

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

1.1.2020

to

30.6.2020

Year:

2020

Quarter:

2

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

1462

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

PETROKEMIJA d.o.o.

NOVI SAD

08754608

LUKA ŠIBENIK d.o.o.

ŠIBENIK

03037525

TVORNICA PALETA KUTINA d.o.o.

KUTINA

05171024

TVORNICA GLINE KUTINA d.o.o.

KUTINA

05171032

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 30. 6. 2020

in HRK

Submitter: GROUP PETROKEMIJA			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	627.407.653	598.865.200
I INTANGIBLE ASSETS (ADP 004 to 009)	003	2.181.727	1.783.562
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	2.181.727	1.355.131
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	428.431
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	625.065.962	596.888.908
1 Land	011	44.545.623	44.545.623
2 Buildings	012	181.653.025	172.803.072
3 Plant and equipment	013	360.151.184	338.711.371
4 Tools, working inventory and transportation assets	014	13.647.075	11.966.752
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	4.279.293	231.300
7 Tangible assets in preparation	017	16.349.237	24.489.567
8 Other tangible assets	018	4.440.525	4.141.223
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	10.226	10.226
1 Investments in holdings (shares) of undertakings within the group	021	0	0
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
IV RECEIVABLES (ADP 032 to 035)	031	0	31.041
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	31.041
V DEFERRED TAX ASSETS	036	149.738	151.463
C) CURRENT ASSETS (ADP 038+046+053+063)	037	785.120.583	713.263.471
I INVENTORIES (ADP 039 to 045)	038	225.578.589	211.678.124
1 Raw materials and consumables	039	116.414.499	120.286.068
2 Work in progress	040	27.059.389	9.733.359
3 Finished goods	041	76.367.692	72.825.926
4 Merchandise	042	3.458.463	3.240.513
5 Advances for inventories	043	2.278.546	5.592.258
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0

II RECEIVABLES (ADP 047 to 052)	046	76.678.885	32.946.847
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	40.395.333	17.365.267
4 Receivables from employees and members of the undertaking	050	7.192	5.155
5 Receivables from government and other institutions	051	34.416.945	14.821.411
6 Other receivables	052	1.859.415	755.014
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	440.808.628	293.064.428
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	0
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	343.133.318	253.020.000
9 Other financial assets	062	97.675.310	40.044.428
IV CASH AT BANK AND IN HAND	063	42.054.481	175.574.072
D) PREPAID EXPENSES AND ACCRUED INCOME	064	37.946.499	53.764.144
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.450.474.735	1.365.892.815
OFF-BALANCE SHEET ITEMS	066	972.746.484	958.565.814
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	370.878.510	607.347.220
I INITIAL (SUBSCRIBED) CAPITAL	068	550.287.010	550.287.010
II CAPITAL RESERVES	069	-350.000	-350.000
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	111.920	-14.080
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	126.000	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
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
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	-320.984.560	-179.972.680
1 Retained profit	082	0	0
2 Loss brought forward	083	320.984.560	179.972.680
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	140.534.613	236.600.797
1 Profit for the business year	085	140.534.613	236.600.797
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	1.279.527	796.173
B) PROVISIONS (ADP 089 to 094)	088	22.423.937	22.120.937
1 Provisions for pensions, termination benefits and similar obligations	089	12.605.314	12.324.314
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	898.212	888.212
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	8.920.411	8.908.411

C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	182.578.799	184.069.859
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	74.400.799	74.400.799
6 Liabilities to banks and other financial institutions	101	106.825.366	108.490.555
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	1.352.634	1.178.505
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	641.505.788	351.345.448
1 Liabilities to undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	364.478.979	131.531.776
6 Liabilities to banks and other financial institutions	113	19.296.832	7.402.923
7 Liabilities for advance payments	114	57.062.734	88.871.957
8 Liabilities to suppliers	115	145.389.920	73.442.209
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	25.492.982	22.166.347
11 Taxes, contributions and similar liabilities	118	21.142.824	19.655.301
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	12.132
14 Other short-term liabilities	121	8.641.517	8.262.803
E) ACCRUALS AND DEFERRED INCOME	122	233.087.701	201.009.351
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	1.450.474.735	1.365.892.815
G) OFF-BALANCE SHEET ITEMS	124	972.746.484	958.565.814

