through various forms of internal communication with employees.

20.8 Internal communication and bringing people together

The development and communication of a sustainable 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.**

The Petrol Group strengthens the organisational culture and employee engagement through various communication channels and programmes that promote health, safety and sustainability.

In 2023, we presented managerial, organisational, process and business changes in more detail through internal communication channels. To support the strengthening of the understanding of the Petrol Group's strategy, we featured selected employees – **Ambassadors of Change** – who deepened their understanding of the strategy through their involvement in strategic initiatives over the past two years. We also communicated our individual strategic pillars by answering questions about where and how we compete, what our goals are, what we promise and how we win.

THE RECEIVED PRIZMA AWARD FOR EXCELLENCE IN COMMUNICATION

As part of the internal communication, we presented the stories of our employees again in 2023 to consolidate the Company's organisational culture, showcase jobs, networking stories, the stories behind the different faces and accomplishments and stories of creativity through staff profiles. Creativity was also encouraged through internal competitions, stories of courage and bringing people together. Under the slogan **Life at Petrol**, we communicated what Petrol offers as an employer and raised awareness of how individual departments live the role of administrator – as one of the strategic activities in building Petrol's organisational culture. In addition, through the **My Compass** project, we strengthened our knowledge of Petrol's values and how we live them.

In 2023, we also paid special attention to the employees of E 3, d.o.o. and launched the **E3 e-newsletter Our Energy**, a communication portal aimed at strengthening cooperation and networking among Petrol Group employees.

In 2023, we continued our **Sustainability Mission** strategic project, which aims to reduce our carbon footprint at the employee level through awareness-raising. As part of the **Petrol employees reducing their carbon footprint by 40 percent. Me too!** activities, we set up the **My Carbon Footprint** questionnaire in the employee development portal Energy of Our Growth – Gecko, which was activated at the end of June. The questionnaire was developed as a tool for employees' long-term personal development. In 2023, 25 percent of Petrol employees completed the questionnaire. As part of the Me Too! activity, we also featured selected colleagues – **Sustainability Ambassadors** – who are working in their respective workplaces to promote and implement the sustainable practices needed to change consumer habits.

20.9 Occupational safety and preventive medical check-ups

In the Petrol Group, we are aware that **occupational safety and health, in addition to their main purpose, also provide for employee satisfaction.** To this end, we constantly and systematically strive to reduce the level of risk arising from the 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 these changes and looking for solutions that are healthier and safer for our employees.

All companies of the Petrol Group have adopted safety declarations with risk assessments. The latest findings in occupational safety and health are integrated into new processes and projects. In addition, we monitor the risks related to accidents and injuries. The risks are assessed periodically and, through safety measures, maintained at an acceptable level. 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 is a priority in the advancement of occupational safety and health.

The programme of preventive medical check-ups includes all employees 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.

We are committed to occupational health and safety by introducing appropriate safety measures and preventive medical check-ups for all employees.

21 RESPONSIBILITY TOWARDS CUSTOMERS

In the strategy of the Petrol Group, we place great emphasis on continuously improving the customer 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 maintaining customer relationships is our priority, and with new digital channels, an expanded range of energy commodities and a personalised offer, we will get even closer to our customers and thus provide them with an excellent experience.

21.1 An excellent customer 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 improve business results.

At the heart of the customer experience is the customer and understanding their needs, expectations, desires, motivators and behaviours. To achieve a great customer experience, it is important to manage it at all points of contact. New market conditions have greatly encouraged the digitalisation of users, so it is equally important to ensure an excellent customer experience at digital points of contact. With the increase and complexity of contact points, managing the customer 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. Measurements are updated regularly and are linked to improvements based on customer needs and preferences. 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 customer experience on a regular basis.

One of the key indicators of monitoring the customer experience is **measuring customer 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 service stations and toilets;
- friendly and professional staff;
- fast and easy-to-use services;
- rewarding customer loyalty;
- complaint handling.

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

The market situation, both in energy commodities and fuels, where we faced high price increases and supply difficulties in the past two years, and in energy solutions, where we faced high demand from all suppliers, is reflected in the changed expectations of our customers and buyers.

21.2 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, we have maintained the overall Petrol Customer Satisfaction Index at a high level in 2023 and at the same level as in 2022.

The 2023 Customer Satisfaction Survey, conducted for the fifth consecutive year, has shown that the areas of the energy transition, which is the key driver of Petrol's vision and strategy, are becoming increasingly important in the eyes of our customers. It is in the areas of e-charging points, energy solutions and energy commodities that we achieved the highest growth in customer satisfaction in 2023. The greatest stability and high levels of satisfaction over time are achieved through digital channels (apps and online shop), which are key points of contact for simplifying and speeding up processes and are therefore an Petrol Archive important building block for a great customer experience.

Petrol Archive

The overall Petrol Customer Satisfaction Index remained high, at the same level as in 2022.

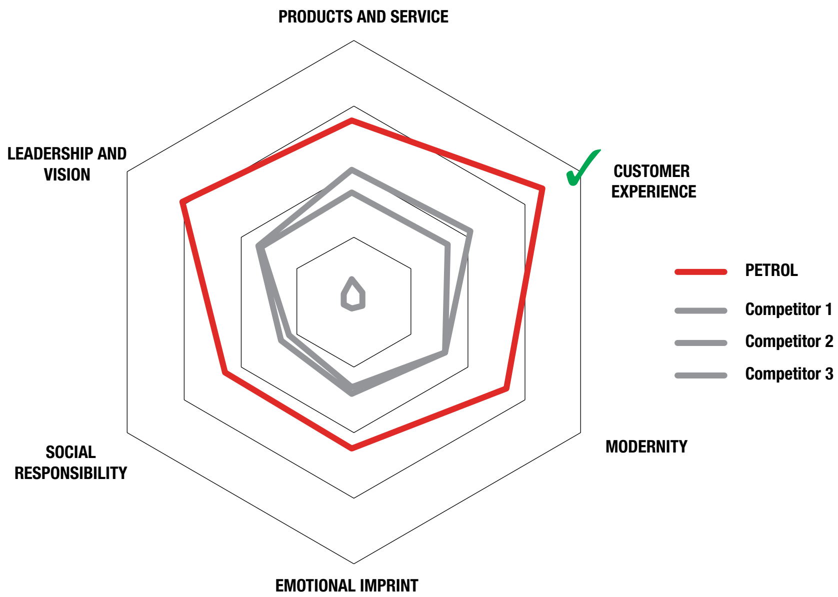
In 2023, we measured the satisfaction of Petrol's customers and the customers of competitors in key areas of the Croatian and Serbian markets. The highest satisfaction on the Croatian market was expressed by users in the area of energy commodities and the Na poti mobile app, and satisfaction is also improving with the loyalty programme, as well as with the service station, which reflects all the activities we have carried out at the service stations. We also managed to improve the experience of Petrol customers in Serbia, as they rated Petrol's communication as 10 percent better compared to 2022.

Customer experience, Petrol's strongest dimension, remains paramount.

With the annual **Brand Power** study, which we conduct in 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 the customers. The selected data shows us the success of the progress in the activities set with the aim of realising the Petrol Group's vision: "To become an integrated partner in the energy transition with an **excellent customer experience**."

Throughout the years of measurement, Petrol has been the strongest brand in terms of service stations, and it has been gaining strength in the last two years. We are also maintaining our leading position in terms of brand image in 2023. An excellent customer experience remains one of the most important dimensions of the brand and will continue to be our key focus. This is to maintain our competitive advantage in customer perception, as customer experience has proven to be our strongest area for many years.

PETROL AND COMPETITOR IMAGE BY DIMENSION FOR 2023



Source: Brand Strength Survey 2023, general public, Slovenia; n = 1,000.

Growth in preference as a result of excellent customer experience

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

In 2023, despite new competition entering the market, we continued to perform well and were able to maintain preference[32], which usually reflects a good customer experience, at our target level.

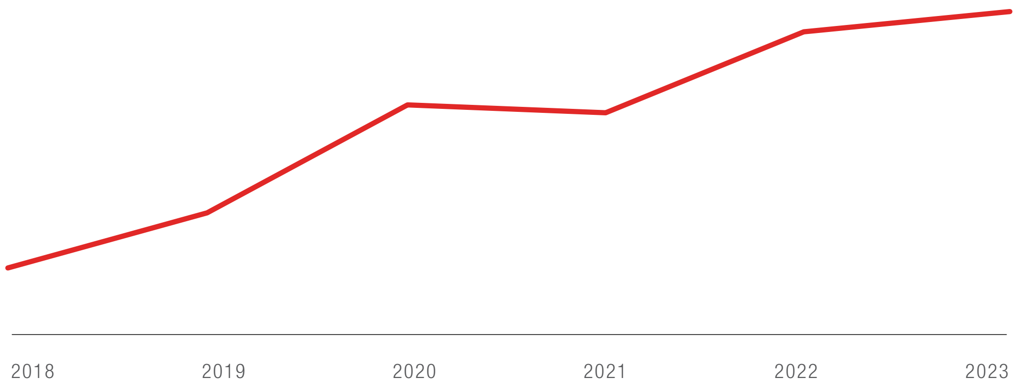
Fuel quality is the most important attribute when choosing a service provider; it is what customers expect.

Petrol Archive

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

Brand image in the service stations category is most significantly affected by **high-quality fuel;** most customers identify Petrol with high-quality fuel. Continuous development of the Q Max product and brand and successful communication have put Q Max well ahead of the competition in recent years. The biggest improvement is in the customers' perception of the Q Max brand being trustworthy. What is more, in 2023, the proportion of customers who believe Q Max offers the best fuel economy has also slightly increased. Petrol Archive

PETROL Q MAX: BUILDING THE "TRUSTED FUEL BRAND" ATTRIBUTE 2018–2023



Source: Brand Strength Survey 2023, general public, Slovenia; n = 1,000.

In recent years, service stations have become much more than just a place to fill up our tanks. They are becoming a place where people like to stop, especially to have a good coffee or a quick meal on the road.

Coffee To Go is known for its unique taste, a benefit cited by 48 percent more coffee lovers in 2023 than in the previous year.

Knowing what our customers need, Petrol further improved this type of offer, and our customers noticed this in 2023.

Sales of Coffee to Go at Petrol increased by 7 percent in 2023. Coffee enthusiasts appreciate the great availability of coffee and its unique taste. Compared to 2022, 48 percent more coffee lovers agreed that Coffee Petrol Archive to Go truly has a unique taste.

In 2023, we also improved the range of freshly prepared food of the Fresh brand. 17 percent more Slovenians than the year before think that Fresh offers very good or even the best food on the road. The improved range of products also increased the proportion of customers who are already familiar with Fresh by 7 percent.

21.3 Monitoring and responding to customer comments

We have been measuring transaction satisfaction for several years using the internationally established **tNPS index[33].** It enables us to monitor and respond to customer feedback on a daily basis at all the key contact points of Petrol – the entire retail network, TipStop Vianor service workshops, the call centre and customer support, complaints, fuel oil purchases, the Petrol Energy Centre and online shop, where customers leave their rating after purchase and after picking up a parcel at the service station. In 2023, we received almost 30 thousand ratings. We also extended the tNPS measurement to service stations in the Croatian market, so we are monitoring and receiving an important response from our customers in the Croatian market as well. In 2024, we will expand the measurement of tNPS to other Petrol contact points, as well as to other markets where we are present.

33 tNPS – Transactional Net Promoter Score

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, fuel oil purchases, 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 overall tNPS index (the total score of all contact points measured), calculated on the basis of the ratings received, shows a **high level of satisfaction and has been stable over the last few years**, with **2023 being the highest in the last 5 years**.

TNPS INDEX FROM 2018 TO 2023

Regardless of the circumstances and the difficult market conditions in the last two years, both in the fuel market and especially in the energy commodities 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.

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, invite them to **online forums** over days or even weeks 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.

Members of the Petrol Research Panel are always invited to participate, as they are our source of inspiration for important improvements.

Petrol Research Panel members co-create Petrol's offer and communication

The Petrol Research Panel has been active in Slovenia since 2018. We have over 4,300 members in the community. Almost every month, we invite panellists to participate in research on various topics. In 2023, their answers helped us understand their needs even better. They also evaluated our socially responsible campaigns such as Ski Cents, Together We Help and the Heart for the Planet label.

21.4 Brand loyalty – Petrol Club

In 2023, we invested a lot of energy in **redesigning the Petrol Club catalogue**, which offers value-added products and strengthens loyalty to Petrol. Consumers are finding it increasingly difficult to see the added value in the flood of loyalty programmes on the market, so we wanted to wake up inactive members with an offer that would meet their needs so well that they would want to join the Petrol Club on a regular basis. As the discount on energy commodities was the main reason why customers identified with the Club, the removal of discounts due to the energy crisis led to a decline in preference for Petrol and a decrease in Golden Point redemption activity. One of the key objectives was therefore to retain these customers and to shift the redemption of Golden Points from energy commodities to merchandise and services and to increase the level of redemption of the points.

We did this based on surveys showing that club members were particularly keen to see Petrol Club adapted to include permanent discounts and free products, and to offer a more personalised offer with a simpler programme, a better range and easier visibility of benefits.

Petrol Archive

We redesigned the Petrol Club catalogue with the aim of increasing member loyalty and activity with offers tailored to their needs and shifting the redemption of Golden Points away from energy commodities and towards merchandise and services. This has led to a 27 percent increase in revenue through this medium.

We redesigned the Petrol Club catalogue in 2023, including new catalogue offers. The redesign of the Petrol Club catalogue was integrated into the broader **Welcome. Go!** campaign, which puts the customer and their experience at the centre, with a single creative platform that reinforces awareness of all the things consumers can do at the "best stop on the road" at Petrol. With the slogans "Welcome, Star Companions" and "Welcome, Golden Offer", we communicated in the renewed Petrol Club catalogue, in the Club's gold colour and with a clearly identifiable image that can be easily linked to "Welcome", that the Petrol Club takes the experience of visiting Petrol even further. The renewed Petrol Club catalogue added the icing on the cake with the slogan "Every purchase Petrol Archive counts".

We exceeded our expectations with our renewed catalogue and the addition of new, attractive offers. In 2023, we published 8 editions of the Petrol Club catalogue and achieved record sales through this medium, generating 27 percent more revenue than in the previous year. By improving the range of products and communication, we increased the value of the catalogue as a marketing channel for suppliers, partners and internal stakeholders.

The fact that we effectively compensated our customers for the discounts on energy commodities is also reflected in the increase in the number of points redeemed and their redemption rate. In 2023, we saw a 20 percentage-point increase in the redemption of Golden Points compared to 2022. With the Driver offer in 2023, we attracted 14 percent of members who last redeemed their points before 2022, and we also attracted 8 percent of members who had never redeemed their points or who last used their club card in 2015. Increased page views and a lower abandonment rate show that we were able to attract more members to see and that they are interested in what we have to offer. We also strengthened our cooperation with partners, which has helped us to broaden our customer base.

In 2023, users were once again able to donate their Golden Points to a good cause. In January 2023, we organised a charity event, **Growing Together**, where Petrol Club members could donate their Golden Points to the cause of reforestation. As a result of these activities, we raised EUR 20 thousand for reforestation and planted ten thousand new tree seedlings.

The redemption of Golden Points increased by 20 percent compared to 2022.

Customers remained loyal to the **Na poti app** in 2023, with usage again outperforming previous years. 9 percent more customers used the app to pay than in the year before, we saw a 23 percent increase in payments and growth across all services and products that can be paid for using the app. There was a 32 percent increase in coffee purchases using the app, a 20 percent increase in orders from the app's Hip Shop offer, and a significant increase in car wash and fuel payments. Petrol Club members were able to use the app to find out about benefits, Star Companions and Golden Offers, and to take advantage of discounts on purchases.

THE RECEIVED MARKETING EXCELLENCE AWARD

Petrol Archive

21.5 Petrol's customer support and Contact Centre

Petrol's customer support and Contact Centre provide a comprehensive and friendly service to both physical customers and business partners. We are available all year round through a variety of modern information and communication channels. As well as the established channels of telephone and email, we also use chat via social networks, mobile apps and websites, chatbots and video calls. We regularly measure customer satisfaction using a variety of methods and then carefully analyse the results to develop improvement actions – with the aim of improving the quality of our customer service. We are committed to digitalising our business, developing self-service customer channels and going paperless. This contributes to a more sustainable business.

21.6 Customer claims and complaints handling

Customer claims, complaints and other feedback are important to Petrol as they provide the basis for improvements in all areas of operation.

We have a system in place to manage claims and complaints in a systematic and process-efficient way, including keeping customers informed of the progress of the claim or complaint. The process is fully digitised, but we made several process and IT improvements in 2023. In addition, in 2023, we 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.

22 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 the environmental regulations, introduce products and services that are friendlier to the environment and pay attention to efficient energy consumption. We are taking a number of measures to reduce our carbon footprint, use renewable energy and reduce waste. 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 the 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, as well as measures to reduce greenhouse gas emissions from heat and electricity generation and distribution.

The emissions of volatile hydrocarbons occur due to evaporation during the decanting and storage of fuel. 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

We carry 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. If 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. An 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.

We have obtained environmental permits for all emissions into 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, we operate 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 service stations 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.

Light emissions

An aspect of environmental pollution that we pay 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 2023, we completed the refurbishment of the price displays at the service station entries to further reduce light pollution.

In addition to the rehabilitation of street lighting, we 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 service stations when they are closed. These measures further contribute to reducing light pollution.

We are aware that the excessive illumination 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 both electricity consumption and light pollution. In 2023, we also completed the refurbishment of the price displays at the service station entries to further reduce light pollution.

Prevention of major accidents

Petrol d.d., Ljubljana operates seven facilities posing a minor or major risk to the environment (so-called SEVESO plants). In keeping with the Framework Safety and Security Policy, Major Accident Prevention Concept (Petrol's safety focus) and the Safety Management System, a number of activities laid down in environmental risk reduction concepts, safety reports and protection and rescue plans were carried out at the facilities in connection with major accident prevention and the 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 the protection and rescue plans, practical fire and evacuation drills were organised in October and November 2023, fire safety month, in Petrol's office buildings, at service stations and at fuel storage facilities.

When a diesel fuel spill occurred at the petroleum products warehouse in Rače, we acted quickly, carried out remediation under the supervision of the Slovenian Environment Agency, successfully mitigated the contamination and protected drinking water through controlled groundwater pumping.

In 2023, particular attention was paid 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.

Despite all due diligence, minor or major security incidents can occur. In 2023, a large spill of diesel fuel occurred at the Rače fuel storage facility. In accordance with the provisions of the Environmental Protection Act, we implemented an environmental damage remediation programme under the supervision of the Slovenian Environment Agency. An important activity still underway at the site is the extraction of groundwater from wells, boreholes and piezometers drilled in and around the spill site to reduce the amount of contaminants in the soil and prevent their possible migration into the deep aquifer, which is a potential source of drinking water.

23 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, the ISO 45001 occupational health and safety system and the ISO 27001 information security system.

In the Petrol Group, ensuring high-quality products and services is a fundamental principle of our operations. Thanks to our own expertise, experience and the introduction of best practices into our business, we consistently maintain our status as a leading energy company in Slovenia, which has an important impact on the development of fuels and the introduction of new technologically advanced solutions to the Slovenian market. Our own accredited petroleum laboratory plays an important role in this process: **Petrol Laboratory.** The laboratory is accredited by Slovenian Accreditation with the accreditation number LP-002 in the field of testing (SIST EN ISO/IEC 17025). At the end of 2023, Petrol Laboratory had 52 accredited test methods for petroleum product testing.

An **inspection body** accredited by Slovenian Accreditation with the accreditation number K-040 in the field of inspection (SIST EN ISO/IEC 17020, Type C - General criteria for the operation of various types of bodies performing inspections) also operates as part of Petrol d.d., Ljubljana. It has 20 accredited test methods for the inspection of flow and tyre pressure measuring devices, pressure equipment, the tightness of fixed steel reservoirs, the wall thickness of liquid fuel reservoirs, the measurement of the dielectric strength of liquid fuel reservoir insulation and the measurement of noise in the natural and living environment.

Petrol d.d., Ljubljana is one of the first energy companies in Europe to have received the European quality certificate (EQTM), awarded by the European Organisation for Quality (EOQ), for the Q Max family of fuels.

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[1], SIST EN ISO/IEC 17020:2012[2]	ISCC[3], POR[4], FSC[5], AEO[6]
Petrol d.o.o.	ISO 9001:2015	ISO 14001:2015	/	/	/
Petrol d.o.o. Beograd	ISO 9001:2015	ISO 14001:2015	/	/	EN 45001
Beogas d.o.o.	ISO 9001:2015	/	/	/	/

[1] Petrol d.d., Ljubljana - Petrol Laboratory is accredited by Slovenian Accreditation with the accreditation number LP-002 in the field of testing (SIST EN ISO/IEC 17025).

[2] Petrol d.d., Ljubljana - Measurement and Environment Service is accredited by Slovenian Accreditation with the accreditation number K-040 in the field of inspection (SIST EN ISO/IEC 17020).

[3] Petrol d.d., Ljubljana is certified under the voluntary International Sustainability and Carbon Certification (ISCC) scheme for the sustainable supply of biofuels, which means a documented and traceable path from the production of raw materials to the final product.

[4] Based on the Report on the Implementation of Accepted Commitments from the World Charter of Responsible Environmental Management (POR), Petrol d.d., Ljubljana is the holder of the Certificate for the Responsible Environmental Management Programme for storage, logistics and retail service stations in Slovenia and related rights to the use of the logo.

[5] Petrol d.d., Ljubljana, is the holder of the FSC certificate for the production of wood chips for thermal energy. The FSC certificate, issued by the international non-governmental organisation Forest Stewardship Council, promotes environmentally sound, socially beneficial and economically viable forest management.

[6] The AEO certificate is issued by the Customs Administration of the Republic of Slovenia, which carries out supervision and inspection among the recipients of the AEO certificate. This certificate facilitates access to customs simplifications, fewer physical and documentary checks, preferential treatment in the event of controls, the possibility of choosing a place for such controls and the possibility of prior notification. To obtain an AEO certificate, it is necessary to meet a number of conditions and criteria: meeting security and safety standards, appropriate records of compliance with customs requirements and a reliable system of business and transport records that allow control and proven financial solvency.

24 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 2023, we again supported a number of humanitarian, cultural, sports and environmental projects through sponsorships and donations.

24.1 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 Archive

Petrol has a traditional presence in winter sports, where our support for the Ski Association of Slovenia stands out, through which we have been sponsoring all age categories of the national teams for many years. We are also a personal sponsor of some of the best athletes in winter sports, including Žan Kranjec and the promising young biathlete Lena Repinc. In 2023, we also sponsored 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 Domžale Helios Suns Basketball club, the Branik Maribor Tennis club, and other smaller sports teams.

As in the winter, we supported several major sporting events in the summertime, including the biggest sporting event to be held in Slovenia in 2023 – the Charity Football All-Star Game and the WTA[34] International Women's Tennis Tournament in Ljubljana. In addition, as the largest sponsor and thus also the name holder, we have supported the Q Max Petrol Ilirska Bistrica Mountain Speed Race, as well as several smaller sporting events such as the Triglav Run and the Sporto Conference.

34 WTA - Women's Tennis Association

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.

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 in 2023 (Dani sunca 2023, 2nd Liver Interventional Oncology Meeting LIO2023, My Land – Beautiful and Welcoming, BledCom 2023, Meeting of Transport Families and Transport Companies of Slovenia 2023, 17th Strategic Conference on Trade, Charity Diplomatic Bazaar Montenegro, World Congress of the International Police Association Antina 2023, Logistics Congress 2023, Urban Beekeeping Exhibition on Krakovski nasip 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 and Cankarjev Dom (the Magnificent season ticket).

We were also active as a regional sponsor in 2023. In Croatia, we sponsored the Croatian Olympic Committee, the Zadar Basketball Club and the Primorje Water Polo Club. In Bosnia and Herzegovina, we supported the "Naš Tim" ski club and the Head Academy. In Serbia, we sponsored the "Lokomotiva" Tennis Club and the Arena Niš Football Club in 2023.

24.2 Humanitarian projects

We continue to support a wide range of humanitarian, cultural, sporting and environmental projects.

Through the **Our Energy Connects project**, we helped organisations and individuals in local communities for the 13th time in 2023. In the project, funds earmarked for business gifts are given as humanitarian aid to various associations, federations, schools and other non-profit organisations. Each service station in Slovenia proposes a humanitarian project for which we allocate 200 euros. Through this project, we supported a total of 137 different humanitarian projects implemented by non-profit organisations in 2023. As part of this project, we have donated a total of more than EUR 800,000 to local humanitarian projects in thirteen years.

Petrol Archive

In the first three months of 2023, we collected **Petrol's Golden Points** for humanitarian causes. Donations from Petrol customers through Golden Points were earmarked for the activities of the Red Noses Association and the Slovenian Forest Institute. We donated EUR 20,000 to both organisations.
Since 2011, in cooperation with the Red Cross of Slovenia and the Institute of Transfusion Medicine of the Republic of Slovenia, the humanitarian campaign **Donate Energy for Life** has been running throughout Slovenia, raising awareness of the importance of blood, inviting new blood donors and informing existing donors about healthcare needs.

Petrol Archive

In the area of sustainability, Petrol Group employees can join the **Sustainability Ambassador Community**, and we also have the **Me Too!** portal, which aims for the closer cooperation and networking of employees in the area of environmental awareness and sustainable management in the reduction of our carbon footprint. Employees are also encouraged and required to follow guidelines for the efficient use of heating, cooling, ventilation, lighting and electrical appliances, and the **Be a Hero for Your Environment!** campaign helps them to do so.

In 2023, employees planted 2,500 seedlings in three volunteer campaigns as part of a EUR 20,000 donation for 10,000 seedlings for the forests of Slovenia. We also completed the **My Carbon Footprint** questionnaire, which was a self-assessment of how much our actions at home and at work contribute to our carbon footprint, as well as areas where we can improve our activities to reduce our footprint.

Since 2010, we have been working together on the Our Energy Connects project, through which we have donated EUR 62,100 to various associations, federations, schools and other non-profit organisations in 2023, for a total of over EUR 800,000 over 13 years.

In June 2023, we launched the **Heart for the Planet** sustainability label, which we use to label sustainable products, services and activities, making them easier for users to identify. The label communicates that by choosing to support our fellow human beings, nature or progress, we are actively participating in more responsible and sustainable behaviour and actions.

As part of our **Family Friendly Company** measures, in 2023 we also invited employees who are parents of first-graders to share with Petrol as their employer a glimpse of the first day of school they spent with their child instead of at work. The first-graders received a practical gift as a thank-you for their participation.

The last week of September was spent in the spirit of social responsibility, when every employee can give something back to society on a personal level through corporate volunteering. Together with the coordinators, we organised 6 volunteering activities throughout Slovenia and, for the first time, in Croatia as part of

Petrol's Corporate Volunteering Week Giving Back to Society. A total of 51 employees participated in the activities, with Petrol donating 102 hours of their working time and volunteers donating twice as many hours of their free time.

In 2023, we once again extended our helping hand to the Moste-Polje Association of Friends of Youth. As part of **Become the Petrol's Santa Claus** campaign, employees in Slovenia collected almost 200 New Year's presents for children from disadvantaged backgrounds.

THE PETROL GROUP

Together, we are stronger.

25 COMPANIES IN THE PETROL GROUP

The Petrol Group, 31 December 2023	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. (96%; 100% voting rights)			•	
Atet Mobility Zagreb d.o.o. (100%)			•	
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%; 74.49% voting rights)			•	
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. (29.84%)			•	
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 2023, the Petrol Group diagram does not include inactive companies.

26 THE PARENT COMPANY

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

President of the Management Board: Sašo Berger (since 23 November 2023 as President of the Management Board; from 15 September 2023 to 22 November 2023 as Member of the Management Board), Nada Drobne Popović (until 22 November 2023);
Members of the Management Board: Marko Ninčević (since 1 September 2023), Jože Smolič; Matija Bitenc (until 8 December 2023), Jože Bajuk (until 2 August 2023), Member of the Management Board, 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 58 percent share of the Slovenian retail market in petroleum products.

In 2023, Petrol d.d., Ljubljana generated EUR 5.3 billion in revenue from contracts with customers, which is 28 percent less than in 2022, mainly due to the higher prices of energy commodities.

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

- 3.3 TWh of fuels and petroleum products, down 7 percent compared to 2022,
- EUR 390.4 million of merchandise and services, up 9 percent compared to 2022,
- 1.1 TWh of natural gas to end-customers, up 29 percent compared to 2022,
- 1.9 TWh of electricity to end-customers, up 4 percent compared to 2022,
- 111.8 thousand MWh of thermal energy, down 10 percent compared to 2022.

Operating costs totalled EUR 384.5 million or 28 percent more than in 2022. The costs of materials totalled EUR 52.5 million, up 84 percent compared to 2022, mainly due to the increase in energy prices, most of which was leased in 2022 when the energy commodity prices were very high. The costs of services stood at EUR 145.8 million, an increase of 7 percent over the year before. Labour costs stood at EUR 105.0 million, an increase of 28 percent over the year before. Depreciation and amortisation totalled EUR 46.4 million, on a par with the previous year. Other costs amounted to EUR 34.7 million.

Other operating revenue stood at EUR 7.2 million, which was 11 percent more than in 2022. The net derivative financial instruments totalled EUR 55.2 million or 81.4 million more than in 2022.

The company's operating profit totalled EUR 115.4 million, an increase of EUR 97.5 million from 2022.

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities stood at EUR 3.8 million, an increase of EUR 2.1 million compared to 2022. Its net finance expense for 2023 totalled EUR –10.8 million.

Profit before tax totalled EUR 108.4 million or EUR 90.5 million more than in 2022. The net profit of Petrol d.d., Ljubljana for the year 2023 stood at EUR 92.8 million, up 73.4 million compared to 2022.

The total assets of Petrol d.d., Ljubljana as at 31 December 2023 equalled EUR 2.0 billion, which was 6 percent less compared to the end of the previous year. Of this, non-current assets amounted to EUR 1.2 billion, which is 2 percent less than on 31 December 2022. Current assets amounted to EUR 820.0 million, which is 11 percent less than on 31 December 2022.

The equity of Petrol d.d., Ljubljana as at 31 December 2023 equalled EUR 618.6 million, which was 3 percent more than at the end of 2022.

27 SUBSIDIARIES

THE PETROL ZAGREB GROUP

President of the Management Board of the parent company Petrol d.o.o.: Simona Kostrevc; **Members of the Management Board:** Vladimir Kuzmič, Niko Knez; **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 the sole owner of Petrol javna rasvjeta d.o.o. and a 75 percent owner of Adria-Plin d.o.o. The Petrol Zagreb Group is active in the Croatian market in the sale of fuels and petroleum products, merchandise and services, and energy and solutions.

In 2023, the Petrol Zagreb Group sold 1,120.9 thousand tonnes of fuels and petroleum products, down 8 percent on the previous year, and EUR 152.4 million of merchandise and services. In 2023, the Petrol Zagreb Group as a whole generated EUR 1,179.1 million in revenue from contracts with customers, down 21 percent from 2022. Its operating profit stood at EUR 28.0 million in 2023, an increase of EUR 30.0 million from the previous year. The Group's net profit for 2023 totalled EUR 19.9 million, an increase of EUR 24.2 million from 2022. The Petrol Zagreb Group operated 202 service stations at the end of 2023. The group's equity totalled EUR 261.6 million as at 31 December 2023.

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 2023, the company sold 181.1 thousand tonnes of fuels and petroleum products, down 5 percent on the previous year. In 2023, Petrol BH Oil Company d.o.o. Sarajevo generated EUR 170.6 million in revenue from contracts with customers, down 31 percent from 2022. Its operating profit stood at EUR 3.2 million in 2023, a decrease of EUR 0.7 million from the previous year. The company's net profit for 2023 totalled EUR 3.3 million, a decrease of EUR 0.5 million from 2022. Petrol BH Oil Company d.o.o. Sarajevo operated 42 service stations at the end of 2023. The company's equity totalled EUR 76.3 million as at 31 December 2023.

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 2023 totalled 109.2 thousand tonnes, down 3 percent from the previous year. In 2023 the Petrol Beograd Group as a whole generated EUR 108.9 million in revenue from contracts with customers, down 18 percent from 2022. Its operating profit stood at EUR 3.9 million in 2023, at the same level as in 2022. The group's net profit for 2023 totalled EUR 3.5 million, up 8 percent on the previous year. Petrol d.o.o. Beograd operated 17 service stations at the end of 2023. The group's equity totalled EUR 38.0 million as at 31 December 2023.

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.

The volume of fuels and petroleum products sold in 2023 totalled 52.3 thousand tonnes, up 4 percent from the previous year. In 2023 Petrol Crna Gora MNE d.o.o. generated EUR 63.1 million in revenue from contracts with customers, down 16 percent from the year before. Its operating profit stood at EUR 1.9 million in 2023. Its net profit for 2023 totalled EUR 1.6 million. Petrol Crna Gora MNE d.o.o. operated 15 service stations at the end of 2023. The company's equity totalled EUR 24.9 million as at 31 December 2023.

THE GEOPLIN GROUP

Director-General of the parent company: Matija Bitenc, **Director of the parent company** Simon Urbancl (since 1 October 2023), Jože Bajuk (until 2 August 2023)
E-mail: matija.bitenc@geoplin.si
Ownership interest of Petrol d.d., Ljubljana: 74.34% (74.49% of voting rights)

The company's principal activity is supplying, trading, representing and brokering on the natural gas market. To be able to ensure supply, it has appropriate and diversified procurement sources at its disposal, as well as transport and storage facilities. The Geoplin Group consists of the parent company Geoplin d.o.o. Ljubljana and its subsidiaries Geoplin d.o.o. Zagreb and Geoplin d.o.o. Beograd, 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. Geocom was merged into Geoplin d.o.o. Ljubljana on 13 July 2023. In 2023, 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 a 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 2023, the Geoplin Group sold 14.5 TWh of natural gas, generating EUR 1,010.3 million in revenue from contracts with customers. Its operating profit stood at EUR 12.6 million. The group's net profit for 2023 totalled EUR 2.7 million. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 2.0 million. The group's equity totalled EUR 117.5 million as at 31 December 2023.

