

INA Group

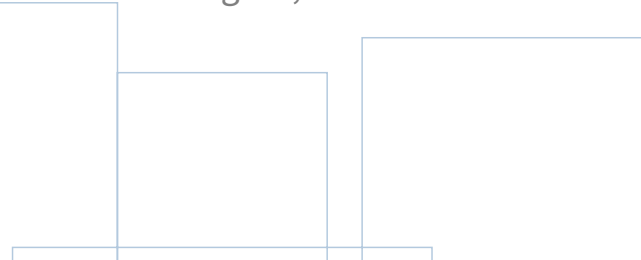


INVESTOR PRESENTATION

Bond Issuance INA-O-26CA

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Zagreb, November 2021



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Representatives

Gábor Horváth

Chief Financial Officer



Dragan Duspara

Director of Treasury



Ivan Kolar

*Investors Relations Chief
Expert*



Agenda



ABOUT INA GROUP



BUSINESS SEGMENT OVERVIEW

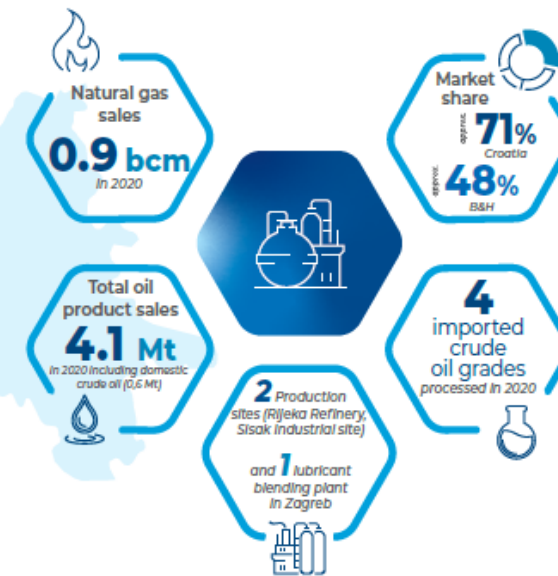


BOND ISSUANCE OVERVIEW

INA Group at a glance

REFINING AND MARKETING

headquarters
Zagreb
Croatia



EXPLORATION AND PRODUCTION



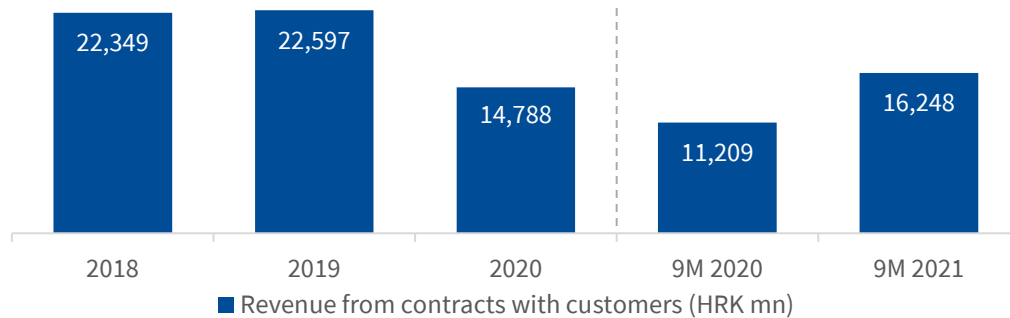
CONSUMER SERVICES AND RETAIL



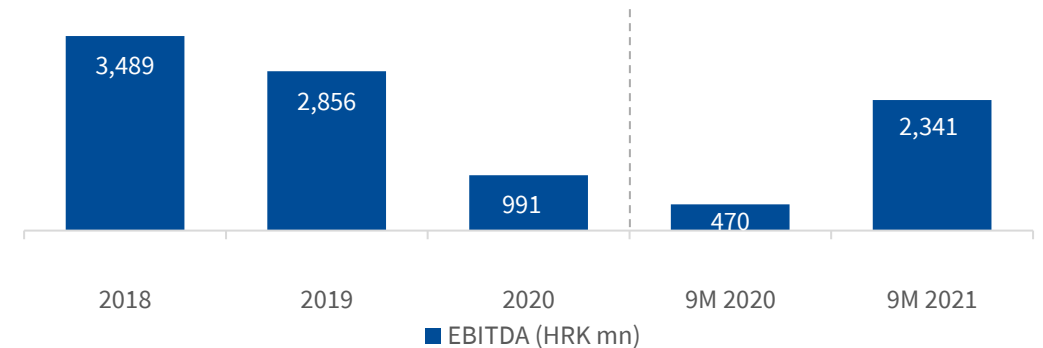
INA Group key financial data

Further improvement in external environment as the main driver of growth

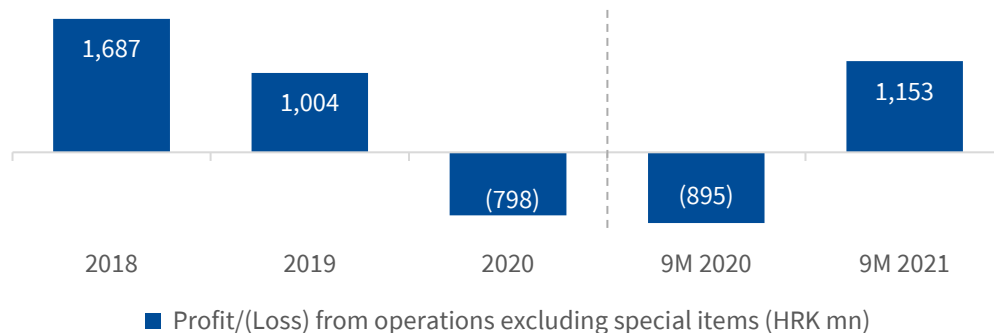
The increase in revenues of 45% comparing to 9M 2020 is a strong result close to the pre-crisis, 9M 2019 levels



