

## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:

1.1.2019

to

31.12.2019

Year:

2019

Quarter:

4

## Quarterly financial statements

Registration number (MB):

03674223

Issuer's home Member

State code:

REPUBLIKA HRVATSKA

Entity's registration  
number (MBS):

080004355

Personal identification  
number (OIB):

24503685008

LEI:

74780000U0FHQRSAX069

Institution  
code:

1141

Name of the issuer: PETROKEMIJA d.d.

Postcode and town: 44320

KUTINA

Street and house number: ALEJA VUKOVAR 4

E-mail address: fin@petrokemija.hr

Web address: www.petrokemija.hr

Number of employees  
(end of the reporting

1262

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: ANTONIJA PEROŠEVIĆ-GALOVIĆ

(only name and surname of the contact person)

Telephone: 044-647-801

E-mail address: antonija.galovic@petrokemija.hr

Audit firm: KPMG Croatia d.o.o.

(name of the audit firm)

Certified auditor: Igor Gošek

(name and surname)

**BALANCE SHEET**  
balance as at 31.12.2019

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	638.140.171
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	3.374.735	2.181.727
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.740.590	2.181.727
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	1.634.145	0
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	694.360.801	613.099.115
1 Land	011	44.376.020	43.947.414
2 Buildings	012	186.459.354	173.669.042
3 Plant and equipment	013	376.900.515	361.280.680
4 Tools, working inventory and transportation assets	014	15.464.185	13.563.180
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	4.081.162	4.279.293
7 Tangible assets in preparation	017	66.614.886	15.896.812
8 Other tangible assets	018	464.679	462.694
9 Investment property	019	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	13.464.349	22.859.329
1 Investments in holdings (shares) of undertakings within the group	021	13.454.123	22.849.103
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	10.226	10.226
10 Other fixed financial assets	030	0	0
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	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	773.978.553
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	293.668.397	218.192.981
1 Raw materials and consumables	039	123.971.528	110.725.680
2 Work in progress	040	14.992.047	27.059.389
3 Finished goods	041	152.806.834	74.736.624
4 Merchandise	042	610.945	3.458.462
5 Advances for inventories	043	1.287.043	2.212.826
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0

