

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



May 2020

PETROL



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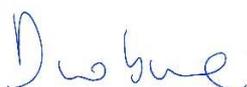
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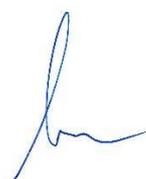
STATEMENT OF THE MANAGEMENT BOARD

Members of the Management Board of Petrol d.d., Ljubljana, which comprises Nada Drobne Popović, President of the Management Board, Matija Bitenc, Member of the Management Board, Jože Bajuk, Member of the Management Board, and Ika Krevzel Panić, Member of the Management Board/Worker Director, declare that to their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first three months of 2020 has been drawn up in accordance with International Financial Reporting Standards as adopted by the EU and gives a true and fair view of the assets and liabilities, financial position, financial performance and comprehensive income of the company Petrol d.d., Ljubljana and other consolidated companies as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the first three months of 2020 gives a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the company Petrol d.d., Ljubljana and other consolidated companies are exposed to as a whole;
- the report of the Petrol Group and the company Petrol d.d., Ljubljana for the first three months of 2020 contains a fair presentation of significant transactions with related entities, which has been prepared in accordance with International Financial Reporting Standards.

**Nada Drobne Popović**

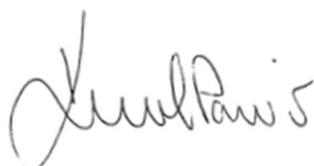
President of the Management Board

**Matija Bitenc**

Member of the Management Board

**Jože Bajuk**

Member of the Management Board

**Ika Krevzel Panić**

Member of the Management Board and Worker Director

INTRODUCTORY NOTES

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

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

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

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

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

The Company's Supervisory Board discussed the report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first three months of 2020 at its meeting held on 21 May 2020.

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

Company name	Petrol, slovenska energetska družba, d.d., Ljubljana
Abbreviated company name	Petrol d.d., Ljubljana
Registered office	Dunajska cesta 50, 1000 Ljubljana
Telephone	(01) 47 14 234
Telefax	(01) 47 14 809
Website	http://www.petrol.si, http://www.petrol.eu
Activity code	47,301
Company registration number	5025796000
Tax number	SI 80267432
Share capital	EUR million 52.24
Number of shares	2.086.301
President of the Management board	Nada Drobne Popović
Members of the Management board	Matija Bitenc, Jože Bajuk, Ika Krevzel Panič (worker director)
President of the Supervisory board	Sašo Berger

Alternative performance measure	Calculation information	Reasons for choosing the measure
Adjusted gross profit	Adjusted gross profit = Revenue from the sale of merchandise and services – Cost of goods sold	The Petrol Group has no direct influence over global energy prices, which makes the adjusted gross profit more appropriate to monitor business performance.
EBITDA	EBITDA = Operating profit net of allowances for operating receivables and impairment of goodwill + Depreciation and amortisation net of depreciation of environmental fixed assets, which stood at EUR 3.7 thousand in the period from January to March 2020 and EUR 149.1 thousand in the period from January to March 2019. The depreciation of environmental fixed assets is excluded because long-term deferred revenue has been created for this purpose which is reallocated each year to other operating revenue at an amount corresponding to the depreciation of environmental fixed assets.	EBITDA indicates business performance and is the primary source for ensuring returns to shareholders.
EBITDA/Adjusted gross profit	Ratio = EBITDA/Adjusted gross profit	The ratio is a good approximation of the share of free cash flows from operating activities in adjusted gross profit.
Net investments	Net investments = Investments in fixed assets (EUR 11.8 million in the period from January to March 2020) + Non-current investments (EUR 4.5 million in the period from January to March 2020) – Disposal of fixed assets (EUR 0.2 million in the period from January to March 2020)	The information about investments reflects the direction of the Petrol Group's development.

HIGHLIGHTS

The Petrol Group's significant performance indicators

The Petrol Group	Unit	I-III 2020	I-III 2019	Index 2020 / 2019
Sales revenues	mio EUR	916.1	1,075.3	85
Adjusted gross profit ¹	mio EUR	105.3	105.1	100
Operating profit	mio EUR	28.4	21.1	134
Net profit	mio EUR	21.8	18.2	120
EBITDA ^{1,2}	mio EUR	46.5	37.0	126
Non-current (long-term) assets as at period end	mio EUR	983.5	922.1	107
Earnings per share	EUR	10.6	8.9	120
Net debt / EBITDA ^{1,3}		between 2.1 and 2.3	1.8	

¹ APM

² EBITDA for the period from January to March 2020 includes a positive effect of EUR 8.6 million arising from the value of the derivatives used to balance out petroleum-product price quotes. This was the result of the fact that at the beginning of the year diesel price quotes for the coming months were twice as high as at the end of March 2020. Excluding this effect would mean that EBITDA for the period from January to March 2020 would have totalled EUR 37.9 million, up 2 percent year-on-year.

³ EBITDA calculated on an annual level. EBITDA for 2020 - calculated according to scenarios (Impact of the pandemic on the Petrol Group's operations)

The Petrol Group	Unit	I-III 2020	I-III 2019	Index 2020 / 2019
Volume of petroleum products sold	thousand tons	742.9	906.5	82
Volume of liquefied petroleum gas sold	thousand tons	42.1	44.2	95
Volume of natural gas sold	TWh	6.4	5.6	115
Revenue from the sale of merchandise	EUR million	127.0	130.8	97
Number of service stations as at period end ¹		509	509	100

¹ Number of service stations for the year 2019 as at 31 December 2019.

Figure 1: EBITDA of the Petrol Group

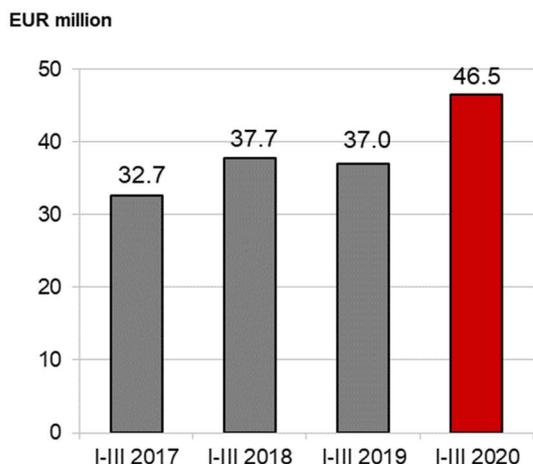


Figure 2: Net profit or loss of the Petrol group

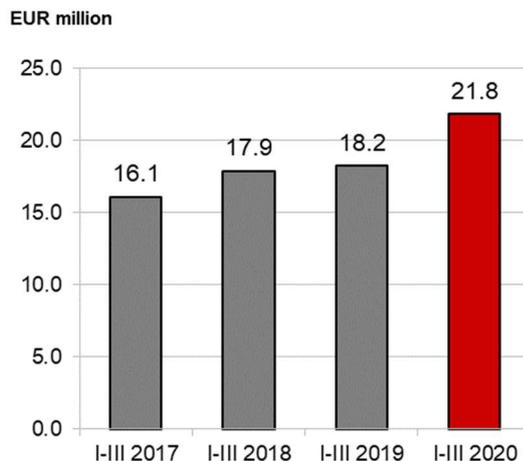


Figure 3: Increase in the number of service stations of the Petrol Group

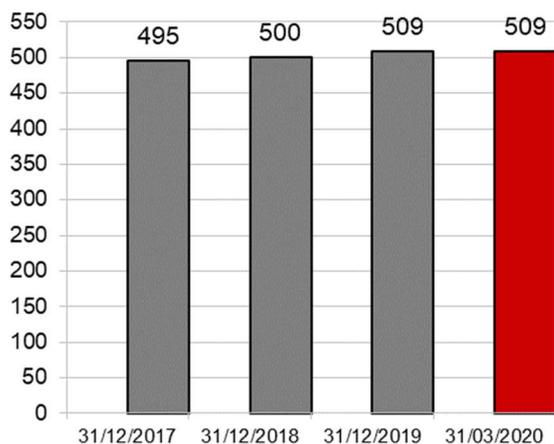


Figure 4: Volume of petroleum products sold by the Petrol Group

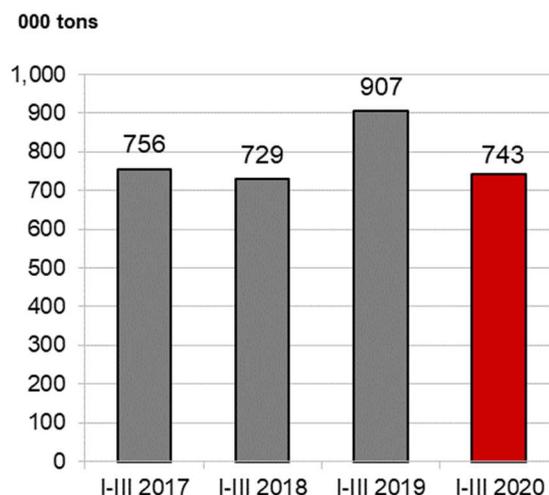


Figure 5: Number of employees in the Petrol Group

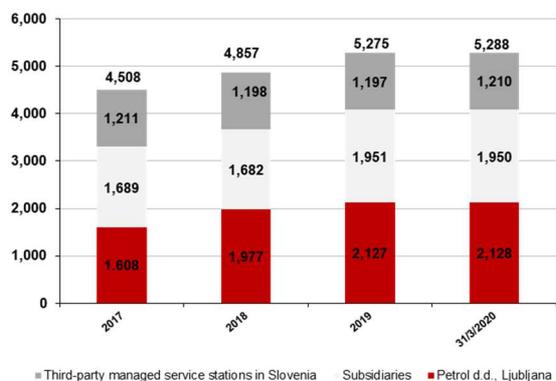
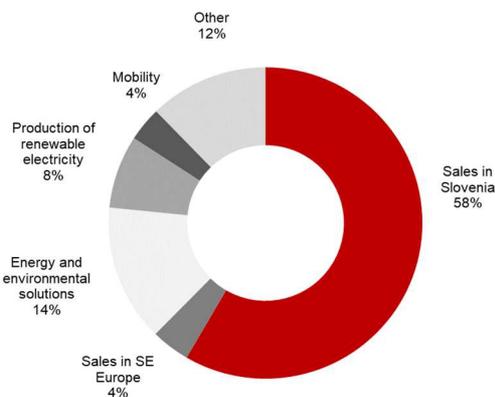


Figure 6: Breakdown of the Petrol Group's investments in the first three months of 2020



BUSINESS REPORT

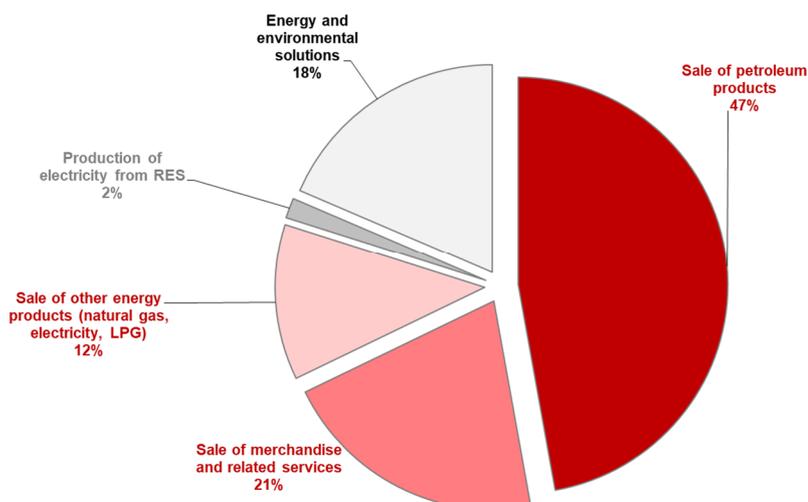
Operations of the Petrol Group

The Petrol Group operates in a competitive environment influenced by oil price fluctuations, US dollar exchange rate, global and domestic economic developments, and national laws governing the pricing of energy products. In January and February 2020, the operations in all of the Petrol Group's markets continued without disruption. In March 2020, however, the business environment deteriorated considerably in the Petrol Group's markets as the pandemic began. Petrol d.d., Ljubljana has been closely monitoring the situation since the outbreak of the coronavirus. A coordination team was set up which continues to monitor the situation regarding the COVID-19 pandemic and develops appropriate measures as regards the organisation of work and business continuity. In all of its markets, the Petrol Group complies fully with the instructions issued by the authorities. Its primary concern are measures aimed at protecting the health of Petrol's customers and employees. Apart from certain restrictions (reduced working hours at some service stations), there has been no disruption in the energy-product supply (for more information, see section Impact of the pandemic on the Petrol Group's operations).

The Petrol Group's sales revenue for the first three months of 2020 stood at EUR 916.1 million, a year-on-year decrease of 15 percent, which was due to lower prices and a drop in the sale of petroleum products. Adjusted gross profit stood at EUR 105.3 million, which was on a par with the first three months of 2019.

EBITDA totalled EUR 46.5 million or 26 percent more than in the first three months of 2019, owing to a positive effect of EUR 8.6 million arising from the value of the derivatives used to balance out petroleum-product price quotes. This was the result of the fact that at the beginning of the year diesel price quotes for the coming months were twice as high as at the end of March 2020. Excluding this effect would mean that EBITDA for the period from January to March 2020 would have totalled EUR 37.9 million, up 2 percent year-on-year.

Figure 7: EBITDA broken down by activity



Net profit for the first three months of 2020 totalled EUR 21.8 million and was up 20 percent year-on-year.

In the first three months of 2020, the Petrol Group sold 742.9 thousand tons of petroleum products, a year-on-year decrease of 18 percent (lower sales to the Agency of the Republic of Slovenia for Commodity Reserves). In Slovenia, the three-month sales of petroleum products stood at 316.6 thousand tons, accounting for 43 percent of the Petrol Group's total sales. In the same period, the Group sold 180.0 thousand tons of petroleum products in SE Europe markets, representing 24 percent of the Petrol Group's total sales, and 246.4 thousand tons in EU markets, which represented 33 percent of the Group's total sales.

At the end of March 2020, the Petrol Group's retail network consisted of 509 service stations, of which 318 were in Slovenia, 109 in Croatia, 42 in Bosnia and Herzegovina, 15 in Serbia, 15 in Montenegro and 10 in Kosovo.

In the first three months of 2020, EUR 127.0 million was generated in revenue from the sale of merchandise and related services, a decrease of 3 percent compared to the same period of the previous year.

In the first three months of 2020, the sales of natural gas stood at 6.4 TWh, a year-on-year increase of 15 percent.

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

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

A. SALES

In the first three months of 2020, the Petrol Group's revenue generated in the sales segment stood at EUR 894.5 million.

Sales of petroleum products

In the first three months of 2020, the Petrol Group sold 742.9 thousand tons of petroleum products, a year-on-year decrease of 18 percent. If sales to the Agency of the Republic of Slovenia for Commodity Reserves are not taken into account, the volume of petroleum products sold was down 8 percent year-on-year in the first three months of 2020, mostly due to the emergence of the pandemic in March 2020.

In Slovenia, 316.6 thousand tons of petroleum products were sold in the first three months of 2020, a year-on-year decrease of 30 percent. If sales to the Agency of the Republic of Slovenia for Commodity Reserves are not taken into account, the volume of petroleum products sold was down 11 percent year-on-year in the first three months of 2020, mostly due to the emergence of the pandemic in March 2020.

In SE Europe markets, 180.0 thousand tons of petroleum products were sold in the first three months of 2020, a year-on-year decrease of 1 percent. The most important commodities sold in SE Europe markets are diesel fuel and petrol.

In addition to the above, the jointly controlled entity Petrol - Oti - Slovenija L.L.C. sold 0.9 thousand tons of petroleum products.

In EU markets, 246.4 thousand tons of petroleum products were sold in the first three months of 2020, a year-on-year decrease of 10 percent. The most important item sold in EU markets is diesel fuel.