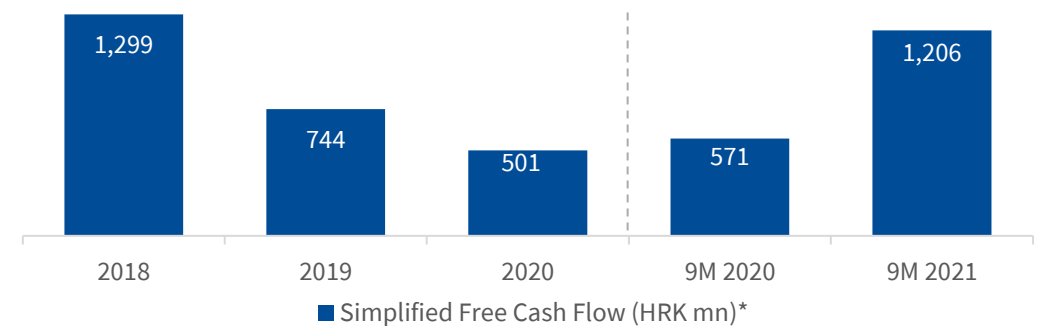
Robust EBITDA growth mainly contributed by the E&P segment that benefited strongly from the higher hydrocarbon prices...



... paired with increased product demand in INA's core region launched profit from operations to above HRK 1bn



Simplified Free Cash Flow remains positive due to timely reaction to the crisis



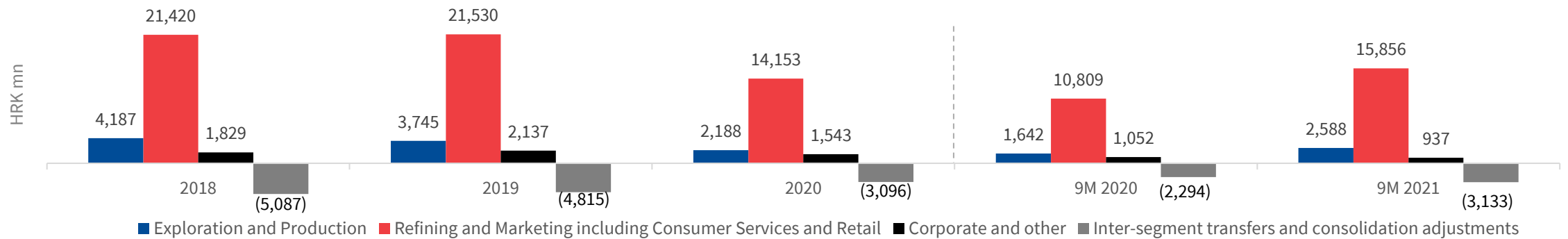
Source: Company reports

Note: *Simplified FCF = CCS EBITDA excl. special items - CAPEX

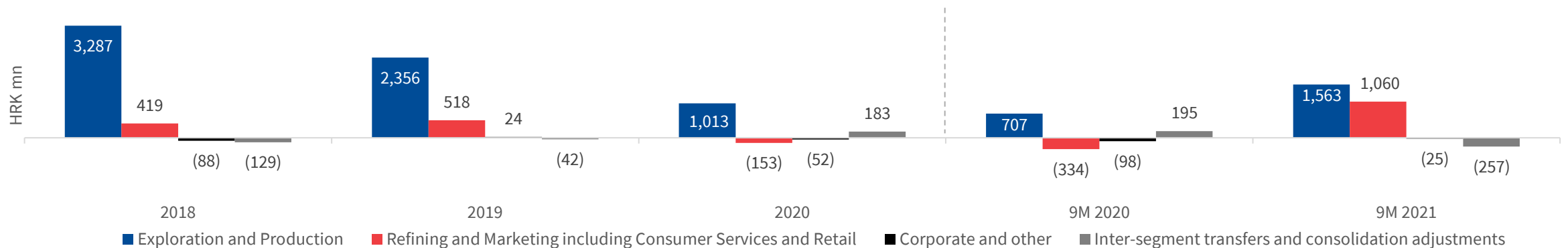
INA Group key financial data

Upstream remains main EBITDA generator, with strong Retail contribution

Refining and Marketing incl. Consumer Services and Retail generating the biggest revenue share ...