BEOGAS D.O.O. BEOGRAD

General Manager: Uroš Bider; **Procuration Holder:** Aleš Gruden (since 13 September 2023), Primož Kramer (until 12 September 2023)
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 Bačka Topola. Beogas d.o.o. Beograd is the owner of 525.4 km of gas distribution network and 14,181 active gas connections.

In 2023, the company sold 378.1 thousand MWh of natural gas, up 5 percent on the previous year. In 2023, it generated EUR 17.1 million in revenue from contracts with customers, up 25 percent on the previous year. The company's operating profit stood at EUR 1.2 million in 2023, which is on a par with 2022. The company's net profit for 2023 totalled EUR 1.2 million, up 5 percent on the previous year. The company's equity totalled EUR 23.7 million as at 31 December 2023.

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. is the sole owner of Tigar Petrol d.o.o. The companies sell liquefied petroleum gas in Serbia. It also fully owns Petrol LPG HIB d.o.o., which sells liquefied petroleum gas in Bosnia and Herzegovina.

In 2023, the Petrol LPG Group sold 50,8 thousand tonnes of liquefied petroleum gas, down 10 percent on the previous year. In 2023, it generated EUR 33.1 million in revenue from contracts with customers, a year-on-year decrease of 32 percent. The company's operating loss for 2023 totalled EUR 0.8 million, a decrease of EUR 2.1 million from 2022. The group's net loss for 2023 totalled EUR 0.7 million, which was EUR 1.9 million less than in the previous year. The group's equity totalled EUR 10.9 million as at 31 December 2023.

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%

The company's principal activity is oil and gas production services.

In 2023, Petrol Geo d.o.o. generated EUR 2.1 million in revenue from contracts with customers. The company's operating profit stood at EUR 1.1 million in 2023, a decrease of EUR 0.5 million from the previous year. The main reason for the lower revenue is the fall in stock market prices. The company's net profit for 2023 totalled EUR 0.9 million, a year-on-year decrease of EUR 0.2 million. The company's equity totalled EUR 4.2 million as at 31 December 2023.

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 company's equity totalled EUR 15.9 million as at 31 December 2023.

PETROL-TRADE HANDELSGESELLSCHAFT M.B.H.

General Manager: Marko Malgaj; **Procuration Holder:** Tomaž Slavec
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 2023, the company sold 133.8 thousand tonnes of fuels and petroleum products. It generated EUR 112.4 million in revenue from contracts with customers, down 30 percent from 2022. Its operating profit stood at EUR 0.6 million. The net profit of Petrol-Trade Handelsgesellschaft m.b.H. stood at EUR 1.4 million in 2023, which was 53 percent more than in 2022. The company's equity totalled EUR 2.9 million as at 31 December 2023.

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%

The company is engaged in electricity generation. The company owns a 20.7 MW wind farm in the Šibenik area.

In 2023, the company generated EUR 5.6 million in revenue from contracts with customers, its net profit totalling EUR 1.1 million. The company's equity totalled EUR 13.8 million as at 31 December 2023.

PETROL HIDROENERGIJA D.O.O., TESLIĆ

General Manager: Aleš Weiss; **Procuration Holder:** Borut Bizjak
E-mail: ales.weiss@petrol.si; borut.bizjak@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 80%

The company is engaged in electricity generation.

In 2023, the company generated EUR 3.3 million in revenue from contracts with customers. Its net profit for 2023 totalled EUR 2.5 million. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 2.0 million. The company's equity totalled EUR 8.8 million as at 31 December 2023.

PETROL POWER D.O.O.

General Manager: Aleš Weiss; **Procuration Holder:** Borut Bizjak
E-mail: ales.weiss@petrol.si; borut.bizjak@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 99.7518%

The company generates and distributes electricity.

In 2023, the company generated EUR 2.6 million in revenue from contracts with customers. Its net profit for 2023 totalled EUR 1.4 million. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 1.4 million. The company's equity was EUR –0.6 million as at 31 December 2023.

MBILLS D.O.O.

General Manager: Leon Stare
E-mail: leon.stare@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company operates under the Petrol mBills brand, which stands for paperless and cashless payments.

In 2023, the company generated EUR 3.3 million in revenue from contracts with customers. Its net loss for 2023 was EUR 1.0 million. The company's equity totalled EUR 2.5 million as at 31 December 2023.

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%

The company's principal activity is to generate and distribute heat from renewable sources.

In 2023, Ekoen d.o.o. generated EUR 0.7 million in revenue from contracts with customers. Its net loss for 2023 totalled EUR 10.9 thousand. The company's equity totalled EUR 0.7 million as at 31 December 2023.

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%

The company's principal activity is to generate and distribute heat from renewable sources.

In 2023, the company generated EUR 65.6 thousand in sales revenue. Its net profit for 2023 was EUR 5.7 thousand. The company's equity totalled EUR 16.2 thousand as at 31 December 2023.

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. The company distributes natural gas in Zagreb County and in Krapina-Zagorje County. It has a widespread gas distribution network, through which it supplied gas to over 23,385 end-customers at the end of 2023.

In 2023, it sold 232.3 million KWh of natural gas and distributed 261.7 million KWh of natural gas. In 2023, the company generated EUR 14.3 million in revenue from contracts with customers. Its net loss for 2023 was EUR 5.6 thousand. The company's equity totalled EUR 8.8 million as at 31 December 2023.

E 3, D.O.O.

General Manager: Jože Smolič; **Procuration Holder:** Miha Vrbinc
E-mail: joze.smolic@petrol.si; miha.vrbinc@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The main activities of the company are the supply of electricity, the electricity generation from renewable sources and cogeneration, activities related to efficient energy use and the supply of steam and hot water.

In 2023, E 3, d.o.o. sold 1.2 TWh of electricity and 7.4 thousand MWh of heat and generated 2.7 thousand MWh of electricity. In 2023, it generated EUR 177.5 million in revenue from contracts with customers. Its operating profit stood at EUR 11.8 million. Its net profit for 2023 was EUR 10.3 million. The company's equity totalled EUR 22.9 million as at 31 December 2023.

PETROL-ENERGETIKA DOOEL SKOPJE

General Manager: Rade Ristić (since 29 August 2023), Domen Dimc (until 28 August 2023)
E-mail: rade.ristic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company has a valid electricity trading licence. The company has a valid licence to operate in the electricity trade.

In 2023, the company generated EUR 14.5 thousand in revenue from contracts with customers. Its net profit for 2023 was EUR 1.0 thousand. The company's equity totalled EUR 0.1 million as at 31 December 2023.

PETROL BUCHAREST ROM S.R.L.

General Manager: Rade Ristić (since 17 August 2023), Domen Dimc (until 16 August 2023)
E-mail: rade.ristic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's activities include trading, generating, transmitting and distributing electricity.

In 2023, the company generated EUR 30.2 thousand in revenue from contracts with customers. Its net profit for 2023 was EUR 105.3 thousand and equity EUR 36.0 thousand as at 31 December 2023.

VJETROELEKTRANA LJUBAČ D.O.O.

General Managers: Borut Bizjak, Tomislav Benković, Slaven Tudić
E-mail: borut.bizjak@petrol.si; tomislav.benkovic@petrol.hr
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is engaged in electricity generation.

In 2023, the company generated EUR 4.4 million in revenue from contracts with customers and a net profit of EUR 0.6 million. The company's equity totalled EUR 8.8 million as at 31 December 2023.

ATET GROUP

General Managers of the parent company: Robert Surina (since 5 January 2023), Tomaž Novak (since 3 March 2023), Matevž Kustec (until 2 March 2023)
E-mail: robert.surina@petrol.si
Ownership interest of Petrol d.d., Ljubljana for the 2023 financial year: 96% (100% of voting rights)

In December 2019, Petrol d.d., Ljubljana acquired a 72.96 percent interest in Atet d.o.o. On 12 January 2023, Petrol d.d., Ljubljana, acquired a further 23.04 percent interest in Atet d.o.o. and became its 96 percent owner (100 percent of voting rights). The company's principal activity is the rental and leasing of cars and light motor vehicles (short-term rental of vehicles, transport activities with a driver, and ancillary mobility services). Atet d.o.o. is the sole owner of Atet Mobility Zagreb d.o.o.

In 2023, the Atet Group generated EUR 4.0 million in revenue from contracts with customers. Its net profit for 2023 was EUR 169.7 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 162.9 thousand and equity to EUR 2.7 million as at 31 December 2023.

STH ENERGY D.O.O. KRALJEVO

General Manager: Nikola Kapor (since 29 September 2023), Aleš Weiss (until 28 September 2023).
E-mail: nikola.kapor@petrollpg.rs
Ownership interest of Petrol d.d., Ljubljana: 80%

The principal activity of the company is electricity generation.

In 2023, the company generated EUR 493.7 thousand in revenue from contracts with customers. Its net profit for 2023 totalled EUR 177.9 thousand. The net profit attributable to Petrol d.d., Ljubljana was EUR 142.3 thousand. The company's equity totalled EUR 767.6 thousand as at 31 December 2023.

PETROL-OTI-TERMINAL L.L.C.

General Manager: Anton Figek
E-mail: anton.figek@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's equity totalled EUR 8.7 million as at 31 December 2023.

28 JOINTLY CONTROLLED ENTITIES

GEOENERGO D.O.O.
General Managers: Verena Zidar, Peter Hrastar (since 8 March 2023)
E-mail: verena.zidar@nafta-lendava.si, peter.hrastar@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 50%

The company holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura Depression. Its net loss for 2023 was EUR 2.3 million. The net loss for 2023 attributable to the Petrol Group totalled EUR 1.6 million. The company's equity totalled EUR –2.4 million as at 31 December 2023.

SOENERGETIKA D.O.O.
General Manager: Aleš Ažman
E-mail: ales.azman@elektro-gorenjska.si
Ownership interest of Petrol d.d., Ljubljana: 25%

The company's principal activity is the cogeneration of heat and electricity. Its net profit for 2023 was EUR 179.9 thousand. The net profit for 2023 attributable to the Petrol Group totalled EUR 44.9 thousand. The company's equity totalled EUR 1.3 million as at 31 December 2023.

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

The company's activity is electricity generation from wind energy, which will be started in 2024. Its net loss for 2023 was EUR 284.0. The net loss for 2023 attributable to the Petrol Group totalled EUR 142.0. The company's equity totalled EUR –2.1 thousand as at 31 December 2023.

29 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: 29.84%
Activities: Management of gas infrastructure

KNEŠCA D.O.O.

Ownership interest of E 3, d.o.o.: 47.27%
Activities: Electricity generation


PETROL
PETROL

FINANCIAL REPORT

We remain stable in a dynamic environment.

ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA, 2023 – Financial Report

CONTENTS

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 2023, 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 2023.

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 on 31 December 2023.

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.

Sašo Berger
President of the Management Board

Drago Kavšek
Member of the Management Board

Marko Ninčević
Member of the Management Board

Metod Podkrižnik
Member of the Management Board

Jože Smolič
Member of the Management Board

Zoran Gračner
Member of the Management Board, Worker Director

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

Ljubljana, 11 April 2024

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 2023, and the Group's consolidated and the Company's 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 of Petrol d.d. dated 15 April 2024.

What we have audited

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

- the consolidated and separate statements of profit or loss for the year ended 31 December 2023;
- the consolidated and separate statements of other comprehensive income for the year ended 31 December 2023;
- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, comprising material accounting policy information 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 are 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.,
Cesta v Kleče 15, SI-1000 Ljubljana, Slovenia
T: +386 (1)5836 000, F:+386 (1) 5836 099, www.pwc.com/si
Matriculation No.: 5717159, VAT No.: SI35498161
The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

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

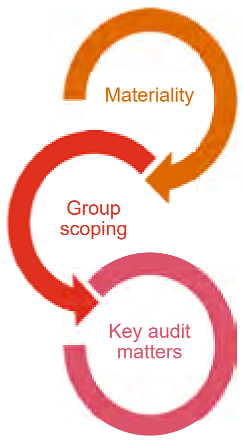
We are independent of the Group and the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements that are relevant 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 2023 to 31 December 2023 are disclosed in the note 5.5 to the consolidated and separate financial statements.

Our audit approach

Overview



Materiality	● Overall materiality for the consolidated financial statements of the Group: EUR 14,906 thousand, which represents approximately 2.2% of Gross profit (Revenue from contracts with customers minus Cost of goods sold) of the Group. ● Overall materiality for the separate financial statements of the Company: EUR 9,629 thousand, which represents approximately 2.2% of Gross profit (Revenue from contracts with customers minus Cost of goods sold) of the Company.
Group scoping	● We conducted audit work at 8 companies/groups of related companies in 3 countries. ● Our audit scope addressed 90.5% of the Group's absolute value of net profit for the year and 94% of Revenue from contracts with the customers for the year.
Key audit matters	● Impairment of investments in subsidiaries in the separate financial statements and impairment of goodwill in the consolidated financial statements. ● Recognising gain and loss from derivatives in the consolidated and separate financial statements.

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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 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 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 14,906 thousand The Company: EUR 9,629 thousand
How we determined it	● The Group: approximately 2.2% of Gross profit (Revenue from contracts with customers minus Cost of goods sold) of the Group. ● The Company: approximately 2.2% of Gross profit (Revenue from contracts with customers minus Cost of goods sold) of the Company.
Rationale for the materiality benchmark applied	We chose Gross profit (Revenue from contracts with customers 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 2.2% 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 judgment, 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.

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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 3.a Material accounting policy information – Subsidiaries, Note 3j2 Material accounting policy information – Impairment-Non financial assets – Impairment of investments in subsidiaries and Note 3.e Material accounting policy information– Intangible assets – Goodwill.

The total value of investments in subsidiaries as at 31 December 2023 is disclosed in Note 5.19 in the separate financial statements – Investments in subsidiaries, and amounts to EUR 555,292,232; the total value of goodwill as at 31 December 2023 is disclosed in Note 5.15 in the consolidated financial statements – Intangible assets, and amounts to EUR 160,702,673.

Investments in subsidiaries and goodwill are considered to be key audit matters 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 audit procedures, including:

- Discussion with management to understand the basis for assumptions used.
- 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, income and expenses in determining cash flows ,EBITDA margin, which are used in cash flows, and assumptions used to determine discount rates including inflation 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.

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Key audit matter	How our audit addressed the key audit matter

Recognising gain and loss from derivatives in consolidated and separate financial statements

See Note 3.c3 Material accounting policy information – Financial assets at fair value through profit or loss and 3.c4- Derivative financial instruments..

The total of Gain from derivatives in 2023 is disclosed in Note 5.9 *Gain/(Loss) from derivates* and amounts to:

- EUR 207,169,670 of Gain from derivatives for the Group and
- EUR 207,414,533 of Gain from derivatives for the Company.

The total Loss from derivatives in 2023 is disclosed in Note 5.9 Gain/(Loss) from derivatives and amounts to:

- EUR 153,888,518 of Loss from derivatives for the Group and
- EUR 152,231,444 of Loss from derivatives for the Company.

Recognising gains and losses from derivatives is considered to be key audit matter due to:

- the significant changes in prices of goods and changes interest rate in 2023,
- 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 2023.

Our audit approach included 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 on sample basis testing their operational effectiveness all the way to the general ledger entry level.
- On a sample basis we tested underlying documentation (such as contracts and settlement documents) supporting derecognition of derivatives and recognition of gain/loss in the consolidated and separate financial statements.
- On a sample basis we tested the appropriateness of valuation of derivatives and recognition of gain/loss in the consolidated and separate 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 2023.

Translation note:

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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, constantly through the year discussed important audit matters, and reviewed the work of component auditors.

Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises the "Introduction", "Business Report", "Sustainable Development" and "Petrol Group" (jointly referred to as: "Business Report") which are a constituent part of the Annual Report of the Group and the Company (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. Those 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, in all material respects, consistent 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 environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information that we obtained prior to 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

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 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.

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In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 management either intends to liquidate the Group and 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 the 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 judgment 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 and 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 have complied with relevant ethical requirements regarding independence, and to 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 Group and 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 appointment has been renewed by shareholders resolutions in the intermediate years, representing a total period of our uninterrupted engagement appointment for the Group and the Company, as a public interest entity, of 2 years.

Report on the compliance of the presentation of consolidated and separated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based on our agreement by management of the Company 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 the Group and the Company for the financial year ended 31 December 2023 (the "Presentation of the consolidated and separate financial statements").

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Description of subject matter and applicable criteria

The Presentation of the consolidated and separate financial statements has been applied by 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

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 in the consolidated and separate financial statements using ESEF taxonomy and 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 process, which should also be understood as the preparation of the consolidated and separate financial statements in accordance with the format resulting from the ESEF Regulation.

Auditor’s 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 respects, 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).

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Quality control requirements and professional ethics

We apply the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or 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, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Summary of the 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 respects, 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 and marking up the consolidated and separate financial statements;
- verification whether the XHTML format was applied properly to the 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 in the consolidated and separate financial statements 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 for the preparation of the consolidated and separate financial statements.

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.

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Reporting in accordance with Gas Supply Act, (ZOP) Electricity Supply Act (ZOEE) and Heat Supply from Distribution Systems Act (ZOTDS)

We have been engaged by the Company to perform a reasonable assurance engagement to verify whether the separate financial statements of the Company for the financial year ended 31 December 2023 disclosed financial statements by activities, and whether the Company established the adequate criteria and applied correctly these criteria to prepare financial statement by activities in compliance with the applicable requirements.

Description of a subject matter and applicable criteria

The Company disclosed financial statements by activities in Note 10.»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» to the separate financial statements, which include Statement of financial position by activities as at 31 December 2023 and Statement of profit and loss by activities for the year then ended ("the Financial statements by activities") and the criteria for allocation of assets, liabilities, revenues and expenses by activities (the "Criteria") and other relevant information. The Criteria are also contained in the internal act "Accounting Manual".

Financial statements by activities has been prepared by the management of the Company to comply with the Criteria and with the requirements of ZOP, ZOEE and ZOTDS.

The requirements described in the preceding sentence determine the basis for application of the disclosure of the financial statements by activities and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The management is responsible for the preparation of the Financial statements by activities as at 31 December 2023 and for the year then ended in accordance with ZOP, ZOEE and ZOTDS. The management is also responsible for establishing the Criteria and application of these Criteria correctly to the Financial statement by activities, and for such internal control as is necessary according to the decision of the management to enable the preparation the Financial statement by activities that are free from material misstatement due to fraud or error.

Those charged with governance are competent for the adoption of Criteria and the control of their use in accordance with the requirements of ZOP, ZOEE, ZOTDS.

Auditor's responsibility

Our responsibility was to perform a reasonable assurance engagement and to express a conclusion whether the Company, in all material respects, disclosed Financial statements by activities, established the adequate Criteria and correctly applied these Criteria to prepare Financial statements by activities in compliance with the Criteria and the requirements of ZOP, ZOEE, ZOTDS.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (R) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000(R)). This standard requires us to plan and perform the procedures to obtain reasonable assurance whether the Financial statements by activities complies with the Criteria and the requirements of ZOP, ZOEE, ZOTDS, and are free from material misstatement.

In order to assess the adequacy of Criteria, we assessed the compliance with the requirements of ZOP, ZOEE and ZOTDS. We assessed whether the Criteria reflect the scope of activities that give rise to the economic category for which they are intended to be spited. If the scope of the activities that

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give rise to the economic category cannot be measured, we assessed whether the division criteria was determined based on the proportion of direct costs.

In order to assess the accuracy of the use of the Criteria, we have performed procedures pertaining to audit, with which we checked whether the individual Criteria are used for the split of the economic category for which it was adopted and in the way it was determined.

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 an 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 Management 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, 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, 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 applicable requirements. Our procedures included in particular:

- We identified and assessed the risk of a material misstatement of the Criteria and the appropriateness of their use with the requirements of ZOP, ZOEE, ZOTDS.
- We obtained an understanding of internal controls relevant to the engagement of providing reasonable assurance to structure procedures which are appropriate under the circumstances. however, not for the purpose of expressing an opinion on the efficiency of internal controls.
- We checked whether the Company established the appropriate Criteria and applied them correctly to prepare the Financial statements by activities.
- We checked whether the Financial statements by activities comply with the requirements of ZOP, ZOEE, ZOTDS.
- We verified whether the Financial statements by activities disclosed required information.
- We reconciled the financial data included in the Financial statements by activities to the Company's accounting records and to the audited financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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

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Conclusion

Based on the procedures performed and evidence obtained, in our opinion, 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 Criteria and the requirements of ZOP, ZOEE, ZOTDS.

The key audit partner on the audit resulting in this independent auditor’s report are Primož Kovačič and Dušan Hartman.

For and on behalf of PricewaterhouseCoopers d.o.o.

Primož Kovačič
Director, Certified auditor

Dušan Hartman
Certified auditor

Ljubljana, Slovenia, 17 April 2024

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FINANCIAL STATEMENTS OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA

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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	2023	2022	2023	2022
Revenue from contracts with customers	5.3	6,982,676,839	9,456,733,497	5,303,129,218	7,325,325,520
Cost of goods sold		(6,305,108,020)	(9,063,284,948)	(4,865,438,865)	(6,986,267,630)
Costs of materials	5.4	(65,615,823)	(39,423,844)	(52,500,522)	(28,590,381)
Costs of services	5.5	(186,252,765)	(180,137,325)	(145,843,861)	(136,071,228)
Labour costs	5.6	(160,562,524)	(135,562,309)	(105,015,807)	(82,129,297)
Depreciation and amortisation	5.7	(97,482,944)	(96,300,070)	(46,439,978)	(46,517,125)
Other costs	5.8	(51,351,017)	(16,476,159)	(34,733,292)	(8,082,795)
- of which net allowance for trade receivables		512,501	(7,930,749)	(619,233)	(2,990,233)
Gain on derivatives	5.9	207,169,670	523,094,819	207,414,533	525,064,103
Loss on derivatives	5.9	(153,888,518)	(558,699,150)	(152,231,444)	(551,271,270)
Other income	5.3	10,883,284	102,421,062	7,169,311	6,443,925
Other expenses	5.9	(295,509)	(278,445)	(105,178)	(30,455)
Operating profit or loss		**180,172,673**	**(7,912,872)**	**115,404,115**	**17,873,367**
Share of profit or loss of equity accounted investees	5.10	**3,724,137**	**3,328,395**	**-**	**-**
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	5.10	**-**	**-**	**3,766,738**	**1,652,814**
Finance income	5.11	71,972,561	109,249,416	66,334,395	103,318,887
Finance expenses	5.11	(88,075,214)	(114,478,291)	(77,136,838)	(105,021,002)
Net finance expense		**(16,102,653)**	**(5,228,875)**	**(10,802,443)**	**(1,702,115)**
Profit/(loss) before tax		**167,794,157**	**(9,813,352)**	**108,368,410**	**17,824,066**
Income tax expense	5.12	(31,242,188)	7,127,546	(15,562,829)	1,559,812
Net profit/(loss) for the year		**136,551,969**	**(2,685,806)**	**92,805,581**	**19,383,878**
Net profit/(loss) for the year attributable to:					
Owners of the controlling company		135,362,154	4,520,125	92,805,581	19,383,878
Non-controlling interest		1,189,815	(7,205,931)	-	-
Basic and diluted earnings per share attributable to owners of the controlling company	5.13	3.29	0.11	2.25	0.47

The 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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	2023	2022	2023	2022
Net profit/(loss) for the year		**136,551,969**	**(2,685,806)**	**92,805,581**	**19,383,878**
Effective portion of changes in the fair value of cash flow variability hedging	5.14	(14,185,913)	17,755,033	(12,718,319)	34,292,222
Change in deferred taxes		2,674,767	(3,333,632)	1,811,369	(6,515,522)
Change in the fair value of financial assets through other comprehensive income		1,547	-	-	-
Change in deferred taxes		(22,580)	-	(22,286)	-
Foreign exchange differences		41,009	(863,631)	-	-
Other comprehensive income to be recognised in the statement of profit or loss in the future		**(11,491,170)**	**13,557,770**	**(10,929,236)**	**27,776,700**
Total other comprehensive income to be recognised in the statement of profit or loss in the future		**(11,491,170)**	**13,557,770**	**(10,929,236)**	**27,776,700**
Unrealised actuarial gains and losses		609,974	2,405,390	351,965	2,583,114
Other comprehensive income not to be recognised in the statement of profit or loss in the future		**609,974**	**2,405,390**	**351,965**	**2,583,114**
Attribution of changes in the equity of associates		18,484	-	-	-
Total other comprehensive income not to be recognised in the statement of profit or loss in the future		**628,458**	**2,405,390**	**351,965**	**2,583,114**
Total other comprehensive income after tax		(10,862,712)	15,963,160	(10,577,271)	30,359,814
Total comprehensive income for the year		**125,689,257**	**13,277,354**	**82,228,310**	**49,743,692**
Total comprehensive income attributable to:					
Owners of the controlling company		124,255,415	24,749,798	82,228,310	49,743,692
Non-controlling interest		1,433,842	(11,472,444)	-	-

The 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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	31 December 2023	31 December 2022	31 December 2023	31 December 2022
ASSETS					
Non-current (long-term) assets					
Intangible assets	5.15	240,679,305	245,289,473	151,635,027	151,972,471
Right-of-use assets	5.16	130,838,196	131,620,269	29,523,632	29,237,692
Property, plant and equipment	5.17	867,570,447	854,552,521	365,945,345	366,310,650
Investment property	5.18	16,838,729	14,777,108	11,133,112	11,490,836
Investments in subsidiaries	5.19	-	-	555,292,232	554,032,932
Investments in jointly controlled entities	5.20	350,240	1,277,748	233,000	233,000
Investments in associates	5.21	59,316,541	56,968,277	26,610,477	26,610,477
Fin. assets at fair value through other comprehensive income	5.22	3,993,859	4,112,346	2,117,914	2,117,914
Contract assets	5.28	5,181,885	-	-	-
Loans	5.23	2,362,489	949,277	29,071,795	59,134,780
Operating receivables	5.24	8,468,242	7,015,756	8,451,918	7,007,540
Deferred tax assets	5.12	21,826,714	18,190,424	9,752,558	3,987,393
		1,357,426,647	**1,334,753,199**	**1,189,767,010**	**1,212,135,685**
Current assets					
Inventories	5.25	205,764,125	264,849,265	115,954,817	151,178,363
Contract assets	5.28	870,520	13,319,362	211,844	11,722,300
Loans	5.26	775,307	1,679,138	38,641,992	41,343,762
Operating receivables	5.27	802,101,033	845,195,344	539,697,310	566,790,889
Corporate income tax assets	5.12	5,728,330	23,897,315	-	11,880,734
Financial assets at fair value through profit or loss	5.29	3,960,075	2,646,334	3,882,986	2,525,437
Fin. assets at fair value through other comprehensive income	5.22	22,586,772	38,034,066	20,139,006	33,376,691
Prepayments and other assets	5.30	130,113,538	115,267,863	68,415,070	51,468,197
Cash and cash equivalents	5.31	105,937,006	100,962,531	33,020,462	51,203,361
		1,277,836,706	**1,405,851,218**	**819,963,487**	**921,489,734**
Total assets		**2,635,263,353**	**2,740,604,417**	**2,009,730,497**	**2,133,625,419**

(in EUR)	Note	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
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		293,491,987	299,826,206	316,608,074	322,180,686
Fair value reserve		2,282,521	1,810,718	42,782,085	42,539,491
Hedging reserve		6,077,707	17,827,312	15,732,898	26,639,848
Foreign exchange differences		(9,455,117)	(9,496,033)	-	-
Retained earnings		402,974,199	323,576,627	46,342,948	9,545,011
		890,591,614	**828,765,147**	**618,551,940**	**597,990,971**
Non-controlling interest		**32,450,874**	**31,401,474**	**-**	**-**
Total equity	5.32	**923,042,488**	**860,166,621**	**618,551,940**	**597,990,971**
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits	5.33	7,560,534	7,836,685	5,934,975	5,898,618
Other provisions	5.34	34,880,215	18,210,763	30,835,607	13,381,922
Deferred income	5.35	39,805,957	39,931,269	29,521,102	29,581,096
Borrowings and other financial liabilities	5.36	347,037,409	401,613,002	300,681,833	365,355,088
Lease liabilities	5.37	99,759,274	101,100,126	27,578,972	27,331,350
Operating liabilities	5.38	530,968	2,596,382	530,968	2,596,382
Deferred tax liabilities	5.12	21,595,322	20,682,541	-	-
		551,169,679	**591,970,768**	**395,083,457**	**444,144,456**
Current liabilities					
Other provisions	5.34	12,800,941	785,846	3,397,085	-
Deferred income	5.35	5,618,566	4,770,243	5,461,212	4,643,206
Borrowings and other financial liabilities	5.36	114,603,510	96,656,433	223,888,245	225,811,701
Lease liabilities	5.37	21,054,721	17,498,969	4,318,028	3,965,318
Operating liabilities	5.39	895,619,840	1,082,103,909	684,867,349	792,213,281
Commodity derivative instruments	5.40	11,822,333	29,872,456	233,737	16,007,602
Corporate income tax liabilities	5.12	24,964,976	1,062,768	18,819,182	-
Contract liabilities	5.41	25,290,576	23,153,575	16,977,300	18,367,017
Other liabilities	5.42	49,275,723	32,562,829	38,132,962	30,481,867
		1,161,051,186	**1,288,467,028**	**996,095,100**	**1,091,489,992**
Total liabilities		**1,712,220,865**	**1,880,437,796**	**1,391,178,557**	**1,535,634,448**
Total equity and liabilities		**2,635,263,353**	**2,740,604,417**	**2,009,730,497**	**2,133,625,419**

In 2023, the Group/Company changed the presentation of individual items in the statement of financial position. The changes are explained in Point 2.e. 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

			Profit reserves		
(in EUR)	Called-up capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares
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)**
As at 1 January 2023	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**
Dividend payments for 2022					
Transfer of a portion of 2023 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 2023	**52,240,977**	**80,991,385**	**61,987,955**	**4,708,359**	**(4,708,359)**

The accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.
More in Notes 5.19 and 5.32.

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
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**
299,826,206	**1,810,718**	**17,827,312**	**(9,496,033)**	**323,576,627**	**828,765,147**	**31,401,474**	**860,166,621**
(51,975,401)				(9,691,939)	(61,667,340)		(61,667,340)
46,402,790				(46,402,790)	-		-
(761,608)					(761,608)	(384,442)	(1,146,050)
(6,334,219)	**-**	**-**	**-**	**(56,094,729)**	**(62,428,948)**	**(384,442)**	**(62,813,390)**
				135,362,154	135,362,154	1,189,815	136,551,969
	471,803	(11,749,605)	40,916	130,147	(11,106,739)	244,027	(10,862,712)
-	**471,803**	**(11,749,605)**	**40,916**	**135,492,301**	**124,255,415**	**1,433,842**	**125,689,257**
293,491,987	**2,282,521**	**6,077,707**	**(9,455,117)**	**402,974,199**	**890,591,614**	**32,450,874**	**923,042,488**

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

(in EUR)	Called-up capital	Capital surplus	Profit reserves: Legal reserves	Profit reserves: Reserves for own shares
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**
As at 1 January 2023	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
Dividend payments for 2022				
Transfer of a portion of 2023 net profit				
Transactions with owners	**-**	**-**	**-**	**-**
Net profit for the current year				
Other comprehensive income				
Total comprehensive income	**-**	**-**	**-**	**-**
As at 31 December 2023	**52,240,977**	**80,991,385**	**61,749,884**	**4,708,359**
Accumulated profit for 2023				

The accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.
More in Notes 5.32.