Key impacts on operations

Fuel pricing in Slovenia

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

Until 31 March 2020, the prices of regulated motor fuels were set in accordance with the Decree on Setting Prices for Certain Petroleum Products which was in force from 1 January 2020 onwards. On 27 March 2020, the Government of the Republic of Slovenia adopted a new Decree on Setting Prices for Certain Petroleum Products, which shall remain in force until 30 September 2020. The pricing method for regulated petroleum products remains unchanged also under the new decree.

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

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

Slovenia's gross margins for petroleum products, which are, under the model, set at a fixed amount and do not reflect changes in retail prices, are still below European average. In the case of petrol, they amounted to 49 percent of the average gross margin in the EU countries (43 percent if the compulsory stocks membership fee is not taken into account) and in the case of diesel fuel to 42 percent (37 percent if the compulsory stocks membership fee is not taken into account) (own calculations based on Platt's and Oil Bulletin data).

Fuel pricing in Croatia

Since 20 February 2014, when the Oil and Petroleum Products Market Act entered into force and fully liberalised the pricing of petroleum products, the prices of petroleum products in Croatia have been set freely and determined by the market.

Fuel pricing in Bosnia and Herzegovina

In Bosnia and Herzegovina, the prices of petroleum products were not government-regulated in the first quarter of 2020. They were set freely and were determined by the market. They could also change on a daily basis. Due to the free setting of prices, retail fuel prices varied according to the location of a service station. Since 9 April 2020, the free setting of prices of oil and petroleum products no longer applies and the motor fuel margin is limited: the retail margin cannot exceed EUR 0.128 per litre and the wholesale margin cannot be more than EUR 0.031 per litre.

Fuel pricing in Serbia

Since the legislation liberalising Serbia's oil market (unregulated imports of oil and petroleum products) entered into force on 1 January 2011, the prices of petroleum products have no longer been government-regulated and are set freely and determined by the market.

Fuel pricing in Montenegro

In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices, which has been in force since 1 January 2011. The prices change fortnightly, provided that prices on the oil market (Platts European Marketscan) and the exchange rates of the euro and the US dollar change by more than 5 percent. In addition to market oil prices and changes in the exchange rates of the euro and the US dollar, the methodology used to calculate selling prices takes into account taxes, the costs of transshipment, handling, bank charges, storage, transport and distribution, as well as (excise) duties and an oil companies' gross margin. The latter amounts to EUR 0.063 per litre of petrol, EUR 0.064 per litre of eurodiesel and EUR 0,076 per litre of extra light heating oil. In addition to these gross margins, liquid fuel traders may factor in all of the above costs at EUR 0.05 per litre of petrol, EUR 0.05 per litre of eurodiesel and EUR 0.026 per litre of extra light heating oil.

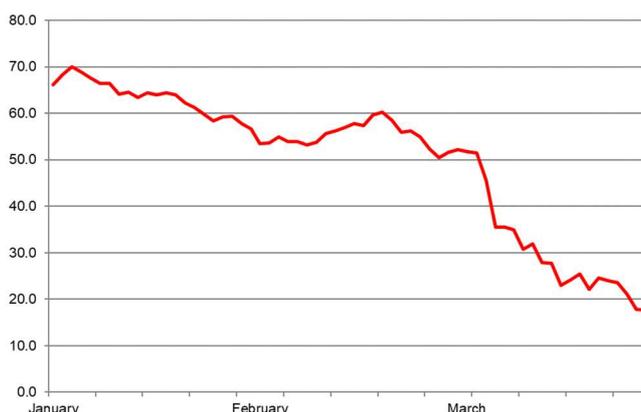
Fuel pricing in Kosovo

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

Changes in oil and petroleum product prices in the world market

The average price of Brent Dated North Sea crude oil stood at USD 50.1 per barrel in the first three months of 2020 and was down 21 percent year-on-year whereas the average price in euros decreased by 18 percent year-on-year. In the period concerned, the price of Brent crude peaked on 6 January 2020, reaching USD 70.0 per barrel. Its lowest price was recorded on 31 March 2020 at USD 17.7 per barrel. The prices of petrol and middle distillates followed the same trends as crude oil prices.

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



SOURCE: Petrol, 2020

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



SOURCE: Petrol, 2020

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

Changes in the US dollar to the euro exchange rate

The US dollar to the euro exchange rate ranged between 1.07 and 1.15 US dollars per euro in the first three months of 2020. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.11 US dollars per euro in the period concerned.

Sales of merchandise and related services

Merchandise sales consist of sales of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards, coffee-to-go and other merchandise. The Petrol Group generated EUR 127.0 million in revenue from the sale of merchandise and related services¹ in the first three months of 2020, a decrease of 3 percent compared to the same period of the previous year.

In Slovenia, EUR 108.7 million was generated in revenue from the sale of merchandise and related services in the first three months of 2020, a decrease of 5 percent compared to the same period of the previous year. The range at Petrol's points of sale is modified and expanded as we try to accommodate the needs of our service station customers by quickly adapting the range.

In SE Europe markets, EUR 18.3 million was generated in revenue from the sale of merchandise in the first three months of 2020, an increase of 14 percent compared to the same period of the previous year. The best results were achieved in tobacco and food sales.

Sales of services

Services consist of revenue from storage and petroleum-product handling services, renting of business premises and hospitality facilities, transport, carwash services, revenue from Petrol Club cards, and other services. In the first three months of 2020, the Petrol Group generated EUR 8.5 million in revenue from the services related to oil and merchandise sales, down 2 percent compared to the same period of 2019.

¹In accordance with the new accounting standard IFRS 15, the Petrol Group changed the method of presenting revenue from the sale of goods sold by the Group on behalf of third parties. Under the new standard, only the fee that the Group is entitled to receive in return for the sale of goods on behalf of third parties is presented in sales revenue.

Sales of liquefied petroleum gas

In the first three months of 2020, the Petrol Group sold 42.1 thousand tons of liquefied petroleum gas, a year-on-year decrease of 5 percent.

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

Sales of natural gas

In the first three months of 2020, the Petrol Group sold 6.4 TWh of natural gas, a year-on-year increase of 15 percent.

Electricity sales and trading

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

In the first three months of 2020, the Petrol Group sold 5.7 TWh of electricity, a year-on-year decrease of 9 percent.

B. ENERGY AND ENVIRONMENTAL SOLUTIONS

In the first three months of 2020, the Petrol Group generated EUR 19.7 million in revenue from the sale of energy and environmental solutions.

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

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

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

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

In the first three months of 2020, the Petrol Group sold 67.4 thousand MWh of heat, a year-on-year decrease of 11 percent.

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

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

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

In the first three months of 2020, the Petrol Group distributed 473.2 thousand MWh of natural gas, a year-on-year increase of 3 percent.

C. PRODUCTION OF RENEWABLE ELECTRICITY

In the first three months of 2020, the Petrol Group generated EUR 2.0 million in sales revenue in the area of renewable electricity production.

Rapid development of the global energy system is fuelled by growing energy needs as well as by environmental requirements linked to climate change. Recognising this, we also produce electricity from renewable sources – wind, water and sun.

As a key element in the future development of the Petrol Group, renewable electricity production has a strategic place in Petrol's decision to become a modern energy company. It helps us secure own long-term sources for the purpose of selling electricity, while keeping us prepared for new trends in the area of transport. At Petrol, we see enormous potential for the development of renewable electricity production in SE Europe. By developing our own production capacity, we pursue the strategic orientation of becoming a visible regional provider of comprehensive energy and environmental solutions, and a partner in the development of the circular economy for transition to the low carbon society.

The Petrol Group has been involved in electricity production since 2003, when electricity was produced at smaller production plants (photovoltaics, micro cogeneration, biogas plants). We produce hydroelectric power in Bosnia and Herzegovina, where electricity is produced at four small hydroelectric plants on rivers Jezernica and Kozica as well as at the small hydroelectric

power plant Jeleč. In Croatia, we produce wind electricity at Glunča power plant. In 2020 the construction of 30 MW Ljubač wind power plant was launched.

In the first three months of 2020, the Petrol Group produced 26.8 thousand MWh.

D. MOBILITY

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

As part of e-mobility, we provide services related to the setting up, management and maintenance of infrastructure for the charging of electric vehicles as well as services linked to the very performance and billing of the charging service, and also customer care. These services and solutions are offered also to companies and municipalities. At the end of March, we operated 120 standard and 38 fast charging points in Slovenia and Croatia. At the beginning of the year, we also launched a first fast charging point in Podgorica, Montenegro. In the first three months of 2020, slightly more than 162 MWh of electricity were delivered at the charging points. At the end of the first quarter, a contract was agreed with the City of Zagreb to set up 54 new charging points in the city as part of the Urban-E project.

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

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

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

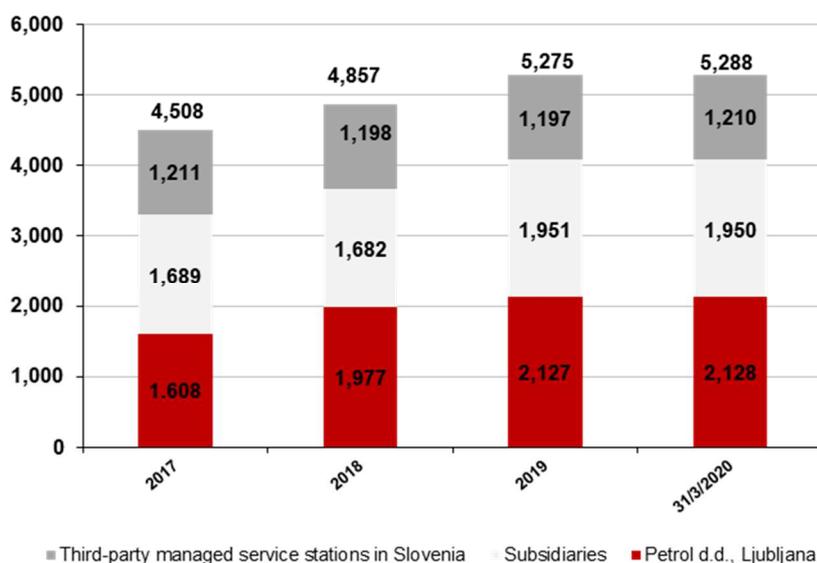
Sustainable development

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

Employees

On 31 March 2020, the Petrol Group had 5,288 employees, of which 35 percent worked for subsidiary companies abroad. As the Group expanded its business, the number of employees increased by 13 compared to the end of 2019.

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



Employee structure

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

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

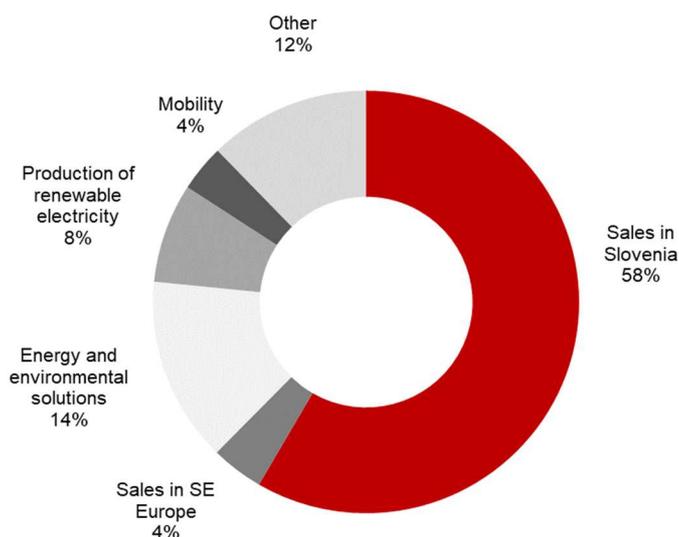
Training

In the first three months of 2020, the Petrol Group provided 14 thousand teaching hours of training, which represented, on average, 3 teaching hours of training per employee in the period concerned. Organised as part of the Petrol Group is Petrol Academy. Its main goal is to provide training to all employees in a systematic and comprehensive manner. The Group carried out technical and legally required training in the period under review. Due to the pandemic, all training is provided remotely as e-courses or webinars.

Investments

In the first three months of 2020, net investments in property, plant and equipment, intangible assets and long-term investments stood at EUR 16.1 million. Out of the above amount, 58 percent was allocated to sales in Slovenia, 4 percent to sales in SE Europe, 14 percent to energy and environmental solutions, 8 percent to renewable electricity production, 4 percent to mobility, and 12 percent to the upgrading of information and other infrastructure.

Figure 11: Breakdown of the Petrol Group’s investments in the first three months of 2020



The quality management system

Quality and excellence are an integral part of Petrol’s strategy, which is why we are constantly upgrading and expanding our quality management systems. The company Petrol has thus certified its quality management system (ISO 9001), environmental management system (ISO 14001) and energy management system (ISO 50001). In addition to the certified systems, the Company's comprehensive quality management system incorporates the requirements of the

HACCP food safety management system, of the ISO 45001 occupational health and safety system and of the ISO 27001 information security system.

Table 2: 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: 2011	SIST EN ISO/IEC 17025: 2017 SIST EN ISO/IEC 17020: 2012	ISCC, AEO***, RC*, FSC**
Petrol d.o.o.	ISO 9001: 2015	ISO 14001: 2015	/	/	ADR/RID/ADN-I-PTR****
Petrol Geoterm d.o.o.	ISO 9001: 2015	/	/	/	/
Beogas d.o.o.	ISO 9001: 2015	/	/	/	/
Petrol d.o.o., Beograd	ISO 9001: 2008	ISO 14001: 2004	/	/	OHSAS 18001

*Based on the Report on the implementation of the Responsible Care Global Charter commitments, Petrol d.d., Ljubljana became a holder of a Responsible Care Certificate for its activities relating to storage, logistics and retail network of service stations in Slovenia and granted the right to use the initiative's logo.

**Petrol d.d., Ljubljana is a holder of an FSC certificate for the production of wood chips used for heat generation. The FSC certificate, which is issued by an international NGO called the Forest Stewardship Council, promotes environmentally appropriate, socially beneficial and economically viable management of forests.

***The AEO certificate is issued by the Customs Administration of the Republic of Slovenia which also carries out control and inspects AEO certificate holders. The certificate allows for easier admittance to customs simplifications, fewer physical and document-based controls, priority treatment in case of control, a possibility to request a specific place for such controls and a possibility of prior notification. To obtain an AEO certificate, several conditions and criteria need to be met: compliance with security and safety standards, appropriate records to demonstrate compliance with customs requirements, a reliable system of keeping commercial and transport records for control purposes, and proof of financial solvency.

****Certificate to carry out an in-house inspection service for the performance of pressure receptacle inspections in accordance with Directive 2010/35/EU. Petrol d.o.o. is an IS body under the authority of the notified body Bureau Veritas Italia for the purpose of carrying out periodic inspections of pressure receptacles defined in accordance with chapter 6.2 of ADR/RID/ADN.

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

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

Social responsibility

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

number of sports, arts, humanitarian and environmental projects. In the Petrol Group, social responsibility is perceived as a lasting commitment to work together with the environment in which we operate.

Risk management

The Petrol Group manages risks using a comprehensive risk management system, making sure that the Company's key risks are identified, assessed, managed, utilised and monitored. In doing that, we aim to develop a risk-awareness culture to ensure better control over the risks and better information for decision-making at all levels of the Group's operation. Risk management concerns each Petrol Group employee who is, as a result of their decisions and actions, exposed to risks on a daily basis while carrying out their work assignments and responsibilities.

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

A report on the impact of the COVID-19 pandemic on the Petrol Group's operations and risk management is available in section Impact of the pandemic on the Petrol Group's operations.

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

- Environment risks and
- Performance risks.

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

In addition to the main financial risks, the most relevant and probable risks include legislation and regulation risks, interest rate risks, information risks, economic environment risks, business decision-making risks and political risks.

Price and volumetric risk and foreign exchange risk

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

The Petrol Group purchases petroleum products under international market conditions, pays for them mostly in US dollars and sells them in local currencies. Because the global oil market and the US dollar market constitute two of the most volatile global markets, the Petrol Group is exposed to both the price risk (changes in the prices of petroleum products) and the foreign exchange risk (changes in the EUR/USD exchange rate) while pursuing its core line of business. The Petrol Group manages volumetric and price risks to the largest extent possible by matching suppliers' terms of procurement with the terms of sale applying to customers. Any remaining open price or foreign exchange positions are closed through the use of financial

instruments, in particular commodity swaps in the case of price risks and forward contracts in the case of foreign exchange risks.