... but EBITDA generation is strongest in the Upstream part

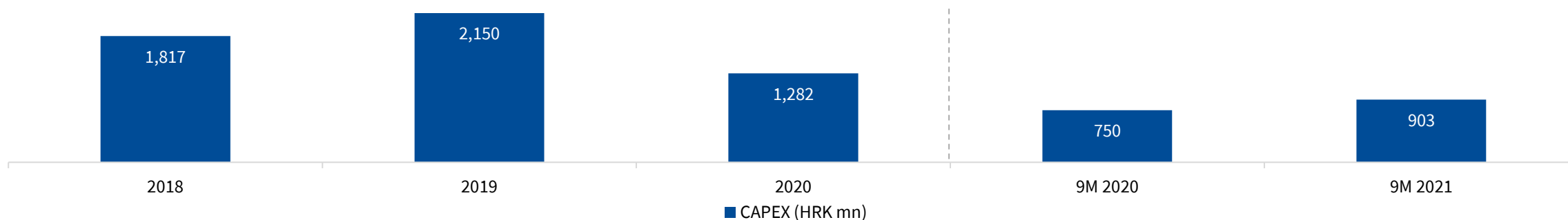


Source: Company reports

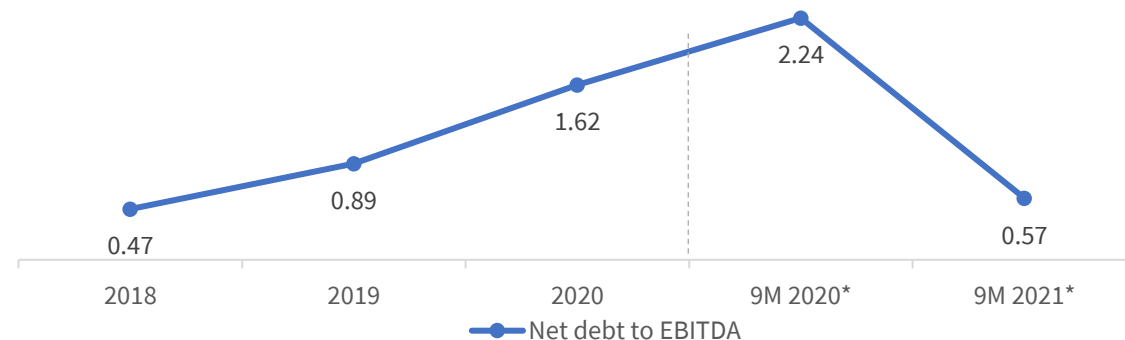
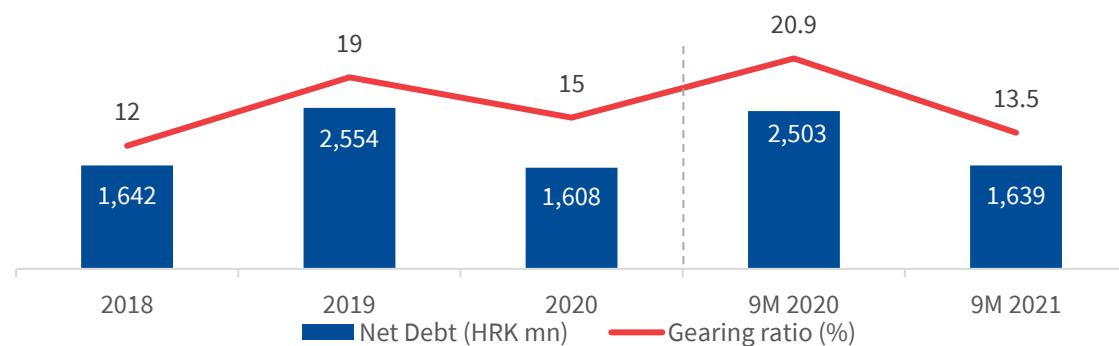
INA Group key financial data

Stable financial position alongside increased investments

Investment activities increased in all segments compared to 9M 2020, while strategic investments also continue with Rijeka Refinery Upgrade being the main project



Strong financial position, with low net debt level of HRK 1,639mn, net gearing of 13.5% and net debt to EBITDA ratio of 0.57



Source: Company reports

Note: *Based on 12-months rolling EBITDA =last three months of 2020 plus first nine months of 2021, etc.

Agenda



ABOUT INA GROUP



BUSINESS SEGMENT OVERVIEW



BOND ISSUANCE OVERVIEW

Three core business of an integrated oil and gas company



EXPLORATION AND PRODUCTION

Engaged in exploration, development and production of oil and natural gas in Croatia and abroad



REFINING AND MARKETING

Manages Rijeka refinery, Sisak site, lubricants production, wholesale network and logistics network for storing and distributing crude oil derivatives to the market



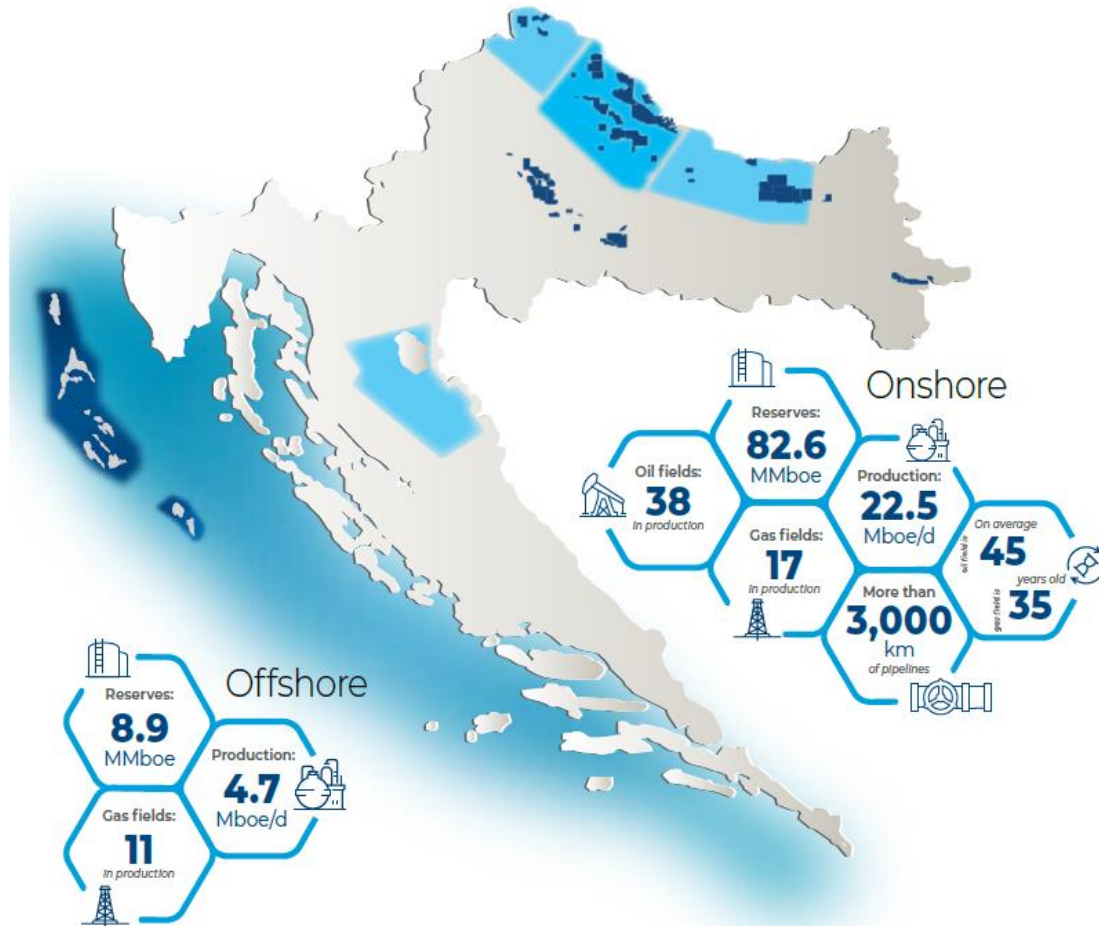
CONSUMER SERVICES AND RETAIL

Operates a regional network of more than 500 retail sites in Croatia and neighboring countries

