



INA, D.D.
Q1 2024
FINANCIAL REPORT

Zagreb, April 2024

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Management discussion and analysis

INA, d.d. financial results (IFRS)

2023	EUR mn	Q1 2023	Q1 2024	%
3,762.9	Net sales revenues*	732.2	769.4	5
485.4	EBITDA (1)	36.7	51.8	41
460.5	EBITDA excl. special items (2)	36.7	51.8	41
294.0	Profit/(loss) from operations	(5.3)	13.5	n.a.
269.1	Profit/(loss) from operations excl. special items (2)	(5.3)	13.5	n.a.
(29.1)	Net (loss)/income from financial activities	(9.5)	(6.4)	(33)
224.0	Profit/(loss) for the period attributable to Owners of the Company	(12.2)	5.7	n.a.
199.1	Profit/(loss) for the period excl. special items (2)	(12.2)	5.7	n.a.
402.3	Net operating cash flow	(13.7)	(88.2)	544
	Earnings per share			
22.4	Basic and diluted earnings/(loss) per share (EUR per share)	(1.2)	0.6	n.a.
225.3	Net debt	186.7	436.4	134
11.5	Net gearing (%)	10.0	20.1	
302.8	CAPEX total	52.7	102.1	94

2023	USD mn (4)	Q1 2023	Q1 2024	%
4,071.6	Net sales revenues*	863.1	835.4	(3)
525.5	EBITDA (1)	164.1	56.2	(66)
498.8	EBITDA excl. special items (2)	164.1	56.2	(66)
318.5	Profit/(loss) from operations	116.0	14.7	(87)
291.8	Profit/(loss) from operations excl. special items (2)	116.0	14.7	(87)
(31.3)	Net (loss)/income from financial activities	0.8	(6.9)	n.a.
242.9	Profit/(loss) for the period attributable to Owners of the Company	93.6	6.2	(93)
216.1	Profit/(loss) for the period excl. special items (2)	93.6	6.2	(93)
436.2	Net operating cash flow	44.9	(95.8)	n.a.
	Earnings per share			
24.3	Basic and diluted earnings/(loss) per share (EUR per share)	9.4	0.6	(93)
249.0	Net debt	116.2	471.8	306
327.4	CAPEX total	125.1	110.9	(11)

*Related to Revenue from contracts with customers

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

(2) In 2023 result was impacted by revision of decommission related cost in the amount of EUR 24.9 million, while in Q1 2023 and Q1 2024 there were no special items impacting the result

(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 2023 - 1.1050 EUR/USD; as at 31 March 2024 - 1.0811 EUR/USD; for Q1 2023 - 1.0730 EUR/USD; Q1 2024 - 1.0858 EUR/USD; for Q2 2023 - 1.0730 EUR/USD; for Q3 2023 - 1.0884 EUR/USD; for Q4 2023 - 1.0751 EUR/USD

Financial and operational highlights

After turbulent 2022 and 2023, beginning of 2024 shows a more stable external environment on oil & gas markets. INA result in Q1 2024 was stronger primarily due to better wholesale margins that, together with higher Retails sales, allowed for stronger overall result. EBITDA excl. special items of INA, d.d. amounted to EUR 52 million in Q1 2024, with net profit turning positive compared to Q1 2023 and amounting EUR 6 million. These figures also show the annual seasonality where Q1 usually doesn't contribute equally to the overall full year results compared to other quarters.

Exploration and Production EBITDA was lower following the lower gas price and natural decline of production, EUR 73 million in Q1 2024. Production was lower by 8% yoy in line with the natural production decline, water cuts on main gas fields and impact of Angola assets divested in Q2 2023, although the Egyptian production increased driven by new concession East Damanhur.

Refining and Marketing incl. Consumer services and Retail segment result improved mainly due to the mentioned market trends and better wholesale margins. Following planned turnaround market was supplied via imports and the overall sales increased 9%. Consumer Services and Retail sales volumes increased compared to the Q1 2023, mainly with higher realization on domestic market and positive market trends. Simplified Free Cash Flow of the segment stayed negative in line with the strong investment.

Overall capital expenditures amounted to EUR 102 million, roughly doubled compared to Q1 2023, with the Refining contributing the most to investments. Rijeka Refinery successfully went through a turnaround while Rijeka Refinery Upgrade Project reached 87% total completion, with other efficiency investment projects on track. Financial position remains stable with net debt at EUR 436 million and 20% gearing ratio.

