



**INA GROUP
FY 2023
STATUS REPORT**

Contents

Management discussion and analysis: INA Group financial results	3
Financial and operational highlights	3
President of the Management Board comment	3
Exploration and Production	4
Refining and Marketing, including Consumer Services and Retail	4
Main external parameters	6
Condensed Consolidated Statement of Profit or Loss	8
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Cash Flow Statement	9
INA Group Summary Segmental Results of Operations	10
Financial overview and notes	11
Special items	12
Financial instruments and risk management	12
Changes in equity	13
Related party transactions	14
Management representation	15

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

EUR mn	2022	2023	%
Net sales revenues*	4,660.4	3,896.3	(16)
EBITDA ⁽¹⁾	672.7	523.0	(22)
EBITDA excl. special items ⁽²⁾	672.7	500.3	(26)
CCS EBITDA excl. special items	727.5	496.0	(32)
Profit/(loss) from operations	428.7	330.4	(23)
Profit/(loss) from operations excl. special items ⁽²⁾	452.3	307.7	(32)
CCS Profit/(loss) from operations excl. special items	507.1	303.4	(40)
Net (loss)/income from financial activities	(16.5)	(31.9)	93
Profit/(loss) for the period attributable to Owners of the Company	251.5	250.0	(1)
Profit/(loss) for the period excl. special items ⁽²⁾	356.3	227.3	(36)
Simplified Free Cash Flow ⁽³⁾	365.4	185.0	(49)
Net operating cash flow	455.8	443.7	(3)
Earnings per share			
Basic and diluted earnings/(loss) per share (EUR per share)	25.2	25.0	(1)
Net debt	90.7	215.7	138
Net gearing (%)	5.4	11.6	
CAPEX total	362.1	311.0	(14)
Domestic	342.9	293.5	(14)
International	19.2	17.5	(9)
USD mn ⁽⁴⁾	2022	2023	%
Net sales revenues*	4,904.3	4,213.1	(14)
EBITDA (1)	707.9	565.5	(20)
EBITDA excl. special items ⁽²⁾	707.9	541.0	(24)
CCS EBITDA excl. special items	765.6	536.3	(30)
Profit/(loss) from operations	451.1	357.3	(21)
Profit/(loss) from operations excl. special items ⁽²⁾	476.0	332.7	(30)
CCS Profit/(loss) from operations excl. special items	533.7	328.0	(39)
Net (loss)/income from financial activities	(17.4)	(34.5)	99
Profit/(loss) for the period attributable to Owners of the Company	264.7	270.3	2
Profit/(loss) for the period excl. special items ⁽²⁾	374.9	245.8	(34)
Simplified Free Cash Flow ⁽³⁾	384.5	200.0	(48)
Net operating cash flow	479.7	479.8	0
Earnings per share			
Basic and diluted earnings/(loss) per share (USD per share)	26.5	27.1	2
Net debt	96.7	238.3	146
CAPEX total	381.1	336.3	(12)
Domestic	360.8	317.4	(12)
International	20.2	18.9	(7)

* Related to Revenue from contracts with customers

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

(2) In 2022 operating result was negatively impacted by impairment and reversal of impairment of asset in the amount of EUR (23.6) million and additionally net profit was impacted by extra profit tax in the amount of HRK (81.1) million, while 2023 result was impacted by revision of decommission related cost in the amount of EUR 22.7 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; as at 31 December 2023 - 1.1050; 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; for Q4 2022 - 1.0180; for Q4 2023 - 1.0751

2023 financial and operational highlights

Following the extraordinary 2022, 2023 was marked with stabilization of hydrocarbon prices, which results in somewhat lower but still strong results of INA Group. CCS EBITDA excl. special items of INA Group for 2023 amounted to EUR 496 million while net profit remained around the 2022 level with EUR 250 million. Main driver of the EBITDA movement was the decrease of realized hydrocarbon prices by 28%, with gas prices drop much stronger than oil.

Exploration and Production EBITDA was lower following the external environment and moderate decline of production, EUR 413 million for 2023. Production declined in line with the expected natural decline, Angola divestment and turnaround on gas treatment facilities. On the other hand, contribution was achieved with the Egyptian East Damanhur concession, which started with gas production in September and commercial discovery on Veliki Rastovac-1 well. All the factors resulted in 6% lower production.