Profit reserves					
Own shares	Other profit reserves	Fair value reserve	Hedging reserve	Retained earnings	Total
(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**
(2,604,670)	**322,180,686**	**42,539,491**	**26,639,848**	**9,545,011**	**597,990,971**
	(51,975,401)			(9,691,939)	(61,667,340)
	46,402,790			(46,402,790)	-
-	**(5,572,611)**	**-**	**-**	**(56,094,729)**	**(61,667,340)**
				92,805,581	92,805,581
		242,594	(10,906,950)	87,085	(10,577,271)
-	**-**	**242,594**	**(10,906,950)**	**92,892,666**	**82,228,310**
(2,604,670)	**316,608,074**	**42,782,085**	**15,732,898**	**46,342,948**	**618,551,940**
	27,814,738			**46,402,790**	**74,217,528**

Statement of cash flows of the Petrol Group and Petrol d.d., Ljubljana

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	2023	2022	2023	2022
Cash flows from operating activities					
Net profit		**136,551,969**	**(2,685,806)**	**92,805,581**	**19,383,878**
Adjustment for:					
Corporate income tax	5.12	31,242,188	(7,127,546)	15,562,829	(1,559,812)
Depreciation of property, plant and equipment, investment property and right-of-use assets	5.7	84,443,174	82,694,805	37,063,698	36,767,966
Amortisation of intangible assets	5.7	13,039,770	13,605,265	9,376,280	9,749,159
(Gain)/loss on disposal of property, plant and equipment	5.3, 5.8	(643,034)	(2,308,698)	(816,883)	(496,493)
Impairment/(reversed impairment) of PPE and inv. property	5.8	596,956	-	596,956	-
Impairment/(reversed impairment) of inventories	5.8	2,001,290	6,194,071	1,986,925	7,024
Revenue from assets under management	5.36	(65,414)	(65,414)	(65,414)	(65,414)
Net (decrease in)/creation of provisions for long-term employee benefits	5.33	189,712	(176,863)	244,424	305,793
Net (decrease in)/creation of other provisions and deferred income	5.34, 5.35	29,549,379	(9,707,692)	26,395,886	(3,896,414)
Net goods surpluses		(3,915,251)	(4,964,865)	(1,697,780)	(3,343,967)
Net (decrease in)/creation of allowance for receivables	5.8	(512,501)	7,292,624	619,233	2,352,108
Net finance (income)/expense	5.11	12,409,597	8,160,628	12,214,752	4,789,290
Impairment of investments	5.8	40,558	-	-	-
Share of profit of jointly controlled entities	5.10	(44,439)	(665,483)	-	-
Share of profit of associates	5.10	(3,679,698)	(2,662,912)	-	-
Finance income from dividends received from subsidiaries	5.10	-	-	(1,588,428)	(723,160)
Finance income from dividends received from jointly controlled entities	5.10	-	-	(931,389)	(115,217)
Finance income from dividends received from associates	5.10	-	-	(1,246,921)	(814,437)
Cash flow from operating activities before changes in working capital		**301,204,256**	**87,582,114**	**190,519,749**	**62,340,304**
Net (decrease in)/creation of other liabilities	5.42	16,716,786	(20,483,464)	3,007,889	(15,728,852)
Net decrease in/(creation) of other assets	5.30	(24,494,487)	(4,126,645)	(14,981,141)	(1,568,792)
Change in inventories	5.25	60,995,353	(86,164,815)	34,934,401	(51,268,181)
Change in operating and other receivables and contract assets	5.27, 5.28	82,677,641	(180,638,456)	41,056,082	(147,757,061)
Change in operating and other liabilities and contract liabilities	5.39, 5.41	(216,390,071)	406,890,937	(122,428,258)	374,077,361
Cash generated from operating activities		**220,709,478**	**203,059,671**	**132,108,722**	**220,094,779**
Interest paid	5.11	(25,181,195)	(14,411,347)	(19,843,715)	(9,669,252)
Taxes refunded/(paid)	5.12	10,986,491	(44,996,685)	11,161,004	(28,964,937)
Net cash from (used in) operating activities		**206,514,774**	**143,651,639**	**123,426,011**	**181,460,590**

(in EUR)	Note	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Cash flows from investing activities					
Payments for inv. in subsidiaries, net of cash acquired	5.19	(3,000,000)	(3,720,482)	(4,259,301)	(3,720,482)
Receipts from investments in subsidiaries	5.19	-	3,244,000	-	3,244,000
Payments for investments in jointly controlled entities	5.20	-	(23,000)	-	(23,000)
Receipts from sale of intangible assets	5.15	980,658	294,638	678,105	289,265
Payments for intangible assets	5.15	(11,196,484)	(8,710,587)	(9,716,941)	(6,298,800)
Receipts from sale of property, plant and equipment	5.17	6,765,115	4,025,620	2,858,792	1,278,388
Payments for property, plant and equipment	5.17	(88,084,885)	(74,289,070)	(42,581,162)	(38,631,661)
Receipts from sale of investment property	5.18	7,755	265,870	-	21,725
Payments for investment property	5.18	(1,806,215)	(124,378)	(173,669)	-
Receipts from financial assets at fair value through other comprehensive income	5.22	309,330	-	-	-
Receipts from loans granted	5.23, 5.26	1,791,687	16,086,323	187,775,073	251,765,872
Payments for loans granted	5.23, 5.26	(2,152,321)	(905,474)	(153,943,176)	(251,057,987)
Interest received	5.11	15,904,427	5,339,642	12,124,367	4,422,427
Dividends received from subsidiaries	5.10	-	-	1,588,428	723,160
Dividends received from jointly controlled entities	5.10	931,389	115,217	931,389	115,217
Dividends received from associates	5.10	1,349,918	864,261	1,246,921	814,437
Dividends received from others	5.10	205,398	258,925	95,398	148,925
Net cash from (used in) investing activities		**(77,994,228)**	**(57,278,495)**	**(3,375,776)**	**(36,908,514)**
Cash flows from financing activities					
Lease payments	5.37	(20,484,188)	(16,611,194)	(4,651,139)	(3,867,861)
Proceeds from borrowings	5.36	1,552,485,681	1,884,402,641	2,777,680,740	2,577,234,111
Repayment of borrowings	5.36	(1,592,468,739)	(1,891,704,933)	(2,849,458,380)	(2,662,608,090)
Transactions with non-controlling interests	5.19	(1,259,301)	-	-	-
Dividends paid to shareholders	5.32	(61,667,340)	(61,674,272)	(61,667,340)	(61,674,272)
Net cash from (used in) financing activities		**(123,393,887)**	**(85,587,758)**	**(138,096,119)**	**(150,916,112)**
Increase/(decrease) in cash and cash equivalents		5,126,659	785,386	(18,045,884)	(6,364,036)
Changes in cash and cash equivalents					
At the beginning of the year		**100,962,531**	**100,226,890**	**51,203,361**	**57,567,397**
Foreign exchange differences		(152,184)	(49,745)	(137,015)	-
Increase/(decrease)		5,126,659	785,386	(18,045,884)	(6,364,036)
At the end of the period		**105,937,006**	**100,962,531**	**33,020,462**	**51,203,361**

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. 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. Below we present the consolidated financial statements of the Group for the year ended 31 December 2023 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 31 December 2023.

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 11 April 2024.

The financial statements of Petrol d.d., Ljubljana and the consolidated financial statements of the Petrol Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, the interpretations of the IFRS Interpretations Committee, also adopted by the EU, and in accordance with the applicable law.

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 carried at fair value.

c. Functional and presentation currency

The financial statements are presented in euros (EUR) without cents except where it is explicitly written, that numbers are expressed in thousands. 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, the 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)

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.

Revenue from contracts with customers

The Group/Company applied the following accounting judgements that significantly affect the determination of the amount and the 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 the revenue or cost. 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 the calculation, the point of payment of the duty, the possibility of changing 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, the Group/Company concludes that the revenue from the sale of goods and the cost of goods are shown net of excise duties. In 2023, the Group's excise duties totalled EUR 1,251,767,267 (2022: EUR 1,130,616,855) and the Company's EUR 696,454,769 (2022: EUR 642,639,624).

Estimating the useful lives of depreciable assets (Notes 5.15, 5.16, 5.17 and 5.18, Policies 3.e, 3.f, 3.g 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 periodically checks the useful lives of significant assets; for example, if circumstances change significantly, resulting in the need to change the useful life and revalue the depreciation and amortisation charges.

An increase in the useful life of depreciable assets by 5 percent results in a decrease in depreciation and amortisation of EUR 803,669 in 2023. A decrease in the useful life of depreciable assets by 5 percent results in a decrease in depreciation and amortisation of EUR 803,669 in 2023.

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 5.18),
- goodwill (Note 5.15),
- investments in subsidiaries (Note 5.19),
- investments in jointly controlled entities and associates (Notes 5.20 and 5.21),
- financial assets at fair value through other comprehensive income (Note 5.22),
- loans granted (Note 5.23),
- financial assets and financial liabilities at fair value through profit or loss (Note 5.29).

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.
  The financial plans are prepared by analysing past periods and 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 5.22 and 5.29)

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 under the circumstances and for which sufficient data is available, especially by applying appropriate market inputs and minimum non-market inputs.

All the 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 6.7, whereas the guidelines for individual items in the financial statements are given in Point 3.o.

Estimate of provisions for lawsuits (Notes 5.34 and 8)

Several lawsuits 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/Company'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 the actual settlement can differ considerably from the current estimate. If the probability of an unfavourable settlement were to increase by 5 percent, the estimate of the provision would change by EUR 237,340.

Estimate of provisions for partial non-compliance in the area of renewables (Note 5.34)

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 (Notes 5.33 and 5.34)

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, which 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 5.33 and in Note 5.34.

Estimate of provisions for onerous contracts (Notes 5.34 and 5.42)

Provisions for electricity and natural gas supplies are recorded under the provisions for onerous contracts. They are recognised on the basis of the calculation of the estimated economic benefits and costs arising from contracts for the supply of electricity and natural gas. The current and projected market prices of electricity and natural gas for the following year are used in the calculation. In the event of a 5 percent change in the price profile of the purchase of electricity for small business customers, the provision for onerous contracts would change by EUR 790,398 for the Group and EUR 392,171 for the Company. In the case of natural gas, a 5 percent change in the price would change the provision by EUR 211,917.

Assessing the possibility of recognising deferred tax assets for carried-forward tax losses

The Group/Company recognises deferred tax assets for tax losses carried forward if it is probable that future taxable net profits will be available against which deferred tax assets can be utilised in the future. If the Group recognised all unrecognised deferred tax assets, the net profit and equity would increase by EUR 2,035,082 (EUR 1,900,656 as at 31 December 2022).

e. Change of financial statement presentation

In 2023, the Group/Company changed the presentation of individual items in the statement of financial position in order to ensure a more appropriate presentation. The change includes a comprehensive adjustment of the items for the 2022 comparative period on an equal basis.

Current other provisions and current deferred income

Until 2023, the Group/Company reported other current provisions and current deferred income under other liabilities. Having reconsidered this presentation, the Group/Company established that it was more appropriate to present other provisions and deferred income as separate line items in the statement of financial position.

Impact on the statement of financial position of the Petrol Group and Petrol, d.d.

	The Petrol Group				Petrol d.d.		
		Change of presentation				Change of presentation	
(in EUR)	31 December 2022 Published	Other provisions	Deferred income	31 December 2022 Restated	31 December 2022 Published	Deferred income	31 December 2022 Adjusted
EQUITY AND LIABILITIES							
Total equity	**860,166,621**	**-**	**-**	**860,166,621**	**597,990,971**	**-**	**597,990,971**
Non-current liabilities	**591,970,768**	**-**	**-**	**591,970,768**	**444,144,456**	**-**	**444,144,456**
Current liabilities	**1,288,467,028**	**-**	**-**	**1,288,467,028**	**1,091,489,992**	**-**	**1,091,489,992**
Other provisions	-	785,846	-	785,846	-	-	-
Deferred income	-	-	4,770,243	4,770,243	-	4,643,206	4,643,206
Other liabilities	38,118,918	(785,846)	(4,770,243)	32,562,829	35,125,073	(4,643,206)	30,481,867
Total liabilities	**1,880,437,796**	**-**	**-**	**1,880,437,796**	**1,535,634,448**	**-**	**1,535,634,448**
Total equity and liabilities	**2,740,604,417**	**-**	**-**	**2,740,604,417**	**2,133,625,419**	**-**	**2,133,625,419**

3. Material accounting policy information

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 2023

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 the 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 supplements to the standard affected disclosures about the Group's/Company's accounting policies.

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 amendments to the standard affected disclosures about the Group's/Company's accounting policies and estimates.

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 amendments did not have a material impact on the financial statements of the Group. The Group additionally created deferred tax assets of EUR 429,158. The amendments did not impact the financial statements of the Company.

Amendments to the IAS 12 Income Taxes: International Tax Reform – Pillar 2 Rules (issued 23 May 2023).
In May 2023, the International Accounting Standards Board published these amendments to the IAS 12 – Income Taxes. This amendment was introduced in response to the imminent implementation of the Pillar 2 model rules roadmap published by the Organisation for Economic Cooperation and Development (OECD) as a result of international tax reform. The amendments provide a temporary exemption from the recognition and disclosure requirements for deferred taxes arising from enacted or substantively enacted tax legislation that implements the Pillar 2 model rules. Under the effective date of the IASB, entities can apply the exemption immediately, but reporting and disclosure requirements are required for annual periods beginning on or after 1 January 2023.

The amendments did not have a material impact on the financial statements of the Group/Company.

IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
The IFRS 17 replaces the IFRS 4, which, on an exceptional basis, allowed entities to continue to account for insurance contracts in accordance with existing practices. As a result, investors found it difficult to compare and differentiate the financial performance of otherwise similar insurers. The IFRS 17 requires the application of a single approach to all types of insurance contracts, including reinsurance contracts, held by an insurer. The Standard requires the recognition and measurement of groups of insurance contracts with: (i) the risk-adjusted present value of future cash flows (i.e. fulfilment cash flows) that incorporates all available information about fulfilment cash flows in a manner that is consistent with relevant market information, plus (if that value is a liability) or minus (if that value is an asset) (ii) an amount representing unearned profit in the group of contracts (the contractual service margin). Insurers will recognise gains on a group of insurance contracts in the period in which they provide insurance cover and when they are de-risked. If a group of contracts make or begin to make a loss, the entity recognises the loss immediately.

The amendments did not have a material impact on the financial statements of the Group/Company.

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 fulfillment cash flows; and selected transition reliefs and other minor amendments.

The amendments did not have a material impact on the financial statements of the Group/Company.

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 if an 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 did not have a material impact on the financial statements of the Group/Company.

a. Basis for consolidation

The Group's consolidated financial statements comprise the financial statements of the controlling company and its subsidiaries.

Subsidiaries

The financial statements of subsidiaries are included in the Group's consolidated financial statements from the date when control commences until the date when control ceases. The accounting policies of subsidiaries are aligned with the Group's policies.

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 the accumulated profits of the investee arising after the date of acquisition. If a company is merged, the difference between the investment and the net value of the acquired assets is recognised in other profit reserves, taking into account goodwill, if any.

The impairment of assets is detailed in Policy j2.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has a 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.

The Company measures investments in associates and jointly controlled entities at cost less impairment.

b. Foreign currency translation

Foreign currency transactions

All foreign exchange differences are recognised in profit or loss, except for differences arising on the translation of the effective portion of the changes in the fair value of a grouped cash flow hedging instrument measured at fair value through other comprehensive income, which are recognised directly in other comprehensive income.

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, into 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 the ECB average exchange rate of the reporting period.

Translation foreign exchange differences are recognised in other comprehensive income and presented under foreign exchange differences in equity.

c. Financial assets

The Group's/Company's financial assets include cash and cash equivalents, receivables and loans, and investments.

The Group/Company initially recognises loans, receivables and deposits on the date of their origin. All other financial assets are recognised initially on the trade date, which is the date the Group/Company becomes a party to the contractual provisions of the instrument.

The Group's/Company's financial instruments are classified on initial recognition, based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset acquired, into one of the following groups:

- financial assets at the amortised cost
- financial assets at fair value through other comprehensive income
- financial assets at fair value through profit or loss

The impairment of financial assets is detailed in Note j1.

c1. Financial assets measured at amortised cost

The Group's/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 Group's/Company's financial assets at amortised cost include loans, trade and other receivables and cash and cash equivalents.

c2. Financial assets at fair value through other comprehensive income

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, which the Group/Company elected to classify 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.

The Group/Company elected to irrevocably classify its non-listed equity investments.

c3. 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. In addition to derivatives, this category also contains listed equity investments that the Group/Company has not irrevocably elected to classify at fair value through other comprehensive income.

The Group's/Company's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

c4. 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 accumulated in the hedging reserve within equity. Any ineffective portion of the 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/Company discontinues the hedge accounting. The cumulative gain or loss accumulated in the hedging reserve 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 the hedging reserve is reclassified immediately into 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 fair values of derivative financial instruments used for hedging purposes are disclosed in Notes 5.22, 5.36 and 5.40. Movements in the hedge reserve in other comprehensive income are disclosed in Note 5.32.
- 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/Company uses the following derivative financial instruments:

Currency forward contracts

The Group/Company purchases petroleum products in US dollars but primarily sells them in euros. Because purchases and sales are made in different currencies, mismatches occur between the purchase and selling prices that are hedged against using currency forward contracts by the Group/Company.

The fair value of outstanding currency forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of currency 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 currency forward 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 other 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.

The Group has currency forward contracts recognised both at fair value through profit or loss and in the hedging reserve. The Company only has them recognised at fair value through profit or loss.

Commodity derivatives

When petroleum products, natural gas and electricity are purchased or sold, mismatches occur between the purchase and selling prices that are hedged against using commodity derivatives by the Group/Company. The Group/Company uses commodity derivatives for trading, as laid down in its strategy and its electricity trading policy.

As explained below the Group/Company has two separate portfolio of commodity derivatives, one is fair value through profit and loss and the other is own use. For first one it is used so called "Trading model" and for the second one is so called "Retail model". The material difference between "Trading model" and "Retail model" in the case of physical contracts is that physical contracts are not concluded for the purpose of trading, but for the actual sale of electricity to end customers. Therefore, the booking of these transactions is carried out in accordance with IFRS 15. Until the physical contract is settled, it shall not be recognised. In accordance with IFRS 15, revenue and expenses from the sale of the cost value of the goods sold are booked and recognized only when the supply contract has been realized. To the extent that the physical sale of quantities and prices is not covered by the physical purchase of quantities and prices, and to the extent that there is an increase in purchase price of electricity compared to the originally agreed price of electricity for sale, onerous contract provisions are formed for the loss disclosed in an individual contract. Both, retail and trading portfolios are clearly separated (by accounts and policies in place).

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 gains and losses on derivative financial instruments.

If forward purchases and sales related to the physical delivery of electricity are considered contracts concluded in the ordinary course of business of the Group ("own use" contracts) they are not subject to the scope defined under IFRS 9. This applies when 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/Company's business needs,
- the contract is binding and cannot be considered optional.

Forward financial contracts which do not relate to physical delivery in the electricity trade do not meet the above conditions, the Group/Company treats them as financial instruments defined under IFRS 9. In the financial statements, revenue from the sale of goods and the costs of goods sold arising from commodity forward transactions are recognised at fair value. Outstanding contracts are remeasured to fair value at the date of the statement of financial position, and changes of the fair value are recognised as gains and losses on derivative financial instruments in the operating part of the statement of profit or loss.

When a commodity derivative 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 other 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.

The effects of derivatives arising from physical contracts, not defined as hedges, in the case of cash flow variability exposure or failure of attribution to an individual risk, associated with a recognised asset or liability, are recognised in operating profit or loss as gains and losses on derivative financial instruments using net principle on individual contractual basis.

The Group has commodity derivatives (electricity, oil) recognised at fair value through profit or loss and in the hedging reserve. The Company has commodity derivatives recognised both at fair value through profit or loss (electricity, oil) and in the hedging reserve (electricity).

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 other 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.

The Group/Company has interest rate swaps recognised in the hedging reserve.

c5.Financial liabilities

The Group's/Company's financial liabilities include liabilities arising from debt securities issued and loans received. The Group/Company initially recognises debt securities issued on the date that they originated. All other financial liabilities are recognised initially on the trade date, or when the Group/Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially recognised at fair value. After initial recognition borrowings are measured at the amortised cost using the effective interest rate method.

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.

Capital surplus

Capital surplus may be used under the conditions and for the purposes stipulated by law. Capital surplus consists of the general equity revaluation adjustment, which was transferred to capital surplus on the transition to the IFRS, and the capital surplus 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.

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 the share capital from the assets of the company and to cover net and carried-forward losses, provided that the 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/Company may establish other profit reserves of up to 50 percent of the net profit for the year. Other profit reserves may be used for any purpose in accordance with the law, the statutes, the corporate policy and the resolutions of the General Meeting of Shareholders.

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.

Goodwill is measured at cost less impairment. The Group measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets.

The Company's 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 of the assets in the top level of the Group. 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.

Right to use concession infrastructure
The Group/Company 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 the 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.

No.	Country	Number of concessions	Description of the agreement	Area
1	Slovenia	12	Concession agreements for heat generation and distribution	Heating systems
2	Slovenia	4	Concession agreement for the construction of a central wastewater treatment plant for the treatment of municipal wastewater and rainwater in the territory of individual municipalities	Wastewater treatment
3	Slovenia	31	Concession agreement – Natural gas distribution	Natural gas
4	Serbia	5	Agreement on the financing of the design, construction and operation of a gas distribution system and the performance of activities of general interest	Natural gas

No.	Concession period	Duration of concessions	Amount of revenue in 2023 in EUR	Amount of revenue in 2022 in EUR	Value of the concession fee for 2023 in EUR	Value of the concession fee for 2022 in EUR
1	from 2003 to 2044	10 to 35 years	9,166,197	6,399,774	36,682	36,942
2	from 1999 to 2043	25 to 30 years	3,502,234	2,792,970	6,545	15,896
3	from 1994 to 2055	28 to 35.5 years	11,448,148	12,238,569	644,030	815,068
4	from 1997 onwards	open-ended	933,531	1,040,560	-	-

Emission allowances
Under intangible assets, the Group/Company recognises emission allowances for the management of plants that require a greenhouse gas emission permit.

Other intangible assets
Other intangible fixed assets with finite useful lives are carried at cost less accumulated depreciation and accumulated impairment losses. The Group/Company mainly recognises computer software as material and other rights.

Amortisation
Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Emission allowances are not amortised as they are purchased on an annual basis and are used in the same way.

Amortisation rates for the current and comparative years are as follows:

(in %)	2023	2022
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 rates depend on the terms of the concession agreements.

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 Policy 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. Items of property, plant and equipment are subsequently measured using the cost model.

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. Construction work in progress is not depreciated.

Depreciation rates for the current and comparative periods are as follows:

(in %)	2023	2022
Buildings:		
Buildings at service stations	2.50-10.00	2.50-10.00
Above-ground and underground reservoirs	1.00-25.00	1.00-25.00
Underground service paths at service stations	5.00-14.30	5.00-14.30
Other buildings	1.50-16.67	1.50-16.67
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
Service 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

Depreciation rates vary due to the different useful lives of the individual construction facilities, machinery and equipment.

The impairment of assets is detailed in Policy j2.

g. Investment property

Investment property is property held by the Group/Company either to earn rental income or for capital appreciation or for both. This is measured at cost less accumulated depreciation and accumulated impairment losses. The depreciation method and rates are the same as for property, plant and equipment. The impairment of assets is detailed in Policy j2.

The Group/Company considers as investment property all property held by the Group/Company that is fully or partially leased out to third parties. The Group's/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 Group/Company recognises parts of the property that are leased out and constitute an integral part of the property used for the performance of core activities as investment property, insofar as that part of the property can be sold or leased separately from the rest of the property. If parts of the property cannot be sold separately, the property is only investment property if an insignificant part is used for the performance of the Group/Company's core activity.

h. Leases

The Group/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 Group/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 Group/Company determines the lease term based on the noncancellable period of a lease, taking into account the period covered by an option to extend the lease and the period covered by an option to terminate the lease. The Group/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 Group/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. 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 regards to the leases of low-value assets and short-term leases, the Group/Company records lease payments as an expense for the period to which the lease relates.

For all other leases, the Group/Company has recognised lease liabilities and right-of-use assets.

The Group/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 %)	2023	2022
Lands	3.33-20.00	3.33-20.00
Buildings	5.00-20.00	5.00-20.00
Equipment	10.00-100.00	10.00-100.00

i. Inventories

Inventories of merchandise and materials are measured at the lower of the cost and net realisable values.

Damaged, expired and unusable inventories are written off regularly during the year on an item-by-item basis.

The cost of inventory is determined under the moving average cost method for fuel stock and under the FIFO method for merchandise inventory.

j. Impairment

j1. Financial assets

In accordance with the IFRS 9, the Group/Company uses the expected credit loss model (for trade receivables, IFRS 15 assets under contracts with customers and loans) based on which the Group/Company not only recognises incurred losses but also expected future losses.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group/Company for which the Group/Company 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.

The Group and the Company use a simplified lifetime expected credit loss model to value receivables in accordance with the IFRS 9.

The Expected Credit Loss (ECL) is calculated as the product of:

- Unsecured receivables from the partner, for the calculation of which credit insurance, bank guarantees, high-quality guarantees and mortgages (Earnings at Default – EAD) are taken into account as eligible collateral,
- 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 (5 selected financial indicators with statistically strong explanatory power), the external credit rating of the country in which the partner is domiciled and the estimated cyclicality of the industry in which the company operates (Probability of Default – PD).

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/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.

The Group/Company considers a financial asset to be in default when contractual payments are 60 days past due. However, in certain cases, the Group/Company may also consider the credit risk to be higher when information indicates that the Group/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 Group/Company recognises the creation, reversal of allowances and recoveries of written-off receivables as net allowances for operating receivables within operating costs.

The Group/Company evaluates evidence about the impairment of loans individually for each significant loan.

j2. Non-financial assets

On each reporting date, the Group/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 Group/Company determines the recoverable amount of an asset using the present value method of expected cash flows, which is based on the multi-year future financial plans of cash-generating units approved by the Supervisory Board. The assumptions used in the calculation of the net cash flows (long-term growth rate of cash flows, cash flow projection, projection period and 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 the expected price growth rates.

In the case of points of sale, the Group/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 Group/Company 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. If there are indications of impairment at the level of the point-of-sale network, the impairment is carried out at the level of the 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. The Company determines the recoverable amount using the same method as for other non-financial assets.

k. Provisions

The amount of the provisions is determined as the present value of payments that the Group/Company will be expected to make based on the contracts it has concluded and the applicable legislation. To determine the amount, the Group/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 the internal rules, the Group/Company is obligated to pay its employees jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. The business cooperation agreements entered into by Group companies with service station operators stipulate that the rights of employees at third-party operated 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 operators represents a basis for the recognition of long-term provisions. Other obligations related to employee post-employment benefits do not exist.

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 the 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. 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
The Group/Company makes provisions based on estimates by professional services or external legal advisers of the likely outcome of lawsuits. The appropriateness of the provisioning is examined on a case-by-case basis, taking into account the amount of the claim, the subject matter of the lawsuit, the allegations made by the claimant and the conduct of the individual proceedings. Several lawsuits have been filed against the Group and Group companies for which the potential need for provisions is estimated on an ongoing basis.

Provisions for onerous contracts
The Group/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 the estimated purchasing and selling price levels and quantities, taking into account the costs to sell and general and administrative costs.

l. Deferred income

Government and other subsidies received to cover costs are recognised as a decrease in the corresponding costs. Subsidies received as 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 that it will result in receipts or where it is sufficiently certain that no unfulfilled conditions exist.

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 the Group/Company expects to be entitled to in exchange for such goods or services. Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recorded when the customer obtains control of the goods or benefits from the services rendered.

Revenue is recognised as follows:

Sale of goods
Sales revenue includes revenue from the sale of petroleum products, LPG and other alternative energies (compressed natural gas), electricity, natural gas, revenue from the sale of merchandise (foodstuffs, tobacco products, lottery, vouchers and cards, Coffee to Go, Fresh products, automotive products and spare parts), biomass, tyres, tubes and batteries.

A sale of goods is recognised when the Group/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 Group/Company no longer has control of the goods or services sold. Sales revenue does not include duties paid upon the purchase and upon the sale of the goods.

With respect to contracts on the supply of electricity or natural gas, the Group/Company transfers control over time, while the customer receives and uses benefits deriving from the Group's/Company's performance obligation as the latter is satisfied. For measuring revenue over the time the Group/Company uses output method.

Revenue from the sale of electricity also includes revenue from the sale of electricity generated by solar, wind and hydropower plants, as well as the sale of other energy produced by Energy and Solutions.

Revenue from transportation services is presented and recognised as a separate performance obligation in service revenue.

Sale of services
Revenue from services includes transportation, storage and fuel handling revenue, income from payment cards, car wash revenue, revenue from sales promotion and other services, revenue from natural gas distribution, revenue from the maintenance and servicing of charging mobile stations and revenue from installation service for solar power plants.

A sale of services is recognised according to input method which measures progress towards satisfying performance obligation indirectly, based on consumed resources in proportion to total expected resources.

For long-term projects, the revenue from services rendered is recognised based on the stage of completion (cost-to-cost method) as at the balance sheet date. Under this method, the revenue is recognised in the accounting period in which the services are rendered. The percentage of completion is based on the costs incurred to the estimated total cost to complete the project.

Instalment sales
In instalment sales, the Group/Company immediately recognises revenue from sale of goods and finance income deferred over the entire contract term. The finance income is assessed based on discounted future cash flows flowing to the Group/Company. The Group/Company mainly sells built solar power plants in instalments.

Sales in the name and for the account of third parties
The Group/Company also sells merchandise to customers that is the direct property of the suppliers at the time of sale. Under contracts with customers and suppliers, the Group/Company receives, in return for brokering the sale, a pre-agreed difference between the final selling price and the purchase price, which the Group/Company recognises in sales revenue, trade goods 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/Company's contract assets include accrued revenue from goods and services delivered to customers.

Trade receivables
A receivable is the Group's/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 Financial assets section.

Contract liabilities
A contract liability is an obligation to transfer goods or services to a customer for which the Group/Company has received consideration. The Group's/Company's contract liabilities include the liabilities from prepayments received, the loyalty scheme and granted discounts. Contract liabilities are recognised as revenue when the Group/Company satisfies its performance obligation.

Variable consideration
Variable consideration refers to volume rebates granted to customers.

The Group/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 Group/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 Group/Company 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.

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.

o. Determination of fair value

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Receivables and loans
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.

p. Earnings per share

Because the Group/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. 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.

r. Operating segments

An operating segment is a component of the Group that engages in business activities from which it earns revenue and incurs expenses that relate to transactions with any of the Group's other components. Segments differ from one another in terms of risks and returns. Their results are reviewed regularly by the Management Board (Chief Operating Decision Maker) to make decisions about the 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, and
- other.

s. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2022 and 31 December 2023 and data derived from the statement of profit or loss for the period January to December 2023. The default interest paid and received in connection with operating receivables and interest on loans is allocated to cash flows from operating activities. Dividends paid are allocated to cash flows from financing activities and dividends received are classified as investing cash flows.

<u>New standards and interpretations relevant for the Group and the Company, but not yet effective</u>
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.

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 of 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 Group/Company is currently assessing the impact of the changes on its financial statements.

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 only breached 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 Group/Company is currently assessing the impact of the changes on its financial statements.

Amendments to the IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures: Supplier Financing Arrangements (issued on 25 May 2023).

In response to concerns from users of financial statements about the inadequate or misleading disclosure of financing arrangements, in May 2023 the IASB issued amendments to the IAS 7 and IFRS 7 to require the disclosure of financing arrangements by suppliers. The amendments require disclosures about financing arrangements with an entity's suppliers to enable users of the financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The additional disclosure and reporting requirements are intended to increase the transparency of supplier financing arrangements. The amendments do not affect recognition or measurement principles, only disclosure and reporting requirements. The new disclosure requirements will apply to annual reporting periods beginning on or after 1 January 2024. The amendments have not yet been endorsed by the EU. The Group/Company is currently assessing the impact of the amendment and plans to adopt it on the required effective date.

Amendments to the IAS 21 Lack of Substitutability (issued on 15 August 2023).

In August 2023, the IASB issued amendments to the IAS 21 to help entities assess the convertibility between two currencies and determine the spot exchange rate when convertibility is lacking. The amendments affect an entity if it has a transaction or transacts in a foreign currency that is not convertible into another currency at the measurement date for a specified purpose. The amendments to the IAS 21 do not specify detailed requirements about how to measure spot exchange rates. Instead, they provide a framework under which an entity can fix the spot exchange rate at the measurement date. No retrospective correction of comparative information is allowed when applying the new requirements. The amounts concerned are translated at the estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the translation reserve for cumulative translation differences. The amendments have not yet been endorsed by the EU. The Group/Company is currently assessing the impact of the changes on its financial statements.

4. 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 revenue and incurs expenses that relate to transactions with any of the Group's other components. The results of the operating segments are reviewed regularly by the Management Board (Chief Operating Decision Maker) to make decisions about the resources to be allocated to a segment and assess the Group's performance.

Segment reporting is presented in more detail in the business section of the report in the Chapters *Performance analysis of the Petrol Group 2023* and Operations by product groups.

The Management Board monitors data in four segments.

The Group uses the following segments in both 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 commodities,
- 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,
- sales of Coffee To Go and Fresh products,
- sales of car cosmetics, spare parts and car wash services,
- sales promotion and other services, and
- catering facility rentals.

Energy and solutions include:
- electricity and natural gas sales and trading,
- sales of energy solutions,
- sales of heating systems,
- natural gas distribution,
- mobility and
- production of energy commodities.

Other includes:
- mining services,
- maintenance services,
- vacation rentals.

In line with the new organisation of the Company and the Group from 2022, the Group reviewed the system for allocating the costs of the business functions to the main product groups during 2023. In order to ensure the comparability of data over time, the Group also prepared an appropriate allocation of costs for the comparative reporting period.

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
Revenue from contracts with customers	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)	
Revenue from contracts with customers	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)
Gross profit	215,161,408	145,686,726	25,451,050	7,149,365	393,448,549	393,448,549
Operating profit or loss	(32,613,273)	35,242,851	(17,442,269)	6,899,818	(7,912,872)	(7,912,872)
Depreciation of PPE, right-of-use assets, inv. property and amortisation of intangible assets	(58,516,998)	(8,544,958)	(28,214,192)	(1,023,922)	(96,300,070)	(96,300,070)
EBITDA	18,208,757	56,128,063	13,369,811	8,611,316	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 gross profit are alternative performance measures and not defined by IFRS. It can be calculated differently by different parties.
EBITDA = Operating profit + Net allowances for operating receivables + Depreciation and amortisation charge.
Gross profit = Sale revenue – Cost of goods sold.

The Group's operating segments in 2023:

(in EUR)	Fuels and petroleum products	Merchandise and services	Energy and solutions	Other	Total	Statement of profit or loss
Revenue from contracts with customers	4,356,063,124	571,925,022	3,412,083,143	14,752,951	8,354,824,240	
Revenue from subsidiaries	(936,954,027)	(706,498)	(426,608,029)	(7,878,847)	(1,372,147,401)	
Revenue from contracts with customers	3,419,109,097	571,218,524	2,985,475,114	6,874,104	6,982,676,839	6,982,676,839
Cost of goods sold	(3,065,292,527)	(406,419,814)	(2,832,219,757)	(1,175,922)	(6,305,108,020)	(6,305,108,020)
Gross profit	353,816,570	164,798,710	153,255,357	5,698,182	677,568,819	677,568,819
Operating profit or loss	57,994,007	41,952,344	76,232,419	3,993,903	180,172,673	180,172,673
Depreciation of PPE, right-of-use assets, inv. property and amortisation of intangible assets	(48,133,305)	(20,297,819)	(28,276,584)	(775,236)	(97,482,944)	(97,482,944)
EBITDA	105,564,022	60,836,359	106,588,611	4,154,124	277,143,116	277,143,116
Depreciation and amortisation						(97,482,944)
Net allowance for trade receivables						512,501
Share of profit or loss of equity accounted investees						3,724,137
Net finance expense						(16,102,653)
Profit/(loss) before tax						167,794,157

EBITDA and gross profit are alternative performance measures and not defined by IFRS. It can be calculated differently by different parties.
EBITDA = Operating profit + Net allowances for operating receivables + Depreciation and amortisation charge.
Gross profit = Sale revenue – Cost of goods sold.