Condensed non-consolidated Statement of Profit or Loss

For the period ended 31 March 2023 and 2024 (in EUR millions)

2023		Q1 2023	Q1 2024	%
3,762.9	Revenue from contracts with customers	732.2	769.4	5
67.7	Other operating income	14.4	5.9	(59)
3,830.6	Total operating income	746.6	775.3	4
(11.5)	Changes in inventories of finished products and work in progress	(18.5)	(30.5)	65
(1,276.4)	Costs of raw materials and consumables	(28.2)	(26.1)	(7)
(191.4)	Depreciation, amortisation and impairment (net)	(42.0)	(38.3)	(9)
(254.3)	Other material costs	(60.2)	(78.5)	30
(124.2)	Service costs	(26.4)	(30.9)	17
(109.2)	Staff costs	(26.5)	(29.1)	10
(1,520.0)	Costs of other goods sold	(545.2)	(528.7)	(3)
(12.8)	Impairment charges (net)	(4.0)	(0.3)	(93)
(43.2)	Provision for charges and risks (net)	(2.5)	(0.9)	(64)
6.4	Capitalised value of own performance	1.6	1.5	(6)
(3,536.6)	Operating expenses	(751.9)	(761.8)	1
294.0	Profit/(Loss) from operations	(5.3)	13.5	n.a.
33.2	Finance income	5.2	6.1	17
(62.3)	Finance costs	(14.7)	(12.5)	(15)
(29.1)	Net gain/(loss) from financial activities	(9.5)	(6.4)	(33)
264.9	Profit/(Loss) before tax	(14.8)	7.1	n.a.
(40.9)	Income tax gain/(expense)	2.6	(1.4)	n.a.
224.0	Profit/(Loss) for the period	(12.2)	5.7	n.a.
	Earnings per share			
22.4	Basic and diluted earnings/(loss) per share (EUR per share)	(1.2)	0.6	n.a.

Condensed non-consolidated Statement of Financial Position

At 31 December 2023 and 31 March 2024 (in EUR millions)

	31 December 2023	31 March 2024	%
Assets			
Non-current assets			
Intangible assets	65.1	91.0	40
Property, plant and equipment	1,504.6	1,575.2	5
Investment property	13.7	13.6	(1)
Right-of-use assets	56.5	53.0	(6)
Investment in subsidiaries	238.1	285.8	20
Investments in associates and joint venture	121.2	124.7	3
Other investments	0.6	0.6	-
Deferred tax assets	103.1	106.1	3
Long-term marketable securities	2.5	2.5	-
Other non-current financial assets	145.2	121.1	(17)
Non-current financial assets	98.6	101.0	2
Other non-current assets	27.3	26.4	(3)
Total non-current assets	2,376.5	2,501.0	5
Current assets			
Inventories	319.5	469.9	47
Intercompany receivables	25.7	33.2	29
Trade receivables, net	284.4	255.1	(10)
Other current financial assets	25.6	25.3	(1)
Corporate income tax receivables	2.2	2.2	-
Other current assets	25.0	47.6	90
Derivative financial instruments	9.9	13.0	31
Cash and cash equivalents	139.8	69.2	(51)
Current assets	832.1	915.5	10
Total current assets	832.1	915.5	10
Total assets	3,208.6	3,416.5	6
Equity and liabilities			
Capital and reserves			
Share capital	1,200.0	1200.0	-
Legal reserves	39.9	39.9	-
Fair value reserves	73.9	75.8	3
Other reserves	153.3	153.8	0
(Accumulated losses)/Retained earnings	258.4	264.1	2
Total equity	1,725.5	1,733.6	0
Non-current liabilities			
Long-term debts	281.7	264.1	(6)
Long-term lease liabilities	42.2	39.0	(8)
Other non-current liabilities	2.6	2.6	-
Other non-current financial liabilities	-	19.2	n.a.
Employee benefits obligation	2.0	2.0	-
Provisions	429.5	439.1	2
Total non-current liabilities	758.0	766.0	1
Current liabilities			
Bank loans and current portion of long-term debts	83.4	241.5	190
Current portion of long-term lease liabilities	15.4	15.2	(1)
Intercompany payables	51.8	41.3	(20)
Other current financial liabilities	2.4	15.8	558
Trade payables	276.8	294.6	6
Taxes and contributions	167.5	140.7	(16)
Income tax payables	30.8	35.6	16
Other current liabilities	34.8	55.0	58
Derivative financial instruments	12.1	26.2	117
Employee benefits obligation	0.2	0.2	-
Provisions	49.9	50.8	2
Current liabilities	725.1	916.9	26
Total current liabilities	725.1	916.9	26
Total liabilities	1,483.1	1,682.9	13
Total equity and liabilities	3,208.6	3,416.5	6

