

**INA**



**INA GROUP  
Q1 2023  
FINANCIAL REPORT**

INA Group (ZB: INA-R-A; [www.ina.hr](http://www.ina.hr)) announced its Q1 2023 results. This report contains unaudited consolidated financial statements for the period ending 31 March 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)

2022	EUR mn	Q1 2022	Q1 2023	%
4,660.4	Net sales revenues*	791.3	760.8	(4)
672.8	EBITDA <sup>(1)</sup>	149.7	37.0	(75)
<b>672.8</b>	<b>EBITDA excl. special items</b>	<b>149.7</b>	<b>37.0</b>	<b>(75)</b>
<b>727.6</b>	<b>CCS EBITDA excl. special items</b>	<b>130.1</b>	<b>23.2</b>	<b>(82)</b>
428.8	Profit/(loss) from operations	105.4	(6.7)	n.a.
<b>452.4</b>	<b>Profit/(loss) from operations excl. special items <sup>(2)</sup></b>	<b>96.7</b>	<b>(6.7)</b>	<b>n.a.</b>
<b>507.2</b>	<b>CCS Profit/(loss) from operations excl. special items</b>	<b>77.1</b>	<b>(20.5)</b>	<b>n.a.</b>
(16.5)	Net (loss)/income from financial activities	0.2	(10.3)	n.a.
251.5	Profit/(loss) for the period attributable to Owners of the Company	85.0	(14.2)	n.a.
<b>356.3</b>	<b>Profit/(loss) for the period excl. special items <sup>(2)</sup></b>	<b>76.2</b>	<b>(14.2)</b>	<b>n.a.</b>
365.5	Simplified Free Cash Flow <sup>(3)</sup>	17.8	(29.8)	n.a.
<b>455.7</b>	<b>Net operating cash flow</b>	<b>65.4</b>	<b>(11.7)</b>	<b>n.a.</b>
<b>Earnings per share</b>				
25.2	Basic and diluted earnings/(loss) per share (EUR per share)	8.5	(1.4)	n.a.
90.7	Net debt	104.9	165.0	57
5.4	Net gearing (%)	6.5	9.5	
<b>362.1</b>	<b>CAPEX total</b>	<b>112.3</b>	<b>53.0</b>	<b>(53)</b>
342.9	Domestic	107.7	49.5	(54)
19.2	International	4.6	3.5	(23)
2022	USD mn <sup>(4)</sup>	Q1 2022	Q1 2023	%
4,904.3	Net sales revenues*	887.9	816.3	(8)
708.0	EBITDA <sup>(1)</sup>	168.0	39.7	(76)
<b>708.0</b>	<b>EBITDA excl. special items</b>	<b>168.0</b>	<b>39.7</b>	<b>(76)</b>
<b>765.7</b>	<b>CCS EBITDA excl. special items</b>	<b>146.0</b>	<b>24.9</b>	<b>(83)</b>
451.2	Profit/(loss) from operations	118.3	(7.2)	n.a.
<b>476.1</b>	<b>Profit/(loss) from operations excl. special items <sup>(2)</sup></b>	<b>108.5</b>	<b>(7.2)</b>	<b>n.a.</b>
<b>533.8</b>	<b>CCS Profit/(loss) from operations excl. special items</b>	<b>86.5</b>	<b>(21.9)</b>	<b>n.a.</b>
(17.4)	Net (loss)/income from financial activities	0.2	(11.1)	n.a.
264.7	Profit/(loss) for the period attributable to Owners of the Company	95.4	(15.2)	n.a.
<b>374.9</b>	<b>Profit/(loss) for the period excl. special items <sup>(2)</sup></b>	<b>85.5</b>	<b>(15.2)</b>	<b>n.a.</b>
384.6	Simplified Free Cash Flow <sup>(3)</sup>	20.0	(31.9)	n.a.
<b>479.6</b>	<b>Net operating cash flow</b>	<b>73.4</b>	<b>(12.6)</b>	<b>n.a.</b>
<b>Earnings per share</b>				
26.5	Basic and diluted earnings/(loss) per share (USD per share)	9.5	(1.5)	n.a.
96.7	Net debt	116.1	179.6	55
<b>381.1</b>	<b>CAPEX total</b>	<b>126.0</b>	<b>56.9</b>	<b>(55)</b>
360.8	Domestic	120.9	53.1	(56)
20.2	International	5.1	3.8	(27)

\*Related to Revenue from contracts with customers

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

(2) In Q1 2022, operating result was positively impacted by reversal of impairment of asset in the amount of EUR 9 million, while 2022 full year operating result was negatively impacted by impairment and reversal of impairment of asset in the amount of EUR (24) million and additionally net profit was impacted by extra profit tax in the amount of EUR (81) million

(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; for Q1 2022 – 1.1229 EUR/USD; for Q1 2023 – 1.0730 EUR/USD; for Q2 2022 – 1.0670 EUR/USD; for Q3 2022 – 1.0079 EUR/USD; for Q4 2022 – 1.0187 EUR/USD;

### 2023 Q1 financial and operational highlights

In terms of external environment, beginning of 2023 was marked by prices stabilization and continuation of regulatory constraints. INA Group CCS EBITDA excl. special items in Q1 2023 amounted to EUR 23 million, stark contrast compared to Q1 2022 figure of EUR 130 million. On top of negative regulatory impact, this change is related primarily to Q1 2023 price environment downward trend compared to exceptional Q1 2022, when significant gain on margins was realised during the price surge.

