

## 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

1307

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: marina.maric@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: 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>	638.140.171	612.187.104
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	2.181.727	1.778.862
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	423.731
6 Other intangible assets	009	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	613.099.115	586.028.460
1 Land	011	43.947.414	43.947.414
2 Buildings	012	173.669.042	165.233.718
3 Plant and equipment	013	361.280.680	340.218.079
4 Tools, working inventory and transportation assets	014	13.563.180	11.898.137
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	15.896.812	24.037.142
8 Other tangible assets	018	462.694	462.670
9 Investment property	019	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	22.859.329	24.348.741
1 Investments in holdings (shares) of undertakings within the group	021	22.849.103	22.845.477
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	1.493.038
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	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
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	0	0
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	773.978.554	700.561.601
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	218.192.981	204.696.870
1 Raw materials and consumables	039	110.725.680	115.789.970
2 Work in progress	040	27.059.389	9.733.359
3 Finished goods	041	74.736.624	70.348.318
4 Merchandise	042	3.458.462	3.240.513
5 Advances for inventories	043	2.212.826	5.584.710
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>75.803.521</b>	<b>31.024.863</b>
1 Receivables from undertakings within the group	047	712.865	715.271
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	38.958.333	14.857.463
4 Receivables from employees and members of the undertaking	050	7.092	5.056
5 Receivables from government and other institutions	051	34.268.337	14.723.936
6 Other receivables	052	1.856.894	723.137
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>441.208.628</b>	<b>293.464.428</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	400.000	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	343.133.318	253.020.000
9 Other financial assets	062	97.675.310	40.044.428
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>38.773.424</b>	<b>171.375.440</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>37.884.926</b>	<b>53.758.621</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>1.450.003.651</b>	<b>1.366.507.326</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>972.746.484</b>	<b>958.565.814</b>
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to 068)</b>	<b>067</b>	<b>373.050.937</b>	<b>611.542.960</b>
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	-14.080	-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	0	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	-317.273.021	-176.871.993
1 Retained profit	082	0	0
2 Loss brought forward	083	317.273.021	176.871.993
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	140.401.028	238.492.023
1 Profit for the business year	085	140.401.028	238.492.023
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>21.124.655</b>	<b>20.874.155</b>
1 Provisions for pensions, termination benefits and similar obligations	089	11.651.967	11.401.467
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	672.688	672.688
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	8.800.000	8.800.000

<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>182.373.542</b>	<b>183.864.604</b>
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	106.620.110	108.285.300
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	1.352.633	1.178.505
11 Deferred tax liability	106	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>640.871.025</b>	<b>349.308.955</b>
1 Liabilities to undertakings within the group	108	2.662.506	1.128.454
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	18.634.186	7.177.467
7 Liabilities for advance payments	114	57.005.346	88.843.504
8 Liabilities to suppliers	115	144.759.170	72.184.615
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	24.425.127	21.241.451
11 Taxes, contributions and similar liabilities	118	20.281.031	18.938.927
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	8.624.680	8.262.761
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>232.583.492</b>	<b>200.916.652</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>1.450.003.651</b>	<b>1.366.507.326</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>972.746.484</b>	<b>958.565.814</b>

