

## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:  to   
 Year:   
 Quarter:

## Quarterly financial statements

Registration number (MB):  Issuer's home Member State code:

Entity's registration number (MBS):

Personal identification number (OIB):

LEI:

Institution code:

Name of the issuer:

Postcode and town:

Street and house number:

E-mail address:

Web address:

Number of employees (end of the reporting):

Consolidated report:  (KN-not consolidated/KD-consolidated)

Audited:  (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Names of subsidiaries (according to IFRS):	Registered office:	MB:

Bookkeeping firm:  (Yes/No)

(name of the bookkeeping firm)

Contact person:   
(only name and surname of the contact person)

Telephone:

E-mail address:

Audit firm:   
(name of the audit firm)

Certified auditor:   
(name and surname)

**BALANCE SHEET**  
balance as at 30.9.2019

in HRK

Submitter: PETROKEMIJA, d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	711.199.885	654.137.881
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	3.374.735	2.467.932
1 Research and development	<b>004</b>	0	0
2 Concessions, patents, licences, trademarks, software and other rights	<b>005</b>	1.740.590	1.040.181
3 Goodwill	<b>006</b>	0	0
4 Advances for the purchase of intangible assets	<b>007</b>	0	0
5 Intangible assets in preparation	<b>008</b>	1.634.145	1.427.751
6 Other intangible assets	<b>009</b>	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	694.360.801	638.205.600
1 Land	<b>011</b>	44.376.020	44.376.020
2 Buildings	<b>012</b>	186.459.354	178.310.146
3 Plant and equipment	<b>013</b>	376.900.515	367.265.100
4 Tools, working inventory and transportation assets	<b>014</b>	15.464.185	14.650.730
5 Biological assets	<b>015</b>	0	0
6 Advances for the purchase of tangible assets	<b>016</b>	4.081.162	5.721.550
7 Tangible assets in preparation	<b>017</b>	66.614.886	27.419.348
8 Other tangible assets	<b>018</b>	464.679	462.706
9 Investment property	<b>019</b>	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	13.464.349	13.464.349
1 Investments in holdings (shares) of undertakings within the group	<b>021</b>	13.454.123	13.454.123
2 Investments in other securities of undertakings within the group	<b>022</b>	0	0
3 Loans, deposits, etc. to undertakings within the group	<b>023</b>	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	<b>024</b>	0	0
5 Investment in other securities of companies linked by virtue of participating interests	<b>025</b>	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	<b>026</b>	0	0
7 Investments in securities	<b>027</b>	0	0
8 Loans, deposits, etc. given	<b>028</b>	0	0
9 Other investments accounted for using the equity method	<b>029</b>	10.226	10.226
10 Other fixed financial assets	<b>030</b>	0	0
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	0	0
1 Receivables from undertakings within the group	<b>032</b>	0	0
2 Receivables from companies linked by virtue of participating interests	<b>033</b>	0	0
3 Customer receivables	<b>034</b>	0	0
4 Other receivables	<b>035</b>	0	0
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	0	0
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	762.873.777	751.393.661
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	293.668.397	211.424.572
1 Raw materials and consumables	<b>039</b>	123.971.528	119.766.930
2 Work in progress	<b>040</b>	14.992.047	20.444.585
3 Finished goods	<b>041</b>	152.806.834	64.801.596
4 Merchandise	<b>042</b>	610.945	4.108.222
5 Advances for inventories	<b>043</b>	1.287.043	2.303.239
6 Fixed assets held for sale	<b>044</b>	0	0
7 Biological assets	<b>045</b>	0	0

