



2024

**QUARTERLY REPORT
FOR FOURTH QUARTER
OF 2024**

The Quarterly Report for Fourth Quarter of 2024 presents a factual overview of NIS Group's activities, development and performance in the fourth quarter of 2024 and in the FY 2024.

The Report covers and presents data for NIS Group, comprising NIS j.s.c. Novi Sad and its subsidiaries. If the data pertain only to certain individual subsidiaries or only NIS j.s.c. Novi Sad, it is so noted in the Report. The terms: 'NIS j.s.c. Novi Sad' and 'the Company' denote the parent company NIS j.s.c. Novi Sad, whereas the terms 'NIS' and 'NIS Group' pertain to NIS j.s.c. Novi Sad with its subsidiaries.

The Quarterly Report for Fourth Quarter of 2024 is compiled in Serbian, English and Russian. In case of any discrepancy, the Serbian version shall be given precedence.

The Quarterly Report for Fourth Quarter of 2024 is also available online on the corporate website. For any additional information on NIS Group, visit the corporate website www.nis.rs.

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Foreword

The company's priority in the last quarter of 2024 was to maintain stability in the domestic market for petroleum products and uninterrupted operations in a challenging environment. Another important task was the successful completion of one of the most ambitious investment cycles in the company's history. Last year, the NIS invested RSD 53.2 billion in development programmes (with RSD 15.9 billion spent in the fourth quarter), which is 36% more than in 2023.

The reporting period also boasts good operating results. Oil and gas production in the last quarter of 2024 was 290 thousand conventional tonnes of oil and gas, almost at the same level as last year. Refining of crude oil and semi-finished products increased by 5% to 1.1 million tonnes. Petroleum product sales in the fourth quarter reached 1.06 million tonnes, 7% higher than in the fourth quarter of 2023. Despite the good results of the fourth quarter, the year as a whole is expected to be lower than in 2023, primarily due to the turnaround of Pančevo Oil Refinery, the negative result of HIP Petrohemija and less favourable market conditions than last year.

The overall financial result of NIS for 2024 is thus lower than in 2023, but within the planned limits. NIS Group's net profit for last year, including the result of HIP Petrohemija, totalled RSD 10.1 billion, 77% lower than in 2023 (while NIS j.s.c. Novi Sad's net profit for 2024 is RSD 18.38 billion). EBITDA is RSD 44.4 billion, 35% lower than last year. The upward trend of NIS' tax and fee liabilities continues, which increased by 7% or by RSD 260.5 billion in 2024.

In the fourth quarter of last year, following a decision taken at an out-of-schedule meeting of the NIS Shareholders' Assembly, NIS successfully issued its first set of corporate bonds. The goal was to diversify the financing sources, reduce bank debt, and contribute to the development of the internal securities market, given the possibility of secondary trading of bonds on the Belgrade Stock Exchange.

At the same time, work on NIS's energy transition continued. Starting in 2022, when the construction of solar photovoltaic power plants began, solar photovoltaic power plants were built at 45 gas stations in Serbia and the "Jazak" drinking water production plant. NIS also supports the use of renewable energy sources through its social projects. In addition, NIS provides support to the community in the use of renewable energy sources. For example, as part of the Together for the Community programme, in 2024 NIS helped 40 public institutions in 13 towns and villages in Serbia install solar power plants. This strengthens the Company's co-operation with local communities in Serbia and contributes to the country's energy transition.

Management Business report

Highlights

First quarter

Pilot project on the operation of self-checkout at PSs Block 45 was realized
The results of NIS Group's operations for 2023 were presented
The fourth season of "NIS Energy" youth employment program has started
Pančevo Oil Refinery received a new Integrated Pollution Prevention and Control permit (IPPC) ¹
The company marked 15 years since the launch of its Common Cause Community corporate social responsibility programme
Production at the exploitation field in Bosnia and Herzegovina continued
NIS representatives participated in strategically important panel discussions at the Kopaonik Business Forum
The new student internship programme "NIS Academy" was launched
NIS was awarded the "Dobročinitelj" award for 15 years of supporting local communities
NIS was recognised as the leader in the Serbian market by the results of the Youth Speak Voice poll

Second quarter

Dubravka Đedović Handanović, Minister of Mining and Energy of the Government of the Republic of Serbia, visited Pančevo Oil Refinery
During the period of overhaul in Pančevo Oil Refinery, import of all types of petroleum products was ensured in a volume corresponding to the Downstream plans
NIS Q1 2024 performance results presented
The Industrial Railway Reconstruction Project in Pančevo Oil Refinery is underway
Company NIS participated in the International Agricultural Fair in Novi Sad, showcasing its efforts and achievements in sustainable development
Two new robotic drilling rigs have been purchased and named Tesla and Pupin. The first of them, Tesla, was put into operation at the Kikinda field on 1 st July
The capital overhaul of the gas refinery in Elemir was completed
Completion of the reconstruction of Prijepolje 2 PS
Pilot operation of a solar power plant has begun on the territory of the Jazak drinking water factory
NIS is again among the three most sought-after employers in Serbia as per "TalentX" research conducted by the group of employment sites Poslovi.Infostud
NIS received a certificate of appreciation from the Fund for Gifted Students of the University of Novi Sad for long-term support and provision of student scholarships
The 2023 Sustainable Development Report published
Shareholders' Assembly of NIS j.s.c. Novi Sad held the XVI regular session, among which was adopted the decision on the payment of dividends to shareholders for the year 2023.

Third quarter

The Technical Training Service of the Exploration and Production Block has been granted the status of a publicly recognized organizer of adult education activities (JPOA) by the Qualifications Agency of the Ministry of Education
Second robotic drilling rig Pupin was put into operation
The Scientific and Technical Conference (STC) for young specialists was held
The perspective of "blue" hydrogen production at the Pančevo Oil Refinery was presented at the conference in Turin, dedicated to promoting innovation, research and technical achievements in the field of energy sector transformation

¹Integrated pollution prevention and control.

Commencement of operation of PS Prijepolje and PS Žitište after the completion of the total reconstruction

A competition has been announced for the new cycle of the socially responsible program “Common Cause – Community”, the focus of which is investment in the field of renewable energy sources in partner communities

Presented results of the NIS Group's operations in the first half of 2024

A new oil collection and loading station was constructed and put in operation in the Banat region

The well BD-004 workover project was successfully completed

The competition “Best in Profession” was organized and the winners took part in the final competition in Russia

Within the “Energy of Knowledge” programme, 16 interns from the selected courses of secondary schools in Pančevo were engaged, who would acquire their applied knowledge at the Pančevo Oil Refinery

Commencement of activities on the preparation for the commissioning in the NIS network BS Zemun kej

Two new cisterns for supplying aircraft with aviation fuel with a capacity of 32,000 liters per cistern were put into operation at the Belgrade Airport

NIS paid more than RSD 10 billion to shareholders in dividends for 2023

The construction works on the installation of the gas compressor were completed; the facility was put into operation in Banat

Commencement of reconstruction of PS Vrbas 1 and Ada

Action for farmers, who are in possession of an Agricultural Card, and do not have registered areas in the Register of Agricultural Holdings

NIS, Science and Technology Center of NIS – Naftagas LLC Novi Sad and the Chinese company signed a Memorandum on Science and Technology Cooperation in Belgrade

Open competition for the fifth season of the “NIS Energy” program, in which NIS employs graduates and master's students from selected faculties in Serbia.

