



**INA GROUP  
Q2 & H1 2023  
FINANCIAL REPORT**

INA Group (ZB: INA-R-A; www.ina.hr) announced its Q2 and H1 2023 results. This report contains unaudited consolidated financial statements for the period ending 30 June 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)**

Q2 2022	Q2 2023	EUR mln	H1 2022	H1 2023	%
1,275.8	911.9	Net sales revenues*	2,067.1	1,672.7	(19)
215.9	146.3	EBITDA (1)	365.6	183.3	(50)
<b>215.9</b>	<b>146.3</b>	<b>EBITDA excl. special items (2)</b>	<b>365.6</b>	<b>183.3</b>	<b>(50)</b>
<b>192.2</b>	<b>140.4</b>	<b>CCS EBITDA excl. special items</b>	<b>322.3</b>	<b>163.6</b>	<b>(49)</b>
165.5	105.1	Profit/(loss) from operations	270.9	98.4	(64)
<b>165.5</b>	<b>105.1</b>	<b>Profit/(loss) from operations excl. special items (2)</b>	<b>270.9</b>	<b>98.4</b>	<b>(64)</b>
<b>141.8</b>	<b>99.2</b>	<b>CCS Profit/(loss) from operations excl. special items</b>	<b>227.6</b>	<b>78.7</b>	<b>(65)</b>
(11.4)	(2.7)	Net (loss)/income from financial activities	(11.2)	(13.0)	16
126.1	87.3	Profit/(loss) for the period attributable to Owners of the Company	211.1	73.1	(65)
<b>126.1</b>	<b>87.3</b>	<b>Profit/(loss) for the period excl. special items (2)</b>	<b>211.1</b>	<b>73.1</b>	<b>(65)</b>
125.9	62.3	Simplified Free Cash Flow (3)	143.7	31.6	(78)
<b>(128.0)</b>	<b>(44.5)</b>	<b>Net operating cash flow</b>	<b>(62.6)</b>	<b>(56.2)</b>	<b>(10)</b>
<b>Earnings per share</b>					
12.6	8.7	Basic and diluted earnings/(loss) per share (EUR per share)	21.1	7.3	(65)
315.5	330.6	Net debt	315.5	330.6	5
17.0	18.4	Net gearing (%)	17.0	18.4	
<b>66.3</b>	<b>78.0</b>	<b>CAPEX total</b>	<b>178.6</b>	<b>132.0</b>	<b>(26)</b>
62.6	74.9	Domestic	170.3	124.4	(27)
3.7	3.1	International	8.3	7.6	(8)

Q2 2022	Q2 2023	USD mln <sup>(4)</sup>	H1 2022	H1 2023	%
1,360.6	992.8	Net sales revenues*	2,248.5	1,809.1	(20)
230.2	159.3	EBITDA (1)	398.2	199.0	(50)
<b>230.2</b>	<b>159.3</b>	<b>EBITDA excl. special items (2)</b>	<b>398.2</b>	<b>199.0</b>	<b>(50)</b>
<b>205.0</b>	<b>152.8</b>	<b>CCS EBITDA excl. special items</b>	<b>351.0</b>	<b>177.7</b>	<b>(49)</b>
176.4	114.4	Profit/(loss) from operations	294.7	107.2	(64)
<b>176.4</b>	<b>114.4</b>	<b>Profit/(loss) from operations excl. special items (2)</b>	<b>294.7</b>	<b>107.2</b>	<b>(64)</b>
<b>151.2</b>	<b>108.0</b>	<b>CCS Profit/(loss) from operations excl. special items</b>	<b>247.5</b>	<b>86.0</b>	<b>(65)</b>
(12.2)	(2.9)	Net (loss)/income from financial activities	(11.9)	(14.0)	17
134.5	95.0	Profit/(loss) for the period attributable to Owners of the Company	229.8	79.8	(65)
<b>134.5</b>	<b>95.0</b>	<b>Profit/(loss) for the period excl. special items (2)</b>	<b>229.8</b>	<b>79.8</b>	<b>(65)</b>
134.3	67.9	Simplified Free Cash Flow (3)	154.3	34.9	(77)
<b>(136.5)</b>	<b>(48.4)</b>	<b>Net operating cash flow</b>	<b>(63.2)</b>	<b>(61.0)</b>	<b>(3)</b>
<b>Earnings per share</b>					
13.4	9.5	Basic and diluted earnings/(loss) per share (EUR per share)	23.0	8.0	(65)
331.8	361.6	Net debt	331.8	361.6	9
<b>70.7</b>	<b>84.9</b>	<b>CAPEX total</b>	<b>196.7</b>	<b>142.9</b>	<b>(27)</b>
66.7	81.5	Domestic	187.6	134.6	(28)
4.0	3.4	International	9.1	8.2	(10)

\* Related to Revenue from contracts with customers

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

(2) Neither H1 2022 nor H1 2023 results were impacted by special items

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

(4) In converting EUR figures into US Dollars, the following average CNB (HNB) rates were used: as at 31 December 2022 – 1.0666 EUR/USD; as at 30 June 2022 – 1.0509; as at 30 June 2023 1.0886; 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

**H1 2023 financial and operational highlights**

Continuation of 2023 brings stabilization of oil price and sharp decline in gas prices in Q2 compared to the same period of 2022. The average realized hydrocarbon prices reduced by 23%, which together with decreasing product price environment pushed the result down. EBITDA of INA Group in the first half of 2023 amounted to EUR 183 million, halved compared to the same period of 2022, which was an extraordinary year for entire oil and gas industry.