Assets and net investments are not disclosed by segment but by geographical area, as reviewed by the Management Board.

Additional information about the geographical areas in which the Group operates:

	Revenue from contracts with customers		Total assets		Net investments	
(in EUR)	2023	2022	31 December 2023	31 December 2022	2023	2022
Slovenia	3,458,018,821	4,017,985,870	1,542,384,679	1,674,869,418	46,668,049	35,563,085
Croatia	1,172,473,020	1,622,605,372	759,107,434	735,407,533	35,389,310	19,592,304
Austria	301,540,807	468,110,434	4,646,160	5,070,379	-	-
Bosnia and Herzegovina	235,040,555	355,988,228	97,068,583	93,997,700	(723,139)	357,945
Serbia	144,085,084	233,284,499	114,836,968	116,865,024	1,475,326	4,046,258
Montenegro	55,910,982	83,258,002	32,966,853	35,279,180	125,224	227,712
Romania	6,071,194	4,279,766	586,688	508,318	-	-
Macedonia	3,315,895	6,457,655	234,500	228,555	-	-
Other countries	1,606,220,481	2,664,763,671	1,937,993	1,941,861	-	7,710
	6,982,676,839	**9,456,733,497**	**2,553,769,858**	**2,664,167,968**	**82,934,770**	**59,795,014**
Jointly controlled entities			350,240	1,277,748		
Associates			59,316,541	56,968,277		
Unallocated assets			21,826,714	18,190,424		
Total assets			**2,635,263,353**	**2,740,604,417**		

For the purpose of presenting geographical areas, revenue generated in a particular area is determined based on the geographical location of customers, whereas the assets are determined based on the geographical 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 in subsidiaries, jointly controlled entities and associates.

5. Notes on individual items in the financial statements

5.1 Business combinations

The Group did not acquire any new company in 2023.

5.2 Changes within the Group

In 2023, Petrol d.d. acquired an additional 23 percent interest in ATET d.o.o., thus becoming a 100 percent owner of the company.

In July 2023, GEOCOM d.o.o. was merged into Geoplin d.o.o. Ljubljana with an effective date on 1 January 2023. The upstream merger had no impact on the Group's financial statements as Geoplin d.o.o., a subsidiary of Petrol d.d., Ljubljana was its sole owner.

In 2023, ATET d.o.o. established a subsidiary, ATET Mobility Zagreb d.o.o., which operates in the Energy and Solutions segment. Atet d.o.o. is a 100 percent owner of the company.

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.
- Acquired a 50 percent interest in the jointly controlled company Vjetroelektrana Dazlina 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 on 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.

5.3 Revenue from contracts with customers

Revenue by type of good and by timing of revenue recognition

	The Petrol Group		Petrol d.d.	
(in EUR)	2023	2022	2023	2022
Revenue from the sale of goods	6,857,961,626	9,333,350,614	5,198,822,748	7,224,558,474
Revenue from the sale of services	124,715,213	123,382,883	104,306,470	100,767,046
Total revenue	**6,982,676,839**	**9,456,733,497**	**5,303,129,218**	**7,325,325,520**
Revenue recognised at a point in time	4,786,235,073	7,208,977,321	4,244,317,755	6,729,852,402
Revenue recognised over time	2,196,441,766	2,247,756,176	1,058,811,463	595,473,118

Revenue by sales market

	The Petrol Group		Petrol d.d.	
(in EUR)	2023	2022	2023	2022
Domestic sales revenue	3,458,018,821	4,017,985,870	3,062,854,030	3,595,285,373
EU market sales revenue	2,851,417,263	4,168,513,223	2,008,072,223	3,093,819,919
Non-EU market sales revenue	673,240,755	1,270,234,404	232,202,965	636,220,228
Total revenue	**6,982,676,839**	**9,456,733,497**	**5,303,129,218**	**7,325,325,520**

Revenue by operating segment

(in EUR)	The Petrol Group		Petrol d.d.	
	2023	2022	2023	2022
Fuels and petroleum products	3,419,109,097	4,375,208,430	2,883,562,920	3,817,278,960
Merchandise and services	571,218,524	520,108,993	390,975,940	368,774,771
Energy and solutions	2,985,475,114	4,554,235,718	2,018,195,696	3,132,243,066
Other	6,874,104	7,180,357	10,394,662	7,028,723
Total revenue	**6,982,676,839**	**9,456,733,497**	**5,303,129,218**	**7,325,325,520**

The Group's/Company's revenue includes rental income. In 2023, the Group generated EUR 5,993,767 in rental income (2022: EUR 4,593,925) and the Company EUR 3,663,676 (2022: EUR 3,369,870).

Based on the IFRS 15 Revenue from Contracts with Customers, for the agent-principal model, excise duties and similar levies or fees are recognised with the net presentation in the financial statements as the Company and its subsidiaries act as an „agent" and collect the excise duties from third parties for the benefit of the government. The total amount of the excise duty collected from customers was EUR 1,251,767,267 in 2023 and EUR 1,130,616,855 in 2022.

Other income

(in EUR)	The Petrol Group		Petrol d.d.	
	2023	2022	2023	2022
Income from grants, EU projects and other	7,704,826	10,479,093	5,579,624	5,439,646
Gain on disposal of plan, property and equipment	2,104,425	2,826,755	1,130,249	820,584
Compensation received from insurance companies	471,663	269,380	66,507	28,442
Compensation, lawsuits, contractual penalties received	471,599	129,603	303,913	54,275
Repayment of court fees	130,771	123,884	89,018	100,978
Income from the revaluation of oper. liabilities	-	88,592,347	-	-
Total other income	**10,883,284**	**102,421,062**	**7,169,311**	**6,443,925**

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 unsupplied natural gas under a long-term contract with Russia's Gazprom. After analysing operational damages, the Group notified Gazprom of the consequential damages and that it would offset the outstanding liability for natural gas supplied against a pro-rata share of the claims for damages. At the same time, the Group terminated the contract with Gazprom on the grounds of the unsupplied natural gas and to prevent further damages. In year 2023, the assessment of the consequential damages continued with the engagement of specialised technical consultants for the arbitration proceedings, while the arbitration proceedings were also initiated before the Court of Arbitration in Vienna.

For financial reporting purposes, Geoplin d.o.o. commissioned an independent valuation of the fair value of its liability to Gazprom as at 31 December 2023. As in the previous year, the valuation was based on a scenario method of different present values of the expected cash flows from the liability. Valuation considered offsetting claims from operational damages with liabilities towards Gazprom, as the Group's receivables from the operational damages exceeded the liabilities. Required rates of return between 15 and 25 percent and the anticipated end of arbitration proceedings in two years' time were applied in valuation.

The calculated fair value of the liability to Gazprom reassessed in 2023 did not materially deviate from the originally calculated fair value and represents about 4.9 percent of the historical cost of the liability. If the discount rates were to increase or decrease, the fair value would decrease by EUR 110 thousand and increase by EUR 160 thousand, respectively. The Group estimates that a change in the remaining assumptions used in the calculation would not have a material effect on the fair value of these liabilities.

5.4 Costs of materials

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Costs of energy	55,769,955	30,102,486	46,231,258	23,082,756
Costs of consumables	8,663,511	8,132,585	5,608,842	4,954,424
Write-off of small tools	120,466	95,790	41,100	27,675
Other costs of materials	1,061,891	1,092,983	619,322	525,526
Total costs of materials	**65,615,823**	**39,423,844**	**52,500,522**	**28,590,381**

5.5 Costs of services

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Costs of transport services	42,634,431	45,471,308	33,358,008	34,779,327
Costs of service station managers	37,407,299	32,639,895	37,407,299	32,639,895
Costs of fixed-asset maintenance services	28,527,758	28,743,771	20,445,917	19,723,393
Costs of payment transactions and bank services	15,045,285	15,959,548	9,342,124	10,044,627
Lease payments	12,779,043	9,577,561	10,283,141	8,898,635
Costs of intellectual services	12,536,357	11,889,278	8,558,328	8,008,946
Costs of subcontractors	9,477,976	5,304,401	8,839,532	4,962,756
Costs of fairs, advertising and entertainment	7,356,510	7,710,875	5,161,353	4,844,865
Costs of insurance premiums	6,414,221	6,922,009	3,764,430	4,208,387
Costs of environmental protection services	2,670,500	2,496,177	1,736,423	1,507,812
Costs of fire protection, physical and tech. security	2,222,153	2,316,803	1,693,822	1,555,505
Reimbursement of work-related costs to employees	1,400,158	1,463,794	802,564	864,523
Property management	699,719	1,601,807	656,329	1,200,794
Membership fees	641,322	1,633,669	224,400	245,944
Other costs of services	6,440,033	6,406,429	3,570,191	2,585,819
Total costs of services	**186,252,765**	**180,137,325**	**145,843,861**	**136,071,228**

The Petrol Group
The costs of intellectual services include the cost of services performed by the auditors of the annual report of EUR 445,898 (2022: EUR 308,150). Auditing services comprise the fee for the auditing of the annual report of EUR 432,478 (2022: EUR 300,150). Other, non-auditing services, stood at EUR 13,420 in 2023 (2022: EUR 8,000).

Petrol d.d., Ljubljana
The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 124,845 (2022: EUR 93,000). Auditing services comprise the fee for the auditing of the annual report of EUR 113,525 (2022: EUR 88,000). Other, non-auditing services, stood at EUR 11,320 in 2023 (2022: EUR 5,000).

Lease expenses

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Depreciation of right-of-use assets	23,510,587	21,260,001	4,965,531	4,347,502
Finance expenses	4,114,463	4,557,812	1,345,775	1,315,973
Lease expenses	12,779,043	9,577,561	10,283,141	8,898,635
Total recognised costs/expenses	**40,404,093**	**35,395,374**	**16,594,447**	**14,562,110**

The Group's/Company's lease expenses include expenses for short-term leases, leases of low-value assets and leases with variable lease payments.

5.6 Labour costs

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Salaries	119,524,929	100,503,917	79,493,944	60,753,400
Costs of other social insurance	10,662,405	9,309,380	5,854,991	4,623,943
Expense for defined contribution plan	8,695,348	6,842,468	7,201,442	5,393,248
Commuting allowance	4,992,615	4,328,999	2,210,355	2,064,078
Meal allowance	4,953,298	3,813,618	2,998,669	2,642,735
Annual leave allowance	4,428,085	4,038,516	3,412,037	3,398,196
Supplementary pension insurance	2,189,947	1,928,255	2,062,367	1,800,820
Other allowances and reimbursements	5,115,897	4,797,156	1,782,002	1,452,877
Total labour costs	**160,562,524**	**135,562,309**	**105,015,807**	**82,129,297**

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**

Number of employees by formal education level as at 31 December 2023

	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	40	7	47	18	7	25
Level II	80	19	99	33	19	52
Level III	113	4	117	14	4	18
Level IV	1,602	229	1,831	377	229	606
Level V	1,873	496	2,369	900	496	1,396
Level VI	328	54	382	188	54	242
Level VII	779	37	816	516	37	553
Level VII/2	260	10	270	199	10	209
Level VIII	14	-	14	7	-	7
Total	**5,089**	**856**	**5,945**	**2,252**	**856**	**3,108**

On average, the Group and the Company had 6,006 and 2,145 employees in 2023, respectively (2022: 6,224 and 2,128).

5.7 Depreciation and amortisation

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Depreciation of property, plant and equipment	59,847,239	60,365,040	31,443,870	31,742,704
Depreciation of right-of-use assets	23,510,587	21,260,001	4,965,530	4,347,502
Amortisation of intangible assets	13,039,770	13,605,265	9,376,280	9,749,159
Depreciation of investment property	1,085,348	1,069,764	654,296	677,760
Total depreciation and amortisation	**97,482,944**	**96,300,070**	**46,439,978**	**46,517,125**

5.8 Other costs

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Environmental charges and charges unrelated to operations	7,543,353	7,891,323	4,975,245	3,567,023
Sponsorships and donations	2,631,382	2,404,579	2,446,206	1,788,066
Impairment of inventories	2,001,290	6,194,071	1,986,925	7,024
Loss on sale/disposal of PPE	1,461,391	518,057	313,366	324,091
Impairment of PPE	596,956	-	596,956	-
Impairment of investments	40,558	-	-	-
Net allowance for trade receivables	(512,501)	7,930,749	619,233	2,990,233
Other costs (reversal of other provisions and other liabilities)	37,588,588	(8,462,620)	23,795,361	(593,642)
Total other costs	**51,351,017**	**16,476,159**	**34,733,292**	**8,082,795**

Among other costs, EUR 11,837,878 in the Group (EUR 3,397,085 in the Company) in 2023 relates to the costs of recognising short-term provisions from onerous contracts with customers for the supply of electricity and natural gas and EUR 17,853,975 in the Group/Company relates to the cost of recognition of long-term provisions for partial non-compliance in the field of renewable energies in transport.

In 2022, the Group/Company reversed part of the long-term provisions. The value of the reversal of the 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.

5.9 Gain/(Loss) on derivatives

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Gain on commodity derivatives	207,169,670	523,094,819	207,414,533	525,064,103
Loss on commodity derivatives	(153,888,518)	(558,699,150)	(152,231,444)	(551,271,270)
Gain/(Loss) on derivatives	**53,281,152**	**(35,604,331)**	**55,183,089**	**(26,207,167)**

The Group/Company recognises a gain of EUR 282,901 and a loss of EUR 487,161 on closed financial hedging instruments in 2023.

5.10 Interests and dividends

Shares of the profit or loss of equity-accounted investees of the Petrol Group

	The Petrol Group	
(in EUR)	2023	2022
Plinhold d.o.o.	2,518,732	1,646,458
Aquasystems d.o.o.	909,295	912,173
Knešca d.o.o.	251,671	104,281
Total net profit of associates	**3,679,698**	**2,662,912**
Soenergetika d.o.o.	44,581	912,333
Geoenergo d.o.o.	-	(246,684)
Vjetroelektrana Dazlina d.o.o.	(142)	(166)
Total net profit of jointly controlled entities	**44,439**	**665,483**
Total net finance income from interests	**3,724,137**	**3,328,395**

Finance income from dividends paid by subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

	Petrol d.d.	
(in EUR)	2023	2022
Petrol Trade Handelsgesellschaft m.b.H.	887,380	423,738
Petrol Hidroenergija d.o.o.	701,048	299,422
Total subsidiaries	**1,588,428**	**723,160**
Aquasystems d.o.o.	905,388	814,437
Plinhold d.o.o.	341,533	-
Total associates	**1,246,921**	**814,437**
Soenergetika d.o.o.	931,389	115,217
Total jointly controlled entities	**931,389**	**115,217**
Total finance income from interests	**3,766,738**	**1,652,814**

5.11 Finance income and expenses

	The Petrol Group		Petrol d.d.	
(in EUR)	2023	2022	2023	2022
Foreign exchange differences	46,446,583	80,079,268	44,041,710	74,011,689
Interest income	16,002,265	5,337,485	13,198,951	5,455,669
Gain on currency forward contracts	9,234,991	19,687,756	8,888,213	19,687,756
Loss allowances for financial receivables reversed	-	638,125	-	638,125
Other finance income	288,722	3,506,782	205,521	3,525,648
Total finance income	**71,972,561**	**109,249,416**	**66,334,395**	**103,318,887**
Foreign exchange differences	(45,577,172)	(80,848,842)	(41,946,128)	(74,625,841)
Interest expense	(26,441,063)	(14,427,380)	(23,933,112)	(11,331,719)
Loss on currency forward contracts	(13,797,458)	(16,294,820)	(9,571,486)	(16,294,820)
Loss on interest rate swaps	-	(329,734)	-	(329,734)
Other finance expenses	(2,259,521)	(2,577,515)	(1,686,112)	(2,438,888)
Total finance expenses	**(88,075,214)**	**(114,478,291)**	**(77,136,838)**	**(105,021,002)**
Net finance expense	**(16,102,653)**	**(5,228,875)**	**(10,802,443)**	**(1,702,115)**

5.12 Income tax expenses

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Current tax expense	(31,323,616)	(4,258,179)	(19,538,911)	(786,831)
Deferred tax	81,428	11,385,725	3,976,082	2,346,643
Taxes	**(31,242,188)**	**7,127,546**	**(15,562,829)**	**1,559,812**

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Profit/(Loss) before tax	167,794,157	(9,813,352)	108,368,410	17,824,066
Tax at the Company's nominal tax rate	31,880,890	(1,864,537)	20,589,998	3,386,573
Tax effect of untaxed income	(2,932,381)	(4,750,994)	(2,598,283)	(3,443,483)
Tax effect of expenses not deducted on tax assessment	6,415,827	152,605	(471,593)	(1,502,902)
Effect of a changed tax rate on deferred taxes	(2,919,097)	-	(1,957,293)	-
Effect of higher/lower tax rates for companies abroad	(1,203,051)	(664,620)	-	-
Taxes	**31,242,188**	**(7,127,546)**	**15,562,829**	**(1,559,812)**
Effective tax rate	**18.62 %**	**72.63 %**	**14.36 %**	**-8.75 %**

As at 31 December 2023, the Group has a corporate income tax receivable of EUR 5,728,330 (2022: EUR 23,897,315) and EUR 24,964,976 in income tax liabilities (2022: EUR 1,062,768). 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 nominal corporate income tax rate stood at 19 percent in 2023 (2022: 19 percent), whereas the Group's tax rates ranged from 9 to 24 percent. In Slovenia, the tax rate will change to 22 percent in 2024, which is taken into account in the calculation of deferred taxes as at 31 December 2023. The change in the tax rate decreased the net profit of the Group by EUR 2,919,097 and of the Company by EUR 1,957,293 and decreased the other comprehensive income of the Group by EUR 24,075 and of the Company by EUR 627,397.

Changes in deferred taxes of the Petrol Group

Deferred tax assets

(in EUR)	Invest-ments	Provisions	Allowance for rec. and impairment of assets	Invent-ories	Tax loss	Deprecia-tion/ amortisa-tion	Lease liabilities	Other	Total
As at 1 January 2022	**701,810**	**5,626,768**	**9,269,273**	**114,330**	**986,989**	**52,353**	**11,989,438**	**258,254**	**28,999,215**
Netting									(5,630,103)
Total net receivables as at 1 January 2022									**23,369,112**
(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	2,188,286	(29,267)	12,479,805
(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**	**14,177,724**	**227,848**	**44,458,521**
Netting									(26,268,097)
Total net receivables as at 31 December 2022									**18,190,424**
(Charged)/credited to the statement of profit or loss	20,511	844,281	637,554	(1,123,149)	(4,647,259)	2,467,558	839,567	236,464	(724,473)
(Charged)/credited to other comprehensive income	770,682	-	-	-	-	-	-	-	770,682
Foreign exchange differences	(195)	27	(278)	293	259	-	-	404	510
As at 31 December 2023	**4,373,776**	**2,996,590**	**9,438,083**	**53,275**	**4,521,144**	**7,640,365**	**15,017,291**	**464,716**	**44,505,240**
Netting									(22,678,526)
Total net receivables as at 31 December 2023									**21,826,714**

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Right-of-use assets	Other	Total
As at 1 January 2022	**153,956**	**27,381,250**	**11,989,438**	**48,135**	**39,572,779**
Netting					(5,630,103)
Total net liabilities as at 1 January 2022					**33,942,676**
Charged/(credited) to the statement of profit or loss	293	(1,146,350)	2,188,286	51,094	1,093,323
Charged 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**	**14,177,724**	**99,229**	**46,950,638**
Netting					(26,268,097)
Total net liabilities as at 31 December 2022					**20,682,541**
Charged/(credited) to the statement of profit or loss	-	(1,117,081)	410,409	(99,229)	(805,901)
Charged/(credited) to other comprehensive income	(1,881,505)	-	-	-	(1,881,505)
Foreign exchange differences	(292)	10,908	-	-	10,616
As at 31 December 2023	**4,609,780**	**25,075,935**	**14,588,133**	**-**	**44,273,848**
Netting					(22,678,526)
Total net liabilities as at 31 December 2023					**21,595,322**

Within deferred tax liabilities, the Group recognises deferred tax liabilities for fixed assets from property, plant and equipment, intangible assets and right-of-use assets.

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 2022	**642,861**	**3,181,255**	**4,767,482**	**-**	**170,552**	**8,762,150**
Netting						(606,636)
Total net receivables as at 1 January 2022						**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**
(Charged)/credited to the statement of profit or loss	48,440	371,890	656,023	2,461,885	(23,412)	3,514,826
(Charged)/credited to other comprehensive income	(92,718)	-	-	-	-	(92,718)
As at 31 December 2023	**355,227**	**1,178,668**	**5,237,376**	**7,582,212**	**-**	**14,353,483**
Netting						(4,600,925)
Total net receivables as at 31 December 2023						**9,752,558**

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Total
As at 1 January 2022	**145,380**	**461,256**	**606,636**
Netting			(606,636)
Total net liabilities as at 1 January 2022			**-**
(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			**-**
(Charged)/credited to the statement of profit or loss	-	(461,256)	(461,256)
(Charged)/credited to other comprehensive income	(1,881,801)	-	(1,881,801)
As at 31 December 2023	**4,600,925**	**-**	**4,600,925**
Netting			(4,600,925)
Total net liabilities as at 31 December 2023			**-**

Pillar II Rules

Pillar II and the global minimum tax are key aspects to be taken into account in modern tax policy and regulation. Pillar II is part of the efforts of international organisations to establish a global minimum tax standard and aims to enforce a minimum tax rate internationally to reduce the incidence of aggressive tax planning and profit shifting to lower tax jurisdictions. This ensures the stability of countries' tax revenues and promotes fair taxation. Under the legislation, the tax is payable on the difference between the actual tax rate for each jurisdiction, calculated under the Minimum Tax Act (ZMD), and the statutory minimum tax rate of 15 percent.

On the basis of Pillar II, the EU Directive and, consequently, the Slovenian legislation transposing the Directive, Petrol d.d., with its registered office in Ljubljana, is subject to the global minimum tax. The ZMD applies to financial years starting from 31 December 2023, with the first reporting year starting in 2026.

The calculations were made by the Group/Company on the basis of the information available at the time of the calculation and therefore the amounts obtained represent the best estimates. Based on the calculations, the need to pay the global minimum tax only arises for companies in Bosnia and Herzegovina. The jurisdiction of Bosnia and Herzegovina has an effective tax rate of 9.8 percent and thus, after the substantive exclusion of income, is liable for EUR 198,567 of the tax in question. Given the current state of the law in the signatory countries, it is not yet known whether the subsidiaries themselves or Petrol d.d., Ljubljana on their behalf will have to pay this amount.

The Company is part of the advisory body of the Financial Administration of the Republic of Slovenia and also cooperates with external tax experts.

5.13 Earnings per share

	The Petrol Group		Petrol d.d.	
	2023	2022	2023	2022
Net profit attributable to owners of the controlling company (in EUR)	135,362,154	4,520,125	92,805,581	19,383,878
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)	**3.29**	**0.11**	**2.25**	**0.47**

The basic earnings per share are calculated by dividing the net profit attributable to the owners of the controlling 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 shares are traded on the prime market of the Ljubljana Stock Exchange (LJSE) under the ticker PETG.

5.14 Other comprehensive income

The Petrol Group

The effective portion of the changes in the fair value of the cash flow variability hedging instrument decreased by EUR 14,185,913 (in 2022: an increase of EUR 17,755,033) and increased by the deferred tax effect of EUR 2,674,767 (in 2022: a decrease of EUR 3,333,632). The change relates to interest rate swap hedging, commodity derivative financial instruments and currency forward contracts and increases the hedging reserve.

The balance and movement of the hedging reserve is explained in Note 5.32.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

Petrol d.d., Ljubljana

The effective portion of the changes in the fair value of the cash flow variability hedging instrument decreased by EUR 12,718,319 (in 2022: an increase of EUR 34,292,220) and increased by the deferred tax effect of EUR 1,811,369 (in 2022: a decrease of EUR 6,515,522). The change relates to interest rate swap hedging, commodity derivative financial instruments and increases the hedging reserve.

The balance and movement of the hedging reserve is explained in Note 5.32.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

5.15 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 and emission allowances	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**

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs and emission allowances	Total
Cost						
As at 1 January 2023	**60,395,388**	**126,473,005**	**160,685,312**	**5,856,605**	**1,184,866**	**354,595,176**
New acquisitions	255,137	172,238	-	9,111,400	2,565,269	12,104,044
Disposals	(6,297,308)	(878,687)	-	(245,396)	(1,589,302)	(9,010,693)
Transfers between intangible assets	14,429	(15,835)	-	-	1,406	-
Transfers between PPE	-	-	-	(1,807,290)	-	(1,807,290)
Transfer from ongoing investments	4,186,457	826,610	-	(5,013,067)	-	-
Foreign exchange differences	2,225	1,741	17,361	2,284	-	23,611
As at 31 December 2023	**58,556,328**	**126,579,072**	**160,702,673**	**7,904,536**	**2,162,239**	**355,904,848**
Accumulated amortisation						
As at 1 January 2023	**(41,441,264)**	**(67,864,439)**	**-**	**-**	**-**	**(109,305,703)**
Amortisation	(7,807,713)	(5,232,057)	-	-	-	(13,039,770)
Disposals	6,244,333	878,142	-	-	-	7,122,475
Transfers between intangible assets	(1,033)	1,033	-	-	-	-
Foreign exchange differences	(1,487)	(1,058)	-	-	-	(2,545)
As at 31 December 2023	**(43,007,164)**	**(72,218,379)**	**-**	**-**	**-**	**(115,225,543)**
Net carrying amount as at 1 January 2023	**18,954,124**	**58,608,566**	**160,685,312**	**5,856,605**	**1,184,866**	**245,289,473**
Net carrying amount as at 31 December 2023	**15,549,164**	**54,360,693**	**160,702,673**	**7,904,536**	**2,162,239**	**240,679,305**

All intangible assets presented herein are the property of the Group and are unpledged.

17.7 percent of all the intangible assets in use on 31 December 2023 were fully amortised (compared to 17.6 percent as at 31 December 2022).

Under intangible assets, the Group records emission allowances for the management of plants that require a greenhouse gas emission permit. More in the note relating to the Company.

The Group's intangible fixed assets were tested for impairment as at 31 December 2023 and no impairment of intangible fixed assets was identified.

Goodwill

The goodwill structure presented by the business combination from which it originates is as follows:

	The Petrol Group	
(in EUR)	31 December 2023	31 December 2022
Instalacija d.o.o., Koper[1]	85,266,022	85,266,022
Crodux derivati dva d.o.o.[2]	55,681,097	55,666,513
Euro-Petrol d.o.o.[3]	12,630,218	12,626,888
Vjetroelektrana Ljubač d.o.o.	2,580,100	2,579,423
Atet d.o.o.	2,434,972	2,434,972
Petrol-Jadranplin d.o.o.[4]	747,242	747,045
Vjetroelektrana Glunča d.o.o.	358,073	357,979
Crodux Plin d.o.o.	262,777	264,429
Petrol-Butan d.o.o.[5]	279,629	279,555
MBILLS d.o.o.	245,250	245,250
Adria-Plin d.o.o.	217,293	217,236
Total goodwill	**160,702,673**	**160,685,312**

[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. 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 the purchase consideration, which had only been recognised temporarily in 2021.

In accordance with the IAS 36, goodwill was tested for impairment as at 31 December 2023. The test showed no need for impairment.

Impairment of goodwill is recognised when 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 value in use, where the estimated 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 companies Instalacija d.o.o. and Crodux derivati dva d.o.o., where the recoverable amount was assessed at the level of the cash-generating unit directly related to the assets acquired during the acquisition of the companies.

Goodwill was tested for impairment using the 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 the net cash flows (long-term growth rate of cash flows, cash flow projection, projection period and 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 the expected price growth rates.

For Instalacija d.o.o., the 4-year financial plans of the cash-generating unit, the required rate of return of 8.81 percent after taxes (2022: 9.03 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 1.92 percent (2022: 1.97 percent) were used in testing the goodwill for impairment.

For Crodux derivati dva, the 6-year financial plans of the cash-generating unit, the required rate of return of 9.43 percent after taxes (2022: 9.90 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2022: -1 percent) were used in testing the goodwill for impairment.

For Petrol d.o.o., the 6-year financial plans of the cash-generating unit, the required rate of return of 9.43 percent after taxes (2022: 9.90 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2022: -1 percent) were used in testing the goodwill for impairment. The testing of Petrol d.o.o.'s goodwill comprises goodwill arising from the upstream merger of 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 7.5 percent after taxes (2022: 7.8 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2022: 2 percent) were used in testing the goodwill for impairment.

For MBills d.o.o., the 5-year financial plans of the cash-generating unit, the required rate of return of 14.6 percent after taxes (2022: 22.1 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2022: 2 percent) were used in testing the 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 in the long term.

For Vjetroelektrana Glunča d.o.o., the 25-year financial plans of the cash-generating unit and the required rate of return of 11.77 percent after taxes (2022: 10.9 percent) were used in testing the 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 23-year financial plans of the cash-generating unit and the average required rate of return of 11.77 percent after taxes (2022: 10.9 percent) were used in testing the 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., the 6-year financial plans of the cash-generating unit, the required rate of return of 11.02 percent after taxes (2022: 9 percent) and the annual growth rate of the remaining free cash flows (the residual value) of 2 percent (2022: 2 percent) were used in testing the 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 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)	(483)	(1,034)	-
Atet d.o.o.	7.80%	2%	- 0.5	+ 0.5	651	582	1,233	-
			+ 0.5	- 0.5	(34,471)	(23,785)	(56,098)	-
Petrol d.o.o. (Crodux derivati dva d.o.o. in Euro-Petrol d.o.o.)	9.90%	-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)	-
Vjetroelektrana 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	-

In 2023

(in EUR thousand)	Key assumptions: Discount rate (WACC)	Key assumptions: Long-term growth rate (g)	Change in key assumptions: Discount rate (WACC)	Change in key assumptions: Long-term growth rate (g)	Effect of change in the discount rate on the recoverable amount	Effect of change in the long-term growth rate on the recoverable amount	Effect of change in the discount rate and the long-term growth rate on the recoverable amount	Effect on impairment when key assumptions change
Adria-Plin d.o.o.	11.02%	2%	+ 0.5	- 0.5	(32)	(21)	(50)	-
			- 0.5	+ 0.5	35	24	63	-
Atet d.o.o.	7.50%	2%	+ 0.5	- 0.5	(870)	(883)	(1,617)	(1,456)
			- 0.5	+ 0.5	1,045	1,060	2,340	-
Petrol d.o.o. (Crodux derivati dva d.o.o. and Euro-Petrol d.o.o.)	9.43%	2%	+ 0.5	- 0.5	(38,712)	(27,751)	(62,647)	-
			- 0.5	+ 0.5	44,307	31,755	81,805	-
Instalacija d.o.o., Koper	8.81%	2%	+ 1.0	- 0.5	(19,411)	(8,644)	(25,897)	-
			- 1.0	+ 0.5	25,982	9,997	40,199	-
MBills d.o.o.	14.60%	2%	+ 0.5	- 0.5	(111)	(118)	(221)	-
			- 0.5	+ 0.5	120	128	258	-
Vjetroelektrana Glunča d.o.o.	11.77%	-	+ 0.5	-	(1,543)	-	(1,543)	-
			- 0.5	-	1,634	-	1,634	-
Vjetroelektrana Ljubač d.o.o.	11.77%	-	+ 0.5	-	(2,114)	-	(2,114)	-
			- 0.5	-	2,245	-	2,245	-

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 and emission allowances	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**

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred costs and emission allowances	Total
Cost						
As at 1 January 2023	**44,279,430**	**113,143,266**	**85,266,022**	**3,697,389**	**1,172,668**	**247,558,775**
New acquisitions	-	111,686	-	8,129,848	2,382,967	10,624,501
Disposals	(5,603,192)	(195,478)	-	-	(1,585,003)	(7,383,673)
Transfer between intangible assets	-	(1,406)	-	-	1,406	-
Transfer from ongoing investments	4,116,275	809,642	-	(4,925,917)	-	-
As at 31 December 2023	**42,792,513**	**113,867,710**	**85,266,022**	**6,901,320**	**1,972,038**	**250,799,603**
Accumulated amortisation						
As at 1 January 2023	**(32,419,672)**	**(63,166,632)**	**-**	**-**	**-**	**(95,586,304)**
Amortisation	(5,312,329)	(4,063,951)	-	-	-	(9,376,280)
Disposals	5,603,075	194,933	-	-	-	5,798,008
As at 31 December 2023	**(32,128,926)**	**(67,035,650)**	**-**	**-**	**-**	**(99,164,576)**
Net carrying amount as at 1 January 2023	**11,859,758**	**49,976,634**	**85,266,022**	**3,697,389**	**1,172,668**	**151,972,471**
Net carrying amount as at 31 December 2023	**10,663,587**	**46,832,060**	**85,266,022**	**6,901,320**	**1,972,038**	**151,635,027**

All the intangible assets presented herein are owned by the Company and are unpledged.

16.5 percent of all the intangible assets in use on 31 December 2023 were fully depreciated (compared to 17.4 percent as at 31 December 2022).

Under intangible assets, the Company recognises emission allowances for the management of plants that require a greenhouse gas emission permit. Each year the Company is required to surrender emission allowances equal to the total amount of greenhouse gas emissions released into the atmosphere by the plants during the previous year of operation. The actual amount of emissions, and therefore the number of allowances that the Company is required to surrender to the Emissions Allowance Register, is calculated using a standardised methodology, in accordance with all EU regulations and legislation, and certified by an external auditor.