Trading in electricity exposes the Group to price and volumetric risks. These are managed with an assortment of limits systems defined depending on the business partner, the area of trading and the value at risk, and with appropriate processes in place to monitor and control these risks.

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

Credit risk

The credit risk was assessed in 2019 as the third most relevant financial risk to which the Petrol Group was exposed in connection with the sale of goods and services to natural and legal entities. The risk is managed using the measures outlined below.

The operating receivables management system provides us with an efficient credit risk management.

As part of the usual receivables management processes, we keep actively pursuing the collection of receivables. We refine procedures for approving the amount of exposure (limits) to individual buyers and expand the range of first-class credit insurance instruments as a requirement to approve sales (receivables insurance with credit insurance companies, bank guarantees, letters of credit, collaterals, corporate guarantees, securities, mortgages, pledges). At the beginning of 2020, the Petrol Group introduced a new insurance scheme for keeping track of the Group's needs in the field of credit risk insurance. A great deal of work is put into the management of receivables from large customers in Slovenia, and significant attention is also devoted to the collection of receivables in SE Europe markets, where the solvency and payment discipline of the business sector differs from that in Slovenia. Receivables are systematically monitored by age, region and organisational unit as well as by quality, level of insurance and individual customer. The exposure of customers in the Petrol Group's portfolio to the credit risk is monitored at a global level. To monitor most of our subsidiaries, we use a joint receivables management application, which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. The data pertaining to the parent company and a subsidiary is monitored using the new ERP and DWH system. In addition, we introduced centralised control over credit insurance instruments received and centralised the collection process.

Due to the quarantine and the resulting significant drop in economic activity, companies are faced with liquidity shocks leading to our customers having a higher credit risk. At the Petrol Group, we have responded immediately to the estimated increase in the credit risk by introducing daily monitoring of the structure of receivables, by closely monitoring the indicators of increased risk and by engaging in intensive communication with our customers.

Despite the above measures, the Petrol Group, too, is unable to fully avoid the consequences of bankruptcies, compulsory composition proceedings and personal bankruptcies.

We consider that credit risks are adequately managed within the Petrol Group. Our assessment is based on the nature of our products, our market share, our large customer base, the vast range of credit insurance instruments and a higher volume of secured receivables. 74 percent of receivables from legal entities are secured, with credit insurance and offsetting against trade liabilities being most widely used insurance instruments (together accounting for 86 percent).

Liquidity risk

The Petrol Group has been assigned a BBB- long-term international credit rating, an A-3 short-term credit rating and a stable credit rating outlook by Standard & Poor's Ratings Services, which reaffirmed the ratings on 10 October 2019. This investment-grade rating enables us to tap international financial markets more easily and represents an additional commitment towards successful operations and the deleveraging of the Petrol Group. We are currently introducing relevant S&P's methodology into the management of liquidity risks.

In the first three months of 2020, average petroleum product prices were lower year-on-year, meaning that slightly less working capital might be needed. Through long-term and short-term credit lines we were able to ensure the liquidity of the Petrol Group also during the pandemic which we were faced with at the end of the first quarter of 2020. To maintain liquidity, we began to actively prepare sensitivity analyses and draw up short-term liquidity and working capital forecasts.

Cash flow management now requires even more attention and prudence, especially as regards the planning of cash inflows from lay away sales, this being the main source of credit risks and, consequently, liquidity risks.

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

Interest rate risk

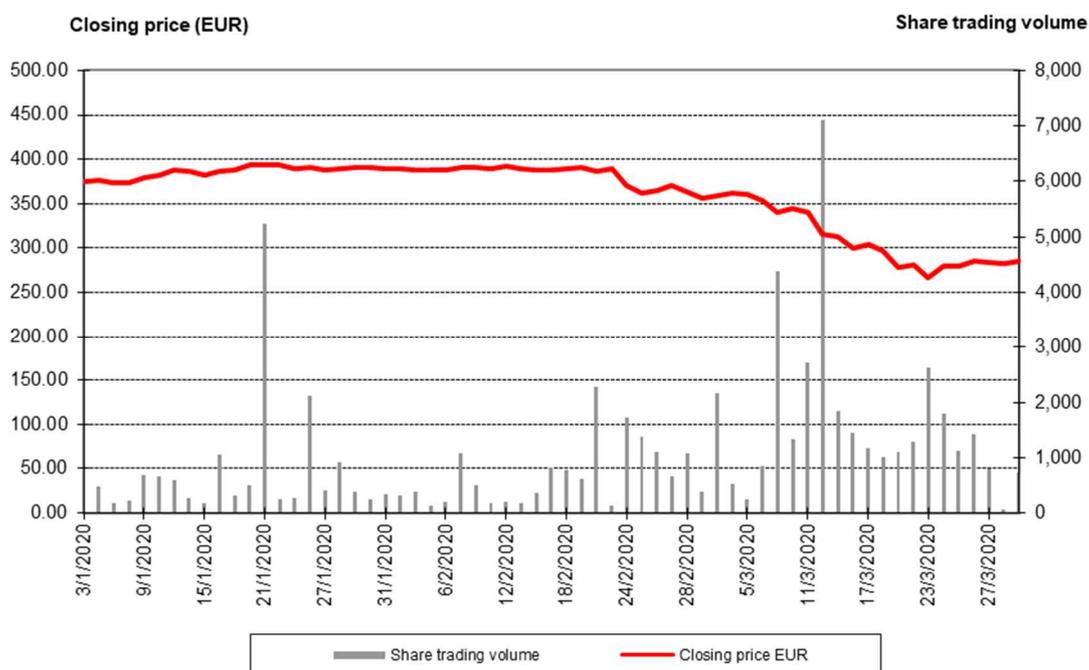
The Petrol Group regularly monitors its exposure to the interest rate risk. 91.7 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. The average EURIBOR rates in the first quarter of 2020 were similar to the ones at the end of 2019 and remain historically low (negative). It is a fact, however, that EURIBOR and all interest rates have been rising since the beginning of the epidemic, and realistic expectations that interest rates will increase are beginning to materialise.

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

Petrol's shares

At the end of March 2020, share prices at the Ljubljana Stock Exchange were lower than at the end of 2019, which was the result of the coronavirus (COVID-19). This was also reflected in the SBITOP, the Slovene blue-chip index, which is used as a benchmark and provides information on changes in the prices of the most important and liquid shares traded on the regulated market. The index also comprises Petrol's shares. The SBITOP stood at 733.15 as at the end of March 2020 and was down 20.8 percent relative to the end of 2019 (926.10). During this period, the price of Petrol's shares decreased by 24.0 percent. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 22.7 million between January and March, the shares were ranked second among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 594.6 million as at 31 March 2020, the shares were ranked fourth and accounted for 10.7 percent of the total Slovene stock market capitalisation on the said date.

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



In the first three months of 2020, the price of Petrol's shares ranged between EUR 266 and EUR 394 per share. Their average price for the period stood at EUR 359.32 and their price as at the end of March 2020 at EUR 285.00. The Petrol Group's earnings per share stood at EUR 10.62, with the book value per share amounting to EUR 393.26. Petrol d.d., Ljubljana had 22,344 shareholders as at 31 March 2020. At the end of March 2020, 567,767 shares or 27.2 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2019, the number of foreign shareholders increased by 0.2 percentage points.

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

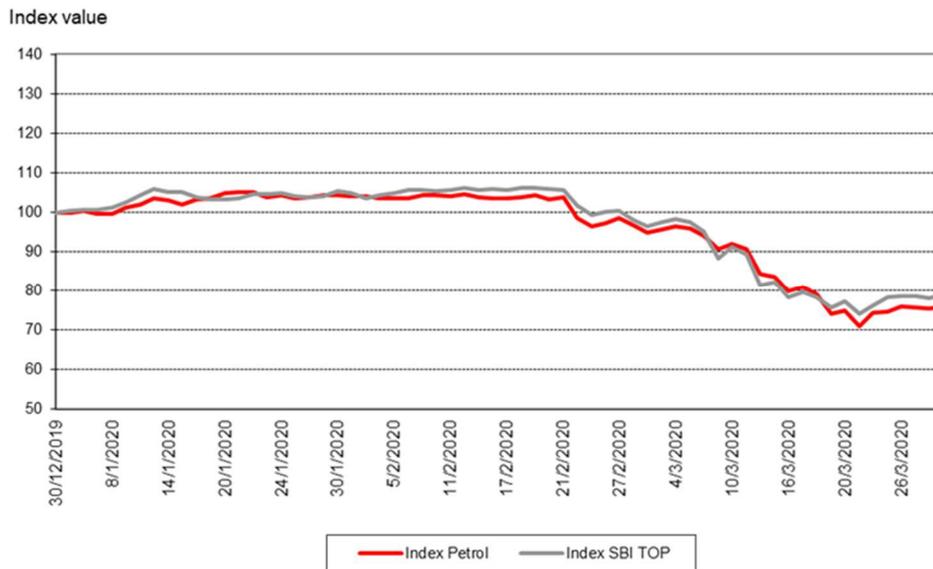


Figure 14: Ownership structure of Petrol d.d., Ljubljana as at 31 March 2020

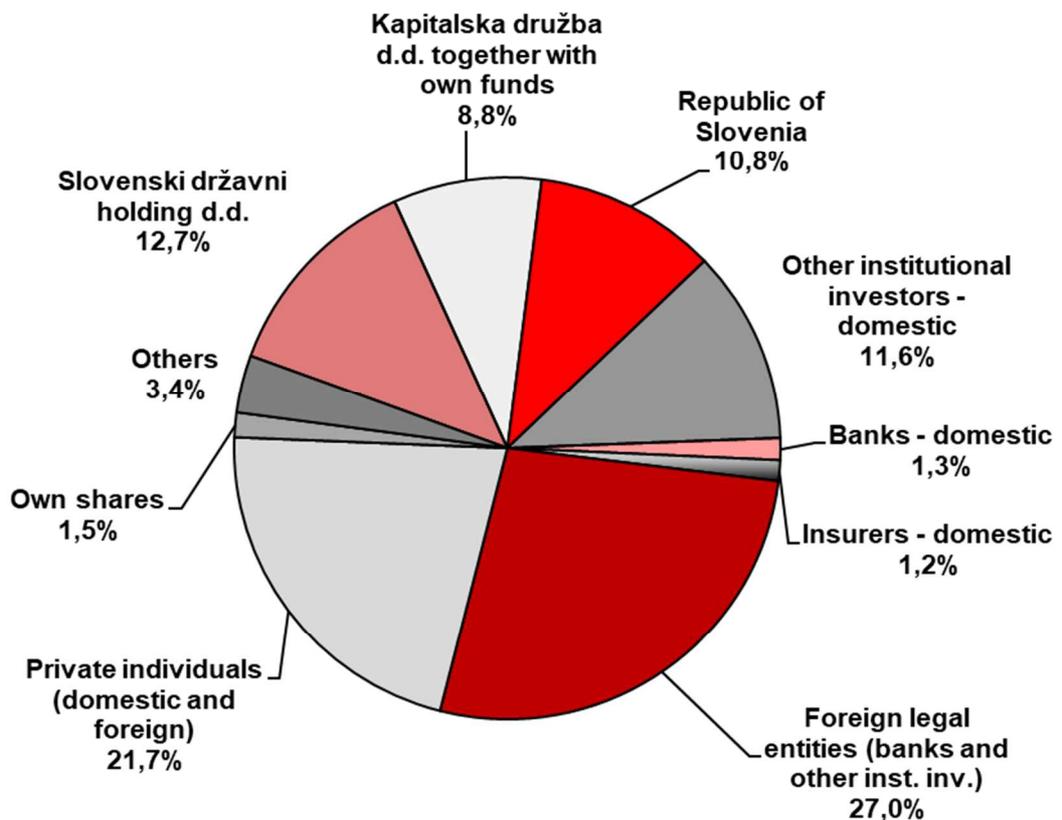


Table 3: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 31 March 2020 and 31 December 2019)

	31 March 2020		31 December 2020	
	No. of Shares	in %	No. of Shares	in %
Slovenski državni holding d.d.	264.516	12,7%	264.516	12,7%
Kapitalska družba d.d. together with own funds	183.181	8,8%	183.411	8,8%
Republic of Slovenia	225.699	10,8%	225.699	10,8%
Other institutional investors - domestic	241.426	11,6%	245.242	11,8%
Banks - domestic	27.223	1,3%	28.707	1,4%
Insurers - domestic	25.779	1,2%	25.779	1,2%
Foreign legal entities (banks and other inst. inv.)	563.777	27,0%	560.363	26,8%
Private individuals (domestic and foreign)	452.013	21,7%	449.100	21,5%
Own shares	30.723	1,5%	30.723	1,5%
Others	71.964	3,4%	72.761	3,5%
Total	2.086.301	100,0%	2.086.301	100,0%

Table 4: 10 largest shareholders of Petrol d.d., Ljubljana as at 31 March 2020

	Shareholder	Address	No. of Shares	Share in %
1	ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID	RADLICKA 333/150, 150 57 PRAGA 5, REPUBLIKA ČEŠKA	277,391	13.30%
2	SLOVENSKI DRŽAVNI HOLDING, D.D.	MALA ULICA 5, 1000 LJUBLJANA	264,516	12.68%
3	REPUBLIKA SLOVENIJA	GREGORČIČEVA ULICA 20, 1000 LJUBLJANA	225,699	10.82%
4	KAPITALSKA DRUŽBA, D.D.	DUNAJSKA CESTA 119, 1000 LJUBLJANA	172,639	8.27%
5	OTP BANKA D.D. - CLIENT ACCOUNT - FIDUCI	DOMOVINSKOG RATA 61, 21000 SPLIT, HRVAŠKA	115,608	5.54%
6	VIZIJA HOLDING, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	71,676	3.44%
7	VIZIJA HOLDING ENA, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	63,620	3.05%
8	PERSPEKTIVA FT D.O.O.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	36,262	1.74%
9	CITIBANK N.A. - FIDUCIARNI RAČUN	CITIBANK CENTRE, CANADA SQUARE, CANARY W, E14 5LB, LONDON, VELIKA BRITANJA	28,961	1.39%
10	NOVA KBM D.D.	ULICA VITA KRAIGHERJA 4, 2000 MARIBOR	25,985	1.25%

Table 5: Shares owned by members of the Supervisory and Management Board as at 31 March 2020

Name and Surname	Position	No. of shares	Share of equity
Supervisory board		87	0.0042%
Internal members		0	0.0000%
1. Zoran Gračner	Supervisory Board Member	0	0.0000%
2. Alen Mihelčič	Supervisory Board Member	0	0.0000%
3. Robert Ravnikar	Supervisory Board Member	0	0.0000%
External members		87	0.0042%
1. Sašo Berger	Supervisory Board President	0	0.0000%
2. Igo Gruden	Supervisory Board Vice-president	0	0.0000%
3. Sergij Goriup	Član nadzornega sveta	5	0.0002%
4. Metod Podkrižnik	Član nadzornega sveta	82	0.0039%
5. Mladen Kaliterna	Član nadzornega sveta	0	0.0000%
Management Board		4	0.0002%
1. Nada Drobne Popović	Management Board President	4	0.0002%
2. Matija Bitenc	Management Board Member	0	0.0000%
3. Jože Bajuk	Management Board Member	0	0.0000%
4. Ika Krevzel Panič	Management Board Member/Worker Director	0	0.0000%

Contingent increase in share capital

In the period up to 31 March 2020, the General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions regarding the contingent increase in share capital.

Dividends

In accordance with a resolution of the 29th General Meeting held on 18 April 2019, Petrol d.d., Ljubljana paid 2018 gross dividends of EUR 18.00 per share in August 2019.

The 31st General Meeting which was convened for 23 April 2020 and at which the shareholders would decide on the allocation of accumulated profit for 2019 was cancelled due to the COVID-19 epidemic.