<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>84.562.322</b>	<b>45.969.130</b>
1 Receivables from undertakings within the group	<b>047</b>	4.339.580	334.423
2 Receivables from companies linked by virtue of participating interests	<b>048</b>	0	0
3 Customer receivables	<b>049</b>	14.929.318	17.215.490
4 Receivables from employees and members of the undertaking	<b>050</b>	30.960	1.427
5 Receivables from government and other institutions	<b>051</b>	62.991.746	27.519.375
6 Other receivables	<b>052</b>	2.270.718	898.415
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>375.134.921</b>	<b>316.258.391</b>
1 Investments in holdings (shares) of undertakings within the group	<b>054</b>	0	0
2 Investments in other securities of undertakings within the group	<b>055</b>	0	0
3 Loans, deposits, etc. to undertakings within the group	<b>056</b>	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	<b>057</b>	0	0
5 Investment in other securities of companies linked by virtue of participating interests	<b>058</b>	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	<b>059</b>	0	0
7 Investments in securities	<b>060</b>	0	0
8 Loans, deposits, etc. given	<b>061</b>	348.133.318	203.133.318
9 Other financial assets	<b>062</b>	27.001.603	113.125.073
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>9.508.137</b>	<b>177.741.568</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>14.293</b>	<b>88.594</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>1.474.087.955</b>	<b>1.405.620.136</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>1.041.395.509</b>	<b>970.263.009</b>
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>232.999.909</b>	<b>356.797.706</b>
<b>I INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>550.287.010</b>	<b>550.287.010</b>
<b>II CAPITAL RESERVES</b>	<b>069</b>	<b>153.523.269</b>	<b>-350.000</b>
<b>III RESERVES FROM PROFIT (ADP 071+072-073+074+075)</b>	<b>070</b>	<b>-14.080</b>	<b>-14.080</b>
1 Legal reserves	<b>071</b>	0	0
2 Reserves for treasury shares	<b>072</b>	0	0
3 Treasury shares and holdings (deductible item)	<b>073</b>	-14.080	-14.080
4 Statutory reserves	<b>074</b>	0	0
5 Other reserves	<b>075</b>	0	0
<b>IV REVALUATION RESERVES</b>	<b>076</b>	<b>0</b>	<b>0</b>
<b>V FAIR VALUE RESERVES (ADP 078 to 080)</b>	<b>077</b>	<b>0</b>	<b>0</b>
1 Fair value of financial assets available for sale	<b>078</b>	0	0
2 Cash flow hedge - effective portion	<b>079</b>	0	0
3 Hedge of a net investment in a foreign operation - effective portion	<b>080</b>	0	0
<b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)</b>	<b>081</b>	<b>0</b>	<b>-317.273.021</b>
1 Retained profit	<b>082</b>	0	0
2 Loss brought forward	<b>083</b>	0	317.273.021
<b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)</b>	<b>084</b>	<b>-470.796.290</b>	<b>124.147.797</b>
1 Profit for the business year	<b>085</b>	0	124.147.797
2 Loss for the business year	<b>086</b>	470.796.290	0
<b>VIII MINORITY (NON-CONTROLLING) INTEREST</b>	<b>087</b>	<b>0</b>	<b>0</b>

<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>19.491.594</b>	<b>18.829.594</b>
1 Provisions for pensions, termination benefits and similar obligations	<b>089</b>	11.563.187	10.901.187
2 Provisions for tax liabilities	<b>090</b>	0	0
3 Provisions for ongoing legal cases	<b>091</b>	428.407	428.407
4 Provisions for renewal of natural resources	<b>092</b>	0	0
5 Provisions for warranty obligations	<b>093</b>	0	0
6 Other provisions	<b>094</b>	7.500.000	7.500.000
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>459.192.864</b>	<b>564.982.848</b>
1 Liabilities to undertakings within the group	<b>096</b>	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	<b>097</b>	0	0
3 Liabilities to companies linked by virtue of participating interests	<b>098</b>	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	<b>099</b>	0	0
5 Liabilities for loans, deposits etc.	<b>100</b>	334.344.269	438.879.778
6 Liabilities to banks and other financial institutions	<b>101</b>	124.848.595	124.600.177
7 Liabilities for advance payments	<b>102</b>	0	0
8 Liabilities to suppliers	<b>103</b>	0	0
9 Liabilities for securities	<b>104</b>	0	0
10 Other long-term liabilities	<b>105</b>	0	1.502.893
11 Deferred tax liability	<b>106</b>	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>581.835.890</b>	<b>276.510.344</b>
1 Liabilities to undertakings within the group	<b>108</b>	1.966.538	1.340.397
2 Liabilities for loans, deposits, etc. of undertakings within the group	<b>109</b>	6.000.000	0
3 Liabilities to companies linked by virtue of participating interests	<b>110</b>	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	<b>111</b>	0	0
5 Liabilities for loans, deposits etc.	<b>112</b>	111.295.042	339.883
6 Liabilities to banks and other financial institutions	<b>113</b>	21.000.000	4.500.000
7 Liabilities for advance payments	<b>114</b>	105.063.422	89.190.121
8 Liabilities to suppliers	<b>115</b>	308.947.109	156.715.542
9 Liabilities for securities	<b>116</b>	0	0
10 Liabilities to employees	<b>117</b>	10.947.618	9.316.457
11 Taxes, contributions and similar liabilities	<b>118</b>	7.622.667	6.472.414
12 Liabilities arising from the share in the result	<b>119</b>	0	0
13 Liabilities arising from fixed assets held for sale	<b>120</b>	0	0
14 Other short-term liabilities	<b>121</b>	8.993.494	8.635.530
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>180.567.698</b>	<b>188.499.644</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>1.474.087.955</b>	<b>1.405.620.136</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>1.041.395.509</b>	<b>970.263.009</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 1. 1. 2019 to 30. 9. 2019