Refining and Marketing incl. Consumer services and Retail segment result improved mainly due to strong market demand and positive contribution of own production. Retail sales volumes increased by 19%, as a result of good tourist season and positive market trends. Beside the strong fuel sales, non-fuel margin continued to grow with 33% margin increase. Simplified Free Cash Flow of the segment improved but stayed negative at EUR (103) million in 2023.

Capital expenditures amounted to EUR 311 million, 14% decrease compared to 2022 in line with different project dynamics. Exploration and Production investments remained strong at EUR 100 million. Rijeka Refinery Upgrade Project reached 84% total completion. Financial position was stable with net debt of EUR 216 million and 12% gearing ratio reflecting sustainable backbone for future investments.



Exploration and Production*

Segment IFRS results (EUR mn)	2022	2023	%
Net sales revenues	892.4	582.3	(35)
EBITDA	649.3	412.8	(36)
EBITDA excl. special items **	649.3	390.1	(40)
Profit from operations	516.7	323.1	(37)
Profit from operation excl. special items **	540.3	300.4	(44)
Simplified Free Cash Flow***	543.7	289.9	(47)
CAPEX	105.6	100.2	(5)

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

** In 2022, operating result was negatively impacted by impairment and reversal of impairment of asset in the amount of EUR (23.6) million, while 2023 result was impacted by revision of decommission related cost in the amount of EUR 22.7 million

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

Hydrocarbon production (boe/d)	2022	2023	%
Crude oil production (boe/d)	12,282	11,602	(6)
Croatia	10,108	9,676	(4)
Egypt	1,610	1,746	8
Angola	564	180	(68)
Natural gas production (boe/d)	12,859	11,987	(7)
Croatia – offshore	3,436	3,372	(2)
Croatia – onshore	9,423	8,563	(9)
Egypt	-	52	n.a.
Condensate (boe/d)	912	814	(11)
Croatia	912	812	(11)
Egypt	-	1	n.a.
Total hydrocarbon production	26,053	24,403	(6)
Total average realised hydrocarbon price	2022	2023	%
Total average hydrocarbon price (USD/boe)*	103	74	(28)

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

2023 vs. 2022

Key drivers

- Lower prices of oil and gas impacted sales revenues negatively by EUR 241.7 million
- Regulatory obligation for domestically produced gas to be sold at fixed price to HEP was revoked on 7 July
- Decline of production amounted to 6%, due to the expected natural decline, Angola divestment and turnaround on gas treatment facilities
- Croatian production decreased due to lower contribution of projects, increased water cut and maintenance activities
- International production lower caused by divestment of Angola concession despite contribution from Egypt North Bahariya as result of newly drilled wells and performed well workovers. Additionally new well on East Damnhur has been put into production
- INA was awarded the geothermal water exploration permit for two blocks – Leščan and Međimurje 5

Capital expenditures

2023 (EUR mn)	Croatia	Egypt	Angola
Exploration	7.7	0.4	-
Development	44.7	13.3	0.2
Other	33.9	-	-
TOTAL	86.3	13.7	0.2

Lower CAPEX level compared to 2022 due to lower Croatia Offshore activities.

Main activities during 2023 were related to:

Croatia Exploration:

- Drava-03: Veliki Rastovac-1 well: notice of commercial discovery submitted to the Croatian Hydrocarbon Agency
- Drava-03: Obradovci-1J well and Mikleuš-1 well are negative, plugged and abandoned

Croatia Offshore:

- Ivana D decommissioning project: well plug activities are completed

Croatia Onshore:

- Production optimization: 58 well workovers performed

Egypt:

- East Damanhur: Drilling operations of ED-3X exploration well completed with unfavourable results. ED-2X ST1 well - Development Lease approved. First gas production started on 26 September
- North Bahariya: 22 development wells drilled (20 producers and 2 water injectors)
- Ras Qattara: Drilling of 1 development well and 14 workovers completed. Concession extension process ongoing

Refining and Marketing, including Consumer Services and Retail*

Segment IFRS results (EUR mn)	2022	2023	%
Net sales revenues	4,568.2	3,821.4	(16)
EBITDA	47.7	93.0	95
EBITDA excl. special items**	47.7	93.0	95
CCS EBITDA excl. special items**	102.5	88.7	(13)
Profit/(loss) from operations	(44.0)	7.4	n.a.
Profit/(loss) from operations excl. special items**	(44.0)	7.4	n.a.
CCS Profit/(loss) from operations	10.8	3.1	(72)
Simplified Free Cash Flow***	(130.9)	(102.9)	(21)
CAPEX	233.4	191.6	(18)

* 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.