STATEMENT OF PROFIT OR LOSS
for the period 1. 1. 2020 to 30. 6. 2020

in HRK

Submitter: GROUP PETROKEMIJA

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	1.137.596.755	480.844.994	967.132.939	403.912.921
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	1.126.179.448	477.864.979	961.899.959	399.450.989
3 Income from the use of own products, goods and services	128	1.187.613	291.573	1.620.905	1.393.427
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	10.229.694	2.688.442	3.612.075	3.068.505
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	1.099.225.346	469.173.609	720.039.046	310.915.286
1 Changes in inventories of work in progress and finished goods	132	37.767.172	19.585.906	20.867.797	-16.004.307
2 Material costs (ADP 134 to 136)	133	792.960.913	316.307.258	512.237.263	214.413.397
a) Costs of raw materials and consumables	134	758.945.434	299.528.061	487.402.219	197.105.112
b) Costs of goods sold	135	5.697.300	1.796.051	1.036.667	474.882
c) Other external costs	136	28.318.179	14.983.146	23.798.377	16.833.403
3 Staff costs (ADP 138 to 140)	137	99.567.489	50.551.301	87.806.385	45.020.769
a) Net salaries and wages	138	63.156.457	32.016.596	55.857.430	28.561.761
b) Tax and contributions from salary costs	139	22.466.070	11.457.816	19.951.926	10.331.985
c) Contributions on salaries	140	13.944.962	7.076.889	11.997.029	6.127.023
4 Depreciation	141	53.504.714	26.633.123	44.723.731	22.121.650
5 Other costs	142	108.732.324	106.183.922	54.363.593	45.351.620
6 Value adjustments (ADP 144+145)	143	50.234	50.093	9.911	9.886
a) fixed assets other than financial assets	144	50.218	50.079	533	509
b) current assets other than financial assets	145	16	14	9.378	9.377
7 Provisions (ADP 147 to 152)	146	6.642.500	-50.137.994	0	0
a) Provisions for pensions, termination benefits and similar	147	6.642.500	-50.137.994	0	0
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	30.366	2.271
III FINANCIAL INCOME (ADP 155 to 164)	154	1.861.624	1.055.092	2.470.101	550.654
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	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	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	263.627	239.500	236.005	164.427
8 Exchange rate differences and other financial income	162	1.515.624	756.597	1.954.964	186.763
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	82.373	58.995	279.132	199.464
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	12.858.281	5.536.949	12.963.198	4.206.958
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	10.536.330	5.112.565	9.285.454	4.418.456
4 Exchange rate differences and other expenses	169	2.317.295	423.953	3.281.914	-209.498
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	4.656	431	395.830	-2.000
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	1.139.458.379	481.900.086	969.603.040	404.463.575
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	1.112.083.627	474.710.558	733.002.244	315.122.244
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	27.374.752	7.189.528	236.600.796	89.341.331

1 Pre-tax profit (ADP 177-178)	180	27.374.752	7.189.528	236.600.796	89.341.331
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	27.374.752	7.189.528	236.600.796	89.341.331
1 Profit for the period (ADP 179-182)	184	27.374.752	7.189.528	236.600.796	89.341.331
2 Loss for the period (ADP 182-179)	185	0	0	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	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
XV INCOME TAX OF DISCONTINUED OPERATIONS	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
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	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
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	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
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	27.374.752	7.189.528	236.600.797	89.341.332
1 Attributable to owners of the parent	200	27.693.804	7.289.533	237.084.151	89.198.401
2 Attributable to minority (non-controlling) interest	201	-319.052	-100.005	-483.354	142.931
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	27.374.752	7.189.528	236.600.797	89.341.332
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	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
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0	0	0
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	27.374.752	7.189.528	236.600.797	89.341.332
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	27.374.752	7.189.528	236.600.797	89.341.332
1 Attributable to owners of the parent	216	27.693.804	7.289.533	237.084.151	89.198.401
2 Attributable to minority (non-controlling) interest	217	-319.052	-100.005	-483.354	142.931