**EXPLORATION AND
PRODUCTION
OVERVIEW**



Maximizing Croatia portfolio cash generation despite the production decline



- Domestic fields are mature in structure and production decline can be slowed down but not reversed
- Still, with its low unit production cost it remains healthy cash generating asset

Key achievements in 2020 & 9M 2021

- Additional activities to partly compensate the natural decline:
 - INA signed **three Production Sharing Agreements** for two exploration blocks in the Pannonian Basin as well as **one exploration block** in the Dinarides
 - Appraisal well Irena-2 (Izabela offshore field) drilled and the **main gas reservoir target has been confirmed**

New exploration concession to improve the sustainability of INA's Egyptian operations



- Egypt is INA's main international focus area (currently five concessions + Block 10)
- Selectively adding assets in Egypt remains mid-term goal in order to build up portfolio
- Key achievements in 2020 and 9M 2021 – **Block 10**
 - new exploration concession in onshore part of the Nile delta
 - INA with 20% working interest (operated by Wintershall DEA (40%), Egyptian company Cheiron with 40% working interest)

Key focus points

Continue to utilize the full potential of current assets & Field development

- **The Drava-02** exploration program already marked two discoveries, while the already performed and upcoming seismic acquisitions on the newly acquired blocks will be a strong base for future exploration activities
- Onshore Croatia - continue with the drilling, workovers, relaunching inactive wells, introduce new technologies where applicable and extend **EOR*** to other oil fields
- Offshore Croatia - the aim is to continue with field **development on North Adriatic assets**

Opportunistic increase of international portfolio

- Selective addition of new assets to maintain a **profitable and sustainable international portfolio** in the future

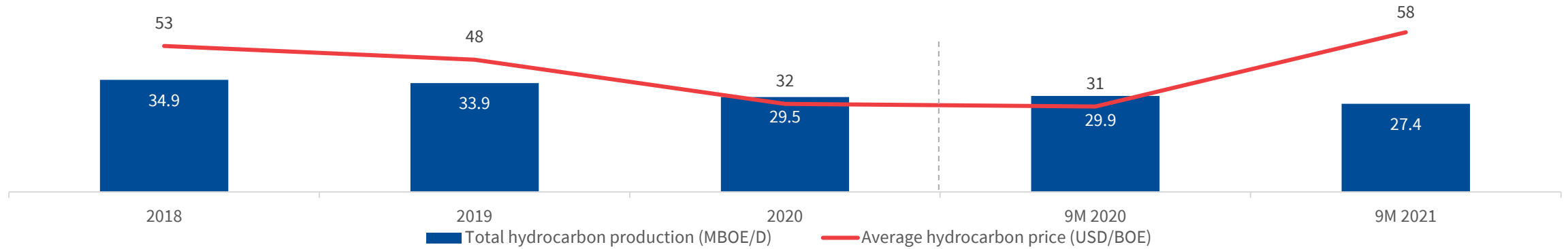
Moving towards green technology

- Utilizing **existing Croatian onshore assets** for Carbon Capture and Storage
- Investigating geothermal potential

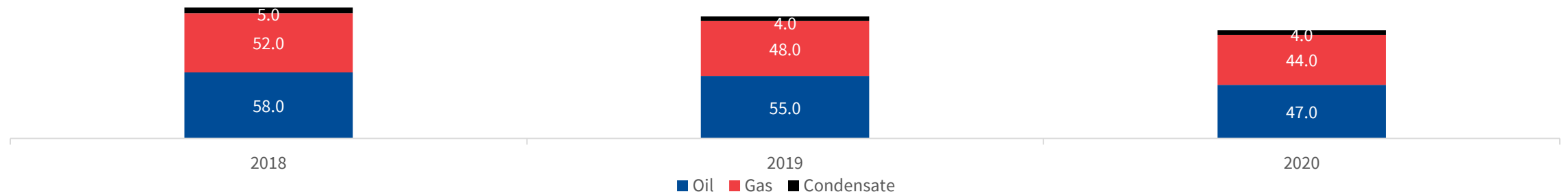
Exploration and Production

The biggest cash generator in an environment of recovering oil&gas prices

Natural decline remains constant factor, still the increase in average hydrocarbon price boosts the segment result