in HRK

Submitter: PETROKEMIJA, d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I OPERATING INCOME (ADP 126 to 130)</b>	<b>125</b>	<b>1.252.141.617</b>	<b>344.481.227</b>	<b>1.637.622.209</b>	<b>508.953.658</b>
1 Income from sales with undertakings within the group	126	35.852.543	20.864.431	29.923.254	541.211
2 Income from sales (outside group)	127	1.170.171.463	297.871.716	1.594.055.795	505.897.225
3 Income from the use of own products, goods and services	128	28.996.795	24.095.277	2.260.138	1.072.526
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	17.120.816	1.649.803	11.383.022	1.442.696
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>1.466.116.491</b>	<b>449.734.820</b>	<b>1.497.181.829</b>	<b>416.840.831</b>
1 Changes in inventories of work in progress and finished goods	132	-2.490.542	27.390.468	83.261.755	45.494.583
2 Material costs (ADP 134 to 136)	133	1.213.205.343	343.817.015	1.068.531.434	279.267.135
a) Costs of raw materials and consumables	134	1.151.913.775	325.937.167	1.012.717.007	254.682.837
b) Costs of goods sold	135	1.488.338	369.310	13.657.190	12.505.994
c) Other external costs	136	59.803.230	17.510.538	42.157.237	12.078.304
3 Staff costs (ADP 138 to 140)	137	139.710.694	48.683.258	136.049.015	41.745.352
a) Net salaries and wages	138	87.943.072	30.429.853	85.849.988	26.270.708
b) Tax and contributions from salary costs	139	31.407.957	11.169.219	31.106.151	9.628.972
c) Contributions on salaries	140	20.359.665	7.084.186	19.092.876	5.845.672
4 Depreciation	141	65.666.903	21.678.550	76.320.763	23.549.960
5 Other costs	142	49.153.102	8.162.544	127.082.881	27.540.554
6 Value adjustments (ADP 144+145)	143	870.991	2.985	187.981	137.747
a) fixed assets other than financial assets	144	583.139	2.510	62.088	11.870
b) current assets other than financial assets	145	287.852	475	125.893	125.877
7 Provisions (ADP 147 to 152)	146	0	0	5.748.000	-894.500
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	5.748.000	-894.500
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	0	0	0	0
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>15.059.182</b>	<b>-257.252</b>	<b>2.780.669</b>	<b>563.239</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	516.309	0	352.544	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	10.987	9.818	18.007	7
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	28.239	9.359	348.141	90.374
8 Exchange rate differences and other financial income	162	14.486.223	-289.680	1.864.991	358.245
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	17.424	13.251	196.986	114.613
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>141.954.406</b>	<b>59.367.178</b>	<b>19.073.252</b>	<b>-2.172.483</b>
1 Interest expenses and similar expenses with undertakings within the group	166	221.606	72.839	108.616	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	9.528	7.167	2.672	11
3 Interest expenses and similar expenses	168	42.245.696	14.876.173	15.672.726	5.146.664
4 Exchange rate differences and other expenses	169	7.637.825	1.748.270	2.727.427	420.632
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	91.839.751	42.662.729	561.811	-7.739.790
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	<b>1.267.200.799</b>	<b>344.223.975</b>	<b>1.640.402.878</b>	<b>509.516.897</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>1.608.070.897</b>	<b>509.101.998</b>	<b>1.516.255.081</b>	<b>414.668.348</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>-340.870.098</b>	<b>-164.878.023</b>	<b>124.147.797</b>	<b>94.848.549</b>
1 Pre-tax profit (ADP 177-178)	180	0	0	124.147.797	94.848.549

2 Pre-tax loss (ADP 178-177)	181	-340.870.098	-164.878.023	0	0
<b>XII INCOME TAX</b>	<b>182</b>	0	0	0	0
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>-340.870.098</b>	<b>-164.878.023</b>	<b>124.147.797</b>	<b>94.848.549</b>
1 Profit for the period (ADP 179-182)	184	0	0	124.147.797	94.848.549
2 Loss for the period (ADP 182-179)	185	-340.870.098	-164.878.023	0	0
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)</b>	<b>186</b>	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)</b>	<b>192</b>	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>	0	0	0	0
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)</b>	<b>199</b>	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>202</b>	<b>-340.870.098</b>	<b>-164.878.023</b>	<b>124.147.797</b>	<b>94.848.549</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	0	0	0	0
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>	0	0	0	0
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	0	0	0	0
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>-340.870.098</b>	<b>-164.878.023</b>	<b>124.147.797</b>	<b>94.848.549</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)</b>	<b>215</b>	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