The Company purchases emission allowances according to their current market value. Emission allowances obtained from the State are valued at EUR 1. As at 1 January 2023, the Company's total stock of emission allowances amounted to 19,455 emission allowances, 8,140 emission allowances were purchased for EUR 651,600, 13,977 emission allowances were used for EUR 907,560 and 1,369 emission allowances valued at EUR 1 were acquired from the State in 2023. At the end of 2023, the Company had 14,987 emission allowances with a value of EUR 1,476,813 of which 2,775 are acquired from the State.

Intangible fixed assets as at 31 December 2023 were tested for impairment It was determined that there is no need for the impairment of intangible fixed assets, the same as in 2022.

Goodwill

As at 31 December 2023, the Company disclosed goodwill arising from the upstream merger of Instalacija d.o.o. in 2013 amounting to EUR 85,266,022.

In 2023, the Company tested the 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.

5.16 Right-of-use assets

Right-of-use assets of the Petrol Group

(in EUR)	Right-of-use land	Right-of-use buildings	Right-of-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
Cancellation	(23,707,396)	(55,348,762)	(486,070)	(79,542,228)
Transfer 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)
Cancellation	6,525,251	7,153,465	256,603	13,935,319
Transfer between assets categories	(790,946)	790,946	-	0
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**

(in EUR)	Right-of-use land	Right-of-use buildings	Right-of-use equipment	Total
Cost				
As at 1 January 2023	**79,527,262**	**60,112,664**	**25,973,902**	**165,613,828**
New acquisitions	16,040,213	4,876,536	2,355,011	23,271,760
Cancellation	(26,845)	(2,214,348)	(1,885,771)	(4,126,964)
Foreign exchange differences	12,094	5,225	4,866	22,185
As at 31 December 2023	**95,552,724**	**62,780,077**	**26,448,008**	**184,780,809**
Accumulated depreciation				
As at 1 January 2023	**(10,801,714)**	**(16,157,504)**	**(7,034,341)**	**(33,993,559)**
Depreciation	(8,450,337)	(9,152,515)	(5,907,735)	(23,510,587)
Cancellation	17,773	1,658,399	1,885,749	3,561,921
Foreign exchange differences	(554)	598	(432)	(388)
As at 31 December 2023	**(19,234,832)**	**(23,651,022)**	**(11,056,759)**	**(53,942,613)**
Net carrying amount as at 1 January 2023	**68,725,548**	**43,955,160**	**18,939,561**	**131,620,269**
Net carrying amount as at 31 December 2023	**76,317,892**	**39,129,055**	**15,391,249**	**130,838,196**

Right-of-use assets of Petrol d.d., Ljubljana

(in EUR)	Right-of-use land	Right-of-use buildings	Right-of-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
Cancellation	-	(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)
Cancellation	-	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**

(in EUR)	Right-of-use land	Right-of-use buildings	Right-of-use equipment	Total
Cost				
As at 1 January 2023	**33,478,119**	**3,116,757**	**8,404,753**	**44,999,629**
New acquisitions	2,428,643	541,326	2,281,502	5,251,471
Cancellation	(17,773)	(965,397)	(2,027,952)	(3,011,122)
As at 31 December 2023	**35,888,989**	**2,692,686**	**8,658,303**	**47,239,978**
Accumulated depreciation				
As at 1 January 2023	**(8,672,608)**	**(1,505,715)**	**(5,583,614)**	**(15,761,937)**
Depreciation	(2,484,018)	(712,843)	(1,768,669)	(4,965,530)
Cancellation	17,773	965,397	2,027,952	3,011,122
As at 31 December 2023	**(11,138,853)**	**(1,253,161)**	**(5,324,331)**	**(17,716,345)**
Net carrying amount as at 1 January 2023	**24,805,511**	**1,611,042**	**2,821,139**	**29,237,692**
Net carrying amount as at 31 December 2023	**24,750,136**	**1,439,525**	**3,333,972**	**29,523,632**

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.

5.17 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 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
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**

(in EUR)	Land	Buildings	Machinery	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2023	**326,233,532**	**825,836,318**	**4,766,684**	**402,752,534**	**46,439,462**	**1,606,028,530**
New acquisitions	-	217,130	16,329	7,820,481	71,001,113	79,055,053
Disposals	(125,520)	(6,859,213)	(7,431)	(16,575,308)	(1,572,432)	(25,139,904)
Impairments	(596,956)	-	-	-	-	(596,956)
Transfers between PPE	-	(565,826)	(13,979)	640,012	(60,207)	-
Transfers between intangible assets	-	-	-	1,806,365	925	1,807,290
Transfer from ongoing investments	12,703	24,700,352	457	19,747,939	(44,461,451)	-
Transfers between investment property	355,674	(1,728,959)	-	-	(122,903)	(1,496,188)
Foreign exchange differences	32,481	(764)	112	43,159	595	75,583
As at 31 December 2023	**325,911,914**	**841,599,038**	**4,762,172**	**416,235,182**	**71,225,102**	**1,659,733,408**
Accumulated depreciation						
As at 1 January 2023	**-**	**(507,112,863)**	**(2,846,356)**	**(241,516,790)**	**-**	**(751,476,009)**
Depreciation	-	(28,840,918)	(258,828)	(30,747,493)	-	(59,847,239)
Disposals	-	6,051,560	7,431	12,958,832	-	19,017,823
Transfers between PPE	-	42,662	13,979	(56,641)	-	-
Transfers between investment property	-	147,197	-	-	-	147,197
Foreign exchange differences	-	5,701	(102)	(10,332)	-	(4,733)
As at 31 December 2023	**-**	**(529,706,661)**	**(3,083,876)**	**(259,372,424)**	**-**	**(792,162,961)**
Net carrying amount as at 1 January 2023	**326,233,532**	**318,723,455**	**1,920,328**	**161,235,744**	**46,439,462**	**854,552,521**
Net carrying amount as at 31 December 2023	**325,911,914**	**311,892,377**	**1,678,296**	**156,862,758**	**71,225,102**	**867,570,447**

44.26 percent of all items of property, plant and equipment in use on 31 December 2023 were fully depreciated.

Pledged property, plant and equipment
All of the Group's property, plant and equipment are free of encumbrances.

In accordance with the IAS 36 and based on external and internal sources of information and factors, the Group checked whether there was an indication that the assets may be impaired as at 31 December 2023. When testing asset impairment indicators, the Group determined that the carrying amounts of certain land exceeded their fair values and values in use.

To estimate the value of the land, the Group used the model of comparable market prices less the costs of the sale and impairment of land in the amount of EUR 596,956 based on independent appraiser estimates.

In 2022, the Group's impairment review process determined that no indicators of impairment exist for property, plant and equipment as at 31 December 2022. It was determined that there is no need for the impairment of property, plant and equipment.

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

(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**

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2023	**102,587,002**	**584,616,960**	**276,608,194**	**23,408,190**	**987,220,346**
New acquisitions	-	-	-	33,840,333	33,840,333
Disposals	(125,520)	(1,075,110)	(8,851,246)	(269,731)	(10,321,607)
Impairments	(596,956)	-	-	-	(596,956)
Transfer from ongoing investments	-	7,382,573	13,468,699	(20,851,272)	-
Transfers between investment property	-	-	-	(122,903)	(122,903)
As at 31 December 2023	**101,864,526**	**590,924,423**	**281,225,647**	**36,004,617**	**1,010,019,213**
Accumulated depreciation					
As at 1 January 2023	**-**	**(429,511,087)**	**(191,398,609)**	**-**	**(620,909,696)**
Depreciation	-	(15,147,012)	(16,296,858)	-	(31,443,870)
Disposals	-	383,801	7,895,898	-	8,279,699
As at 31 December 2023	**-**	**(444,274,298)**	**(199,799,569)**	**-**	**(644,073,867)**
Net carrying amount as at 1 January 2023	**102,587,002**	**155,105,873**	**85,209,585**	**23,408,190**	**366,310,650**
Net carrying amount as at 31 December 2023	**101,864,526**	**146,650,125**	**81,426,078**	**36,004,617**	**365,945,345**

46.6 percent of all items of property, plant and equipment in use on 31 December 2023 were fully depreciated (compared to 43.8 percent as at 31 December 2022).

Pledged property, plant and equipment
All property, plant and equipment of the Company are free of encumbrances.

When testing asset impairment indicators, the Company determined that the carrying amounts of certain land exceeded their fair values and values in use. Therefore, the Company impaired land as at 31 December 2023 by EUR 596,956 on the basis of valuations carried out by independent appraisers.

To estimate the value of the land, the Company used the model of fair value less costs of disposal.

In 2022, the Company's impairment review process determined that no indicators of impairment exist for property, plant and equipment as at 31 December 2022. It was determined that there is no need for the impairment of property, plant and equipment.

5.18 Investment property

Investment property comprises buildings (storage facilities, car washes, bars) being leased out by the Group/Company.

	The Petrol Group	Petrol d.d.
(in EUR)	Investment property	Investment property
Cost		
As at 1 January 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	Petrol d.d.
(in EUR)	Investment property	Investment property
Cost		
As at 1 January 2023	**36,349,500**	**27,731,507**
New acquisitions	1,806,215	173,669
Disposals	(126,217)	-
Transfers between property, plant and equipment	1,496,188	122,903
Foreign exchange differences	489	-
As at 31 December 2023	**39,526,175**	**28,028,079**
Accumulated depreciation		
As at 1 January 2023	**(21,572,392)**	**(16,240,671)**
Depreciation	(1,085,348)	(654,296)
Disposals	118,462	-
Transfers between property, plant and equipment	(147,197)	-
Foreign exchange differences	(971)	-
As at 31 December 2023	**(22,687,446)**	**(16,894,967)**
Net carrying amount as at 1 January 2023	**14,777,108**	**11,490,836**
Net carrying amount as at 31 December 2023	**16,838,729**	**11,133,112**

The Petrol Group

After assessing the intended use of the property and the long-term goals pursued as at 31 December 2023, the Group determined that certain property held by the Group meets the criteria to be classified as investment property. The Group transferred property worth EUR 1,348,991 (2022: EUR 29,461 EUR) from fixed assets to investment property.

In 2023, the revenue generated by the Group from investment property totalled EUR 4,170,782 (2022: EUR 3,262,056). The Group estimates that the fair value of the investment property as at 31 December 2023 amounts to EUR 36,345,341 (31 December 2022: EUR 27,936,214). The Group assesses the fair value using the standardised cash flows capitalisation method, whereby cash flows mainly consist of rents received from the lease of investment property.

The fair value of investment property was assessed using the required rate of return from 9.42 to 17.18 percent after taxes (2022: from 8.50 to 11.95 percent) without the long-term growth rate of lease payments (2022: from 0.05 to 1 percent).

In 2023, the Group's impairment review process determined that no indicators of impairment exist for investment property as at 31 December 2023. It was determined that there is no need for the impairment of investment property.

Petrol d.d., Ljubljana

In 2023, the revenue generated by the Company from investment property totalled EUR 3,269,667 (2022: EUR 2,576,791). The Company estimates that the fair value of investment property as at 31 December 2023 amounts to EUR 29,503,361 (31 December 2022: EUR 22,241,655). 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 zero percent growth (2022: 0.05 percent) and a required rate of return of 9.42 percent (2022: 8.5 percent) are assumed.

In 2023, the Company's impairment review process determined that no indicators of impairment exist for investment property as at 31 December 2023. It was determined that there is no need for the impairment of investment property.

5.19 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 2023

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 2023 (in EUR)	Net profit or loss for 2023 (in EUR)
Slovenia				
IGES d.o.o.	Dunajska cesta 50, Ljubljana, Slovenia	100%	15,867,713	21,872
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	100%	814,931	(872)
Petrol GEO d.o.o.	Mlinska ulica 5d, Lendava, Slovenia	100%	4,178,220	914,579
Ekoen d.o.o.	Luče 117A, Luče, Slovenia	100%	717,204	(10,892)
Ekoen S d.o.o.	Ljubljanska cesta 35, Domžale, Slovenia	100%	16,176	5,674
MBills d.o.o.	Tržaška cesta 118, Ljubljana, Slovenia	100%	2,459,159	(963,882)
Geoplin d.o.o. Ljubljana[1]	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	74.34%	135,769,627	22,192,611
Atet d.o.o.[2]	Devova ulica 6A, Ljubljana, Slovenia	96%	2,749,087	169,323
E 3, d.o.o.	Prvomajska ulica 21, Nova Gorica, Slovenia	100%	22,936,820	10,327,557
Croatia				
Petrol d.o.o.	Savska Opatovina 36, Zagreb, Croatia	100%	261,510,758	19,871,645
Vjetroelektrana Glunča d.o.o.	Savska Opatovina 36, Zagreb, Croatia	100%	13,811,160	1,084,899
Vjetroelektrana Ljubač d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	100%	8,793,216	612,006
Zagorski metalac d.o.o.[3]	Ulica Josipa Broza Tita 2F, Zabok, Croatia	75%	8,775,236	(5,641)
Serbia				
Petrol d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	37,940,386	3,453,317
Beogas d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	23,724,652	1,177,082
Petrol LPG d.o.o.	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	11,852,105	(549,342)
STH Energy d.o.o. Kraljevo	Karadjordjeva 241, Kraljevo, Serbia	80%	767,583	177,939
Montenegro				
Petrol Crna Gora MNE d.o.o.	Ulica Slobode br. 2, Podgorica, Montenegro	100%	24,887,811	1,641,135
Bosnia and Herzegovina				
Petrol BH Oil Company d.o.o. Sarajevo	Ulica Džemala Bijedića br. 202, Sarajevo, Bosnia and Herzegovina	100%	76,283,385	3,308,845
Petrol Hidroenergija d.o.o. Teslić	Branka Radičevića 1, Teslić, Bosnia and Herzegovina	80%	8,766,387	2,515,874
Petrol Power d.o.o. Sarajevo	Ulica Džemala Bijedića br. 202, Sarajevo, Bosnia and Herzegovina	99.75%	(580,891)	1,401,245
Other countries				
Petrol-Trade Handelsgesellschaft m.b.H.	Elisabethstrasse 10/4, Vienna, Austria	100%	2,931,929	1,370,846
Petrol-Energetika DOOEL Skopje	Ul. Sv. Kiril i Metodij 20, Skopje, Macedonia	100%	119,150	1,033
Petrol Bucharest ROM S.R.L.	B-dul Tudor Vladimirescu 22, Sector 5, Bucharest, Romania	100%	36,012	105,255
Petrol-OTI-Terminal L.L.C.	Industrijska zona b.b., Kosovo Polje, Kosovo	100%	8,572,109	(20,387)

[1] Petrol d.d., Ljubljana has 74.49 percent of the voting rights in the company Geoplin d.o.o.
[2] Petrol d.d., Ljubljana has 100 percent of the voting rights in the company Atet d.o.o.
[3] The subsidiary Geoplin d.o.o. Ljubljana owns a 25 percent interest in Zagorski metalac d.o.o. In total, the Group has a 93.6 percent interest in Zagorski metalac d.o.o.

Information about indirect subsidiaries as at 31 December 2023

The companies Petrol LPG d.o.o. Beograd, Petrol d.o.o. Beograd, IGES d.o.o., Petrol d.o.o., Geoplin d.o.o. and Atet 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 Atet 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 2023 (in EUR)	Net profit or loss for 2023 (in EUR)
The Petrol LPG Group				
Tigar Petrol d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	(418,344)	(4,861)
Petrol LPG HIB d.o.o.	Preduzetnička zona bb, Šamac, Bosnia and Herzegovina	100%	(504,493)	(222,813)
The Petrol Beograd Group				
Petrol Lumennis PB JO d.o.o. Beograd	Patrijarha Dimitrija 12v, Beograd, Serbia	100%	1,756	(217)
Petrol Lumennis VS d.o.o. Beograd	Patrijarha Dimitrija 12v, Beograd, Serbia	100%	339	(1,764)
Petrol Lumennis ZA JO d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	4,462	1,773
Petrol Lumennis ŠI JO d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	1,071	(48)
Petrol KU 2021 d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	29,821	27,557
Petrol Lumennis KI JO d.o.o. Beograd	Omladinskih brigada 88-90, Novi Beograd, Serbia	100%	(1,968)	(2,327)
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%	128,679	33,559
ADRIA-PLIN d.o.o.	Ulica Stinice 15, Kastel Gomilica, Croatia	75%	72,959	43,520
The Geoplin Group				
Geoplin d.o.o.	Radnička cesta 177, Zagreb, Croatia	100%	(17,838,652)	(19,537,200)
Geoplin d.o.o. Beograd	Zelengorska ulica broj 1g, 11070 Novi Beograd, Serbia	100%	34,954	-
The Atet Group				
Atet Mobility Zagreb d.o.o.	Savska Opatovina 36, Zagreb, Croatia	100%	2,896	396

[1] The company is in bankruptcy proceedings.

Balance of investments in subsidiaries

(in EUR)	Petrol d.d.	
	31 December 2023	31 December 2022
Petrol d.o.o.	327,833,986	327,833,986
Geoplin d.o.o. Ljubljana	56,964,237	56,964,237
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
Vjetroelektrana Ljubač d.o.o.	9,056,761	9,056,761
Zagorski metalac d.o.o.	7,600,316	7,600,316
Vjetroelektrana Glunča d.o.o.	6,523,622	6,523,622
MBills d.o.o.	5,955,122	5,955,122
Atet d.o.o.	5,303,697	4,044,396
Petrol Hidroenergija d.o.o. Teslić	5,000,409	5,000,409
Petrol LPG d.o.o.	4,770,601	4,770,601
Petrol - OTI - Terminal L.L.C.	1,805,000	1,805,000
Ekoen d.o.o.	1,249,867	1,249,867
Petrol Skladiščenje d.o.o.	794,951	794,951
Petrol GEO d.o.o.	697,020	697,020
STH Energy d.o.o. Kraljevo	467,868	467,868
Petrol Trade Handelsgesellschaft m.b.H.	147,830	147,830
Ekoen S d.o.o.	50,737	50,737
Petrol-Energetika DOOEL Skopje	25,000	25,000
Petrol Bucharest ROM S.R.L.	10,000	10,000
Petrol Power d.o.o. Sarajevo	-	-
Total investments in subsidiaries	**555,292,232**	**554,032,932**

Changes in investments in subsidiaries

(in EUR)	Petrol d.d.	
	2023	2022
As at 1 January	**554,032,932**	**553,970,331**
New acquisitions	1,259,301	62,600
As at 31 December	**555,292,232**	**554,032,932**

In 2023, the Group acquired an additional 23 percent interest in ATET d.o.o., thus becoming a 100 percent owner of the company.

In 2022, the Group acquired an additional 0.04 percent interest in Geoplin d.o.o., thus becoming a 74.34 percent owner of the company.

In 2023, payments for investments in subsidiaries of EUR 4,259,304 at the Company consisted of a deferred payment of EUR 3,000,000 for Crodux derivati dva d.o.o. and EUR 1,259,301 for the acquisition of a non-controlling interest in ATET d.o.o. At the Group level, deferred consideration payment are presented within payments for invemstments in subsidiaries and the acquisition of a non-controlling interest is presented within transactions with non-controlling interests.

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 2023. It was determined that there is no need for the impairment of investments in subsidiaries.

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 greater of its value in use and its fair value less costs to sell. The impairment test used value in use, where the estimated 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 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.	9.90%	-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)	-
Vjetroelektrana 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	-

In 2023

(in EUR thousand)	Key assumptions: Discount rate (WACC)	Key assumptions: Long-term growth rate (g)	Change in key assumptions: Discount rate (WACC)	Change in key assumptions: Long-term growth rate (g)	Effect of change in the discount rate on the recoverable amount	Effect of change in the long-term growth rate on the recoverable amount	Effect of change in the discount rate and the long-term growth rate on the recoverable amount	Effect on impairment when key assumptions change
			+ 0,5	- 0,5	(38,712)	(27,751)	(62,647)	-
Petrol d.o.o.	9.43%	2%	- 0,5	+ 0,5	44,307	31,755	81,805	-
			+ 0,5	- 0,5	(2,144)	(1,712)	(3,670)	(1,075)
Petrol d.o.o. Beograd	12.16%	3%	- 0,5	+ 0,5	2,392	1,910	4,561	-
			+ 1,0	- 0,5	(452)	(190)	(605)	-
Petrol Crna Gora MNE d.o.o.	12.63%	3%	- 1,0	+ 0,5	555	210	824	-
			+ 1,0	- 0,5	(2,728)	(1,249)	(3,651)	-
E 3, d.o.o.	8.35%	2%	- 1,0	+ 0,5	3,727	1,460	5,856	-
			+ 0,5	-	(2,114)	-	(2,114)	-
Vjetroelektrana Ljubač d.o.o.	11.77%	-	- 0,5	-	2,245	-	2,245	-
			+ 0,5	-	(1,543)	-	(1,543)	-
Vjetroelektrana Glunča d.o.o.	11.77%	-	- 0,5	-	1,634	-	1,634	-
			+ 0,5	- 0,5	(111)	(118)	(221)	-
MBills d.o.o.	14.60%	2%	- 0,5	+ 0,5	120	128	258	-
			+ 0,5	- 0,5	(870)	(883)	(1,617)	(1,456)
Atet d.o.o.	7.50%	2%	- 0,5	+ 0,5	1,045	1,060	2,340	-

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 stage of the exchange is subject to suspensive conditions, the fulfilment of which is beyond the control of any of the parties; 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 implemented in full, it will cause the non-controlling interest in the equity of the Petrol Group to decrease by EUR 30,107,463.

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.

In 2023, Petrol d.d. acquired an additional 23 percent interest in ATET d.o.o., thus becoming a 100 percent owner of the company.

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**
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**

2023

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o.	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Revenue	1,014,057,610	14,661,044	3,274,316	4,849,957	1,036,842,927
Net profit for the year	**2,549,210**	**(236,754)**	**2,515,874**	**1,771,694**	**6,600,024**
Net profit for the year attributable to:					
Non-controlling interest	650,366	(15,109)	503,176	51,382	**1,189,815**
Total other comprehensive income after tax	956,590	2,680	-	(1,022)	**958,248**
Total comprehensive income for the year	**3,505,800**	**(234,074)**	**2,515,874**	**1,770,672**	**7,558,272**
Total comprehensive income attributable to:					
Non-controlling interest	894,417	(14,934)	503,175	51,184	**1,433,842**

(in EUR)	The Geoplin Group	Zagorski metalac d.o.o.	Petrol Hidroenergija d.o.o. Teslić	Others	Total
Non-current (long-term) assets	42,537,497	7,385,382	5,427,322	4,955,701	**60,305,902**
Current assets	204,893,882	8,670,238	3,757,361	3,966,016	**221,287,497**
Non-current liabilities	(202,786)	(3,406,636)	-	(1,749,554)	**(5,358,976)**
Current liabilities	(130,034,722)	(2,713,962)	(418,296)	(9,188,426)	**(142,355,406)**
Net assets	**117,193,871**	**9,935,022**	**8,766,387**	**(2,016,263)**	**133,879,017**
Net assets attributable to:					
Non-controlling interest	29,899,083	633,853	1,753,275	164,663	**32,450,874**

(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	(1,435,932)	2,591,592	2,520,987	2,051,274	**5,727,921**
Net cash from (used in) investing activities	2,686,360	(11,547,783)	937,163	(144,419)	**(8,068,679)**
Net cash from (used in) financing activities	(174,421)	10,171,778	(737,948)	598,023	**9,857,432**
Increase/(decrease) in cash and cash equivalents	**1,076,007**	**1,215,587**	**2,720,202**	**2,504,878**	**7,516,674**
Dividend payments to non-controlling interest	-	-	184,486	-	**184,486**

5.20 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 2023

			Ownership and voting rights	
Name of jointly controlled entity	Address of jointly controlled entity	Business activities	31 December 2023	31 December 2022
Slovenia				
GEOENERGO d.o.o. - V STEČAJU *	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%
Croatia				
Vjetroelektrana Dazlina d.o.o.	Krapanjska cesta 8, Šibenik, Croatia	Electricity production	50%	50%

* GEOENERGO d.o.o. – V STEČAJU hereinafter Geoenergo d.o.o.

After analysing the contracts of members of jointly controlled entities, the Group/Company established that it does not control those entities, disclosing them as investments in jointly controlled entities as a result.

Balance of investments in jointly controlled entities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Soenergetika d.o.o.	327,566	1,214,374	210,000	210,000
Vjetroelektrana Dazlina d.o.o.	22,674	22,816	23,000	23,000
Geoenergo d.o.o.	-	40,558	-	-
Total investments in jointly controlled entities	**350,240**	**1,277,748**	**233,000**	**233,000**

The Petrol Group

Changes in investments in jointly controlled entities

	The Petrol Group	
(in EUR)	2023	2022
As at 1 January	**1,277,748**	**704,501**
Attributed profit/loss	44,439	665,483
Dividends received	(931,389)	(115,217)
New acquisitions	-	23,000
Impairment	(40,558)	-
Foreign exchange differences	-	(19)
As at 31 December	**350,240**	**1,277,748**

In 2023, in conformity with the equity method, the Group attributed the corresponding share of profits, in total EUR 44,439 (2022: EUR 665,483), deducting from the investments the dividends received of EUR 931,389 (2022: EUR 115,217).

In 2022, the Group reacquired a 50 percent interest in the jointly controlled entity Vjetroelektrana Dazlina d.o.o., which it sold in 2021.

Based on the impairment review of investments in jointly controlled entities, the Group impaired the investment in Geoenergo by EUR 40,558 as the company is in bankruptcy proceedings as of 19 January 2024.

No impairment needs were identified in 2022.

Significant amounts from the financial statements of jointly controlled entities

2022

(in EUR)	Assets	Liabilities (debt)	Net assets of jointly controlled entities	Ownership interest	Net assets of the Petrol Group	Carrying amount of the investment	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Soenergetika d.o.o.	5,564,582	707,087	4,857,495	25%	1,214,374	1,214,374	7,421,629	3,727,173	931,793
Geoenergo d.o.o.	3,107,184	2,928,991	178,193	50%	89,097	40,558	5,863,181	(299,384)	(149,692)
Vjetroelektrana Dazlina d.o.o.	317,212	319,028	(1,816)	50%	(908)	22,816	517	(332)	(166)

2023

(in EUR)	Assets	Liabilities (debt)	Net assets of jointly controlled entities	Ownership interest	Net assets of the Petrol Group	Carrying amount of the investment	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Soenergetika d.o.o.	1,596,196	285,933	1,310,263	25%	327,566	327,566	2,310,091	179,927	44,982
Geoenergo d.o.o.	1,370,771	3,810,813	(2,440,042)	50%	(1,220,021)	-	2,260,142	(2,314,929)	(1,157,464)
Vjetroelektrana Dazlina d.o.o.	530,363	532,462	(2,099)	50%	(1,050)	22,674	25	(284)	(142)

Petrol d.d., Ljubljana

Changes in investments in jointly controlled entities

	Petrol d.d.	
(in EUR)	2023	2022
As at 1 January	**233,000**	**210,000**
New acquisitions	-	23,000
As at 31 December	**233,000**	**233,000**

The increase in investment in 2022 relates to Vjetroelektrana Dazlina d.o.o.

Options contracts

The original contract for the acquisition of a 50 percent interest in Vjetroelektrana 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 Vjetroelektrana Dazlina d.o.o. at fair value. The option is enforceable subject to suspensive conditions.

5.21 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 2023

Name of associate	Address of associate	Business activities	Ownership and voting rights	
			31 December 2023	31 December 2022
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%	47.27%

Balance of investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Plinhold d.o.o.	56,930,670	54,737,222	26,273,425	26,273,425
Aquasystems d.o.o.	1,313,597	1,309,691	337,052	337,052
Knešca d.o.o.	1,072,274	921,364	-	-
Total investments in associates	**59,316,541**	**56,968,277**	**26,610,477**	**26,610,477**

The Petrol Group

Changes in investments in associates

(in EUR)	The Petrol Group	
	2023	2022
As at 1 January	**56,968,277**	**55,169,626**
Attributed profit/loss	3,679,698	2,662,912
Dividends received	(1,349,918)	(864,261)
Attributed changes in the equity of associates	18,484	-
As at 31 December	**59,316,541**	**56,968,277**

In 2023, in conformity with the equity method, the Group attributed the corresponding share of 2023 profits or losses to its investments, in total EUR 3,784,698 (2022: EUR 2,662,912 EUR), deducting from the investments the dividends received of EUR 1,349,918 (2022: EUR 864,261).

Significant amounts from the financial statements of associates

2022

(in EUR)	Assets	Liabilities (debt)	Net assets of associates	Ownership interest	Net assets of the Petrol Group	Carrying amount of the investment	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Plinhold d.o.o. *	346,700,000	125,100,000	221,600,000	30%	65,811,876	54,737,222	100,000,000	5,400,000	1,603,719
Aquasystems d.o.o.	7,428,079	2,419,467	5,008,612	26%	1,302,239	1,309,691	8,329,270	3,456,249	898,625
Knešca d.o.o.	1,546,971	104,412	1,442,559	47.27%	681,897	921,364	421,841	216,809	102,485

* Figures are based on the estimated financial statements obtained from the associate.

2023

(in EUR)	Assets	Liabilities (debt)	Net assets of associates	Ownership interest	Net assets of the Petrol Group	Carrying amount of the investment	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Plinhold d.o.o. *	327,600,000	98,654,252	228,945,748	30%	68,324,738	56,930,670	67,800,000	8,300,000	2,476,986
Aquasystems d.o.o.	6,203,887	1,151,591	5,052,296	26%	1,313,597	1,313,597	8,771,238	3,499,827	909,955
Knešca d.o.o.	1,986,621	222,506	1,764,115	47.27%	833,897	1,072,274	870,646	541,973	256,191

* Figures are based on the estimated financial statements obtained from the associate.

Petrol d.d., Ljubljana

Changes in investments in associates

	Petrol d.d.	
(in EUR)	2023	2022
As at 1 January	**26,610,477**	**26,610,477**
As at 31 December	**26,610,477**	**26,610,477**

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 stage of the exchange is subject to suspensive conditions, the fulfilment of which is beyond the control of any of the parties; therefore, we do not consider that the conditions for recognising the option in the Group's/Company's financial statements have been met.

5.22 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, bonds and interest rate and commodity swaps.

Balance of financial assets at fair value through other comprehensive income

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current balance of financial assets at fair value through other comprehensive income				
Assets arising from interest rate swaps	20,605,792	34,616,805	18,158,026	30,293,507
Assets arising from commodity swaps	1,980,980	3,083,184	1,980,980	3,083,184
Bonds	-	334,077	-	-
	22,586,772	**38,034,066**	**20,139,006**	**33,376,691**
Non-current balance of financial assets at fair value through other comprehensive income				
Shares of companies	1,929,723	2,048,210	1,871,378	1,871,378
Interests in companies	2,064,136	2,064,136	246,536	246,536
	3,993,859	**4,112,346**	**2,117,914**	**2,117,914**
Total financial assets at fair value through other comprehensive income	**26,580,631**	**42,146,412**	**22,256,920**	**35,494,605**

The interest rate swap assets are fully earmarked for hedging and the effects are recognised in other comprehensive income and shown in the hedging reserve within equity.

Changes in non-current financial assets at fair value through other comprehensive income

	The Petrol Group		Petrol d.d.	
(in EUR)	2023	2022	2023	2022
As at 1 January	**4,112,346**	**4,133,044**	**2,117,914**	**2,117,914**
Disposals	(118,487)	(20,698)	-	-
As at 31 December	**3,993,859**	**4,112,346**	**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.

5.23 Non-current loans

Balance of non-current loans

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loans and other financial receivables	2,362,489	949,277	29,071,795	59,134,780
Total non-current loans	**2,362,489**	**949,277**	**29,071,795**	**59,134,780**

The Petrol Group

Changes in non-current loans

	The Petrol Group	
(in EUR)	2023	2022
As at 1 January	**949,277**	**991,831**
New loans	193,279	178,621
Loans repaid	(194,783)	(1,355,624)
Increase in financial leases	671,081	-
Reversal of allowances	-	638,125
Transfer from current loans	744,462	498,189
Foreign exchange differences	(827)	(1,865)
As at 31 December	**2,362,489**	**949,277**

Petrol d.d., Ljubljana

Non-current loans of EUR 29,071,795 (EUR 59,134,780 as at 31 December 2022) include non-current loans granted to Group companies totalling EUR 28,108,438 (EUR 59,087,634 as at 31 December 2022) and non-current loans granted to others of EUR 693,357 (EUR 47,146 as at 31 December 2022).

Non-current loans to subsidiaries are presented in the table below.

	Petrol d.d.	
(in EUR)	2023	2022
Non-current loans to subsidiaries		
Vjetroelektrana Ljubač d.o.o.	21,566,307	25,786,626
Petrol d.o.o. Beograd	5,000,000	10,000,000
STH Energy d.o.o. Kraljevo	1,402,492	1,402,492
Ekoen d.o.o.	80,000	173,200
Ekoen S d.o.o.	59,639	78,199
Vjetroelektrane Glunča d.o.o.	-	13,308,291
Petrol LPG d.o.o.	-	6,000,000
Petrol d.o.o., Zagreb	-	2,338,826
Total	**28,108,438**	**59,087,634**

Changes in non-current loans

	Petrol d.d.	
(in EUR)	2023	2022
As at 1 January	**59,134,780**	**83,299,185**
New loans	20,820,458	39,227,436
Transfer to current loans	(50,881,736)	(63,373,591)
Foreign exchange differences	(1,707)	(18,250)
As at 31 December	**29,071,795**	**59,134,780**

5.24 Non-current operating receivables

The majority of non-current operating receivables consist of the receivables due to Petrol d.d., Ljubljana.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Receivables arising from the sale of solar power plants	8,466,051	7,013,563	8,451,738	7,007,360
Other receivables	2,191	2,193	180	180
Total non-current operating receivables	**8,468,242**	**7,015,756**	**8,451,918**	**7,007,540**

Receivables from the sale of solar power plants relate to the long-term instalment part of the sale.