Fourth quarter

October

Contract was signed for the project of drilling of 4 wells PSG Banatski Dvor

“The Best in the Profession” competition related to knowledge and skills of employees was held in the Refining Block

Second Scientific and Technical Conference of the Refining Block was held

Participation of the representatives of the Refining Block in the international conference AUTOMA dedicated to automation and digitization of the oil and gas sector in Düsseldorf

Command and Simulation Exercise was conducted at the HIP Petrohemija and the Pančevo Oil Refinery

The top sale of jet fuel “in the wing” in the amount of 17,412 tonnes was achieved on a monthly basis

Start of work of Zemun kej PS in the NIS network (long-term lease)

NIS organized the 11th Investor Day, where the NIS Group's performance in the first nine months of 2024 and the most important investment projects were presented to the investment public

Memoranda of cooperation were signed with the law faculties in Belgrade and Novi Sad

Within the framework of the “Common Cause - Community” programme, 40 projects developed by institutions of public importance were selected that will be given the opportunity to build solar power plants on their facilities

November

Chromatographs were donated to the Institute of Chemistry, Technology and Metallurgy

Big NIS Prize Game being held with the biggest prize fund so far (3 cars and 1,500 vouchers for the purchase of fuel with the value of RSD 10,100)

The NIS Shareholders' Assembly adopted a decision to issue the first corporate bonds emission

Decembar

In 2024, 52 development and 5 exploration wells were drilled in Serbia, and 44 development wells and 1 exploration well were commissioned in Serbia, while 2 development wells were commissioned in Romania. In

the fourth quarter of 2024, 16 development and 1 exploration wells were drilled in Serbia, while 8 development wells were commissioned in Serbia.

The Ministry of Mining and Energy of the Republic of Serbia has authorized the Downstream Laboratory (NTC-NIS Naftagas) to conduct conformity assessment for liquid fuels of petroleum origin (motor gasoline, gas oils, heating oils, aviation gasoline and jet fuels) according to the requirements of the Regulation on technical and other requirements for liquid fuels of petroleum origin

During 2024, a major overhaul was successfully carried out at the Pančevo Oil Refinery, the largest in terms of scope and complexity in the history of the Refinery, during which an uninterrupted supply of all types of oil derivatives was ensured for all customers on the market of the Republic of Serbia in accordance with the signed contracts

A greenhouse gas emission permit was obtained from the Ministry of Environmental Protection of the Republic of Serbia

After total reconstruction works of 7 PSs (Ada, Vrbas 1, Negotin 1, Kruševac 4, Boljevac, N. Kneževac and Adaševci) were put into operation

The modernization of Oilfield Services continued with the purchase of 11 latest generation machines

NIS was awarded a certificate of appreciation from the Serbian Chemical Society for its long-term successful partnership

In 2024, NIS set a record in coffee sales at its Drive Cafes – 7 million cups were sold in Serbia

Group NIS

The NIS Group is one of the largest vertically integrated energy systems in Southeast Europe, whose core activities include exploration, production and refining of crude oil and natural gas, sale and distribution of a wide range of petroleum and gas products and the implementation of energy and petrochemistry projects. The headquarters of NIS and its main assets are located in the Republic of Serbia, while representative offices and subsidiaries have been opened in several more countries in the world, primarily in neighbouring countries. Most valuable resource is a team of about 13,500 employees, including employees in HIP-Petrohemija LLC Pančevo.

NIS aims to create new value for its shareholders, employees and the community, despite the challenging macroeconomic environment, as well as to contribute to energy stability in the markets where it operates. The NIS project portfolio considers the energy transition as a priority in Serbia, and the Company implements projects that, *inter alia*, contribute to the achievement of the goals of reducing carbon emissions to the Paris Agreement level. NIS Group is committed to improving environmental protection and allocates significant funds for the implementation of environmental projects and projects that contribute to environmental protection. One of NIS' priorities is the area of occupational safety, where the main goal is work processes without injuries and harmful impacts on the environment.

In addition to its business activities, NIS also runs a number of socially responsible projects aimed at improving the life of the community and the improvement of the quality of life of citizens. NIS' efforts in this area are especially focused on young people, who are the bearers of future development.

Business activities

Business activities of the NIS Group are organized within the parent company NIS j.s.c. Novi Sad, into the Exploration and Production Block and Downstream, which are supported by the nine Functions in the parent company:

- Finance, Economics, Planning and Accounting Function;
- Strategy and Investments Function;
- Procurement Function;
- Organizational Affairs Function;
- HSE Function;
- Legal and Corporate Affairs Function;
- Corporate Security Function;
- Government Relations and Corporate Communications Function;
- Internal Audit, Risks and Internal Control Function.

Exploration and production Block

Exploration and production

NIS is the only company in Serbia engaged in oil and gas exploration and production. In this business segment, NIS performs the activities of operational support to production, management of oil and gas reserves, management of oil and gas reservoir engineering, and implementation of large-scale projects in the field of exploration and production.

The majority of oil and gas fields owned by NIS are located in Serbia. The company is also involved in exploration works in Romania and Bosnia and Herzegovina. The oldest concession abroad is in Angola, where NIS has been operating since 1985.

The plant for the preparation of natural gas, production of LPG and gasoline, and CO₂ stripping, based in Elemir, near Zrenjanin operates as part of the Exploration and Production Block. An amine unit for processing of natural gas using the high pressure acidgas capture technology is also located in Elemir. This method of gas processing completely prevents carbon dioxide emissions into the atmosphere and, in addition to the business effects, creates significant environmental benefits.

NIS also has a modern training center in Elemir dedicated to, training employers in the oil industry. It is a unique complex equipped with modern equipment in which the training is performed in real conditions, with the possibility of simulating all the tasks that oil workers encounter in the process of production, preparation and shipment of oil and gas.

As for the exploration and production, the scientific and technological support of the NIS Group is provided by the subsidiary Scientific and Technological Center (NTC) NIS – Naftagas LLC Novi Sad.

Services

NIS has its own service capacities, which fully meet the needs of the Group and provide services to third parties. The Services provide services in the field of exploration and production of oil and gas through geophysical well testing, construction, completion and workover, as well as through conducting special operations and measurements in wells. As part of their portfolio, the Services also provide maintenance of equipment, construction and maintenance of oil and gas systems and facilities. In this business segment, the goal is to strengthen its presence in the international market. For this reason, the priority is to modernize the equipment, ensure the best possible quality of services provided, increase the technical and technological efficiency, and improve work efficiency in NIS and other companies.

In 2024, NIS acquired two new robotic drilling rigs that will bring significant financial and environmental benefits in the oil and gas exploration and production segment. These two plants, named after prominent Serbian scientists “Tesla” and “Pupin”, are worth around EUR 33 million and are one of the largest investments by NIS in the oil services segment in the company's history.

Downstream

The Downstream business consists of the Refining Block, Sales and Distribution Block, Energy Block and the field of petrochemicals.

Refining

NIS operates the Pančevo Oil Refinery which began its production in 1968, which is today one of the most modern and environmentally most developed processing plants in the region, with a maximum designed capacity of 4.8 million tonnes per year. Since 2009, more than EUR 900 million have been invested in the modernization of the Refinery, with significant funds allocated for environmental protection projects. During 2024, the most complex turnaround in the refinery's history was carried out at this plant, which made a significant step towards increasing the efficiency and reliability of the plant's operation. During the overhaul activities, NIS regularly supplied the domestic market with all types of oil derivatives. The Pančevo Oil Refinery produces: motor fuel in accordance with Euro-5 standard, aviation fuel, liquid petroleum gas, petroleum coke, fuel oil, bitumen, propylene, aromatics, primary pyrolysis gasoline and other petroleum products (sulphur and other hydrocarbons).