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

in HRK

Submitter: PETROKEMJA, 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>1.128.668.551</b>	<b>476.838.876</b>	<b>959.565.042</b>	<b>399.924.043</b>
1 Income from sales with undertakings within the group	126	29.382.043	1.832.230	3.638.711	1.717.666
2 Income from sales (outside group)	127	1.088.158.570	472.640.033	950.833.397	393.817.182
3 Income from the use of own products, goods and services	128	1.187.612	291.572	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	9.940.326	2.075.041	3.472.029	2.995.768
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>1.088.637.943</b>	<b>465.539.117</b>	<b>710.600.372</b>	<b>307.781.771</b>
1 Changes in inventories of work in progress and finished goods	132	37.767.172	19.585.906	21.714.336	-15.510.333
<b>2 Material costs (ADP 134 to 136)</b>	<b>133</b>	<b>789.264.299</b>	<b>315.778.070</b>	<b>514.172.709</b>	<b>216.029.244</b>
a) Costs of raw materials and consumables	134	758.034.170	299.157.993	488.212.089	200.078.077
b) Costs of goods sold	135	1.151.196	574.491	1.036.667	474.881
c) Other external costs	136	30.078.933	16.045.586	24.923.953	15.476.286
<b>3 Staff costs (ADP 138 to 140)</b>	<b>137</b>	<b>94.303.663</b>	<b>47.909.141</b>	<b>80.214.910</b>	<b>41.096.251</b>
a) Net salaries and wages	138	59.579.280	30.218.654	50.928.604	26.045.532
b) Tax and contributions from salary costs	139	21.477.179	10.961.507	18.339.081	9.458.683
c) Contributions on salaries	140	13.247.204	6.728.980	10.947.225	5.592.036
4 Depreciation	141	52.770.803	26.258.448	43.201.069	21.360.263
5 Other costs	142	107.839.272	106.095.453	51.287.437	44.796.460
<b>6 Value adjustments (ADP 144+145)</b>	<b>143</b>	<b>50.234</b>	<b>50.093</b>	<b>9.911</b>	<b>9.886</b>
a) fixed assets other than financial assets	144	50.218	50.079	533	508
b) current assets other than financial assets	145	16	14	9.378	9.378
<b>7 Provisions (ADP 147 to 152)</b>	<b>146</b>	<b>6.642.500</b>	<b>-50.137.994</b>	<b>0</b>	<b>0</b>
a) Provisions for pensions, termination benefits and similar obligations	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	0	0
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>2.217.430</b>	<b>1.402.124</b>	<b>2.462.406</b>	<b>544.609</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	352.544	352.544	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	22.707	16.097
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	18.000	2.140	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	257.767	235.024	223.430	156.254
8 Exchange rate differences and other financial income	162	1.506.746	753.421	1.937.137	172.678
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	82.373	58.995	279.132	199.580
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>12.948.790</b>	<b>5.577.400</b>	<b>12.935.053</b>	<b>4.198.104</b>
1 Interest expenses and similar expenses with undertakings within the group	166	108.616	44.506	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	2.661	794	0	0
3 Interest expenses and similar expenses	168	10.526.062	5.108.311	9.281.268	4.416.315
4 Exchange rate differences and other expenses	169	2.306.795	423.358	3.257.955	-218.211
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	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>1.130.885.981</b>	<b>478.241.000</b>	<b>962.027.448</b>	<b>400.468.652</b>
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>1.101.586.733</b>	<b>471.116.517</b>	<b>723.535.425</b>	<b>311.979.875</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>29.299.248</b>	<b>7.124.483</b>	<b>238.492.023</b>	<b>88.488.777</b>
1 Pre-tax profit (ADP 177-178)	180	29.299.248	7.124.483	238.492.023	88.488.777
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
<b>XII INCOME TAX</b>	<b>182</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>29.299.248</b>	<b>7.124.483</b>	<b>238.492.023</b>	<b>88.488.777</b>
1 Profit for the period (ADP 179-182)	184	29.299.248	7.124.483	238.492.023	88.488.777
2 Loss for the period (ADP 182-179)	185	0	0	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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit (ADP 192)	193	0	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Profit for the period (ADP 192-195)	197	0	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Attributable to owners of the parent	200	0	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	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>29.299.248</b>	<b>7.124.483</b>	<b>238.492.023</b>	<b>88.488.776</b>	
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>29.299.248</b>	<b>7.124.483</b>	<b>238.492.023</b>	<b>88.488.776</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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
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 1.1.2020. to 30.6.2020.