<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>84.562.322</b>	<b>75.803.521</b>
1 Receivables from undertakings within the group	047	4.339.580	712.865
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	14.929.318	38.958.333
4 Receivables from employees and members of the undertaking	050	30.960	7.092
5 Receivables from government and other institutions	051	62.991.746	34.268.337
6 Other receivables	052	2.270.718	1.856.894
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>375.134.921</b>	<b>441.208.627</b>
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	400.000
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	348.133.318	343.133.317
9 Other financial assets	062	27.001.603	97.675.310
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>9.508.137</b>	<b>38.773.424</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>15.558.654</b>	<b>37.884.927</b>
<b>E ) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>1.489.632.316</b>	<b>1.450.003.651</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>1.041.395.509</b>	<b>972.746.484</b>
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>232.999.909</b>	<b>386.777.883</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	071	0	0
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	-14.080	-14.080
4 Statutory reserves	074	0	0
5 Other reserves	075	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	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	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	082	0	0
2 Loss brought forward	083	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>154.127.974</b>
1 Profit for the business year	085	0	154.127.974
2 Loss for the business year	086	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>21.124.655</b>
1 Provisions for pensions, termination benefits and similar obligations	<b>089</b>	11.563.187	11.651.967
2 Provisions for tax liabilities	<b>090</b>	0	0
3 Provisions for ongoing legal cases	<b>091</b>	428.407	672.688
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	8.800.000
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>459.192.864</b>	<b>182.373.542</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	74.400.799
6 Liabilities to banks and other financial institutions	<b>101</b>	124.848.595	106.620.110
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	1.352.633
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>627.144.079</b>
1 Liabilities to undertakings within the group	<b>108</b>	1.966.538	2.662.506
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	364.478.979
6 Liabilities to banks and other financial institutions	<b>113</b>	21.000.000	18.634.186
7 Liabilities for advance payments	<b>114</b>	105.063.422	57.005.346
8 Liabilities to suppliers	<b>115</b>	308.947.109	144.759.170
9 Liabilities for securities	<b>116</b>	0	0
10 Liabilities to employees	<b>117</b>	10.947.618	24.425.127
11 Taxes, contributions and similar liabilities	<b>118</b>	7.622.667	6.554.085
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	8.624.680
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>196.112.059</b>	<b>232.583.492</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>1.489.632.316</b>	<b>1.450.003.651</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>1.041.395.509</b>	<b>972.746.484</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 1. 1. 2019 to 31.12. 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>1.861.360.996</b>	<b>609.219.379</b>	<b>2.131.251.449</b>	<b>493.629.240</b>
1 Income from sales with undertakings within the group	126	54.806.852	18.954.309	30.594.281	671.027
2 Income from sales (outside group)	127	1.750.487.911	580.316.448	2.076.706.143	482.650.348
3 Income from the use of own products, goods and services	128	31.039.317	2.042.522	2.586.718	326.580
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	25.026.916	7.906.100	21.364.307	9.981.285
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>2.272.297.781</b>	<b>714.342.115</b>	<b>1.950.924.816</b>	<b>453.205.222</b>
1 Changes in inventories of work in progress and finished goods	132	4.795.431	7.285.973	66.978.688	-16.283.067
2 Material costs (ADP 134 to 136)	133	1.768.033.886	554.828.543	1.406.121.647	337.590.213
a) Costs of raw materials and consumables	134	1.686.798.259	534.884.484	1.332.537.551	319.820.544
b) Costs of goods sold	135	2.131.110	642.772	14.559.608	902.418
c) Other external costs	136	79.104.517	19.301.287	59.024.488	16.867.251
3 Staff costs (ADP 138 to 140)	137	187.257.448	47.546.754	177.294.841	41.245.826
a) Net salaries and wages	138	118.086.491	30.143.419	111.974.412	26.124.424
b) Tax and contributions from salary costs	139	41.894.237	10.486.280	40.502.816	9.396.665
c) Contributions on salaries	140	27.276.720	6.917.055	24.817.613	5.724.737
4 Depreciation	141	89.477.703	23.810.800	98.856.157	22.535.394
5 Other costs	142	193.020.320	52.028.043	186.158.145	58.537.499
6 Value adjustments (ADP 144+145)	143	22.528.318	21.657.327	11.081.027	10.893.046
a) fixed assets other than financial assets	144	2.482.317	1.899.178	2.130.597	2.068.509
b) current assets other than financial assets	145	20.046.001	19.758.149	8.950.430	8.824.537
7 Provisions (ADP 147 to 152)	146	7.184.675	7.184.675	4.434.311	-1.313.689
a) Provisions for pensions, termination benefits and similar obligations	147	7.140.994	7.140.994	975.469	-4.772.531
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	244.281	244.281
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	43.681	43.681	3.214.561	3.214.561
8 Other operating expenses	153	0	0	0	0
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>16.014.406</b>	<b>955.224</b>	<b>3.160.947</b>	<b>380.278</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	521	521
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	14.795	3.808	18.007	0
6 Income from other long-term financial investments and loans	160	2.690	2.690	0	0
7 Other interest income	161	61.461	33.222	459.705	111.564
8 Exchange rate differences and other financial income	162	15.391.787	905.564	2.042.099	177.108
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	27.364	9.940	288.071	91.085
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>75.873.911</b>	<b>25.758.680</b>	<b>29.359.606</b>	<b>10.824.119</b>
1 Interest expenses and similar expenses with undertakings within the group	166	300.000	78.394	108.616	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	33.090	23.562	2.672	0
3 Interest expenses and similar expenses	168	64.038.349	21.792.653	20.697.394	5.024.668
4 Exchange rate differences and other expenses	169	9.301.185	1.663.360	3.798.639	1.071.212
5 Unrealised losses (expenses) from financial assets	170	2.200.711	2.200.711	4.728.239	4.728.239
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	576	0	24.046	0
<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>1.877.375.402</b>	<b>610.174.603</b>	<b>2.134.412.396</b>	<b>494.009.518</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>2.348.171.692</b>	<b>740.100.795</b>	<b>1.980.284.422</b>	<b>464.029.341</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>-470.796.290</b>	<b>-129.926.192</b>	<b>154.127.974</b>	<b>29.980.177</b>
1 Pre-tax profit (ADP 177-178)	180	0	0	154.127.974	29.980.177