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first three months of 2020. As at 31 March 2020, the number of own shares stood at 30,723, representing 1.5 percent of the share capital. This includes 24,703 own shares that were acquired by Petrol d.d., Ljubljana in the period 1997 to 1999. Their total cost equalled EUR 2.6 million as at 31 March 2020 and was EUR 4.4 million lower than their market value on that date. The remaining 6,020 shares are the shares that are considered as own shares which were held by the subsidiary Geoplin d.o.o. Ljubljana at the time it was incorporated in the Petrol Group.

Own shares of Petrol d.d., Ljubljana, in total 36,142 (without the shares of Geoplin d.o.o. Ljubljana), were purchased between 1997 and 1999. The Company may acquire these own shares only for the purposes laid down in Article 247 of the Companies Act (ZGD-1) and as remuneration to the Management Board and the Supervisory Board. Own shares are used in accordance with the Company's Articles of Association.

In accordance with a resolution of the 27th General Meeting held on 10 April 2017, the Company's Management Board is authorised to acquire own shares within 36 months of the adoption of the resolution. Under this authorisation, a maximum of 208,630 own shares may be acquired, but the total percentage of the shares acquired based on this authorisation may not exceed, together with other own shares already held by the Company (24,703 own shares plus 6,020 own shares of Geoplin d.o.o. Ljubljana, in total 30,723 own shares), 10 percent of the Company's share capital (208,630 shares). In 2018 and 2019, Petrol d.d., Ljubljana did not adopt a programme to prepare a policy for creating own shares. The General Meeting resolution expired on 10 April 2020.

Regular participation at investors' conferences and external communication

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, which consists of public announcements, individual meetings and presentations, and public presentations. We regularly attend investors' conferences that are organised each year by stock exchanges, banks and brokerage companies. There were some individual meetings

with investors and analysts in the first three months of 2020. In March 2020, we took part in the webcast of the Ljubljana Stock Exchange. Other events were cancelled due to the coronavirus (COVID-19) pandemic.

Credit rating

On 10 October 2019, Standard & Poor's Ratings Services reaffirmed Petrol d.d., Ljubljana's "BBB-" long-term credit rating, its "A-3" short-term credit rating and its "stable" credit rating outlook.

Management Board of Petrol d.d., Ljubljana

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

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

Supervisory Board of Petrol d.d., Ljubljana

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

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

General Meeting of Petrol d.d., Ljubljana

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

On 3 April 2020, the Management Board of Petrol d.d., Ljubljana informed the shareholders that, following its decision of 2 April 2020 and with the Supervisory Board's approval, the 31st General Meeting of Shareholders of Petrol d.d., Ljubljana convened for 23 April 2020 was

cancelled. The cancellation decision was taken to comply with prohibitions laid down in Decree on the temporary prohibition of the gathering of people at public meetings at public events and other events in public places in the Republic of Slovenia and prohibition of movement outside the municipalities (Official Gazette of the Republic of Slovenia No. 38/2020) which was adopted to contain and control the SARS-CoV-2 (COVID-19) epidemic.

The Management Board and the Supervisory Board informed the shareholders that the financial calendar would be updated with a new date of the General Meeting and that the Management Board would convene another General Meeting once the movement and gathering restrictions have been lifted.

Business plan for 2020

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

In the first two months of 2020, the Petrol Group's operations continued without disruption and according to plan. The business environment deteriorated considerably, however, as the pandemic began. Already when drawing up the plan at the end of 2019, the Petrol Group was aware of the possibility that despite careful preparation, informed business decisions, quick response to changes and an efficient risk management system external factors may arise in the business environment which are beyond its direct control and may pose a risk or a threat when it comes to meeting the targets. The following factors were highlighted as the main risks for achieving the 2020 plan:

- sales in the EU market, which is extremely volatile,
- impact of the Real Property Tax Act and its new valuation model,
- impact of the Energy Savings Requirements Act in Croatia.

Because a natural disaster of such magnitude and the resulting economic crisis could not have been predicted, the Petrol Group will not meet its planned operating targets for the current year.

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

- Sales revenue of EUR 6.4 billion (5.3 billion with excise duties excluded)
- Adjusted gross profit of EUR 510 million
- EBITDA of EUR 214.8 million
- Net profit of EUR 109.8 million
- Net debt to equity ratio of 0.4

- Net debt to EBITDA ratio of 1.7
- Financial leverage ratio of 30 percent
- 3.4 million tons of petroleum products sold
- EUR 467.6 million in revenue from merchandise sales and related services
- Retail network consisting of 522 service stations
- More than 5,500 employees

Impact of the pandemic on the Petrol Group's operations

The world is facing a pandemic which also affects the operations of the Petrol Group. In January and February 2020, the operations in all of the Petrol Group's markets continued without disruption and according to plan. In March 2020, however, the business environment deteriorated considerably as the pandemic began. Petrol d.d., Ljubljana has been closely monitoring the situation since the outbreak of the epidemic. A coordination team has been set up which develops appropriate measures as regards the organisation of work and business continuity. Coordination teams have also been set up within subsidiaries. When developing measures and putting them into practice, the Petrol Group complies fully, in all of its markets, with the instructions issued by the authorities. Its primary concern are measures aimed at protecting the health of Petrol's customers and employees. The general public is informed of all measures as they are adopted. Apart from certain restrictions (reduced working hours at some service stations), there has been no disruption in the energy-product supply. Moreover, Petrol Group companies have in place action plans to continue to ensure uninterrupted energy-product supply should the situation deteriorate. The Petrol Group adapts its measures to reflect the latest situation in all of its markets.

The Petrol Group operates in two highly competitive industries – energy and trade. Besides trends in the area of energy and commerce, the Petrol Group's operations are subject to several other and often interdependent factors, in particular changes in energy product prices and the US dollar exchange rate, which are a reflection of global economic trends. In addition, operations in the Petrol Group's markets are influenced to an important extent by local economic conditions (economic growth, inflation rate, growth in consumption and manufacturing) and measures taken by governments to regulate prices and the energy market. The pandemic will have an impact on all of the above factors, which will be reflected in lower economic growth, consumption and production. The most affected sectors include aviation, public and individual transport, tourism and personal services. Due to a decline in demand, oil prices have also decreased significantly. In its projections published in the World Economic Outlook at the beginning of April 2020, the International Monetary Fund assessed the impact of the pandemic on the global economy which will cause a rise in unemployment, in addition to a drop in GDP.

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

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

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

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

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

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

Source: European Commission: Economic Forecast, Spring 2020

In its COVID-19 Scenario, the Institute of Macroeconomic Analysis and Development (IMAD) expects that Slovenia will experience a strong economic downturn this year. The depth of the GDP decline and the dynamics of the recovery once the crisis is over are crucially dependent on the extent and duration of the epidemic and economic policy measures. The COVID-19 Scenario drawn up by IMAD for the purpose of medium-term budgetary planning predicts an approximately 8% decline in GDP in 2020, taking into account economic policy measures for alleviating the consequences of the epidemic and assuming a gradual recovery of the economy, which should start in June. As the spread of the coronavirus epidemic and its containment are an unknown at this time, considerable uncertainty remains and there is a risk that the period of severely paralysed economic activity will last longer and that the decline in GDP will be larger and more lasting. In the event of an extension or tightening of the strict containment measures, which are significantly hampering economic activity, the negative impacts will be more profound and sustained. In this case, GDP could fall by as much as 15% (or more) this year.

The Petrol Group responded to the crisis caused by the epidemic in a comprehensive manner. Initially, activities were focused on ensuring the continuity of operations in the changed circumstances and on identifying and managing risks. Further activities, however, have a long-term focus so that the Petrol Group can operate without interruption in a very different business environment.

Ever since the pandemic began, the safety and health of the Petrol Group's employees and customers as well as reliable supply have always been placed first. In a very short period of

time, cash desks at all service stations were equipped with protective screens, employees working at the points of sale were given protective equipment, the provision of certain services (the Fresh range, carwashes) where it is more likely that an infection can be passed on was suspended, and we also make sure, at every point-of-sale entrance, that the recommended number of customers who can be simultaneously present in a shop is maintained. As the lifting of the restrictions began, we started to relaunch certain services (such as garages, carwashes and the Fresh range) accordingly. We encourage the use of On the Go and mBills apps offering contactless payment functionality, and we also deliver items ordered from Petrol's online shop.

Ensuring sufficient liquidity is high on the priority list. As far as liquidity management is concerned, drawing on existing credit lines has created a substantial liquidity cushion that helped us cope with tight market conditions in April and May 2020. We have entered into additional agreements with some lenders to build up back-up credit lines. When determining the needs for additional potential debt, we take into account the appropriate net debt to EBITDA ratio. Dynamic liquidity plans are prepared on a daily basis with a time horizon of 3 months.

In the area of credit risk management, we closely follow all procedures of credit insurance companies. The Petrol Group has secured around 85% of all receivables which individually exceed a nominal value of EUR 100,000. We monitor customer payments on a daily basis and, where appropriate, adopt measures to reduce credit risk. Despite the negative impact on the economy, payment discipline has not significantly deteriorated so far.

Particular attention was given to HR management, especially to ensuring sufficient staffing levels at the points of sale. Where possible, other employees worked from home, and some were temporarily laid off due to a lower volume of business activity. Owing to an improvement in the epidemiological situation, some of the employees have already returned to work. Returning to work is carried out gradually and takes place under strict safety measures and protocols. Caring for the health of our employees and customers continues to be a priority.

The investments to be made in 2020 were limited to the most urgent ones that are necessary to ensure smooth and secure operations. The Group will decide on the remaining investments depending on the development of the pandemic and its impact on operations.

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

The Petrol Group has experienced a decline in the sale of both petroleum products and merchandise in all of its markets. At the end of March 2020, the Petrol Group already recorded a significant drop in the retail sales of petroleum products and LPG. The negative sales trends continued in April, when the Petrol Group saw retail sales drop by 46%.

Lower sales of petroleum products are mainly the result of measures taken by countries to contain the pandemic and restrict movement both between countries and local communities. In Slovenia, the epidemic was declared on 12 March 2020 and border crossings with the neighbouring countries were closed on 18 March 2020. Entering from Italy has been severely restricted already since 10 March 2020. On 15 March 2020, a ban and restrictions on public transport and an air traffic ban entered into force. From 30 March to 30 April 2020, restrictions

on movement between municipalities (with some exceptions) were in force. At its meeting of 14 May 2020, the Government of the Republic of Slovenia adopted the Ordinance on the revocation of epidemic of contagious disease SARS-CoV-2 (COVID-19) which will start to apply on 31 May 2020. In Croatia, the Group's second largest market, the epidemic was declared on 11 March 2020. On 19 March 2020, the borders were closed and restrictions on movement between the counties were introduced. Within the counties, movement was regulated as decided by each county. The restrictions on movement were lifted on 11 May 2020.

Because it is uncertain how the situation will develop, the Petrol Group prepared various scenarios for operations in 2020.

The scenarios consider various cases ranging from the possibility that restrictions on movement within countries are lifted in May, but certain restrictions on transit traffic and tourism still remain which have a major impact especially on operations in the summer months, to the possibility that the last quarter of 2020 will again see major restrictions on movement and further deterioration in business conditions as a result of that. We thus expect that the volume of petroleum products sold in 2020 could reach between 83 and 86 percent of the 2019 figure (without the sales to the Agency of the Republic of Slovenia for Commodity Reserves). Given the estimated decrease in sales in the coming months, the streamlining of costs and the adjusted volume of investments, the Petrol Group's EBITDA for 2020 could amount to between 73 and 79 percent of the 2019 EBITDA, or to between 77 and 84 percent of the 2019 EBITDA if one-off events are not taken into account (the 2019 EBITDA does not include the reversal of provisions for lawsuits and penalties relating to procedures ended in 2019, the cumulative effect of which totals EUR 11.1 million).

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

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

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

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

Events after the end of the accounting period

The emergence of the virus and of the global pandemic also affects the operations of the Petrol Group. For more information, refer to section Impact of the pandemic on the Petrol Group's operations.

There were no events after the reporting date that would significantly affect the disclosed operations in the first three months of 2020.

FINANCIAL REPORT

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

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		1-3 2020	1-3 2019* Adjusted	1-3 2020	1-3 2019* Adjusted
Sales revenue		916,148,166	1,075,320,166	704,354,910	869,087,781
Cost of goods sold		(810,819,584)	(970,257,201)	(627,352,642)	(791,272,925)
Costs of materials	3	(8,815,770)	(8,164,336)	(7,649,175)	(6,869,727)
Costs of services	4	(34,078,196)	(33,094,603)	(28,573,800)	(27,937,255)
Labour costs	5	(26,119,860)	(23,852,274)	(18,343,196)	(17,397,702)
Depreciation and amortisation	6	(18,127,461)	(16,077,318)	(11,254,389)	(10,995,818)
Other costs	7	(2,655,674)	(1,562,695)	(2,610,934)	(2,348,994)
Operating costs		(89,796,961)	(82,751,226)	(68,431,494)	(65,549,496)
Other revenue	2	48,506,076	20,932,717	42,322,603	20,372,760
Other expenses	8	(35,657,277)	(22,127,695)	(36,105,019)	(21,999,497)
Operating profit		28,380,420	21,116,761	14,788,358	10,638,623
Share of profit or loss of equity accounted investees		322,802	308,946	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities		-	-	0	0
Other finance income	9	8,659,766	10,523,663	6,078,176	7,617,314
Other finance expenses	9	(10,533,721)	(11,084,718)	(7,117,125)	(10,452,010)
Net finance expense		(1,873,955)	(561,055)	(1,038,949)	(2,834,697)
Profit before tax		26,829,267	20,864,652	13,749,409	7,803,926
Tax expense		(5,087,458)	(3,946,520)	(2,954,526)	(611,903)
Deferred tax		97,835	1,330,902	218,694	0
Corporate income tax		(4,989,623)	(2,615,618)	(2,735,832)	(611,903)
Net profit for the period		21,839,644	18,249,034	11,013,577	7,192,023
Net profit for the period attributable to:					
Owners of the controlling company		20,543,927	17,235,641	11,013,577	7,192,023
Non-controlling interest		1,295,717	1,013,393	-	-
Basic and diluted earnings per share	10	10.62	8.88	5.34	3.49

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

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

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

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Net profit for the period	21,839,644	18,249,034	11,013,577	7,192,023
Other comprehensive income to be recognised in the statement of profit or loss in the future				
Effective portion of changes in the fair value of cash flow variability hedging	(165,430)	(536,605)	(142,611)	(450,862)
Change in deferred taxes	31,203	101,098	27,096	85,664
Foreign exchange differences	(5,572,797)	(674,747)	-	-
Total other comprehensive income to be recognised in the statement of profit or loss in the future	(5,707,024)	(1,110,254)	(115,515)	(365,198)
Other comprehensive income not to be recognised in the statement of profit or loss in the future				
Unrealised actuarial gains and losses	0	0	0	0
Attribution of changes in the equity of subsidiaries	0	0	-	-
Attribution of changes in the equity of associates	0	0	-	-
Total other comprehensive income not to be recognised in the statement of profit or loss in the future	0	0	0	0
Total other comprehensive income after tax	(5,707,024)	(1,110,254)	(115,515)	(365,198)
Total comprehensive income for the period	16,132,620	17,138,780	10,898,062	6,826,825
Total comprehensive income attributable to:				
Owners of the controlling company	14,821,014	16,133,358	10,898,062	6,826,825
Non-controlling interest	1,311,606	1,005,422	-	-