In 2020, a Bottom of the barrel unit with delayed coking technology was officially commissioned. The project worth more than EUR 300 million enables NIS to increase the output of the most valuable fuels – diesel, gasoline and liquified petroleum gas and to start the domestic production of petroleum coke. NIS continuously works on the modernization of the Pančevo Oil Refinery and activities for finding additional measures for increasing efficiency and reducing costs, as well as digitization projects, are continuously carried out in the Refinery.

Sales and distribution

NIS operates a network of more than 400 petrol stations in Serbia and the countries of the region, with more than 80 of them outside of Serbia. NIS operates the largest retail network in the country, while simultaneously carries out its operations in the neighbouring countries: Bosnia and Herzegovina, Bulgaria and Romania.

NIS is present in the market under two retail brands: NIS Petrol and GAZPROM, with the latter being a premium brand in this segment. The petrol stations of the NIS Group are synonymous with the quality of fuel and non-fuel portfolio, as well as with modern services that meet the consumers' demands. NIS continually invests in the development of its retail network and in improving the quality of its goods and services. One of the priorities includes digital projects

that provide consumers with services in line with modern trends, such as fuel payments without going to the payment point, digitalization of loyalty programs, etc.

In addition to the retail sale of finished petroleum products, liquefied petroleum gas and a range of related products, the sales structure of NIS also includes the export and domestic wholesale deliveries of gas and petroleum products. In addition, as separate business direction, NIS is developing apply of aviation fuel, fuel for navigable vessels, and sales of bitumen.

All types of fuel undergo strict and regular laboratory control and meet the highest domestic and international standards.

Energy

This business segment includes the production of electricity and thermal energy from conventional and renewable energy sources, centralized management of the natural gas portfolio for the entire NIS (production and sale of compressed natural gas, sale of natural gas), electricity trade, development and introduction of strategically important energy projects, as well as development and implementation of projects to increase energy efficiency.

The main focus of the Energy Block is expanding the scope of work in the field of electricity production and trade, managing the Company's energy resources, including TE-TO Pančevo, as well as improving energy efficiency and reliability within the NIS Group. The task of the Energy Block, among other things, is to accelerate the company's energy transition and the process of decarbonization.

The modern combined gas-steam thermal power plant-heating plant Pančevo (TE-TO Pančevo) on natural gas was built and started operating in 2022. The main advantage of TE-TO Pančevo is that natural gas, as a more environmentally friendly fuel, simultaneously produces thermal energy in the form of process steam for the needs of the Pančevo Refinery and electricity.

Since 2013, in oil and gas fields at eight locations in Serbia, NIS has put into operation mini power plants with an installed electrical power of 14.5 MWe. The environmental advantage of these plants is in the production of electricity and thermal energy from gas that was previously not used due to poor quality, large amounts of carbon dioxide and nitrogen, or could not be valorized due to the lack of gas infrastructure. The heat and electricity produced are used for the needs of NIS, but the electricity is also sold on the market. Electricity is also produced at the Jimbolia gas field in Romania, where electricity is sold on the local market.

In 2022, the construction of solar photovoltaic power plants (SPPs) began at NIS gas stations, as well as on the roofs and ground of other company facilities, thereby achieving significant financial savings for NIS and contributing to the reduction of carbon dioxide emissions. As of December 2024, the construction of photovoltaic power plants at 45 petrol stations has been completed and put into operation. At the "Jazak" drinking water plant, a photovoltaic power plant has been put into permanent operation. Rooftop PV plants at the Novi Sad oil derivatives warehouse, at the Arse Teodorovića business facility, as well as on five roofs at the Pančevo Oil Refinery, have been built and put into operation in the mode of supplying internal consumers. The construction of photovoltaic power plants at other NIS facilities continues.

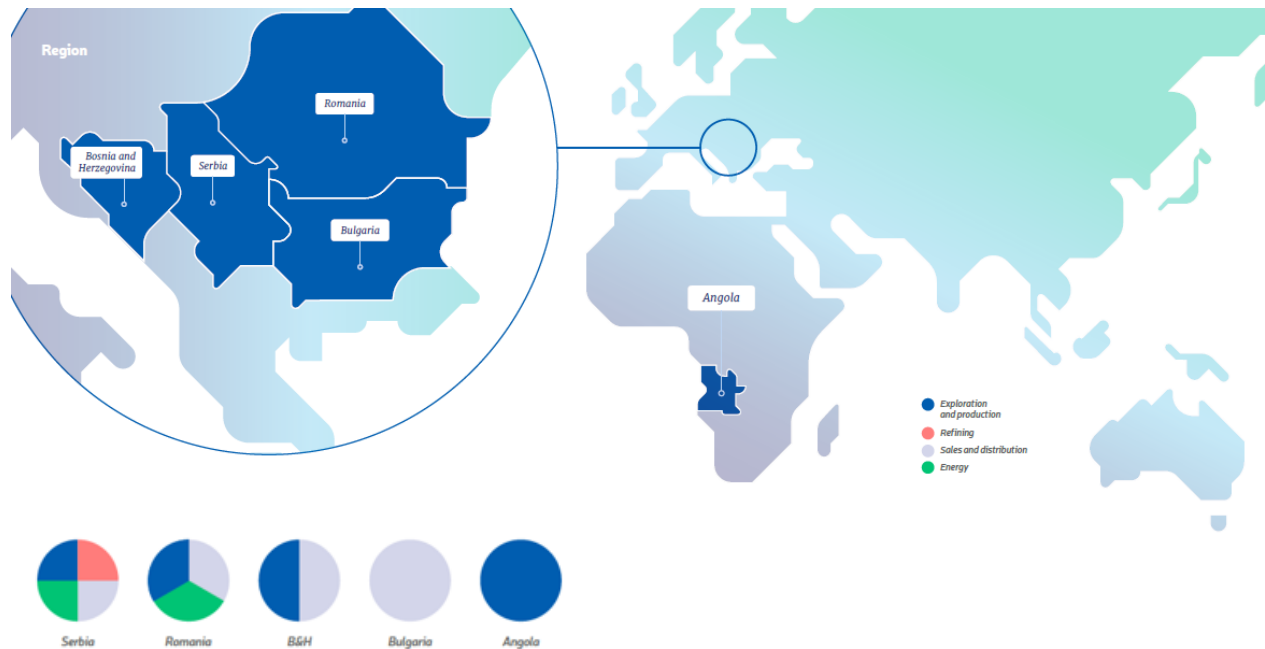
HIP-Petrohemija

In accordance with the Strategic Partnership Agreement between the Republic of Serbia, NIS j.s.c. Novi Sad and HIP-Petrohemija the transaction was closed on June 9, 2023, after which the work on the integration of HIP-Petrohemija into the NIS system began. HIP-Petrohemija is the largest producer of petrochemical products in the Republic of Serbia, and the strategy of further development of HIP-Petrohemija will be based on the modernization of basic production capacities and the construction of new facilities, then on increasing energy efficiency and business efficiency, as well as on the implementation of projects in the field of environmental protection. The key project is the construction of a polypropylene production plant.

The company is registered in Pančevo, with its production facilities distributed across Pančevo, Elemir near Zrenjanin and Crepaja near Pančevo. The integrated production complex of HIP-Petrohemija is currently able to produce over 600 thousand tons of petrochemical products.