2 Pre-tax loss (ADP 178-177)	181	-470.796.290	-129.926.192	0	0
<b>XII INCOME TAX</b>	182	0	0	0	0
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	183	-470.796.290	-129.926.192	154.127.974	29.980.177
1 Profit for the period (ADP 179-182)	184	0	0	154.127.974	29.980.177
2 Loss for the period (ADP 182-179)	185	-470.796.290	-129.926.192	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>	186	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>	189	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>	192	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>	195	0	0	0	0
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	196	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>	199	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>	202	-470.796.290	-129.926.192	154.127.974	29.980.177
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	203	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>	212	0	0	0	0
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	213	0	0	0	0
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	214	-470.796.290	-129.926.192	154.127.974	29.980.177
<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>	215	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 31.12.2019.

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	-470.796.000	154.127.974	
2 Adjustments (ADP 003 to 010):	002	172.735.000	132.424.739	
a) Depreciation	003	89.478.000	98.856.157	
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	2.211.000	1.944.171	
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	2.201.000	4.783.583	
d) Interest and dividend income	006	-61.000	-812.770	
e) Interest expenses	007	64.338.000	20.806.010	
f) Provisions	008	-267.000	1.633.061	
g) Exchange rate differences (unrealised)	009	-6.073.000	-1.741.205	
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	20.908.000	6.955.732	
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>-298.061.000</b>	<b>286.552.713</b>	
3 Changes in the working capital (ADP 013 to 016)	012	482.078.780	-118.829.429	
a) Increase or decrease in short-term liabilities	013	522.977.780	-187.486.160	
b) Increase or decrease in short-term receivables	014	-11.751.000	5.926.640	
c) Increase or decrease in inventories	015	-29.148.000	62.730.091	
d) Other increase or decrease in working capital	016	0	0	
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>184.017.780</b>	<b>167.723.284</b>	
4 Interest paid	018	-63.674.000	-16.804.577	
5 Income tax paid	019	0	0	
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>120.343.780</b>	<b>150.918.707</b>	
<b>Cash flow from investment activities</b>				
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	1.655.006	
2 Cash receipts from sales of financial instruments	022	0	0	
3 Interest received	023	70.000	459.705	
4 Dividends received	024	0	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>70.000</b>	<b>2.467.255</b>	
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-114.092.000	-24.781.207	
2 Cash payments for the acquisition of financial instruments	029	0	0	
3 Cash payments for loans and deposits for the period	030	0	-400.000	
4 Acquisition of a subsidiary, net of cash acquired	031	0	-200.000	
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>-114.092.000</b>	<b>-25.381.207</b>	
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-114.022.000</b>	<b>-22.913.952</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	450.000.000	0	
3 Cash receipts from credit principals, loans and other borrowings	037	104.000	0	
4 Other cash receipts from financing activities	038	0	288.070	
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>450.104.000</b>	<b>288.070</b>	
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	0	-33.353.832	
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	-103.920.000	0	
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-103.920.000</b>	<b>-33.353.832</b>	
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>346.184.000</b>	<b>-33.065.762</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>352.505.780</b>	<b>94.938.993</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>384.643.058</b>	<b>479.582.051</b>	

**STATEMENT OF CHANGES IN EQUITY**  
for the period from **1.1.2019** to **31.12.2019**

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 + 7 + 8 to 16)	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	11.600	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	11.600	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	0	0	0	0		
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	-470.796.290	-470.796.290	0	-470.796.290		
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	0	-470.796.290	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>																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	0	0	0	0	-470.796.290	-470.796.290	0	-470.796.290		
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	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	0	-470.796.290	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	0	-470.796.290	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	0	0	0	0		
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	154.127.974	154.127.974	0	154.127.974		
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	0	0	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	-317.273.021	470.796.290	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	154.127.974	386.777.883	0	386.777.883		
<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>																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	0	0	0	0	0	0	154.127.974	154.127.974	0	154.127.974		
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	-153.873.269	0	0	0	0	0	0	0	0	0	0	-317.273.021	470.796.290	-350.000	-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 Jan 2019 – 31 Dec 2019

Separate, unconsolidated financial statements have been prepared based on consistent presentation and classification.