5.25 Inventories

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Spare parts and materials	6,181,410	2,827,561	5,795,708	2,502,499
Merchandise:	199,582,715	262,021,704	110,159,109	148,675,864
- fuel	137,192,459	205,210,206	65,828,213	105,874,708
- other petroleum products	225,765	146,102	177,755	123,081
- other merchandise	62,164,491	56,665,396	44,153,141	42,678,075
Total inventories	**205,764,125**	**264,849,265**	**115,954,817**	**151,178,363**

The Petrol Group

The Group has no inventories that are pledged as security for liabilities.

After examining the value of the goods inventories as at 31 December 2023, the Group determined that the carrying amount of certain products exceeded their net realisable value. 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, which was lower than their carrying amount by EUR 2,001,290 (2022: EUR 6,194,071) 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 examining the value of goods inventories as at 31 December 2023, the Company determined that the carrying amount of certain products exceeded their net realisable value. Consequently, the Company 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, which was lower than their carrying amount by EUR 1,986,925, taking into account the market prices as at the date of the financial statements. In 2022, the Company did not impair its inventories.

5.26 Current loans

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Loans granted	1,312,797	2,365,069	36,359,147	39,937,625
Allowance to the value of loans granted	(779,504)	(779,400)	(718,115)	(718,115)
Time deposits with banks (3 months to 1 year)	159,236	43,103	142,286	26,869
Interest receivables	261,432	73,654	7,845,791	6,616,330
Allowance for interest receivables	(178,654)	(23,288)	(4,987,117)	(4,518,947)
Total current loans	**775,307**	**1,679,138**	**38,641,992**	**41,343,762**

The Petrol Group

In addition to loans of EUR 532,772 granted by Petrol d.d., Ljubljana to others (EUR 1,284,433 as at 31 December 2022) (for an explanation, see the disclosure relating to the Company), the loans granted include short-term loans of EUR 780,025 (EUR 1,080,636 as at 31 December 2022) granted to other companies, mainly in connection with the payment of goods delivered.

Petrol d.d., Ljubljana

Current loans to companies of EUR 36,359,147 (EUR 39,937,625 as at 31 December 2022) include the current portion of loans to Group companies totalling EUR 35,826,375 (EUR 38,653,192 as at 31 December 2022) and current loans to others equalling EUR 532,772 (EUR 1,284,433 as at 31 December 2022).

Current loans to subsidiaries are presented below.

(in EUR)	Petrol d.d.	
	31 December 2023	31 December 2022
Current loans to subsidiaries		
Petrol d.o.o., Beograd	15,000,000	16,200,000
Atet d.o.o.	6,774,728	3,490,000
Petrol LPG d.o.o.	6,000,000	-
E 3, d.o.o.	3,759,000	12,200,000
Petrol Power d.o.o. Sarajevo	3,562,233	3,562,233
Petrol Bucharest ROM S.R.L.	603,234	603,234
Petrol Oti Terminali d.o.o.	69,975	44,975
Ekoen d.o.o.	33,200	33,200
Ekoen S d.o.o.	19,550	19,550
Atet Mobility Zagreb d.o.o.	4,455	-
Petrol Crna Gora MNE	-	2,500,000
Total	**35,826,375**	**38,653,192**

Current loans to others of EUR 532,772 (EUR 1,284,433 as at 31 December 2022) refer to loans to companies for the payment of goods delivered of EUR 454,112 (EUR 1,198,573 as at 31 December 2022) and other loans of EUR 78,660 (EUR 85,860 as at 31 December 2022). The Company did not have any loans arising from the sale of financial instruments as at 31 December 2023, the same as at 31 December 2022.

5.27 Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current financial assets				
Trade receivables	824,858,769	883,095,961	556,416,110	585,600,764
Allowance for trade receivables	(56,144,286)	(58,471,044)	(30,014,240)	(30,333,833)
Operating interest receivables	1,870,604	1,362,471	2,763,821	2,232,069
Allowance for interest receivables	(1,798,342)	(1,239,410)	(1,368,186)	(843,877)
Receivables from insurance companies (loss events)	130,592	48,497	65,420	26,635
Other operating receivables	27,303,395	17,874,625	12,548,040	10,833,971
Allowance for other receivables	(2,015,642)	(2,484,713)	(760,777)	(724,840)
	794,205,090	**840,186,387**	**539,650,188**	**566,790,889**
Current non-financial assets				
Operating receivables from state and other institutions	7,895,943	5,008,957	47,122	-
	7,895,943	**5,008,957**	**47,122**	-
Total current operating receivables	**802,101,033**	**845,195,344**	**539,697,310**	**566,790,889**

Other operating receivables mainly represent card receivables from banks. The changes in allowances are presented in Note 6.1.

5.28 Contract assets

The Petrol Group

Contract assets represent a transfer of goods or services to a customer before the consideration is paid. Contract assets relate to public lighting projects. As at 31 December 2023, contract assets amounted to EUR 6,052,405 (2022: EUR 13,319,362).

5.29 Financial assets at fair value through profit or loss

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Assets arising from commodity swaps	3,960,075	2,297,589	3,882,986	2,176,692
Assets arising from currency forward contracts	-	348,745	-	348,745
Total financial assets at fair value through profit or loss	**3,960,075**	**2,646,334**	**3,882,986**	**2,525,437**

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 2023.

All of the above financial assets arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under other financial liabilities in *Note 5.36*.

5.30 Prepayments and other assets

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Prepayments and collaterals	70,919,121	80,538,388	29,423,366	27,457,632
Accrued claims against Borzen	30,551,965	6,460,495	21,990,157	6,460,495
Excise duties receivables	17,850,186	14,825,587	9,283,423	8,163,280
Prepaid licences, subscriptions, specialised literature, etc.	2,557,849	3,640,143	2,168,119	2,888,280
Prepaid insurance premiums	1,647,173	1,618,395	1,222,171	1,299,037
Other deferred expenses	6,587,244	8,184,855	4,327,834	5,199,473
Total prepayments and other assets	**130,113,538**	**115,267,863**	**68,415,070**	**51,468,197**

The main part of prepayments and securities receivable are securities given to suppliers for the leasing of cross-border transport capacity abroad and for the purpose of trading (buying and selling) electricity or natural gas in certain markets.

Among other assets, the Group/Company also discloses claims to Borzen for the difference between the average monthly purchase cost and the regulated retail price for the supply of electricity and natural gas. As a result, the Group recorded a reduction in costs of EUR 83,277,404 in 2023 (2022: EUR 6,460,495). And the Company recorded a reduction in costs of EUR 52,322,823 in 2023 (2022: EUR 6,460,495).

5.31 Cash and cash equivalents

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cash in banks	60,958,323	87,958,378	22,829,042	43,687,289
Short-term deposits (up to 3 months)	28,002,701	14,438	-	-
Cash on the way	16,975,982	12,989,715	10,191,420	7,516,072
Total cash and cash equivalents	**105,937,006**	**100,962,531**	**33,020,462**	**51,203,361**

5.32 Equity

Called-up capital
On 1 November 2022, Petrol d.d., Ljubljana, executed 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, on the proposal of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana, adopted a resolution on the PETG share split. 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, remained unchanged following the PETG share split.

The Company's share capital now 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 31 December 2023 was EUR 23.30 per share (EUR 20.00 as at 31 December 2022) and the book value per share of the Group as at 31 December 2023 was EUR 22.12 (EUR 20.61 as at 31 December 2022).

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 2023 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 2023 was the same as the Group's capital surplus.

In 2023, 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 Based on the proposal of the Company's Management Board for the approval of the annual report 2023, the Company's Supervisory Board in accordance with Article 230 of the Companies Act approved the use of the net profit to create other profit reserves of EUR 46,402,790

· 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 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 equity net of transaction costs and related tax effects.

Petrol d.d., Ljubljana
In 2023, the number of own shares remained unchanged. As at 31 December 2023, the Company held 494,060 own shares. The market value of the repurchased own shares totalled EUR 11,511,598 on the above date (EUR 9,881,200 as at 31 December 2022). The Company did not change its reserves for own shares in 2023.

The Petrol Group
The company Geoplin d.o.o. Ljubljana owned 120,400 shares of Petrol d.d., Ljubljana as at 31 December 2023, the market value of which on that date was EUR 2,805,320 (EUR 2,408,000 as at 31 December 2022). The Group held 614,460 own shares as at 31 December 2023. The market value of own shares was EUR 14,316,918 on the above date (EUR 12,289,200 as at 31 December 2022).

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 2023 are explained in more detail in Note 5.14. The nature of other reserves (especially drawing) must also take into account local legislation, which may be a matter of professional legal judgment.

The Company's fair value reserve totalled EUR 42,782,085 as at 31 December 2023. 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 1,688,753 and decreased by deferred taxes of EUR 163,441.

The Group's hedging reserves as at 31 December 2023 amount to EUR 6,077,707 and relate to the positive valuation of interest rate swaps of EUR 15,786,927, the negative valuation of currency forward contracts of EUR 5,262,840 and the negative valuation of commodity derivative financial instruments of EUR 4,446,380.

The Company's hedging reserves as at 31 December 2023 amount to EUR 15,732,898 and relate to the positive valuation of interest rate swaps of EUR 13,781,781 and the positive valuation of commodity derivative financial instruments of EUR 1,951,117.

Movements on the hedge reserves

	The Petrol Group			Petrol d.d.	
(in EUR)	Interest rate swaps	Commodity derivatives	Currency forward contracts	Interest rate swaps	Commodity derivatives
As at 1 January 2022	**(876,597)**	**18,013**	**-**	**(1,154,863)**	**18,013**
Changes in fair value - gross	35,701,883	(9,854,828)	(8,092,022)	31,719,264	2,572,956
Deferred taxes	(6,743,531)	1,872,416	1,537,484	(6,026,660)	(488,862)
Non-controlling interests share in changes in fair value - gross	-	3,188,621	2,076,186	-	-
Deferred taxes	-	(605,838)	(394,475)	-	-
As at 31 December 2022	**28,081,755**	**(5,381,616)**	**(4,872,827)**	**24,537,741**	**2,102,107**
Changes in fair value - gross	(14,501,224)	1,297,818	(982,507)	(12,624,557)	(93,762)
Deferred taxes	2,206,396	9,458	458,912	1,868,597	(57,228)
Non-controlling interests share in changes in fair value - gross	-	(355,027)	250,662	-	-
Deferred taxes	-	(17,013)	(117,080)	-	-
As at 31 December 2023	**15,786,927**	**(4,446,380)**	**(5,262,840)**	**13,781,781**	**1,951,117**

Interest rate swaps are designated as a hedging instrument against the variability of cash flows from bank borrowings.

Currency 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 2022
At the 37th General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 18 May 2023, 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 2022 financial year of EUR 61,847,940 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 1.5 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 2022. In 2023, the Company paid out dividends for the year 2022 of EUR 61,667,340.

Accumulated profit for 2023

(in EUR)	Petrol d.d.	
	31 December 2023	31 December 2022
Compulsory allocation of net profit		
Net profit	92,805,581	19,383,878
Net profit after compulsory allocation	**92,805,581**	**19,383,878**
Creation of other profit reserves	46,402,790	9,691,939
Determination of accumulated profit		
Net profit	46,402,790	9,691,939
Other profit reserves	27,814,738	52,156,001
Accumulated profit	**74,217,528**	**61,847,940**

Based on the proposal of the Company's Management Board for the approval of the annual report, the Company's Supervisory Board in accordance with Article 230 of the Companies Act approved the use of the net profit to create other profit reserves of EUR 46,402,790, and a transfer of other profit reserves to accumulated profit in the amount of EUR 27,814,738 and thus approved the accumulated profit of EUR 74,217,528.

The final dividends for the year ended 31 December 2023 have not yet been proposed and confirmed by the owners at a General Meeting of Shareholders, which is why they have not been recorded as liabilities in these financial statements.

5.33 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 made separately for each employee by taking into account the costs of the post-employment benefits on retirement and the costs of all the expected jubilee benefits until retirement.

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Post-employment benefits on retirement	5,037,916	5,003,701	3,946,850	3,789,738
Jubilee benefits	2,522,618	2,832,984	1,988,125	2,108,880
Total provisions	**7,560,534**	**7,836,685**	**5,934,975**	**5,898,618**

The Petrol Group

Changes in the provisions for employee post-employment and other long-term benefits

(in EUR)	The Petrol Group		
	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2022	**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**
Current service cost	522,483	349,961	872,444
Costs of interest	154,171	89,131	243,302
Post-employment benefits paid	(176,463)	(240,939)	(417,402)
Actuarial surplus/deficit	(466,076)	(490,558)	(956,634)
Reversal	-	(18,074)	(18,074)
Foreign exchange differences	100	113	213
As at 31 December 2023	**5,037,916**	**2,522,618**	**7,560,534**

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 3.48 percent annual discount rate for companies in Slovenia (2022: 3.02 percent), which is based on the yield of a 10-year AA-rated euro corporate bond, a 3.48 percent discount rate for companies in Croatia (2022: 3.79 percent), a 4.01 percent discount rate for companies in the Federation of Bosnia and Herzegovina (2022: 9.45 percent), and a 6.52 percent discount rate for companies in Serbia (2022: 7.07);
- the currently applicable amount of post-employment and jubilee benefits specified in the internal acts;
- staff turnover, primarily depending on their age;
- mortality is based on the most recent mortality tables for the local population.

For Group companies, 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.

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)	**(852,624)**	**1,005,202**	**1,007,306**	**(869,594)**	**(909,751)**	**1,061,882**

Petrol d.d., Ljubljana

Changes in the provisions for employee post-employment and other long-term benefits

	Petrol d.d.		
(in EUR)	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2022	**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**
Current service cost	390,072	283,918	673,990
Costs of interest	114,617	63,781	178,398
Post-employment benefits paid	(139,510)	(211,703)	(351,213)
Actuarial surplus/deficit	(208,067)	(256,751)	(464,818)
As at 31 December 2023	**3,946,850**	**1,988,125**	**5,934,975**

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 3.48-percent annual discount rate (2022: 3.02-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 the 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)	**(519,559)**	**611,709**	**614,808**	**(531,315)**	**(553,546)**	**645,037**

5.34 Other provisions

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Long-term other provisions				
Provisions for partial non-compliance in the area of renewables in transport	30,037,161	12,986,510	26,723,525	8,869,550
Provisions for employee post-employment and other long-term benefits at third-party managed service stations	2,436,099	2,576,650	2,436,099	2,576,650
Provisions for lawsuits	2,253,955	2,511,603	1,522,983	1,799,722
Other provisions	153,000	136,000	153,000	136,000
	34,880,215	**18,210,763**	**30,835,607**	**13,381,922**
Short-term other provisions				
Provisions for onerous contracts	12,110,941	785,846	3,397,085	-
Other provisions	690,000	-	-	-
	12,800,941	**785,846**	**3,397,085**	-
Total other provisions	**47,681,156**	**18,996,609**	**34,232,692**	**13,381,922**

Changes in the provisions for lawsuits and changes in other provisions

(in EUR)	The Petrol Group: Prov. for partial non-compl. in the area of renewables in transport	The Petrol Group: Provisions for lawsuits	The Petrol Group: Other provisions	Petrol d.d.: Prov. for partial non-compl. in the area of renewables in transport	Petrol d.d.: Provisions for lawsuits	Petrol d.d.: Other provisions
As at 1 January 2022	**17,819,686**	**956,347**	**11,506,592**	**12,953,253**	**493,383**	**119,000**
Creation of provisions	-	1,957,839	17,000	-	1,388,615	17,000
Reversal	(4,823,424)	(319,900)	(11,387,592)	(4,083,703)	-	
Utilisation	-	(82,276)	-	-	(82,276)	-
Foreign exchange differences	(9,752)	(407)	-	-	-	-
As at 31 December 2022	**12,986,510**	**2,511,603**	**136,000**	**8,869,550**	**1,799,722**	**136,000**
Creation of provisions	20,199,481	382,219	17,000	17,853,975	243,063	17,000
Reversal	-	(56,087)	-	-	-	-
Utilisation	(3,149,910)	(583,856)	-	-	(519,802)	-
Foreign exchange differences	1,080	76	-	-	-	-
As at 31 December 2023	**30,037,161**	**2,253,955**	**153,000**	**26,723,525**	**1,522,983**	**153,000**

Provisions for partial non-compliance in the area of renewables in transport
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 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
In 2023, the Company and its subsidiaries were involved in civil, commercial, labour and administrative litigation. In order to protect the legal and financial position of the Group/Company, the Group/Company is not in a position to disclose the details of individual matters and their status. 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. Provisions are made in cooperation with qualified law firms, in accordance with applicable accounting standards, and reflect the amount in controversy and the estimated success of pending litigation.

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 1,990,038 as at 31 December 2022 (EUR 2,295,570 as at 31 December 2022) while the provisions for interest on overdue amounts arising from the claims stood at EUR 263,917 (EUR 216,033 as at 31 December 2022).

The Company's long-term provisions for lawsuits totalled EUR 1,305,798 as at 31 December 2023 (EUR 1,583,688 as at 31 December 2022), with the provisions for interest on overdue amounts arising from the claims amounting to EUR 217,186 (EUR 216,033 as at 31 December 2022). The provisions were created based on the lawyers' assessment of the matter.

Provisions for onerous contracts

As at 31 December 2023, the Group/Company has concluded contracts with customers for the supply of electricity for 2024 and beyond. As part of the sold quantities of the Group/Company for 2024 are purchased at prices higher than the current market purchase prices for each customer profile and also higher than the contractual prices in the sales contracts, the costs of fulfilling contractual commitments will exceed the expected economic benefits from the contracts.

Accordingly, the Group has a newly established short-term provision for onerous electricity supply contracts of EUR 6,150,085 (the Company of EUR 3,397,085). The amount was determined based on the estimated economic benefits and the costs arising from contracts for the supply of electricity. The projected market prices of electricity for 2024 were used in the calculations. The Group's provision for this in 2022 stood at EUR 785,846. The Group also has a newly established provision for onerous natural gas supply contracts amounting to EUR 5,687,793. The calculation methodology is similar to that for electricity, with the estimated economic benefits of sales not exceeding the costs of supplying natural gas. The Group had no such provisions in the previous year.

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 operated 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 the post-employment benefits on retirement and the costs of all the expected jubilee benefits until retirement.

Changes in the provisions for employee post-employment and other long-term benefits at third-party operated service stations

	Petrol d.d.		
(in EUR)	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2022	**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**
Current service cost	(63,519)	(104,878)	(168,397)
Post-employment benefits paid	160,928	184,778	345,706
Actuarial surplus/deficit	(143,898)	(173,962)	(317,860)
As at 31 December 2023	**1,368,248**	**1,067,851**	**2,436,099**

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 3.48-percent annual discount rate (2022: 3.02-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 the 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)	**(209,130)**	**244,883**	**246,120**	**(213,875)**	**(223,055)**	**258,440**

5.35 Deferred income

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Long-term deferred income				
Income from grants	27,929,212	29,273,409	26,473,236	27,700,709
Funds received from European projects	8,235,202	7,013,570	2,233,123	1,192,619
Other deferred income	3,641,543	3,644,290	814,743	687,768
	39,805,957	**39,931,269**	**29,521,102**	**29,581,096**
Short-term deferred income				
Income from grants	2,876,736	2,899,809	2,837,142	2,855,782
Funds received from European projects	385,660	1,218,112	385,660	1,218,112
Other deferred income	2,356,170	652,322	2,238,410	569,312
	5,618,566	**4,770,243**	**5,461,212**	**4,643,206**
Total deferred income	**45,424,523**	**44,701,512**	**34,982,314**	**34,224,302**

The Petrol Group

Changes in deferred income

(in EUR)	Income from grants	Funds received from European projects	Other deferred income	Total
As at 1 January 2022	**27,598,505**	**3,001,727**	**3,847,212**	**34,447,444**
Increase	5,915,240	7,955,227	654,232	14,524,699
Decrease	(4,241,934)	(3,941,574)	(850,156)	(9,033,664)
Foreign exchange differences	1,598	(1,810)	(6,998)	(7,210)
As at 31 December 2022	**29,273,409**	**7,013,570**	**3,644,290**	**39,931,269**
Increase	3,661,076	2,067,590	502,758	6,231,424
Decrease	(5,005,281)	(846,193)	(506,184)	(6,357,658)
Foreign exchange differences	8	235	679	922
As at 31 December 2023	**27,929,212**	**8,235,202**	**3,641,543**	**39,805,957**

Deferred income refers to funds received based on European projects and cohesion funding in the area of energy solutions.

Petrol d.d., Ljubljana

Changes in deferred income

(in EUR)	Income from grants	Funds received from European projects	Other deferred income	Total
As at 1 January 2022	**26,492,535**	**2,098,170**	**868,366**	**29,459,071**
Increase	5,318,197	2,045,004	172,244	7,535,445
Decrease	(4,110,023)	(2,950,555)	(352,842)	(7,413,420)
As at 31 December 2022	**27,700,709**	**1,192,619**	**687,768**	**29,581,096**
Increase	3,661,076	1,743,153	450,885	5,855,114
Decrease	(4,888,549)	(702,649)	(323,910)	(5,915,108)
As at 31 December 2023	**26,473,236**	**2,233,123**	**814,743**	**29,521,102**

5.36 Borrowings and other financial liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current borrowings and other fin. liabilities				
Bank loans	70,011,290	85,954,276	33,610,872	59,493,518
Bonds issued	33,252,298	300,831	33,252,298	300,831
Liab. to banks arising from currency forward contracts	10,422,565	8,837,601	1,348,035	745,579
Liabilities to banks arising from interest rate swaps	489,076	-	489,076	-
Other loans and financial liabilities	428,281	1,563,725	155,187,964	165,271,773
	114,603,510	**96,656,433**	**223,888,245**	**225,811,701**
Non-current borrowings and other fin. liabilities				
Bank loans	335,661,995	357,416,530	268,685,376	300,538,159
Bonds issued	10,996,457	43,816,929	10,996,457	43,816,929
Loans obtained from other companies	378,957	379,543	21,000,000	21,000,000
	347,037,409	**401,613,002**	**300,681,833**	**365,355,088**
Total borrowings and other fin. liabilities	**461,640,919**	**498,269,435**	**524,570,078**	**591,166,789**

The Petrol Group

In 2023, the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 2.24 percent p.a. (2022: 1.91 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 the early loan maturity. The Group is in compliance with all financial covenants at the end of year, which demonstrates a healthy liquidity position and confirms the banks' confidence in the Group's continued operations.

Derivative financial instruments

Liabilities arising from currency forward contracts for the purchase of US dollars, which stood at EUR 10,422,565 represent the fair values of outstanding currency forward contracts as at 31 December 2023 (2022: EUR 8,837,601). 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 5.29.

Among the currency forward liabilities, a part of the liability in the amount of EUR 9,074,530 is earmarked for hedging and the effect of these currency 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 and an interest rate of 1.5 percent + 6 M EURIBOR p.a. The bond maturity date is 22 February 2027.

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 2023, the average interest rate on short-term and long-term sources of finance (including interest rate hedging) stood at 2.30 percent p.a. (2022: 1.69 percent p.a.). The average interest rate calculation 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 164,145,435 (2022: EUR 177,154,655), as shown in the table below.

(in EUR)	Petrol d.d. 31 December 2023	31 December 2022
Petrol d.o.o.	84,133,907	96,031,378
Geoplin d.o.o. Ljubljana	37,300,000	38,500,000
IGES d.o.o.	15,820,616	15,803,898
Petrol BH Oil Company d.o.o. Sarajevo	11,700,000	11,700,000
Petrol Trade Handelsgesellschaft m.b.H.	10,709,177	10,193,496
Petrol Geo d.o.o.	3,665,544	2,866,518
MBills d.o.o.	400,000	1,650,000
Geoenergo d.o.o.	300,000	300,000
Petrol Skladiščenje d.o.o.	116,191	109,365
Total	**164,145,435**	**177,154,655**

Changes in borrowings and other financial liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	2023	2022	2023	2022
As at 1 January	**498,269,435**	**499,655,101**	**591,166,789**	**676,925,182**
Proceeds from borrowings	1,552,485,681	1,884,402,641	2,777,680,740	2,577,234,111
Repayment of borrowings	(1,592,468,739)	(1,891,704,933)	(2,849,458,380)	(2,662,608,090)
Change in fair value of financial instruments	2,074,040	6,046,358	1,091,532	(2,046,881)
Interest expense	22,326,600	9,869,568	22,587,337	10,015,746
Interest paid	(21,066,732)	(9,853,535)	(18,497,940)	(8,353,279)
Foreign exchange differences	20,634	(145,765)	-	-
As at 31 December	**461,640,919**	**498,269,435**	**524,570,078**	**591,166,789**

5.37 Lease liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Non-current lease liabilities	99,759,274	101,100,126	27,578,972	27,331,350
Current lease liabilities	21,054,721	17,498,969	4,318,028	3,965,318
Total lease liabilities	**120,813,995**	**118,599,095**	**31,897,000**	**31,296,668**

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

	The Petrol Group		Petrol d.d.	
(in EUR)	2023	2022	2023	2022
As at 1 January	**118,599,095**	**106,759,763**	**31,296,668**	**29,453,129**
Increase	23,271,760	96,549,794	5,251,471	5,711,402
Cancellation	(621,682)	(67,938,761)	-	-
Lease payments	(20,484,188)	(16,611,194)	(4,651,139)	(3,867,863)
Interest expense	4,114,463	4,557,812	1,345,775	1,315,973
Interest paid	(4,114,463)	(4,557,812)	(1,345,775)	(1,315,973)
Foreign exchange differences	49,010	(160,507)	-	-
As at 31 December	**120,813,995**	**118,599,095**	**31,897,000**	**31,296,668**

The cancellation of the lease contracts was mainly due to the upstream merger of Crodux derivati dva d.o.o. by Petrol d.o.o. Croatia.

5.38 Non-current operating liabilities

All non-current operating liabilities include the liabilities of Petrol d.d., Ljubljana.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Liabilities arising from interests acquired	24,000	2,024,000	24,000	2,024,000
Liabilities arising from assets received for administration	506,968	572,382	506,968	572,382
Total non-current operating liabilities	**530,968**	**2,596,382**	**530,968**	**2,596,382**

The Petrol Group and Petrol d.d., Ljubljana

The Group's/Company's liabilities arising from assets received for administration relate largely to property, plant and equipment received for administration from municipalities under concession agreements. Liabilities are reduced in line with the depreciation of the assets received for administration.

5.39 Current operating liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current financial liabilities				
Trade liabilities	732,510,278	829,990,796	583,652,292	598,342,065
Liabilities arising from interests acquired	2,450,000	3,947,693	2,450,000	3,450,000
Liabilities associated with the allocation of profit or loss	768,880	768,880	768,880	768,880
Other liabilities	1,632,158	3,507,389	1,665,900	3,463,423
	737,361,316	**838,214,758**	**588,537,072**	**606,024,368**
Current non-financial liabilities				
Excise duty liabilities	68,474,917	116,169,181	51,712,805	101,934,781
Value added tax liabilities	50,480,396	103,251,423	19,609,923	73,163,760
Other liabilities to the state and other state institutions	12,898,659	4,815,981	7,925,634	1,720,853
Liabilities to employees	11,690,842	10,274,352	7,532,216	6,529,867
Liabilities for environmental charges and contributions	10,970,072	4,486,633	8,435,837	1,886,975
Social security contribution liabilities	2,062,835	1,945,001	1,113,862	952,677
Import duty liabilities	1,680,803	2,946,580	-	-
	158,258,524	**243,889,151**	**96,330,277**	**186,188,913**
Total current operating and other liabilities	**895,619,840**	**1,082,103,909**	**684,867,349**	**792,213,281**

In 2023, 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 (2022: EUR 61,667,340) and decreased based on the payment of the 2022 dividends of EUR 61,667,340 (2022: EUR 61,667,340) to shareholders and the payment of dividends from previous years totalling EUR 0 (2022: EUR 6,932).

Among the trade liabilities is a liability to Gazprom measured at fair value of EUR 3,550 thousand.

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.

5.40 Commodity derivative instruments

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Fair value through profit or loss	786,130	16,956,682	233,737	15,519,612
Fair value of derivatives used for hedging	11,036,203	12,915,774	-	487,990
Total commodity derivative instruments	**11,822,333**	**29,872,456**	**233,737**	**16,007,602**

A part of the commodity derivative instruments in the amount of EUR 11,036,203 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.

5.41 Contract liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Short-term prepayments and securities given	21,360,140	20,018,795	14,668,007	16,295,826
Deferred prepaid card revenue	3,338,151	3,016,958	2,309,293	2,071,191
Deferred revenue from rebates and discounts granted	568,122	86,523	-	-
Other	24,163	31,299	-	-
Total contract liabilities	**25,290,576**	**23,153,575**	**16,977,300**	**18,367,017**

Revenue related to prepayments and securities received from customers is expected to be recognised in the financial statements within two months of the received prepayment or security.

5.42 Other liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Accrued labour costs	14,772,434	4,384,421	14,266,708	3,883,773
Accrued costs of materials and goods	6,799,106	3,119,094	2,215,060	648,811
Accrued other costs	5,517,159	4,505,825	2,725,837	1,988,259
Accrued costs of services	5,452,832	3,434,650	3,650,557	1,802,423
Liabilities for network charges	5,004,682	1,228,013	4,131,661	846,337
Accrued annual leave expenses	3,845,052	3,964,599	2,452,130	2,279,179
Accrued costs of electricity and gas	3,573,475	2,682,375	6,687,455	13,468,189
Accrued costs of services provided to energy solutions	2,034,953	2,728,252	-	-
Accrued expenses for tanker demurrage	1,446,767	968,947	1,349,135	968,947
Accrued costs of intellectual services	352,785	515,916	182,548	301,793
Accrued concession fee costs	318,841	360,333	318,841	356,736
Accrued motorway site lease payments	153,030	531,993	153,030	531,993
Accrued charges for payment cards	4,607	474,296	-	472,236
Accrued contractual penalties	-	3,664,115	-	2,933,191
Total other liabilities	**49,275,723**	**32,562,829**	**38,132,962**	**30,481,867**

6. 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.

For 2023, we also highlight environmental and climate risks, as the Petrol Group is facing a new challenge of integrating and segmenting the risks associated with a comprehensive ESG approach.

In 2023, we included these risks as Level III in the Risk categories within the Petrol Group table. In addition, we obtained an ESG rating, which is better than that of some comparable companies in Europe.

6.1 Credit risk

In 2023, the Group/Company continued to actively monitor the balances of trade receivables and to apply strict terms based 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, for the calculation of which credit insurance, bank guarantees, high-quality guarantees, mortgages and any Earnings at Default (EAD) liabilities to the partner are taken into account as eligible collateral,
- 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 (5 selected financial indicators with statistically strong explanatory power), the external credit rating of the country in which the partner is domiciled and the estimated cyclicality of the industry in which the company operates (Probability of Default – PD).

The Group and the Company use a simplified lifetime expected credit loss model to value receivables in accordance with the IFRS 9.

The carrying amount of financial assets has the maximum exposure to credit risks and was as follows on 31 December 2023:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial assets at fair value through other comprehensive income	26,580,631	42,146,412	22,256,920	35,494,605
Non-current loans	2,362,489	949,277	29,071,795	59,134,780
Non-current operating receivables	8,468,242	7,015,756	8,451,918	7,007,540
Contract assets	6,052,405	13,319,362	211,844	11,722,300
Current loans	775,307	1,679,138	38,641,992	41,343,762
Current operating receivables (excluding rec. from the state)	794,205,090	840,186,387	539,650,188	566,790,889
Financial assets at fair value through profit or loss	3,960,075	2,646,334	3,882,986	2,525,437
Cash and cash equivalents	105,937,006	100,962,531	33,020,462	51,203,361
Total assets	**948,341,245**	**1,008,905,197**	**675,188,105**	**775,222,674**

The item most exposed to credit risk on the reporting date was the current operating receivables. As at 31 December 2023, compared to the end of 2022, they decreased by 5.65 percent in the Group and 4.79 percent in the Company in nominal terms.

Financial assets at fair value through profit or loss mainly consist of derivative financial instruments.