** The result was not impacted by special items neither in 2022 nor 2023

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

Refining processing (kt)	2022	2023	%
Domestic crude oil	288	305	6
Imported crude oil	1,474	1,350	(8)
Other feedstock	603	654	9
Total refining throughput	2,365	2,309	(2)
Refining production (kt)			
LPG*	128	130	1
Naphtha	90	123	36
Gasoline	503	532	6
Kerosene	151	172	14
Diesel	939	867	(8)
Heating oil	19	-	n.a.
Fuel oil	236	176	(25)
Other products**	66	71	8
Total	2,132	2,070	(3)
Refining loss	31	38	21
Own consumption	201	202	0
Total refining production	2,365	2,309	(2)
Refined product sales by country (kt)			
Croatia	2,295	2,471	8
B&H	595	569	(4)
Slovenia	52	30	(42)
Italy	17	19	11
Other markets	769	929	21
Total	3,729	4,019	8
Refined product sales by product (kt)			
LPG*	220	186	(15)
Naphtha	91	122	35
Gasoline	642	699	9
Kerosene	186	200	7
Diesel	1,904	2,064	8
Heating oil	157	123	(22)
Fuel oil	217	187	(14)
Bitumen	69	88	27
Other products***	244	351	44
Total	3,729	4,019	8
o/w Consumer services and Retail segment sales	1,173	1,401	19
Total natural gas sales (mln m3)	745	551	(26)
Total number of service stations	506	506	0

*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



2023 vs. 2022

Key drivers

- Market backwardation during import mode of operation in H1 2023 resulted in lower product margins
- Market was safely supplied via import until own refined products availability, with continuously stable market supply during strong summer season which contributed to higher captive market sales performance
- Different refining dynamics in Q4 2023 compared to 2022 where higher processing and sales positively contributed to the overall result
- After successful start-up at the end of April, with positive contribution to the results, Rijeka Refinery stayed operational till beginning of December, when the planned turnaround was started
- Total Consumer Services and Retail sales volumes amounted to 1,401 kt in 2023 which is 19% above 2022 driven by higher realisation on Croatian market (+213 kt) mainly as a result of good tourist season and positive market trends
- Non-fuel margin increased by 33% reflecting continuous expansion in consumer goods, increasing number of Fresh Corners together with INA Loyalty program support which reached over 560 thousand registered members

Capital expenditures

- Refining and Marketing CAPEX amounted to EUR 173.2 million:
 - **Rijeka Refinery Upgrade Project** – The Project achieved 84% completion overall with active works on civil and piping activities, while furnace construction is in the final stage. Connecting to the 110kV electrical network is finished and operating permits obtained
 - **CDU energy efficiency upgrade project** - revamp of Crude Distillation Unit to increase energy efficiency and improve LPG recovery system, project on track
 - **Replacement of condensing turbines with electric drives** - replacement of condensing turbines with electric drives to increase energy efficiency system, project on track
 - **Revitalization of LPG spherical tank 336-SE-023** – aimed to improve operations of LPG storage area, welding ongoing, project on track
- Consumer Services and Retail capital investments amounted to EUR 18.5 million in 2023 with focus on network reconstruction and additional Fresh corner implementation on 14 sites. Network currently consists of 506 stations (of which 390 in Croatia)

Main external parameters

Crude oil and gas prices	2022	2023	%
Brent dtd (USD/bbl)	101	83	(18)
Brent-Ural spread (USD/bbl)	24.4	18.0	(27)
(Azeri-Brent) spread (USD/bbl)	4.4	3.9	(12)
CEGH gas price (EUR/MWh)	126	42	(67)
FOB MED Products prices and crack spreads			
Gasoline - premium unleaded 10 ppm (USD/t)	985	843	(14)
Diesel – ULSD 10 ppm (USD/t)	1,037	815	(21)
Fuel oil 3.5% (USD/t)	457	427	(7)
LPG (USD/t)	791	613	(23)
Crack spread – gasoline (USD/t)	218	218	(0)
Crack spread – diesel (USD/t)	270	190	(30)
Crack spread – fuel oil 3.5% (USD/t)	(309)	(198)	(36)
Crack spread – LPG (USD/t)	25	(12)	n.a.
Indicative refining margins (USD/bbl)*	3.41	6.98	105
Foreign exchange			
EUR/USD average	1.05	1.08	3
EUR/USD closing	1.07	1.11	4
3m USD LIBOR (%)	2.40	5.40	125
3m EURIBOR (%)	0.35	3.43	880