The main accounting policies applied in the preparation of unconsolidated (separate) financial statements are IAS 34 and the Accounting Policies of Petrokemija PLC. These policies have been consistently applied to all periods presented (the 2019 Financial Statements and the quarterly financial statements) unless stated otherwise.

In 2019, the Group and the Company adjusted the accounting policy for the treatment of charges on greenhouse gas emissions and related items of assets and liabilities by adopting the principle of gross presentation.

The stated change of the accounting policy had no effects on the net result, net assets, the statement of cash flows and the statement on changes in equity for the previous period.

The Management Board approved the latest version of Petrokemija's accounting policies in January 2020 (effective as of 31 December 2019). The policies were updated to reflect the new IFRS 16 Leases, and a new accounting policy for the treatment of the right-of-use assets and lease agreements now applies.

The Financial Statements of Petrokemija PLC present in detail significant business events as of 31 December 2019.

The 2018 annual and quarterly financial statements, as well as the Financial Statements as of 31 December 2019 are available at [www.petrokemija.hr](http://www.petrokemija.hr)



Petrokemija d.d. (ZB: PTKM-R-A; petrokemija.hr) announced its Q1-Q4 / Q4 2019 results today. This report contains unaudited financial statements for the period ending on 31<sup>st</sup> of December 2019 as prepared by the management in accordance with the International Financial Reporting Standards.

## Petrokemija d.d. financial results <sup>(1)</sup> (IFRS)

Q4 2018	Q4 2019	HRK mln	Q1-Q4 2018	Q1-Q4 2019	%
599	483	Sales revenues	1,805	2,107	17
(81)	63	EBITDA <sup>(2)</sup>	(321)	279	n.a.
<b>(61)</b>	<b>78</b>	<b>EBITDA excl. special items <sup>(3)</sup></b>	<b>(209)</b>	<b>348</b>	<b>n.a.</b>
(105)	40	Profit/(loss) from operations	(411)	180	n.a.
<b>(85)</b>	<b>55</b>	<b>Operating profit excl. special items <sup>(3)</sup></b>	<b>(299)</b>	<b>249</b>	<b>n.a.</b>
(25)	(10)	Net result from financial activities	(60)	(26)	(56)
(130)	30	Net profit/loss	(471)	154	n.a.
<b>(110)</b>	<b>45</b>	<b>Net profit/loss for the period excl. special items <sup>(3)</sup></b>	<b>(359)</b>	<b>223</b>	<b>n.a.</b>
<b>(74)</b>	<b>69</b>	<b>Simplified Free Cash Flow <sup>(4)</sup></b>	<b>(327)</b>	<b>325</b>	<b>n.a.</b>
528	397	Net debt <sup>(5)</sup>	528	397	(25)
69	51	Net gearing (%) <sup>(6)</sup>	69	51	(27)
<b>13</b>	<b>9</b>	<b>CAPEX</b>	<b>117</b>	<b>23</b>	<b>(80)</b>

  

Q4 2018	Q4 2019	EUR mln <sup>(7)</sup>	Q1-Q4 2018	Q1-Q4 2019	%
81	65	Sales revenues	243	284	17
(11)	8	EBITDA <sup>(2)</sup>	(43)	38	n.a.
<b>(8)</b>	<b>10</b>	<b>EBITDA excl. special items <sup>(3)</sup></b>	<b>(28)</b>	<b>47</b>	<b>n.a.</b>
(14)	5	Profit/(loss) from operations	(55)	24	n.a.
<b>(11)</b>	<b>7</b>	<b>Operating profit excl. special items <sup>(3)</sup></b>	<b>(40)</b>	<b>34</b>	<b>n.a.</b>
(3)	(1)	Net financial result	(8)	(4)	(56)
(18)	4	Net profit/loss	(63)	21	n.a.
<b>(15)</b>	<b>6</b>	<b>Net profit/loss for the period excl. special items <sup>(3)</sup></b>	<b>(48)</b>	<b>30</b>	<b>n.a.</b>
<b>(10)</b>	<b>9</b>	<b>Simplified Free Cash Flow <sup>(4)</sup></b>	<b>(44)</b>	<b>44</b>	<b>n.a.</b>
71	53	Net debt <sup>(5)</sup>	71	53	(25)
69	51	Net gearing (%) <sup>(6)</sup>	69	51	(27)
<b>2</b>	<b>1</b>	<b>CAPEX</b>	<b>16</b>	<b>3</b>	<b>(80)</b>