**STATEMENT OF CASH FLOWS - indirect method**  
for the period 1.1.2019. to 30.9.2019.

in HRK

Submitter: PETROKEMIJA, d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Pre-tax profit	001	-340.870.098	124.147.797
2 Adjustments (ADP 003 to 010):	002	112.706.220	91.662.625
a) Depreciation	003	65.666.903	76.320.763
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-359.294	76.104
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-544.548	-700.685
e) Interest expenses	007	42.467.302	15.781.342
f) Provisions	008	-1.374.000	-662.000
g) Exchange rate differences (unrealised)	009	6.849.857	847.101
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>-228.163.878</b>	<b>215.810.422</b>
3 Changes in the working capital (ADP 013 to 016)	012	448.567.053	-45.813.130
a) Increase or decrease in short-term liabilities	013	489.564.934	-166.087.655
b) Increase or decrease in short-term receivables	014	-1.118.103	38.030.700
c) Increase or decrease in inventories	015	-39.879.778	82.243.825
d) Other increase or decrease in working capital	016	0	0
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>220.403.175</b>	<b>169.997.292</b>
4 Interest paid	018	-40.766.339	-15.100.324
5 Income tax paid	019	0	0
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>179.636.836</b>	<b>154.896.968</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	244.658	155.296
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	37.544	348.158
4 Dividends received	024	516.309	352.544
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>798.511</b>	<b>855.998</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-104.351.953	-17.476.416
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-104.351.953</b>	<b>-17.476.416</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-103.553.442</b>	<b>-16.620.418</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	103.005	0
4 Other cash receipts from financing activities	038	0	0
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>103.005</b>	<b>0</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-58.829.152	-28.919.650
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	0
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-58.829.152</b>	<b>-28.919.650</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>-58.726.147</b>	<b>-28.919.650</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>17.357.247</b>	<b>109.356.900</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>32.137.278</b>	<b>384.643.058</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>49.494.525</b>	<b>493.999.958</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from 1.1.2019 to 30.9.2019

in HRK

Item	ADP code	Attributable to owners of the parent																Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 + 8 to 15)	17	18 (16+17)		
<b>Previous period</b>																			
1 Balance on the first day of the previous business year	01	-42.903.930	3.923.969	0	0	11.800	0	0	0	0	0	0	-242.616.915	0	-195.800.616	0	-195.800.616		
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	-42.903.930	3.923.969	0	0	11.800	0	0	0	0	0	0	-242.616.915	0	-195.800.616	0	-195.800.616		
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	-470.796.290	-470.796.290	0	-470.796.290		
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	507.383.080	149.599.300	0	0	2.480	0	0	0	0	0	0	242.616.915	0	899.596.815	0	899.596.815		
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
21 Transfer to reserves according to the annual schedule	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	550.287.010	153.523.269	0	0	14.080	0	0	0	0	0	0	-470.796.290	232.999.909	232.999.909	0	232.999.909		
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)</b>																			
24	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)</b>																			
25	25	0	0	0	0	0	0	0	0	0	0	0	-470.796.290	-470.796.290	0	0	-470.796.290		
<b>III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)</b>																			
26	26	507.383.080	149.599.300	0	0	2.480	0	0	0	0	0	0	242.616.915	0	899.596.815	0	899.596.815		
<b>Current period</b>																			
1 Balance on the first day of the current business year	27	550.287.010	153.523.269	0	0	14.080	0	0	0	0	0	0	-470.796.290	232.999.909	232.999.909	0	232.999.909		
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	550.287.010	153.523.269	0	0	14.080	0	0	0	0	0	0	-470.796.290	232.999.909	232.999.909	0	232.999.909		
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	124.147.797	124.147.797	0	124.147.797		
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	-350.000	0	0	0	0	0	0	0	0	0	0	0	-350.000	0	-350.000		
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
18 Redemption of treasury shares/holdings	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
21 Transfer to reserves according to the annual schedule	47	0	-153.523.269	0	0	0	0	0	0	0	0	0	-317.273.021	470.796.290	0	0	0		
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	550.287.010	-350.000	0	0	14.080	0	0	0	0	0	0	-317.273.021	124.147.797	356.797.706	0	356.797.706		
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
<b>I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)</b>																			
50	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)</b>																			
51	51	0	0	0	0	0	0	0	0	0	0	0	0	124.147.797	124.147.797	0	124.147.797		
<b>III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)</b>																			
52	52	0	-153.873.269	0	0	0	0	0	0	0	0	0	-317.273.021	470.796.290	-350.000	0	-350.000		



NOTES TO FINANCIAL STATEMENTS - TFI  
(drawn up for quarterly reporting periods)

Name of the issuer: PETROKEMIJA, d.d.

Personal identification number (OIB): 24503685008

Reporting period: 1.1.2019 to 30.9.2019

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.



Petrokemija d.d. (ZB: PTKM-R-A; petrokemija.hr) announced its Q1-Q3 / Q3 2019 results today. This report contains unaudited financial statements for the period ending 30 September 2019 as prepared by the management in accordance with the International Financial Reporting Standards.