in HRK

Submitter: PETROKEMJA, 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	29.299.248	238.492.023
2 Adjustments (ADP 003 to 010):	002	63.219.818	50.668.508
a) Depreciation	003	52.770.803	43.201.069
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	-610.310	-246.137
e) Interest expenses	007	10.634.678	9.281.268
f) Provisions	008	-432.000	-250.500
g) Exchange rate differences (unrealised)	009	784.701	-1.320.818
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	3.626
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>92.519.066</b>	<b>289.160.531</b>
3 Changes in the working capital (ADP 013 to 016)	012	-51.122.390	-27.289.293
a) Increase or decrease in short-term liabilities	013	-140.255.085	-68.658.045
b) Increase or decrease in short-term receivables	014	38.211.547	27.872.641
c) Increase or decrease in inventories	015	50.921.148	13.496.111
d) Other increase or decrease in working capital	016	0	0
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>41.396.676</b>	<b>261.871.238</b>
4 Interest paid	018	-4.380.707	-16.066.372
5 Income tax paid	019	0	0
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>37.015.969</b>	<b>245.804.866</b>
<b>Cash flow from investment activities</b>			
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	564.589
4 Dividends received	024	352.544	0
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>612.531</b>	<b>968.287</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-13.771.774	-15.727.549
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	-1.493.038
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>-13.771.774</b>	<b>-17.220.587</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-13.159.243</b>	<b>-16.252.300</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	0	0
4 Other cash receipts from financing activities	038	0	279.132
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>0</b>	<b>279.132</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-20.179.766	-244.578.051
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
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-20.179.766</b>	<b>-244.973.881</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>-20.179.766</b>	<b>-244.694.749</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>3.676.960</b>	<b>-15.142.183</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>384.643.058</b>	<b>479.582.051</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)</b>	<b>050</b>	<b>388.320.018</b>	<b>464.439.868</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from 1.1.2020 to 30.6.2020

in HRK

Item	ADP code	Attributable to owners of the parent																
		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 operations - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)	
<b>Previous period</b>																		
1 Balance on the first day of the previous business year	01	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	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	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	05	0	0	0	0	0	0	0	0	0	0	0	0	140.401.028	140.401.028	0	140.401.028	
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	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	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	-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	22	0	0	0	0	0	0	0	0	0	0	0	-317.273.021	470.796.290	0	0	0	
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	550.287.010	-350.000	0	0	14.080	0	0	0	0	0	0	-317.273.021	140.401.028	373.050.937	0	373.050.937	
<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	140.401.028	140.401.028	0	140.401.028	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	-153.523.269	0	0	0	0	0	0	0	0	0	0	-317.273.021	470.796.290	-350.000	-350.000	
<b>Current period</b>																		
1 Balance on the first day of the current business year	27	550.287.010	-350.000	0	0	14.080	0	0	0	0	0	0	-317.273.021	140.401.028	373.050.937	0	373.050.937	
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	-350.000	0	0	14.080	0	0	0	0	0	0	-317.273.021	140.401.028	373.050.937	0	373.050.937	
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	238.492.023	238.492.023	0	238.492.023	
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
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	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	48	0	0	0	0	0	0	0	0	0	0	0	140.401.028	-140.401.028	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	-176.871.990	238.492.023	611.542.960	0	611.542.960	
<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	238.492.023	238.492.023	0	238.492.023	
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	0	0	0	0	0	0	0	0	0	0	140.401.028	-140.401.028	0	0	



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 separate, unconsolidated financial statements of Petrokemija PLC for the period January-June 2020 are consistent with the accounting policies applied in the preparation of the 2019 audited annual financial statements.

The separate, unconsolidated financial statements have been prepared based on consistent presentation and classification. When the presentation and classification of items in the unconsolidated 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 PLC 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](http://www.petrokemija.hr).



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

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

Q2 2019	Q2 2020	HRK mln	H1 2019	H1 2020	%
474	396	Sales revenues	1,118	954	(15)
38	114	EBITDA <sup>(1)</sup>	93	292	215
<b>65</b>	<b>144</b>	<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>154</b>	<b>304</b>	<b>98</b>
11	92	Profit/(loss) from operations	40	249	521
<b>39</b>	<b>123</b>	<b>Operating profit excl. special items <sup>(2)</sup></b>	<b>101</b>	<b>261</b>	<b>158</b>
(4)	(4)	Net result from financial activities	(11)	(10)	(2)
7	88	Net profit/loss	29	239	713
<b>34</b>	<b>119</b>	<b>Net profit/loss for the period excl. special items <sup>(3)</sup></b>	<b>90</b>	<b>251</b>	<b>177</b>
<b>61</b>	<b>131</b>	<b>Simplified Free Cash Flow <sup>(4)</sup></b>	<b>143</b>	<b>286</b>	<b>100</b>
503	168	Net debt <sup>(5)</sup>	503	168	(67)
66	22	Net gearing (%) <sup>(6)</sup>	66	22	(66)
<b>3</b>	<b>14</b>	<b>CAPEX</b>	<b>11</b>	<b>18</b>	<b>69</b>