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

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
ASSETS					
Non-current (long-term) assets					
Intangible assets	11	197,009,129	197,730,548	164,435,750	163,983,284
Right to use of leased assets	12	68,765,386	71,538,949	33,316,472	34,346,564
Property, plant and equipment	13	701,212,349	709,932,163	386,554,952	388,231,331
Investment property		16,536,327	16,831,304	16,078,234	16,364,192
Investments in subsidiaries	14	-	-	348,240,191	341,346,801
Investments in jointly controlled entities	15	703,257	610,273	233,000	233,000
Investments in associates	16	54,877,297	54,655,607	29,939,454	29,939,454
Financial assets at fair value through other comprehensive income	17	4,978,987	4,528,987	2,567,914	2,117,914
Financial receivables		1,997,475	5,017,649	34,100,414	31,876,297
Operating receivables		8,713,569	8,389,853	8,692,791	8,368,720
Deferred tax assets		9,327,330	9,234,009	7,114,030	6,868,241
		1,064,121,106	1,078,469,342	1,031,273,201	1,023,675,797
Current assets					
Inventories	18	135,903,507	175,690,478	104,012,260	128,429,794
Contract assets		1,924,354	1,819,842	1,696,537	2,095,457
Financial receivables	19	8,282,859	7,701,628	13,245,257	6,848,043
Operating receivables	20	399,009,778	474,132,118	266,936,741	320,561,369
Corporate income tax assets		1,208,928	912,629	3,606,121	2,375,278
Financial assets at fair value through profit or loss	21	16,090,250	529,911	16,090,250	394,078
Prepayments and other assets	22	107,526,753	78,607,712	35,045,384	23,597,572
Cash and cash equivalents		260,068,842	41,730,269	197,227,042	17,680,102
		930,015,271	781,124,587	637,859,591	501,981,693
Total assets		1,994,136,377	1,859,593,929	1,669,132,792	1,525,657,491
EQUITY AND LIABILITIES					
Equity attributable to owners of the controlling company					
Called-up capital		52,240,977	52,240,977	52,240,977	52,240,977
Capital surplus		80,991,385	80,991,385	80,991,385	80,991,385
Legal reserves		61,987,955	61,987,955	61,749,884	61,749,884
Reserves for own shares		4,708,359	4,708,359	4,708,359	4,708,359
Own shares		(4,708,359)	(4,708,359)	(2,604,670)	(2,604,670)
Other revenue reserves		312,004,872	314,675,779	339,100,447	339,100,447
Fair value reserve		(894,548)	(894,548)	39,489,924	39,489,924
Hedging reserve		(4,223,682)	(4,089,455)	(4,013,421)	(3,897,907)
Foreign exchange differences		(11,583,542)	(5,994,856)	-	-
Retained earnings		292,448,867	271,904,940	41,138,191	30,124,614
		782,972,284	770,822,177	612,801,074	601,903,014
Non-controlling interest		37,482,041	40,430,080	-	-
Total equity		820,454,325	811,252,257	612,801,074	601,903,014
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits		8,882,729	8,889,711	8,025,061	8,025,061
Other provisions		26,048,308	25,708,967	10,806,394	9,301,799
Long-term deferred revenue		24,931,309	25,027,245	20,468,981	20,463,854
Financial liabilities	23	371,932,155	287,757,788	366,152,314	282,126,997
Long-term lease liabilities	24	60,665,972	62,893,671	30,510,671	31,307,247
Operating liabilities		792,582	942,817	792,582	792,582
Deferred tax liabilities		3,071,208	2,841,976	0	0
		496,324,263	414,062,175	436,756,002	352,017,540
Current liabilities					
Financial liabilities	23	140,207,810	38,983,796	188,128,396	104,221,462
Current lease liabilities	24	9,337,756	9,718,871	3,402,395	3,500,072
Operating liabilities	25	500,879,782	552,151,273	409,223,769	439,518,379
Corporate income tax liabilities		424,340	1,243,357	0	0
Contract liabilities	26	13,385,024	15,921,631	10,839,424	13,522,977
Other liabilities	27	13,123,077	16,260,569	7,981,732	10,974,048
		677,357,789	634,279,497	619,575,716	571,736,937
Total liabilities		1,173,682,052	1,048,341,672	1,056,331,718	923,754,477
Total equity and liabilities		1,994,136,377	1,859,593,929	1,669,132,792	1,525,657,491

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

Statement of changes in equity of the Petrol Group

(in EUR)	Called-up capital	Capital surplus	Revenue reserves				Fair value reserve	Hedging reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the controlling company	Non-controlling interest	Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves							
As at 31 December 2018	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	269,059,392	(512,238)	(749,275)	(5,246,866)	257,220,109	714,991,439	32,486,625	747,478,064
Adjustment on adoption of IFRS 16											0		0
As at 1 January 2019	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	269,059,392	(512,238)	(749,275)	(5,246,866)	257,220,109	714,991,439	32,486,625	747,478,064
Increase/(decrease) in non-controlling interest						198,266	(140,574)				57,692	(450,339)	(392,647)
Transactions with owners	0	0	0	0	0	198,266	(140,574)	0	0	0	57,692	(450,339)	(392,647)
Net profit for the period										17,235,641	17,235,641	1,013,393	18,249,034
Other changes in other comprehensive income								(435,507)	(666,776)		(1,102,283)	(7,971)	(1,110,254)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(435,507)	(666,776)	17,235,641	16,133,358	1,005,422	17,138,780
As at 31 March 2019	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	269,257,658	(652,812)	(1,184,782)	(5,913,642)	274,455,750	731,182,489	33,041,708	764,224,197
As at 1 January 2020	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	314,675,779	(894,548)	(4,089,455)	(5,994,856)	271,904,940	770,822,177	40,430,080	811,252,257
Increase/(decrease) in non-controlling interest						(2,670,907)					(2,670,907)	(4,259,645)	(6,930,552)
Transactions with owners	0	0	0	0	0	(2,670,907)	0	0	0	0	(2,670,907)	(4,259,645)	(6,930,552)
Net profit for the period										20,543,927	20,543,927	1,295,717	21,839,644
Other changes in other comprehensive income								(134,227)	(5,588,686)		(5,722,913)	15,889	(5,707,024)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(134,227)	(5,588,686)	20,543,927	14,821,014	1,311,606	16,132,620
As at 31 March 2020	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	312,004,872	(894,548)	(4,223,682)	(11,583,542)	292,448,867	782,972,284	37,482,041	820,454,325

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

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

(in EUR)	Called-up capital	Capital surplus	Revenue reserves				Fair value reserve	Hedging reserve	Retained earnings	Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves				
As at 31 December 2018	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	295,680,118	39,525,529	(621,084)	50,296,118	581,966,615
Adjustment on adoption of IFRS 16										0
As at 1 January 2019	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	295,680,118	39,525,529	(621,084)	50,296,118	581,966,615
Net profit for the period									7,192,023	7,192,023
Other changes in comprehensive income								(365,198)		(365,198)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(365,198)	7,192,023	6,826,825
As at 31 March 2019	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	295,680,118	39,525,529	(986,283)	57,488,141	588,793,440
As at 1 January 2020	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	339,100,447	39,489,924	(3,897,907)	30,124,614	601,903,014
Net profit for the period									11,013,577	11,013,577
Other changes in other comprehensive income								(115,515)		(115,515)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(115,515)	11,013,577	10,898,062
As at 31 March 2020	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	339,100,447	39,489,924	(4,013,421)	41,138,191	612,801,074

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

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Cash flows from operating activities					
Net profit		21,839,644	18,249,034	11,013,577	7,192,023
Adjustment for:					
Corporate income tax		4,989,623	2,615,618	2,735,832	611,903
Depreciation of property, plant and equipment and of investment property	6	15,398,845	13,680,151	9,233,908	8,906,820
Amortisation of intangible assets	6	2,728,616	2,397,167	2,020,481	2,088,998
(Gain)/loss on disposal of property, plant and equipment	2, 7	(106,398)	(120,038)	(64,020)	(100,021)
Revenue from assets under management		(16,264)	(16,129)	(16,264)	(16,129)
Net (decrease in)/creation of provisions for long-term employee benefits		0	3,040	0	0
Net (decrease in)/creation of other provisions and long-term deferred revenue		319,625	241,207	1,509,722	984,080
Net goods surpluses		350,634	(309,573)	34,038	(128,313)
Net (decrease in)/creation of allowance for receivables	9	1,839,815	(4,716,067)	1,423,559	(2,532,372)
Net finance (income)/expense	9	1,281,057	2,324,987	977,895	2,515,759
Impairment of investments	9	867,224	0	867,224	0
Share of profit of jointly controlled entities		(93,526)	(110,184)	-	-
Share of profit of associates		(229,276)	(198,762)	-	-
Cash flow from operating activities before the changes in working capital		49,169,619	34,040,451	29,735,952	19,522,749
Net (decrease in)/creation of other liabilities	27	(3,017,043)	4,026,509	(2,992,316)	4,073,732
Net decrease in/(creation of) other assets	22	(3,417,350)	(6,428,200)	(4,650,328)	(7,636,251)
Change in inventories	18	39,024,016	22,251,047	24,383,496	15,180,109
Change in operating and other receivables and contract assets	20	35,505,057	35,268,862	30,165,057	44,721,815
Change in operating and other liabilities and contract liabilities	25, 26	(40,943,900)	(65,437,110)	(21,687,734)	(53,193,930)
Cash generated from operating activities		76,320,399	23,721,559	54,954,127	22,668,223
Interest paid	9	(1,860,244)	(1,202,383)	(1,505,872)	(1,106,513)
Taxes paid		(5,755,183)	(3,017,474)	(4,185,369)	(2,210,313)
Net cash from (used in) operating activities		68,704,972	19,501,702	49,262,886	19,351,397
Cash flows from investing activities					
Payments for investments in subsidiaries	14	(2,791,450)	(200,576)	(2,791,450)	(600,576)
Payments for intangible assets	11	(2,173,330)	(1,227,077)	(1,901,965)	(1,184,270)
Receipts from property, plant and equipment	12	174,526	749,244	132,627	648,352
Payments for property, plant and equipment	12	(19,590,691)	(29,549,319)	(14,583,591)	(17,782,929)
Receipts from investment property		261,591	0	261,591	0
Receipts from loans granted	19	683,905	3,122,559	18,184,374	20,202,231
Payments for loans granted	19	(447,479)	(1,613,191)	(26,621,106)	(24,948,678)
Interest received	9	830,410	1,393,526	635,399	749,116
Net cash from (used in) investing activities		(23,052,518)	(27,324,834)	(26,684,121)	(22,916,754)
Cash flows from financing activities					
Payments for bonds issued	23	0	(500,000)	0	(500,000)
	24	(2,415,952)	(940,114)	(894,252)	(117,029)
Proceeds from borrowings	23	538,598,298	53,883,063	566,073,721	134,278,388
Repayment of borrowings	23	(362,910,481)	(40,233,681)	(408,211,294)	(129,561,229)
Dividends paid to shareholders		0	(651)	0	(651)
Net cash from (used in) financing activities		173,271,865	12,208,617	156,968,175	4,099,479
Increase/(decrease) in cash and cash equivalents		218,924,319	4,385,485	179,546,940	534,121
Changes in cash and cash equivalents					
At the beginning of the year		41,730,269	58,740,743	17,680,102	28,986,973
Foreign exchange differences		(585,746)	(51,873)	-	-
Increase/(decrease)		218,924,319	4,385,485	179,546,940	534,121
At the end of the period		260,068,842	63,074,355	197,227,042	29,521,094

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

Notes to the financial statements

Reporting entity

Petrol d.d., Ljubljana (hereinafter the “Company”) is a company domiciled in Slovenia. Its registered office is at Dunajska cesta 50, 1527 Ljubljana. Below we present consolidated financial statements of the Group for the period ended 31 March 2020 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 31 March 2020. The consolidated financial statements comprise the Company and its subsidiaries as well as the Group’s interests in associates and jointly controlled entities (together referred to as the “Group”). A more detailed overview of the Group's structure is presented in the chapter *Organisational structure of the Petrol Group*.

Basis of preparation

a. Statement of compliance

The Company’s management approved the Company's financial statements and the Group's consolidated financial statements on 14 May 2020.

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

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

b. Basis of measurement

The Group’s and the Company’s financial statements have been prepared on the historical cost basis except for the financial instruments that are carried at fair value or amortised cost.

c. Functional and presentation currency

These financial statements are presented in euros (EUR) without cents, the euro also being the Company’s functional currency. Due to rounding, some immaterial differences may arise as concerns the sums presented in tables.

d. Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and judgements based on the assumptions used and reviewed that affect the reported amounts of assets, liabilities, revenue and expenses. How the estimates are produced and the related assumptions and uncertainties is disclosed in the notes to individual items.

The estimates, judgements and assumptions are reviewed on a regular basis. Because estimates are subject to subjective judgments and a degree of uncertainty, actual results might differ from the estimates. Changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if a change affects that period only. If the change affects future periods, they are recognised in the period of the change and in any future periods.

Estimates and assumptions are mainly used in the following judgements:

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

e. Changes of financial statement presentation

In 2019 the Group/Company changed the presentation of certain items in the statement of profit and loss to ensure better presentation and the comparability of the financial statements with those of other companies in the industry. Because of the change's impact the Group adjusted certain items in the statement of profit and loss for the period of 1 January to 31 March 2019 as reported in the Report of the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first three months of 2019 on 17 May 2019, as described in the table below:

Change of accounting policies for the treatment of commodity forward contracts, and change of presentation of revenue from the sale of petroleum products and of the cost of goods sold, of gain/loss on commodity derivatives, and of the reversal of other provisions and other liabilities, concerning the Group, in the period 1 January to 31 March 2019

(in EUR)	The Petrol Group					
	1-3 2019 Adjusted	Change in accounting policies - treatment of commodity	Change of presentation			1-3 2018 Published
			Commodity derivatives	Sales revenue of petroleum products	Reversal of other provisions and other liabilities	
Sales revenue	1,075,320,166	(28,475,741)	-	(257,540,267)	-	1,361,336,174
- of which excise duty	0	-	-	(257,540,267)	-	257,540,267
Cost of goods sold	(970,257,201)	21,473,375	-	257,540,267	-	(1,249,270,843)
Operating costs	(82,751,226)	0	0	0	1,637,954	(84,389,180)
Other income	20,932,717	7,002,366	12,650,652	-	(1,637,954)	2,917,653
Other expenses	(22,127,695)	-	(21,921,778)	-	-	(205,917)
Operating profit	21,116,761	0	(9,271,126)	0	0	30,387,887
Share of profit or loss of equity accounted investees	308,946	-	-	-	-	308,946
Finance income from dividends paid by subsidiaries, associates and jointly	-	-	-	-	-	-
Other finance income	10,523,663	-	(12,650,652)	-	-	23,174,315
Other finance expenses	(11,084,718)	-	21,921,778	-	-	(33,006,496)
Net finance expense	(561,055)	0	9,271,126	0	0	(9,832,181)
Profit before tax	20,864,652	0	0	0	0	20,864,652

Change of accounting policies for the treatment of commodity forward contracts, and change of presentation of revenue from the sale of petroleum products and of the cost of goods sold, of gain/loss on commodity derivatives, and of the reversal of other provisions and other liabilities, concerning the Company, in the period 1 January to 31 March 2019

(in EUR)	Petrol d.d.					
	1-3 2019 Adjusted	Change in accounting policies - treatment of commodity	Change of presentation			1-3 2018 Published
			Commodity derivatives	Sales revenue of petroleum products	Reversal of other provisions and other liabilities	
Sales revenue	869,087,781	(27,980,490)	-	(169,991,368)	-	1,067,059,639
- of which excise duty	0	-	-	(169,991,368)	-	169,991,368
Cost of goods sold	(791,272,925)	21,055,188	-	169,991,368	-	(982,319,481)
Operating costs	(65,549,496)	0	0	0	0	(65,549,496)
Other income	20,372,760	6,925,302	12,753,907	-	-	693,551
Other expenses	(21,999,497)	-	(21,904,638)	-	-	(94,859)
Operating profit	10,638,623	0	(9,150,731)	0	0	19,789,354
Share of profit or loss of equity accounted investees	-	-	-	-	-	-
Finance income from dividends paid by subsidiaries, associates and jointly	0	-	-	-	-	0
Other finance income	7,617,314	-	(12,753,907)	-	-	20,371,221
Other finance expenses	(10,452,010)	-	21,904,638	-	-	(32,356,648)
Net finance expense	(2,834,697)	0	9,150,731	0	0	(11,985,428)
Profit before tax	7,803,926	0	0	0	0	7,803,926

Notes to individual items in the financial statements

1. Segment reporting

In view of the fact that the financial report consists of the financial statements and accompanying notes of both the Group and the Company, only the Group's operating segments are disclosed.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses that relate to transactions with any of the Group's other components. The operating results of operating segments are reviewed regularly by the management to make decisions about resources to be allocated to a segment and assess the Group's performance.