Proven and probable reserves breakdown (mmboe) by product

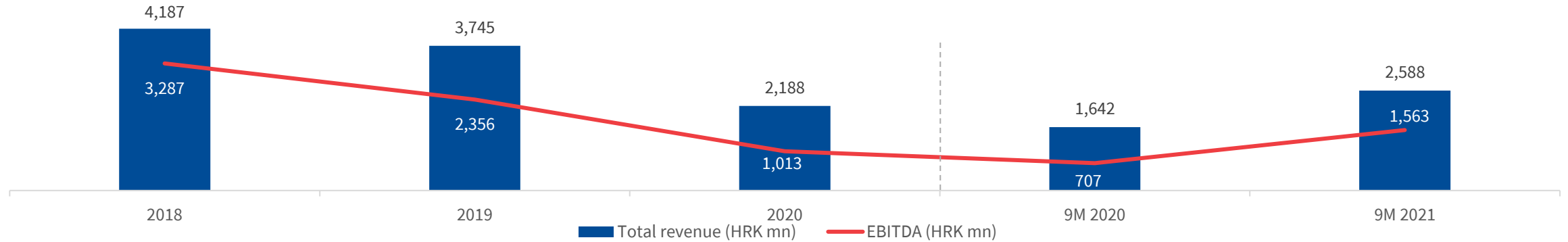


Source: Company reports

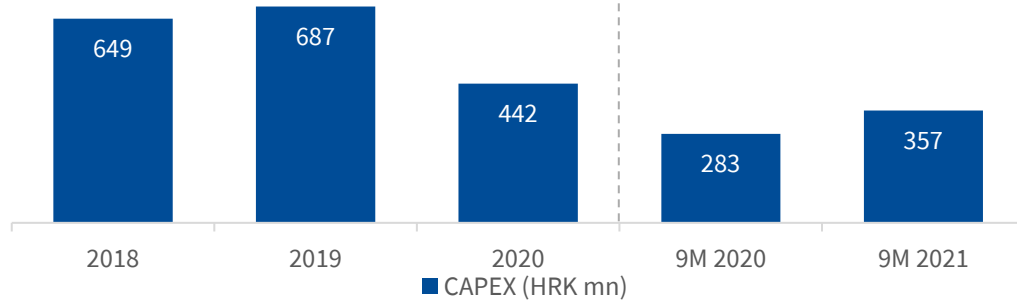
Exploration and Production

Main financial indicators

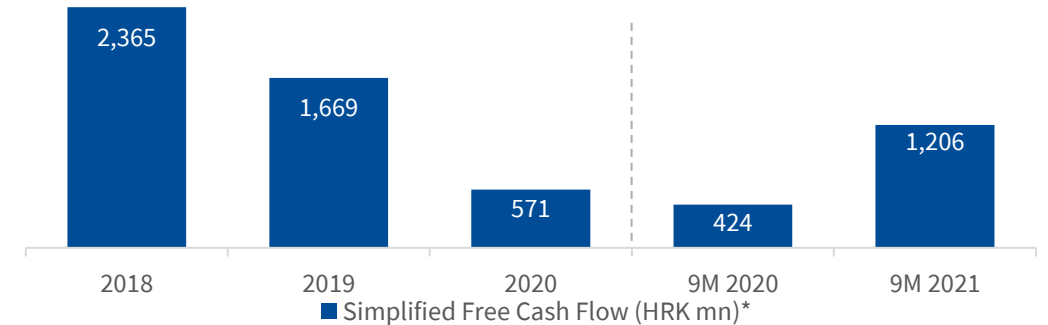
Price recovery driving the increase of revenues and EBITDA with revenues increasing by almost HRK 1bn during the 9M period in 2021 compared to the same period last year, while EBITDA reaching figures north of HRK 1.5bn



Higher CAPEX level compared to 9M 2020 mainly as result of higher Egypt exploration and development activities



Simplified Free Cash Flow improving with the EBITDA growth



Source: Company reports

Note: *Simplified FCF = CCS EBITDA excl. special items - CAPEX

**REFINING AND
MARKETING**

**CONSUMER SERVICES
AND RETAIL**

OVERVIEW

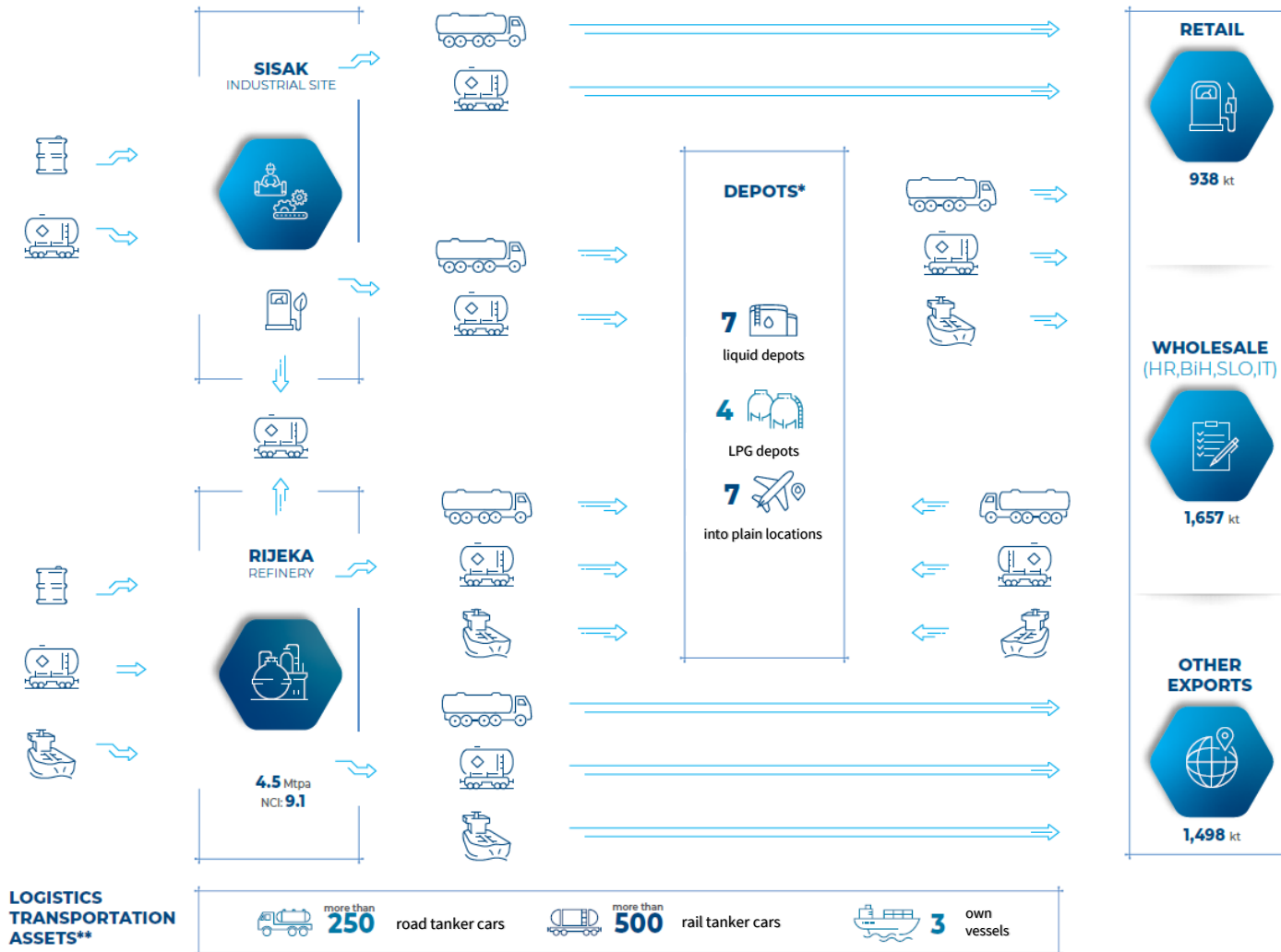


Dominant position in Croatia and region; Rijeka Refinery main supplier



- No. 1 position* in:
 - Croatia – market share 71%
 - B&H – market share 48%
- Slovenian market – expected share and volume increase following OMV Slovenia transaction and Rijeka Refinery upgrade

