

INA



**INA GROUP
Q3 & Q1-Q3 2023
FINANCIAL REPORT**

INA Group (ZB: INA-R-A; www.ina.hr) announced its Q3 and Q1-Q3 2023 results. This report contains unaudited consolidated financial statements for the period ending 30 September 2023 as prepared by the Management in accordance with the International Financial Reporting Standards.

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Management discussion and analysis: INA Group financial results (IFRS)

Q3 2022	Q3 2023	EUR mn	Q1-Q3 2022	Q1-Q3 2023	%
1,547.3	1,215.7	Net sales revenues*	3,614.4	2,888.4	(20)
250.5	157.4	EBITDA ⁽¹⁾	616.1	340.7	(45)
250.5	157.4	EBITDA excl. special items ⁽²⁾	616.1	340.7	(45)
300.5	162.8	CCS EBITDA excl. special items	622.8	326.4	(48)
193.5	99.7	Profit/(loss) from operations	464.4	198.1	(57)
193.5	99.7	Profit/(loss) from operations excl. special items ⁽²⁾	464.4	198.1	(57)
243.5	105.1	CCS Profit/(loss) from operations excl. special items	471.1	183.8	(61)
0.4	(7.4)	Net (loss)/income from financial activities	(10.8)	(20.4)	89
162.1	84.7	Profit/(loss) for the period attributable to Owners of the Company	373.2	157.8	(58)
162.1	84.7	Profit/(loss) for the period excl. special items ⁽²⁾	373.2	157.8	(58)
224.9	97.5	Simplified Free Cash Flow ⁽³⁾	368.6	129.1	(65)
227.6	344.0	Net operating cash flow	164.9	287.8	75
Earnings per share					
16.2	8.5	Basic and diluted earnings/(loss) per share (EUR per share)	37.3	15.8	(58)
254.3	284.4	Net debt	254.3	284.4	12
13.0	15.5	Net gearing (%)	13.0	15.5	
75.6	65.3	CAPEX total	254.2	197.3	(22)
73.2	60.8	Domestic	243.5	185.2	(24)
2.4	4.5	International	10.7	12.1	13
Q3 2022	Q3 2023	USD mn ⁽⁴⁾	Q1-Q3 2022	Q1-Q3 2023	%
1,563.6	1,323.2	Net sales revenues*	3,812.1	3,132.3	(18)
253.1	171.3	EBITDA ⁽¹⁾	651.4	370.3	(43)
253.1	171.3	EBITDA excl. special items ⁽²⁾	651.4	370.3	(43)
303.7	177.2	CCS EBITDA excl. special items	654.6	354.9	(46)
195.6	108.5	Profit/(loss) from operations	490.3	215.7	(56)
195.6	108.5	Profit/(loss) from operations excl. special items ⁽²⁾	490.3	215.7	(56)
246.1	114.4	CCS Profit/(loss) from operations excl. special items	493.6	200.4	(59)
0.4	(8.1)	Net (loss)/income from financial activities	(11.5)	(22.0)	91
163.8	92.2	Profit/(loss) for the period attributable to Owners of the Company	393.7	172.0	(56)
163.8	92.2	Profit/(loss) for the period excl. special items ⁽²⁾	393.7	172.0	(56)
227.3	106.1	Simplified Free Cash Flow ⁽³⁾	381.5	141.0	(63)
230.0	374.4	Net operating cash flow	166.8	313.4	88
Earnings per share					
16.4	9.2	Basic and diluted earnings/(loss) per share (USD per share)	39.4	17.2	(56)
246.6	301.0	Net debt	246.6	301.0	22
76.4	71.1	CAPEX total	273.1	213.9	(22)
74.0	66.2	Domestic	261.6	200.8	(23)
2.4	4.9	International	11.5	13.1	14

*Related to Revenue from contracts with customers

(1) EBITDA = EBIT + Depreciation, amortization and impairment (net)

(2) Q1-Q3 result was not impacted by special items neither in 2022 nor 2023

(3) Simplified free cash flow = CCS EBITDA excluding special items – CAPEX

(4) In converting EUR figures into US Dollars, the following average CNB (HNB) rates were used: as at 31 December 2022 – 1.0666 EUR/USD; as at 30 September 2022 – 0.9690; as at 30 September 2023 – 1.0594; for Q1 2022 – 1.1229 EUR/USD; for Q1 2023 – 1.0730 EUR/USD; for Q2 2022 – 1.0670 EUR/USD; for Q2 2023 – 1.0730; for Q3 2022 – 1.0086; for Q3 2023 – 1.0884

Q1-Q3 2023 financial and operational highlights

Macroeconomic stabilization of hydrocarbon prices, despite some volatility, continued throughout 2023. This brought 33% lower total realized prices compared to first nine months 2022, especially gas prices. Price environment for final products also decreased compared to the first nine months 2022, jointly resulting in 45% lower EBITDA compared to same period 2022. EBITDA of INA Group in the first nine months 2023 amounted to EUR 341 million, with net profit of EUR 158 million.

Following the external environment, EBITDA of Exploration and Production declined by 43%, while at the level of EUR 293 million it is still the main cash generator of the company. Decline of production amounted to 6%, due to the expected natural decline, Angola divestment and successfully completed turnaround on gas treatment facilities. Still, some increase of production is visible in Egypt due to development activities.

Refining and Marketing incl. Consumer services and Retail segment operations are adversely impacted by lower margin environment. Despite the market challenges, safe supply of the market was ensured also in the tourist season, with the usual peak of sales. Retail fuel sales volumes increased by 22% comparing first nine months of 2023 and 2022, however retail fuel price regulation continued to depress the segment's financial result. Rijeka Refinery has been in continuous operation since April, with significant positive contribution to the results. Strong tourist season, alongside with additional offer expansion, resulted in further growth of non-fuel margin (+31%).

