

ANNOUNCEMENT

31/12/2020

Re: Acquisition of Silk Oil, Limited Liability Industrial – Trading – Import – Petroleum – Tourist - Shipping and Hotel Company (SILK OIL)

Petrolina (Holdings) Public Ltd (“**PHL**”) wishes to announce that the new subsidiary company of the Petrolina Group, P.W. Bunkering Services (East Med) Ltd (100%), which entered into an agreement (the **Acquisition Agreement**) on 31/12/2020 for the acquisition of 100% of the share capital of the Greek limited liability company “SILK OIL LIMITED LIABILITY INDUSTRIAL – TRADING – IMPORT – PETROLEUM – TOURIST – SHIPPING AND HOTEL COMPANY” (“**SILK OIL**”), intends to launch operations.

The Acquisition Agreement is part of the further development of the existing operations of the Petrolina Group in Greece.

SILK OIL has been active in the petroleum trade since 1988 and is based in Rhodes. It has privately-owned liquid fuel storage facilities in Crete and Samos for the use of petroleum and liquefied petroleum gas products and maintains four (4) branches in Piraeus, Thessaloniki, Crete and Samos, through which it supplies liquid fuels and liquefied petroleum gas throughout Greece. It has four hundred and fourteen (414) points of sale of liquid fuels and liquefied petroleum gas across Greece bearing the SILK OIL brand. SILK OIL provides services to gas stations and heating oil distributors operating in Greece. SILK OIL’s operations also include a network of tankers through which petroleum products are distributed throughout Greece.

The acquisition is expected to positively affect the prospects and results of the Petrolina Group, due to the economies of scale and the synergies that can be created, Petrolina’s many years of experience in the petroleum sector as well as the existing presence of the Petrolina Group in Greece.

The financial valuation of the acquisition of the share capital of SILK OIL was based on the net asset value in the audited financial statements of SILK OIL as at 31 December 2019, on the historical financial data of SILK OIL, as well as on the growth activity of the Petrolina Group in Greece, based on the business plan and the prospects of SILK OIL.

It is noted that in 2018, SILK OIL had a turnover of €209.3 million and registered net losses of €187.3 thousand, while for 2019 its turnover was €194.7 million and its net losses amounted to €18 thousand.

The consideration for the acquisition has been agreed at a maximum of €9 million, of which €7.3 million was paid in cash at the time of the signing of the Acquisition Agreement and the transfer of the shares. An amount of up to €1.7 million (escrow amount) has been withheld and may be paid in all or in part after the determination of the final fair value of SILK OIL's net assets and liabilities, to be calculated following the completion and preparation of SILK OIL's financial statements in accordance with the International Financial Reporting Standards by certified auditors as at 31/12/2020, as well as subject to other post completion terms of the Acquisition Agreement. The said financial statements will determine the amount of any resulting goodwill, which will be recognised in the consolidated statement of financial position of PHL in the year of the acquisition.

The Acquisition Agreement explicitly provides that SILK OIL's financial statements prepared in accordance with the International Financial Reporting Standards as at 31/12/2020 must be presented to the Group by 31/1/2021, for purposes of examination and determination of the amount of goodwill, if any.

The transaction was made on an arm's length basis and the investment will be accounted for based on the acquisition method. The transaction is not related to any "designated person" in accordance with the meaning attributed to this term in article 137(3) of the Securities and Cyprus Stock Exchange Law of 1993 (14(I)/1993) (as applicable).

Aiming at full transparency in informing its shareholders and investors, the Company will issue a further announcement once the above actions have been completed, with reference to the final amount of the acquisition and any goodwill, as the case may be.

Panayiotis Eracleous
Compliance Officer