STATEMENT OF CASH FLOWS - indirect method
for the period 1. 1. 2020 to 30. 6. 2020

in HRK

Submitter: GROUP PETROKEMJA			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	27.374.752	236.600.797
2 Adjustments (ADP 003 to 010):	002	64.031.261	52.143.229
a) Depreciation	003	53.504.714	44.723.731
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	71.946	0
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	-263.627	-236.006
e) Interest expenses	007	10.536.330	9.285.454
f) Provisions	008	-619.772	-303.000
g) Exchange rate differences (unrealised)	009	801.670	-1.326.950
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	91.406.013	288.744.026
3 Changes in the working capital (ADP 013 to 016)	012	-46.568.163	-26.595.099
a) Increase or decrease in short-term liabilities	013	-136.583.188	-67.390.210
b) Increase or decrease in short-term receivables	014	35.105.641	26.894.646
c) Increase or decrease in inventories	015	54.909.384	13.900.465
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	44.837.850	262.148.927
4 Interest paid	018	-4.380.707	-16.038.665
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	40.457.143	246.110.262
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	403.698
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	259.987	541.882
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	259.987	945.580
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-13.771.774	-16.148.512
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
IV Total cash payments from investment activities (ADP 028 to 032)	033	-13.771.774	-16.148.512
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-13.511.787	-15.202.932
Cash flow from financing activities			
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	0	0
4 Other cash receipts from financing activities	038	0	279.132
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	279.132
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-20.179.766	-245.015.241
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	-395.830
VI Total cash payments from financing activities (ADP 040 to 044)	045	-20.179.766	-245.411.071
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-20.179.766	-245.131.939
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	6.765.590	-14.224.609
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	386.006.808	482.863.109
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	392.772.398	468.638.500

NOTES TO THE FINANCIAL STATEMENTS – TFI
(prepared for quarterly reporting periods)

Name of issuer: PETROKEMIJA PLC

Tax Number (OIB – Personal Identification Number issued by the Croatian Tax Administration):
24503685008

Reporting period: 1 January 2020 – 30 June 2020

The accounting policies applied in the preparation of consolidated financial statements of Petrokemija Group for the period January-June 2020 are consistent with the accounting policies applied in the preparation of the 2019 audited annual financial statements.

The consolidated financial statements have been prepared based on consistent presentation and classification. When the presentation and classification of items in the consolidated financial statements are changed, comparative amounts are reclassified, unless reclassification is not feasible. Reclassification of financial expenses into operating expenses in the amount of HRK 8 million was carried out for comparable periods in 2019.

The financial statement of Petrokemija Group for the 1st half of the year and the interim report for Q2 2020 present in detail significant business events as of 30 June 2020.

The 2019 audited annual financial statements and the half-year Financial Statement for the period January – June 2020 are available at www.petrokemija.hr .



Petrokemija Group (ZB: PTKM-R-A; petrokemija.hr) announced its Q2/H1 2020 results today. This report contains unaudited financial statements for the period ending on 30th of June 2020 as prepared by the management in accordance with the International Financial Reporting Standards.