## Petrokemija d.d. financial results (IFRS)

Q3 2018	Q3 2019	HRK mln	Q1-Q3 2018	Q1-Q3 2019	%
319	506	Sales revenues	1,206	1,624	35
(84)	116	EBITDA <sup>(1)</sup>	(148)	217	n.a.
<b>(84)</b>	<b>117</b>	<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>(148)</b>	<b>270</b>	<b>n.a.</b>
(105)	92	Profit/(loss) from operations	(214)	140	n.a.
<b>(105)</b>	<b>93</b>	<b>Operating profit excl. special items <sup>(2)</sup></b>	<b>(214)</b>	<b>194</b>	<b>n.a.</b>
(60)	3	Net financial result	(127)	(16)	(87)
(165)	95	Net profit/loss	(341)	124	n.a.
<b>(122)</b>	<b>88</b>	<b>Net profit/loss for the period excl. special items <sup>(3)</sup></b>	<b>(249)</b>	<b>178</b>	<b>n.a.</b>
<b>(149)</b>	<b>113</b>	<b>Simplified Free Cash Flow <sup>(4)</sup></b>	<b>(253)</b>	<b>256</b>	<b>n.a.</b>
1,097	372	Net debt <sup>(5)</sup>	1,097	372	(66)
196	51	Net gearing (%) <sup>(6)</sup>	196	51	(74)
<b>66</b>	<b>4</b>	<b>CAPEX</b>	<b>104</b>	<b>14</b>	<b>(86)</b>

  

Q3 2018	Q3 2019	EUR mln <sup>(7)</sup>	Q1-Q3 2018	Q1-Q3 2019	%
43	69	Sales revenues	163	219	35
(11)	16	EBITDA <sup>(1)</sup>	(20)	29	n.a.
<b>(11)</b>	<b>16</b>	<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>(20)</b>	<b>36</b>	<b>n.a.</b>
(14)	12	Profit/(loss) from operations	(29)	19	n.a.
<b>(14)</b>	<b>13</b>	<b>Operating profit excl. special items <sup>(2)</sup></b>	<b>(29)</b>	<b>26</b>	<b>n.a.</b>
(8)	0	Net financial result	(17)	(2)	(87)
(22)	13	Net profit/loss	(46)	17	n.a.
<b>(16)</b>	<b>12</b>	<b>Net profit/loss for the period excl. special items <sup>(3)</sup></b>	<b>(34)</b>	<b>24</b>	<b>n.a.</b>
<b>(20)</b>	<b>15</b>	<b>Simplified Free Cash Flow <sup>(4)</sup></b>	<b>(34)</b>	<b>35</b>	<b>n.a.</b>
148	50	Net debt <sup>(5)</sup>	148	50	(66)
196	51	Net gearing (%) <sup>(6)</sup>	196	51	(74)
<b>9</b>	<b>1</b>	<b>CAPEX</b>	<b>14</b>	<b>2</b>	<b>(86)</b>

<sup>(1)</sup> EBITDA = EBIT + Depreciation and amortization

<sup>(2)</sup> No special items in Q1-Q3 2018, in Q1-Q3 2019 EBITDA and Operating profit were negatively impacted by HRK 48 mln of special items related to severance payments and HRK 6 mln related to provisions for severance payments

<sup>(3)</sup> Beside impact of severance payments, Q1-Q3 2019 Net profit/loss was negatively impacted by HRK 1 mln value adjustment of liabilities for CO2 emission charges, in Q1-Q3 2018 Net profit/loss was negatively impacted by HRK 92 mln value adjustment of liabilities for CO2 emission charges

<sup>(4)</sup> Simplified free cash flow = EBITDA excluding special items - capital expenditures

<sup>(5)</sup> Net debt = Long and short term financial loans + Liabilities for received advances + Accruals + Provisions – Cash and cash equivalents – Given loans and deposits – Other financial assets; restatement of comparable previous periods was made – see on page 6

<sup>(6)</sup> Net gearing = Net debt / (net debt plus equity)

<sup>(7)</sup> In converting HRK figures into EUR, the following average CNB (HNB) rates were used: for Q1-Q3 2018 – 7.41 HRK/EUR; Q1-Q3 2019 – 7.41 HRK/EUR; as at September 30, 2018 – 7.42 HRK/EUR; as at September 30, 2019 – 7.40 HRK/EUR

Petrokemija d.d. increased its sales revenues in the first three quarters of 2019 by 35% to HRK 1,624 mln, mainly driven by significantly higher sales on domestic and regional market. EBITDA excluding special items increased to HRK 270 million due to higher production, higher sales volumes on more profitable markets and lower gas prices in European markets.

CAPEX amounted to HRK 14 million, which is lower compared to Q1-Q3 2018 as two-year overhaul was performed in 2018. Net debt significantly decreased and amounted to HRK 372 million at the end of Q3 2019 with the gearing rate at 51%, as a result of completed recapitalization process in 2018 and financial result in Q1-Q3 2019.