In line with the reduced prices, EBITDA of Exploration and Production declined by 22%, still staying at rather strong with EUR 214 million in first half of 2023. Natural decline of production amounted to only 3%, which is a good result taking into consideration the portfolio maturity. The moderation of the expected natural decline comes mainly from offshore contribution and increased Egyptian production due to the newly drilled wells.

Refining and Marketing incl. Consumer services and Retail segment result remains negatively impacted by adverse margin environment, although the sales on captive markets stayed strong. After finalisation of brownfield part of Rijeka Refinery Upgrade Project and temporary shut-down of refining activities, Rijeka Refinery successfully started production at the end of April. Despite the continued fuel price regulation in Retail, strong growth of Retail volumes (+22% compared to H1 2022) and increase in non-fuel margin helped to partially compensate the lower result of Refining and Marketing.

Investment activities resulted in EUR 218 million spending, out of which EUR 85 million is related to acquisition of 25.25% share in OMV Slovenija d.o.o., increasing INA's share to 33%, in addition to EUR 132 million of Capital Expenditures. Continuation of the Rijeka Refinery Upgrade Project remained the focus of the capital expenditures. Financial position remains robust with net debt almost unchanged compared to the same period last year.



## President of the Management Board comment

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

"2023 continues to be an active year for INA. Intensive investment period in the Refining and Marketing segment continues, with Rijeka Refinery Upgrade Project reaching 78% completion. Following the successful finalisation of investments in the brownfield part of RRUP, an important milestone in the project, Rijeka Refinery started processing at the end of April.

Significant changes in portfolio were also made during Q2 2023. Petrokemija has been divested, while INA strengthened its share on the Slovenian market with the increase of its share in OMV Slovenija to 33%. This transaction ensured a long-term market for Rijeka Refinery products.

In Exploration and Production, natural decline is currently moderated at around 3%, while further streamlining of the portfolio was made with by completing Angola and Egypt East Yidma divestments. INA will continue with the investments in Exploration and Production with the intention of further increasing the security of energy supply for Croatia. Furthermore, it should be noted that with the normalization of the macro environment, extra profits from 2022 are not likely to repeat.

Refining and Marketing incl. Consumer services and Retail segment operations remained cash negative due to deteriorated margin environment and fuel margin cap, which is still in force. Nevertheless, increased Retail sales volumes and constant increase in non-fuel margin positively assisted the result."

## Exploration and Production\*

Q2 2022	Q2 2023	Segment IFRS results (EUR mln)	H1 2022	H1 2023	%
213.4	144.0	Net sales revenues	392.9	297.5	(24)
158.7	116.3	EBITDA	275.0	214.4	(22)
<b>158.7</b>	<b>116.3</b>	<b>EBITDA excl. special items **</b>	<b>275.0</b>	<b>214.4</b>	<b>(22)</b>
136.8	100.9	Profit from operations	237.8	180.8	(24)
<b>136.8</b>	<b>100.9</b>	<b>Profit from operation excl. special items **</b>	<b>237.8</b>	<b>180.8</b>	<b>(24)</b>
140.8	91.1	Simplified Free Cash Flow***	234.3	176.9	(25)
17.9	25.2	CAPEX	40.7	37.5	(8)

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

\*\* Neither H1 2022 nor H1 2023 results were impacted by special items

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

Q2 2022	Q2 2023	Hydrocarbon production (boe/d)	H1 2022	H1 2023	%
<b>11,982</b>	<b>11,738</b>	<b>Crude oil production (boe/d)</b>	<b>12,258</b>	<b>11,943</b>	<b>(3)</b>
9,814	9,761	Croatia	10,095	9,842	(3)
1,558	1,767	Egypt	1,574	1,737	10
611	211	Angola	589	363	(38)
<b>13,046</b>	<b>12,244</b>	<b>Natural gas production (boe/d)</b>	<b>12,892</b>	<b>12,400</b>	<b>(4)</b>
3,700	3,506	Croatia - offshore	3,420	3,517	3
9,347	8,738	Croatia - onshore	9,472	8,883	(6)
<b>920</b>	<b>869</b>	<b>Condensate (boe/d)</b>	<b>921</b>	<b>895</b>	<b>(3)</b>
<b>25,948</b>	<b>24,851</b>	<b>Total hydrocarbon production</b>	<b>26,071</b>	<b>25,238</b>	<b>(3)</b>

Q2 2022	Q2 2023	Total average realised hydrocarbon price	H1 2022	H1 2023	%
106	73	Total average hydrocarbon price (USD/boe)*	96	74	(23)

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

## H1 2023 vs. H1 2022

### Key drivers

- Lower prices impacted sales revenues negatively by EUR 87.6 million mainly driven by lower oil price
- Production decreased by 3.2%, compared to 5.6% decline 2022 vs. 2021 in same period, which is an improvement considering the maturity of INA's oil and gas fields
- However, despite Offshore contribution driven by production on Ika field after performed workover, higher production from project on Marica D well and contribution from Production System Optimization projects on Kučanci-Kapelna, Privlaka, Števkovica and Lipovljani fields, Croatian production decreased as a result of lower production mainly from Ferdinandovac, Vučkovec, Stružec, Deletovci, Ivanić and Žutica fields
- International production at expected level. Higher Egypt as result of newly drilled wells on Sidra, Ganna and Abrar fields and performed well workovers, partially offset by the divestment of Egypt East Yidma and Angola concessions
- Positive impact of completed Angola divestment