Petrokemija Group financial results ⁽¹⁾ (IFRS)

Q2 2019	Q2 2020	HRK mln	H1 2019	H1 2020	%
478	399	Sales revenues	1,126	962	(15)
38	115	EBITDA ⁽¹⁾	92	292	217
66	146	EBITDA excl. special items ⁽²⁾	153	306	100
12	93	Profit/(loss) from operations	38	247	543
39	124	Operating profit excl. special items ⁽²⁾	100	261	162
(4)	(4)	Net result from financial activities	(11)	(10)	(5)
7	89	Net profit/loss	27	237	763
34	120	Net profit/loss for the period excl. special items ⁽³⁾	89	250	183
62	133	Simplified Free Cash Flow ⁽⁴⁾	142	287	102
501	166	Net debt ⁽⁵⁾	501	166	(67)
66	22	Net gearing (%) ⁽⁶⁾	66	22	(66)
3	14	CAPEX	11	18	70

Q2 2019	Q2 2020	EUR mln ⁽⁷⁾	H1 2019	H1 2020	%
64	53	Sales revenues	152	127	(16)
5	15	EBITDA ⁽¹⁾	12	39	211
9	19	EBITDA excl. special items ⁽²⁾	21	40	96
2	12	Profit/(loss) from operations	5	33	531
5	16	Operating profit excl. special items ⁽²⁾	13	34	157
(1)	(0)	Net result from financial activities	(1)	(1)	(6)
1	12	Net profit/loss	4	31	746
5	16	Net profit/loss for the period excl. special items ⁽³⁾	12	33	177
8	17	Simplified Free Cash Flow ⁽⁴⁾	19	38	98
68	22	Net debt ⁽⁵⁾	68	22	(67)
66	22	Net gearing (%) ⁽⁶⁾	66	22	(66)
0	2	CAPEX	1	2	67

⁽¹⁾ At the end of 2019 Petrokemija Group 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. According to the new policy and gross reporting principle liabilities for the purchase of allowances are shown separately from the amounts of allowances purchased as of the reporting date. Those liabilities are recorded within current assets. Further, changes in pricing are demonstrated in the Profit and Loss under the operating cost, whereas previously they have been demonstrated in the financial expenses

⁽²⁾ EBITDA = EBIT + Depreciation and amortization

⁽³⁾ In H1 2020 EBITDA, Operating and net profit were negatively impacted by HRK 12 mln of special items related to the value adjustment of liabilities for CO2 emission charges and HRK 2 mln for severance payments, in H1 2019 EBITDA, Operating and net loss were negatively impacted by HRK 8 mln value adjustment of liabilities for CO2 emission charges, HRK 46 mln for severance payments and HRK 7 mln reservations for severance payments

⁽⁴⁾ Simplified free cash flow = EBITDA excluding special items - capital expenditures

⁽⁵⁾ 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

⁽⁶⁾ Net gearing = Net debt / (net debt plus equity)

⁽⁷⁾ In converting HRK figures into EUR, the following average CNB (HNB) rates were used: for Q2 2019 – 7.42 HRK/EUR; Q2 2020 – 7.58 HRK/EUR; as at June 30th, 2019 – 7.39 HRK/EUR; as at June 30th, 2020 – 7.56 HRK/EUR

The COVID 19 pandemic did not have a negative impact on the demand for mineral fertilizers in H1 2020 due to the expected inelasticity of food consumption and agricultural production. The production of mineral fertilizers worked steadily while logistics worked with minor disruptions in the supply chains caused by the COVID 19 crisis.

In the first six months of 2020 Petrokemija Group reduced its sales revenue by 15% to HRK 962 mln, the decrease in revenue was mainly caused by slightly lower prices of mineral fertilizers which are a consequence of the significantly lower price of natural gas on the European market.

EBITDA excluding special items amounted to HRK 306 mln, compared to the H1 2019 it increased significantly due to stable production, continuous sales and low natural gas price. Net debt significantly decreased compared to H1 2019 and amounts to HRK 166 mln with the gearing rate at 22%.