Capital expenditures amounted to EUR 197 million, 22% decrease compared to Q1-Q3 2022 in line with different projects dynamics and tendering. Rijeka Refinery Upgrade Project, the key Downstream investment reached 81% total completion as the central project while Upstream investment increased by 11% due to higher Croatia Onshore exploration activities. Financial position remains robust with net debt of EUR 284 million and 16% gearing ratio.



President of the Management Board comment

Ms. Zsuzsanna Ortutay, President of the Management Board comments on the results:

"2023 is marked by the stabilization of hydrocarbon prices, but also by investment cycle throughout INA segments. Rijeka Refinery Upgrade Project, key project for INA long term refining operations sustainability, continues with the overall project completion reaching 81%. Following the construction of two solar power plants, INA takes a further step in the direction of new and renewable energy sources, with two exploration geothermal concessions won in Croatia. INA's investments resulted also in increase of production in Egypt by almost 10%, compared to first nine months 2022. The Egyptian East Damanhur concession, acquired in 2020, started up with gas production in September. Also, a major regular turnaround on the Croatian gas facilities has been successfully completed.

Retail results are sturdy, supported by strong tourist season and non-fuel margin growing by 31% compared to the first nine months 2022. Although the logistics during the peak of tourist season was challenging, safe and stable supply was maintained.

INA welcomed the cancellation of regulation on the sale of its gas production in July, however the company remains exposed to continued fuel sales margin regulation, resulting in continued opportunity losses.

In the first nine months of 2023 INA achieved EBITDA of EUR 341 million and net profit of EUR 158 million, a strong result when looking at all the adverse external factors, lower prices and regulation being major among them."



Exploration and Production*

Q3 2022	Q3 2023	Segment IFRS results (EUR mn)	Q1-Q3 2022	Q1-Q3 2023	%
323.9	134.1	Net sales revenues	716.8	431.6	(40)
243.3	78.8	EBITDA	518.3	293.2	(43)
243.3	78.8	EBITDA excl. special items **	518.3	293.2	(43)
214.4	49.5	Profit from operations	452.2	230.3	(49)
214.4	49.5	Profit from operation excl. special items **	452.2	230.3	(49)
222.4	48.3	Simplified Free Cash Flow***	456.7	225.1	(51)
20.9	30.5	CAPEX	61.6	68.1	11

*Exploration and Production refers to the Upstream of INA, d.d. and following subsidiary: Adriagas S.r.l. Milano

** Neither Q1-Q3 2022 nor Q1-Q3 2023 results were impacted by special items

*** Simplified free cash flow = EBITDA excluding special items – CAPEX

Q3 2022	Q3 2023	Hydrocarbon production (boe/d)	Q1-Q3 2022	Q1-Q3 2023	%
12,267	11,352	Crude oil production (boe/d)	12,261	11,744	(4)
10,097	9,627	Croatia	10,096	9,770	(3)
1,613	1,724	Egypt	1,587	1,733	9
557	-	Angola	578	241	(58)
13,062	10,960	Natural gas production (boe/d)	12,949	11,915	(8)
3,640	3,288	Croatia - offshore	3,494	3,440	(2)
9,422	7,672	Croatia - onshore	9,455	8,475	(10)
886	703	Condensate (boe/d)	909	830	(9)
26,214	23,015	Total hydrocarbon production	26,119	24,489	(6)
Q3 2022	Q3 2023	Total average realised hydrocarbon price	Q1-Q3 2022	Q1-Q3 2023	%
137	72	Total average hydrocarbon price (USD/boe)*	110	74	(33)

*Calculated based on total sales revenue including natural gas internal selling price as well

Q1-Q3 2023 vs. Q1-Q3 2022

Key drivers

- Lower prices impacted sales revenues negatively by EUR 226.4 million mainly driven by lower oil and gas price
- Regulatory obligation for domestically produced gas to be sold at fixed price to HEP was cancelled on 7 July
- Decline of production amounted to 6%, due to the expected natural decline, Angola divestment and successfully completed turnaround on gas treatment facilities
- Despite positive Offshore contribution driven by production on Ika field after performed workover and higher production from Marica D well, Croatian production decreased as a result of lower contribution from Additional development production system optimization project, increased water cut and turnaround performed on Gas Treatment Plant Molve and Fractionacion Facility Ivanić Grad
- Increased production from Egypt North Bahariya as result of newly drilled wells and performed well workovers, new well on East Damanhur have been put into production
- INA received a permit for the exploration of geothermal waters - two exploration areas „Leščan“ and „Međimurje“

Capital expenditures

Q1-Q3 2023 (EUR mn)	Croatia	Egypt	Angola
Exploration	7.1	0.3	
Development	28.2	10.8	0.2
Other	21.5		
TOTAL	56.8	11.1	0.2

Higher CAPEX level compared to Q1-Q3 2022 due to higher Croatia Onshore exploration activities

Main activities during Q1-Q3 2023 were related to:

Croatia Exploration:

- Drava-03: Veliki Rastovac-1 well: gas discovery was confirmed with well test
- Drava-03: Obradovci-1J well: drilling finished, well is negative, well site restoration will follow
- Drava-03: Mikleuš-1 well: drilling finished, well testing is under preparation

Croatia Offshore:

- Ivana D decommissioning project: Well plug and abandonment activities are finished

Croatia Onshore:

- Production optimization: performed 34 well workovers
- US Turnaround: Performed in September on 2 regions and 16 locations. Scheduled works were successfully completed

Egypt:

- East Damanhur: Drilling operations of ED-3X exploration well was completed with unfavorable results. ED-2X ST1 well - Development Lease process of approval is ongoing. First gas production started in September
- North Bahariya: 20 development wells drilled (17 producers and 3 water injector)
- Ras Qattara: Drilling of 1 development well and 10 workovers completed. Concession extension process ongoing

Refining and Marketing, including Consumer Services and Retail*

Q3 2022	Q3 2023	Segment IFRS results (EUR mn)	Q1-Q3 2022	Q1-Q3 2023	%
1,526.9	1,195.7	Net sales revenues	3,543.3	2,835.9	(20)
12.8	83.1	EBITDA	157.4	60.7	(61)
12.8	83.1	EBITDA excl. special items**	157.4	60.7	(61)
62.8	88.5	CCS EBITDA excl. special items**	164.1	46.4	(72)
(9.6)	60.3	Profit/(loss) from operations	88.9	(2.3)	n.a.
(9.6)	60.3	Profit/(loss) from operations excl. special items**	88.9	(2.3)	n.a.
40.4	65.7	CCS Profit/(loss) from operations	95.6	(16.6)	n.a.
13.7	57.7	Simplified Free Cash Flow***	(18.0)	(74.1)	312
49.1	30.8	CAPEX	182.1	120.5	(34)

* Refers to Refining and Marketing including Consumer Services and Retail INA d.d. and the following subsidiaries: INA Maziva d.o.o., INA Slovenija d.o.o., HoldINA d.o.o. Sarajevo, INA Crna Gora d.o.o., INA d.o.o. Beograd, INA Kosovo d.o.o., Energopetrol d.d., INA MALOPRODAJNI SERVISI d.o.o., Croplin d.o.o.

** Q1-Q3 result was not impacted by special items neither in 2022 nor 2023

*** Simplified free cash flow = CCS EBITDA excluding special items – CAPEX

Q3 2022	Q3 2023	Refining processing (kt)	Q1-Q3 2022	Q1-Q3 2023	%
111	133	Domestic crude oil	250	230	(8)
649	649	Imported crude oil	1,271	1,031	(19)
290	244	Other feedstock	449	401	(11)
1,050	1,027	Total refining throughput	1,969	1,661	(16)
Refining production (kt)					
60	59	LPG*	109	94	(14)
37	66	Naphtha	69	83	20
225	231	Gasoline	417	377	(10)
73	84	Kerosene	122	132	8
438	387	Diesel	794	625	(21)
4	-	Heating oil	19	-	n.a.
92	79	Fuel oil	196	132	(33)
26	26	Other products**	53	49	(8)
954	933	Total	1,780	1,492	(16)
13	15	Refining loss	24	27	10
83	79	Own consumption	165	143	(13)
1,050	1,027	Total refining production	1,969	1,661	(16)
Refined product sales by country (kt)					
738	796	Croatia	1,727	1,894	10
185	167	B&H	461	427	(7)
15	6	Slovenia	40	22	(46)
6	5	Italy	14	13	(9)
233	280	Other markets	561	622	11
1,177	1,254	Total	2,803	2,977	6
Refined product sales by product (kt)					
55	59	LPG*	158	138	(13)
37	64	Naphtha	66	82	24
219	248	Gasoline	516	532	3
87	87	Kerosene	153	165	8
580	628	Diesel	1,448	1,561	8
34	20	Heating oil	96	88	(9)
98	94	Fuel oil	187	141	(25)
19	27	Bitumen	49	70	42
48	26	Other products***	130	202	55
1,177	1,254	Total	2,803	2,977	6
365	449	o/w Consumer services and Retail segment sales	873	1,068	22
170	104	Total natural gas sales (mln m3)	580	431	(26)
504	507	Total number of service stations	504	507	1

*LPG+propylene

**Other products = Benzene concentrate, liquid sulphur, coke, motor oils, industrial lubricants, other intermediates

***Other = Benzene concentrate, vacuum gas oil, liquid sulphur, coke, crude oil, motor oils, industrial lubricants



Q1-Q3 2023 vs. Q1-Q3 2022

Key drivers

- Market backwardation during import mode of operation in H1 2023 resulted in lower goods margins
- Market was safely supplied via import until own refined products availability, with continuously stable market supply during strong summer season what contributed to higher captive market sales performance
- Rijeka Refinery successfully started at the end of April, with significant positive contribution to the results
- Total Consumer Services and Retail sales volumes amounted to 1,068 kt in Q1-Q3 2023 which is 22% above the same period in 2022 due to higher realisation on Croatian market (+186 kt) mainly as a result of higher demand impacted also by lower fuel price compared to neighbouring countries
- Non-fuel margin increased by 31% reflecting continuous expansion in consumer goods, increasing number of Fresh Corners together with INA Loyalty program support which reached close to 550 thousand registered members

Capital expenditures

- Refining and Marketing CAPEX amounted to EUR 112.5 million:
 - Rijeka Refinery Upgrade Project – The Project achieved 81% completion in overall, with active works on furnace construction, civil and piping activities. Connecting to the 110kV electrical network is finished and operating permits obtained. Activities on common areas during turnaround were optimized to enable uninterrupted works on both projects
 - CDU energy efficiency upgrade project - Civil works on foundations construction for new column and new pumps were completed. Delivery of key equipment is in progress according the plan
 - Replacement of condensing turbines with electric drives - Main equipment still in manufacturing phase, with remaining equipment already being delivered on site. Civil works on affected units have been completed, with ongoing installation of steel construction and preparation for wall installation on affected units
 - Revitalization of LPG spherical tank 336-SE-023 – The works on the removal of the old spherical tank was completed and new foundations and new concrete slabs were made. 85% of steel plates for new tank were delivered to the location. Works on pipeline for firefighting water is ongoing and preparation for welding of plates
- Consumer Services and Retail capital investments amounted to EUR 7.9 million in Q1-Q3 2023 with focus on network reconstruction. Network currently consists of 507 stations (of which 390 in Croatia)