### Capital expenditures

H1 2023 (EUR mln)	Croatia	Egypt	Angola
Exploration	2.6	0.4	
Development	18.9	6.7	0.2
Other	8.8		
<b>TOTAL</b>	<b>30.2</b>	<b>7.1</b>	<b>0.2</b>

Lower CAPEX level compared to H1 2022 due to lower Croatia Offshore activities in H1 2023

Main activities during H1 2023 were related to:

Croatia Exploration:

- Drava-03: Drilling of Veliki Rastovac-1 well finished, well test to follow

Croatia Offshore:

- Permitting for drilling well Izabela-9 is in progress
- Ivana D decommissioning project: Well plug and abandonment activities are finished

Croatia Onshore:

- Production optimization: performed 24 well workovers in H1 2023
- Somogy: Civil works on Gola station finished.

Egypt:

- East Damanhur: Drilling operations of ED-3X exploration well was completed in June with unfavorable results, final well report under preparation
- North Bahariya: 14 development wells drilled (12 producers and 2 water injector), drilling of 1 development well ongoing
- Ras Qattara: Drilling of 1 development well completed in February. Concession extension process ongoing

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

Q2 2022	Q2 2023	Segment IFRS results (EUR mln)	H1 2022	H1 2023	%
1,258.6	894.3	Net sales revenues	2,016.4	1,640.2	(19)
95.5	4.5	EBITDA	144.6	(22.4)	n.a.
<b>95.5</b>	<b>4.5</b>	<b>EBITDA excl. special items**</b>	<b>144.6</b>	<b>(22.4)</b>	<b>n.a.</b>
71.8	(1.4)	CCS EBITDA excl. special items**	101.3	(42.1)	n.a.
72.4	(15.7)	Profit/(loss) from operations	98.5	(62.6)	n.a.
<b>72.4</b>	<b>(15.7)</b>	<b>Profit/(loss) from operations excl. special items**</b>	<b>98.5</b>	<b>(62.6)</b>	<b>n.a.</b>
48.7	(21.6)	CCS Profit/(loss) from operations	55.3	(82.3)	n.a.
26.5	(52.4)	Simplified Free Cash Flow***	(31.7)	(131.8)	316
45.3	51.0	CAPEX	133.0	89.7	(33)

\* 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 H1 2022 nor H1 2023 results were impacted by special items

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

Q2 2022	Q2 2023	Refining processing (kt)	H1 2022	H1 2023	%
138	96	Domestic crude oil	139	96	(31)
613	382	Imported crude oil	621	382	(39)
140	126	Other feedstock	159	156	(2)
<b>891</b>	<b>604</b>	<b>Total refining throughput</b>	<b>919</b>	<b>634</b>	<b>(31)</b>
<b>Refining production (kt)</b>					
49	34	LPG*	49	34	(31)
32	16	Naphtha	32	16	(49)
188	140	Gasoline	192	146	(24)
50	48	Kerosene	50	48	(3)
357	237	Diesel	357	238	(33)
13	-	Heating oil	15	-	n.a.
90	40	Fuel oil	104	53	(49)
26	20	Other products**	28	23	(17)
<b>804</b>	<b>536</b>	<b>Total</b>	<b>826</b>	<b>559</b>	<b>(32)</b>
11	12	Refining loss	12	12	5
76	56	Own consumption	81	64	(22)
<b>891</b>	<b>604</b>	<b>Total refining production</b>	<b>919</b>	<b>634</b>	<b>(31)</b>
<b>Refined product sales by country (kt)</b>					
565	638	Croatia	989	1,098	11
149	131	B&H	276	260	(6)
15	6	Slovenia	25	16	(38)
4	4	Italy	8	7	(11)
230	228	Other markets	328	342	4
<b>963</b>	<b>1,008</b>	<b>Total</b>	<b>1,627</b>	<b>1,723</b>	<b>6</b>
<b>Refined product sales by product (kt)</b>					
62	45	LPG*	104	79	(24)
29	17	Naphtha	29	18	(39)
206	185	Gasoline	297	283	(4)
50	58	Kerosene	66	78	18
492	507	Diesel	869	933	7
25	28	Heating oil	62	67	8
73	22	Fuel oil	89	46	(48)
18	29	Bitumen	30	43	43
10	118	Other products***	82	176	116
<b>963</b>	<b>1,008</b>	<b>Total</b>	<b>1,627</b>	<b>1,723</b>	<b>6</b>
276	357	o/w Consumer services and Retail segment sales	508	619	22
<b>192</b>	<b>158</b>	<b>Total natural gas sales (mln m3)</b>	<b>410</b>	<b>327</b>	<b>(20)</b>
<b>504</b>	<b>507</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