NIS worldwide

In addition to Serbia, NIS develops its business in neighboring countries. In Romania and Bosnia and Herzegovina, NIS has activities in the field of oil and gas exploration and production, and in Bosnia and Herzegovina, Bulgaria, and Romania, where it develops its retail activity. Moreover, NIS is an active trader on the electricity market and it is also present on regional markets.



Risk management

Integrated Risk Management System

Risk management is a continuous and systematic business process which serves to support management decision-making and the achievement of a Company's objectives in a risk exposed environment. Risk represents a negative impact on the Company's objectives in the case of a risky event occurring. In business, the Company is exposed to certain risks which may affect the fulfilment of set objectives, if realised.

The Company has set up its Sector for Risk and Internal Control Monitoring which performs continuous monitoring and control of the risk management process and coordinates and improves this business process. The basic principle underpinning this system is that the responsibility for managing risks is assigned to risk owners; owners of business processes in the Company. Such an approach ensures that the responsibility for risk management and monitoring is identified for all processes of the Company, and that suitable solutions concerning risks and action plans are prepared in order to manage risks at the level of individual business processes and Company as a whole.

In its operations, company is exposed to the following the most important risks:

Nonfinancial risks

RISK DESCRIPTION	RISK MANAGEMENT MEASURES
Operational risks	
HSE risks	
Due to the nature of its activity, the Company is exposed to health, safety and environmental risks.	With a view to protect its members of staff, equipment, facilities and environment, while meeting legal obligations, the Company continuously monitors its operations, workforce, assets, working and living conditions and promptly amends its normative and methodological documents to reflect the changes in the legislation of the Republic of Serbia and ensures compliance with them. The Company timely implements corrective measures introduced in the wake of HSE investigations of incidents, through a system of observations, corporate monitoring and external inspections. Training courses are being conducted with a view to condition employees in HSE disciplines.
HR risks	
Highly qualified personnel is a key prerequisite of efficient operations of the company.	<p>The Company is implementing a broad spectrum of activities aimed at attracting and retaining qualified staff. Some of the measures to attract qualified personnel are: early recruitment programs (cooperation with educational establishments, scholarships), NIS Calling, NIS Energy, Serbia Repatriation.</p> <p>The programs implemented for the retention of employees are: Talent management program, Talent development program, professional training of employees, employee evaluation procedure based on performance and potential – identifying talents and defining the succession plan for key positions in the Company, training for management and introduction of a unique talent management system.</p>
IT risks	
Due to the growing dependence of the Company's business processes on information technology, automation and telecommunications, the Company is exposed to risks of ensuring the expected	The Company manages these risks through a range of measures, which include IT standards, system monitoring tools, and performs the backup of data and tests the service recovery process. In addition, the Company strives to monitor and implement new

availability of services and business continuity.

technologies and renew equipment in order to increase quality and continuity of service availability.

Information security risks

The Company is exposed to business risks emanating from potential violation of integrity, confidentiality and availability of information.

Protection of information at the Company manifests in a variety of activities that, by adequate handling of the information, have a positive impact on performance by maintaining continuity of business processes and minimising business risks.

The Company's system of information protection is a comprehensive array of rules prescribed by executive and normative-methodological documents, suitable organisational and technical solutions and activities aimed at implementation and control of security measures.

Project risks

A consistent and clear risk management process has been established within the NIS Group for the implementation of investment projects, which is fully aligned with PMI (*Project Management Institute*) standards. Effective project risk management is reflected by the increase of the probability and impact of positive events, that is, by reducing the likelihood and impact of negative events on the projects, which also enables creating more realistic project management plans and increases the certainty of achieving set project objectives.

A detailed risk management plan is developed within the planning and preparation phase for each investment project. Special attention is paid to identification of risks that are of interest to a particular investment project, analysis of identified risks (qualitative and quantitative analysis), planning of a "response strategy", that is, adequate measures (by defining preventive activities, contingency (corrective) plans and backup action plans), determination of the level of tolerance to identified risks, as well as defining responsible people for the implementation of these measures and people for the review of project risks on a regular basis. All of the above is combined into a Project Risk Register.

Political risks

The exacerbation of geopolitical situation as a result of further developments of the situation with Ukraine led to amplified volatility at commodity and financial markets. Frequent changes and tightening of sanctions may have an additional impact on the Group's operations.

The Group is continuing the assessment of the new sanctions' impact on the Group's operations.

The management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and the management's current expectations and estimates could differ from actual results.

The Group has established internal procedures to ensure compliance with the sanctions requirements in the course of its business activities.

The purpose is to eliminate risks and potential negative consequences for the Company that could result from a violation of requirements and restrictions imposed by international sanctions.

Financial risks

RISK DESCRIPTION	RISK MANAGEMENT MEASURES
Credit risks	
It occurs in cash funds, deposits with banks and financial institutions, intercompany loans/loans to third parties, as well as in the sale of oil derivatives with deferred payment.	<p>Credit risk management is established at the level of the NIS Group. With respect to credit limits, banks are ranked according to adopted methodologies applicable to major and other banks, in order to determine the maximum extent of bank exposure of the Company at any given time (through deposits, documentary instruments: bank guarantees, Letters of Credit, etc. issued for the benefit of NIS j.s.c. Novi Sad).</p> <p>With regard to accounts receivable, there is a credit limit methodology in place which serves to define the level of exposure in relation to individual customers, depending on their financial indicators.</p>
Liquidity risks	
Liquidity risk denotes a risk of NIS Group encountering difficulty in meeting its due liabilities. It is the risk of not having suitable funds to finance the NIS Group's business operations.	NIS Group continually monitors liquidity in order to provide sufficient cash to meet its operational, investment and financial performance requirements. For this purpose, the Group continually contracts and secures sufficient lines of credit and security instruments, ensuring that the internally defined maximum loan debt level is not exceeded and that all its obligations under commercial bank arrangements (covenants) are met.
Commodity-price risks	
Due to its core activity, NIS Group is exposed to risks associated with price volatility, specifically the price of crude oil, petroleum and petrochemical products that affects the value of inventories and margins in oil refining and the production of petrochemical products, which further affects the future cash flows.	<p>These risks are partly offset by adjusting petroleum product selling prices to the changes in oil and petroleum product prices. In addition, the following actions are undertaken to reduce a potentially negative effects of this risk on the financial result of the Company:</p> <ul style="list-style-type: none"> • annual planning based on multiple scenarios, planned follow-up and timely adjustment of operating plans for crude oil procurement; • regular sessions of Company's Commission in charge of crude oil purchase/sale to discuss all major topics; • Constant, intensive check of new potential suppliers through their procedural verification and according to inquiries and letters of interest submitted to NIS; • Maximum effort to ensure a continuous supply of crude oil in restrictive conditions, which have been very evident since the end of the first quarter of 2022, both in the required quantities but also by the type of oil that would correspond to refining plans and planned production/basket of derivatives; • Continuous efforts to optimize processes and strive for the best possible economic effects and indicators; • Monitoring market conditions throughout the calendar year and collecting information from foreign companies that are eminent, reliable traders in the European market and beyond, in order to better understand the potential conditions for the implementation and realization of spot purchases.

Foreign Exchange Risks

Company operates in an international setting and is thus exposed to the risk of fluctuating foreign exchange rates arising from business transactions being made in different currencies, primarily EUR and USD. The risk involves future trade transactions and recognised assets and liabilities.