The management monitors information on two levels: on the micro level, in which case individual units are monitored, and on the macro level, where information is monitored only in terms of certain key information that can be used to make comparisons with similar companies in Europe. Given the substantial amount of information and their sensitivity on the micro level, the Group only discloses macro-level information in its annual report.

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

- sales,
- energy and environmental services and production.

Sales consist of:

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

Energy and environmental services and production consist of:

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

The Group's operating segments in the period 1 January - 31 March 2019:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	1,166,925,830	22,858,959	1,189,784,789	
Revenue from subsidiaries	(114,459,618)	(5,005)	(114,464,623)	
Sales revenue	1,052,466,212	22,853,954	1,075,320,166	1,075,320,166
Net profit for the period	12,314,224	5,934,810	18,249,034	18,249,034
Interest income*	715,989	264,827	980,816	980,816
Interest expense*	(2,227,558)	(823,922)	(3,051,480)	(3,051,480)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(12,015,681)	(4,061,637)	(16,077,318)	(16,077,318)
Share of profit or loss of equity accounted investees	0	308,946	308,946	308,946
Total assets	1,475,291,763	275,863,400	1,751,155,163	1,751,155,163
Equity accounted investees	1,077,837	51,922,885	53,000,722	53,000,722
Property, plant and equipment, intangible assets and investment property	710,771,940	211,373,764	922,145,704	922,145,704
Other assets	763,441,986	12,566,751	776,008,737	776,008,737
Current and non-current operating and financial liabilities	741,020,103	138,562,642	879,582,745	879,582,745

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

The Group's operating segments in the period 1 January - 31 March 2020:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	1,004,019,568	21,677,756	1,025,697,324	
Revenue from subsidiaries	(109,541,225)	(7,933)	(109,549,158)	
Sales revenue	894,478,343	21,669,823	916,148,166	916,148,166
Net profit for the period	17,548,784	4,290,860	21,839,644	21,839,644
Interest income*	607,704	234,066	841,770	841,770
Interest expense*	(1,445,466)	(556,743)	(2,002,209)	(2,002,209)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(13,692,050)	(4,435,411)	(18,127,461)	(18,127,461)
Share of profit or loss of equity accounted investees	0	322,802	322,802	322,802
Total assets	1,683,571,337	310,565,040	1,994,136,377	1,994,136,377
Equity accounted investees	0	55,580,554	55,580,554	55,580,554
Property, plant and equipment, intangible assets and investment property	750,166,131	233,357,060	983,523,191	983,523,191
Other assets	933,405,206	21,627,426	955,032,632	955,032,632
Current and non-current operating and financial liabilities	915,023,500	168,792,557	1,083,816,057	1,083,816,057

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

2. Other revenue

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Profit on derivative financial instruments	46,893,041	19,653,018	41,710,894	19,679,209
Utilisation of environmental provisions	3,727	148,952	3,727	148,952
Gain on disposal of fixed assets	119,191	121,895	76,813	100,218
Compensation, litigation proceeds and contractual penalties	37,788	107,191	25,857	66,661
Compensation received from insurance companies	24,538	4,448	7,561	3,168
Other revenue	1,427,791	897,213	497,751	374,552
Total other revenue	48,506,076	20,932,717	42,322,603	20,372,760

3. Costs of material

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Costs of energy	6,892,685	6,276,080	6,179,427	5,391,934
Costs of consumables	1,730,231	1,703,576	1,345,895	1,395,618
Write-off of small tools	23,100	46,332	15,574	7,925
Other costs of materials	169,754	138,348	108,279	74,250
Total costs of materials	8,815,770	8,164,336	7,649,175	6,869,727

4. Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Costs of service station managers	9,644,649	8,975,879	9,647,999	8,975,879
Costs of transport services	6,847,060	6,908,073	5,625,343	5,783,610
Costs of fixed-asset maintenance services	5,394,564	4,202,411	4,294,667	3,242,661
Costs of payment transactions and bank services	2,620,438	2,720,466	1,970,807	2,196,405
Costs of professional services	2,248,804	2,825,854	1,892,748	2,635,401
Costs of fairs, advertising and entertainment	1,430,103	1,853,765	740,359	1,203,427
Outsourcing costs	1,291,404	1,329,696	1,082,554	1,258,521
Costs of insurance premiums	1,122,953	1,129,046	747,209	755,543
Lease payments	813,978	625,439	658,103	261,781
Costs of environmental protection services	502,327	320,097	381,940	208,119
Costs of fire protection and physical and technical security	498,521	415,797	404,222	344,977
Reimbursement of work-related costs to employees	315,041	332,186	196,835	198,878
Property management	257,125	387,717	328,488	364,623
Membership fees	226,266	116,129	58,364	59,966
Other costs of services	864,963	952,048	544,162	447,464
Total costs of services	34,078,196	33,094,603	28,573,800	27,937,255

Lease expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Depreciation of right-of-use assets	2,679,461	2,479,721	1,030,092	1,314,980
Finance expenses	652,755	698,799	344,457	511,063
Lease expenses	813,978	625,439	658,103	261,781
Total recognised costs/expenses	4,146,194	3,803,959	2,032,652	2,087,824

5. Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Salaries	19,476,531	17,631,594	13,822,535	12,778,894
Costs of pension insurance	1,657,337	1,432,499	1,309,464	1,148,990
Costs of other social insurance	1,721,228	1,533,530	1,008,866	924,709
Transport allowance	811,479	808,187	496,253	528,844
Annual leave allowance	772,596	681,468	626,960	547,116
Meal allowance	736,769	660,402	585,530	519,992
Supplementary pension insurance	372,932	335,260	358,550	321,151
Other allowances and reimbursements	570,988	769,334	135,038	628,006
Total labour costs	26,119,860	23,852,274	18,343,196	17,397,702

6. Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Amortisation of intangible assets	2,728,616	2,397,167	2,020,481	2,088,997
Depreciation of property, plant and equipment	12,432,970	10,921,644	7,926,420	7,322,073
Depreciation of right to use of leased assets	2,679,461	2,479,721	1,030,092	1,314,980
Depreciation of investment property	286,414	278,786	277,396	269,768
Total depreciation and amortisation	18,127,461	16,077,318	11,254,389	10,995,818

7. Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Environmental charges and charges unrelated to operations	1,202,392	2,006,458	803,602	1,406,172
Sponsorships and donations	269,518	781,957	219,931	776,055
Disposals/impairment of assets	12,793	1,857	12,793	197
Other costs	1,754,241	410,377	1,574,608	166,570
Reversal of other provision and other liabilities	(583,270)	(1,637,954)	0	0
Total other costs	2,655,674	1,562,695	2,610,934	2,348,994

8. Other expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Loss on derivative financial instruments	35,493,598	21,921,778	36,084,193	21,904,638
Other expenses	163,679	205,917	20,826	94,859
Total other expenses	35,657,277	22,127,695	36,105,019	21,999,497

9. Other financial income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Foreign exchange differences	6,186,951	3,229,788	3,660,314	2,941,936
Gain on derivatives	1,628,951	1,471,282	1,628,951	1,471,282
Interest income	841,770	980,816	735,432	629,481
Loss allowances for receivables reversed and bad debt recovered	0	4,806,386	0	2,532,625
Other finance income	2,094	35,391	53,479	41,990
Total other finance income	8,659,766	10,523,663	6,078,176	7,617,314
Foreign exchange differences	(5,608,454)	(4,988,438)	(2,966,229)	(4,629,149)
Interest expense	(2,002,209)	(3,051,480)	(1,664,227)	(2,986,729)
Impairment of of investmetns and of goodwill	(867,224)	0	(867,224)	0
Allowance for opertaing receivables	(1,839,815)	(90,319)	(1,423,559)	(252)
Loss on derivatives	(93,307)	(2,664,767)	(93,307)	(2,635,379)
Other finance expenses	(122,712)	(289,714)	(102,579)	(200,501)
Total other finance expenses	(10,533,721)	(11,084,718)	(7,117,125)	(10,452,010)
Net finance expense	(1,873,955)	(561,055)	(1,038,949)	(2,834,697)

10. Earnings per share

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Net profit (in EUR)	21,839,644	18,249,034	11,013,577	7,192,023
Number of shares issued	2,086,301	2,086,301	2,086,301	2,086,301
Number of own shares at the beginning of the period	30,723	30,723	24,703	24,703
Number of own shares at the end of the period	30,723	30,723	24,703	24,703
Weighted average number of ordinary shares issued	2,055,578	2,055,578	2,061,598	2,061,598
Diluted average number of ordinary shares	2,055,578	2,055,578	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	10.62	8.88	5.34	3.49

Basic earnings per share are calculated by dividing the owners' net profit by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company. The Group and the Company have no potential dilutive ordinary shares, so the basic and diluted earnings per share are identical.

11. Intangible assets

Intangible assets of the Petrol Group

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
Cost						
As at 1 January 2019	32,430,709	110,894,186	108,042,233	3,141,403	148,628	254,657,159
New acquisitions as a result of control obtained			0	0		0
New acquisitions	0	0	0	1,081,438	145,639	1,227,077
Transfer between asset categories	1,271	2,167,293	0	151,235	(1,002)	2,318,797
Transfer from ongoing investments	135,948	335,479	0	(471,427)	0	0
Foreign exchange differences	(576)	(24,590)	(62,716)	(364)	0	(88,246)
As at 31 March 2019	32,567,352	113,372,368	107,979,517	3,902,285	293,265	258,114,787
Accumulated amortisation						
As at 1 January 2019	(19,001,884)	(47,584,413)	0	0	0	(66,586,297)
Amortisation	(1,203,179)	(1,193,988)	0	0	0	(2,397,167)
Transfer between asset categories	(1,271)	(929,711)	0	0	0	(930,982)
Foreign exchange differences	357	10,643	0	0	0	11,000
As at 31 March 2019	(20,205,977)	(49,697,469)	0	0	0	(69,903,446)
Net carrying amount as at 1 January 2019	13,428,825	63,309,773	108,042,233	3,141,403	148,628	188,070,862
Net carrying amount as at 31 March 2019	12,361,375	63,674,899	107,979,517	3,902,285	293,265	188,211,341
Cost						
As at 1 January 2020	43,386,512	117,831,441	107,629,738	7,406,707	223,915	276,478,313
New acquisitions	3,008	57,517	0	2,107,414	5,391	2,173,330
Disposals/Impairments	0	0	(56,610)	0	0	(56,610)
Transfer between asset categories	0	498,246	0	72,736	0	570,982
Transfer from ongoing investments	1,955,171	2,133,311	0	(4,088,482)	0	0
Foreign exchange differences	(173,406)	(212,468)	(403,692)	(5,299)	0	(794,865)
As at 31 March 2020	45,171,285	120,308,047	107,169,436	5,493,076	229,306	278,371,150
Accumulated amortisation						
As at 1 January 2020	(24,490,228)	(54,248,690)	(8,847)	0	0	(78,747,765)
Amortisation	(1,445,351)	(1,282,385)	(880)	0	0	(2,728,616)
Foreign exchange differences	24,760	89,378	222	0	0	114,360
As at 31 March 2020	(25,910,819)	(55,441,697)	(9,505)	0	0	(81,362,021)
Net carrying amount as at 1 January 2020	18,896,284	63,582,751	107,620,891	7,406,707	223,915	197,730,548
Net carrying amount as at 31 March 2020	19,260,466	64,866,350	107,159,931	5,493,076	229,306	197,009,129

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
Cost						
As at 1 January 2019	30,989,916	101,925,472	87,712,518	2,481,083	148,626	223,257,615
New acquisitions as a result of merger by absorption			0			0
New acquisitions	0	0	0	1,042,971	141,299	1,184,270
Transfer between asset categories	1,271	2,167,293	0	151,235	(1,000)	2,318,799
Transfer from ongoing investments	132,316	253,625	0	(385,941)	0	0
As at 31 March 2019	31,123,503	104,346,390	87,712,518	3,289,348	288,925	226,760,684
Accumulated amortisation						
As at 1 January 2019	(18,613,326)	(43,570,344)	0	0	0	(62,183,670)
Amortisation	(1,088,550)	(1,000,447)	0	0	0	(2,088,997)
Transfer between asset categories	(1,271)	(929,727)	0	0	0	(930,998)
As at 31 March 2019	(19,703,147)	(45,500,518)	0	0	0	(65,203,665)
Net carrying amount as at 1 January 2019	12,376,590	58,355,128	87,712,518	2,481,083	148,626	161,073,945
Net carrying amount as at 31 March 2019	11,420,356	58,845,873	87,712,518	3,289,348	288,925	161,557,020
(in EUR)	Material and other rights	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
Cost						
As at 1 January 2020	34,712,923	107,489,063	87,712,518	6,731,484	223,915	236,869,903
New acquisitions	0	0	0	1,896,573	5,391	1,901,964
Transfer between asset categories	0	498,246	0	72,736	0	570,982
Transfer from ongoing investments	1,954,836	2,132,375	0	(4,087,211)	0	0
As at 31 March 2020	36,667,759	110,119,684	87,712,518	4,613,582	229,306	239,342,849
Accumulated amortisation						
As at 1 January 2020	(23,007,066)	(49,879,553)	0	0	0	(72,886,619)
Amortisation	(975,248)	(1,045,233)	0	0	0	(2,020,481)
As at 31 March 2020	(23,982,314)	(50,924,786)	0	0	0	(74,907,100)
Net carrying amount as at 1 January 2020	11,705,857	57,609,510	87,712,518	6,731,484	223,915	163,983,284
Net carrying amount as at 31 March 2020	12,685,446	59,194,899	87,712,518	4,613,581	229,306	164,435,750

12. Right to use of leased assets

Right to use of leased assets of the Petrol Group

(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
Cost				
As at 31 December 2018	0	0	0	0
Adjustment on adoption of IFRS 16	44,572,353	30,568,609	4,445,624	79,586,586
As at 1 January 2019	44,572,353	30,568,609	4,445,624	79,586,586
New acquisitions	0	823,085	117,029	940,114
As at 31 March 2019	44,572,353	31,391,694	4,562,653	80,526,700
Accumulated depreciation				
As at 1 January 2019	0	0	0	0
Depreciation	(874,714)	(1,197,048)	(407,959)	(2,479,721)
As at 31 March 2019	(874,714)	(1,197,048)	(407,959)	(2,479,721)
Net carrying amount as at 1 January 2019	44,572,353	30,568,609	4,445,624	79,586,586
Net carrying amount as at 31 March 2019	43,697,639	30,194,646	4,154,694	78,046,979
(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
Cost				
As at 1 January 2020	44,524,592	32,711,406	5,099,421	82,335,419
New acquisitions	0	2,339,228	0	2,339,228
Disposals	0	(2,331,345)	0	(2,331,345)
Foreign exchange differences	(271,076)	(505,742)	(11,576)	(788,394)
As at 31 March 2020	44,253,516	32,213,547	5,087,845	81,554,908
Accumulated depreciation				
As at 1 January 2020	(3,109,854)	(5,905,560)	(1,781,056)	(10,796,470)
Depreciation	(786,909)	(1,435,812)	(456,740)	(2,679,461)
Disposals	0	546,683	0	546,683
Foreign exchange differences	26,402	109,496	3,828	139,726
As at 31 March 2020	(3,870,361)	(6,685,193)	(2,233,968)	(12,789,522)
Net carrying amount as at 1 January 2020	41,414,738	26,805,846	3,318,365	71,538,949
Net carrying amount as at 31 March 2020	40,383,155	25,528,354	2,853,877	68,765,386