## H1 2023 vs. H1 2022

### Key drivers

- Adverse impact on imported goods due to the decreasing product price environment primarily in Q1, fully offset strong contribution of positive own sales margin
- After finalisation of investments in brownfield part of Rijeka Refinery Upgrade Project during Jan-Apr 2023 and temporary shut-down of refining activities, Rijeka refinery successfully started at the end of April
- Trading activities were focused on safe and timely product supply, with higher sales to Croatian market
- Total Retail sales volumes amounted to 619 kt in H1 2023 which is 22% above H1 2022 due to higher realisation on Croatian market (+111 kt) mainly as a result of higher demand impacted also by lower fuel price compared to neighbouring countries
- Non-fuel margin increased by 27% reflecting continuous expansion in consumer goods, increasing number of Fresh Corners together with INA Loyalty program support which surpassed 500 thousand registered members

### Capital expenditures

- Refining and Marketing CAPEX amounted to EUR 84.8 million:
  - **Rijeka Refinery Upgrade Project** – The Project achieved 78% completion in overall, with the engineering and procurement reaching above 99% and construction at 63%. The revamp works on Key Brownfield section were successfully completed during the Refinery Shutdown period, and Refinery started with the operation from the end of April
  - **CDU energy efficiency upgrade project** - The first part of the works completed during Rijeka Refinery shutdown in Q1 as planned
  - **Replacement of condensing turbines with electric drives** - Equipment delivered on site as planned with civil works ongoing
- Consumer Services and Retail capital investments amounted to EUR 4.9 million in H1 2023 with focus on network reconstruction, resulting with 507 stations (of which 390 in Croatia)

### Main external parameters

Q2 2022	Q2 2023	Crude oil and gas prices	H1 2022	H1 2023	%
114	78	Brent dtd (USD/bbl)	108	80	(26)
34.7	21.5	Brent-Ural spread (USD/bbl)	23.1	25.8	12
102	37	CEGH gas price (EUR/MWh)	101	46	(54)
<b>FOB MED Products prices and crack spreads</b>					
1,215	822	Gasoline - premium unleaded 10 ppm (USD/t)	1,069	830	(22)
1,184	709	Diesel – ULSD 10 ppm (USD/t)	1,040	773	(26)
549	414	Fuel oil 3.5% (USD/t)	535	386	(28)
902	507	LPG (USD/t)	916	633	(31)
353	231	Crack spread – gasoline (USD/t)	252	227	(10)
322	118	Crack spread – diesel (USD/t)	224	170	(24)
(313)	(177)	Crack spread – fuel oil 3.5% (USD/t)	(282)	(217)	(23)
40	(83)	Crack spread – LPG (USD/t)	99	30	(70)
13.31	3.54	Indicative refining margins (USD/bbl)*	4.98	5.19	4
<b>Foreign exchange</b>					
1.07	1.09	EUR/USD average	1.09	1.08	(83)
1.05	1.09	EUR/USD closing	1.05	1.09	(83)
1.53	5.40	3m USD LIBOR (%)	1.02	5.15	405
(0.35)	3.37	3m EURIBOR (%)	(0.44)	3.00	n.a.

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

**Condensed Consolidated Statement of Profit or Loss**

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

Q2 2022	Q2 2023		Note	H1 2022	H1 2023	%
<b>1,275.8</b>	<b>911.9</b>	<b>Revenue from contracts with customers</b>	1	<b>2,067.1</b>	<b>1,672.7</b>	<b>(19)</b>
3.5	46.0	Other operating income		21.1	60.9	189
<b>1,279.3</b>	<b>957.9</b>	<b>Total operating income</b>		<b>2,088.2</b>	<b>1,733.6</b>	<b>(17)</b>
221.3	79.1	Changes in inventories of finished products and work in progress		204.5	56.3	(72)
(679.0)	(343.7)	Costs of raw materials and consumables	2	(713.1)	(381.7)	(46)
(50.4)	(41.2)	Depreciation, amortisation and impairment (net)	3	(94.7)	(84.9)	(10)
(94.9)	(56.0)	Other material costs	3	(155.2)	(107.7)	(31)
(16.2)	(21.2)	Service costs	3	(32.3)	(37.6)	16
(58.2)	(66.5)	Staff costs	5	(112.5)	(126.8)	13
(440.5)	(416.9)	Costs of other goods sold	4	(919.3)	(969.9)	6
(6.2)	(1.6)	Impairment charges (net)	3	(8.3)	(6.2)	(25)
(1.6)	(2.1)	Provision for charges and risks (net)	3	(9.3)	(5.2)	(44)
11.9	17.3	Capitalised value of own performance		22.9	28.5	24
<b>(1,113.8)</b>	<b>(852.8)</b>	<b>Operating expenses</b>		<b>(1,817.3)</b>	<b>(1,635.2)</b>	<b>(10)</b>
<b>165.5</b>	<b>105.1</b>	<b>Profit/(Loss) from operations</b>		<b>270.9</b>	<b>98.4</b>	<b>(64)</b>
9.1	3.9	Finance income	-	17.2	8.6	(50)
(20.5)	(6.6)	Finance costs		(28.4)	(21.6)	(24)
<b>(11.4)</b>	<b>(2.7)</b>	<b>Net (loss)/income from financial activities</b>	6	<b>(11.2)</b>	<b>(13.0)</b>	<b>16</b>
<b>0.2</b>	<b>0.1</b>	<b>Share of net profit/(loss) of joint ventures accounted for using the equity method</b>	6	<b>(0.7)</b>	<b>0.1</b>	<b>n.a.</b>
<b>154.3</b>	<b>102.5</b>	<b>Profit/(Loss) before tax</b>		<b>259.0</b>	<b>85.5</b>	<b>(67)</b>
(28.2)	(15.0)	Income tax gain/(expense)	7	(47.9)	(12.2)	(75)
<b>126.1</b>	<b>87.5</b>	<b>Profit/(Loss) for the period</b>		<b>211.1</b>	<b>73.3</b>	<b>(65)</b>
<b>Attributable to:</b>						
126.1	87.3	Owners of the Company		211.1	73.1	(65)
-	0.2	Non-controlling interests		-	0.2	n.a.
<b>Earnings per share</b>						
12.6	8.7	Basic and diluted earnings/(loss) per share (EUR per share)		21.1	7.3	(65)