## Management discussion

### Production and sales

Q3 2018	Q3 2019	Fertilizers production (kt)	Q1-Q3 2018	Q1-Q3 2019	%
180	261	Fertilizers	718	834	16
Q3 2018	Q3 2019	Fertilizers sales (kt)	Q1-Q3 2018	Q1-Q3 2019	%
43	51	Domestic market	191	264	38
139	226	Export	510	594	16
<b>182</b>	<b>277</b>	<b>Total fertilizers sales (kt)</b>	<b>701</b>	<b>857</b>	<b>22</b>

### Main external parameters

Q3 2018	Q3 2019		Q1-Q3 2018	Q1-Q3 2019	%
25.06	11.15	Natural gas price* (EUR/MWh)	22.33	15.34	(31)
21.15	24.72	CO2 European Emission Allowances-EUA** (EUR/unit)	21.15	24.72	17
6.37	6.64	HRK/USD average	6.21	6.59	6
6.40	6.77	HRK/USD closing	6.40	6.77	6
7.41	7.39	HRK/EUR average	7.41	7.41	(0)
7.42	7.40	HRK/EUR closing	7.42	7.40	(0)

\*CEGH market data – period average

\*\*EEX market data – period closing

### Q1-Q3 2019 vs. Q1-Q3 2018

#### KEY DRIVERS

- Plant operated with high utilization of all units, achieving 116 kt higher total production compared to 2018 in which two-year overhaul was performed
- Higher total sales volumes on domestic market (38%) and export markets (16%) with increasing sales on regional and decreasing sale on spot market
- Lower natural gas price as a result of lower gas prices in European markets
- Higher closing CO2 European Emission allowance (EUA) price by 17%

#### Commenting on the results, Mr. Davor Žmegač, President of the Management Board said:

In Q1-Q3 2019 Petrokemija d.d. achieved net profit in the amount of HRK 124 mln compared to HRK 341 mln net loss realized in the same period last year. Considering results without special items, net profit for Q1-Q3 2019 was HRK 178 mln as opposed to HRK 249 mln net loss in Q1-Q3 2018. Special items imply, HRK 1 mln in Q1-Q3 2019 and HRK 92 mln in Q1-Q3 2018, negative effect of value adjustment of liabilities for CO2 emission charges, together with Q1-Q3 2019 HRK 48 mln for severance payments and HRK 6 mln for severance payment provisions.

Petrokemija d.d. operations in 2019 continue to be positively impacted by both external and internal factors. Internally, strong sales on Croatian and regional markets, high production and implemented efficiency measures had positive impact on result. Externally, low gas prices in European markets had major impact, partially offset with higher CO2 emission charges. Fertilizers prices recorded no significant change compared to the same period last year.

Recapitalization process in 2018 and very strong result in Q1-Q3 2019 improved Petrokemija financial position, bringing net debt and gearing to its lowest level in recent years.



**Petrokemija, d.d. Unconsolidated Statement of Profit or Loss**  
**For the period ended 30 September 2018 and 2019**  
**(HRK millions)**

Q3 2018	Q3 2019	HRK mln	Note	Q1-Q3 2018	Q1-Q3 2019	%
319	506	<b>Sales revenue</b>	1	1,206	1,624	35
24	1	Income from own consumption of products and services		29	2	(92)
2	1	Other operating income		17	11	(34)
344	509	<b>Total operating income</b>		1,252	1,638	31
27	45	Inventory change of finished prod. and work in progress		(2)	83	n.a.
326	255	Cost of raw materials and consumables	2	1,152	1,013	(12)
22	24	Depreciation and amortization	4	66	76	16
18	12	Other material costs	2	60	42	(30)
49	42	Staff costs	5	140	136	(3)
0	13	Cost of other goods sold		1	14	818
8	28	Other costs	4	49	127	159
0	0	Impairment and charges		1	0	(78)
0	(1)	Provisions for charges and risks	3	0	6	n.a.
450	417	<b>Operating expenses</b>		1,466	1,497	2
(105)	92	<b>Profit(Loss) from operations</b>		(214)	140	n.a.
(0)	1	Finance income		15	3	(82)
59	(2)	Finance costs		142	19	(87)
(60)	3	<b>Net (loss) / profit from financial activities</b>	6	(127)	(16)	(87)
(165)	95	<b>Profit(Loss) before tax</b>		(341)	124	n.a.
(165)	95	<b>Profit(Loss) for the year</b>		(341)	124	n.a.