EBITDA of Exploration and Production amounted to EUR 98 million, with result being combination of stable production and limited gas price for majority of production. Natural decline of production is at very favorable 2% qoq, strong result taking into consideration maturity of INA's Exploration and Production portfolio. Offshore gas production increased 13%, following first results of the drilling campaign.

Refining and Marketing incl. Consumer services and Retail segment result remains negatively impacted by fuel price regulation which, combined with the investment activities (mainly the Rijeka Refinery Upgrade Project) and lower realized wholesale margins, resulted in negative cash flow of the segment. Also, Rijeka Refinery production will be started up in Q2 2023, with working capital buildup. Retail sales grew by 13% and the non-fuel margin growth continued.

Large investment cycle continues in 2023 including the execution of Rijeka Refinery Upgrade Project, which reached 74% completion in Q1 2023. Financial position remains robust with gearing below 10%.



**President of the Management Board comment**

**Mr. Péter Ratatics, President of the Management Board comments on the results:**

"After 2022, with its soaring energy prices, 2023 is marked with strong level of market regulation in many countries. Despite the external movements and heavily regulated environment, with sense of obligation we managed to deliver on our main strategic responsibility – to ensure continuous supply of our customers. At the same time, we are continuing with one of the most intensive investment periods at INA. Works on Rijeka Refinery maintenance continue as planned, with production startup during Q2 2023. Safe supply of the market was not endangered in any period, regardless of the refinery operations, but the production startup will further strengthen the supply possibilities.

Rijeka Refinery Upgrade Project achieved 74% completion in overall. Its completion will bring economic sustainability of refining business on the long run to a higher level. When discussing the investments, it should also be mentioned that offshore drilling campaign results are visible in the production, with the 13% increase in offshore gas production.

Exploration and Production continue its trend of moderating the natural production decline. Decrease of overall hydrocarbon production of just 2% is a strong result, taking into consideration the overall age of INA's production portfolio, with many fields in production around or more than 40 years. With these efforts, security of gas supply is strong while on the other hand, volatility of hydrocarbon prices and regulation in place continue to bring level of uncertainty for future results. Refining and Marketing including Consumer Services and Retail operations are pressured by reduced margins.

As in 2023 hydrocarbon prices stabilized at lower levels, I believe operating on market-based principles in a deregulated pricing environment should be enabled. INA will continue to ensure safe market supply while aiming to provide the shareholders with profitable operations."



### Exploration and Production\*

2022	Segment IFRS results (EUR mn)	Q1 2022	Q1 2023	%
892.4	Net sales revenues	179.5	153.5	(15)
649.2	EBITDA	116.3	98.2	(16)
<b>649.2</b>	<b>EBITDA excl. special items</b>	<b>116.3</b>	<b>98.2</b>	<b>(16)</b>
516.6	Profit from operations	101.0	80.0	(21)
<b>540.2</b>	<b>Profit from operation excl. special items **</b>	<b>92.3</b>	<b>80.0</b>	<b>(13)</b>
543.7	Simplified Free Cash Flow***	93.5	84.8	(9)
105.5	CAPEX	22.8	13.3	(42)

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

\*\* In Q1 2022, operating result was positively impacted by reversal of impairment of asset in the amount of EUR 9 million, while in 2022 operating result was negatively impacted by impairment and reversal of impairment of asset in the amount of EUR (24) million

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

2022	Hydrocarbon production (boe/d)	Q1 2022	Q1 2023	%
<b>12,282</b>	<b>Crude oil production (boe/d)</b>	<b>12,537</b>	<b>12,149</b>	<b>(3)</b>
10,108	Croatia	10,380	9,925	(4)
1,610	Egypt	1,590	1,707	7
564	Angola	567	516	(9)
<b>12,859</b>	<b>Natural gas production (boe/d)</b>	<b>12,736</b>	<b>12,558</b>	<b>(1)</b>
3,436	Croatia - offshore	3,137	3,528	13
9,423	Croatia - onshore	9,599	9,029	(6)
<b>912</b>	<b>Condensate (boe/d)</b>	<b>922</b>	<b>921</b>	<b>(0)</b>
<b>26,053</b>	<b>Total hydrocarbon production</b>	<b>26,196</b>	<b>25,628</b>	<b>(2)</b>
<b>2022</b>	<b>Total average realised hydrocarbon price</b>	<b>Q1 2022</b>	<b>Q1 2023</b>	<b>%</b>
103	Total average hydrocarbon price (USD/boe)*	87	76	(13)

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

### Q1 2023 vs. Q1 2022

#### Key drivers

- Lower prices impacted sales revenues negatively by EUR 18.5 million mainly driven by lower oil price
- Production decreased by only 2%, compared to 6% decline 2022 vs. 2021 in same period, which is a strong improvement considering the maturity of INA oil and gas fields. However, despite offshore better well performance driven by significantly increased production on Ika field after performed workover and higher production on Ivana field after process optimization, Croatian production decreased as a result of:
  - onshore lower contribution due to natural decline including increased water cut on Deep Podravina, Vučkovec and Žutica fields
  - natural decline on gas condensate fields
- International:
  - Egypt: contribution of new well Ganna-20 and performed well workovers
  - Angola: lower well performance due to unplanned downtimes on Block 3/05

#### Capital expenditures

Q1 2023 (EUR mn)	Croatia	Egypt	Angola
Exploration	0.3	0.4	
Development	8.7	2.9	0.1
Other	0.9		
<b>TOTAL</b>	<b>9.9</b>	<b>3.3</b>	<b>0.1</b>

Lower CAPEX level compared to Q1 2022 mainly due to Croatia Offshore drilling campaign being in EPCI (Engineering, Procurement, Construction, Installation) tendering phase in Q1 2023.