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



**Condensed Consolidated Statement of Financial Position**

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

	Note	31 December 2022	30 June 2023	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	9	66.2	61.7	(7)
Property, plant and equipment	10	1,597.7	1,676.6	5
Investment property		18.1	22.7	25
Righth-of-use assets	10	40.2	43.4	8
Investments in associates and joint venture		3.7	115.1	3,011
Other investments		0.9	0.9	(0)
Other non-current financial asset		85.5	83.3	(3)
Deferred tax		129.7	119.1	(8)
Long-term marketable securities		2.3	2.4	4
Non-current financial assets		110.6	95.1	(14)
Other non-current asset		25.6	31.1	21
<b>Total non-current assets</b>		<b>2,080.5</b>	<b>2,251.4</b>	<b>8</b>
<b>Current assets</b>				
Inventories	11	398.0	407.9	2
Trade receivables, net	12	363.5	327.5	(10)
Other current financial asset		4.8	5.7	19
Corporative income tax receivables		1.4	8.5	507
Other current assets		27.8	42.6	53
Derivative financial instruments		5.1	14.0	175
Marketable securities		16.1	-	n.a.
Cash and cash equivalents		226.6	90.8	(60)
<b>Total current assets</b>		<b>1,043.3</b>	<b>897.0</b>	<b>(14)</b>
Assets held for sale		45.2	0.9	(98)
<b>Total current assets</b>		<b>1,088.5</b>	<b>897.9</b>	<b>(18)</b>
<b>Total assets</b>	<b>8</b>	<b>3,169.0</b>	<b>3,149.3</b>	<b>(1)</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital	13	1,194.5	1,194.5	-
Legal reserves		33.2	45.4	37
Fair value reserves		58.0	70.9	22
Other reserves		214.4	207.4	(3)
(Accumulated losses)/Retained earnings		81.0	(58.1)	n.a.
<b>Equity attributable to the owners of the Company</b>		<b>1,581.1</b>	<b>1,460.1</b>	<b>(8)</b>
Non-controlling interests		2.9	3.1	7
<b>Total equity</b>		<b>1,584.0</b>	<b>1,463.2</b>	<b>(8)</b>
<b>Non-current liabilities</b>				
Long-term debts		263.7	263.9	0
Long-term lease liabilities		30.6	31.6	3
Other non-current liabilities		3.2	3.0	(6)
Employee benefits obligation		5.9	6.7	14
Provisions		466.4	502.1	8
Deferred tax liability		2.3	2.2	(4)
<b>Total non-current liabilities</b>		<b>772.1</b>	<b>809.5</b>	<b>5</b>
<b>Current liabilities</b>				
Bank loans and current portion of long-term debt		69.7	157.5	126
Current portion of long-term lease liabilities		10.6	12.9	22
Other current financial liabilities		0.2	0.2	-
Trade payables	15	329.6	255.0	(23)
Taxes and contributions		101.2	66.9	(34)
Corporate tax liabilities		160.1	84.0	(48)
Other current liabilities		65.4	262.9	302
Derivative financial instruments		2.8	8.7	211
Employee benefits obligation		1.0	0.9	(10)
Provisions		66.9	27.6	(59)
<b>Total current liabilities</b>		<b>807.5</b>	<b>876.6</b>	<b>9</b>
Liabilities directly associated with assets classified held for sale		5.4	-	n.a.
<b>Total liabilities</b>	<b>14</b>	<b>1,585.0</b>	<b>1,686.1</b>	<b>6</b>
<b>Total equity and liabilities</b>		<b>3,169.0</b>	<b>3,149.3</b>	<b>(1)</b>