The Group's current operating receivables by maturity

(in EUR)	Breakdown by maturity 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**

(in EUR)	Breakdown by maturity 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						
Expected loss rate	2%	2%	2%	88%	73%	
Gross value	693,753,105	58,506,817	14,129,197	3,830,103	54,639,547	**824,858,769**
Allowance	(11,481,030)	(1,083,595)	(245,025)	(3,379,091)	(39,955,545)	**(56,144,286)**
	682,272,075	**57,423,222**	**13,884,172**	**451,012**	**14,684,002**	**768,714,483**
Operating interest receivables						
Expected loss rate	95%	-	-	-	97%	
Gross value	958,124	-	-	-	912,480	**1,870,604**
Allowance	(912,256)	-	-	-	(886,086)	**(1,798,342)**
	45,868	**-**	**-**	**-**	**26,394**	**72,262**
Other receivables (excluding receivables from the state)						
Expected loss rate	6%	6%	6%	90%	49%	
Gross value	23,463,661	2,975,880	1,543	193	992,710	**27,433,987**
Allowance	(1,346,361)	(183,324)	(98)	(174)	(485,685)	**(2,015,642)**
	22,117,300	**2,792,556**	**1,445**	**19**	**507,025**	**25,418,345**
Total as at 31 December 2023	**704,435,243**	**60,215,778**	**13,885,617**	**451,031**	**15,217,421**	**794,205,090**

The Company's current operating receivables by maturity

(in EUR)	Breakdown by maturity 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	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**

(in EUR)	Breakdown by maturity 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						
Expected loss rate	2%	2%	2%	74%	50%	
Gross value	482,971,082	24,571,334	6,898,363	2,622,012	39,353,319	**556,416,110**
Allowance	(7,782,047)	(451,861)	(133,885)	(1,947,712)	(19,698,735)	**(30,014,240)**
	475,189,035	**24,119,473**	**6,764,478**	**674,300**	**19,654,584**	**526,401,870**

(in EUR)	Breakdown by maturity 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
Interest receivables						
Expected loss rate	99%	-	-	-	31%	
Gross value	765,434	-	-	-	1,998,387	**2,763,821**
Allowance	(758,556)	-	-	-	(609,630)	**(1,368,186)**
	6,878	**-**	**-**	**-**	**1,388,757**	**1,395,635**
Other receivables (excluding receivables from the state)						
Expected loss rate	5%	5%	-	85%	31%	
Gross value	11,857,173	125,437	-	129	630,721	**12,613,460**
Allowance	(556,943)	(5,925)	-	(110)	(197,799)	**(760,777)**
	11,300,230	**119,512**	**-**	**19**	**432,922**	**11,852,683**
Total as at 31 December 2023	**486,496,143**	**24,238,985**	**6,764,478**	**674,319**	**21,476,263**	**539,650,188**

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 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-offs	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)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2023	**(60,955,757)**	**(1,239,410)**	**(62,195,167)**
Creation/reversal of allowances affecting profit or loss	1,031,395	17,367	1,048,762
Changes in allowances not affecting profit or loss	12,543	(677,953)	(665,410)
Write-offs	1,751,523	101,659	1,853,182
Foreign exchange differences	368	(5)	363
As at 31 December 2023	**(58,159,928)**	**(1,798,342)**	**(59,958,270)**

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 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-offs	3,599,101	292,450	**3,891,551**
As at 31 December 2022	**(31,058,673)**	**(843,877)**	**(31,902,550)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2023	**(31,058,673)**	**(843,877)**	**(31,902,550)**
Creation/reversal of allowances affecting profit or loss	(654,678)	-	**(654,678)**
Changes in allowances not affecting profit or loss	-	(564,855)	**(564,855)**
Write-offs	938,334	40,546	**978,880**
As at 31 December 2023	**(30,775,017)**	**(1,368,186)**	**(32,143,203)**

Collateralisation of receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current trade receivables	824,858,769	883,095,961	556,416,110	585,600,764
Allowances	(56,144,286)	(58,471,044)	(30,014,240)	(30,333,833)
Current trade receivables including allowances	768,714,483	824,624,917	526,401,870	555,266,931
Overdue current trade receivables (gross amount)	143,245,822	130,909,575	73,445,029	62,527,269
Share of overdue receivables in outstanding receivables	17 %	15 %	13 %	11 %
Current operating receivables over EUR 100,000 secured with high-quality collaterals:				
Credit insurance	253,311,160	283,079,740	114,753,340	126,186,073
Supplier (offsetting transaction)	197,450,774	210,720,716	187,055,208	166,740,382
Bank guarantee	10,460,974	12,705,138	2,894,052	3,162,336
Lien	9,312,497	10,151,491	4,951,855	5,666,766
High-quality guarantee	6,968,149	8,726,199	6,568,149	7,923,843
Received prepayments and collaterals	5,590,201	9,353,964	5,064,499	9,181,402
Total current operating receivables over EUR 100,000 secured with high-quality collaterals	**483,093,755**	**534,737,248**	**321,287,103**	**318,860,802**
Collateral coverage (v %)	87 %	79 %	87 %	84 %

The presented collaterals include only high-quality collaterals, such as bank or corporate guarantees, offsetting transactions (suppliers), credit insurance with insurance companies and mortgages. 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 105,575,883 as at 31 December 2023 (the customer is a company), accounting for 12.82 percent of the Group's trade receivables. The receivable from the Company's largest single customer stood at EUR 105,575,883 as at 31 December 2023 (the customer is a company), accounting for 18.97 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 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 41,670 active customers (legal persons) as at 31 December 2023. The Group/Company has an IT-based system of grades, ratings and blocks in place, enabling it to constantly monitor its customers.

The Group/Company improves the system for the monitoring of credit risks on a steady basis. In 2023, 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.

(in days)	The Petrol Group		Petrol d.d.	
	2023	2022	2023	2022
Days sales outstanding				
Contract days	40	27	36	23
Overdue receivables in days	5	3	3	2
Total days sales outstanding	**45**	**30**	**39**	**25**

Commodity loans granted to buyers in order to reschedule the settlement of receivables are largely secured (usually through mortgages).

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. The Group/Company did not create any allowance for loans in 2023 and 2022 as the estimated expected credit losses are immaterial.

The majority of the Petrol Group's cash and cash equivalents are held in bank accounts with banks that are part of banking groups with a high external rating ("investment grade") by Standard & Poor's, Moody's and Fitch. The credit risk from these exposures is consequently assessed as very low, with only 0.5 percent of cash and cash equivalents at unrated banks.

6.2 Liquidity risk

In 2023, the Petrol Group continued to pay close attention to developments in the EU and globally. In view of the ongoing war in Ukraine and additional tensions in the Middle East, the Petrol Group continues to be intensively active and to pay greater attention and caution to liquidity risk management, especially in connection with the potential increased volatility in the energy market.

Successful management of 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 managing the cash flows of the parent company and all its subsidiaries;
- the centralised collection of available cash through cash pooling.

Despite some easing of the energy commodity price situation in 2023, the Group's focus on optimising cash flows and ensuring a stable liquidity position remains high. To this end, a new long-term green financing facility was also obtained at the end of 2023, which further strengthened the Group's liquidity position.

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 the 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 borrowings and other 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 borrowings and other 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.

(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 borrowings and other financial liabilities	347,037,409	378,330,773	-	-	372,294,805	6,035,968
Non-current lease liabilities	99,759,274	120,378,836	-	-	73,543,153	46,835,683
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	-	-	24,000	-
Current borrowings and other financial liabilities	114,603,510	132,935,288	85,597,612	47,337,676	-	-
Current lease liabilities	21,054,721	23,616,157	12,244,724	11,371,433	-	-
Liabilities arising from commodity forward contracts*	-	733,408,829	319,919,815	283,494,586	129,994,428	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	737,361,316	737,361,316	736,893,967	467,349	-	-
Commodity derivative instruments	11,822,333	11,822,333	11,822,333	-	-	-
As at 31 December 2023	**1,331,662,563**	**2,137,877,532**	**1,166,478,451**	**342,671,044**	**575,856,386**	**52,871,651**

The current financial liabilities include derivative financial instruments totalling EUR 10,911,641.

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 borrowings and other 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 borrowings and other 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 liab. 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**

The current financial liabilities include derivative financial instruments totalling EUR 745,579.

(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 borrowings and other financial liabilities	300,681,833	327,843,222	-	-	327,843,222	-
Non-current lease liabilities	27,578,972	36,578,527	-	-	17,035,833	19,542,694
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	-	-	24,000	-
Current borrowings and other finacial liabilities	223,888,245	240,887,378	96,671,194	144,216,184	-	-
Current lease liabilities	4,318,028	5,619,397	3,129,952	2,489,445	-	-
Liabilities arising from commodity forward contracts*	-	727,965,886	316,833,117	281,138,341	129,994,428	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	588,537,072	588,537,072	588,199,816	337,256	-	-
Commodity derivative instruments	233,737	233,737	233,737	-	-	-
Contingent liab. for guarantees issued**	-	542,532,723	542,532,723	-	-	-
As at 31 December 2023	**1,145,261,887**	**2,470,221,942**	**1,547,600,539**	**428,181,226**	**474,897,483**	**19,542,694**

* 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 1,837,112.

6.3 Foreign exchange risk

The Group

(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 borrowings and other financial liabilities	(351,703,263)	-	(49,909,739)
Non-current lease liabilities	(94,209,290)	-	-
Current borrowings and other financial liabilities	(96,375,479)	-	(280,954)
Current lease liabilities	(16,459,073)	-	-
Commodity derivative instruments	(15,398,684)	(14,473,772)	
Exposure of the statement of financial position	**(499,543,314)**	**(147,342,491)**	**34,859,147**
Nominal value of currency forward contracts	(450,436,390)	440,579,195	-
Net exposure of the statement of financial position	**(949,979,704)**	**293,236,704**	**34,859,147**

(in EUR)	The Petrol Group 31 December 2023 EUR	USD
Cash and cash equivalents	76,271,007	1,885,637
Current operating receivables (excluding rec. from the state)	725,035,613	1,127,708
Non-current operating receivables	8,466,231	-
Current loans	758,774	-
Non-current loans	2,360,267	-
Non-current operating liabilities (excluding other liabilities)	(24,000)	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(548,516,230)	(181,173,131)
Non-current borrowings and other financial liabilities	(347,037,409)	-
Non-current lease liabilities	(92,875,420)	-
Current borrowings and other financial liabilities	(114,603,510)	-
Current lease liabilities	(19,899,890)	-
Commodity derivative instruments	-	(11,822,333)
Exposure of the statement of financial position	**(310,064,567)**	**(189,982,119)**
Nominal value of currency forward contracts	(446,951,137)	446,951,137
Net exposure of the statement of financial position	**(757,015,704)**	**256,969,018**

	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)
					(29,872,456)
	36,293,153	**34,086,403**	**4,785,403**	**675,044**	**(536,186,655)**
	-	-	9,857,195	-	-
	36,293,153	**34,086,403**	**14,642,598**	**675,044**	**(536,186,655)**

	The Petrol Group				
	31 December 2023				
	BAM	RSD	RON	Other	Total
	8,238,436	10,559,276	3,196,175	5,786,475	105,937,006
	35,609,602	31,136,326	442,479	853,362	794,205,090
	-	2,011	-	-	8,468,242
	302	-	-	16,231	775,307
	-	-	2,222	-	2,362,489
	-	-	-	-	(24,000)
	(2,706,561)	(1,421,777)	(883,997)	(2,659,620)	(737,361,316)
	-	-	-	-	(347,037,409)
	(3,406,747)	(3,477,107)	-	-	(99,759,274)
	-	-	-	-	(114,603,510)
	(485,534)	(669,297)	-	-	(21,054,721)
					(11,822,333)
	37,249,498	**36,129,432**	**2,756,879**	**3,996,448**	**(419,914,429)**
	-	-	-	-	-
	37,249,498	**36,129,432**	**2,756,879**	**3,996,448**	**(419,914,429)**

The Company

(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 borrowings and other financial liabilities	(365,355,088)	-	-
Non-current lease liabilities	(27,331,350)	-	-
Current borrowings and other financial liabilities	(225,449,533)	-	(362,168)
Current lease liabilities	(3,965,318)	-	-
Commodity derivative instruments	(15,398,684)	(608,918)	
Exposure of the statement of financial position	**(393,493,720)**	**(135,677,619)**	**2,782,290**
Nominal value of currency forward contracts	(151,093,284)	141,236,089	-
Net exposure of the statement of financial position	**(544,587,004)**	**5,558,470**	**2,782,290**

(in EUR)	Petrol d.d. 31 December 2023 EUR	USD
Cash and cash equivalents	23,671,558	529,488
Current operating receivables (excluding rec. from the state)	538,876,149	-
Non-current operating receivables	8,451,918	-
Current loans	38,641,992	-
Non-current loans	29,071,795	-
Non-current operating liabilities (excluding other liabilities)	(24,000)	-
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	(254,284,242)	(149,016,175)
Non-current borrowings and other financial liabilities	(300,681,833)	-
Non-current lease liabilities	(27,578,972)	-
Current borrowings and other financial liabilities	(223,888,245)	-
Current lease liabilities	(4,318,028)	-
Commodity derivative instruments	-	(233,737)
Exposure of the statement of financial position	**(172,061,908)**	**(148,720,424)**
Nominal value of currency forward contracts	(126,733,121)	126,733,121
Net exposure of the statement of financial position	**(298,795,029)**	**(21,987,303)**

The following exchange rates prevailed in 2023 and 2022:

Per 1 euro	31 December 2023	31 December 2022
USD	1.1050	1.0666
HRK	-	7.5365
BAM	1.9558	1.9558
RSD	117.4100	117.2900
CZK	24.7240	24.1160
RON	4.9756	4.9495
MKD	61.6110	61.6000
HUF	382.8000	400.8700
CHF	0.9260	0.9847
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 the local currencies.

The Group hedges against the exposure to changes in the EUR/USD exchange rate by fixing the exchange rate to secure cash flows from purchases of petroleum products and natural gas. The hedging instruments used in this case are currency forward contracts entered into with banks.

	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)
					(16,007,602)
	-	**29,396**	**4,743,306**	**577,253**	**(521,039,094)**
	-	-	9,857,195	-	-
	-	**29,396**	**14,600,501**	**577,253**	**(521,039,094)**

	Petrol d.d.				
	31 December 2023				
	BAM	RSD	RON	Other	Total
	152	29,366	3,078,244	5,711,654	33,020,462
	-	-	-	774,039	539,650,188
	-	-	-	-	8,451,918
	-	-	-	-	38,641,992
	-	-	-	-	29,071,795
	-	-	-	-	(24,000)
	-	-	(943,761)	(184,292,894)	(588,537,072)
	-	-	-	-	(300,681,833)
	-	-	-	-	(27,578,972)
	-	-	-	-	(223,888,245)
	-	-	-	-	(4,318,028)
					(233,737)
	152	**29,366**	**2,134,483**	**(177,807,201)**	**(496,425,532)**
	-	-	-	-	-
	152	**29,366**	**2,134,483**	**(177,807,201)**	**(496,425,532)**

The effect of currency forward contracts

	The Petrol Group		Petrol d.d.	
(in EUR)	2023	2022	2023	2022
Unrealised loss	(10,422,565)	(8,837,601)	(1,348,035)	(745,579)
Unrealised gain	-	348,745	-	348,745
Realised loss	(3,374,893)	(7,457,219)	(8,223,451)	(15,549,241)
Realised gain	9,234,991	19,339,011	8,888,213	19,339,011
Total effect of currency forward contracts	**(4,562,467)**	**3,392,936**	**(683,273)**	**3,392,936**

The effect of currency forward contracts should be considered together with foreign exchange differences arising on the purchase of petroleum products and natural gas. The total effect of currency forward contracts and foreign exchange differences was as follows: expenses of EUR 3,693,056 (2022: revenue of EUR 2,622,222) for the Group and revenue of EUR 1,412,309 (2022: revenue of EUR 2,778,784).

Given that currency forward contracts for hedging against foreign exchange risks are entered into with high-quality 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 that it is not exposed to significant risks in this area. To control these risks, the Group/Company relies on natural hedging to the largest possible extent.

During 2023, 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 the currencies to which it is exposed.

An unfavourable change in any currency pair by 10 percent would decrease the net profit by a maximum of EUR 3,599,305 (2022: EUR 3,372,503), with the EUR/BAM currency pair being treated as fixed.

6.4 Price and volumetric risk

The Group/Company is exposed to price and volumetric risks arising from trade in energy commodities. They are managed primarily by aiming to align the purchases and sales of energy commodities in terms of quantities, as well as the purchase and sales conditions, thus securing its margin. Depending on the business model of the energy commodity, caps are set to limit the exposure to price and volumetric risks.

To hedge the sales margin in petroleum product operations, the Group/Company uses primarily derivatives, specifically commodity swaps. The volume of derivative hedging transactions entered into depends on the quantitative exposure and a limit defining the maximum open position for a given time period, consistent with the default risk appetite. Almost all investments are held in investment grade groups. The partners in these transactions include global financial institutions or suppliers of goods.

As part of the management of volumetric and price risks in petroleum product operations, regular adjustments to retail and wholesale plans were made and appropriate financial hedging transactions were entered into in the event of volume deviations from the limit system. 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 Group/Company is also exposed to price and volumetric risks in its electricity and natural gas business through sales to its customers in the retail and wholesale markets. The Group uses derivative financial instruments (currency forward contracts) to hedge the risk of price volatility. The volume of derivatives entered into to hedge the price and volumetric risk depends on the forecast sales volumes for future periods and the limit system, with the aim being to buy volumes in stages.

The Group/Company has wind and solar farms in Croatia for electricity generation; in addition to using such generated electricity for own consumption, it also sells it on the market. The Group uses derivatives (currency forward contracts) to hedge the risk of electricity price volatility. The volume of derivative transactions entered into to hedge the price risk of electricity sales depends on the forecast generation volumes for future periods and the Group's limit system, the aim being to gradually sell off the volumes.

The Group is also exposed to price risks in electricity trading. The group manages these risks with an assortment of limit systems defined depending on the business partner and the value at risk, and with appropriate processes in place to monitor and control these risks.

Derivatives held for trading are mainly derivatives for the purchase and sale of electricity. The Group has net open derivative positions at the reporting date that are not designated as hedging instruments. The fair value of the instruments is calculated based on the market prices for electricity.

The increases in energy commodity prices in recent years have significantly increased the price and volumetric risks, which is why the Petrol Group regularly monitors the adequacy of the limit systems in place and, where necessary, updates and supplements them.

The effect of commodity swaps

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Unrealised loss	(11,822,333)	(29,872,456)	(233,737)	(16,007,602)
Unrealised gain	5,941,055	5,380,773	5,863,966	5,259,876
Realised loss	(142,066,185)	(528,826,694)	(151,997,707)	(535,263,668)
Realised gain	201,228,615	517,714,046	201,550,567	519,804,227
Total effect of commodity swaps	**53,281,152**	**(35,604,331)**	**55,183,089**	**(26,207,167)**

For electricity trading, the changes in market prices of electricity influence calculation of market value of electricity contracts ("mark-to-market").

Market value (fair value) of contracts changes daily depending on the market price movements and trade positioning within Group's prescribed limits. An increase (decrease) in the change in market electricity prices of ±3 percent as at 31 December 2023 would mean that the market value (fair value) of the contracts would decrease (increase) by ±621,233 EUR. This calculation includes both physical and financial transactions.

In the petroleum products and gas business, commodity swaps are used to hedge retail transactions and are therefore not used for trading purposes and no net position calculations and stress tests are performed.

6.5 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 2023, the Group/Company continued to monitor exposure to changes in net interest expenses 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 past due 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.

EURIBOR interest rates in 2023 and 2022

	6-month Euribor	3-month Euribor	1-month Euribor
Value as at 31/12/2022 (in percent)	2.693	2.132	1.884
Value as at 31/12/2023 (in percent)	3.861	3.909	3.845
Change in interest rate (in percentage points)	**1.168**	**1.777**	**1.961**
The lowest value in 2023 (in percent)	2.732	2.162	1.854
The highest value in 2023 (in percent)	4.143	4.002	3.893
Change between the lowest and the highest interest rate (in percentage points)	**1.411**	**1.840**	**2.039**
Average value in 2022 (in percent)	0.682	0.348	0.094
Average value in 2023 (in percent)	3.694	3.433	3.245
Change in average interest rate (in percentage points)	**3.012**	**3.085**	**3.151**

Interest rate swaps by maturity

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
6 to 12 months	23,428,571	34,000,000	23,428,571	34,000,000
1 to 5 years	314,571,429	323,000,000	264,571,429	273,000,000
Total interest rate swaps	**338,000,000**	**357,000,000**	**288,000,000**	**307,000,000**

The effect of interest rate swaps

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
Unrealised gain/(loss) on effective transactions	(14,501,224)	35,701,883	(12,624,557)	31,719,264
Realised loss	-	(329,734)	-	(329,734)
Total effect of interest rate swaps	**(14,501,224)**	**35,372,149**	**(12,624,557)**	**31,389,530**

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 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Loans	963,357	1,486,919	61,772,329	95,514,226
Borrowings and other financial liabilities	(67,828,000)	(91,328,000)	(221,264,257)	(257,150,704)
Net financial instruments with a fixed interest rate	**(66,864,643)**	**(89,841,081)**	**(159,491,928)**	**(161,636,478)**

Financial instruments with a variable interest rate

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Loans	2,174,439	1,141,496	5,941,458	4,964,316
Borrowings and other financial liabilities	(393,812,919)	(406,941,435)	(303,305,821)	(334,016,085)
Net financial instruments with a variable interest rate	**(391,638,480)**	**(405,799,939)**	**(297,364,363)**	**(329,051,769)**

Value of borrowings hedged using interest rate swaps

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Interest rate swaps (notional amount)	338,000,000	357,000,000	288,000,000	307,000,000
Total interest rate swaps	**338,000,000**	**357,000,000**	**288,000,000**	**307,000,000**

A change in the interest rate of 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 the receivables (liabilities) with variable interest rates is further decreased by the total amount of interest rate swaps. This 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 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Cash flow variability (net)–100 bp	(536,385)	(487,999)	(93,644)	(220,518)
Cash flow variability (net)–200 bp	(1,072,770)	(975,999)	(187,287)	(441,035)

Change in profit or loss in the case of a decrease by 100 or 200 bp

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Cash flow variability (net)–100 bp	536,385	487,999	93,644	220,518
Cash flow variability (net)–200 bp	1,072,770	975,999	187,287	441,035

6.6 Capital adequacy management

The main purpose of capital adequacy management is to ensure the best possible financial stability, long-term solvency and the maximum shareholder value. The Group/Company also achieves this through a stable dividend payout policy.

The financial stability of the Group/Company is also demonstrated by the S&P rating obtained at the end of June 2014. 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 22 December 2023.

In 2023, the Petrol Group continued to implement its strategic focus 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 Petrol Group		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Non-current borrowings and other financial liabilities	347,037,409	401,613,002	300,681,833	365,355,088
Non-current lease liabilities	99,759,274	101,100,126	27,578,972	27,331,350
Current borrowings and other financial liabilities	114,603,510	96,656,433	223,888,245	225,811,701
Current lease liabilities	21,054,721	17,498,969	4,318,028	3,965,318
Total	582,454,914	616,868,530	556,467,078	622,463,457
Total equity	923,042,488	860,166,621	618,551,940	597,990,971
Debt/Equity	**0.63**	**0.72**	**0.90**	**1.04**
Cash and cash equivalents	105,937,006	100,962,531	33,020,462	51,203,361
Net financial liabilities	476,517,908	515,905,999	523,446,616	571,260,096
Net debt/Equity	**0.52**	**0.60**	**0.85**	**0.96**

6.7 Carrying amount and fair value of financial instruments

Presentation of financial assets and liabilities

The Petrol Group

(in EUR)		The Petrol Group 31 December 2022				
		Fair value through profit or loss	Fair value of derivatives used for hedging	Amortised cost	Fair value through other comprehensive income	Total carrying amount
Fin. assets at FV through other comprehensive income	Equity instruments	-	-	-	4,112,346	**4,112,346**
Loans		-	-	949,277	-	**949,277**
Operating receivables		-	-	7,015,756	-	**7,015,756**
Total non-current financial assets		**-**	**-**	**7,965,033**	**4,112,346**	**12,077,379**
Contract assets		-	-	13,319,362	-	**13,319,362**
Loans		-	-	1,679,138	-	**1,679,138**
Operating rec. (excluding receivables from the state)		-	-	840,186,387	-	**840,186,387**
Fin. assets at FV through profit or loss	Commodity derivatives	2,297,589	-	-	-	**2,297,589**
	Currency forward contracts	348,745	-	-	-	**348,745**
Fin. assets at FV through other comprehensive income	Interest rate swaps	-	34,616,805	-	-	**34,616,805**
	Commodity derivatives	-	3,083,184	-	-	**3,083,184**
	Bonds	-	-	-	334,077	**334,077**
Cash and cash equivalents		-	-	100,962,531	-	**100,962,531**
Total current financial assets		**2,646,334**	**37,699,989**	**956,147,418**	**334,077**	**996,827,818**
Total financial assets		**2,646,334**	**37,699,989**	**964,112,451**	**4,446,423**	**1,008,905,197**
Borrowings and other financial liabilities	Borrowings	-	-	(357,796,073)	-	**(357,796,073)**
	Debt securities	-	-	(43,816,929)	-	**(43,816,929)**
Lease liabilities		-	-	(101,100,126)	-	**(101,100,126)**
Operating liabilities (excluding other liabilities)		-	-	(2,024,000)	-	**(2,024,000)**
Total non-current financial liabilities		**-**	**-**	**(504,737,128)**	**-**	**(504,737,128)**
Borrowings and other financial liabilities	Borrowings	-	-	(87,518,001)	-	**(87,518,001)**
	Debt securities	-	-	(300,831)	-	**(300,831)**
	Currency forward contracts	(745,579)	(8,092,022)	-	-	**(8,837,601)**
Lease liabilities		-	-	(17,498,969)	-	**(17,498,969)**
Oper. liab. (excluding liab. to the state and employees)		-	-	(838,214,758)	-	**(838,214,758)**
Commodity derivative instruments		(16,956,682)	(12,915,774)	-	-	**(29,872,456)**
Total current financial liabilities		**(17,702,261)**	**(21,007,796)**	**(943,532,559)**	**-**	**(982,242,616)**
Total financial liabilities		**(17,702,261)**	**(21,007,796)**	**(1,448,269,687)**	**-**	**(1,486,979,744)**

(in EUR)		The Petrol Group 31 December 2023 Fair value through profit or loss	Fair value of derivatives used for hedging	Amortised cost	Fair value through other comprehensive income	Total carrying amount
Fin. assets at FV through other comprehensive income	Equity instruments	-	-	-	3,993,859	**3,993,859**
Loans		-	-	2,362,489	-	**2,362,489**
Operating receivables		-	-	8,468,242	-	**8,468,242**
Total non-current financial assets		**-**	**-**	**10,830,731**	**3,993,859**	**14,824,590**
Contract assets		-	-	6,052,405	-	**6,052,405**
Loans		-	-	775,307	-	**775,307**
Operating rec. (excluding receivables from the state)		-	-	794,205,090	-	**794,205,090**
Fin. assets at FV through profit or loss	Commodity derivatives	3,960,075	-	-	-	**3,960,075**
Fin. assets at FV through other comprehensive income	Interest rate swaps	-	20,605,792	-	-	**20,605,792**
	Commodity derivatives	-	1,980,980	-	-	**1,980,980**
Cash and cash equivalents		-	-	105,937,006	-	**105,937,006**
Total current financial assets		**3,960,075**	**22,586,772**	**906,969,808**	**-**	**933,516,655**
Total financial assets		**3,960,075**	**22,586,772**	**917,800,539**	**3,993,859**	**948,341,245**
Borrowings and other financial liabilities	Borrowings	-	-	(336,040,952)	-	**(336,040,952)**
	Debt securities	-	-	(10,996,457)	-	**(10,996,457)**
Lease liabilities		-	-	(99,759,274)	-	**(99,759,274)**
Operating liabilities (excluding other liabilities)		-	-	(24,000)	-	**(24,000)**
Total non-current financial liabilities		**-**	**-**	**(446,820,683)**	**-**	**(446,820,683)**
Borrowings and other financial liabilities	Borrowings	-	-	(70,439,571)	-	**(70,439,571)**
	Debt securities	-	-	(33,252,298)	-	**(33,252,298)**
	Interest rate derivatives	-	(489,076)	-	-	**(489,076)**
	Currency forward contracts	(1,348,035)	(9,074,530)	-	-	**(10,422,565)**
Lease liabilities		-	-	(21,054,721)	-	**(21,054,721)**
Oper. liab. (excluding liab. to the state and employees)		-	-	(737,361,316)	-	**(737,361,316)**
Commodity derivative instruments		(786,130)	(11,036,203)	-	-	**(11,822,333)**
Total current financial liabilities		**(2,134,165)**	**(20,599,809)**	**(862,107,906)**	**-**	**(884,841,880)**
Total financial liabilities		**(2,134,165)**	**(20,599,809)**	**(1,308,928,589)**	**-**	**(1,331,662,563)**

Petrol d.d., Ljubljana

(in EUR)		Petrol d.d. 31 December 2022 Fair value through profit or loss	Fair value of derivatives used for hedging	Amortised cost	Fair value through other comprehensive income	Total carrying amount
Fin. assets at FV through other comprehensive income	Equity instruments	-	-	-	2,117,914	**2,117,914**
Loans		-	-	59,134,780	-	**59,134,780**
Operating receivables		-	-	7,007,540	-	**7,007,540**
Total non-current financial assets		**-**	**-**	**66,142,320**	**2,117,914**	**68,260,234**
Contract assets		-	-	11,722,300	-	**11,722,300**
Loans		-	-	41,343,762	-	**41,343,762**
Operating rec. (excluding receivables from the state)		-	-	566,790,889	-	**566,790,889**
Fin. assets at FV through profit or loss	Commodity derivatives	2,176,692	-	-	-	**2,176,692**
	Currency forward contracts	348,745	-	-	-	**348,745**
Fin. assets at FV through other comprehensive income	Interest rate swaps	-	30,293,507	-	-	**30,293,507**
	Commodity derivatives	-	3,083,184	-	-	**3,083,184**
Cash and cash equivalents		-	-	51,203,361	-	**51,203,361**
Total current financial assets		**2,525,437**	**33,376,691**	**671,060,312**	**-**	**706,962,440**
Total financial assets		**2,525,437**	**33,376,691**	**737,202,632**	**2,117,914**	**775,222,674**
Borrowings and other financial liabilities	Borrowings	-	-	(321,538,159)	-	**(321,538,159)**
	Debt securities	-	-	(43,816,929)	-	**(43,816,929)**
Lease liabilities		-	-	(27,331,350)	-	**(27,331,350)**
Operating liabilities (excluding other liabilities)		-	-	(2,024,000)	-	**(2,024,000)**
Total non-current financial liabilities		**-**	**-**	**(394,710,438)**	**-**	**(394,710,438)**
Borrowings and other financial liabilities	Borrowings	-	-	(224,765,291)	-	**(224,765,291)**
	Debt securities	-	-	(300,831)	-	**(300,831)**
	Currency forward contracts	(745,579)	-	-	-	**(745,579)**
Lease liabilities		-	-	(3,965,318)	-	**(3,965,318)**
Oper. liab. (excluding liab. to the state and employees)		-	-	(606,024,368)	-	**(606,024,368)**
Commodity derivative instruments		(15,519,612)	(487,990)	-	-	**(16,007,602)**
Total current financial liabilities		**(16,265,191)**	**(487,990)**	**(835,055,808)**	**-**	**(851,808,989)**
Total financial liabilities		**(16,265,191)**	**(487,990)**	**(1,229,766,246)**	**-**	**(1,246,519,427)**

(in EUR)		Petrol d.d. 31 December 2023 Fair value through profit or loss	Fair value of derivatives used for hedging	Amortised cost	Fair value through other comprehensive income	Total carrying amount
Fin. assets at FV through other comprehensive income	Equity instruments	-	-	-	2,117,914	**2,117,914**
Loans		-	-	29,071,795	-	**29,071,795**
Operating receivables		-	-	8,451,918	-	**8,451,918**
Total non-current financial assets		**-**	**-**	**37,523,713**	**2,117,914**	**39,641,627**
Contract assets		-	-	211,844	-	**211,844**
Loans		-	-	38,641,992	-	**38,641,992**
Operating rec. (excluding receivables from the state)		-	-	539,650,188	-	**539,650,188**
Fin. assets at FV through profit or loss	Commodity derivatives	3,882,986	-	-	-	**3,882,986**
Fin. assets at FV through other comprehensive income	Interest rate swaps	-	18,158,026	-	-	**18,158,026**
	Commodity derivatives	-	1,980,980	-	-	**1,980,980**
Cash and cash equivalents		-	-	33,020,462	-	**33,020,462**
Total current financial assets		**3,882,986**	**20,139,006**	**611,524,486**	**-**	**635,546,478**
Total financial assets		**3,882,986**	**20,139,006**	**649,048,199**	**2,117,914**	**675,188,105**
Borrowings and other financial liabilities	Borrowings	-	-	(289,685,376)	-	**(289,685,376)**
	Debt securities	-	-	(10,996,457)	-	**(10,996,457)**
Lease liabilities		-	-	(27,578,972)	-	**(27,578,972)**
Operating liabilities (excluding other liabilities)		-	-	(24,000)	-	**(24,000)**
Total non-current financial liabilities		**-**	**-**	**(328,284,805)**	**-**	**(328,284,805)**
Borrowings and other financial liabilities	Borrowings	-	-	(188,798,836)	-	**(188,798,836)**
	Debt securities	-	-	(33,252,298)	-	**(33,252,298)**
	Interest rate derivatives	-	(489,076)	-	-	**(489,076)**
	Currency forward contracts	(1,348,035)	-	-	-	**(1,348,035)**
Lease liabilities		-	-	(4,318,028)	-	**(4,318,028)**
Oper. liab. (excluding liab. to the state and employees)		-	-	(588,537,072)	-	**(588,537,072)**
Commodity derivative instruments		(233,737)	-	-	-	**(233,737)**
Total current financial liabilities		**(1,581,772)**	**(489,076)**	**(814,906,234)**	**-**	**(816,977,082)**
Total financial liabilities		**(1,581,772)**	**(489,076)**	**(1,143,191,039)**	**-**	**(1,145,261,887)**

Presentation of financial assets and liabilities disclosed at fair value according to the fair value hierarchy

The Petrol Group

Fair value of assets

	31 December 2023				31 December 2022			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	3,960,075	-	3,960,075	-	2,646,334	-	2,646,334
Fin. assets at fair value through other comprehensive income	-	22,586,772	3,993,859	26,580,631	-	37,699,989	4,446,423	42,146,412
Total assets at fair value	**-**	**26,546,847**	**3,993,859**	**30,540,706**	**-**	**40,346,323**	**4,446,423**	**44,792,746**
Non-current loans	-	-	2,362,489	2,362,489	-	-	949,277	949,277
Current loans	-	-	775,307	775,307	-	-	1,679,138	1,679,138
Non-current operating receivables	-	-	8,468,242	8,468,242	-	-	7,015,756	7,015,756
Current operating receivables (excluding rec. from the state)	-	-	794,205,090	794,205,090	-	-	840,186,387	840,186,387
Contract assets	-	-	6,052,405	6,052,405	-	-	13,319,362	13,319,362
Cash and cash equivalents	-	105,937,006	-	105,937,006	-	100,962,531	-	100,962,531
Total assets with fair value disclosure	**-**	**105,937,006**	**811,863,533**	**917,800,539**	**-**	**100,962,531**	**863,149,920**	**964,112,451**
Total assets	**-**	**132,483,853**	**815,857,392**	**948,341,245**	**-**	**141,308,854**	**867,596,343**	**1,008,905,197**

The fair value of financial assets at fair value through other comprehensive income has been estimated:

- using the capitalised yield method, assuming a required pre-tax rate of return of 9.9 percent and 13.4 percent (2022: 6.5 percent) and a long-term growth rate of 2 percent (2022: 1.5 percent); and
- using the discounted cash flow method, assuming a required rate of return of 7.45 percent and a long-term growth rate of 2.0 percent.