Management discussion

Production and sales

Q2 2019	Q2 2020	Fertilizers production (kt)	H1 2019	H1 2020	%
259	260	Fertilizers	573	572	(0)
Q2 2019	Q2 2020	Fertilizers sales (kt)	H1 2019	H1 2020	%
64	83	Domestic market	213	214	1
185	154	Export	367	344	(6)
249	237	Total fertilizers sales (kt)	580	558	(4)

Main external parameters

Q2 2019	Q2 2020		H1 2019	H1 2020	%
15,67	6,66	Natural gas price* (EUR/MWh)	17,47	8,65	(51)
26,24	26,90	CO2 European Emission Allowances-EUA** (EUR/unit)	26,24	26,90	3
6,60	6,89	HRK/USD average	6,57	6,72	2
6,50	6,71	HRK/USD closing	6,50	6,71	3
7,42	7,58	HRK/EUR average	7,42	7,56	2
7,39	7,56	HRK/EUR closing	7,39	7,56	2

*CEGH market data – period average

** EEX market data – period closing

Performance 2020 vs. 2019

KEY DRIVERS

- Plant operated with high utilization of all units, achieving total production on the level of H1 2019
- Domestic sales volumes on the H1 2019 level, while slightly lower sales (4%) on export markets
- Significantly lower natural gas price as a result of lower gas prices in European markets
- Slight price increase of CO2 Emissions allowances (EUA)

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

In H1 2020 Petrokemija Group achieved net profit in the amount of HRK 237 mln compared to HRK 27 mln net profit in the same period last year. Considering the result without special items, net profit for H1 2020 amounted to HRK 250 mln as opposed to HRK 89 mln net profit in H1 2019. Special items imply HRK 12 mln negative effect of value adjustment of liabilities for CO2 emission charges and HRK 2 mln for severance payments. In H1 2019 special items were HRK 8 mln value adjustment of liabilities for CO2 emission charges and HRK 46 mln for severance payments and HRK 7 mln provisions for severance payments.

The COVID 19 pandemic did not have a negative impact on the demand for mineral fertilizers, which combined with Company's ability to maintain continues production resulted in high volume of production and sales in H1 2020. The performance of Petrokemija Group in H1 2020 was also positively impacted by significantly lower natural gas price and implemented efficiency measures in previous periods.

The management closely monitors the development of the COVID 19 situation and implements relevant recommendations of the Croatian National Institute of Public Health for maintaining the health and safety of the Company's employees and is also continuously working to assess the impact of the pandemic on the Company's operations. Current structure of the Company's assets and liabilities, as well as current level of organizing and adapting to conducting business in crisis conditions, demonstrates Company's ability to face upcoming challenges.



Petrokemija Group Consolidated Statement of Profit or Loss
For the period ended 30 June 2020 and 2019
(HRK millions)

Q2 2019	Q2 2020	HRK mln	Note	H1 2019	H1 2020	%
478	399	Sales revenue	1	1,126	962	(15)
0	1	Income from own consumption of products and services		1	2	36
3	3	Other operating income		10	4	(65)
481	404	Total operating income		1,138	967	(15)
20	(16)	Inventory change of finished prod. and work in progress		38	21	(45)
300	197	Cost of raw materials and consumables	2	759	487	(36)
27	22	Depreciation and amortization	5	54	45	(16)
15	17	Other material costs	2	28	24	(16)
51	45	Staff costs	6	100	88	(12)
2	0	Cost of other goods sold		6	1	(82)
106	45	Other costs	4	109	54	(50)
0	0	Impairment and charges		0	0	0
(50)	0	Provisions for charges and risks	3	7	0	n.a.
469	311	Operating expenses		1,099	720	(34)
12	93	Profit(Loss) from operations		38	247	543
1	1	Finance income		2	2	33
6	4	Finance costs		13	13	1
(4)	(4)	Net (loss) / profit from financial activities	7	(11)	(10)	(5)
7	89	Profit(Loss) for the year	1	27	237	763



Petrokemija Group Consolidated Statement of Financial Position
At 30 June 2020
(HRK millions)