Main external parameters

Q3 2022	Q3 2023	Crude oil and gas prices	Q1-Q3 2022	Q1-Q3 2023	%
101	87	Brent dtd (USD/bbl)	106	82	(23)
27.1	11.9	Brent-Ural spread (USD/bbl)	24.4	21.1	(14)
201	34	CEGH gas price (EUR/MWh)	135	42	(69)
FOB MED Products prices and crack spreads					
954	930	Gasoline - premium unleaded 10 ppm (USD/t)	1,029	864	(16)
1,065	881	Diesel – ULSD 10 ppm (USD/t)	1,049	809	(23)
400	510	Fuel oil 3.5% (USD/t)	489	428	(12)
669	580	LPG (USD/t)	831	615	(26)
191	274	Crack spread – gasoline (USD/t)	231	243	5
302	224	Crack spread – diesel (USD/t)	251	189	(25)
(363)	(147)	Crack spread – fuel oil 3.5% (USD/t)	(310)	(193)	(38)
(94)	(76)	Crack spread – LPG (USD/t)	33	(6)	n.a.
0.26	12.04	Indicative refining margins (USD/bbl)*	3.40	7.47	120
Foreign exchange					
1.01	1.09	EUR/USD average	1.06	1.08	2.2
0.97	1.06	EUR/USD closing	0.97	1.06	9
3.00	5.63	3m USD LIBOR (%)	1.70	5.31	212
0.49	3.78	3m EURIBOR (%)	(0.12)	3.26	n.a.

*Indicative refinery margin calculation revised in 2023 with most recent natural gas and CO2 inputs. Actual realised refining margins may vary from the indicative refining margin due to factors including different crude oil slate, product yield and operating conditions.

Condensed Consolidated Statement of Profit or Loss

For the period ended 30 September 2022 and 2023 (in EUR millions)

Q3 2022	Q3 2023		Note	Q1-Q3 2022	Q1-Q3 2023	%
1,547.3	1,215.7	Revenue from contracts with customers	1	3,614.4	2,888.4	(20)
11.0	(14.3)	Other operating income		32.1	46.6	45
1,558.3	1,201.4	Total operating income		3,646.5	2,935.0	(20)
(22.7)	(14.3)	Changes in inventories of finished products and work in progress		181.8	42.0	(77)
(768.3)	(548.2)	Costs of raw materials and consumables	2	(1,481.4)	(929.9)	(37)
(57.0)	(57.7)	Depreciation, amortisation and impairment (net)	3	(151.7)	(142.6)	(6)
(64.4)	(85.1)	Other material costs	3	(219.6)	(192.8)	(12)
(16.8)	(14.3)	Service costs	3	(49.1)	(51.9)	6
(55.2)	(60.6)	Staff costs	5	(167.7)	(187.4)	12
(376.5)	(312.5)	Costs of other goods sold	4	(1,295.8)	(1,282.4)	(1)
(3.9)	(1.4)	Impairment charges (net)	3	(12.2)	(7.6)	(38)
(13.5)	(21.0)	Provision for charges and risks (net)	3	(22.8)	(26.2)	15
13.5	13.4	Capitalised value of own performance		36.4	41.9	15
(1,364.8)	(1,101.7)	Operating expenses		(3,182.1)	(2,736.9)	(14)
193.5	99.7	Profit/(Loss) from operations		464.4	198.1	(57)
21.1	2.1	Finance income		38.3	10.7	(72)
(20.7)	(9.5)	Finance costs		(49.1)	(31.1)	(37)
0.4	(7.4)	Net (loss)/income from financial activities	6	(10.8)	(20.4)	89
1.6	6.3	Share of net profit/(loss) of joint ventures accounted for using the equity method	6	0.9	6.4	611
195.5	98.6	Profit/(Loss) before tax		454.5	184.1	(59)
(32.5)	(13.8)	Income tax gain/(expense)	7	(80.4)	(26.0)	(68)
163.0	84.8	Profit/(Loss) for the period		374.1	158.1	(58)
Attributable to:						
162.1	84.7	Owners of the Company		373.2	157.8	(58)
0.9	0.1	Non-controlling interests		0.9	0.3	(67)
Earnings per share						
16.2	8.5	Basic and diluted earnings/(loss) per share (EUR per share)		37.3	15.8	(58)

Note: Restatement of comparable previous periods was made – see on page 13



Condensed Consolidated Statement of Financial Position

At 31 December 2022 and 30 September 2023 (in EUR millions)