<sup>(1)</sup> During 2019 Petrokemija d.d. adjusted its accounting policy for the treatment of the fee for greenhouse gas emission and related items of assets and liabilities adopting the gross principle. This change in accounting policy had no effect on the net result, net assets or the cash flow statement and statement of changes in the equity for the previous period; restatement of comparable previous periods was made – see on page 6

<sup>(2)</sup> EBITDA = EBIT + Depreciation and amortization

<sup>(3)</sup> In Q1-Q4 2019 EBITDA, Operating and net profit were negatively impacted by HRK 66 mln of special items related to severance payments and HRK 2 mln value adjustment of liabilities for CO2 emission charges, in Q1-Q4 2018 EBITDA, Operating and net loss was negatively impacted by HRK 112 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-Q4 2018 – 7.41 HRK/EUR; Q1-Q4 2019 – 7.41 HRK/EUR; as at December 31<sup>st</sup>, 2018 – 7.42 HRK/EUR; as at December 31<sup>st</sup>, 2019 – 7.44 HRK/EUR

Petrokemija d.d. increased its sales revenues in 2019 by 17% to HRK 2,107 mln, mainly driven by significantly higher sales on domestic and regional market. EBITDA excluding special items increased to HRK 348 million due to higher production, higher sales volumes on more profitable markets and lower gas prices in European markets.

CAPEX amounted to HRK 23 million, which is lower compared to 2018 as two-year overhaul was performed in 2018. Net debt significantly decreased and amounted to HRK 397 million at the end of 2019 with the gearing rate at 51%, as a result of financial result in 2019.



## Management discussion

### Production and sales

Q4 2018	Q4 2019	Fertilizers production (kt)	Q1-Q4 2018	Q1-Q4 2019	%
316	301	Fertilizers	1,034	1,135	10
Q4 2018	Q4 2019	Fertilizers sales (kt)	Q1-Q4 2018	Q1-Q4 2019	%
101	76	Domestic market	292	340	16
227	194	Export	737	788	7
<b>328</b>	<b>270</b>	<b>Total fertilizers sales (kt)</b>	<b>1,029</b>	<b>1,128</b>	<b>10</b>

### Main external parameters

Q4 2018	Q4 2019		Q1-Q4 2018	Q1-Q4 2019	%
25.04	13.01	Natural gas price* (EUR/MWh)	23.01	14.75	(36)
24.63	24.93	CO2 European Emission Allowances-EUA** (EUR/unit)	24.63	24.93	1
6.50	6.72	HRK/USD average	6.28	6.62	5
6.47	6.65	HRK/USD closing	6.47	6.65	3
7.42	7.43	HRK/EUR average	7.41	7.41	0
7.42	7.44	HRK/EUR closing	7.42	7.44	0

\*CEGH market data – period average  
 \*\*EEX market data – period closing

### Performance 2019 vs. 2018

#### KEY DRIVERS

- Plant operated with high utilization of all units, achieving 101 kt higher total production compared to 2018 in which two-year overhaul was performed
- Higher total sales volumes on domestic market (16%) and export markets (7%) 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

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

In 2019 Petrokemija d.d. posted one of the strongest results in its history. We demonstrated our ability to transform into a sales driven company and capture the benefit of low gas prices in European markets delivering net profit in the amount of HRK 154 mln compared to HRK 471 mln net loss realized in the same period last year.

Considering results without special items, net profit for 2019 was HRK 223 mln as opposed to HRK 359 mln net loss in 2018. Special items imply, HRK 2 mln in 2019 and HRK 112 mln in 2018, negative effect of value adjustment of liabilities for CO2 emission charges, together with 2019 HRK 66 mln for severance payments.

Petrokemija d.d. operations in 2019 are 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.

Although we significantly improved our financial position bringing net debt and gearing to its lowest level in recent years, it still requires a lot of effort to be continually prepared for quick adjustments and to be able to successfully manage business in the environment of uncertainty and volatility.