  

Q2 2019	Q2 2020	EUR mln <sup>(7)</sup>	H1 2019	H1 2020	%
64	52	Sales revenues	151	126	(16)
5	15	EBITDA <sup>(1)</sup>	13	39	209
<b>9</b>	<b>19</b>	<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>21</b>	<b>40</b>	<b>94</b>
2	12	Profit/(loss) from operations	5	33	509
<b>5</b>	<b>16</b>	<b>Operating profit excl. special items <sup>(2)</sup></b>	<b>14</b>	<b>35</b>	<b>153</b>
(1)	(0)	Net result from financial activities	(1)	(1)	(4)
1	12	Net profit/loss	4	32	697
<b>5</b>	<b>16</b>	<b>Net profit/loss for the period excl. special items <sup>(3)</sup></b>	<b>12</b>	<b>33</b>	<b>172</b>
<b>8</b>	<b>17</b>	<b>Simplified Free Cash Flow <sup>(4)</sup></b>	<b>19</b>	<b>38</b>	<b>96</b>
68	22	Net debt <sup>(5)</sup>	68	22	(67)
66	22	Net gearing (%) <sup>(6)</sup>	66	22	(66)
<b>0</b>	<b>2</b>	<b>CAPEX</b>	<b>1</b>	<b>2</b>	<b>66</b>

<sup>(1)</sup> At the end of 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. 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

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

<sup>(3)</sup> 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, 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

<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

<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 Q2 2019 – 7.42 HRK/EUR; Q2 2020 – 7.58 HRK/EUR; as at June 30<sup>th</sup>, 2019 – 7.39 HRK/EUR; as at June 30<sup>th</sup>, 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 d.d. reduced its sales revenue by 15% to HRK 954 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 304 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 168 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)
<b>249</b>	<b>237</b>	<b>Total fertilizers sales (kt)</b>	<b>580</b>	<b>558</b>	<b>(4)</b>

### 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 d.d. achieved net profit in the amount of HRK 239 mln compared to HRK 29 mln net profit in the same period last year. Considering the result without special items, net profit for H1 2020 amounted to HRK 251 mln as opposed to HRK 90 mln net profit in H1 2019. Special items imply HRK 12 mln negative effect of value adjustment of liabilities for CO2 emission charges in H1 2020 and HRK 8 mln in H1 2019. In H1 2019 special items were also 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 d.d. 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, d.d. Unconsolidated 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	%
474	396	<b>Sales revenue</b>	1	1,118	954	(15)
0	1	Income from own consumption of products and services		1	2	36
2	3	Other operating income		10	3	(65)
<b>477</b>	<b>400</b>	<b>Total operating income</b>		<b>1,129</b>	<b>960</b>	<b>(15)</b>
20	(16)	Inventory change of finished prod. and work in progress		38	22	(43)
299	200	Cost of raw materials and consumables	2	758	488	(36)
26	21	Depreciation and amortization	5	53	43	(18)
16	15	Other material costs	2	30	25	(17)
48	41	Staff costs	6	94	80	(15)
1	0	Cost of other goods sold		1	1	(10)
106	45	Other costs	4	108	51	(52)
0	0	Impairment and charges		0	0	0
(50)	0	Provisions for charges and risks	3	7	0	n.a.
<b>465</b>	<b>308</b>	<b>Operating expenses</b>		<b>1,089</b>	<b>711</b>	<b>(35)</b>
<b>11</b>	<b>92</b>	<b>Profit/(Loss) from operations</b>		<b>40</b>	<b>249</b>	<b>521</b>
1	1	Finance income		2	2	11
6	4	Finance costs		13	13	(0)
<b>(4)</b>	<b>(4)</b>	<b>Net (loss) / profit from financial activities</b>	7	<b>(11)</b>	<b>(10)</b>	<b>(2)</b>
<b>7</b>	<b>88</b>	<b>Profit/(Loss) for the year</b>	1	<b>29</b>	<b>239</b>	<b>713</b>