*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 31 December 2022 and 2023 (in EUR millions)

	Note	2022	2023	%
Revenue from contracts with customers	1	4,660.4	3,896.3	(16)
Other operating income		48.5	74.3	53
Total operating income		4,708.9	3,970.6	(16)
Changes in inventories of finished products and work in progress		59.1	(20.4)	n.a.
Costs of raw materials and consumables	2	(1,731.8)	(1,291.2)	(25)
Depreciation, amortisation and impairment (net)	3	(244.0)	(192.6)	(21)
Other material costs	3	(292.5)	(220.6)	(25)
Service costs	3	(73.0)	(74.0)	1
Staff costs	5	(239.2)	(255.3)	7
Costs of other goods sold	4	(1,749.4)	(1,584.8)	(9)
Impairment charges (net)	3	(18.2)	(14.8)	(19)
Provision for charges and risks (net)	3	(47.5)	(44.5)	(6)
Capitalised value of own performance		56.3	58.0	3
Operating expenses		(4,280.2)	(3,640.2)	(15)
Profit/(Loss) from operations		428.7	330.4	(23)
Finance income		33.3	21.4	(36)
Finance costs		(49.8)	(53.3)	7
Net (loss)/income from financial activities	6	(16.5)	(31.9)	93
Share in profit/(loss) in associated companies accounted for using the equity method	6	(3.6)	6.7	n.a.
Profit/(Loss) before tax		408.6	305.2	(25)
Income tax gain/(expense)	7	(156.2)	(54.9)	(65)
Profit/(Loss) for the period		252.4	250.3	(1)
Attributable to:				
Owners of the Company		251.5	250.0	(1)
Non-controlling interests		0.9	0.3	(67)
Earnings per share				
Basic and diluted earnings/(loss) per share (EUR per share)		25.2	25.0	(1)

Condensed Consolidated Statement of Financial Position

At 31 December 2022 and 2023 (in EUR millions)

	Note	31 December 2022	31 December 2023	%
Assets				
Non-current assets				
Intangible assets	9	66.2	69.9	6
Property, plant and equipment	10	1,597.7	1,674.3	5
Investment property		18.1	23.1	28
Righth-of-use assets	10	40.2	47.8	19
Investments in associates and joint venture		3.7	129.3	3,395
Other investments		0.9	0.9	(0)
Other non-current financial asset		85.5	74.0	(13)
Deferred tax		129.7	112.4	(13)
Long-term marketable securities		2.3	2.5	9
Non-current financial assets		110.6	98.6	(11)
Other non-current asset		25.6	27.6	8
Total non-current assets		2,080.5	2,260.4	9
Current assets				
Inventories	11	398.0	345.4	(13)
Trade receivables, net	12	363.5	319.2	(12)
Other current financial asset		9.9	18.4	86
Corporative income tax receivables		1.4	2.8	100
Other current assets		27.8	34.0	22
Derivative financial instruments		-	9.9	n.a.
Marketable securities		16.1	-	n.a.
Cash and cash equivalents		226.6	150.9	(33)
Current assets		1,043.3	880.6	(16)
Assets held for sale		45.2	0.9	(98)
Total current assets		1,088.5	881.5	(19)
Total assets	8	3,169.0	3,141.9	(1)
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	73.9	27
Other reserves		214.4	207.5	(3)
(Accumulated losses)/Retained earnings		81.0	118.1	46
Equity attributable to the owners of the Company		1,581.1	1,639.4	4
Non-controlling interests		2.9	3.2	10
Total equity		1,584.0	1,642.6	4
Non-current liabilities				
Long-term debts		263.7	264.1	0
Long-term lease liabilities		30.6	35.7	17
Other non-current liabilities		3.2	2.7	(16)
Employee benefits obligation		5.9	6.9	17
Provisions		466.4	412.7	(12)
Deferred tax liability		2.3	2.3	0
Total non-current liabilities		772.1	724.4	(6)
Current liabilities				
Bank loans and current portion of long-term debt		69.7	102.5	47
Current portion of long-term lease liabilities		10.6	13.3	25
Other current financial liabilities		1.0	2.4	140
Trade payables	15	329.6	324.4	(2)
Taxes and contributions		101.2	184.4	82
Corporate tax liabilities		160.1	31.7	(80)
Other current liabilities		65.4	51.5	(21)
Derivative financial instruments		2.0	12.1	505
Employee benefits obligation		1.0	0.5	(50)
Provisions		66.9	52.1	(22)
Total current liabilities		807.5	774.9	(4)
Liabilities directly associated with assets classified held for sale		5.4	-	n.a.
Total liabilities	14	1,585.0	1,499.3	(5)
Total equity and liabilities		3,169.0	3,141.9	(1)

