

Unconsolidated financial statements for the first half of the 2022

MANAGEMENT BOARD'S REPORT ON FINANCIAL POSITION AND ANALYSIS OF BUSINESS RESULTS – REPORT OF THE MANAGEMENT

According to the unaudited semi-annual financial statements, in the first half of 2022 Hrvatska elektroprivreda d.d. (HEP d.d.) generated loss in the amount of HRK 373.3 million.

Operating income amounted to HRK 6,844.6 million, which is an increase of HRK 2,410.4 million or 54.4% compared to HRK 4,434.2 million earned in the same period 2021.

Revenues from the sale of electricity on the market generated by affiliated companies amounted to HRK 5,893.6 million accounting for 86% of operating income. Compared to the same period last year, income increased by HRK 2,173.7 million due to higher income from the sale to HEP Opskrba customers (by HRK 1,018.2 million) as well as higher income from the sale of electricity to HEP Elektra d.o.o. (by HRK 904.3 million).

Income from the sale of gas amounted to HRK 26.2 million, a decrease by HRK 133.7 million or 83.6% due to discontinued sale of gas to suppliers obligated to supply gas to household customers after 1 April 2021.

All other operating income amounted to HRK 924.6 million, which is an increase by HRK 370.1 million (66.7%) due to HRK 341.3 million more generated from the sale of CO₂ emission units to HEP Proizvodnja d.o.o.

Operating expenses of HRK 8,401.6 million increased by HRK 4,393.4 million (109.6%) compared to the same period last year as a result of a higher volume of purchased electricity on the market by HRK 2,341.8 million (186.6%) and increased purchases within HEP Group by HRK 1,702.8 million (88.3%).

All other operating expenses increased by HRK 348.7 million, mostly due to higher selling costs of CO₂ emission units, increased as a result of larger quantities and a significantly higher purchase price.

A net profit of HRK 938.4 million was realized from financial activities. Financial income of HRK 1,156.8 million increased by HRK 80.0 million compared to the first half of 2021. Income from the share in profit of affiliated companies accounts for the largest part of financial income (65%). Compared to H1 2021, the financial expenses of HRK 218.3 million increased by 72% due to negative exchange rate differences.

During H1 2022, due liabilities were settled within the due date.

Bonds and long-term loans-related liabilities, including current maturities, amounted to HRK 7,113.4 million.

In H1 2022, HRK 166.8 million was invested in the construction and construction preparation of energy facilities and the construction of ICT infrastructure. Investments by HEP d.d. are approximately at the same level as in the same period the year before.