**Petrokemija, d.d. Unconsolidated Statement of Financial Position**  
**At 30 June 2020**  
**(HRK millions)**

HRK mln	Note	31 Dec 2019	30 June 2020	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		2	2	(18)
Property, plant and equipment	9	613	586	(4)
Investment in subsidiaries		23	23	(0)
Other investments		0	0	0
Long-term receivables		0	2	n.a.
Deferred tax		0	0	0
<b>Total non-current assets</b>		<b>638</b>	<b>612</b>	<b>(4)</b>
<b>Current assets</b>				
Inventories	10	218	205	(6)
Trade receivables net	11	39	15	(62)
Other receivables		37	16	(56)
Given loans and deposits		344	253	(26)
Other current assets		98	40	(59)
Prepaid expenses and accrued income		38	54	42
Cash and cash equivalents		39	171	342
<b>Total current assets</b>		<b>812</b>	<b>754</b>	<b>(7)</b>
<b>Total assets</b>	<b>8</b>	<b>1.450</b>	<b>1.367</b>	<b>(6)</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital		550	550	0
Capital reserves		(0)	(0)	0
Other reserves		(0)	(0)	0
Retained earnings / (Deficit)		(317)	(177)	(44)
Current earnings / (Deficit)		140	238	70
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>373</b>	<b>612</b>	<b>64</b>
<b>Non-current liabilities</b>				
Long-term loans		182	184	1
Other non-current liabilities		0	0	0
Employee benefits provisions		12	11	(2)
Other provisions		9	9	0
<b>Total non-current liabilities</b>		<b>203</b>	<b>205</b>	<b>1</b>
<b>Current liabilities</b>				
Bank loans and overdrafts		383	139	(64)
Trade payables	13	145	72	(50)
Taxes and contributions		20	19	(7)
Other current liabilities	14	68	98	44
Accruals and deferred income		233	201	(14)
Employee benefits obligation		24	21	(13)
<b>Total current liabilities</b>		<b>873</b>	<b>550</b>	<b>(37)</b>
<b>Total liabilities</b>	<b>12</b>	<b>1.077</b>	<b>755</b>	<b>(30)</b>
<b>Total equity and liabilities</b>		<b>1.450</b>	<b>1.367</b>	<b>(6)</b>



**Petrokemija, d.d. Unconsolidated Statement of Cash Flow**  
**For the period ended 30 June 2019 and 2020**  
**(HRK millions)**

HRK mln	Note	H1 2019	H1 2020	%
<b>Profit for the year</b>		<b>29</b>	<b>238</b>	<b>714</b>
<b>Adjustments for:</b>				
Depreciation and amortization		53	43	(18)
Gain on sale of property, plant, equipment and impairment		0	0	0
Other finance expense/(income) recognized in profit		10	9	(10)
(Decrease)/increase in provisions		(0)	(0)	0
Foreign exchange loss/(gain)		1	(1)	n.a.
Other non-cash items		0	0	0
<b>Operating cash flow before working capital changes</b>	15	<b>93</b>	<b>289</b>	<b>213</b>
<b>Movements in working capital</b>	16	(51)	(27)	(47)
Decrease/(increase) in inventories		51	13	(73)
Decrease/(increase) in receivables and prepayments		38	28	(27)
(Decrease)/increase in trade and other payables		(140)	(69)	(51)
<b>Cash generated from operations</b>		<b>41</b>	<b>262</b>	<b>533</b>
Interest expense (net)		(4)	(16)	267
<b>Net cash inflow from operating activities</b>		<b>37</b>	<b>246</b>	<b>564</b>
<b>Cash flows used in investing activities</b>				
Capital expenditures, exploration and development costs		(14)	(16)	14
Interest on loans, net		0	1	n.a.
Investments and loans to third parties, net		0	(1)	n.a.
<b>Net cash used for investing activities</b>	17	<b>(13)</b>	<b>(16)</b>	<b>24</b>
<b>Cash flows from financing activities</b>				
Issuing of own and debt financial instruments		0	0	n.a.
Repayment borrowings, net		(20)	(245)	1.112
Other financing activities		0	(0)	n.a.
<b>Net cash used in financing activities</b>		<b>(20)</b>	<b>(245)</b>	<b>1.113</b>
Net (decrease)/increase in cash and cash equivalents		4	(15)	n.a.
At 1 January		385	480	25
Effect of foreign exchange rate changes		0	0	0
At the end of period		388	464	20