Condensed Consolidated Cash Flow Statement (Indirect method)

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

	Note	2022	2023	%
Profit/(loss) for the period:		252.4	250.3	(1)
Adjustments for:				
Depreciation, amortisation and impairment of property, plant and equipment and ROU asset (net)		244.0	192.6	(21)
Income tax (benefit)/expense recognised in profit and loss		156.2	54.9	(65)
Impairment charges (net)		18.2	14.8	(19)
Loss/(Gain) on sale of property, plant and equipment		(11.7)	(18.9)	61
Foreign exchange (gain)/loss		14.4	6.9	(52)
Interest income		(1.0)	(2.6)	160
Interest expense		4.5	5.4	20
Share of loss/(gain) of joint ventures accounted for using the equity method		3.6	(6.7)	n.a.
Other finance (income)/expense recognised in profit		(8.9)	2.5	n.a.
Increase/(decrease) in provision		12.0	(30.5)	n.a.
Decommissioning interests and other provision		7.4	19.8	167
Net (gain)/loss on derivative financial instruments and hedge transactions		19.0	2.8	(85)
Other non-cash items		-	(5.1)	n.a.
Operating cash flow before working capital changes	16	710.1	486.2	(32)
Movements in working capital	17			
Decrease/(Increase) in inventories		(166.9)	38.1	n.a.
Decrease/(Increase) in receivables and prepayments		(193.8)	15.1	n.a.
(Decrease)/Increase in trade and other payables		110.2	70.2	(36)
Cash generated from operations		459.6	609.6	33
Taxes paid		(3.8)	(165.9)	4,271
Net cash inflow/(outflow) from operating activities		455.8	443.7	(3)
Cash flows used in investing activities				
Capital expenditures, exploration and development costs		(356.8)	(300.6)	(16)
Payments for intangible assets		(12.4)	(16.8)	35
Proceeds from sale of non-current assets		13.0	35.5	173
Receipts from short-term deposits		169.6	-	n.a.
Investment in securities		(15.4)	(92.7)	502
Proceeds from sale securities		5.0	43.3	765
Dividends received from companies classified as non current financial assets and from other companies		1.1	1.4	27
Interest received and other financial income		17.4	7.2	(59)
Receipts from loans to employees		0.5	1.2	138
Net cash used in investing activities	18	(178.0)	(321.5)	81
Cash flows from financing activities				
Proceeds from borrowings		1,327.6	1,059.2	(20)
Repayment of borrowings		(1,417.2)	(1,027.3)	(28)
Payment of lease liabilities		(12.7)	(13.5)	6
Interest paid		(1.3)	(14.7)	1,031
Dividends paid		(129.9)	(200.0)	54
Net cash from financing activities		(233.5)	(196.3)	(16)
Net increase/(decrease) in cash and cash equivalents		44.3	(74.1)	n.a.
At the beginning of the period		179.5	226.6	26
Effect of foreign exchange rate changes		2.8	(1.6)	n.a.
At the end of period		226.6	150.9	(33)
Cash and cash equivalents in statement of financial position		226.6	150.9	(33)