Operations in 2020 burdened by external environment and demand drop



Key achievements in 2020 & 9M 2021

- Start-up of Propane-Propylene Splitter Unit in the Rijeka Refinery
- Stable market supply throughout the whole year despite the challenges
- Despite the COVID crisis, stable market share kept without significant cash collection issues
- Rijeka Refinery Upgrade Project progresses, already in the construction phase
- Increased wholesale opportunities with OMV Slovenia acquisition

Source: Company reports, 31 December 2020

Note: *Includes Rijeka and Sisak depots; **Includes rented and owned assets

Key focus points

Transforming the business segment through its **INA Downstream 2023 New Course program** towards a financially sustainable future, turning a cash negative segment to **cash positive and profitable segment**. The main contributors are:

Consumer market

- **Focus on captive markets** (Croatia and Bosnia & Herzegovina), with more than 500 Retail sites
- Biggest share in Croatia (71%) and Bosnia (48%)
- INA will be the **main fuel supplier** for all already existing and newly acquired INA and MOL service stations in Slovenia
 - acquisition of OMV Slovenia includes 120 new service stations across Slovenia and the wholesale business

Production

- **Upgrade of the Rijeka Refinery** will ensure that INA Group keeps a strong position on the market by:
 - substantially increasing refinery complexity and efficiency
 - maximizing production of high value products and asset utilization
- **Sustainable future at Sisak location**
 - the decision to discontinue crude processing was implemented and activities regarding its transformation into a new industrial center are ongoing
 - conservation of refining units underway while other transformation projects at the location will continue

Number of retail locations*



Key focus points

Objectives:

- Provide an **even better and more complete service** to our customers
- **Profitably expand our business** in the region
- **Retain** current customers and **attract new ones**

Priorities:

- **New growth locations** (Greenfield, acquisitions, rentals) with a goal of securing and increasing INA Group's **market share** in Croatia and across the region
- Continued **modernization** of retail network with the focus on expansion of the Fresh Corner brand and gastro services
- Increase the **service level**

Source: Company reports, 31 December 2020

Notes: * Retail locations imply: 511 service stations and six other retail locations (auto bar/restaurants, carwash, shop, Heating Oil sales point, LPG sales point);

**Five service stations have been leased to MOL Slovenia

Key achievements

INA PAY

7/2020

Application launch

B2B

Available only for INA Card business users

1,100

registered users with assigned card



8,758

transactions in 2020

1,460

transactions monthly

Availability

Can be used on all retail locations in Croatia

419

business partners has registered service with assigned card

INA LOYALTY

9/2020

Program launch

160,000

Registered customers at the end of 2020

Availability

Can be used on all retail locations in Croatia



REGISTRATION TYPE OF INA LOYALTY MEMBERS

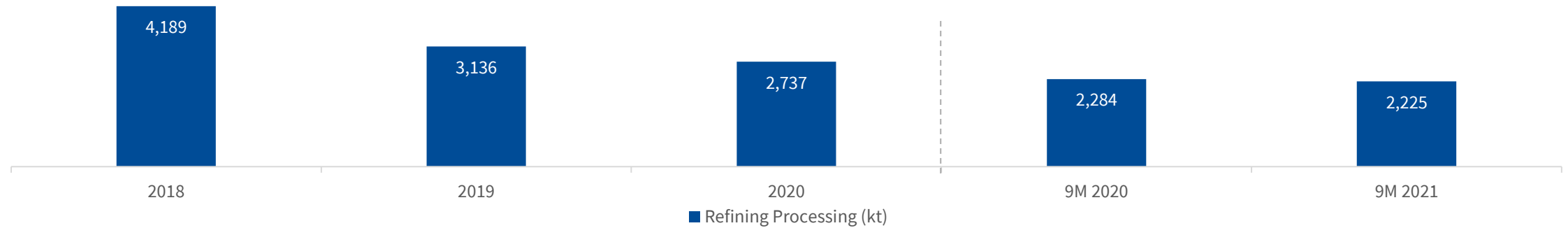
■ **77%** DIGITAL

■ **23%** PAPER



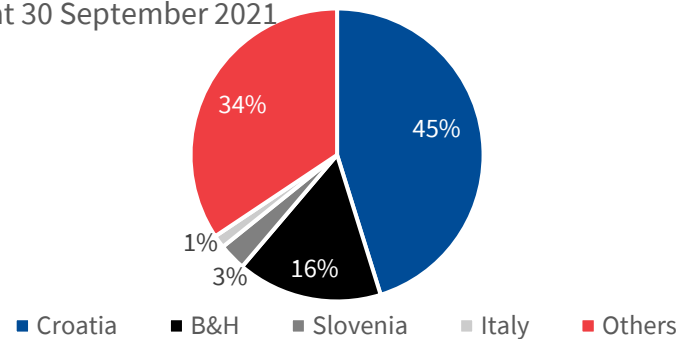
Processing levels adjusted to market conditions

Refining Processing (kt)