	Note	31 December 2022	30 September 2023	%
Assets				
Non-current assets				
Intangible assets	9	66.2	67.6	2
Property, plant and equipment	10	1,597.7	1,688.4	6
Investment property		18.1	22.5	24
Right-of-use assets	10	40.2	42.5	6
Investments in associates and joint venture		3.7	121.4	3,181
Other investments		0.9	0.9	(0)
Other non-current financial asset		85.5	85.4	(0)
Deferred tax		129.7	125.2	(3)
Long-term marketable securities		2.3	2.3	-
Non-current financial assets		110.6	96.9	(12)
Other non-current asset		25.6	31.6	23
Total non-current assets		2,080.5	2,284.7	10
Current assets				
Inventories	11	398.0	422.6	6
Trade receivables, net	12	363.5	375.1	3
Other current financial asset		4.8	30.5	535
Corporative income tax receivables		1.4	8.1	479
Other current assets		27.8	36.9	33
Derivative financial instruments		5.1	23.9	369
Marketable securities		16.1	-	n.a.
Cash and cash equivalents		226.6	159.4	(30)
Current assets		1,043.3	1,056.5	1
Assets held for sale		45.2	0.9	(98)
Total current assets		1,088.5	1,057.4	(3)
Total assets	8	3,169.0	3,342.1	5
Equity and liabilities				
Capital and reserves				
Share capital	13	1,194.5	1,200.0	0
Legal reserves		33.2	39.9	20
Fair value reserves		58.0	72.3	25
Other reserves		214.4	207.7	(3)
(Accumulated losses)/Retained earnings		81.0	26.6	(67)
Equity attributable to the owners of the Company		1,581.1	1,546.5	(2)
Non-controlling interests		2.9	3.2	10
Total equity		1,584.0	1,549.7	(2)
Non-current liabilities				
Long-term debts		263.7	263.9	0
Long-term lease liabilities		30.6	31.7	4
Other non-current liabilities		3.2	3.0	(6)
Employee benefits obligation		5.9	6.6	12
Provisions		466.4	514.8	10
Deferred tax liability		2.3	2.2	(4)
Total non-current liabilities		772.1	822.2	6
Current liabilities				
Bank loans and current portion of long-term debt		69.7	179.9	158
Current portion of long-term lease liabilities		10.6	11.9	12
Other current financial liabilities		0.2	0.8	300
Trade payables	15	329.6	368.4	12
Taxes and contributions		101.2	247.4	144
Corporate tax liabilities		160.1	22.9	(86)
Other current liabilities		65.4	49.5	(24)
Derivative financial instruments		2.8	59.3	2,018
Employee benefits obligation		1.0	0.8	(20)
Provisions		66.9	29.3	(56)
Total current liabilities		807.5	970.2	20
Liabilities directly associated with assets classified held for sale		5.4	-	n.a.
Total liabilities	14	1,585.0	1,792.4	13
Total equity and liabilities		3,169.0	3,342.1	5

Note: Restatement of comparable previous periods was made – see on page 13



Condensed Consolidated Cash Flow Statement (Indirect method)

For the period ended 30 September 2022 and 2023 (in EUR millions)

Q3 2022	Q3 2023		Note	Q1-Q3 2022	Q1-Q3 2023	%
163.0	84.8	Profit/(loss) for the period:		374.1	158.1	(58)
		Adjustments for:				
57.0	57.7	Depreciation, amortisation and impairment of property, plant and equipment and ROU asset (net)		151.7	142.6	(6)
32.5	13.8	Income tax (benefit)/expense recognised in profit and loss		80.4	26.0	(68)
3.9	1.4	Impairment charges (net)		12.2	7.6	(38)
(2.3)	(0.3)	Loss/(Gain) on sale of property, plant and equipment		(3.1)	(18.5)	497
(1.4)	4.0	Foreign exchange (gain)/loss		6.2	9.4	52
(0.4)	(0.7)	Interest income		(0.4)	(1.9)	375
1.2	1.7	Interest expense		3.3	3.6	9
(1.6)	(6.3)	Share of loss/(gain) of joint ventures accounted for using the equity method		(0.9)	(6.4)	611
(1.7)	(1.7)	Other finance (income)/expense recognised in profit		(3.7)	(2.3)	(38)
13.1	8.1	Increase/(decrease) in provision		(4.1)	(24.1)	488
1.9	4.1	Decommissioning interests and other provision		5.5	11.6	111
(24.2)	41.5	Net (gain)/loss on derivative financial instruments and hedge transactions		3.2	19.4	506
0.0	-	Other non-cash items		-	(2.6)	n.a.
241.1	208.1	Operating cash flow before working capital changes	16	624.4	322.5	(48)
		Movements in working capital		17		
(40.1)	(16.9)	Decrease/(Increase) in inventories		(289.1)	(15.7)	(95)
(25.2)	(47.6)	Decrease/(Increase) in receivables and prepayments		(264.0)	(30.6)	(88)
52.1	200.1	(Decrease)/Increase in trade and other payables		96.7	175.3	81
227.9	343.7	Cash generated from operations		168.0	451.5	169
(0.3)	0.3	Taxes paid		(3.1)	(163.7)	5,181
227.6	344.0	Net cash inflow/(outflow) from operating activities		164.9	287.8	75
		Cash flows used in investing activities				
(76.1)	(49.2)	Capital expenditures, exploration and development costs		(249.6)	(198.0)	(21)
(3.2)	(6.4)	Payments for intangible assets		(5.9)	(11.8)	100
2.6	0.3	Proceeds from sale of non-current assets		4.2	26.8	538
0.3	-	Investment in securities		(15.3)	(85.1)	456
-	-	Proceeds from sale securities		-	43.4	n.a.
1.2	1.4	Dividends received from companies classified as non current financial assets and from other companies		1.2	1.4	17
4.9	2.6	Interest received and other financial income		9.0	7.0	(22)
0.1	0.1	Loans and deposits given (net)		0.4	1.2	200
(70.2)	(51.2)	Net cash used in investing activities	18	(256.0)	(215.1)	(16)
		Cash flows from financing activities				
280.1	586.4	Proceeds from borrowings		1,218.5	897.4	(26)
(445.1)	(570.9)	Repayment of borrowings		(1,213.2)	(793.5)	(35)
(3.4)	(3.5)	Payment of principal portion of lease liabilities (net)		(10.0)	(10.2)	2
44.8	(38.0)	Interest paid on short-term loans and other financing charges		22.8	(34.1)	n.a.
(129.9)	(200.0)	Dividends paid to shareholders		(129.9)	(200.0)	54
(253.5)	(226.0)	Net cash from financing activities		(111.8)	(140.4)	26
(96.1)	66.8	Net increase/(decrease) in cash and cash equivalents		(202.9)	(67.7)	(67)
255.9	90.8	At the beginning of the period		349.1	226.6	(35)
(5.1)	1.3	Effect of foreign exchange rate changes		7.5	(0.2)	n.a.
154.7	158.9	At the end of period		153.7	158.7	3
(0.9)	0.5	Overdrafts		-	0.7	n.a.
153.7	159.4	Cash and cash equivalents in statement of financial position		153.7	159.4	4