Condensed non-consolidated Cash Flow Statement (Indirect method)

For the period ended 31 March 2023 and 2024 (in EUR millions)

2023	Q1 2023	Q1 2024	%
224.0 Profit/(loss) for the period:	(12.2)	5.7	n.a.
Adjustments for:			
191.4 Depreciation, amortisation and impairment of property, plant and equipment and ROU asset (net)	42.0	38.3	(9)
40.9 Income tax (benefit)/expense recognised in profit and loss	(2.6)	1.4	n.a.
12.8 Impairment charges (net)	4.0	0.3	(93)
(18.5) Loss/(Gain) on sale of property, plant and equipment	(0.2)	(0.2)	-
6.5 Foreign exchange (gain)/loss	6.7	1.5	(78)
(7.7) Interest income	(1.7)	(1.6)	(6)
5.6 Interest expense	1.0	1.6	60
4.1 Other finance (income)/expense recognised in profit	(0.6)	(1.0)	67
(34.0) Increase/(decrease) in provision	(1.6)	0.1	n.a.
20.6 Decommissioning interests and other provision	3.8	6.0	58
2.9 Net (gain)/loss on derivative financial instruments and hedge transactions	(9.4)	17.4	n.a.
(4.8) Other non-cash items	-	-	n.a.
443.8 Operating cash flow before working capital changes	29.2	69.5	138
Movements in working capital			
25.0 Decrease/(Increase) in inventories	51.7	(151.7)	n.a.
23.0 Decrease/(Increase) in receivables and prepayments	23.8	(13.2)	n.a.
73.6 (Decrease)/Increase in trade and other payables	(118.4)	7.2	n.a.
565.4 Cash generated from operations	(13.7)	(88.2)	544
(163.1) Taxes paid	-	-	n.a.
402.3 Net cash inflow/(outflow) from operating activities	(13.7)	(88.2)	544
Cash flows used in investing activities			
(289.7) Capital expenditures, exploration and development costs	(61.9)	(97.3)	57
(16.5) Payment for intangible assets	(1.8)	(7.7)	328
33.9 Proceeds from sale of non-current assets	0.2	0.3	50
(92.7) Proceeds from sale securities	-	(47.7)	n.a.
44.2 Proceeds from sale in bond, securities	0.7	-	n.a.
1.4 Dividends received	-	-	n.a.
3.1 Dividends received from subsidiaries	-	-	n.a.
- Loans given to subsidiaries	2.3	31.6	1,274
12.0 Interest received and other financial income	3.1	2.0	(35)
31.2 Loans and deposits given (net)	-	-	n.a.
(273.1) Net cash used for investing activities	(57.4)	(118.8)	107
Cash flows from financing activities			
1,194.1 Proceeds from borrowings	43.0	327.7	662
(1,169.3) Repayment of borrowings	(105.3)	(173.6)	65
(200.0) Dividends paid	-	-	n.a.
(15.3) Payment of principal portion of lease liabilities (net)	(3.8)	(3.9)	3
(14.9) Interest paid on short-term loans and other financing charges	2.0	(15.6)	n.a.
(205.4) Net cash from financing activities	(64.1)	134.6	n.a.
(76.2) Net increase/(decrease) in cash and cash equivalents	(135.2)	(72.4)	(46)
217.7 At the beginning of the period	217.7	139.8	(36)
(1.7) Effect of foreign exchange rate changes	(0.2)	1.8	n.a.
139.8 At the end of period	82.3	69.2	(16)
- Overdrafts	1.6	-	n.a.
139.8 Cash and cash equivalents in statement of financial position	83.9	69.2	(18)