HRK mln	Note	31 Dec 2019	30 June 2020	%
Assets				
Non-current assets				
Intangible assets		2	2	(18)
Property, plant and equipment	9	625	597	(5)
Investment in subsidiaries		0	0	n.a.
Other investments		0	0	n.a.
Long-term receivables		0	0	n.a.
Deferred tax		0	0	n.a.
Total non-current assets		627	599	(5)
Current assets				
Inventories	10	226	212	(6)
Trade receivables net	11	40	17	(57)
Other receivables		36	16	(57)
Given loans and deposits		343	253	(26)
Other current assets		98	40	(59)
Prepaid expenses and accrued income		38	54	42
Cash and cash equivalents		42	176	317
Total current assets		823	767	(7)
Total assets	8	1.450	1.366	(6)
Equity and liabilities				
Capital and reserves				
Share capital		550	550	0
Capital reserves		(0)	(0)	0
Other reserves		(0)	(0)	0
Retained earnings / (Deficit)		(321)	(180)	(44)
Current earnings / (Deficit)		141	237	68
Non-controlling interests		1	1	n.a.
Total equity		371	607	64
Non-current liabilities				
Long-term loans		183	184	1
Other non-current liabilities		0	0	n.a.
Employee benefits provisions		13	12	(2)
Other provisions		10	10	(0)
Total non-current liabilities		205	206	1
Current liabilities				
Bank loans and overdrafts		384	139	(64)
Trade payables	13	145	73	(49)
Taxes and contributions		21	20	(7)
Other current liabilities	14	66	97	48
Accruals and deferred income		233	201	(14)
Employee benefits obligation		25	22	(13)
Total current liabilities		875	552	(37)
Total liabilities	12	1.080	759	(30)
Total equity and liabilities		1.450	1.366	(6)



Petrokemija Group Consolidated Statement of Cash Flow
For the period ended 30 June 2019 and 2020
(HRK millions)

HRK mln	Note	H1 2019	H1 2020	%
Profit for the year		27	237	764
Adjustments for:				
Depreciation and amortization		54	45	(16)
Gain on sale of property, plant, equipment and impairment		0	0	n.a.
Other finance expense/(income) recognized in profit		10	9	(12)
(Decrease)/increase in provisions		(1)	(0)	n.a.
Foreign exchange loss/(gain)		1	(1)	n.a.
Other non-cash items		0	0	n.a.
Operating cash flow before working capital changes	15	91	289	216
Movements in working capital	16	(47)	(27)	(43)
Decrease/(increase) in inventories		55	14	(75)
Decrease/(increase) in receivables and prepayments		35	27	(23)
(Decrease)/increase in trade and other payables		(137)	(67)	(51)
Cash generated from operations		45	262	485
Interest expense (net)		(4)	(16)	266
Net cash inflow from operating activities		40	246	508
Cash flows used in investing activities				
Capital expenditures, exploration and development costs		(14)	(16)	17
Interest on loans, net		0	1	0
Investments and loans to third parties, net		0	0	n.a.
Net cash used for investing activities	17	(14)	(15)	13
Cash flows from financing activities				
Issuing of own and debt financial instruments		0	0	n.a.
Repayment borrowings, net		(20)	(245)	1.114
Other financing activities		0	(0)	0
Net cash used in financing activities		(20)	(245)	1.115
Net (decrease)/increase in cash and cash equivalents		7	(14)	n.a.
At 1 January		386	483	25
Effect of foreign exchange rate changes		0	0	0
At the end of period		393	469	19