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

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

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

Q2 2022	Q2 2023		Note	H1 2022	H1 2023	%
<b>126.1</b>	<b>87.5</b>	<b>Profit/(loss) for the period:</b>		<b>211.1</b>	<b>73.3</b>	<b>(65)</b>
		<b>Adjustments for:</b>				
50.4	41.2	Depreciation, amortisation and impairment of property, plant and equipment and ROU asset (net)		94.7	84.9	(10)
28.2	15.0	Income tax (benefit)/expense recognised in profit and loss		47.9	12.2	(75)
6.2	1.6	Impairment charges (net)		8.3	6.2	(25)
(0.9)	(18.0)	Loss/(Gain) on sale of property, plant and equipment		(0.8)	(18.2)	2,204
10.0	(1.8)	Foreign exchange (gain)/loss		7.6	5.4	(29)
(0.1)	(0.6)	Interest income		-	(1.2)	2,900
1.3	1.1	Interest expense		2.1	1.9	(10)
(0.2)	(0.1)	Share of loss/(gain) of joint ventures accounted for using the equity method		0.7	(0.1)	n.a.
(1.6)	-	Other finance (income)/expense recognised in profit		(2.0)	(0.6)	(71)
(24.6)	(31.2)	Increase/(decrease) in provision		(17.2)	(32.2)	87
1.9	3.7	Decommissioning interests and other provision		3.6	7.5	108
33.6	(12.7)	Net (gain)/loss on derivative financial instruments and hedge transactions		27.4	(22.1)	n.a.
-	(2.6)	Other non-cash items		-	(2.6)	25,900
<b>230.3</b>	<b>83.1</b>	<b>Operating cash flow before working capital changes</b>	<b>16</b>	<b>383.4</b>	<b>114.4</b>	<b>(70)</b>
		<b>Movements in working capital</b>	<b>17</b>			
(32.3)	(57.3)	Decrease/(Increase) in inventories		(249.0)	1.2	n.a.
(198.8)	0.7	Decrease/(Increase) in receivables and prepayments		(238.8)	17.0	n.a.
(126.1)	92.2	(Decrease)/Increase in trade and other payables		44.6	(24.8)	n.a.
<b>(126.9)</b>	<b>118.7</b>	<b>Cash generated from operations</b>		<b>(59.8)</b>	<b>107.8</b>	<b>n.a.</b>
(1.0)	(163.2)	Taxes paid		(2.8)	(164.0)	5,842
<b>(127.9)</b>	<b>(44.5)</b>	<b>Net cash inflow/(outflow) from operating activities</b>		<b>(62.6)</b>	<b>(56.2)</b>	<b>(10)</b>
		<b>Cash flows used in investing activities</b>				
(69.6)	(86.9)	Capital expenditures, exploration and development costs		(173.5)	(148.8)	(14)
(1.4)	(3.6)	Payments for intangible assets		(2.7)	(5.4)	98
1.1	26.3	Proceeds from sale of non-current assets		1.6	26.5	1,526
(2.8)	(85.1)	Investment in securities		(15.6)	(85.1)	446
-	43.4	Proceeds from sale securities		-	43.4	n.a.
2.7	2.1	Interest received and other financial income		4.1	4.4	8
0.1	1.0	Proceeds from borrowings to employees		0.3	1.1	307
<b>(69.9)</b>	<b>(102.8)</b>	<b>Net cash used in investing activities</b>	<b>18</b>	<b>(185.8)</b>	<b>(163.9)</b>	<b>(12)</b>
		<b>Cash flows from financing activities</b>				
655.3	311.0	Proceeds from borrowings		938.4	311.0	(67)
(471.2)	(158.6)	Repayment of borrowings		(768.1)	(222.6)	(71)
(3.4)	(3.4)	Payment of principal portion of lease liabilities (net)		(6.6)	(6.7)	1
(28.2)	1.2	Interest paid on short-term loans and other financing charges		(22.0)	3.9	n.a.
<b>152.6</b>	<b>150.2</b>	<b>Net cash from financing activities</b>		<b>141.7</b>	<b>85.6</b>	<b>(40)</b>
(45.2)	2.9	Net increase/(decrease) in cash and cash equivalents		(106.7)	(134.5)	26
293.9	90.8	At the beginning of the period		349.1	226.6	(35)
7.5	(1.6)	Effect of foreign exchange rate changes		12.6	(1.5)	n.a.
256.1	92.1	At the end of period		255.0	90.6	(64)
(0.2)	(1.4)	Overdrafts		0.9	0.2	(78)
<b>255.9</b>	<b>90.7</b>	<b>Cash and cash equivalents in statement of financial position</b>		<b>255.9</b>	<b>90.8</b>	<b>(65)</b>