INA, d.d. Summary Segmental Results of Operations

2023	(EUR mn)	Q1 2023	Q1 2024	%
Net sales revenues				
582.2	Exploration & Production	153.4	122.5	(20)
3.717.4	Refining & Marketing including Consumer services and Retail	722.4	756.9	5
42.6	Corporate and Other	11.3	10.9	(4)
(579.3)	Intersegment transfers and consolidation adjustments	(154.9)	(120.9)	(22)
3,762.9	Total	732.2	769.4	5
EBITDA*				
414.8	Exploration & Production	98.3	73.4	(25)
68.9	Refining & Marketing including Consumer services and Retail	(30.5)	4.8	n.a.
(22.4)	Corporate and Other	(3.6)	(5.0)	39
24.1	Intersegment transfers and consolidation adjustments	(27.5)	(21.4)	(22)
485.4	Total	36.7	51.8	41
EBITDA Excluding Special Items				
389.9	Exploration & Production	98.3	73.4	(25)
68.9	Refining & Marketing including Consumer services and Retail	(30.5)	4.8	n.a.
(22.4)	Corporate and Other	(3.6)	(5.0)	39
24.1	Intersegment transfers and consolidation adjustments	(27.5)	(21.4)	(22)
460.5	Total	36.7	51.8	41
Profit/(Loss) from operations				
320.9	Exploration & Production	79.1	59.1	(25)
(13.4)	Refining & Marketing including Consumer services and Retail	(49.7)	(15.8)	(68)
(37.6)	Corporate and Other	(7.2)	(8.4)	17
24.1	Intersegment transfers and consolidation adjustments	(27.5)	(21.4)	(22)
294.0	Total	(5.3)	13.5	n.a.
Profit/(Loss) from operations Excluding Special Items				
296.0	Exploration & Production	79.1	59.1	(25)
(13.4)	Refining & Marketing including Consumer services and Retail	(49.7)	(15.8)	(68)
(37.6)	Corporate and Other	(7.2)	(8.4)	17
24.1	Intersegment transfers and consolidation adjustments	(27.5)	(21.4)	(22)
269.1	Total	(5.3)	13.5	n.a.
Property, plant and equipment				
435.7	Exploration & Production	471.2	439.9	(7)
1.035.2	Refining & Marketing including Consumer services and Retail	951.8	1.101.3	16
33.7	Corporate and Other	31.4	34.0	8
1,504.6	Total	1,454.4	1,575.2	8

*EBITDA= EBIT - Depreciation, amortisation and impairment (net)

Financial overview and notes

Condensed non-consolidated Statement of Profit or Loss

Revenue from contract with customers in Q1 2024 amounted to EUR 769.4 million and are 5% higher compared to Q1 2023, primarily due to higher sale volumes

Costs of raw materials and consumables at EUR (26.1) million were 7% lower than Q1 2023 level, reflecting different dynamic of refinery operation

Other **operating costs** realized in Q1 2024 include:

- Other material costs in the amount of EUR (78.5) million were higher by 30%, related to crude price changes
- Service costs in the amount of EUR (30.9) million were 17% higher compared to Q1 2023
- Depreciation, amortisation and impairment (net) in the amount of EUR (38.3) million were 9% lower compared to Q1 2023
- Impairment charges (net) had a negative effect in the amount of EUR (0.3) million in Q1 2024 compared to negative effect in the amount of EUR (4.0) million in Q1 2023, mainly related to impairment of materials in Q1 2023
- Provision for charges and risk (net) in the amount of EUR (0.9) million were lower compared to EUR (2.5) million in Q1 2023

Staff costs in the amount EUR (29.1) million were higher 10% compared to Q1 2023

Costs of other goods sold in Q1 2024 decreased by 3% compared to Q1 2023 and amounted to EUR (528.7) million

Net result from financial activities in Q1 2024 is negative in the amount of EUR (6.4) million compared to EUR (9.5) million of net financial loss in Q1 2023

Income tax expense in Q1 2024 amounted to EUR (1.4) million compared EUR 2.6 million income tax gain in Q1 2023. Tax costs and deferred taxes during the reporting period are calculated based on actual results and the profit tax rate, 18% for the periods ended 31 March 2023 and 2024

Condensed non-consolidated Statement of Financial Position

Total assets of INA d.d., on 31 March 2024 amounted to EUR 3,416.5 million and are 6% higher compared to 31 December 2023

Property, plant and equipment amounted to EUR 1,575.2 million and were 5% higher compared to 31 December 2023

Trade receivables, net decreased to EUR 255.1 million compared to EUR 284.4 million on 31 December 2023

Total liabilities amounted to EUR 1,682.9 million and were 13% higher compared to 31 December 2023

INA, d.d. **net debt** amounted to EUR 436.4 million and increased compared to 31 December 2023. **Net gearing** increased from 10.0% as at 31 December 2023 to 20.1% as at 31 March 2024

Trade payables amounted to EUR 294.6 million and increased by 6% compared to 31 December 2023 mainly due to higher import crude in Q1 2024

Condensed non-consolidated Cash Flow Statement (Indirect method)