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



Financial overview and notes

STATEMENT OF PROFIT OR LOSS

Notes

Q2 2020 RESULTS ⁽¹⁾

- 1 **Total sales revenues** in H1 2020 amounted to HRK 962 million and were 15% lower compared to H1 2019, triggered mainly due to lower sales prices.
- 2 **Costs of raw materials, consumables and other material costs** were 35% lower than in H1 2019, at HRK 511 million, mainly due to lower cost of natural gas, mono ammonium and diammonium phosphate.
- 3 There were no **provisions** in H1 2020, while in H1 2019 provisions for severance payments amounted to HRK 7 million.
- 4 Other **operating costs** realized in H1 2020 are under the level of H1 2019, mainly because of lower cost for severance payments and lower cost for business travel.
- 5 **Depreciation** in the amount of HRK 45 million was 16 lower compared to H1 2019.
- 6 **Staff costs** in the amount HRK 88 million were 12% lower compared to H1 2019.
- 7 **Net result from financial activities** is negative in H1 2020 and amounts to HRK 10 million
 - Net foreign exchange loss was HRK 1 million in H1 2020 same as in H1 2019.
 - Net interest payable amounted to HRK 9 million in H1 2020, while net interest payable in H1 2019 amounted HRK 10 mln.

STATEMENT OF FINANCIAL POSITION

Notes

- 8 As at 30th June 2020 Petrokemija Group **total assets** amounted to HRK 1,366 million, 6% lower compared to 31st December 2019.
- 9 In the period ended 30th June 2020, Petrokemija invested HRK 18 million in **property, plant and equipment**. The effect of depreciation reduced net book value of property, plant and equipment to amount of HRK 597 million.
- 10 **Inventories** amounted to HRK 212 million, and have decreased by 6% compared to 31st December 2019.
- 11 **Trade receivables** decreased to HRK 17 million.
- 12 As at 30th June 2020, **total liabilities** amounted to HRK 759 million which is 30% or HRK 321 million lower compared to 31st December 2019. Petrokemija **net debt** ⁽²⁾ decreased by 58% compared to 31st December 2019 and amounted to HRK 166 million. **Gearing ratio** decreased from 52% as at 31st December 2019, to 22% as at 30th June 2020.
- 13 **Trade payables** decreased by 49% to HRK 73 million, as a result of lower liabilities for raw materials and consumables.
- 14 **Other current liabilities** increased by 48% to HRK 97 million, out of which liabilities for advance payments increased from HRK 57 million to HRK 89 million.

CASH FLOW

Notes

- 15 The **operating cash-flow before changes in working capital** amounted to HRK 289 million in H1 2020 representing an increase of HRK 197 million compared to H1 2019, 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 27 million in H1 2020, due to:
 - decrease value of inventories by HRK 14 million
 - decrease in receivables by HRK 27 million
 - decrease in trade and other payables by HRK 67 million as a result of lower liabilities for raw materials and consumables
- 17 **Net outflows from investing activities** amounted to HRK 15 million, which is lower compared to H1 2019.

Restatement

⁽¹⁾ At the end of 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.

⁽²⁾ Petrokemija adjusted in 2019 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 Group performs impairment testing at the end of each reporting period if impairment indicators are assessed to be significant.

In H1 2020 EBITDA, Operating and net profit were negatively impacted by HRK 12 mln of special items related to the value adjustment of liabilities for CO2 emission charges and HRK 2 mln for severance payments, in H1 2019 EBITDA, Operating and net loss were negatively impacted by HRK 8 mln value adjustment of liabilities for CO2 emission charges, HRK 46 mln for severance payments and HRK 7 mln reservations for severance payments.

Financial instruments and risks

Risks are described in detail in audited Petrokemija Group Financial Statements for the year ended on 31st of December 2019.

As of 30th June 2020 Petrokemija, had credit debt of HRK 322 million, out of which HRK 139 million is related to short-term debt and HRK 183 million relates to long-term debt, HRK 116 million relates to Banks and others, while HRK 206 million relates to debt to gas suppliers (HEP, INA and PPD). Average interest rate during the H1 2020 was 3.48% per annum.

Management representation

Petrokemija financial statements for H1 2020 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. Goran Pleše's mandate as MB member ceased on December 31st of 2019. Mr. Juraj Kojundžić, has been appointed member of the management board in charge of finance as of January 1st, 2020.

Management Board:

Davor Žmegač	President
Juraj Kojundžić	Member
Željko Marić	Member
Peter Suba	Member