**Petrokemija, d.d. Unconsolidated Statement of Profit or Loss**  
**For the period ended 31 December 2018 and 2019**  
**(HRK millions)**

Q4 2018	Q4 2019	HRK mln	Note	Q1-Q4 2018	Q1-Q4 2019	%
599	483	<b>Sales revenue</b>	1	1,805	2,107	17
2	0	Income from own consumption of products and services		31	3	(92)
8	10	Other operating income		25	21	(15)
<b>609</b>	<b>494</b>	<b>Total operating income</b>		<b>1,861</b>	<b>2,131</b>	<b>14</b>
7	(16)	Inventory change of finished prod. and work in progress		5	67	1,297
535	320	Cost of raw materials and consumables	2	1,687	1,333	(21)
24	23	Depreciation and amortization	5	89	99	10
19	17	Other material costs	2	79	59	(25)
48	41	Staff costs	6	187	177	(5)
1	1	Cost of other goods sold		2	15	583
52	59	Other costs	4	193	186	(4)
22	11	Impairment and charges		23	11	(51)
7	(1)	Provisions for charges and risks	3	7	4	(38)
<b>714</b>	<b>453</b>	<b>Operating expenses</b>		<b>2,272</b>	<b>1,951</b>	<b>(14)</b>
<b>(105)</b>	<b>40</b>	<b>Profit/(Loss) from operations</b>		<b>(411)</b>	<b>180</b>	<b>n.a.</b>
1	0	Finance income		16	3	(80)
26	11	Finance costs		76	29	(61)
<b>(25)</b>	<b>(10)</b>	<b>Net (loss) / profit from financial activities</b>	7	<b>(60)</b>	<b>(26)</b>	<b>(56)</b>
<b>(130)</b>	<b>30</b>	<b>Profit/(Loss) before tax</b>		<b>(471)</b>	<b>154</b>	<b>n.a.</b>
<b>(130)</b>	<b>30</b>	<b>Profit/(Loss) for the year</b>		<b>(471)</b>	<b>154</b>	<b>n.a.</b>



**Petrokemija, d.d. Unconsolidated Statement of Financial Position**  
**At 31 December 2019**  
**(HRK millions)**

HRK mln	Note	31 Dec 2018	31 Dec 2019	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		3	2	(35)
Property, plant and equipment	9	694	613	(12)
Investment in subsidiaries		13	23	70
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>638</b>	<b>(10)</b>
<b>Current assets</b>				
Inventories	10	294	218	(26)
Trade receivables net	11	15	39	161
Other receivables		70	37	(47)
Given loans and deposits		348	343	(1)
Other current assets		27	98	262
Prepaid expenses and accrued income		16	38	0
Cash and cash equivalents		10	39	308
<b>Total current assets</b>		<b>778</b>	<b>812</b>	<b>4</b>
<b>Total assets</b>	8	<b>1,490</b>	<b>1,450</b>	<b>(3)</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)	154	n.a.
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>233</b>	<b>387</b>	<b>66</b>
<b>Non-current liabilities</b>				
Long-term loans		459	182	(60)
Other non-current liabilities		0	0	0
Employee benefits provisions		12	12	1
Other provisions		8	9	19
<b>Total non-current liabilities</b>		<b>479</b>	<b>203</b>	<b>(57)</b>
<b>Current liabilities</b>				
Bank loans and overdrafts		132	383	190
Trade payables	13	309	145	(53)
Taxes and contributions		8	7	(14)
Other current liabilities	14	122	68	(44)
Accruals and deferred income		196	233	19
Employee benefits obligation		11	24	123
<b>Total current liabilities</b>		<b>778</b>	<b>860</b>	<b>11</b>
<b>Total liabilities</b>	12	<b>1,257</b>	<b>1,063</b>	<b>(15)</b>
<b>Total equity and liabilities</b>		<b>1,490</b>	<b>1,450</b>	<b>(3)</b>



**Petrokemija, d.d. Unconsolidated Statement of Cash Flow**  
**For the period ended 31 December 2018 and 2019**  
**(HRK millions)**