Main activities during Q1 2023 were related to:

##### Croatia Exploration:

- Drava-03: Preparatory activities for drilling Veliki Rastovac-1 well are ongoing

##### Croatia Offshore:

- Permitting for drilling exploration well Izabela-9 is in progress
- EPCI tender finished, evaluation is in progress

##### Croatia Onshore:

- Production optimization: performed 9 well workovers in Q1 2023
- Zalata-Dravica: Preparation of main design and tendering process for all long lead items (LLI) ongoing

##### Egypt:

- East Damanhur: Preparation for drilling ED-3X exploration well ongoing
- North Bahariya: 5 wells drilled (4 producers and 1 water injector), drilling of 2 wells is ongoing
- Ras Qattara: Drilling of one development well completed in February. Concession extension procedure ongoing

**Refining and Marketing, including Consumer Services and Retail\***

2022	Segment IFRS results (EUR mn)	Q1 2022	Q1 2023	%
4,568.2	Net sales revenues	757.9	745.9	(2)
47.7	EBITDA	49.1	(26.9)	n.a.
<b>47.7</b>	<b>EBITDA excl. special items**</b>	<b>49.1</b>	<b>(26.9)</b>	<b>n.a.</b>
102.6	CCS EBITDA excl. special items**	29.5	(40.7)	n.a.
(44.0)	Profit/(loss) from operations	26.2	(46.9)	n.a.
<b>(44.0)</b>	<b>Profit/(loss) from operations excl. special items**</b>	<b>26.2</b>	<b>(46.9)</b>	<b>n.a.</b>
10.8	CCS Profit/(loss) from operations	6.6	(60.7)	n.a.
(130.9)	Simplified Free Cash Flow***	(58.2)	(79.4)	36
233.4	CAPEX	87.7	38.7	(56)

\*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.

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

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

2022	Refining processing (kt)	Q1 2022	Q1 2023	%
288	Domestic crude oil	0	-	n.a.
1,474	Imported crude oil	9	-	n.a.
603	Other feedstock	19	31	60
<b>2,365</b>	<b>Total refining throughput</b>	<b>28</b>	<b>31</b>	<b>9</b>
Refining production (kt)				
128	LPG*	-	-	n.a.
90	Naphtha	0	-	n.a.
503	Gasoline	4	6	38
151	Kerosene	0	0	(79)
939	Diesel	-	1	n.a.
19	Heating oil	3	-	n.a.
236	Fuel oil	14	13	(5)
66	Other products**	1	3	99
<b>2,132</b>	<b>Total</b>	<b>22</b>	<b>23</b>	<b>3</b>
31	Refining loss	1	1	(20)
201	Own consumption	5	7	37
<b>2,365</b>	<b>Total refining production</b>	<b>28</b>	<b>31</b>	<b>9</b>
Refined product sales by country (kt)				
2,295	Croatia	423	460	9
595	B&H	128	128	0
52	Slovenia	10	9	(8)
17	Italy	4	3	(16)
769	Other markets	98	114	16
<b>3,729</b>	<b>Total</b>	<b>663</b>	<b>715</b>	<b>8</b>
Refined product sales by product (kt)				
220	LPG*	42	34	(17)
91	Naphtha	-	1	n.a.
642	Gasoline	91	99	9
186	Kerosene	16	20	24
1,904	Diesel	377	426	13
157	Heating oil	38	39	3
217	Fuel oil	16	25	52
69	Bitumen	12	14	15
244	Other products***	72	58	(19)
<b>3,729</b>	<b>Total</b>	<b>663</b>	<b>715</b>	<b>8</b>
1,173	o/w Consumer services and Retail segment sales	232	263	13
<b>745</b>	<b>Total natural gas sales (mln m3)</b>	<b>218</b>	<b>169</b>	<b>(22)</b>
<b>506</b>	<b>Total number of service stations</b>	<b>504</b>	<b>507</b>	<b>1</b>

\*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 2023 vs. Q1 2022**

### **Key drivers**

- Adverse commercial margins in a decreasing product price environment presented a stark contrast compared to the prices in Q1 2022 which soared on the back of the Russia-Ukraine conflict
- Finalisation of investments in brownfield part of Rijeka Refinery Upgrade Project during Q1 2023 required temporary shut-down of refining activities, implying operation in import mode
- Trading activities were focused on safe and timely product supply, with higher sales to captive market
- Total Retail sales volumes amounted to 263 kt in Q1 2023 which is 13% above Q1 2022 due to higher realisation on Croatian market (+33.3 kt) mainly as a result of positive market trends and lower fuel price compared to neighbouring countries
- However, higher volumes were not enough to compensate the negative impact of continued fuel price regulation
- Non-fuel margin increased 25% reflecting continuous expansion in consumer goods, increasing number of Fresh Corners and improved sales techniques together with INA Loyalty program support which surpassed 480 thousand registered members