INA Group Summary Segmental Results of Operations

(EUR mn)	2022	2023	%
Net sales revenues			
Exploration & Production	892.4	582.3	(35)
Refining & Marketing including Consumer services and Retail	4,568.2	3,821.4	(16)
Corporate and Other	181.1	219.7	21
Intersegment transfers and consolidation adjustments	(981.3)	(727.1)	(26)
Total	4,660.4	3,896.3	(16)
EBITDA*			
Exploration & Production	649.3	412.8	(36)
Refining & Marketing including Consumer services and Retail	47.7	93.0	95
Corporate and Other	(9.3)	1.2	n.a.
Intersegment transfers and consolidation adjustments	(15.0)	16.0	n.a.
Total	672.7	523.0	(22)
EBITDA Excluding Special Items			
Exploration & Production	649.3	390.1	(40)
Refining & Marketing including Consumer services and Retail	47.7	93.0	95
Corporate and Other	(9.3)	1.2	n.a.
Intersegment transfers and consolidation adjustments	(15.0)	16.0	n.a.
Total	672.7	500.3	(26)
Profit/(Loss) from operations			
Exploration & Production	516.7	323.1	(37)
Refining & Marketing including Consumer services and Retail	(44.0)	7.4	n.a.
Corporate and Other	(29.2)	(16.3)	(44)
Intersegment transfers and consolidation adjustments	(14.8)	16.2	n.a.
Total	428.7	330.4	(23)
Profit/(Loss) from operations Excluding Special Items			
Exploration & Production	540.3	300.4	(44)
Refining & Marketing including Consumer services and Retail	(44.0)	7.4	n.a.
Corporate and Other	(29.2)	(16.3)	(44)
Intersegment transfers and consolidation adjustments	(14.8)	16.2	n.a.
Total	452.3	307.7	(32)
Property, plant and equipment			
Exploration & Production	498.4	467.1	(6)
Refining & Marketing including Consumer services and Retail	1,031.6	1,138.4	10
Corporate and Other	135.8	144.7	7
Intersegment transfers and consolidation adjustments	(68.1)	(75.9)	11
Total	1,597.7	1,674.3	5

*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 2023 is EUR 16.0 million compared to EUR (15.0) million in 2022.

Financial overview and notes

Condensed Consolidated Statement of Profit or Loss

Notes

- 1 **Revenue from contracts with customers** in 2023 amounted to EUR 3,896.3 million and is 16% lower compared to 2022, primarily due to deteriorated hydrocarbon prices and product quotations
- 2 **Costs of raw materials and consumables** at EUR (1,291.2) million were 25% lower than 2022 level, reflecting different dynamic of refinery operation and lower price environment
- 3 Other **operating costs** realized in 2023 include:
 - Other material costs in the amount of EUR (220.6) million were lower by 25%, mainly driven by lower transportation costs and lower crude oil price impact
 - Service costs in the amount of EUR (74.0) million were on the level of 2022
 - Depreciation, amortisation and impairment (net) in the amount of EUR (192.6) million were 21% lower compared to 2022
 - Impairment charges (net) had a negative effect in the amount of EUR (14.8) million in 2023 compared to negative effect in the amount of EUR (18.2) million in 2022, mainly related to impairment of materials
 - Provision for charges and risk (net) had a negative effect in the amount of EUR (44.5) million in 2023 compared to EUR (47.5) million negative effect in 2022
- 4 **Staff costs** in the amount EUR (255.3) million were 7% higher than the 2022, following inflation driven salary corrections
- 5 **Costs of other goods sold** in 2023 were 9% below 2022 level and amounted to EUR (1,584.8) million
- 6 **Net result from financial activities** is negative in 2023 mainly as a result of:
 - Net foreign exchange loss amounted EUR (6.9) million in 2023, while in 2022 loss reached EUR (14.8) million
 - Interest expense amounted to EUR (25.1) million and interest income were EUR 2.6 million in 2023, while in 2022 interest expense amounted to EUR (11.9) million and interest income were EUR 1.0 million
 - Other financial net loss amounted to EUR (2.5) million in 2023 compared to EUR 9.2 million net gain in 2022
- 7 **Income tax expense** in 2023 amounted to EUR (54.9) million compared to EUR (156.2) million income tax expense including extra profit tax in 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 December 2023 and 2022.