**INA Group Summary Segmental Results of Operations**

Q2 2022	Q2 2023	(EUR mn)	H1 2022	H1 2023	%
<b>Net sales revenues</b>					
213.4	144.0	Exploration & Production	392.9	297.5	(24)
1,258.6	894.3	Refining & Marketing including Consumer services and Retail	2,016.4	1,640.2	(19)
39.4	55.8	Corporate and Other	78.3	101.8	30
(235.6)	(182.2)	Intersegment transfers and consolidation adjustments	(420.6)	(366.8)	(13)
<b>1,275.8</b>	<b>911.9</b>	<b>Total</b>	<b>2,067.1</b>	<b>1,672.7</b>	<b>(19)</b>
<b>EBITDA*</b>					
158.7	116.3	Exploration & Production	275.0	214.4	(22)
95.5	4.5	Refining & Marketing including Consumer services and Retail	144.6	(22.4)	n.a.
(4.2)	(0.3)	Corporate and Other	(6.1)	(5.9)	(4)
(34.2)	25.9	Intersegment transfers and consolidation adjustments	(47.9)	(2.8)	(94)
<b>215.9</b>	<b>146.3</b>	<b>Total</b>	<b>365.6</b>	<b>183.3</b>	<b>(50)</b>
<b>EBITDA Excluding Special Items</b>					
158.7	116.3	Exploration & Production	275.0	214.4	(22)
95.5	4.5	Refining & Marketing including Consumer services and Retail	144.6	(22.4)	n.a.
(4.2)	(0.3)	Corporate and Other	(6.1)	(5.9)	(4)
(34.2)	25.9	Intersegment transfers and consolidation adjustments	(47.9)	(2.8)	(94)
<b>215.9</b>	<b>146.3</b>	<b>Total</b>	<b>365.6</b>	<b>183.3</b>	<b>(50)</b>
<b>Profit/(Loss) from operations</b>					
136.8	100.9	Exploration & Production	237.8	180.8	(24)
72.4	(15.7)	Refining & Marketing including Consumer services and Retail	98.5	(62.6)	n.a.
(9.6)	(6.1)	Corporate and Other	(17.7)	(17.1)	(3)
(34.0)	26.0	Intersegment transfers and consolidation adjustments	(47.8)	(2.7)	(94)
<b>165.5</b>	<b>105.1</b>	<b>Total</b>	<b>270.9</b>	<b>98.4</b>	<b>(64)</b>
<b>Profit/(Loss) from operations Excluding Special Items</b>					
136.8	100.9	Exploration & Production	237.8	180.8	(24)
72.4	(15.7)	Refining & Marketing including Consumer services and Retail	98.5	(62.6)	n.a.
(9.6)	(6.1)	Corporate and Other	(17.7)	(17.1)	(3)
(34.0)	26.0	Intersegment transfers and consolidation adjustments	(47.8)	(2.7)	(94)
<b>165.5</b>	<b>105.1</b>	<b>Total</b>	<b>270.9</b>	<b>98.4</b>	<b>(64)</b>
<b>Property, plant and equipment</b>					
579.7	531.4	Exploration & Production	579.7	531.4	(8)
969.8	1,082.0	Refining & Marketing including Consumer services and Retail	969.8	1,082.0	12
123.4	134.3	Corporate and Other	123.4	134.3	9
(65.2)	(71.1)	Intersegment transfers and consolidation adjustments	(65.2)	(71.1)	9
<b>1,607.7</b>	<b>1,676.6</b>	<b>Total</b>	<b>1,607.7</b>	<b>1,676.6</b>	<b>4</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 H1 2023 is EUR (2.8) million compared to EUR (47.9) million in H1 2022.

## Financial overview and notes

### Condensed Consolidated Statement of Profit or Loss

#### Notes

- 1 **Revenue from contracts with customers** in H1 2023 amounted to EUR 1,672.7 million and is 19% lower compared to H1 2022, primarily due to deteriorated hydrocarbon prices and product quotations
- 2 **Costs of raw materials and consumables** at EUR (381.7) million were 46% lower than H1 2022 level, reflecting different dynamic of refinery operation and inflation
- 3 Other **operating costs** realized in H1 2023 include:
  - Other material costs in the amount of EUR (107.7) million were lower by 31%, mainly driven by lower transportation costs and lower crude oil price impact
  - Service costs in the amount of EUR (37.6) million were 16% higher than H1 2022, reflecting inflation of intellectual and other services prices, and higher insurance premiums
  - Depreciation, amortisation and impairment (net) in the amount of EUR (84.9) million were 10% lower compared to H1 2022
  - Impairment charges (net) had a negative effect in the amount of EUR (6.2) million in H1 2023 compared to negative effect in the amount of EUR (8.3) million in H1 2022, mainly related to impairment of materials
  - Provision for charges and risk (net) had a negative effect in the amount of EUR (5.2) million in H1 2023 compared to EUR (9.3) million negative effect in H1 2022
- 4 **Staff costs** in the amount EUR (126.8) million were 13% higher than the H1 2022, following inflation mitigation salary increase
- 5 **Costs of other goods sold** in H1 2023 increased 6% compared to H1 2022 and amounted to EUR (969.9) million resulting from higher import to ensure market supply
- 6 **Net result from financial activities** is negative in H1 2023 mainly as a result of:
  - Net foreign exchange loss amounted EUR (5.5) million in H1 2023, while in H1 2022 loss reached EUR (7.5) million
  - Interest expense amounted to EUR (9.4) million and interest income were EUR 1.2 million in H1 2023, while in H1 2022 interest expense amounted to EUR (5.7) million and interest income was neutral
  - Other financial net gain amounted to EUR 0.6 million in H1 2023 compared to EUR 2.0 million H1 2022
- 7 **Income tax expense** in H1 2023 amounted to EUR (12.2) million compared to EUR (47.9) million income tax expense in H1 2022. Tax costs and deferred taxes during the reporting period are calculated based on actual results and the profit tax rate, 18% for the periods ended 30 June 2023 and 2022.

### Condensed Consolidated Statement of Financial Position

#### Notes

- 8 As at 30 June 2023 INA Group **total assets** amounted to EUR 3,149.3 million, 1% lower than 31 December 2022
- 9 In the period ended 30 June 2023, INA Group invested EUR 5.4 million in **intangible assets**. The effect of depreciation equals EUR 3.9 million
- 10 In the period ended 30 June 2023, INA Group invested EUR 127.6 million in **property, plant and equipment**. The effect of depreciation reduced net book value in the amount of EUR 72.6 million
- 11 **Inventories** amounted to EUR 407.9 million and increased compared to EUR 398.0 million on 31 December 2022 in line with Rijeka Refinery start up in H1 2023
  - During H1 2023, EUR 19 million was recognized as reversal of impairment of refined products and work in progress (H1 2022: EUR 3 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 H1 2023, EUR 4 million was recognized as reversal of impairment of merchandise (H1 2022: EUR 1 million was recognised as reversal of impairment of merchandise) within Cost of other goods sold within statement of profit or loss
- 12 **Trade receivables (net)** amounted to EUR 327.5 million, which is 10% lower than on 31 December 2022 mainly due to decreasing price environment
- 13 **Share capital** as at 30 June 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 30 June 2023 **total liabilities** amounted to EUR 1,686.1 million, 6% higher compared to 31 December 2022. INA Group **net debt** amounted to EUR 330.6 million and increased compared to 31 December 2022. **Net gearing** increased from 17.0% as at 31 December 2022 to 18.4% as at 30 June 2023
- 15 **Trade payables** amounted to EUR 255.0 million and decreased by 23% compared to 31 December 2022 due to decreasing price environment compared to December 2022