### **Capital expenditures**

- Refining and Marketing CAPEX amounted to EUR 37 million:
  - **Rijeka Refinery Upgrade Project** - The Project achieved 74% completion in overall, with the engineering and procurement reached above 99%. Construction is close to 60% with focus on the works during the Rijeka Refinery Shutdown period. Civil works on Coke Port are completed, and Refinery electricity power supply is transferred to new high voltage electricity
  - **CDU energy efficiency upgrade project** - The first part of the works completed during Rijeka Refinery shutdown as planned (new foundations construction and reconstruction of existing foundations; installation of new steel structure; strengthening of the existing steel structure; re-installation of heat exchangers and connecting pipelines; re-installation of instrumentation). All existing pumps re-installed and ready for start-up
  - **Replacement of condensing turbines with electric drives** - Detail design completed. Preparatory works for the underlying of the concrete are in progress on Platforming II. Excavation works on FCC are in progress
- Consumer Services and Retail capital investments amounted to EUR 1.6 million in Q1 2023 with focus on network expansion resulting in 3 new service station openings, with total amount of 507 stations (o/w 390 in Croatia)

### **Main external parameters**

<b>2022</b>	<b>Crude oil and gas prices</b>	<b>Q1 2022</b>	<b>Q1 2023</b>	<b>%</b>
101	Brent dtd (USD/bbl)	102	81	(21)
24	Brent-Ural spread (USD/bbl)	12	30	148
4.4	Azeri-Brent spread (USD/bbl)	3.4	3.5	3
126	CEGH gas price (EUR/MWh)	101	56	(45)
<b>FOB MED Products prices and crack spreads</b>				
985	Gasoline - premium unleaded 10 ppm (USD/t)	929	837	(10)
1,037	Diesel – ULSD 10 ppm (USD/t)	903	833	(8)
457	Fuel oil 3.5% (USD/t)	522	359	(31)
791	LPG (USD/t)	929	750	(19)
218	Crack spread – gasoline (USD/t)	156	223	43
270	Crack spread – diesel (USD/t)	130	219	69
(309)	Crack spread – fuel oil 3.5% (USD/t)	(252)	(255)	1
25	Crack spread – LPG (USD/t)	156	136	(12)
3.4	Indicative refining margins (USD/bbl)*	(3.4)	5.6	n.a.
<b>Foreign exchange</b>				
1.05	EUR/USD average	1.12	1.07	(4)
1.07	EUR/USD closing	1.11	1.09	(2)
2.40	3m USD LIBOR (%)	0.52	4.92	846
0.35	3m EURIBOR (%)	(0.53)	2.64	n.a.

\*In light of recent market developments the refinery margin methodology was reviewed and previous periods restated. The updated methodology includes purchased energy (enhanced fit to natural gas) and CO<sub>2</sub> costs, assuming Brent crude oil price as benchmark. 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 31 March 2022 and 2023 (in EUR millions)

2022	Note	Q1 2022	Q1 2023	%
<b>4,660.4 Revenue from contracts with customers</b>	1	<b>791.3</b>	<b>760.8</b>	(4)
48.5 Other operating income		17.6	14.9	(15)
<b>4,708.9 Total operating income</b>		<b>808.9</b>	<b>775.7</b>	(4)
59.1 Changes in inventories of finished products and work in progress		(16.8)	(22.8)	36
(1,731.8) Costs of raw materials and consumables	2	(34.1)	(38.0)	11
(244.0) Depreciation, amortisation and impairment (net)	3	(44.3)	(43.7)	(1)
(292.5) Other material costs	3	(60.3)	(51.7)	(14)
(72.9) Service costs	3	(16.1)	(16.4)	2
(239.2) Staff costs	5	(54.3)	(60.3)	11
(1,749.4) Costs of other goods sold	4	(478.8)	(553.0)	15
(18.2) Impairment charges (net)	3	(2.1)	(4.6)	119
(47.5) Provision for charges and risks (net)	3	(7.7)	(3.1)	(60)
56.3 Capitalised value of own performance		11.0	11.2	2
<b>(4,280.1) Operating expenses</b>		<b>(703.5)</b>	<b>(782.4)</b>	<b>11</b>
<b>428.8 Profit/(Loss) from operations</b>		<b>105.4</b>	<b>(6.7)</b>	<b>n.a.</b>
33.3 Finance income		8.1	4.7	(42)
(49.8) Finance costs		(7.9)	(15.0)	90
<b>(16.5) Net (loss)/income from financial activities</b>	6	<b>0.2</b>	<b>(10.3)</b>	<b>n.a.</b>
Share of net profit/(loss) of joint ventures accounted for using the equity method	6	(0.9)	-	n.a.
<b>408.7 Profit/(Loss) before tax</b>		<b>104.7</b>	<b>(17.0)</b>	<b>n.a.</b>
(156.2) Income tax gain/(expense)	7	(19.7)	2.8	n.a.
<b>252.5 Profit/(Loss) for the period</b>		<b>85.0</b>	<b>(14.2)</b>	<b>n.a.</b>
<b>Attributable to:</b>				
251.5 Owners of the Company		85.0	(14.2)	n.a.
1.0 Non-controlling interests		-	-	n.a.
<b>Earnings per share</b>				
25.2 Basic and diluted earnings/(loss) per share (EUR per share)		8.5	(1.4)	n.a.