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

(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
Cost				
As at 31 December 2018	0	0	0	0
Adjustment on adoption of IFRS 16	32,906,459	1,015,136	3,951,141	37,872,736
As at 1 January 2019	32,906,459	1,015,136	3,951,141	37,872,736
New acquisitions	0	0	117,029	117,029
As at 31 March 2019	32,906,459	1,015,136	4,068,170	37,989,765
Accumulated depreciation				
As at 1 January 2019	0	0	0	0
Depreciation	(871,388)	(75,850)	(367,742)	(1,314,980)
As at 31 March 2019	(871,388)	(75,850)	(367,742)	(1,314,980)
Net carrying amount as at 1 January 2019	32,906,459	1,015,136	3,951,141	37,872,736
Net carrying amount as at 31 March 2019	32,035,071	939,286	3,700,428	36,674,785
(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
Cost				
As at 1 January 2020	32,908,459	1,015,136	4,463,798	38,387,393
As at 31 March 2020	32,908,459	1,015,136	4,463,798	38,387,393
Accumulated depreciation				
As at 1 January 2020	(2,162,182)	(303,738)	(1,574,909)	(4,040,829)
Depreciation	(548,631)	(77,862)	(403,599)	(1,030,092)
As at 31 March 2020	(2,710,813)	(381,600)	(1,978,508)	(5,070,921)
Net carrying amount as at 1 January 2020	30,746,277	711,398	2,888,889	34,346,564
Net carrying amount as at 31 March 2020	30,197,646	633,536	2,485,290	33,316,472

13. Property, plant and equipment

Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2019	211,730,212	684,932,935	4,204,588	293,200,053	41,543,233	1,235,611,021
New acquisitions	0	0	0	0	14,973,779	14,973,779
Disposals/Impairments	(479,915)	(1,760,287)	(99,606)	(521,233)	(30,420)	(2,891,461)
Transfer between assets categories	0	0	0	(2,169,393)	(151,235)	(2,320,628)
Transfer from ongoing investments	2,368,215	8,125,714	0	4,999,541	(15,493,470)	0
Transfer to investment property	0	(567)	0	0	(63,316)	(63,883)
Foreign exchange differences	(221,748)	(446,579)	(1,250)	(207,522)	(5,746)	(882,845)
As at 31 March 2019	213,396,764	690,851,216	4,103,732	295,301,446	40,772,825	1,244,425,983
Accumulated depreciation						
As at 1 January 2019	0	(410,973,941)	(1,908,901)	(169,386,706)	0	(582,269,548)
Depreciation	0	(5,690,272)	(42,028)	(5,189,344)	0	(10,921,644)
Disposals/Impairments	0	1,683,834	98,517	479,904	0	2,262,255
Transfer between assets categories	0	(5,373)	0	933,252	0	927,879
Foreign exchange differences	0	204,107	1,239	99,458	0	304,804
As at 31 March 2019	0	(414,781,645)	(1,851,173)	(173,063,436)	0	(589,696,254)
Net carrying amount as at 1 January 2019	211,730,212	273,958,994	2,295,687	123,813,347	41,543,233	653,341,473
Net carrying amount as at 31 March 2019	213,396,764	276,069,571	2,252,559	122,238,010	40,772,825	654,729,729
(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2020	217,739,798	723,021,907	4,732,655	329,048,249	56,142,718	1,330,685,327
New acquisitions	0	55,870	0	207,114	8,934,076	9,197,060
Disposals/Impairments	(40,335)	(16,973)	0	(539,631)	0	(596,939)
Transfer between assets categories	0	2,344,041	0	(2,842,287)	(72,736)	(570,982)
Transfer from ongoing investments	2,207,484	11,670,489	142,518	8,458,925	(22,479,416)	0
Transfer to investment property	0	0	0	0	(253,029)	(253,029)
Foreign exchange differences	(1,631,794)	(3,547,581)	(8,636)	(1,997,770)	(67,707)	(7,253,488)
As at 31 March 2020	218,275,153	733,527,753	4,866,537	332,334,600	42,203,906	1,331,207,949
Accumulated depreciation						
As at 1 January 2020	0	(428,928,691)	(2,097,886)	(189,726,587)	0	(620,753,164)
Depreciation	0	(6,067,449)	(78,421)	(6,287,100)	0	(12,432,970)
Disposals/Impairments	0	17,454	0	511,357	0	528,811
Transfer between assets categories	0	(704,110)	0	704,110	0	0
Foreign exchange differences	0	1,619,573	7,263	1,034,887	0	2,661,723
As at 31 March 2020	0	(434,063,223)	(2,169,044)	(193,763,333)	0	(629,995,600)
Net carrying amount as at 1 January 2020	217,739,798	294,093,216	2,634,769	139,321,662	56,142,718	709,932,163
Net carrying amount as at 31 March 2020	218,275,153	299,464,530	2,697,493	138,571,267	42,203,906	701,212,349

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

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2019	104,358,050	519,362,112	0	238,043,271	34,074,420	895,837,853
New acquisitions	0	0	0	0	5,767,250	5,767,250
Disposals/Impairments	(479,915)	(1,748,607)	0	(372,301)	0	(2,600,823)
Transfer between asset categories	0	0	0	(2,169,393)	(151,235)	(2,320,628)
Transfer from ongoing investments	14,608	4,519,144	0	4,066,443	(8,600,195)	0
Transfer to investment property	0	(567)	0	0	(63,316)	(63,883)
As at 31 March 2019	103,892,743	522,132,082	0	239,568,020	31,026,924	896,619,769
Accumulated depreciation						
As at 1 January 2019	0	(372,918,438)	0	(156,256,964)	0	(529,175,402)
Depreciation	0	(3,725,630)	0	(3,596,443)	0	(7,322,073)
Disposals/Impairments	0	1,683,834	0	368,658	0	2,052,492
Transfer between asset categories	0	(5,373)	0	933,252	0	927,879
As at 31 March 2019	0	(374,965,607)	0	(158,551,497)	0	(533,517,104)
Net carrying amount as at 1 January 2019	104,358,050	146,443,674	0	81,786,307	34,074,420	366,662,451
Net carrying amount as at 31 March 2019	103,892,743	147,166,475	0	81,016,523	31,026,924	363,102,666

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2020	103,350,635	535,951,087	0	247,981,148	44,292,962	931,575,832
New acquisitions	0	0	0	0	7,142,658	7,142,658
Disposals/Impairments	(40,335)	0	0	(538,130)	0	(578,466)
Transfer between asset categories	0	(554,027)	0	55,781	(72,736)	(570,982)
Transfer from ongoing investments	10,984	9,825,674	0	7,490,812	(17,327,470)	0
Transfer to investment property	0	0	0	0	(253,029)	(253,029)
As at 31 March 2020	103,321,284	545,222,734	0	254,989,611	33,782,385	937,316,014
Accumulated depreciation						
As at 1 January 2020	0	(381,759,290)	0	(161,585,211)	0	(543,344,501)
Depreciation	0	(3,821,968)	0	(4,104,452)	0	(7,926,420)
Disposals/Impairments	0	0	0	509,859	0	509,859
As at 31 March 2020	0	(385,581,258)	0	(165,179,804)	0	(550,761,062)
Net carrying amount as at 1 January 2020	103,350,635	154,191,797	0	86,395,937	44,292,962	388,231,331
Net carrying amount as at 31 March 2020	103,321,284	159,641,476	0	89,809,807	33,782,385	386,554,952

14. Investment in subsidiaries

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

(in EUR)	Petrol d.d.	
	2020	2019
As at 1 January	341,346,801	326,416,061
New acquisitions	6,950,000	600,576
Disposals	(56,610)	0
As at 31 March	348,240,191	327,016,637

15. Investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	2020	2019	2020	2019
As at 1 January	610,273	1,774,437	233,000	1,347,380
Attributed profit/loss	93,526	110,184	0	0
Foreign exchange differences	(542)	(497)	0	0
As at 31 March	703,257	1,884,124	233,000	1,347,380

16. Investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	2020	2019	2020	2019
As at 1 January	54,655,607	50,917,836	29,939,454	27,364,454
Attributed profit/loss	229,276	198,762	0	0
Foreign exchange differences	(7,586)	0	0	0
As at 31 March	54,877,297	51,116,598	29,939,454	27,364,454

17. Financial assets at fair value through comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	2020	2019	2020	2019
As at 1 January	4,528,987	9,168,566	2,117,914	1,374,993
New acquisitions	1,398,705	0	1,398,705	0
Impairment	(948,705)	0	(948,705)	0
As at 31 March	4,978,987	9,168,566	2,567,914	1,374,993

18. Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Spare parts and materials inventories	2,632,441	2,571,263	2,276,041	2,247,058
Merchandise:	133,271,066	173,119,215	101,736,219	126,182,736
- fuel	88,352,376	119,040,323	72,848,236	98,178,227
- other petroleum products	517,590	859,126	91,862	102,643
- other merchandise	44,401,100	53,219,766	28,796,121	27,901,866
Total inventories	135,903,507	175,690,478	104,012,260	128,429,794

19. Current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Loans granted	11,622,779	8,729,075	16,402,381	7,354,443
Adjustment to the value of loans granted	(4,006,882)	(1,262,321)	(3,613,991)	(860,043)
Time deposits with banks (3 months to 1 year)	621,478	195,782	0	0
Interest receivables	1,283,165	1,245,217	5,968,369	5,832,807
Allowance for interest receivables	(1,237,681)	(1,206,125)	(5,511,501)	(5,479,163)
Total current financial receivables	8,282,859	7,701,628	13,245,257	6,848,043

20. Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Trade receivables	436,030,373	503,825,514	294,608,686	344,855,450
Allowance for trade receivables	(52,068,606)	(50,474,124)	(34,717,239)	(33,213,942)
Operating receivables from state and other institutions	7,073,374	12,670,165	206,785	201,981
Operating interest receivables	1,990,494	1,911,484	3,172,540	3,100,614
Allowance for interest receivables	(1,774,545)	(1,669,414)	(1,735,486)	(1,630,227)
Receivables from insurance companies (loss events)	750,260	799,148	646,309	659,553
Other operating receivables	7,315,996	7,300,800	4,788,766	6,587,940
Allowance for other receivables	(307,568)	(231,455)	(33,620)	0
Total current operating receivables	399,009,778	474,132,118	266,936,741	320,561,369

21. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Assets arising from commodity swaps	15,425,512	495,381	15,425,512	359,549
Assets arising from forward contracts	664,738	34,530	664,738	34,530
Total financial assets at fair value through profit or loss	16,090,250	529,911	16,090,250	394,078

22. Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Prepayments	99,222,136	73,713,524	28,513,635	21,716,152
Prepaid subscriptions, specialised literature, etc.	1,642,639	914,471	1,350,641	768,126
Prepaid insurance premiums	272,136	510,661	106,161	347,423
Other deferred costs	6,389,842	3,469,056	5,074,947	765,871
Total prepayments and other assets	107,526,753	78,607,712	35,045,384	23,597,572

23. Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Current financial liabilities				
Bank loans	117,739,174	26,252,606	106,273,223	24,554,070
Liabilities to banks arising from commodity swaps	16,588,099	6,183,317	16,588,100	6,104,307
Liabilities to banks arising from interest rate swaps	5,204,948	5,045,370	4,954,841	4,812,230
Bonds issued	322,327	253,723	322,327	253,723
Liabilities to banks arising from forward contracts	96,070	811,542	96,070	811,542
Other liabilities arising from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	257,192	437,238	57,324,990	65,116,744
	140,207,810	38,983,796	188,128,396	104,221,462
Non-current financial liabilities				
Bank loans	327,757,306	243,866,632	277,719,262	193,695,821
Bonds issued	43,796,203	43,794,326	43,796,203	43,794,326
Loans obtained from other companies	378,646	96,830	44,636,849	44,636,849
	371,932,155	287,757,788	366,152,314	282,126,997
Total financial liabilities	512,139,965	326,741,584	554,280,710	386,348,459

24. Lease liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Non-current lease liabilities	60,665,972	62,893,671	30,510,671	31,307,247
Current lease liabilities	9,337,756	9,718,871	3,402,395	3,500,072
Total lease liabilities	70,003,728	72,612,542	33,913,066	34,807,319

25. Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Trade liabilities	320,911,053	422,816,785	259,501,033	344,918,615
Excise duty liabilities	85,188,026	56,222,534	84,912,805	51,375,029
Value added tax liabilities	46,996,283	32,671,428	32,892,755	13,409,885
Liabilities to employees	13,561,171	12,494,387	10,770,294	9,875,788
Liabilities arising from interests acquired	10,288,217	6,086,864	9,947,694	5,845,754
Other liabilities to the state and other state institutions	7,927,490	4,357,665	1,560,473	2,503,588
Environment pollution charge liabilities	7,382,952	8,995,979	7,032,401	8,668,158
Import duty liabilities	2,089,270	1,749,912	0	0
Social security contribution liabilities	1,220,254	1,021,092	718,228	727,961
Liabilities associated with the allocation of profit or loss	608,792	608,792	608,792	608,792
Other liabilities	4,706,274	5,125,835	1,279,294	1,584,809
Total current operating and other liabilities	500,879,782	552,151,273	409,223,769	439,518,379

26. Contract liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Short-term prepayments and collaterals given	10,756,757	13,667,005	8,918,325	11,801,143
Deferred prepaid card revenue	1,229,286	1,613,874	1,155,854	1,467,400
Deferred revenue from rebates granted	1,398,981	638,669	765,245	254,434
Other	0	2,083	0	0
Total liabilities arising from contracts with customers	13,385,024	15,921,631	10,839,424	13,522,977

27. Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Accrued annual leave expenses	2,690,522	2,716,757	1,839,744	1,839,744
Accrued expenses for tanker demurrage	446,645	552,664	439,874	545,873
Accrued concession fee costs	342,985	274,601	342,985	274,601
Accrued motorway site lease payments	0	108,859	0	108,859
Other accrued costs	7,146,090	10,916,587	3,007,738	6,659,610
Other deferred revenue	2,496,835	1,691,101	2,351,391	1,545,361
Total other liabilities	13,123,077	16,260,569	7,981,732	10,974,048

28. Financial instruments and risks

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

The impact of the pandemic on the Petrol Groups's operations and risk management is also described in the chapter *Impact of the pandemic on the Petrol Group's operations*.

Credit risk

In the first three months of the year 2020 the Group/Company continued to actively monitor the balances of trade receivables and to apply strict terms on which sales on open account are approved, requiring an adequate range of high-quality collaterals. Maximum exposure to credit risk represents the carrying amount of financial assets which was the following as at 31 March 2020:

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Financial assets at fair value through other comprehensive income	4,978,987	4,528,987	2,567,914	2,117,914
Non-current financial receivables	1,997,475	5,017,649	34,100,414	31,876,297
Non-current operating receivables	8,713,569	8,389,853	8,692,791	8,368,720
Contract assets	1,924,354	1,819,842	1,696,537	2,095,457
Current financial receivables	8,282,859	7,701,628	13,245,257	6,848,043
Current operating receivables (excluding receivables from the state)	391,936,404	461,461,953	266,729,956	320,359,388
Financial assets at fair value through profit or loss	16,090,250	529,911	16,090,250	394,078
Cash and cash equivalents	260,068,842	41,730,269	197,227,042	17,680,102
Total assets	693,992,740	531,180,092	540,350,161	389,739,999

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

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

(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	409,376,524	32,130,824	9,269,440	811,911	1,762,691	453,351,390
Interest receivables	56,387	30,105	22,631	5,501	127,446	242,070
Other receivables (excluding receivables from the state)	7,383,483	332,125	152,885	0	0	7,868,493
Total as at 31 December 2019	416,816,394	32,493,054	9,444,956	817,412	1,890,137	461,461,953
(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	324,329,575	44,357,732	10,415,518	2,670,728	2,188,214	383,961,767
Interest receivables	69,180	25,841	19,734	8,394	92,800	215,949
Other receivables (excluding receivables from the state)	7,029,660	150,031	76,314	113,174	389,509	7,758,688
Total as at 31 March 2020	331,428,415	44,533,604	10,511,566	2,792,296	2,670,523	391,936,404

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

(in EUR)	Not yet due	Breakdown by maturity			More than 90 days overdue	Total
		Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue		
Trade receivables	275,982,968	20,451,938	6,769,784	386,633	8,050,185	311,641,508
Interest receivables	0	0	0	0	1,470,387	1,470,387
Other receivables (excluding receivables from the state)	6,762,480	332,125	152,888	0	0	7,247,493
Total as at 31 December 2019	282,745,448	20,784,063	6,922,672	386,633	9,520,572	320,359,388

(in EUR)	Not yet due	Breakdown by maturity			More than 90 days overdue	Total
		Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue		
Trade receivables	218,349,714	24,934,599	6,427,023	2,203,097	7,977,014	259,891,447
Interest receivables	0	0	0	0	1,437,054	1,437,054
Other receivables (excluding receivables from the state)	4,960,043	46,311	8	109,535	285,558	5,401,455
Total as at 31 March 2020	223,309,757	24,980,910	6,427,031	2,312,632	9,699,626	266,729,956

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

(in days)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-12 2019	1-3 2020	1-12 2019
Days sales outstanding				
Contract days	36	41	32	36
Overdue receivables in days	10	4	9	4
Total days sales outstanding	46	45	41	40

Liquidity risk

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

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

The Group/Company manages liquidity risks through:

- sustainable debt level (measured as the net debt to EBITDA ratio) as laid down in the strategy and business plan;
- ensuring adequate structural liquidity in accordance with S&P methodology;
- standardised and centralised treasury management at Group level;
- annual planning of funds by the Petrol Group;
- daily planning and cash flow simulations for the parent company and its subsidiaries, two or three months in advance, which is an extremely important tool during an epidemic,
- unified approach to banks in Slovenia and abroad;
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries;
- centralised collection of available cash through cash pooling.