HRK mln	Note	Q1-Q4 2018	Q1-Q4 2019	%
<b>Profit for the year</b>		<b>(471)</b>	<b>154</b>	<b>n.a.</b>
<b>Adjustments for:</b>				
Depreciation and amortization		89	99	10
Gain on sale of property, plant, equipment and impairments		4	7	52
Other finance expense/(income) recognized in profit		64	20	(69)
(Decrease)/increase in provisions		(0)	2	n.a.
Foreign exchange loss/(gain)		(6)	(2)	(71)
Other non-cash items		21	7	(67)
<b>Operating cash flow before working capital changes</b>	15	<b>(298)</b>	<b>287</b>	<b>n.a.</b>
<b>Movements in working capital</b>	16	<b>482</b>	<b>(119)</b>	<b>n.a.</b>
Decrease/(increase) in inventories		(29)	63	n.a.
Decrease/(increase) in receivables and prepayments		(12)	6	n.a.
(Decrease)/increase in trade and other payables		523	(187)	n.a.
<b>Cash generated from operations</b>		<b>184</b>	<b>168</b>	<b>(9)</b>
Interest expense (net)		(64)	(17)	(74)
<b>Net cash inflow from operating activities</b>		<b>120</b>	<b>151</b>	<b>25</b>
<b>Cash flows used in investing activities</b>				
Capital expenditures		(114)	(25)	(78)
Interest on loans, net		0	0	0
Investments and loans to third parties, net		0	2	n.a.
<b>Net cash used for investing activities</b>	17	<b>(114)</b>	<b>(23)</b>	<b>(80)</b>
<b>Cash flows from financing activities</b>				
Issuing of own and debt financial instruments		450	0	n.a.
Repayment borrowings, net		0	(33)	n.a.
Other financing activities		(104)	0	0
<b>Net cash used in financing activities</b>		<b>346</b>	<b>(33)</b>	<b>n.a.</b>
Net (decrease)/increase in cash and cash equivalents*		353	95	(73)
At 1 January		32	385	1.097
Effect of foreign exchange rate changes		0	0	0
At the end of period		385	480	25

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



## Financial overview and notes

### STATEMENT OF PROFIT OR LOSS

#### Notes Q1-Q4 2019 RESULTS <sup>(1)</sup>

- 1 **Total sales revenues** in 2019 amounted to HRK 2,107 million and were 17% higher than 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 21% lower than in 2018, at HRK 1,392 million, mainly due to lower natural gas cost.
- 3 **Provisions** in 2019 were recorded in the amount of HRK 4 mln, while in 2018 provisions in the amount of HRK 7 mln were made and refer mainly to remediation and staff cost.
- 4 Other **operating costs** realized in 2019 are 4% below the 2018 level. Among them in 2019 most significant are the cost of severance payments and the cost of CO2 emissions (EUA), while in 2018, the most significant cost is the value adjustment for CO2 emission fees.
- 5 Depreciation in the amount of HRK 99 millions was 10% higher compared to 2018.
- 6 **Staff costs** in the amount HRK 177 million were 5% lower compared to 2018.
- 7 **Net result from financial activities** is negative in 2019 and amounts to HRK 26 million while in Q1-Q4 2018 it was negative by HRK 60 million.
- Net foreign exchange loss was HRK 2 million in 2019 while in 2018 net foreign exchange gain was HRK 6 million.
  - Net interest payable amounted to HRK 20 million in 2019 while in 2018 net interest payable amounted to HRK 64 million.
  - Other financial items in 2019 was negatively impacted by HRK 4 million, while 2018 was negatively impacted by HRK 2 million.