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



**Condensed Consolidated Statement of Financial Position**

At 31 December 2022 and 31 March 2023 (in EUR millions)

	Note	31 December 2022	31 March 2023	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	9	66.2	75.4	14
Property, plant and equipment	10	1,597.7	1,613.9	1
Investment property		18.1	18.9	4
Rigth-of-use assets	10	40.2	43.6	8
Investments in associates and joint venture		3.7	3.7	(0)
Other investments		0.9	0.9	(0)
Other non-current financial asset		85.5	83.6	(2)
Deferred tax		129.7	133.0	3
Long-term marketable securities		2.3	2.3	-
Non-current financial assets		110.6	110.2	(0)
Other non-current asset		25.6	28.6	12
<b>Total non-current assets</b>		<b>2,080.5</b>	<b>2,114.1</b>	<b>2</b>
<b>Current assets</b>				
Inventories	11	398.0	340.0	(15)
Trade receivables, net	12	363.5	311.1	(14)
Other current financial asset		4.8	4.9	2
Corporative income tax receivables		1.4	1.8	29
Other current assets		27.8	45.6	64
Derivative financial instruments		5.1	11.0	116
Marketable securities		16.1	16.0	(1)
Cash and cash equivalents		226.6	90.8	(60)
<b>Current assets</b>		<b>1,043.3</b>	<b>821.2</b>	<b>(21)</b>
Assets held for sale		45.2	46.4	3
<b>Total current assets</b>		<b>1,088.5</b>	<b>867.6</b>	<b>(20)</b>
<b>Total assets</b>	8	<b>3,169.0</b>	<b>2,981.7</b>	<b>(6)</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital	13	1,194.5	1,194.5	-
Legal reserves		33.2	33.2	-
Fair value reserves		58.0	57.9	-
Other reserves		214.4	214.4	-
(Accumulated losses)/Retained earnings		81.0	66.8	(18)
<b>Equity attributable to the owners of the Company</b>		<b>1,581.1</b>	<b>1,566.8</b>	<b>(1)</b>
Non-controlling interests		2.9	2.9	0
<b>Total equity</b>		<b>1,584.0</b>	<b>1,569.7</b>	<b>(1)</b>
<b>Non-current liabilities</b>				
Long-term debts		263.7	263.7	-
Long-term lease liabilities		30.6	33.5	9
Other non-current liabilities		3.2	2.9	(9)
Employee benefits obligation		5.9	6.8	15
Provisions		466.4	471.9	1
Deferred tax liability		2.3	2.2	(4)
<b>Total non-current liabilities</b>		<b>772.1</b>	<b>781.0</b>	<b>1</b>
<b>Current liabilities</b>				
Bank loans and current portion of long-term debt		69.7	8.1	(88)
Current portion of long-term lease liabilities		10.6	11.3	7
Other current financial liabilities		0.2	0.4	100
Trade payables	15	329.6	176.1	(47)
Taxes and contributions		101.2	126.1	25
Corporate tax liabilities		160.1	160.2	-
Other current liabilities		65.4	72.7	11
Derivative financial instruments		2.8	5.8	107
Employee benefits obligation		1.0	0.8	(20)
Provisions		66.9	66.0	(1)
<b>Total current liabilities</b>		<b>807.5</b>	<b>627.5</b>	<b>(22)</b>
Liabilities directly associated with assets classified held for sale		5.4	3.5	(35)
<b>Total liabilities</b>	14	<b>1,585.0</b>	<b>1,412.0</b>	<b>(11)</b>
<b>Total equity and liabilities</b>		<b>3,169.0</b>	<b>2,981.7</b>	<b>(6)</b>

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



**Condensed Consolidated Cash Flow Statement (Indirect method)**

For the period ended 31 March 2022 and 2023 (in EUR millions)