The risks relating to fluctuations in the national currency against the US dollar and the impact of this factor on the prices of petroleum products is partly neutralised through the natural hedging of petroleum product selling prices, which are adjusted to these fluctuations. Risk management instruments are also used, such as forward transactions on the foreign exchange market and successive purchases of foreign exchange, which help reduce the impact of foreign currency losses in the event of depreciation of the national currency against the EUR (following the imposition of sanction constraints Company pays the majority of its foreign currency liabilities in this currency). Other measures include the balancing of the foreign exchange equilibrium in terms of adjusting the currencies in which export transactions are denominated to the currencies of foreign exchange liabilities, managing the currency structure of the loan portfolio, etc.

Interest Rate Risks

The Company is exposed to the risk of interest rate volatility, both in terms of its bank loans and deposits.

The Company takes out loans with commercial banks at either floating or fixed interest rates, depending on the forecasts of base interest rates in the monetary market and the business banks' capability to offer fixed interest rates for loans. Funds in the form of intercompany loans to third parties are taken out at floating or fixed interest rates, whereas funds deposited as term or demand deposits are mostly placed at flat interest rates. Deposits are aligned with the credit limit methodologies of commercial banks (funds are reciprocally placed only with major commercial banks from which Company takes out loans and/or lines of credit/security instruments). In this respect, revenues and cash flows from bank deposits and a section of intercompany loans are predominantly independent of any changes in base interest rates. In this respect, income and cash flows from bank deposits and intercompany loans do not largely depend on changes in base interest rates, while liabilities towards the banks and intercompany liabilities contracted and variable interest rates depend on changes in base interest rates. In order to reduce the uncertainties associated with interest rate risk, when collecting offers from banks for financing, the Company insists on collecting offers with fixed interest rates in order to compare interest rates with variable and fixed interest rates and make a selection in accordance with the current policy on interest rate related expenditure management. In addition, the analysis of interest rate movements in the financial market is continuously being carried out, as well as analysis of restrictions and possibilities of using interest rate hedging instruments (interest rate swaps, options, etc.).

Business environment

World³

2024 was a year full of events for the world's energy sector. It seems that all these trends will continue in 2025, along with increasingly serious challenges on the path of energy transition.

Demand in China was a key driver of oil prices this year as well. Almost every report on changes in oil prices contained the phrase "concerns about Chinese demand". The growth of Chinese demand in 2024 was disappointing for traders who expected the growth to remain in double-digit percentages. Several stimulus packages announced by the government in Beijing did not immediately lead to an increase in oil demand, which contributed to the decline in oil prices. Even though oil imports increased at the end of the year, the average import rate for the whole year will be lower than the average for 2023.

However, for 2025, analysts predict that China and India will significantly contribute to the growth of oil demand. However, geopolitical risks about Iran could disrupt markets, as potential additional US sanctions on Iranian exports could affect supply. In a situation when global oil stocks are declining and OPEC+ continues to restrict supply, there is a risk that the expectation of non-OPEC+ production growth is too optimistic and that this can affect the oil market in 2025.

One of the solutions is the further growth of shales production, especially in the USA. In 2024, the oil industry in the USA continued the consolidation started in 2023.

In terms of supply of refinery products, analysts believe that global supply and demand for petroleum products will decrease modestly in the second half of 2025. The announced capacity closures in the Asia-Pacific region will nullify the increase in capacity in other regions.

Power generation is a new business segment in which an increasing number of oil companies are involved. At a meeting in December 2024, both Exxon and Chevron stated that they were considering starting power generation, by using natural gas and carbon capture (CCS), for the purpose of powering data centres related to artificial intelligence. The demand for electricity is growing due to the significant increase in the number of these data centres. In the previous and early 2024, the increase in electricity demand caught electricity companies unprepared, and this increase is expected to intensify in the coming years. This is one of the causes of the growth of natural gas demand, which was one of the key trends in 2024. The prospects for natural gas in the medium term are also much "brighter" than those for crude oil. Investors expect natural gas and LNG to benefit from demand boost under the new US administration. In the opinion of the analysts, the announced deregulation, the lifting of bans on new LNG projects issued by the administration of the former US president, as well as the demand for gas in Asia and Europe will positively affect the further development of natural gas production in the whole of North America.

Producers of wind and solar power, the two pillars of the energy transition, were not been doing very well lately. New projects are slowing down as they struggle to absorb increasing costs and lower subsidies, as well as the increasing negative electricity prices resulting from overproduction during periods of strong sunshine or wind.

In less developed parts of the world, the share of coal in power generation is still huge. Natural gas for countries such as India or Pakistan and other Asian countries is expensive, and coal is domestic and it is easier to develop a reliable supply of growing energy demand.

Industries are already hit by high energy prices and a lot of regulation is further increasing the problems of the energy transition not only in Europe, but also in other similar regions, such as Canada, which also introduced restrictions on oil and gas emissions.

²Data sources for the World, Oil price and Macroeconomic trends: *reports by World bank, IMF, Forbes, Bloomberg, Reuters, World Oil, FT, Eurostat, EU Commission*. Data sources for Serbia: *Report National bank of Serbia, Chamber of commerce and industry of Serbia, articles in newspapers: Danas, Biz Life, Bliz Biznis, Al Jazeera*.

³Source: *EIA, OPEC, Oil&Gas Journal, IHS, Wood Mackenzie*.

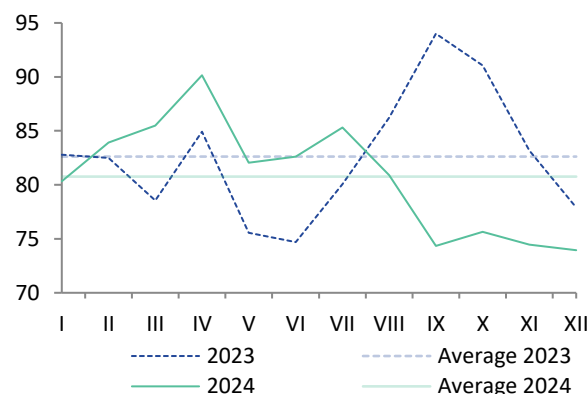
Oil price

During the fourth quarter of 2024, the price of Brent crude oil fluctuated relatively little from mid-October to the end of the year. After the first fifteen days of October, when the average price was around \$78 per barrel, a slight decline followed, so the average price in the fourth quarter was around \$75 per barrel. The highest price in this quarter (\$81.2 per barrel) and the lowest price (\$71.4 per barrel) were recorded in October. The average price was 11% lower than the average in the same period in 2023, while the maximum price was 14.5% lower.

Although during the first two months of 2024 prices were at the level of prices from the same period in 2023, and after that different price trends were recorded, the differences are much smaller on an annual basis. The average price in 2024 is only 2% lower than the previous year's average. And the deviations between maximum and minimum prices at the annual level are not large: the maximum price in 2024 is 4.7% lower than in 2023 (\$93.3 vs. \$97.9 per barrel) and the minimum is 1.6% lower (\$70.6 vs. \$71.7 per barrel).

Brent Dtd⁴ price trends, \$/bbl

↓ -2.2%



During the first quarter of 2024, Brent crude prices generally rose due to heightened geopolitical risks, largely related to the escalating Middle East conflict.

Brent crude oil prices in 2024 peaked in April and generally fell until the end of 2024. The smaller price increases were caused by OPEC+ announcements in June and September regarding the postponement of production increases. The increase in conflict and the risks of armed conflict between Israel and Iran led to a short-term increase in prices. However, after short increases, prices usually fell quickly. Economic weakness and concerns about oil consumption – particularly trends in China's diesel and gasoline consumption – have weighed on prices in the second half of 2024.