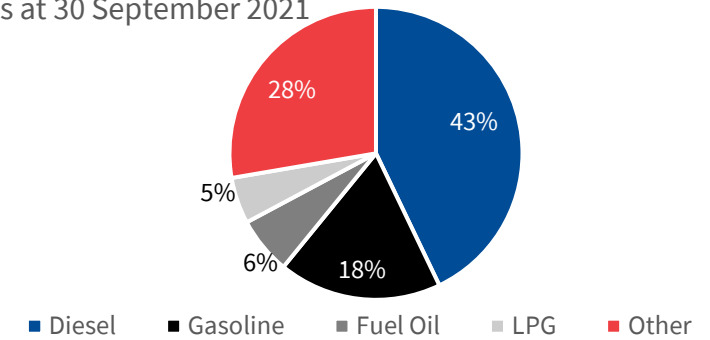
Refined product sales by country

As at 30 September 2021



Refined product sales by product

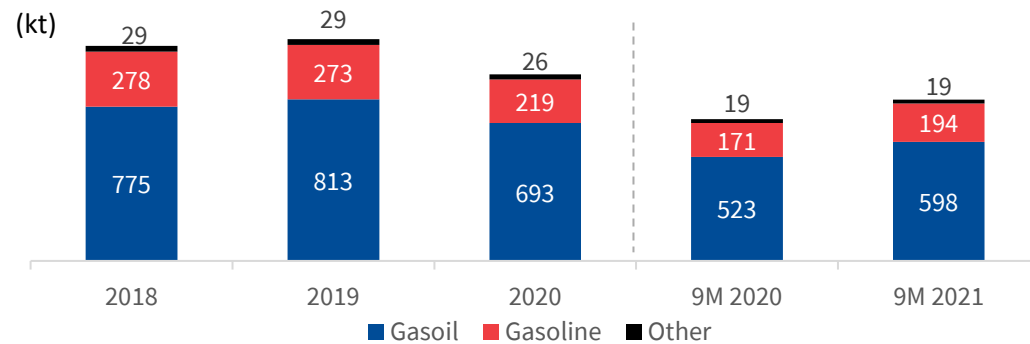
As at 30 September 2021



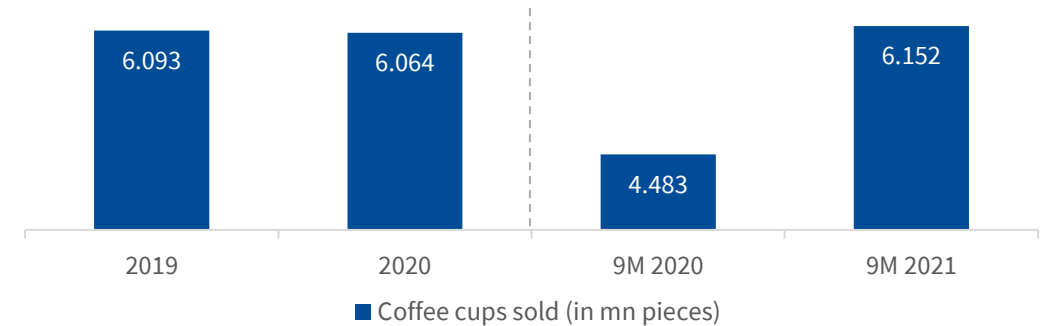
Consumer Services and Retail

Main volumetric and financial indicators

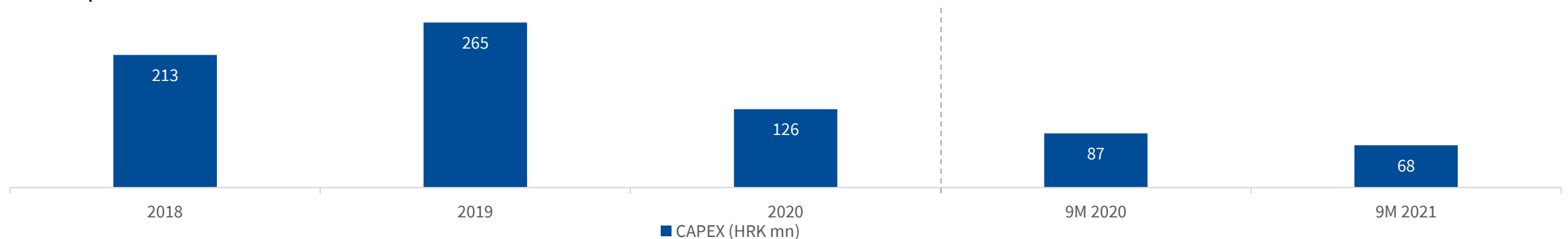
Retail sales volumes amounted to 811 kt, 14% above 9M 2020 realisation



Coffee cups sold increased over 37% in 9M 2021 (vs. 9M 2020) driven by expanded non-fuel offering, Fresh Corner roll-out and better sales



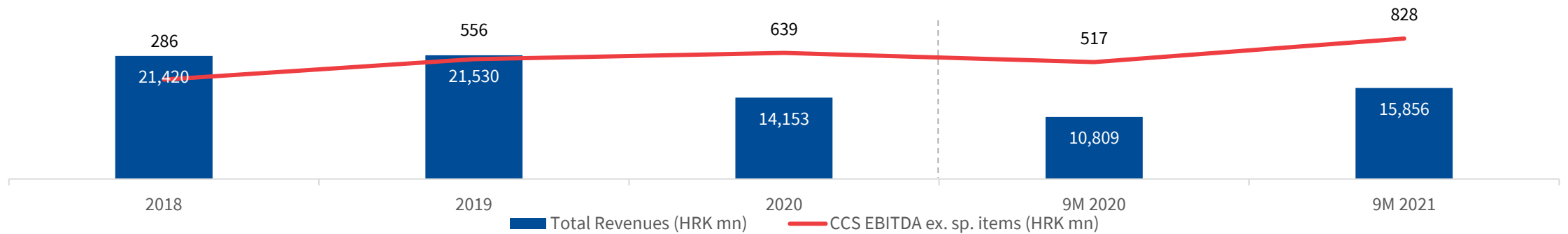
Capital expenditures amounted to HRK 68mn with focus on service station reconstructions and roll-out of Fresh Corner concept, which has so far been implemented at 123 service stations