An increase of 0.5 percentage points in those assumptions would result in the fair value rising by EUR 600,673 (2022: EUR 925,879). A decrease of 0.5 percentage points in those assumptions would result in the fair value being reduced by EUR 446,586 (2022: EUR 770,121).

Fair value of liabilities

	31 December 2023				31 December 2022			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities	-	(10,911,641)	-	(10,911,641)	-	(8,837,601)	-	(8,837,601)
Commodity derivative instruments	-	(11,822,333)	-	(11,822,333)	-	(29,872,456)	-	(29,872,456)
Total liabilities at fair value	**-**	**(22,733,974)**	**-**	**(22,733,974)**	**-**	**(38,710,057)**	**-**	**(38,710,057)**
Non-current borrowings and other financial liabilities	-	-	(347,037,409)	(347,037,409)	-	-	(401,613,002)	(401,613,002)
Non-current lease liabilities	-	-	(99,759,274)	(99,759,274)	-	-	(101,100,126)	(101,100,126)
Current borrowings and other financial liabilities (excluding liabilities at fair value)	-	-	(103,691,869)	(103,691,869)	-	-	(87,818,832)	(87,818,832)
Current lease liabilities	-	-	(21,054,721)	(21,054,721)	-	-	(17,498,969)	(17,498,969)
Non-current operating liabilities (excluding other liabilities)	-	-	(24,000)	(24,000)	-	-	(2,024,000)	(2,024,000)
Current operating liab. (excluding liab. to the state, employees and liabilities at fair value)	-	-	(737,361,316)	(737,361,316)	-	-	(838,214,758)	(838,214,758)
Total liabilities with fair value disclosure	**-**	**-**	**(1,308,928,589)**	**(1,308,928,589)**	**-**	**-**	**(1,448,269,687)**	**(1,448,269,687)**
Total liabilities	**-**	**(22,733,974)**	**(1,308,928,589)**	**(1,331,662,563)**	**-**	**(38,710,057)**	**(1,448,269,687)**	**(1,486,979,744)**

Petrol d.d., Ljubljana

Fair value of assets

(in EUR)	31 December 2023 Level 1	Level 2	Level 3	Total	31 December 2022 Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	3,882,986	-	3,882,986	-	2,525,437	-	2,525,437
Fin. assets at fair value through other comprehensive income	-	20,139,006	2,117,914	22,256,920	-	33,376,691	2,117,914	35,494,605
Total assets at fair value	**-**	**24,021,992**	**2,117,914**	**26,139,906**	**-**	**35,902,128**	**2,117,914**	**38,020,042**
Non-current loans	-	-	29,071,795	29,071,795	-	-	59,134,780	59,134,780
Current loans	-	-	38,641,992	38,641,992	-	-	41,343,762	41,343,762
Non-current operating receivables	-	-	8,451,918	8,451,918	-	-	7,007,540	7,007,540
Current operating receivables (excluding rec. from the state)	-	-	539,650,188	539,650,188	-	-	566,790,889	566,790,889
Contract assets	-	-	211,844	211,844	-	-	11,722,300	11,722,300
Cash and cash equivalents	-	33,020,462	-	33,020,462	-	51,203,361	-	51,203,361
Total assets with fair value disclosure	**-**	**33,020,462**	**616,027,737**	**649,048,199**	**-**	**51,203,361**	**685,999,271**	**737,202,632**
Total assets	**-**	**57,042,454**	**618,145,651**	**675,188,105**	**-**	**87,105,489**	**688,117,185**	**775,222,674**

The fair value of financial assets at fair value through other comprehensive income has been estimated:

- using the capitalised yield method, assuming a required pre-tax rate of return of 13.4 percent (2022: 8.0 percent) and a long-term growth rate of 2.0 percent (2022: 1.5 percent); and
- using the discounted cash flow method, assuming a required rate of return of 7.45 percent and a long-term growth rate of 2.0 percent.

An increase of 0.5 percentage points in those assumptions would result in the fair value rising by EUR 392,673 (2022: EUR 433,086). A decrease of 0.5 percentage points in those assumptions would result in the fair value being reduced by EUR 287,586 (2022: EUR 265,914).

Fair value of liabilities

(in EUR)	31 December 2023 Level 1	Level 2	Level 3	Total	31 December 2022 Level 1	Level 2	Level 3	Total
Financial liabilities	-	(1,837,111)	-	(1,837,111)	-	(745,579)	-	(745,579)
Commodity derivative instruments	-	(233,737)	-	(233,737)	-	(16,007,602)	-	(16,007,602)
Total liabilities at fair value	**-**	**(2,070,848)**	**-**	**(2,070,848)**	**-**	**(16,753,181)**	**-**	**(16,753,181)**
Non-current borrowings and other financial liabilities	-	-	(300,681,833)	(300,681,833)	-	-	(365,355,088)	(365,355,088)
Non-current lease liabilities	-	-	(27,578,972)	(27,578,972)	-	-	(27,331,350)	(27,331,350)
Current borrowings and other financial liabilities (excluding liabilities at fair value)	-	-	(222,051,134)	(222,051,134)	-	-	(225,066,122)	(225,066,122)
Current lease liabilities	-	-	(4,318,028)	(4,318,028)	-	-	(3,965,318)	(3,965,318)
Non-current operating liabilities (excluding other liabilities)	-	-	(24,000)	(24,000)	-	-	(2,024,000)	(2,024,000)
Current operating liab. (excluding liab. to the state, employees and liabilities at fair value)	-	-	(588,537,072)	(588,537,072)	-	-	(606,024,368)	(606,024,368)
Total liabilities with fair value disclosure	**-**	**-**	**(1,143,191,039)**	**(1,143,191,039)**	**-**	**-**	**(1,229,766,246)**	**(1,229,766,246)**
Total liabilities	**-**	**(2,070,848)**	**(1,143,191,039)**	**(1,145,261,887)**	**-**	**(16,753,181)**	**(1,229,766,246)**	**(1,246,519,427)**

Changes in Level 3 assets measured at fair value

(in EUR)	The Petrol Group 2023	The Petrol Group 2022	Petrol d.d. 2023	Petrol d.d. 2022
As at 1 January	**4,446,423**	**4,467,121**	**2,117,914**	**2,117,914**
Disposals	(452,564)	(20,698)	-	-
As at 31 December	**3,993,859**	**4,446,423**	**2,117,914**	**2,117,914**

6.8 Environmental and climate risks

Climate change is classified as an environmental risk, but it is also a source of structural change that affects economic activity and, indirectly, social, governance and financial systems. It has a long-term impact on the business activities and sectors concerned. The Group operates in sectors (energy, transport, infrastructure and others) with a higher probability of physical risks. These are also the sectors to be affected by the transition to a low-carbon economy. In particular, assets directly or indirectly related to the extraction, processing, combustion or use of fossil fuels, as well as assets that are not energy efficient, may be subject to sudden and severe devaluation.

Geographically, the impact of climate change is expected to vary, so we will analyse the geographical areas in which we operate separately. The first step towards integrating an integrated ESG approach to risk, which we started in 2022, is the integration of environmental/climate risks into the Group's/Company's overall risk management. A comprehensive ESG/climate risk assessment is under preparation. For more information, see the Business section in the Risk Management chapter and the Environment chapter.

The Group supports the Paris Agreement and the EU's 2050 decarbonisation commitments, which means that it is actively engaged in mitigating and adapting to climate change, while continuing its efforts to deliver the energy needed for societal well-being securely and at an affordable price. It aims to reduce greenhouse gas emissions in the most economically and environmentally efficient way, at the lowest cost to the economy and the population, and with a positive impact on human health and safety (see the business section in the Strategic orientations and objectives for the sustainable development of the Petrol Group).

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), the Group/Company reports the indicators for Taxonomy-eligible or Taxonomy-aligned economic activities for the 2023 financial year. The reporting/analysis for the 2023 financial year covers all six of the European Union's environmental objectives:

1. climate change mitigation,
2. climate change adaptation,
3. sustainable use and protection of water and marine resources,
4. transition to a circular economy,
5. pollution prevention and control, and
6. protection and restoration of biodiversity and ecosystems.

Reporting for 2023, as for 2022, not only includes an assessment of eligibility, but also an assessment of the alignment of the activity with the EU Taxonomy.

The following 21 Taxonomy-eligible activities of the Petrol Group in Slovenia and Croatia have been identified within the five NACE[1] 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
4.20 Cogeneration of heat/cool and power from bioenergy
4.22 Production of heat/cool from geothermal energy
4.24 Production of heat/cool from bioenergy
4.30 High-efficiency cogeneration 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

[1] NACE – Nomenclature of Economic Activities – European statistical classification of economic activities

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
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings
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.

Energy transition towards a low-carbon company and the development of new technologies are transforming established ways of how energy commodities are produced, sold and used. The Group/Company is committed to making a transition to green energy and is dedicating a significant share of its investments to achieving it. In 2023, the Group invested EUR 28,918,777 into fixed assets for environmentally sustainable activities (aligned with the Taxonomy) and the Company EUR 14,048,624.

In 2023, the Group recorded EUR 125,165,977 and the Company EUR 105,948,186 of costs from environmentally sustainable activities (aligned with the Taxonomy). These costs were recorded by the Group/Company under the cost of services (mainly subcontracting and maintenance costs), cost of materials (mainly energy costs), labour costs, depreciation and amortisation costs and other costs (mainly concession fees).

Taxonomy-aligned activities contributed 1.94 percent of the turnover from products or services or the turnover of the Petrol Group companies in Slovenia and Croatia included in the analysis in 2023 (EUR 131,575,569 out of a total turnover from products or services of EUR 6,798,684,495). Turnover from products or services includes revenue from contracts with customers and other income. The turnover from products or services of the companies included in the analysis accounted for 97.21 percent of the Petrol Group's total turnover from products or services in 2023. The turnover from products or services from Taxonomy-aligned activities in the Company in 2023 amounted to EUR 109,117,689.

In 2023

(in EUR)	The Petrol Group Investments in PPE	The Petrol Group Revenues	The Petrol Group Costs	Petrol d.d. Investments in PPE	Petrol d.d. Revenues	Petrol d.d. Costs
A.) TAXONOMY - ELIGIBLE ACTIVITIES						
A.1 Environmentally sustainable activities (Taxonomy-aligned)						
4.1 Electricity generation using solar photovoltaic technology	11,683,621	7,375,056	4,972,224	4,951,581	1,459,114	806,083
4.3 Electricity generation from wind power	1,338,653	4,412,320	3,488,073	-	-	-
4.8 Electricity generation from bioenergy	-	345,289	622,902	-	345,289	622,902
4.9 Transmission and distribution of electricity	849	4,097,894	3,599,988	849	4,097,894	3,599,988
4.14 Transmission and distribution networks for renewable and low-carbon gases	1,445,800	15,803,327	12,642,534	933,842	11,997,653	9,223,705
4.15 District heating/cooling distribution	162,944	15,415,491	5,300,835	150,817	14,209,696	3,943,352
4.20 Cogeneration of heat/cool and power from bioenergy	54,406	1,715,210	1,839,434	54,406	1,649,660	1,805,353
4.22 Production of heat/cool from geothermal energy	-	-	309,082	-	-	309,082
4.24 Production of heat/cool from bioenergy	89,310	2,141,415	3,539,490	-	1,950,598	3,449,812
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuel	-	9,216,946	13,703,253	-	4,854,387	10,332,814
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	-	1,893,691	3,046,719	-	1,653,260	2,450,904
5.1 Construction, extension and operation of water collection, treatment and supply systems	-	4,678,866	4,866,393	-	4,678,866	4,866,393
5.2 Renewal of water collection, treatment and supply systems	-	3,571,609	3,867,365	-	3,571,609	3,867,365
5.3 Construction, extension and operation of waste water collection and treatment	233,020	3,003,633	2,069,814	233,020	3,003,633	2,069,814
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	1,118,264	596,061	814,200	-	195,061	391,202
6.15 Infrastructure enabling low-carbon road transport and public transport	1,875,138	2,444,951	3,858,156	1,557,793	1,248,934	2,012,032
7.3 Installation, maintenance and repair of energy efficiency equipment	10,578,375	26,434,358	27,048,469	5,829,601	25,772,583	26,620,339
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	-	9,250,777	9,197,382	-	9,250,777	9,197,382
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	11,854	-	-	11,854	-	-
7.6 Installation, maintenance and repair of renewable energy technologies	3,288	18,661,473	20,079,984	1,606	18,661,473	20,079,984
8.2 Data-driven solutions for GHG emissions reductions	323,256	517,203	299,682	323,256	517,203	299,682
Total	**28,918,777**	**131,575,569**	**125,165,977**	**14,048,624**	**109,117,689**	**105,948,186**

Commitment to the green transition remains key and the Group/Company will increase the share of renewable energy (RES) generation in the region. In the area of energy solutions, most activities will continue to be focused on the industrial and household segments.

The Group/Company did not make any provisions for climate change or impair any assets or inventories. In 2023, there were no changes in the estimated useful lives of the Group's/Company's fixed assets due to climate change. For more information, see the Environmentally sustainable economic activities and sustainable investments chapter in the Business section.

7. 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 2023 is disclosed in the Chapters Share and Ownership Structure and 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)	2023	2022	2023	2022
Revenue from contracts with customers:				
Subsidiaries	-	-	920,022,921	1,278,693,637
Jointly controlled entities	1,077,419	4,450,996	17,888	34,299
Associates	57,712	38,746	57,712	38,746
Cost of goods sold:				
Subsidiaries	-	-	175,511,835	134,397,651
Jointly controlled entities	71,442	115,850	-	-
Costs of materials:				
Subsidiaries	-	-	695,843	908,547
Jointly controlled entities	1,629	4,645	-	-
Costs of services:				
Subsidiaries	-	-	2,166,906	1,103,313
Jointly controlled entities	4,960	3,977	-	-
Gain on derivatives:				
Subsidiaries	-	-	8,459,366	4,687,243
Loss on derivatives:				
Subsidiaries	-	-	7,938,474	1,658,727
Fin. inc./expenses from interests in Group companies:				
Subsidiaries	-	-	1,588,428	723,160
Jointly controlled entities	44,439	665,483	931,389	115,217
Associates	3,679,698	2,662,912	1,246,921	814,437
Finance income from interest:				
Subsidiaries	-	-	1,766,695	1,296,282
Jointly controlled entities	10,415	1,793	10,415	1,793
Other finance income:				
Subsidiaries	-	-	109,780	132,036
Associates	344	-	344	-
Finance expenses for interest:				
Subsidiaries	-	-	3,558,181	2,180,053
Jointly controlled entities	348	-	348	-

(in EUR)	The Petrol Group 31 December 2023	The Petrol Group 31 December 2022	Petrol d.d. 31 December 2023	Petrol d.d. 31 December 2022
Investments in Group companies:				
Subsidiaries	-	-	555,292,232	554,032,932
Jointly controlled entities	350,240	1,277,748	233,000	233,000
Associates	59,316,541	56,968,277	26,610,477	26,610,477
Non-current loans:				
Subsidiaries	-	-	28,108,437	59,087,634
Current operating receivables:				
Subsidiaries	-	-	43,763,743	83,627,973
Jointly controlled entities	950	1,100,698	950	15,433
Associates	1,397	1,568	1,284	1,487
Current loans:				
Subsidiaries	-	-	37,948,028	40,046,732
Jointly controlled entities	450,794	247,383	450,794	247,383
Prepayments and other assets:				
Subsidiaries	-	-	43,840	5,542,493
Non-current borrowings:				
Subsidiaries	-	-	21,000,000	21,000,000
Current borrowings:				
Subsidiaries	-	-	154,797,116	164,958,704
Jointly controlled entities	300,000	300,000	300,000	300,000
Current operating liabilities:				
Subsidiaries	-	-	29,050,646	8,515,784
Jointly controlled entities	844	898,293	-	876,704
Associates	-	-		
Current deferred income:				
Subsidiaries	-	-	113,032	-
Contract liabilities:				
Subsidiaries	-	-	1,710	2,527
Commodity derivative instruments:				
Subsidiaries	-	-	60,830	-
Other liabilities:				
Subsidiaries	-	-	3,829,578	11,321,656

Remuneration of the Supervisory Board and committee members of Petrol d.d., Ljubljana

2023

(in EUR)	Function	Basic SB payment	Attendance fees	Payment for specific tasks	Travel expenses	Sum gross	Sum net
Janez Žlak	President of the Supervisory Board	26,250	6,875	11,250	1,056	45,431	33,042
Borut Vrviščar	Deputy President of the Supervisory Board	22,125	6,600	8,250	-	36,975	26,892
Aleksander Zupančič	Member of the Supervisory Board	18,750	8,855	7,500	3,377	38,482	27,988
Alenka Urnaut	Member of the Supervisory Board	20,625	8,580	7,500	-	36,705	26,696
Mario Selecky	Member of the Supervisory Board	18,750	6,050	7,500	-	32,300	25,033
Mladen Kaliterna	Member of the Supervisory Board	18,750	8,855	7,500	-	35,105	25,532
Alen Mihelčič	Member of the Supervisory Board	18,750	6,875	7,500	-	33,125	24,092
Robert Ravnikar	Member of the Supervisory Board	18,750	8,855	7,500	-	35,105	25,532
Marko Šavli	Member of the Supervisory Board	18,750	6,875	7,500	-	33,125	24,092
Sabina Merhar	External member of the Audit Committee	4,500	2,200	-	-	6,700	4,873
Total:		**186,000**	**70,620**	**72,000**	**4,433**	**333,053**	**243,770**

Remuneration of the Management Board members of Petrol d.d., Ljubljana

2022

(in EUR)	Fixed remuneration - gross**	Variable remuneration - gross*** Based on quantitative criteria	Based on qualitative criteria	Total	Benefits	Sum gross	Sum net
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**

2023

(in EUR)	Fixed remuneration – gross**	Variable remuneration – gross*** Based on quantitative criteria	Based on qualitative criteria	Total	Termination payments	Benefits	Sum gross	Sum net
Sašo Berger, President of the Management Board from 23 November 2023 (Member of the Management Board from 15 September 2023)	80,054	205	164	369	-	181	80,604	37,077
Marko Ninčević, Member of the Management Board from 1 September 2023	85,533	242	194	436	-	209	86,178	40,266
Jože Smolič, Member of the Management Board	233,730	88,552	70,829	159,381	-	27,466	420,577	160,920
Nada Drobne Popović, President of the Management Board till 22 November 2023	243,119	104,022	83,203	187,225	150,000	31,128	611,472	230,458
Jože Bajuk, Member of the Management Board till 2 August 2023	128,615	146,696	117,335	264,031	7,391	11,828	411,865	176,615
Matija Bitenc, Member of the Management Board till 7 December 2023	217,583	88,552	70,829	159,381	-	26,471	403,435	163,404
Zoran Gračner, Worker Director	139,993	29,352	23,478	52,830	-	2,538	195,361	106,116
Total:	**1,128,627**	**457,621**	**366,032**	**823,653**	**157,391**	**99,821**	**2,209,492**	**914,856**

* Travel expenses, costs of accommodation and subsistence allowance are not disclosed as, by their nature, they do not represent Management Board's remuneration.
** Fixed remuneration – gross comprises the basic salary and pay for annual leave.
*** Variable remuneration – gross comprises the annual bonus and the performance bonus.

The total remuneration paid in 2023 by the Company to members of the Workers' Council was EUR 8,332.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31 December 2023.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31 December 2023, except for liabilities and termination payments arising from December salaries payable in January 2024.

In 2023, 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, and of E 3, d.o.o., where one member of the Management Board of Petrol d.d., Ljubljana has a management contract. The total gross payments to members of the Management Board in 2023 amounted to EUR 118,041 (2022: EUR 84,010).

8. Contingent liabilities

Contingent liabilities for guarantees issued

The maximum contingent liabilities of Petrol d.d., Ljubljana for guarantees issued stood at EUR 425,145,144 as at 31 December 2023 (31 December 2022: EUR 264,599,582) and were as follows:

	Petrol d.d.		Petrol d.d.	
(in EUR)	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Guarantee issued to:	**Value of guarantee issued**		**Guarantee amount used**	
Petrol d.o.o.	196,539,359	176,237,013	124,950,629	110,590,551
Geoplin d.o.o. Ljubljana	166,226,780	21,000,000	51,339,177	-
Vjetroelektrana Glunča d.o.o.	20,000,000	-	20,000,000	-
E 3, d.o.o.	15,000,000	15,000,000	8,183,806	3,812,407
Petrol BH Oil Company d.o.o. Sarajevo	6,843,642	5,437,589	1,153,304	166,588
Petrol LPG d.o.o.	4,700,000	4,700,000	-	-
Petrol d.o.o. Beograd	4,332,300	3,999,800	678,070	1,023
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	3,000,000	1,800,000
Petrol Crna Gora MNE d.o.o.	1,050,000	3,000,000	221,299	206,682
Petrol LPG HIB d.o.o	1,012,358	460,163	-	-
Vjetroelektrana Ljubač d.o.o.	-	23,792,130	-	-
Aquasystems d.o.o.	-	373,318	-	373,318
Total	**418,704,439**	**257,000,013**	**209,526,285**	**116,950,569**
Bills of exchange issued as security	117,387,579	103,464,125	117,387,579	103,464,125
Other guarantees	6,440,705	7,599,569	6,440,705	7,599,569
Total contingent liabilities for guarantees issued	**542,532,723**	**368,063,707**	**333,354,569**	**228,014,263**

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 the lawsuits against the Company as a defendant and debtor currently stands at EUR 2,923,919. As at 31 December 2023, interest on overdue amounts arising from the claims stood at EUR 331,989. The Company's management estimates that there is a possibility that some of these lawsuits could be lost. As a result, the Company set aside long-term provisions. See the explanation in Note 5.34.

The total value of the lawsuits against the Group as defendant and debtor totals EUR 4,746,794. As at 31 December 2023, interest on overdue amounts arising from the claims stood at EUR 378,720. The Group's Management Board estimates that there is a possibility that some of these lawsuits could be lost. As a result, the Group set aside long-term provisions. See the explanation in Note 5.34.

9. Events after the reporting date

On 22 February 2024, the Government of the Republic of Slovenia adopted Decree amending Decree on Setting Prices for Certain Petroleum Products, capping the margin on diesel at EUR 0.0783 per litre and on NMB-95 at EUR 0.0794 per litre in the period from 27 February to 25 March 2024.

On 25 March 2024, the Government of the Republic of Slovenia adopted Decree amending Decree on Setting Prices for Certain Petroleum Products, keeping the margin on diesel capped at EUR 0.0783 per litre, on NMB-95 at EUR 0.0794 per litre and on extra-light fuel oil at EUR 0.08 per litre until 20 June 2024.

There were no events after the reporting date that would significantly affect the presented financial statements for 2023.

10. 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

10.1 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.

10.2 Accounting policies for separating financial statements

In separating the 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:
- electricity generation – 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:
- the natural gas distribution (distribution system operator) – energy activity, regulated activity, optional service of general economic interest;
- the natural gas distribution (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 Commodity 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 the 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 the 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 the general costs belonging to the entire area are carried.

Within this area, we perform energy activities: the electricity generation, the distribution of electricity – closed distribution system, the natural gas distribution (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 the 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 for Energy and Environmental Systems – 1st coverage for Energy and Environmental Systems.

The Energy Product and Electricity Management organisational unit supports Energy Commodity and Electricity Management – general, where the 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 the 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 of indirect costs and expenses carried under the support for Energy Commodity and Electricity Management – 1st coverage for Energy Commodity and Electricity Management.

The Company has organised support functions, which it defines as support functions for energy activities in the areas of Energy and Environmental Systems and Energy Commodity 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 allocated to the Energy and Environmental Systems and Energy Commodity 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 for 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 the 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 for Energy Product and Electricity Management and related costs – 2nd coverage for Energy Commodity 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 Commodity and Electricity Management represent indirect costs from the 2nd coverage.

Direct costs by individual activity, together with the 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 of indirect costs and expenses carried under the support functions of Energy Commodity 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 individual activities. 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 commodities sold, goods sold and materials sold and is carried directly under each activity; the purchase value, which is carried under the cost centre that 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 relate to an individual activity; each 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 direct costs of services that relate to an individual activity; each 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 relate to an individual activity; each individual activity also accounts for a proportionate share of indirect labour costs with criteria 1 to 5 applied.
- The depreciation and amortisation charge is the direct depreciation charge that relates to an individual activity; each 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 relate to an individual activity; each individual activity also accounts for a proportionate share of indirect other costs and indirect internal costs with criteria 1 to 5 applied.
- Other income is direct other revenue that relates to an individual activity; each 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; each 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 current tax expense 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 into 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

- The called-up capital and capital surplus were determined on 31 December 2015 as the difference between assets and liabilities at that time.
- The 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.
- Deferred income is carried directly under individual activities.
- 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 items of “Non-current (long-term) assets” and “Current assets” represents “Total assets”.

The sum of “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.

10.3 Presentation of the financial statements by the activities of Petrol d.d., Ljubljana

10.3-1 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
Revenue from contracts with customers	11,448,148	104,430,127	549,210	6,791,375	2,374,822
Cost of goods sold	-	(98,714,061)	-	922	(640)
Costs of materials	(2,379,790)	(585)	(392,630)	(5,428,734)	(652,508)
Costs of services	(1,263,751)	(56,231)	(22,667)	(658,280)	(334,012)
Labour costs	(1,596,360)	(172,384)	(82,965)	(1,485,242)	(1,197,299)
Depreciation and amortisation	(2,848,318)	(4,303)	(30,119)	(611,316)	(618,179)
Other costs	(778,827)	(352)	(1,216)	(437,120)	(41,738)
Gain on derivatives	-	-	-	-	-
Loss on derivatives	-	-	-	-	-
Other income	68,455	-	-	18,297	34,969
Other expenses	-	-	-	-	-
Operating profit or loss	**2,649,557**	**5,482,211**	**19,613**	**(1,810,098)**	**(434,585)**
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	**-**	**-**	**-**	**-**	**-**
Finance income	-	-	-	-	-
Finance expenses	(444,328)	(47)	(3,346)	(62,598)	(99,431)
Net finance expense	**(444,328)**	**(47)**	**(3,346)**	**(62,598)**	**(99,431)**
Profit before tax	**2,205,229**	**5,482,164**	**16,267**	**(1,872,696)**	**(534,016)**
Income tax expense	(418,992)	(1,041,611)	(3,091)	355,812	101,462
Net profit for the year	**1,786,237**	**4,440,553**	**13,176**	**(1,516,884)**	**(432,554)**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	5,729,480	1,055,377,429	4,097,894	3,502,234	4,108,828,499	5,303,129,218
	-	(1,016,699,000)	-	-	(3,750,026,086)	(4,865,438,865)
	(4,689,321)	(7,555)	(1,653,140)	(1,049,928)	(36,246,331)	(52,500,522)
	(375,272)	(953,592)	(225,819)	(806,572)	(141,147,665)	(145,843,861)
	(593,933)	(922,945)	(870,108)	(806,687)	(97,287,884)	(105,015,807)
	(487,350)	(42,465)	(728,100)	(522,037)	(40,547,791)	(46,439,978)
	(593,226)	(3,398,832)	(76,089)	(32,307)	(29,373,585)	(34,733,292)
	-	-	-	-	207,414,533	207,414,533
	-	-	-	-	(152,231,444)	(152,231,444)
	-	-	1,377	298	7,045,915	7,169,311
	-	-	-	-	(105,178)	(105,178)
	(1,009,622)	**33,353,040**	**546,015**	**285,001**	**76,322,983**	**115,404,115**
	-	**-**	**-**	**-**	**3,766,738**	**3,766,738**
	-	-	-	-	66,334,395	66,334,395
	(37,026)	(533)	(137,433)	(40,495)	(76,311,601)	(77,136,838)
	(37,026)	**(533)**	**(137,433)**	**(40,495)**	**(9,977,206)**	**(10,802,443)**
	(1,046,648)	**33,352,507**	**408,582**	**244,506**	**70,112,515**	**108,368,410**
	198,863	(6,336,977)	(77,630)	(46,456)	(8,294,209)	(15,562,829)
	(847,785)	**27,015,530**	**330,952**	**198,050**	**61,818,306**	**92,805,581**

10.3-2 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	36,482,584	1,596	-	1,956,074	5,256,496
Property, plant and equipment	439,359	1,921	283,113	3,194,963	2,960,063
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	-	-	-	-	-
	36,921,943	**3,517**	**283,113**	**5,181,263**	**8,216,559**
Current assets					
Inventories	-	-	-	-	-
Contract assets	-	-	-	-	-
Loans	-	-	-	-	-
Operating receivables	31,471,112	107,977,372	1,165,300	3,788,747	5,143,157
Corporate income tax assets	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through other comprehensive income					
Prepayments and other assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-
	31,471,112	**107,977,372**	**1,165,300**	**3,788,747**	**5,143,157**
Total assets	**68,393,055**	**107,980,889**	**1,448,413**	**8,970,010**	**13,359,716**

	Electricity production	Electricity supply	Closed electricity distribution system	Municipal wastewater and run-off rainwater treatment	Other activities	Total
	727,403	28,832	32,085	3,194,208	133,479,381	181,158,659
	2,386,592	22,222	11,371,116	141,908	345,144,088	365,945,345
	-	-	-	-	11,102,886	11,133,112
	-	-	-	-	555,292,232	555,292,232
	-	-	-	-	233,000	233,000
	-	-	-	-	26,610,477	26,610,477
	-	-	-	-	2,117,914	2,117,914
	-	-	-	-	29,071,795	29,071,795
	-	-	-	-	8,451,918	8,451,918
	-	-	-	-	9,752,558	9,752,558
	3,113,995	**51,054**	**11,403,201**	**3,336,116**	**1,121,256,249**	**1,189,767,010**
	-	-	-	-	115,954,817	115,954,817
	-	-	-	-	211,844	211,844
	-	-	-	-	38,641,992	38,641,992
	98,324	443,659,303	16,058,491	649,505	(70,314,001)	539,697,310
	-	-	-	-	-	-
	-	-	-	-	3,882,986	3,882,986
					20,139,006	20,139,006
	-	-	-	-	68,415,070	68,415,070
	-	-	-	-	33,020,462	33,020,462
	98,324	**443,659,303**	**16,058,491**	**649,505**	**209,952,176**	**819,963,487**
	3,212,319	**443,710,357**	**27,461,692**	**3,985,621**	**1,331,208,425**	**2,009,730,497**

(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	1,786,237	4,440,553	13,176	(1,516,884)	(432,554)
Total equity	**34,874,873**	**9,579,159**	**8,228**	**5,678,364**	**1,567,472**
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits	-	-	-	-	-
Other provisions	-	-	-	-	-
Deferred income	-	-	-	75,602	203,333
Borrowings and other fin. liabilities	15,126,046	1,594	113,908	2,130,997	3,384,894
Lease liabilities	39,982	409	-	-	-
Operating liabilities	506,968	-	-	83,573	27,578
	15,672,996	**2,003**	**113,908**	**2,290,172**	**3,615,805**
Current liabilities					
Other provisions	-	-	-	-	-
Deferred income	-	-	-	-	-
Borrowings and other fin. liabilities	3,781,511	398	28,477	532,749	846,224
Lease liabilities	-	-	-	-	-
Operating liabilities	13,249,536	94,913,171	1,297,800	452,150	7,313,920
Commodity derivative instruments	-	-	-	-	-
Corporate income tax liabilities	-	-	-	-	-
Contract liabilities	31,661	(8,950)	-	16,575	15,979
Other liabilities	782,478	3,495,108	-	-	316
	17,845,186	**98,399,727**	**1,326,277**	**1,001,474**	**8,176,439**
Total liabilities	**33,518,182**	**98,401,730**	**1,440,185**	**3,291,646**	**11,792,244**
Total equity and liabilities	**68,393,055**	**107,980,889**	**1,448,413**	**8,970,010**	**13,359,716**

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)
-	-	-	-	316,608,074	316,608,074
-	-	-	-	42,782,085	42,782,085
-	-	-	-	15,732,898	15,732,898
-	-	-	-	46,342,948	46,342,948
(847,785)	27,015,530	330,952	198,050	(30,987,275)	-
(6,165,407)	**38,604,730**	**9,348,466**	**198,050**	**524,858,005**	**618,551,940**
-	-	-	-	5,934,975	5,934,975
-	-	-	-	30,835,607	30,835,607
153,000	-	-	-	29,089,167	29,521,102
1,260,474	18,160	4,678,569	1,378,568	272,588,623	300,681,833
-	4,225	-	22,136	27,512,220	27,578,972
-	-	-	-	(87,151)	530,968
1,413,474	**22,385**	**4,678,569**	**1,400,704**	**365,873,441**	**395,083,457**
-	-	-	-	3,397,085	3,397,085
-	-	-	-	5,461,212	5,461,212
315,118	4,540	1,169,642	344,642	216,864,944	223,888,245
-	-	-	-	4,318,028	4,318,028
7,545,098	399,957,912	12,264,313	2,041,766	145,831,683	684,867,349
-	-	-	-	233,737	233,737
-	-	-	-	18,819,182	18,819,182
-	93,502	702	-	16,827,831	16,977,300
104,036	5,027,288	-	459	28,723,277	38,132,962
7,964,252	**405,083,242**	**13,434,657**	**2,386,867**	**440,476,979**	**996,095,100**
9,377,726	**405,105,627**	**18,113,226**	**3,787,571**	**806,350,420**	**1,391,178,557**
3,212,319	**443,710,357**	**27,461,692**	**3,985,621**	**1,331,208,425**	**2,009,730,497**

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Energy for life