### STATEMENT OF FINANCIAL POSITION

#### Notes

- 8 As at 31<sup>st</sup> December 2019 Petrokemija d.d. **total assets** amounted to HRK 1,450 million, 3% lower compared to 31<sup>st</sup> December 2018.
- 9 In the period ended 31<sup>st</sup> December 2019, Petrokemija invested HRK 23 million in **property, plant and equipment**. The effect of depreciation reduced net book value of property, plant and equipment to amount of HRK 613 million.
- 10 **Inventories** amounted to HRK 218 million, and have decreased by 26% compared to 31<sup>st</sup> December 2018 mainly as a result of higher finished product sales compared to production.
- 11 **Trade receivables** increased to HRK 39 million.
- 12 As at 31<sup>st</sup> December 2019, **total liabilities** amounted to HRK 1,063 million which is 15% or HRK 193 million lower compared to 31<sup>st</sup> December 2018. Petrokemija **net debt** <sup>(2)</sup> decreased by 25% compared to 31<sup>st</sup> December 2018 and amounted to HRK 397 million. **Gearing ratio** decreased from 69% as at 31<sup>st</sup> December 2018, to 51% as at 31<sup>st</sup> December 2018.
- 13 **Trade payables** decreased by 53% to HRK 145 million, as a result of lower liabilities for raw materials and consumables.
- 14 **Other current liabilities** decreased by 44% to HRK 68 million, out of which liabilities for advance payments decreased from HRK 105 mln to HRK 57 mln.

### CASH FLOW

#### Notes

- 15 The **operating cash-flow before changes in working capital** amounted to HRK 287 million in 2019 representing an increase of HRK 585 million compared to 2018, which is in line with the change in EBITDA performance compared to the previous year.
- 16 **Changes in working capital** affected the operating cash flow negatively by HRK 119 million in 2019, due to:
- decrease value of inventories by HRK 63 million mainly related to higher sales than production and consequently lower inventories of finished products
  - decrease in receivables by HRK 6 million
  - decrease in trade and other payables by HRK 187 million as a result of lower liabilities for raw materials and consumables.
- 17 **Net outflows from investing activities** amounted to HRK 23 million, which is lower compared to 2018 as two-year overhaul was performed in 2018.

#### Restatement

<sup>(1)</sup> During 2019, Petrokemija adjusted its accounting policy for the treatment of greenhouse gas emission allowances and related items of assets and liabilities, adopting the gross presentation principle. According to the new policy and a gross basis presentation, obligation to buy emission allowances are reported separately from the amount of purchased allowances that are on standby at the reporting date, which is shown as short-term assets. Furthermore, changes in the unit prices of emission units are recorded in the Profit and Loss account within operating costs while previously shown within the financial costs.

The specified change in accounting policy resulted in a correction of the previous year 2018 in the form of reclassification of amount of HRK 112 million from financial costs in the operating costs and simultaneous recognition of short-term assets related to purchased emission allowances in the amount of HRK 16 million and increase of short-term liability for the purchase of emission units in the same amount. On 31 December 2019, Petrokemija has recognized a total of HRK 38 million of assets on the basis of purchased allowances within prepaid expenses and accrued income. Comparative amounts for the Profit and Loss account the fourth quarter of 2018 have also been restated to the amount of HRK 20 million reclassified from financial to operating costs. This change in accounting policy had no effect on the net result, the net assets, nor the cash flow statement and statement of changes in equity for the previous period.

<sup>(2)</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 2019 EBITDA, Operating and net profit were negatively impacted by HRK 66 mln of special items related to severance payments and by HRK 2 mln value adjustment of liabilities for CO2 emission charges, in 2018 EBITDA, Operating and net loss was negatively impacted by HRK 112 mln value adjustment of liabilities for CO2 emission charges.

## Financial instruments and risks

Risks are described in detail in audited Petrokemija d.d. Financial Statements for the year ended on 31<sup>st</sup> of December 2018.

As of 31<sup>st</sup> December 2019 Petrokemija, had credit debt of HRK 564 million, out of which HRK 383 million is related to short-term debt and HRK 181 million relates to long-term debt, HRK 125 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 was 3.56% per annum.

## Management representation

Petrokemija financial statements for 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<sup>st</sup> of 2019. Mr. Željko Marić, has been appointed member of the management board in charge of production and operations as of February 1<sup>st</sup>, 2019.

Mr. Goran Pleše's mandate as MB member ceased on December 31<sup>st</sup> of 2019. Mr. Juraj Kojundžić, has been appointed member of the management board in charge of finance as of January 1<sup>st</sup>, 2020.

Management Board:

<b>Davor Žmegač</b>	<b>President</b>
<b>Juraj Kojundžić</b>	<b>Member</b>
<b>Željko Marić</b>	<b>Member</b>
<b>Peter Suba</b>	<b>Member</b>