The operating cash flow before movements in working capital amounted to EUR 69.5 million in Q1 2024 representing an increase compared to Q1 2023, which is in line with the change in EBITDA performance excluding non-cash items

Movements in working capital affected the operating cash flow negatively by EUR (157.7) million, primarily due to:

- Increase in value of inventories in the amount of EUR (151.7) million, mainly related to higher volumes
- Increase in receivables and prepayments in the amount of EUR (13.2) million
- Increase in trade and other payables in the amount of EUR 7.2 million, mainly related to higher import in line with processing dynamics

INA d.d. generated EUR (88.2) million net cash inflow from operating activities in Q1 2024 compared to EUR (13.7) million inflow in Q1 2023

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.

Changes in equity

	Share capital	Legal reserves	Fair value reserves	Other reserves	Retained earnings/ (accumulated losses)	Total
Balance at 1 January 2023	1,194.5	33.2	58.0	161.7	246.5	1,693.9
Profit/(loss) for the period	-	-	-	-	(12.2)	(12.2)
Other comprehensive gain/(loss), net	-	-	(0.1)	(0.7)	-	(0.8)
Balance at 31 March 2023	1,194.5	33.2	57.9	161.0	234.3	1,680.9
Balance at 1 January 2024	1,200.0	39.9	73.9	153.3	258.4	1,725.5
Profit/(loss) for the period	-	-	-	-	5.7	5.7
Other comprehensive gain/(loss), net	-	-	1.9	0.5	-	2.4
Balance at 31 March 2024	1,200.0	39.9	75.8	153.8	264.1	1,733.6

Related party transactions

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

Details of transactions between INA, d.d., other INA Group companies and other related parties during Q1 2024 are disclosed below:

INA d.d.	Sales of goods and services	Purchase of goods and services
	31 March 2024	31 March 2024
EUR mn		
Related companies		
Holdina d.o.o. Sarajevo	100.1	(0.1)
INA Crna Gora d.o.o. Podgorica	9.1	-
INA Slovenija d.o.o. Ljubljana	3.7	-
Plavi tim d.o.o.	0.5	3.5
STSI, Integrirani tehnički servisi d.o.o.	1.0	24.1
CROSCO, naftni servisi d.o.o.	0.7	6.9
INA Maloprodajni servisi d.o.o.	0.2	14.6
INA MAZIVA d.o.o.	0.1	2.8
INA Vatrogasni Servisi d.o.o.	0.1	3.4
Top Računovodstvo Servisi d.o.o.	0.1	1.4
Adriagas S.r.l. Milano	-	0.1
Share in company as non-current financial assets		
JANAF d.d. Zagreb	-	1.2
Ultimate parent company		
MOL Nyrt.	37.3	32.3
Related companies controlled through the same ultimate parent		
Tifon d.o.o.	32.4	0.2
MOL Commodity Trading Kft.	0.1	26.5
SLOVNAFT, a.s.	-	96.2

INA d.d.	Amounts owed from related parties	Amounts owed to related parties
	31 March 2024	31 March 2024
EUR mn		
Related companies		
Holdina d.o.o. Sarajevo	23.4	0.1
INA Crna Gora d.o.o. Podgorica	6.2	-
INA Slovenija d.o.o. Ljubljana	1.4	-
STSI, Integrirani tehnički servisi d.o.o.	0.8	21.7
CROSCO, naftni servisi d.o.o.	0.5	3.3
Plavi tim d.o.o.	0.3	3.4
INA Maloprodajni servisi d.o.o.	0.2	5.8
INA MAZIVA d.o.o.	0.1	1.0
Top Računovodstvo Servisi d.o.o.	0.1	0.6
INA Vatrogasni Servisi d.o.o.	0.1	3.4
Hostin d.o.o.	-	0.4
Adriagas S.r.l. Milano	-	0.1
Share in company as non-current financial assets		
JANAF d.d. Zagreb	-	0.8
Ultimate parent company		
MOL Nyrt.	36.4	15.9
Related companies controlled through the same ultimate parent		
Tifon d.o.o.	17.1	0.4
MOL Commodity Trading Kft.	23.7	23.6
MOL Serbia d.o.o.	0.6	0.1
MOL Slovenija d.o.o.	0.2	0.6
SLOVNAFT, a.s.	-	7.5
MOL Slovenia Downstream Investment B.V	-	3.5



Management representation

INA, d.d. non-consolidated financial statements for Q1 2024 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
- Károly Hazuga – Member of the Management Board
- Zsombor Marton – 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