Condensed Consolidated Statement of Financial Position

Notes

- 8 As at 31 December 2023 INA Group **total assets** amounted to EUR 3,141.9 million, 1% lower than 31 December 2022
- 9 In the period ended 31 December 2023, INA Group invested EUR 17.1 million in **intangible assets**. The effect of depreciation equals EUR 7.9 million
- 10 In the period ended 31 December 2023, INA Group invested EUR 294.9 million in **property, plant and equipment**. The effect of depreciation reduced net book value in the amount of EUR 164.6 million
- 11 **Inventories** amounted to EUR 345.4 million and decreased compared to EUR 398.0 million on 31 December 2022 in line with higher domestic crude processing and sales in Q4 2023 and lower prices than last year
 - During 2023, EUR 19,1 million was recognized as reversal of impairment of refined products and work in progress (in 2022: EUR 24,1 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
 - During 2023, EUR 3,3 million was recognized as reversal of impairment of merchandise (in 2022: EUR 3,6 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 319.2 million, which is 12% lower than on 31 December 2022
- 13 **Share capital** as at 31 December 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 31 December 2023 **total liabilities** amounted to EUR 1,499.3 million, 5% lower compared to 31 December 2022. INA Group **net debt** amounted to EUR 215.7 million and increased compared to 31 December 2022. **Net gearing** increased from 5.4% as at 31 December 2022 to 11.6% as at 31 December 2023
- 15 **Trade payables** amounted to EUR 324.4 million and decreased by 2% compared to 31 December 2022 mainly due to lower prices than last year

Condensed Consolidated Cash Flow Statement (Indirect method)

Notes

- 16 The **operating cash flow before working capital changes** amounted to EUR 486.2 million in 2023 representing a decrease compared to 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 123.4 million, due to:
- Decrease in value of inventories in the amount of EUR 38.1 million, mainly related to lower prices
 - Decrease in receivables in the amount of EUR 15.1 million
 - Increase in trade and other payables in the amount of EUR 70.2 million, mainly related to higher import in line with processing dynamics
- 18 **Net cash used in investing activities** amounted to EUR (321.5) million of outflows, primarily related to investment in Refining operations and OMV acquisition, which is above EUR (178.0) million outflows in 2022, reflecting different investment dynamic

Reclassification

INA Management Board adopted at December 2023 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.

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 2022, operating result was negatively impacted by impairment and reversal of impairment of asset in the amount of EUR (23.6) million and additionally net profit was negatively impacted by extra profit tax in the amount of HRK (81.1) million.

In 2023, the result was impacted by revision of decommission related cost in the amount of EUR 22.7 million.

EUR mn	2022	2023
INA GROUP		
Total impact of special items on net profit/(loss)	(104.7)	22.7
o/w Extra profit tax	(81.1)	-
Total impact of special items on operating profit/(loss)	(23.6)	22.7
Total impact of special items on EBITDA	-	22.7
Exploration & Production		
Total impact of special items on operating profit/(loss)	(23.6)	22.7
Impairment of asset in Syria	(37.4)	-
Reversal of impairment for Northern Adriatic Concession Area	13.8	-
Total impact of special items on EBITDA	-	22.7
Decommission related costs	-	22.7

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 31 December 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 485 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

Notification on treasury shares

INA – Industrija nafte, d.d. notifies that on 31 December 2023, as well as on the date of this publication, holds no treasury shares, either directly or indirectly. Also INA – Industrija nafte, d.d. has no treasury shares buyback program and no employee shareholding program.

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 December 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
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	-	-	-	-	251.5	251.5	0.9	252.4
Other comprehensive gain/(loss), net	-	-	9.9	7.1	-	17.0	-	17.0
Total comprehensive income/(loss) for the period	-	-	9.9	7.1	251.5	268.5	0.9	269.4
Transfer to legal reserves	-	6.8	-	-	(6.8)	-	-	-
Dividends paid	-	-	-	-	(130.1)	(130.1)	-	(130.1)
Balance at 31 December 2022	1,194.5	33.2	58.0	214.4	81.0	1,581.1	2.9	1,584.0
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	-	-	-	-	250.0	250.0	0.3	250.3
Other comprehensive gain/(loss), net	-	-	15.9	(7.6)	-	8.3	-	8.3
Total comprehensive income/(loss) for the period	-	-	15.9	(7.6)	250.0	258.3	0.3	258.6
Transfer to legal reserves	-	12.2	-	0.7	(12.9)	-	-	-
Increase in share capital due to the conversion of HRK to EUR	5.5	(5.5)	-	-	-	-	-	-
Dividends	-	-	-	-	(200.0)	(200.0)	-	(200.0)
Balance at 31 December 2023	1,200.0	39.9	73.9	207.5	118.1	1,639.4	3.2	1,642.6