INA Group Summary Segmental Results of Operations

Q3 2022	Q3 2023	(EUR mn)	Q1-Q3 2022	Q1-Q3 2023	%
Net sales revenues					
323.9	134.1	Exploration & Production	716.8	431.6	(40)
1,526.9	1,195.7	Refining & Marketing including Consumer services and Retail	3,543.3	2,835.9	(20)
43.8	55.1	Corporate and Other	122.1	156.9	29
(347.2)	(169.2)	Intersegment transfers and consolidation adjustments	(767.8)	(536.0)	(30)
1,547.3	1,215.7	Total	3,614.4	2,888.4	(20)
EBITDA*					
243.3	78.8	Exploration & Production	518.3	293.2	(43)
12.8	83.1	Refining & Marketing including Consumer services and Retail	157.4	60.7	(61)
0.0	3.0	Corporate and Other	(6.1)	(2.9)	(52)
(5.6)	(7.5)	Intersegment transfers and consolidation adjustments	(53.5)	(10.3)	(81)
250.5	157.4	Total	616.1	340.7	(45)
EBITDA Excluding Special Items					
243.3	78.8	Exploration & Production	518.3	293.2	(43)
12.8	83.1	Refining & Marketing including Consumer services and Retail	157.4	60.7	(61)
0.0	3.0	Corporate and Other	(6.1)	(2.9)	(52)
(5.6)	(7.5)	Intersegment transfers and consolidation adjustments	(53.5)	(10.3)	(81)
250.5	157.4	Total	616.1	340.7	(45)
Profit/(Loss) from operations					
214.4	49.5	Exploration & Production	452.2	230.3	(49)
(9.6)	60.3	Refining & Marketing including Consumer services and Retail	88.9	(2.3)	n.a.
(5.7)	(2.6)	Corporate and Other	(23.4)	(19.7)	(16)
(5.5)	(7.5)	Intersegment transfers and consolidation adjustments	(53.3)	(10.2)	(81)
193.5	99.7	Total	464.4	198.1	(57)
Profit/(Loss) from operations Excluding Special Items					
214.4	49.5	Exploration & Production	452.2	230.3	(49)
(9.6)	60.3	Refining & Marketing including Consumer services and Retail	88.9	(2.3)	n.a.
(5.7)	(2.6)	Corporate and Other	(23.4)	(19.7)	(16)
(5.5)	(7.5)	Intersegment transfers and consolidation adjustments	(53.3)	(10.2)	(81)
193.5	99.7	Total	464.4	198.1	(57)
Property, plant and equipment					
568.0	532.0	Exploration & Production	568.0	532.0	(6)
998.9	1,093.2	Refining & Marketing including Consumer services and Retail	998.9	1,093.2	9
123.5	135.5	Corporate and Other	123.5	135.5	10
(66.1)	(72.3)	Intersegment transfers and consolidation adjustments	(66.1)	(72.3)	9
1,624.3	1,688.4	Total	1,624.3	1,688.4	4

*EBITDA = EBIT + Depreciation, amortization and impairment (net)

Intersegment transfers and consolidation adjustments

Intersegment transfers and consolidation adjustments indicate unrealised profit/loss on domestic crude oil and natural gas being transferred from Exploration and Production to Refining and Marketing but still being kept on INA inventory as crude oil/natural gas or finished/semi-finished product. Intersegment EBITDA effect on result in Q1-Q3 2023 is EUR (10.3) million compared to EUR (53.5) million in Q1-Q3 2022.