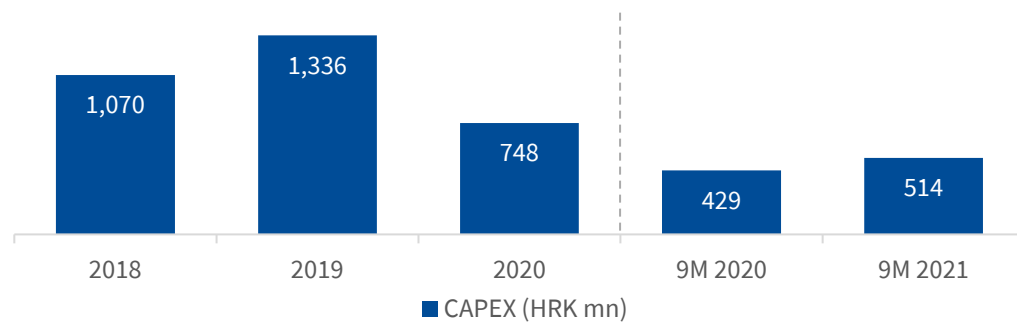
Source: Company reports

Main financial indicators

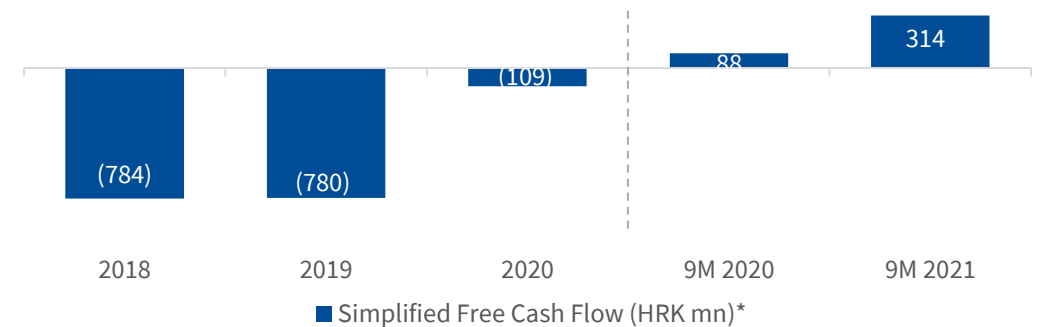
Both total retail sales as well as CCS EBITDA increased compared to 9M 2020 (47% and 60% respectively) supported by visible trend of market recovery, expanded offering and improved tourist consumption in Croatia



Capital investments amounted to HRK 446mn in Refining and Marketing and HRK 68mn in Consumer Services and Retail in 2021



Ongoing strong investment cycle affecting the Simplified Free Cash Flow



Source: Company reports

Note: *Simplified FCF = CCS EBITDA excl. special items - CAPEX

**RESPONSE TO CLIMATE
CHANGE
OVERVIEW**



Response to Climate Change



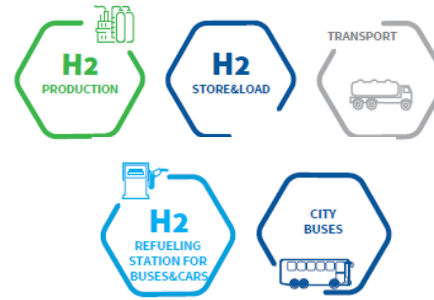
ENHANCED OIL RECOVERY PROJECT

CCUS project, since implementation more than 1.8mn tons of CO2 permanently stored (~30% of annual passenger car emissions in Croatia)



SOLAR POWER PLANTS

Further development of solar power plants, in addition to existing in Rijeka refinery and Kaštel Sućurac



HYDROGEN PROJECT

Development of project with City of Zagreb to introduce hydrogen into urban transport



BIOREFINERY PROJECT

Planned construction by 2026, Investment value EUR 300mn



OTHER RENEWABLE SOURCES

Offshore wind and gas cluster
Geothermal energy



- **Annual action plans** are developed in line with **six focus areas**, 24 programs and in line with Sustainable Development Goals.
- Sustainable development activities and projects are **an integral part of INA Group's business plan**

Strong focus on HSE with continuous improvement of KPIs

INA GROUP EMPLOYEES AND CONTRACTORS	2018	2019	2020
NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURY	0	0	0
FATALITY RATES AS A RESULT OF WORK-RELATED INJURY	0	0	0
NUMBER OF HIGH-CONSEQUENCE WORK-RELATED INJURIES (EXCLUDING FATALITIES)	1	1	2
HIGH-CONSEQUENCE WORK-RELATED INJURY RATE (EXCLUDING FATALITIES)	0.04	0.08	0.09
NUMBER OF RECORDABLE WORK-RELATED INJURIES	69	51	36

Agenda



ABOUT INA GROUP



BUSINESS SEGMENT OVERVIEW



BOND ISSUANCE OVERVIEW

Indicative terms & conditions

Issuer	INA – INDUSTRIJA NAFTE, d.d.
Ranking	Non-subordinated and unsecured bond
Repayment of Principal	Bullet, at maturity
Target Market	Professional investors and eligible counterparties
Maturity	5 years
Targeted Nominal Amount of the Issue	Up to HRK 2,000,000,000
Denomination	HRK 1,000,000
Interest Rate	Fixed, semi-annual coupon interest payment
Minimum Subscription Amount	HRK 1,000,000
Reference Interest Rate	Bid yield of the HRK bond RHM-F-O-26CA maturing on 14 December 2026
Risk Premium	Will be published in the Public invitation for subscription
Joint Lead Managers and Bookrunners	Erste&Steiermärkische Bank d.d., Privredna Banka Zagreb d.d. and Raiffeisenbank Austria d.d.
Orderbook	“ <i>Pot orderbook</i> ”
Listing	Official Market of the Zagreb Stock Exchange
Clearing and Settlement	Central Depository and Clearing Company Inc. ("CDCC")
Governing Law	Law of Republic of Croatia
Expected Timing	December 2021
Documentation	Simplified Prospectus for Public Offering and Listing of the Notes („Prospectus”)
Reference Document	Prospectus was approved by HANFA, by its resolution, classification no.: UP/I 976-02/21-01/08, record no.: 326-01-60-62-21-10 on 10 November 2021: and it is available at the websites of the Zagreb Stock Exchange and the Issuer on 11 November 2021

Timeline

Indicative timeline of the bond issuance

	Planned for / Targeted for
Roadshow activities	16 - 25 November 2021
Public announcement of Invitation to subscribe bonds	29 November 2021
Offering day/ Pricing / Allocation	1 December 2021
Publication of the notice of the determined price and the total allocated amount of Bonds	2 December 2021
Public announcement of the Notice on the final terms of bond issue	6 December 2021
Date of the Bond issue / Admission of the bonds in CDCC (SKDD)	6 December 2021
Listing on the Zagreb Stock Exchange	9 December 2021

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