Stratas Advisors analysts expect Brent crude to average \$76.9 per barrel in the first quarter of 2025. The main drivers are relatively muted demand growth in China, coupled with cheaper oil supplies from Iran and Russia. There are also economic risks associated with Europe, where two major economies – Germany and France – are facing fiscal challenges, which are complicated by the fact that each country is also facing political instability. While the US economy is performing relatively better than other major economies, it also faces challenges, such as rising fiscal debt, which is growing at a faster rate than GDP growth.

Analysts at brokerage Mind Money also expect the average price of Brent crude oil to remain in the range of \$70 to \$80 per barrel in 2025, barring any serious economic or geopolitical shocks.

Goldman Sachs predicts a price range of \$70 to \$85 per barrel for 2025.

Macroeconomic trends

In 2024, the global economy was the weakest since the beginning of the twenty-first century with a growth rate of 2.7% that is not enough to encourage sustainable economic development. The World Bank expects the same rate of global growth for 2025 and 2026. This is the rate that the world "can live with", but it is not enough to improve the standard of living of people, both in the richer and poorer countries of the world.

Developing countries will reach the income levels of advanced economies more slowly. Expected growth in developing countries of about 4% would be lower than before the pandemic and would not be sufficient to encourage the progress needed to mitigate poverty and achieve broader development goals. In the report "Global Economic Prospects", the Bank also warns of additional obstacles to this scenario, from increased political uncertainty and

⁴Source: Platts.

adverse changes in trade policy, through geopolitical tensions and persistent inflation all the way to natural disasters related to the climate.

In December, the Fed cut its key interest rate by a quarter of a percentage point to 4.25-4.5%, a full percentage point lower than in September 2024. Fixed income markets are forecasting that FED will cut rates in 2025, but not by much. Short-term interest rates are expected to be near 4% by the end of 2025, with the US central bank potentially ending its rate-cutting cycle. Fed officials' caution about future rate cuts is driven by caution about the outlook for US inflation, given concerns among economists that Trump's plan for tariffs, tax cuts and immigration could accelerate price growth again.

The annual inflation rate in the Euro zone in December was 2.4% according to the preliminary Eurostat calculations. Inflation increased during the last quarter of 2024, mostly influenced by the increase in service prices. Fresh food and energy have mitigated inflation, so when these two items are excluded, year-on-year inflation in the Eurozone would be 2.8%.

The largest increase in prices on an annual basis was recorded in Croatia, where consumer prices increased by 4.5% and in Belgium by 4.4%. By far the mildest price increases in the Eurozone were recorded in Ireland, where prices increased by 1.0% as well as in Italy (1.4%) and Luxembourg (1.6%)

Average GDP growth in the EU countries was 0.9% in 2024.

When looking at the countries of Southeast Europe, it can be said that the year 2024 was economically successful. According to the forecast of the European Bank for Reconstruction and Development, the year-on-year GDP growth ranges from 1.4% in Romania to close to 4% in Serbia. Other countries in the region: Croatia, Bosnia and Herzegovina, Montenegro, also achieved growth at rates above 3%.

The year-on-year inflation dropped in 2024, and in Montenegro and Bosnia and Herzegovina it fell below 2%.

Forecasts of most European financial institutions indicate that positive economic trends will continue in the next few years. The countries of Southeast Europe, even Greece, still recovering from the debt crisis, are on the path of economic expansion that will reduce the difference in development compared to the developed countries of the EU.

Serbia⁵

Slow global economic growth, a large jump in the value of gold and bitcoin with a simultaneous drop in oil prices and current conflicts in the world affect large economies, so they inevitably leave traces on small ones, such as the economy of Serbia. Although there is a divergence in the assessment of economic and business results, most experts agree that the Serbian economy has managed to maintain itself in a positive sphere in such restless world trends.

This is also one of the reasons why the Republic of Serbia received an investment credit rating for the first time, in early October. The "Standard and Pours" Agency has assigned an investment credit rating of BBB minus to Serbia, with a stable prospect of further improvement. Raising the rating contributes to lower financing costs, easier access to international capital markets and increased investor confidence, while domestic officials expect other agencies to raise Serbia's rating to the investment level.

In addition, in December, the IMF approved a new 36-month non-financial arrangement for Serbia, in the form of the Policy Coordination Instrument (PCI): various economic reforms and fiscal measures which aim to stabilize the economy, reduce the budget deficit, implement structural reforms and measures in order to improve public finances.

The National Bank of Serbia expects GDP growth by 2024 to be higher by over 18% compared to the pre-pandemic level. The average real GDP growth rate in the first three quarters was 4.0%, while at the level of the year, GDP growth is estimated to be 3.9%. Both projections for 2025 and 2026 are approximate, with GDP growth accelerating to a range of 4.0 - 5.0%.

⁵Source: National Bank of Serbia, Republican Bureau of Statistics, Chamber of Commerce Serbia, newspaper articles.

GDP growth in 2024 was driven by the growth of activities in the service sectors, as well as in the processing industry, construction and mining, while due to the drought, the negative contribution came from agriculture and energy, as well as the growth of private consumption due to the growth of salaries.

In December, the NBS kept the benchmark interest rate at 5.75%, which represents a decrease of 75 basis points (compared to June 2024), and it is expected that monetary policy easing can be expected in the upcoming period, while emphasizing that developments in the international environment require caution. In anticipation of the adoption of the Law on User Protection, the NBS also decided to limit the interest rate on housing loans to a maximum of 5%, and by the end of 2025 at the latest.

Year-on-year inflation has been declining since April 2023, returned to target limits in May 2024, and ended the year at the level of 4.3% year-on-year. The average inflation in 2024 was 4.6%. The NBS expects year-on-year inflation to continue to move within the target limits of $3 \pm 1.5\%$ during 2025.

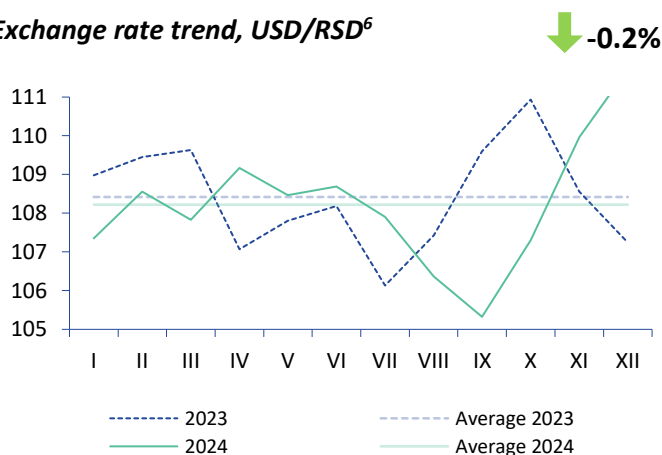
The labor market is characterized by a continuation of the growth of formal employment and a real growth of the average salary in the period January-October 2024 of 9.3%. According to the Labor Force Survey, the unemployment rate was reduced to 8.1% in this period. Total formal employment in the period January – November 2024 amounted to 2.368 million persons and it is higher by 0.3% compared to the same period in 2023. Employment in the private sector has also increased by 0.3% and is now at the level of about 1.754 million persons. Employment growth is highest in health and social care, professional and scientific activities, in the IT sector, construction, as well as in accommodation and food services.