**Petrokemija, d.d. Unconsolidated Statement of Financial Position**  
**At 30 September 2019**  
**(HRK millions)**

HRK mln	Note	31 Dec 2018	30 Sep 2019	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		3	2	(27)
Property, plant and equipment	8	694	638	(8)
Investment in subsidiaries		13	13	0
Other investments		0	0	0
Long-term receivables		0	0	0
Deferred tax		0	0	0
<b>Total non-current assets</b>		<b>711</b>	<b>654</b>	<b>(8)</b>
<b>Current assets</b>				
Inventories	9	294	211	(28)
Trade receivables net	10	15	17	15
Other receivables		70	29	(59)
Given loans and deposits		348	203	(42)
Other current assets		27	113	319
Prepaid expenses and accrued income		0	0	0
Cash and cash equivalents		10	178	1,769
<b>Total current assets</b>		<b>763</b>	<b>751</b>	<b>(2)</b>
<b>Total assets</b>	<b>7</b>	<b>1,474</b>	<b>1,406</b>	<b>(5)</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital		550	550	0
Capital reserves		154	(0)	n.a.
Other reserves		(0)	(0)	0
Retained earnings / (Deficit)		0	(317)	n.a.
Current earnings / (Deficit)		(471)	124	n.a.
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>233</b>	<b>357</b>	<b>53</b>
<b>Non-current liabilities</b>				
Long-term loans		459	565	23
Other non-current liabilities		0	0	0
Employee benefits provisions		12	11	(6)
Other provisions		8	8	0
<b>Total non-current liabilities</b>		<b>479</b>	<b>584</b>	<b>22</b>
<b>Current liabilities</b>				
Bank loans and overdrafts		132	5	(96)
Trade payables	12	309	157	(49)
Taxes and contributions		8	6	(15)
Other current liabilities	13	122	99	(19)
Accruals and deferred income		181	188	4
Employee benefits obligation		11	9	(15)
<b>Total current liabilities</b>		<b>762</b>	<b>465</b>	<b>(39)</b>
<b>Total liabilities</b>	<b>11</b>	<b>1,241</b>	<b>1,049</b>	<b>(15)</b>
<b>Total equity and liabilities</b>		<b>1,474</b>	<b>1,406</b>	<b>(5)</b>



**Petrokemija, d.d. Unconsolidated Statement of Cash Flow**  
**For the period ended 30 September 2019**  
**(HRK millions)**

HRK mln	Note	Q1-Q3 2018	Q1-Q3 2019	%
<b>Profit for the year</b>		<b>(341)</b>	<b>124</b>	<b>n.a.</b>
<b>Adjustments for:</b>				
Depreciation and amortization		66	76	16
Gain on sale of property, plant, equipment and impairment		(0)	0	n.a.
Other finance expense/(income) recognised in profit		42	15	(64)
(Decrease)/increase in provisions		(1)	(1)	(52)
Foreign exchange loss/(gain)		7	1	(88)
Other non-cash items		0	0	0
<b>Operating cash flow before working capital changes</b>	14	<b>(228)</b>	<b>216</b>	<b>n.a.</b>
<b>Movements in working capital</b>	15			
Decrease/(increase) in inventories		(40)	82	n.a.
Decrease/(increase) in receivables and prepayments		(1)	38	n.a.
(Decrease)/increase in trade and other payables		490	(166)	n.a.
<b>Cash generated from operations</b>		<b>220</b>	<b>170</b>	<b>(23)</b>
Interest expense (net)		(41)	(15)	(63)
<b>Net cash inflow from operating activities</b>		<b>180</b>	<b>155</b>	<b>(14)</b>
<b>Cash flows used in investing activities</b>				
Capital expenditures		(104)	(17)	(83)
Interest on loans, net		0	0	0
Investments and loans to third parties, net		1	1	(33)
<b>Net cash used for investing activities</b>	16	<b>(104)</b>	<b>(17)</b>	<b>(84)</b>
<b>Cash flows from financing activities</b>				
Issuing of own and debt financial instruments		0	0	0
Repayment borrowings, net		(59)	(29)	(51)
Other financing activities		0	0	0
<b>Net cash used in financing activities</b>		<b>(59)</b>	<b>(29)</b>	<b>(51)</b>
Net (decrease)/increase in cash and cash equivalents*		17	109	530
At 1 January		32	385	1.097
Effect of foreign exchange rate changes		0	0	0
At the end of period		49	494	898

\*Cash equivalents include short-term deposits (under 3 months)



## Financial overview and notes

### STATEMENT OF PROFIT OR LOSS

Notes

#### Q1-Q3 2019 RESULTS

- 1 **Total sales revenues** in Q1-Q3 2019 amounted to HRK 1,624 million and were 35% higher than Q1-Q3 2018, triggered mainly by higher sale volumes on domestic and regional market, partially offset with lower sales on spot market.
- 2 **Costs of raw materials, consumables and other material costs** were 12% lower than in Q1-Q3 2018, at HRK 1,013 million, mainly due to lower natural gas cost.
- 3 **Provisions** in Q1-Q3 2019 were recorded in the amount of HRK 6 million and refer to provisions for severance payments, while in Q1-Q3 2018 there was no provisions made.
- 4 Other **operating costs** realized in Q1-Q3 2019 include:
- other costs in the amount of HRK 127 million which were 159% above the Q1-Q3 2018 level due to HRK 48 mln for severance payments and HRK 30 mln higher cost for CO2 European Emission allowances (EUA).
  - depreciation in the amount of HRK 76 million was 16% higher compared to Q1-Q3 2018.
- 5 **Staff costs** in the amount HRK 136 million were 3% lower compared to Q1-Q3 2018.
- 6 **Net result from financial activities** is negative in Q1-Q3 2019 and amounts to HRK 16 million while in Q1-Q3 2018 it was negative by HRK 127 million.
- Net foreign exchange loss was HRK 1 million in Q1-Q3 2019 while in Q1-Q3 2018 net foreign exchange gain was HRK 7 million.
  - Net interest payable amounted to HRK 15 million in Q1-Q3 2019 while in Q1-Q3 2018 net interest payable amounted to HRK 42 million.
  - Other financial items refer to value adjustment of liabilities for CO2 emission charges, Q1-Q3 2019 was negatively impacted by HRK 1 million, while Q1-Q3 2018 was negatively impacted by HRK 92 million.