2022	Note	Q1 2022	Q1 2023	%
<b>252.5 Profit/(loss) for the period:</b>		<b>85.0</b>	<b>(14.2)</b>	n.a.
<b>Adjustments for:</b>				
Depreciation, amortisation and impairment of property, plant and equipment and ROU asset (net)		44.3	43.7	(1)
156.2 Income tax (benefit)/expense recognised in profit and loss		19.7	(2.8)	n.a.
18.2 Impairment charges (net)		2.1	4.6	119
(11.7) Loss/(Gain) on sale of property, plant and equipment		0.1	(0.2)	n.a.
14.5 Foreign exchange (gain)/loss		(2.5)	7.2	n.a.
(1.1) Interest income		0.1	(0.6)	n.a.
4.5 Interest expense		0.8	0.8	1
Share of loss/(gain) of joint ventures accounted for using the equity method		0.9	-	n.a.
(8.9) Other finance (income)/expense recognised in profit		(0.4)	(0.6)	50
11.9 Increase/(decrease) in provision		7.4	(1.0)	n.a.
7.4 Decommissioning interests and other provision		1.8	3.8	117
Net (gain)/loss on derivative financial instruments and hedge transactions		(6.3)	(9.4)	50
<b>710.1 Operating cash flow before working capital changes</b>	<b>16</b>	<b>153.1</b>	<b>31.3</b>	<b>(80)</b>
<b>Movements in working capital</b>	<b>17</b>			
(167.0) Decrease/(Increase) in inventories		(216.7)	58.5	n.a.
(193.8) Decrease/(Increase) in receivables and prepayments		(40.0)	16.3	n.a.
110.2 (Decrease)/Increase in trade and other payables		170.8	(117.0)	n.a.
<b>459.5 Cash generated from operations</b>		<b>67.1</b>	<b>(10.9)</b>	n.a.
(3.8) Taxes paid		(1.7)	(0.8)	(52)
<b>455.7 Net cash inflow/(outflow) from operating activities</b>		<b>65.4</b>	<b>(11.7)</b>	n.a.
<b>Cash flows used in investing activities</b>				
(356.9) Capital expenditures, exploration and development costs		(103.9)	(61.9)	(40)
(12.3) Payments for intangible assets		(1.3)	(1.8)	35
13.0 Proceeds from sale of non-current assets		0.5	0.2	(59)
169.6 Proceeds from short-term deposits given		-	-	n.a.
(15.4) Investment in securities		(12.8)	-	n.a.
5.0 Proceeds from sale securities		-	-	n.a.
Dividends received from companies classified as non current financial assets and from other companies		-	-	n.a.
1.1 Interest received and other financial income		1.4	2.3	67
0.5 Proceeds from borrowings to employees		0.2	0.1	(62)
<b>(178.0) Net cash used in investing activities</b>	<b>18</b>	<b>(116.0)</b>	<b>(61.1)</b>	<b>(47)</b>
<b>Cash flows from financing activities</b>				
- Repayment of long-term borrowings		-	(64.0)	n.a.
1,327.6 Additional short-term borrowings		283.1	-	n.a.
(1,417.2) Repayment of short-term borrowings		(296.9)	-	n.a.
(12.6) Payment of principal portion of lease liabilities (net)		(3.3)	(3.3)	-
(1.2) Interest paid on short-term loans and other financing charges		6.2	2.7	(56)
(129.9) Dividends paid to shareholders		-	-	n.a.
<b>(233.3) Net cash from financing activities</b>		<b>(10.9)</b>	<b>(64.6)</b>	<b>492</b>
44.4 Net increase/(decrease) in cash and cash equivalents		(61.5)	(137.4)	123
179.4 At the beginning of the period		349.1	226.5	(35)
2.8 Effect of foreign exchange rate changes		5.1	0.1	(98)
226.6 At the end of period		292.7	89.2	(70)
- Overdrafts		1.1	1.6	42
<b>226.6 Cash and cash equivalents in statement of financial position</b>		<b>293.9</b>	<b>90.8</b>	<b>(69)</b>



**INA Group Summary Segmental Results of Operations**

2022	(EUR mn)	Q1 2022	Q1 2023	%
<b>Net sales revenues</b>				
892.4	Exploration & Production	179.5	153.5	(15)
4,568.2	Refining & Marketing including Consumer services and Retail	757.9	745.9	(2)
181.1	Corporate and Other	38.9	46.0	18
(981.3)	Intersegment transfers and consolidation adjustments	(185.0)	(184.6)	(0)
<b>4,660.4</b>	<b>Total</b>	<b>791.3</b>	<b>760.8</b>	<b>(4)</b>
<b>EBITDA*</b>				
649.2	Exploration & Production	116.3	98.2	(16)
47.7	Refining & Marketing including Consumer services and Retail	49.1	(26.9)	n.a.
(9.2)	Corporate and Other	(2.0)	(5.6)	181
(14.9)	Intersegment transfers and consolidation adjustments	(13.7)	(28.7)	109
<b>672.8</b>	<b>Total</b>	<b>149.7</b>	<b>37.0</b>	<b>(75)</b>
<b>EBITDA Excluding Special Items</b>				
649.2	Exploration & Production	116.3	98.2	(16)
47.7	Refining & Marketing including Consumer services and Retail	49.1	(26.9)	n.a.
(9.2)	Corporate and Other	(2.0)	(5.6)	181
(14.9)	Intersegment transfers and consolidation adjustments	(13.7)	(28.7)	109
<b>672.8</b>	<b>Total</b>	<b>149.7</b>	<b>37.0</b>	<b>(75)</b>
<b>Profit/(Loss) from operations</b>				
516.6	Exploration & Production	101.0	80.0	(21)
(44.0)	Refining & Marketing including Consumer services and Retail	26.2	(46.9)	n.a.
(29.1)	Corporate and Other	(8.1)	(11.1)	37
(14.7)	Intersegment transfers and consolidation adjustments	(13.7)	(28.7)	109
<b>428.8</b>	<b>Total</b>	<b>105.4</b>	<b>(6.7)</b>	<b>n.a.</b>
<b>Profit/(Loss) from operations Excluding Special Items</b>				
540.2	Exploration & Production	92.3	80.0	(13)
(44.0)	Refining & Marketing including Consumer services and Retail	26.2	(46.9)	n.a.
(29.1)	Corporate and Other	(8.1)	(11.1)	37
(14.7)	Intersegment transfers and consolidation adjustments	(13.7)	(28.7)	109
<b>452.4</b>	<b>Total</b>	<b>96.7</b>	<b>(6.7)</b>	<b>n.a.</b>
<b>Property, plant and equipment</b>				
498.4	Exploration & Production	579.4	496.7	(14)
1,031.6	Refining & Marketing including Consumer services and Retail	947.9	1.052,2	11
135.8	Corporate and Other	124.9	134.3	8
(68.1)	Intersegment transfers and consolidation adjustments	(64.4)	(69.3)	8
<b>1,597.7</b>	<b>Total</b>	<b>1,587.8</b>	<b>1.613,9</b>	<b>2</b>