The average nominal net salary during the ten months of 2024 amounted to RSD 96,862, whereby the average salary in the private sector was RSD 95,497, and the salary in the public sector was RSD 100,247, while the average net salary was nominally higher by 13.6%, respectively 8.7% in real terms.

The average salary (gross) calculated for October 2024 amounted to RSD 136,173, while the average salary without taxes and contributions (net) amounted to RSD 98,538. Median net earnings for October 2024 amounted to RSD 76,895, which means that 50% of employees earned up to the stated amount.

The growth of gross and net salaries in the period January-October 2024, compared to the same period last year, amounted to 14.4% in nominal terms, respectively 9.3% in real terms.

Exchange rate trend, USD/RSD⁶



- Average USD/RSD during 2024 was lower by RSD 0.2, i.e. 0.2% lower compared to the average exchange rate in the same period of 2023.
- During 2024 USD/RSD exchange rate increased by RSD 6.6 or 6%.
- During 2023 USD/RSD exchange rate decreased by RSD 4.3 or 4%.

⁶Source: NBS.

Performance analyses

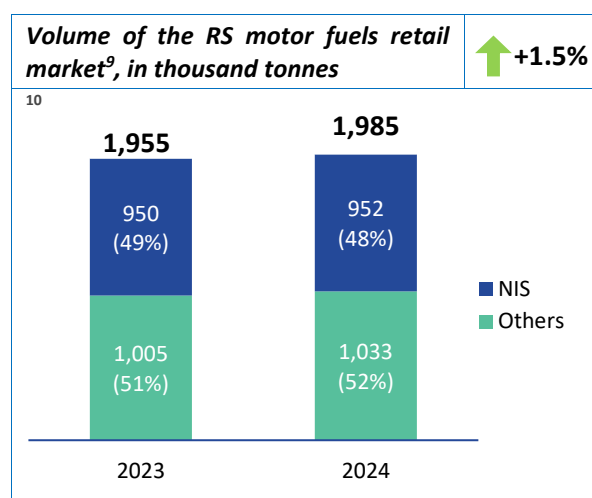
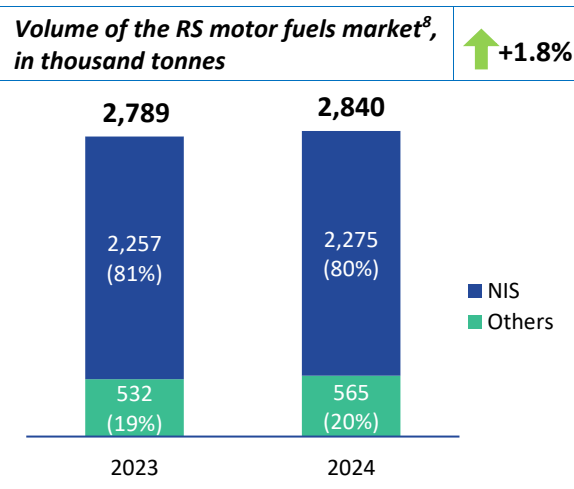
Market share⁷

The growth of consumption has been recorded in all countries of the region. After last year's decline, there has been a slight recovery in the consumption of motor fuels.

Market share in the Serbian market

In 2024, the consumption of petroleum products in Serbia was characterized by an increase of 1.8% in the consumption of motor fuels compared to the same period last year.

Intensive infrastructure works, growth in transport, and consumption in mining influenced the growth, especially in the first part of the year. The agricultural season had altered seasonality due to meteorological conditions, long-term droughts, and earlier sowing of almost all agricultural crops.



Retail: In 2024, the consumption has grown by 1.5% compared to 2023. The participation of NIS is significant. The Regulation stipulated preferential price for supplying the farmers is in force. This year, transit seasonal traffic had a lower impact on the retail placement of petroleum products on the Serbian market due to significantly higher prices compared to neighbouring markets (traditionally Macedonia and B&H, but also Hungary and Croatia during this year).

In 2024, NIS successfully completed the planned turnaround of Pančevo Oil Refinery. During the turnaround, NIS ensured the security of the supply of petroleum products to the Serbian market in all sales channels.

⁷Sources of information on the basis of which the projections were created: for Serbia – internal analyzes and assessments of Sales and Distribution Block; for consumption estimation in Bulgaria and Romania and Stratas and for Bosnia and Herzegovina and internal estimates.

⁸Data for 2024 is given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

⁹The sales of NIS and other competitors include motor fuels (auto-gas, CNG – motor fuel, motor gasoline and diesel). LPG cylinders are not included. Data for 2024 is given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

¹⁰Other retail of other market participants is supplied from the wholesale of NIS and other participants of the Serbian wholesale market.

Market share in Bosnia and Herzegovina, Bulgaria and Romania

Bosnia and Herzegovina

In 2024, Bosnia and Herzegovina saw a recovery in the consumption of motor fuels, as well as in the retail compared to the previous year.

The Ministry of Trade of the Federation of Bosnia and Herzegovina is working on the digitization of the system for monitoring and control of prices of petroleum products and on the development of a new application for smartphones. The digitization of the system is important, since it contains data on prices and stocks of oil and petroleum products at all petrol stations in the Federation of Bosnia and Herzegovina. Based on these data, the federal agencies and institutions control the accuracy of data on the paid fees for petroleum products. The application has more than 250,000 users who can get information on fuel prices at petrol stations at any time.

The new Law on Internal Trade in the Federation of Bosnia and Herzegovina, which recently entered into force, among other things, regulates and modernizes the operation of petrol stations and offers customers the possibility of self-service, as has long been the practice in European countries. It introduces the possibility of self-service refuelling in the area of this B&H entity.

The completion of works on the full rehabilitation of the liquid petroleum fuel terminal in Blažuj, with a capacity of 42 million litres, was officially marked.

The Association of Employers in the Federation of Bosnia and Herzegovina announced that it supports the adoption of the Rulebook on Mandatory Labelling of Liquid Petroleum Fuels in Bosnia and Herzegovina and the regulation of these issues in accordance with the legislation in the field of foreign trade policy of Bosnia and Herzegovina, related to the standardization and quality of Liquid Petroleum Fuels, but it insists on its amendment and higher involvement of experts and the interested parties in the preparation of the final text of the document.

After the abolition of the regulation prohibiting the export of diesel from Serbia, which has significantly hampered the supply of NIS retail network and prevented the supply of wholesale clients, the supply of the market has been normalized since the second quarter of last year.

NIS has 41 petrol stations in Bosnia and Herzegovina (and 1 petrol station in the DODO regime).

The market share of NIS in the total motor fuel market in 2024 is 24.4%, while the retail market share is 11.1%.

Bulgaria

The ban on Russian oil imports affects the Lukoil Neftohim oil refinery, which is located west of the Black Sea port city of Burgas. The refinery is owned by the Russian oil and mining giant Lukoil. Russian crude oil will be replaced by imports from Kazakhstan, Iraq and Tunisia. The Bulgarian import ban was imposed at the end of 2023, despite a special exemption from European Union sanctions against Russia that would allow Bulgaria to continue to import Russian raw goods until 1st October this year.

Lukoil, referring to the bad treatment by the Sofia authorities, has announced its readiness to sell its refinery in Burgas – the largest one in Southeast Europe.

Rompetrol and UTA Edenred, the second largest fuel card issuer in Europe, have entered into a partnership within which the UTA users can use Rompetrol's network of stations in Bulgaria, two years after signing the similar partnership in Romania.