Financial overview and notes

Condensed Consolidated Statement of Profit or Loss

Notes

- 1 **Revenue from contracts with customers** in Q1-Q3 2023 amounted to EUR 2,888.4 million and is 20% lower compared to Q1-Q3 2022, primarily due to deteriorated hydrocarbon prices and product quotations
- 2 **Costs of raw materials and consumables** at EUR (929.9) million were 37% lower than Q1-Q3 2022 level, reflecting different dynamic of refinery operation
- 3 Other **operating costs** realized in Q1-Q3 2023 include:
 - Other material costs in the amount of EUR (192.8) million were lower by 12%, mainly driven by lower transportation costs and lower crude oil price impact
 - Service costs in the amount of EUR (51.9) million were 6% higher than Q1-Q3 2022, reflecting inflation of intellectual and other services prices, and higher insurance premiums
 - Depreciation, amortisation and impairment (net) in the amount of EUR (142.6) million were 6% lower compared to Q1-Q3 2022
 - Impairment charges (net) had a negative effect in the amount of EUR (7.6) million in Q1-Q3 2023 compared to negative effect in the amount of EUR (12.2) million in Q1-Q3 2022, mainly related to impairment of materials
 - Provision for charges and risk (net) had a negative effect in the amount of EUR (26.2) million in Q1-Q3 2023 compared to EUR (22.8) million negative effect in Q1-Q3 2022
- 4 **Staff costs** in the amount EUR (187.4) million were 12% higher than the Q1-Q3 2022, following inflation driven salary corrections
- 5 **Costs of other goods sold** in Q1-Q3 2023 were approximately on the level of Q1-Q3 2022 and amounted to EUR (1,282.4) million
- 6 **Net result from financial activities** is negative in Q1-Q3 2023 mainly as a result of:
 - Net foreign exchange loss amounted EUR (9.2) million in Q1-Q3 2023, while in Q1-Q3 2022 loss reached EUR (6.2) million
 - Interest expense amounted to EUR (15.0) million and interest income were EUR 1.9 million in Q1-Q3 2023, while in Q1-Q3 2022 interest expense amounted to EUR (8.7) million and interest income were EUR 0.4 million
 - Other financial net gain amounted to EUR 2.0 million in Q1-Q3 2023 compared to EUR 3.7 million Q1-Q3 2022
- 7 **Income tax expense** in Q1-Q3 2023 amounted to EUR (26.0) million compared to EUR (80.4) million income tax expense in Q1-Q3 2022. Tax costs and deferred taxes during the reporting period are calculated based on actual results and the profit tax rate, 18% for the periods ended 30 September 2023 and 2022.

Condensed Consolidated Statement of Financial Position

Notes

- 8 As at 30 September 2023 INA Group **total assets** amounted to EUR 3,342.1 million, 5% higher than 31 December 2022
- 9 In the period ended 30 September 2023, INA Group invested EUR 11.8 million in **intangible assets**. The effect of depreciation equals EUR 5.8 million
- 10 In the period ended 30 September 2023, INA Group invested EUR 186.4 million in **property, plant and equipment**. The effect of depreciation reduced net book value in the amount of EUR 120.7 million
- 11 **Inventories** amounted to EUR 422.6 million and increased compared to EUR 398.0 million on 31 December 2022 in line with higher crude import in Q3 2023
 - From Q1-Q3 2023, EUR 23.3 million was recognized as reversal of impairment of refined products and work in progress (from Q1-Q3 2022: EUR 23.1 million was recognised as impairment of refined products and work in progress) within Changes in inventories of finished products and work in progress within Statement of profit or loss
 - From Q1-Q3 2023, EUR 4.3 million was recognized as reversal of impairment of merchandise (from Q1-Q3 2022: EUR 0.1 million was recognised as impairment of merchandise) within Cost of goods sold within Statement of profit or loss
- 12 **Trade receivables (net)** amounted to EUR 375.1 million, which is 3% higher than on 31 December 2022
- 13 **Share capital** as at 30 September 2023 amounted to EUR 1,200.0 million. By the decision of the General Assembly and legal obligations to adjust the share capital after currency conversion croatian kuna to euro, the registered capital was increased from EUR 1,194.5 million to EUR 1,200.0 million
- 14 As at 30 September 2023 **total liabilities** amounted to EUR 1,792.4 million, 13% higher compared to 31 December 2022. INA Group **net debt** amounted to EUR 284.4 million and increased compared to 31 December 2022. **Net gearing** increased from 5.4% as at 31 December 2022 to 15.5% as at 30 September 2023
- 15 **Trade payables** amounted to EUR 368.4 million and increased by 12% compared to 31 December 2022 mainly due to higher crude import in Q3 2023

Condensed Consolidated Cash Flow Statement (Indirect method)

Notes

- 16 The **operating cash flow before working capital changes** amounted to EUR 322.5 million in Q1-Q3 2023 representing a decrease compared to Q1-Q3 2022, which is in line with the change in EBITDA performance excluding non-cash items
- 17 **Movements in working capital** affected the operating cash flow positively by EUR 129.0 million, due to:
 - Increase in value of inventories in the amount of EUR (15.7) million, mainly related to higher volumes
 - Increase in receivables in the amount of EUR (30.6) million
 - Increase in trade and other payables in the amount of EUR 175.3 million, mainly related to higher volumes in line with production dynamics
- 18 **Net cash used in investing activities** amounted to EUR (215.1) million of outflows, primarily related to investment in Refining operations and OMV acquisition, which is below EUR (256.0) million outflows in Q1-Q3 2022, reflecting different investment dynamic

Reclassification

INA Management Board adopted at December 2022 the updated version of INA Group Accounting Policies and Procedures.

The updated version of INA Group Accounting Policies and Procedures policies have been consistently applied to all the periods presented, unless otherwise stated. Also, CCS calculation including CO₂ adjustments was updated. If the items in the consolidated financial statements are amended, all comparative amounts are reclassified.

In the financial statement the Group detected an omission regarding the accounting treatment of excise duties calculated on oil derivatives which have not been sold at period end which resulted in the increasing of the cost of other goods sold for EUR 3.6 million. Moreover, during 2022 impairment of two oil fields in Egypt was recognized in the amount of EUR 11.4 million with tax effect in the amount of EUR 2 million. Since the conditions that led to this impairment existed in previous periods, impairments were subsequently corrected in the financial statements for 2022, and the first quarter of 2022 was corrected accordingly. The net effect is an increase in profit for the period by EUR 5.6 million.