\*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 2023 is EUR (28.7) million compared to EUR (13.7) million in Q1 2022.



## Financial overview and notes

### Condensed Consolidated Statement of Profit or Loss

#### Notes

- 1 **Revenue from contracts with customers** in Q1 2023 amounted to EUR 760.8 million and is 4% lower compared to Q1 2022, primarily due to deteriorated hydrocarbon prices and product quotations
- 2 **Costs of raw materials and consumables** at EUR (38.0) million were 11% higher than Q1 2022 level, reflecting different dynamic of refinery operation and inflation
- 3 Other **operating costs** realized in Q1 2023 include:
  - Other material costs in the amount of EUR (51.7) million were lower by 14%, mainly driven by lower transportation costs
  - Service costs in the amount of EUR (16.4) million were 2% higher than Q1 2022, mainly driven by higher insurance premiums
  - Depreciation, amortisation and impairment (net) in the amount of EUR (43.7) million were at the level of Q1 2022
  - Impairment charges (net) had a negative effect in the amount of EUR (4.6) million in Q1 2023 compared to negative effect in the amount of EUR (2.1) million in Q1 2022, mainly related to impairment of materials Q1 2023
  - Provision for charges and risk (net) had a negative effect in the amount of EUR (3.1) million in Q1 2023 compared to EUR (7.7) million negative effect in Q1 2022
- 4 **Staff costs** in the amount EUR (60.3) million were 11% higher than the Q1 2022, following inflation mitigation salary increase
- 5 **Costs of other goods sold** in Q1 2023 increased 15% compared to Q1 2022 and amounted to EUR (553.0) million resulting from higher import to ensure market supply
- 6 **Net result from financial activities** is negative in Q1 2023 mainly as a result of:
  - Net foreign exchange loss amounted EUR (6.9) million in Q1 2023, while in Q1 2022 gain reached EUR 2.4 million
  - Interest expense amounted to EUR (4.5) million and interest income were EUR 0.6 million in Q1 2023, while in Q1 2022 interest expense amounted to EUR (2.5) million and interest income was neutral
  - Other financial net gain amounted to EUR 0.5 million in Q1 2023 compared to EUR 0.3 million Q1 2022
- 7 **Income tax gain** in Q1 2023 amounted to EUR 2.8 million compared to EUR (19.7) million income tax expense in Q1 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 31 March 2023 and 2022.

### Condensed Consolidated Statement of Financial Position

#### Notes

- 8 As at 31 March 2023 INA Group **total assets** amounted to EUR 2,981.7 million, 6% lower than 31 December 2022
- 9 In the period ended 31 March 2023, INA Group invested EUR 1.8 million in **intangible assets**. The effect of depreciation equals EUR 2 million
- 10 In the period ended 31 March 2023, INA Group invested EUR 51.2 million in **property, plant and equipment**. The effect of depreciation reduced net book value in the amount of EUR 39.8 million
- 11 **Inventories** amounted to EUR 340.0 million and decreased compared to EUR 398.0 million on 31 December 2022 mainly due to mainly due to build-up in December 2022 and higher sales of goods in Q1 2023
  - During Q1 2023, EUR 5 million was recognized as reversal of impairment of refined products and work in progress (effect of impairment of refined products and work in progress in Q1 2022 was neutral) within Changes in inventories of finished products and work in progress within statement of profit or loss
  - During Q1 2023, impairment of merchandise effects was neutral (EUR (4) million was recognized as an impairment for merchandise in Q1 2022) within Cost of other goods sold within statement of profit or loss
- 12 **Trade receivables (net)** amounted to EUR 311.1 million, which is 14% lower than on 31 December 2022 mainly due to decreasing price environment
- 13 **Share capital** as at 31 March 2023 amounted to EUR 1,194.5 million. There were no movements in the issued capital of the Company, in either the current or the prior financial reporting
- 14 As at 31 March 2023 **total liabilities** amounted to EUR 1,412.0 million, 11% lower compared to 31 December 2022. INA Group **net debt** amounted to EUR 165 million and increased compared to 31 December 2022. **Net gearing** increased from 5.4% as at 31 December 2022 to 9.5% as at 31 March 2023
- 15 **Trade payables** amounted to EUR 176.1 million and decreased by 47% compared to 31 December 2022 due to lower import compared to December 2022