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



## Financial overview and notes

### STATEMENT OF PROFIT OR LOSS

Notes	Q2 2020 RESULTS <sup>(1)</sup>
1	<b>Total sales revenues</b> in H1 2020 amounted to HRK 954 million and were 15% lower compared to H1 2019, triggered mainly due to lower sales prices.
2	<b>Costs of raw materials, consumables and other material costs</b> were 35% lower than in H1 2019, at HRK 513 million, mainly due to lower cost of natural gas, mono ammonium and diammonium phosphate.
3	There were no <b>provisions</b> in H1 2020, while in H1 2019 provisions for severance payments amounted to HRK 7 million.
4	Other <b>operating costs</b> 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	<b>Depreciation</b> in the amount of HRK 43 million was 18% lower compared to H1 2019.
6	<b>Staff costs</b> in the amount HRK 80 million were 15% lower compared to H1 2019.
7	<b>Net result from financial activities</b> 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 30 <sup>th</sup> June 2020 Petrokemija d.d. <b>total assets</b> amounted to HRK 1,367 million, 6% lower compared to 31 <sup>st</sup> December 2019.
9	In the period ended 30 <sup>th</sup> June 2020, Petrokemija invested HRK 18 million in <b>property, plant and equipment</b> . The effect of depreciation reduced net book value of property, plant and equipment to amount of HRK 586 million.
10	<b>Inventories</b> amounted to HRK 205 million, and have decreased by 6% compared to 31 <sup>st</sup> December 2019.
11	<b>Trade receivables</b> decreased to HRK 15 million.
12	As at 30 <sup>th</sup> June 2020. <b>total liabilities</b> amounted to HRK 755 million which is 30% or HRK 322 million lower compared to 31 <sup>st</sup> December 2019. Petrokemija <b>net debt</b> <sup>(2)</sup> decreased by 57% compared to 31 <sup>st</sup> December 2019 and amounted to HRK 168 million. <b>Gearing ratio</b> decreased from 52% as at 31 <sup>st</sup> December 2019, to 22% as at 30 <sup>th</sup> June 2020.
13	<b>Trade payables</b> decreased by 50% to HRK 72 million, as a result of lower liabilities for raw materials and consumables.
14	<b>Other current liabilities</b> increased by 44% to HRK 98 million, out of which liabilities for advance payments increased from HRK 57 million to HRK 89 million.

### CASH FLOW

Notes	
15	The <b>operating cash-flow before changes in working capital</b> 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	<b>Changes in working capital</b> affected the operating cash flow negatively by HRK 27 million in H1 2020, due to: <ul style="list-style-type: none"> <li>- decrease value of inventories by HRK 13 million</li> <li>- decrease in receivables by HRK 28 million</li> <li>- decrease in trade and other payables by HRK 69 million as a result of lower liabilities for raw materials and consumables</li> </ul>
17	<b>Net outflows from investing activities</b> amounted to HRK 16 million, which is lower compared to H1 2019.

#### Restatement

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 d.d. 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, 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 d.d. Financial Statements for the year ended on 31<sup>st</sup> of December 2019.

As of 30<sup>th</sup> June 2020 Petrokemija, had credit debt of HRK 321 million, out of which HRK 138 million is related to short-term debt and HRK 183 million relates to long-term debt, HRK 115 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 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>