Special items in operating profit and EBITDA

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 a significant effect on operations and results are considered as special items. INA has adopted the materiality level for the special items in the amount of USD 10 million or above. If special items reach materiality level on cumulative basis, previous quarters are restated. Furthermore, in accordance with the adopted accounting policies and IFRS 36 – Impairment of Assets, INA performs impairment testing at the end of each reporting period if impairment indicators are assessed to be significant. In Q1-Q3 period, both 2022 and 2023, there were no special items impacting the result.

Financial instruments and risk management

Risk Management procedures of INA Group are described in detail in Consolidated and separate Financial Statements of INA for the year ended 31 December 2022.

As of 30 September 2023 INA Group had:

- Opened forward commodity swap transactions to hedge its exposure to changes in pricing periods and fixed price contracts
- Contracted and available short-term credit lines amounted to EUR 504 million excluding overdrafts and trade financing credit lines established with the purpose to finance the purchase of crude oil and oil products
- Contracted and available long-term credit lines amounted to EUR 300 million
- Issued long-term bond of EUR 265 million, with a fixed annual interest rate and maturity in December 2026



Russia – Ukraine conflict

Management is continuously investigating and assessing the possible effects of the current geopolitical situation, international sanctions and other possible limitations on the supply chain and business activities of INA Group, driven by the Russia's invasion of Ukraine that commenced on 24 February 2022. INA Group exposure to Russia and Ukraine does not require any adjustments to these financial statements as of 30 September 2023, and is not expected to jeopardize the business continuity of the Group.

Changes in equity

	Share capital	Legal reserves	Fair value reserves	Other reserves	(Accumulated losses)/ Retained earnings	Attributable to equity holders of the parent company	Non controlling interest	Total
Balance at 1 January 2022	1,194.5	26.4	48.1	207.3	(33.6)	1,442.7	2.0	1,444.7
Profit/(loss) for the period	-	-	-	-	373.2	373.2	0.9	374.1
Other comprehensive income, net	-	-	5.9	10.9	-	16.8	-	16.8
Total comprehensive income/(loss) for the period	-	-	5.9	10.9	373.2	390.0	0.9	390.9
Transfer to legal reserves	-	6.8	-	-	(6.8)	-	-	-
Dividends paid	-	-	-	-	(130.2)	(130.2)	-	(130.2)
Balance at 30 September 2022	1,194.5	33.2	54.0	218.2	202.6	1,702.5	2.9	1,705.4
Balance at 1 January 2023	1,194.5	33.2	58.0	214.4	81.0	1,581.1	2.9	1,584.0
Profit/(loss) for the period	-	-	-	-	157.8	157.8	0.3	158.1
Other comprehensive gain/(loss), net	-	-	14.3	(6.7)	-	7.6	-	7.6
Total comprehensive income/(loss) for the period	-	-	14.3	(6.7)	157.8	165.4	0.3	165.7
Transfer to legal reserves	-	12.2	-	-	(12.2)	-	-	-
Increase in share capital due to the conversion of HRK to EUR	5.5	(5.5)	-	-	-	-	-	-
Dividends paid	-	-	-	-	(200.0)	(200.0)	-	(200.0)
Balance at 30 September 2023	1,200.0	39.9	72.3	207.7	26.6	1,546.5	3.2	1,549.7



Related party transactions

INA Group has dominant position in Croatia in oil and gas exploration and production, oil refining and sale of gas and petroleum products. As a result of the strategic position of INA Group within the Croatian economy, a substantial portion of its business and the business of its subsidiaries is transacted with the Croatian Government, its departments and agencies, and the companies with the Republic of Croatia being their majority shareholder.

Transactions between INA, d.d. and its subsidiaries, which are related parties of the Company, have been eliminated on Group level consolidation.

During Q1-Q3 2023, INA Group entered into the following trading transactions with the following related parties:

INA Group	Sales of goods	Purchase of goods
EUR mn	30 September 2023	30 September 2023
Companies available for sale		
JANAF d.d. Zagreb	0.6	6.9
Governing company		
MOL Nyrt.	117.2	89.0
Companies controlled by governing company		
Tifon d.o.o.	110.6	0.8
MOL Serbia d.o.o.	24.9	-
MOL Slovenija d.o.o.	2.4	-
MOL Petrochemicals Co. Ltd.	1.5	-
Geoinform Kft.	0.3	0.1
Petrolszolg Kft.	0.2	1.5
MOL Commodity Trading Kft.	-	37.5
SLOVNAFT, a.s.	-	149.0
MOL LUB Kft.	-	0.1
IES - Italiana Energia e Servizi S.p.A	-	0.6
FGSZ Zrt.	-	0.2

INA Group	Amounts owed from related parties	Amounts owed to related parties
EUR mn	30 September 2023	30 September 2023
Companies available for sale		
JANAF d.d. Zagreb	0.2	1.0
Governing company		
MOL Nyrt.	7.1	24.2
Companies controlled by governing company		
Tifon d.o.o.	19.6	0.4
MOL Serbia d.o.o.	0.8	0.1
MOL Commodity Trading Kft.	28.4	37.2
MOL Slovenija d.o.o.	0.8	0.8
Petrolszolg Kft.	0.2	-
Geoinform Kft.	-	0.1
SLOVNAFT, a.s.	0.1	80.4
MOL Pakistan	-	0.1

Management representation

Consolidated financial statements of INA Group for Q1-Q3 2023 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.

Management Board:

- Zsuzsanna Ortutay – President of the Management Board
- Zsombor Marton – Member of the Management Board
- Krisztián Pulay – Member of the Management Board
- Miroslav Skalicki – Member of the Management Board
- dr.sc. Hrvoje Šimović – Member of the Management Board
- Marin Zovko – Member of the Management Board