### STATEMENT OF FINANCIAL POSITION

Notes

- 7 As at 30 September 2019 Petrokemija d.d. **total assets** amounted to HRK 1,406 million, 5% lower compared to 31 December 2018.
- 8 In the period ended 30 September 2019, Petrokemija invested HRK 14 million in **property, plant and equipment**. The effect of depreciation reduced net book value of property, plant and equipment to amount of HRK 638 million.
- 9 **Inventories** amounted to HRK 211 million, and have decreased by 28% compared to 31 December 2018 mainly as a result of higher finished product sales compared to production.
- 10 **Trade receivables** slightly increased to HRK 17 million.
- 11 As at 30 September 2019 **total liabilities** amounted to HRK 1,049 million which is 15% or HRK 192 million lower compared to 31 December 2018. Petrokemija **net debt**<sup>(1)</sup> decreased by 66% compared to 30 September 2018 and amounted to HRK 372 million. **Gearing ratio** decreased from 196% as at 30 September 2018, to 51% as at 30 September 2019.
- 12 **Trade payables** decreased by 49% to HRK 157 million, as a result of lower liabilities for raw materials and consumables.
- 13 **Other current liabilities** decreased by 19% to HRK 99 million, out of which liabilities for advance payments decreased from HRK 105 mln to HRK 89 mln.

### CASH FLOW

Notes

- 14 The **operating cash-flow before changes in working capital** amounted to HRK 216 million in Q1-Q3 2019 representing an increase of HRK 444 million compared to Q1-Q3 2018, which is in line with the change in EBITDA performance compared to the previous year.
- 15 **Changes in working capital** affected the operating cash flow negatively by HRK 46 million in Q1-Q3 2019, due to:
- decrease value of inventories by HRK 82 million mainly related to higher sales than production and consequently lower inventories of finished products
  - decrease in receivables by HRK 38 million
  - decrease in trade and other payables by HRK 166 million as a result of lower liabilities for raw materials and consumables.
- 16 **Net outflows from investing activities** amounted to HRK 17 million, which is lower compared to Q1-Q3 2018 as two-year overhaul was performed in 2018.

#### Restatement

<sup>(1)</sup> Petrokemija adjusted its Net debt methodology to better align the reporting to standard of company owners and other listed companies, with Net debt now being calculated as Long and short term financial loans + Liabilities for received advances + Accruals + Provisions – Cash and cash equivalents – Given loans and deposits – Other financial assets.



## Special items in EBITDA, operating and net profit

In addition to international accounting standards, international reporting standards and regulatory requests the company discloses special items to achieve a higher level of transparency and to provide better understanding of the usual business operations. Business events not occurring regularly and having significant effect on operations and results are considered as special items. Furthermore, in accordance with the adopted accounting policies and IFRS 36 – Impairment of Assets, Petrokemija d.d. performs impairment testing at the end of each reporting period if impairment indicators are assessed to be significant.

In Q1-Q3 2019 EBITDA and Operating profit were negatively impacted by HRK 48 mln of special items related to severance payments and HRK 6 mln related to provisions for severance payments. Beside impact of severance payments and provisions for severance payments, Q1-Q3 2019 Net profit/loss was negatively impacted by HRK 1 mln value adjustment of liabilities for CO2 emission charges, in Q1-Q3 2018 Net profit/loss was negatively impacted by HRK 92 mln value adjustment of liabilities for CO2 emission charges.

## Financial instruments and risks

Risks are described in detail in Petrokemija d.d. Financial Statements for the year ended 31 December 2018.

As of 30 September 2019 Petrokemija, had credit debt of HRK 568 million, out of which HRK 5 million is related to short-term debt and HRK 563 million relates to long-term debt, HRK 129 million relates to Banks and others, while HRK 439 million relates to debt to gas suppliers (HEP, INA and PPD). Average interest rate during the 2019 Q1-Q3 was 3.6% per annum.

## Management representation

Petrokemija financial statements for Q1-Q3 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS), i.e. they present fairly, in all material aspects, the financial position of the company, results of its operations and cash flows.

Mr. Krešimir Rendeli's mandate as MB member ceased on January 31, 2019 pursuant to agreement. Mr. Željko Marić, has been appointed member of the management board in charge of production and operations as of February 1, 2019.

Management Board:

<b>Davor Žmegač</b>	<b>President</b>
<b>Goran Pleše</b>	<b>Member</b>
<b>Željko Marić</b>	<b>Member</b>
<b>Peter Suba</b>	<b>Member</b>