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 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 December 2023	31 December 2023
Companies available for sale		
JANAF d.d. Zagreb	0.8	9.3
Governing company		
MOL Nyrt.	199.1	110.8
Companies controlled by governing company		
Tifon d.o.o.	146.2	1.0
MOL Serbia d.o.o.	30.0	-
MOL Slovenija d.o.o.	3.4	-
MOL Commodity Trading Kft.	-	41.0
MOL Petrochemicals Co. Ltd.	2.4	(0.7)*
MOL Germany GMBH	(0.2)*	-
SLOVNAFT, a.s.	1.1	223.2
Petrolszolg Kft.	0.2	1.5
Geoinform Kft.	0.2	0.2
MOL LUB Kft.	-	0.1
IES - Italiana Energia e Servizi S.p.A	-	0.9
FGSZ Zrt.	-	0.2
ISO-SZER Kft.	-	0.6

*Credit note

INA Group	Amounts owed from related parties	Amounts owed to related parties
EUR mn	31 December 2023	31 December 2023
Companies available for sale		
JANAF d.d. Zagreb	0.2	1.6
Governing company		
MOL Nyrt.	38.7	21.3
Companies controlled by governing company		
Tifon d.o.o.	14.0	0.3
MOL Serbia d.o.o.	0.6	0.1
MOL Slovenija d.o.o.	0.2	6.6
MOL Commodity Trading Kft.	9.6	8.7
MOL Petrochemicals Co. Ltd.	0.9	0.1
MOL Germany GMBH	-	-
SLOVNAFT, a.s.	0.1	11.9
Geoinform Kft.	-	0.2
IES - Italiana Energia e Servizi S.p.A	-	0.3
ISO-SZER Kft.	-	0.6
MOL Slovenia Downstream Investment B.V.	-	0.2

Investments in INA portfolio companies

The Company has the following principal subsidiaries (*subsidiary owned directly by the Company):

Name of company	Activity	Shareholding	
		31 Dec 2022	31 Dec 2023
Oil field services			
Croscos Naftni Servisi d.o.o. Zagreb	Oilfield services	100%	100%
Sea Horse Shipping Inc, Marshall Islands (liquidated in 2023)	Platform leasing	100%	-
Rotary Zrt., Hungary	Oilfield services	100%	100%
Croscos S.A. DE C.V. Monterrey, Mexico	Oilfield services	99.90%	99.90%
Croscos Ukraine LLC	Oilfield services	100%	100%
Rotary D&W S.R.L. Romania (liquidated in 2023)	Oilfield services	100%	-
Tourism			
*Hostin d.o.o. Zagreb	Tourism	100%	100%
Auxiliary services			
STSI integrirani tehnički servisi d.o.o. Zagreb	Technical services	100%	100%
*TRS Top računovodstvo servisi d.o.o. za računovodstvene usluge	Accounting, book-keeping, auditing, tax consulting	100%	100%
Plavi tim d.o.o., Zagreb	IT services	100%	100%
*INA Vatrogasni servisi d.o.o.	Firefighting activity	100%	100%
*INA Industrijski servisi d.o.o.	Managing activities of holding companies	100%	100%
Production and trading			
*INA Maziva d.o.o., Zagreb	Production and lubricants trading	100%	100%
Trading and finance			
*INA Slovenija, d.o.o., Ljubljana, Slovenija	Trading	100%	100%
*Holdina d.o.o. Sarajevo, B&H	Trading	100%	100%
*Energopetrol d.d. Sarajevo, BiH	Trading	88.66%	88.66%
*INA d.o.o. Beograd, Serbia	Trading	100%	100%
*INA Kosovo d.o.o. Priština, Kosovo	Trading	100%	100%
*Adriagas S.r.l. Milan, Italy	Pipeline project company	100%	100%
*Croplin d.o.o. Zagreb	Pipeline project company	100%	100%
*INA Crna Gora d.o.o. Podgorica, Montenegro	Trading	100%	100%
*INA BL d.o.o. Banja Luka	Trading	100%	100%
*INA Maloprodajni servisi d.o.o.	Trading	100%	100%

Management representation

Consolidated financial statements of INA Group for 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