## Condensed Consolidated Cash Flow Statement (Indirect method)

### Notes

- 16 The **operating cash flow before working capital changes** amounted to EUR 114.4 million in H1 2023 representing a decrease compared to H1 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 (6.6) million, due to:
- Decrease in value of inventories in the amount of EUR 1.2 million, mainly related to higher sales of goods
  - Decrease in receivables in the amount of EUR 17.0 million
  - Decrease in trade and other payables in the amount of EUR (24.8) million, mainly related to prices' trend
- 18 **Net cash used in investing activities** amounted to EUR (163.9) million of outflows, primarily related to investment in Refining operations and OMV acquisition, which is below EUR (185.8) million outflows in H1 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, in Q1 2022 impairment of two oil fields in Egypt was recognized in the amount of EUR 11.4 million with tax effect in the amount of EUR 2 million. Since the conditions that led to this impairment existed in previous periods, impairments were subsequently corrected in the financial statements for 2022, and the first quarter of 2022 was corrected accordingly. The net effect is an increase in profit for the period by EUR 7.2 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.

### 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 30 June 2023.

As of 30 June 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 511 million excluding overdrafts and trade financing credit lines established with the purpose to finance the purchase of crude oil and oil products
- Contracted and available long-term credit lines amounted to EUR 300 million
- Issued long-term bond of EUR 265 million, with a fixed annual interest rate and maturity in December 2026

### Russia – Ukraine conflict

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

### Changes in equity

	Share capital	Legal reserves	Fair value reserves	Other reserves	(Accumulated losses)/ Retained earnings	Attributable to equity holders of the parent company	Non controlling interest	Total
<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>
Transfer	-	-	-	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	211.1	211.1	-	211.1
Other comprehensive gain/(loss), net	-	-	13.1	6.3	-	19.4	-	19.4
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>13.1</b>	<b>6.3</b>	<b>211.1</b>	<b>230.5</b>	<b>-</b>	<b>230.5</b>
Transfer to legal reserves	-	6.8	-	-	(6.8)	-	-	-
Dividends paid	-	-	-	-	(130.2)	(130.2)	-	(130.2)
<b>Balance at 30 June 2022</b>	<b>1,194.5</b>	<b>33.2</b>	<b>61.2</b>	<b>213.6</b>	<b>40.5</b>	<b>1,543.0</b>	<b>2.0</b>	<b>1,545.0</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	-	-	-	-	73.1	73.1	0.2	73.3
Other comprehensive gain/(loss), net	-	-	12.9	(7.0)	-	5.9	-	5.9
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>12.9</b>	<b>(7.0)</b>	<b>73.1</b>	<b>79.0</b>	<b>0.2</b>	<b>79.2</b>
Transfer to legal reserves	-	12.2	-	-	(12.2)	-	-	-
Dividends paid	-	-	-	-	(200.0)	(200.0)	-	(200.0)
<b>Balance at 30 June 2023</b>	<b>1,194.5</b>	<b>45.4</b>	<b>70.9</b>	<b>207.4</b>	<b>(58.1)</b>	<b>1,460.1</b>	<b>3.1</b>	<b>1,463.2</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 H1 2023, INA Group entered into the following trading transactions with the following related parties:

<b>INA Group</b>	<b>Sales of goods</b>	<b>Purchase of goods</b>
EUR mn	30 June 2023	30 June 2023
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	0.4	3.6
<b>Governing company</b>		
MOL Nyrt.	108.5	60.4
<b>Companies controlled by governing company</b>		
Tifon d.o.o.	64.9	0.6
MOL Serbia d.o.o.	18.5	-
MOL Petrochemicals Co. Ltd.	1.5	-
MOL Slovenija d.o.o.	1.1	-
Geoinform Kft.	0.3	0.1
MOL Commodity Trading Kft.	-	31.8
SLOVNAFT, a.s.	-	12.2
Petrolszolg Kft.	-	1.5
MOL LUB Kft.	-	0.1
FGSZ Zrt.	-	0.1

<b>INA Group</b>	<b>Amounts owed from related parties</b>	<b>Amounts owed to related parties</b>
EUR mn	30 June 2023	30 June 2023
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	0.2	0.9
<b>Governing company</b>		
MOL Nyrt.	6.5	19.7
<b>Companies controlled by governing company</b>		
Tifon d.o.o.	16.7	0.3
MOL Commodity Trading Kft.	12.8	17.7
MOL Serbia d.o.o.	1.4	0.1
MOL Petrochemicals Co. Ltd.	0.9	-
MOL Slovenija d.o.o.	0.4	0.3
Petrolszolg Kft.	-	0.7
Geoinform Kft.	-	0.2
SLOVNAFT, a.s.	-	0.4
FGSZ Zrt.	-	0.1

## Management representation

Consolidated financial statements of INA Group for H1 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