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment.

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

The majority of financial liabilities arising from long-term and short-term loans are held by the parent company, which also generates the majority of revenue.

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

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	287,757,788	294,648,899	0	0	283,154,471	11,494,428
Long term lease liabilities	62,893,671	77,846,437	0	0	35,565,932	42,280,505
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	38,983,796	41,259,285	28,041,911	13,217,374	0	0
Current lease liabilities	9,718,871	12,051,137	6,126,874	5,924,263	0	0
Liabilities arising from commodity forward contracts	-	580,963,118	279,834,608	253,863,492	47,265,018	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	434,638,276	434,638,276	434,304,146	334,130	0	0
As at 31 December 2019	834,016,402	1,441,431,152	748,307,539	273,339,259	366,009,421	53,774,933

The Group's liabilities as at 31 March 2020 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	371,932,155	378,344,525	0	0	366,609,229	11,735,296
Long term lease liabilities	60,665,972	75,461,216	0	0	33,373,776	42,087,440
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	140,207,810	143,898,251	130,149,018	13,749,233	0	0
Current lease liabilities	9,337,756	11,434,144	5,790,816	5,643,328	0	0
Liabilities arising from commodity forward contracts	-	603,203,650	295,327,328	170,276,746	137,599,575	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	336,514,336	336,514,336	336,089,413	424,923	0	0
As at 31 March 2020	918,682,029	1,548,880,122	767,356,575	190,094,230	537,606,580	53,822,736

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

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	282,126,997	288,374,289	0	0	276,961,111	11,413,178
Long term lease liabilities	31,307,247	44,772,725	0	0	13,272,342	31,500,383
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	104,221,462	105,157,702	37,482,425	67,675,276	0	0
Current lease liabilities	3,500,072	4,757,168	2,459,159	2,298,009	0	0
Liabilities arising from commodity forward contracts	-	570,844,613	275,175,288	248,404,307	47,265,018	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	352,957,970	352,957,970	352,904,902	53,068	0	0
Contingent liabilities for ruarantees issued	-	187,793,007	187,793,007	0	0	0
As at 31 December 2019	774,137,747	1,554,681,474	855,814,781	318,430,661	337,522,471	42,913,561

The Company's liabilities as at 31 March 2020 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	366,152,314	372,721,796	0	0	361,392,700	11,329,096
Long term lease liabilities	30,510,671	41,938,003	0	0	12,909,038	29,028,965
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	188,128,396	191,747,740	142,968,969	48,778,771	0	0
Current lease liabilities	3,402,395	4,602,114	2,364,912	2,237,202	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	-	596,367,344	291,221,558	167,546,211	137,599,575	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	271,336,813	271,336,813	271,116,367	220,446	0	0
Contingent liabilities for ruarantees issued	-	194,872,694	194,872,694	0	0	0
As at 31 March 2020	859,554,589	1,673,610,504	902,544,500	218,782,630	511,925,313	40,358,061

Foreign exchange risk

As far as foreign exchange risks are concerned, the Group/Company is mostly exposed to the risk of changes in the EUR/USD exchange rate. Petroleum products are generally purchased in US dollars and sold in local currencies. For government-regulated fuels, hedging is performed in accordance with the Group's foreign exchange risk management policies prepared on the basis of the Decree Setting Prices for certain Petroleum Products, whereas for fuels with market-determined prices, internal Rules on the Pricing of Mineral Fuels are used.

Foreign exchange hedging is used to hedge against the exposure to changes in the EUR/USD exchange rate. The EUR/USD exchange rate is thus fixed at the rate recognised under the Decree on Setting Prices for Certain Petroleum Products and the internal rules, and the margin is secured. The hedging instruments used in this case are forward contracts entered into with banks. There was no need to change the exchange rate hedging system at the time of the epidemic and the fall in oil prices.

Given that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovene banks, the Group/Company considers the counterparty default risk as minimal.

The Group is exposed to foreign exchange risks also due to its presence in South-eastern Europe. Considering the low volatility of local currency exchange rates in South-eastern markets and the relatively low exposure, the Group/Company believes it is not exposed to significant risks in this area. To control these risks, we rely on natural hedging to the largest possible extent.

In the first three months of 2020, the Group/Company was also exposed to certain other currencies (RON, HUF), which were hedged using derivative financial instruments. The Group/Company regularly monitors its open currency position and sensitivity based on the VaR method for all currencies to which it is exposed.

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

Price and volumetric risk

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

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

Interest rate risk

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

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

The exposure to interest rate risks is hedged using the following instruments:

- partly through ongoing operations, the Group's/Company's interest rate on operating receivables being Euribor-based,
- interest rate swaps and
- funding with a fixed interest rate.

The Group/Company uses hedge accounting on interest rate swaps. Hedged items and hedging instruments represent an effective hedging relationship, which is why interest rate risk hedging outcomes are recognised directly in equity.

Capital Adequacy Management

The main purpose of capital adequacy management is to ensure the best possible financial stability, solvency and maximum shareholder value. The Group/Company achieves this also through stable dividend pay-out policy.

Testifying to our financial stability are the »BBB-« credit rating received from S&P at the end of June 2014 and the successful international issuance of eurobonds worth a total of EUR 265 million, which were fully repaid in 2019. On 10 October 2019, Standard & Poor's Ratings Services reaffirmed the »BBB-« long-term credit rating and the »A-3« short-term credit rating of Petrol d.d., Ljubljana, also reaffirming the »stable« credit rating outlook.

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

Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group			
	31 March 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	4,978,987	4,978,987	4,528,987	4,528,987
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	10,280,334	10,280,334	12,719,277	12,719,277
Operating receivables (excluding receivables from the state)	400,649,973	400,649,973	469,851,806	469,851,806
Cash and cash equivalents	260,068,842	260,068,842	41,730,269	41,730,269
Total non-derivative financial assets	675,978,136	675,978,136	528,830,339	528,830,339
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(490,250,848)	(490,250,848)	(314,701,355)	(314,701,355)
Lease liabilities	(70,003,728)	(70,003,728)	(72,612,542)	(72,612,542)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(336,538,336)	(336,538,336)	(434,662,276)	(434,662,276)
Total non-derivative financial liabilities	(896,792,912)	(896,792,912)	(821,976,173)	(821,976,173)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	16,090,250	16,090,250	529,911	529,911
Derivative financial instruments (liabilities)	(21,889,117)	(21,889,117)	(12,040,229)	(12,040,229)
Total derivative financial instruments	(5,798,867)	(5,798,867)	(11,510,318)	(11,510,318)

(in EUR)	Petrol d.d.			
	31 March 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	2,567,914	2,567,914	2,117,914	2,117,914
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	47,345,671	47,345,671	38,724,340	38,724,340
Operating receivables (excluding receivables from the state)	275,422,747	275,422,747	328,728,108	328,728,108
Cash and cash equivalents	197,227,042	197,227,042	17,680,102	17,680,102
Total non-derivative financial assets	522,563,374	522,563,374	387,250,463	387,250,463
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(530,072,853)	(530,072,853)	(372,051,534)	(372,051,534)
Lease liabilities	(33,913,066)	(33,913,066)	(34,807,319)	(34,807,319)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(271,360,813)	(271,360,813)	(352,981,970)	(352,981,970)
Total non-derivative financial liabilities	(835,346,732)	(835,346,732)	(759,840,823)	(759,840,823)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	16,090,250	16,090,250	394,078	394,078
Derivative financial instruments (liabilities)	(24,207,857)	(24,207,857)	(14,296,925)	(14,296,925)
Total derivative financial instruments	(8,117,607)	(8,117,607)	(13,902,847)	(13,902,847)

29. Related party transactions

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Sales revenue:				
Subsidiaries	-	-	59,881,651	74,634,949
Jointly controlled entities	198,319	290,645	12,964	19,722
Associates	12,265	9,033	12,265	9,033
Cost of goods sold:				
Subsidiaries	-	-	19,173,793	14,656,365
Jointly controlled entities	38,459	56,930	0	0
Cost of materials:				
Subsidiaries	-	-	110,809	68,707
Jointly controlled entities	794	1,373	321	267
Cost of services:				
Subsidiaries	-	-	125,044	288,111
Other costs:				
Subsidiaries	-	-	0	3,053
Finance income from interests in Group companies:				
Jointly controlled entities	93,526	110,184	0	0
Associates	229,276	198,762	0	0
Finance income from interest:				
Subsidiaries	-	-	162,657	61,866
Jointly controlled entities	950	0	950	0
Gain of derivatives:				
Subsidiaries	-	-	57,830	112,320
Other finance income:				
Subsidiaries	-	-	53,479	41,456
Jointly controlled entities	430	534	430	534
Finance expenses for interest:				
Subsidiaries	-	-	246,182	284,223
Jointly controlled entities	0	36	0	36
Loss on derivatives:				
Subsidiaries	-	-	512,014	0

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Investments in Group companies:				
Subsidiaries	-	-	348,240,191	341,346,801
Jointly controlled entities	703,257	610,273	233,000	233,000
Associates	54,877,297	54,655,607	29,939,454	29,939,454
Non-current financial receivables:				
Subsidiaries	-	-	33,457,653	30,838,499
Jointly controlled entities	378,006	3,386,400	533,006	3,541,400
Contract assets:				
Subsidiaries	-	-	192,542	531,449
Current operating receivables:				
Subsidiaries	-	-	15,749,598	20,455,188
Jointly controlled entities	77,890	111,605	19,685	7,387
Associates	3,731	533	3,731	533
Current financial receivables:				
Subsidiaries	-	-	11,659,321	5,365,733
Jointly controlled entities	584,325	201,281	584,325	201,281
Prepayments:				
Subsidiaries	-	-	467,498	0
Non-current financial liabilities:				
Subsidiaries	-	-	44,636,849	44,636,849
Current financial liabilities:				
Subsidiaries	-	-	59,675,712	67,467,465
Jointly controlled entities	125,012	125,012	125,012	125,012
Current operating liabilities:				
Subsidiaries	-	-	3,500,889	9,262,126
Jointly controlled entities	11,287	28,200	0	0
Current accrued costs and expenses:				
Subsidiaries	-	-	2,486,683	3,432,743
Contract liabilities:				
Subsidiaries	-	-	1,675	1,675

30. Contingent liabilities

Contingent liabilities for guarantees issued

(in EUR)	Petrol d.d.		Petrol d.d.	
	31 Marec 2020	31 December 2019	31 Marec 2020	31 December 2019
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Petrol d.o.o.	106,179,270	102,091,025	71,207,094	76,293,834
Geoplín d.o.o. Ljubljana	28,000,000	28,000,000	4,570,433	2,174,815
Vjetroelektrarna Ljubač d.o.o.	23,792,130	23,792,130	0	0
Petrol d.o.o. Beograd	7,623,503	6,580,000	541,736	466,736
Petrol BH Oil Company d.o.o. Sarajevo	4,466,135	4,466,135	2,490,793	2,200,742
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	1,800,000	1,800,000
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol Crna Gora MNE d.o.o.	590,000	590,000	141,725	97,770
Total	174,562,347	169,430,599	81,663,090	83,945,206
Other guarantees	6,652,008	5,019,756	6,652,008	4,924,665
Bills of exchange issued as security	13,658,339	13,342,652	13,658,339	13,342,652
Total contingent liabilities for guarantees issued	194,872,694	187,793,007	101,973,436	102,212,523

The value of a guarantee issued represents the maximum value of the guarantee issued, whereas the guarantee amount used represents a value corresponding to a company's liability for which the guarantee has been issued.

Contingent liabilities for lawsuits

The total value of lawsuits against the Company as defendant and debtor totals EUR 22,167,761 EUR. The Company's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Company set aside long-term provisions, which stood at EUR 308,033 as at 31 March 2020.

The total value of lawsuits against the Group as defendant and debtor totals EUR 30,431,526. The Group's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Group set aside long-term provisions, which stood at EUR 460,924 as at 31 March 2020.

31. Events after the reporting date

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

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

APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP

The Petrol Group as at 31 March 2020	SALES	ENERGY AND ENVIRONMENTAL SOLUTIONS	PRODUCTION OF RENEWABLE ELECTRICITY	MOBILITY
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 d.o.o. Beograd (100%)		✓		
Petrol LUMENNIS VS d.o.o. Beograd (100%)		✓		
PETROL CRNA GORA MNE d.o.o. (100%)	✓			
PETROL TRADE HANDELSGES.m.b.H. (100%)	✓			
BEOGAS d.o.o. (100%)	✓	✓		
PETROL LPG d.o.o. Beograd (100%)	✓			
TIGAR PETROL d.o.o. (100%)	✓			
PETROL LPG HIB d.o.o. (100%)	✓			
PETROL POWER d.o.o. Sarajevo (99.7518%)			✓	
PETROL-ENERGETIKA DOOEL Skopje (100%)	✓			
PETROL BUCHAREST ROM S.R.L. (100%)	✓			
PETROL PRAHA CZ S.R.O. (100%)	✓			
PETROL TRADE SLOVENIJA L.L.C. (100%)	✓			
PETROL HIDROENERGIJA d.o.o. Teslić (80%)			✓	
VJETROELEKTRANE GLUNČA d.o.o. (100%)			✓	
IG ENERGETSKI SISTEMI d.o.o. (100%)	✓			
PETROL GEO d.o.o. (100%)		✓		
EKOEN d.o.o. (100%)		✓		
EKOEN GG d.o.o. (100%)		✓		
EKOEN S d.o.o. (100%)		✓		
ZAGORSKI METALAC d.o.o. (75%)	✓	✓		
MBILLS d.o.o. (91,04%)	✓			
ATET d.o.o. (72.96%; 76% voting rights)				✓
VJETROELEKTRANA LJUBAČ d.o.o. (100%)			✓	
STH ENERGY d.o.o. Kraljevo (80%)				
GEOPLIN d.o.o. Ljubljana (74.28%)	✓			
GEOCOM d.o.o. (100%)	✓			
GEOPLIN D.O.O., Zagreb (100%)	✓			
GEOPLIN D.O.O. Beograd (100%)	✓			
ZAGORSKI METALAC d.o.o. (25%)	✓	✓		
Jointly controlled entities				
PETROL OTI SLOVENIJA L.L.C. (51%)	✓			
PETROL - OTI - TERMINAL L.L.C. (100%)	✓			
GEOENERGO d.o.o. (50%)		✓		
VJETROELEKTRANA DAZLINA d.o.o. (50%)			✓	
SOENERGETIKA d.o.o. (25%)		✓		
Associates				
PLINHOLD d.o.o. Ljubljana (29.6985%)		✓		
AQUASYSTEMS d.o.o. (26%)		✓		
IVICOM ENERGY d.o.o., Žagubica (25%)			✓	