### Condensed Consolidated Cash Flow Statement (Indirect method)3

#### Notes

- 16 The **operating cash flow before working capital changes** amounted to EUR 31.3 million in Q1 2023 representing a decrease compared to Q1 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 negatively by EUR (42.2) million, due to:
- Decrease in value of inventories in the amount of EUR 58.5 million, mainly related to higher sales of goods
  - Decrease in receivables in the amount of EUR 16.3 million also impacted by the prices' trend
  - Decrease in trade and other payables amounted to EUR (117.0) million, mainly related to lower purchases of crude in line with production dynamics
- 18 **Net cash used in investing activities** amounted to EUR (61.1) million of outflows, primarily related to investment in Refining operations and is lower compared to EUR (116.0) million outflows in Q1 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 CO<sub>2</sub> adjustments was updated. If the items in the consolidated financial statements are amended, all comparative amounts are reclassified.

In the financial statement INA 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 2.0 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. The amounts 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 7.4 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 2022, operating result was positively impacted by reversal of impairment of asset in the amount of EUR 9 million driven by Northern Adriatic Concession Area value increase in line with the increase in gas prices.

At 2022 full-year level, operating result was negatively impacted by impairment and reversal of impairment of asset in the amount of EUR (24) million and additionally net profit was negatively impacted by extra profit tax in the amount of EUR (81) million.

EUR mn	Q1 2022	Q1 2023
<b>INA GROUP</b>		
<b>Total impact of special items on net profit/(loss)</b>	<b>9</b>	-
<b>Total impact of special items on operating profit/(loss)</b>	<b>9</b>	-
<b>Total impact of special items on EBITDA</b>	-	-
<b>Exploration &amp; Production</b>		
<b>Total impact of special items on operating profit/(loss)</b>	<b>9</b>	-
Reversal of impairment for Northern Adriatic Concession Area	9	-

#### 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 March 2023.

As of 31 March 2023 INA Group had:

- Opened short-term 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 531 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 31 March 2023, and is not expected to jeopardize the business continuity of the Group.

### Changes in equity

(EUR mn)	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
<b>Balance at 1 January 2022</b>	<b>1.194,5</b>	<b>26,4</b>	<b>48,1</b>	<b>207,3</b>	<b>(33,6)</b>	<b>1.442,7</b>	<b>2,0</b>	<b>1.444,7</b>
Profit/(loss) for the period	-	-	-	-	85,0	85,0	-	85,0
Other comprehensive gain/(loss), net	-	-	2,4	4,8	-	7,2	-	7,2
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>2,4</b>	<b>4,8</b>	<b>85,0</b>	<b>92,2</b>	<b>-</b>	<b>92,2</b>
<b>Balance at 31 March 2022</b>	<b>1.194,5</b>	<b>26,4</b>	<b>50,5</b>	<b>212,1</b>	<b>51,4</b>	<b>1.534,9</b>	<b>2,0</b>	<b>1.536,9</b>
<b>Balance at 1 January 2023</b>	<b>1,194.5</b>	<b>33,2</b>	<b>58,0</b>	<b>214,4</b>	<b>81,0</b>	<b>1,581,1</b>	<b>2,9</b>	<b>1,584,0</b>
Profit/(loss) for the period	-	-	-	-	(14,2)	(14,2)	-	(14,2)
Other comprehensive gain/(loss), net	-	-	(0,1)	-	-	(0,1)	-	(0,1)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(0,1)</b>	<b>-</b>	<b>(14,2)</b>	<b>(14,3)</b>	<b>-</b>	<b>(14,3)</b>
<b>Balance at 31 March 2023</b>	<b>1,194.5</b>	<b>33,2</b>	<b>57,9</b>	<b>214,4</b>	<b>66,8</b>	<b>1,566,8</b>	<b>2,9</b>	<b>1,569,7</b>



### 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 2023, INA Group entered into the following trading transactions with the following related parties:

INA Group	Sales of goods	Purchase of goods
EUR mn	31 March 2023	31 March 2023
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	0.2	1.6
<b>Governing company</b>		
MOL Nyrt.	40.4	22.1
<b>Companies controlled by governing company</b>		
Tifon d.o.o.	30.6	0.3
MOL Serbia d.o.o.	14.2	-
MOL Petrochemical	0.6	-
MOL Slovenia d.o.o.	0.5	-
Geoinform Kft.	0.1	-
MOL Commodity Trading Kft.	-	9.4
SLOVNAFT, a.s.	-	10.6
Petrolszolg Kft.	-	0.5

INA Group	Amounts owed from related parties	Amounts owed to related parties
EUR mn	31 March 2023	31 March 2023
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	0.2	0.4
<b>Governing company</b>		
MOL Nyrt.	36.8	18.2
<b>Companies controlled by governing company</b>		
Tifon d.o.o.	13.8	0.4
MOL Commodity Trading Kft.	9.1	8.6
MOL Serbia d.o.o.	3.9	0.1
MOL Slovenija d.o.o.	0.3	0.3
Geoinform Kft.	0.1	0.2
MOL Petrochemicals Co. Ltd.	-	0.1
Petrolszolg Kft.	-	0.3
SLOVNAFT, a.s.	-	2.7

### Management representation

Consolidated financial statements of INA Group for Q1 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:

- Péter Ratatics – 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