In 2024, Bulgaria recorded a recovery in the sales of motor fuels, as well as in retail, compared to the previous year.

In 2024, NIS operated a network of 23 petrol stations in Bulgaria.

The market share of NIS in the total motor fuel market in 2024 is 2.3%, while the retail market share is 2.2%.

Romania

OMV Petrom is launching an extensive investment and modernization program on the Petrobrazi platform, worth about two billion euros by 2030, which will turn the refinery into a modern industrial unit, capable of producing both traditional fuels and the most modern biofuels. The Petrobrazi refinery currently supplies around 30 percent of Romania's fuel needs. OMV Petrom recently announced a decision to invest approximately EUR 750 million for sustainable aviation fuel (SAF) and for the production plant of renewable diesel (HVO) and for two plants for the production of green hydrogen. Therefore, starting from 2028, the Company will be able to provide up to 250,000 tonnes of biofuels per year.

The Ministry of Agriculture of Romania has launched a project to reduce the excise taxes on diesel which is used in agriculture. The Law envisages compensating farmers 24% of the price of diesel. The goal of this measure is to reduce the impact of unfavourable market trends on farmers, considering that the share of diesel costs is between 40% and 59% of the total amount allocated for crop development.

The Company has announced that the Rompetrol Rafinare, a member of the KMG International Group, has introduced two modern reactors into the operational course of the Petromidia refinery, a part of the Vacuum Distillate Hydrofining (HDV) factory, which should reach optimum operational parameters in the shortest possible time. The investment of about \$16 million was carried out as part of the recently completed turnaround. The reactor change is one of the most important projects implemented during the reorganization. The overall of approximately USD 85 million has been invested in the modernization projects of the Petromidia refinery, the largest unit of its kind in Romania.

The European Commission has approved a state aid scheme for Romania in the amount of EUR 500 million, which is intended to support investments in the production of advanced biofuels. This scheme, funded through the EU Fund, will provide direct subsidies to the companies that invest in production capacities for bioethanol, sustainable aviation fuel and hydrogenated vegetable oil.

In 2024, compared to the previous year, Romania recorded a recovery in the market of motor fuels, as well as in its retail.

NIS has 19 petrol stations in Romania. NIS market share in the total market of motor fuels is 0.4%, while its share in the retail market is 0.6%.

Key performance indicators

Q4 2024	Q4 2023	Δ^{11}	Indicator	Unit of measurement	2024	2023	Δ^{12}
74.7	84.0	-11%	Brent Dtd	\$/bbl	80.8	82.6	-2%
103.5	108.1	-4%	Sales revenue	RSD billion	408.1	412.1	-1%
2.0	12.4	-84%	Net profit	RSD billion	10.1	44.2	-77%
4.6			Net profit without HIP-Petrohemija		17.7		
9.9	11.5	-14%	EBITDA¹³	RSD billion	44.4	68.1	-35%
12.2			EBITDA without HIP-Petrohemija		51.6		
21.0	6.4	+228%	OCF	RSD billion	61.0	28.0	+118%
15.9	17.3	-8%	CAPEX¹⁴	RSD billion	53.2	39.2	+36%
68.5	62.7	+9%	Accrued liabilities for taxes and other public revenues¹⁵	RSD billion	260.4	244.4	+7%
558.0	564.0	-1%	Total bank indebtedness¹⁶	EUR million	558.0	564.0	-1%
2.1	1.9	+11%	LTIF¹⁷	number	2.1	1.9	+11%

¹¹Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

¹²Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

¹³EBITDA = Sales revenues (exclusive of excise duties) – costs of inventories (oil, petroleum products and other products) – operating expenses (OPEX) – other costs that may be controlled by the management.

¹⁴CAPEX amounts are exclusive of VAT.

¹⁵Taxes, fees, charges and other public revenue calculated for the reporting period. The overview is inclusive of the liabilities of NIS for taxes and other public revenue in Serbia and other countries of operation.

¹⁶Total bank indebtedness = Total debt to banks + letters of credit. As at 31 December 2024, this was EUR 558.0 million of total debt to banks, while there was no debt based on letters of credit.

¹⁷Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of December 31, 2024.

Operational indicators

Exploration and production

Key indicators

Q4 2024	Q4 2023	Δ^{18}	Indicator	Unit of measurement	2024	2023	Δ^{19}
290.0	290.2	-0.1%	Oil and gas output²⁰	thousand t.o.e.	1,146.7	1,158.3	-1%
201.1	208.3	-3%	Domestic oil output²¹	thousand tonnes	801.5	814.2	-2%
1.0	0.5	+104%	LTIF²²	number	1.0	0.5	+104%
10.2	9.4	+8%	EBITDA	RSD billion	40.0	34.2	+17%
7.7	7.3	+5%	CAPEX²³	RSD billion	24.3	23.4	+4%

The main goal in 2024 in the Exploration and Production Block was to fulfil the hydrocarbon production plan and increase the efficiency of geological and technological activities.

In the fourth quarter of 2024, a total production volume of oil and gas 277.1 t.o.e. was achieved at reservoirs in Serbia, i.e., including concessions – 290 t.o.e. In 2024, a total production volume of oil and gas 1,092.9 t.o.e. was achieved at reservoirs in Serbia, i.e., including concessions – 1,146.7 t.o.e.

In the field of geology and deposit development, the emphasis is on maintaining the high quality of the performed geological and technological activities aimed at increasing oil and gas production.

Geological exploration and field engineering

In the fourth quarter of 2024, 7 new oil wells were put into operation, with an average increase of 6.9 t/day, or an additional 2.1 thousand tons of oil. In addition to new drilling, 2 wells were put into operation again in the exploitation field in Northern Banat in the fourth quarter using re-entry drilling, with an increase of 32.0 t/day, or a total of 2.5 thousand tons of oil.

Also, in the fourth quarter of 2024, geological and technical activities were successfully carried out on 28 wells with a satisfactory average increase.

In 2024, the implementation of RIW technology will continue. In the fourth quarter after the implementation of RIW technology, 10 wells were commissioned and an average increase of 0.8 t/day was achieved on oil field in Vojvodina.

Also, in the fourth quarter of 2024, 7 wells were put into operation after switching to a new production layer with an average increase of 6.1 t/day, and a total of 6 intensifications were carried out, an increase of 1.7 t/day, while a total of 3 wells were made operational from the inactive fund, with an increase of 4.5 t/day.

When all GTAs completed in the last quarter are taken into account, additional oil production of 7.4 thousand tons was achieved for the fourth quarter of 2024.

Exploratory drilling and well testing

In the fourth quarter of 2024, one contour exploration well was tested and one exploration well was drilled within the Ada gas cluster.

¹⁸Any deviations in percentages and aggregate values result from rounding.

¹⁹Any deviations in percentages and aggregate values result from rounding.

²⁰Domestic oil output includes natural gasoline, whereas gas output takes into account commercial gas output and light condensate.

²¹With natural gasoline.

²²Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The data refers for the Exploration and production Block. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of December 31, 2024.

²³Financing, exclusive of VAT.

2D/3D seismics

In order to expand the portfolio with new candidates for exploratory drilling, complex reinterpretation of 2D and 3D seismic data recorded in previous periods is currently underway.

License obligations

In the fourth quarter of 2024, in order to carry out additional geological exploration works in the northern Banat exploration area, one Annex 1 of the geological exploration project for oil and gas was prepared.

Based on the two Annex 1 projects for geological exploration of oil and gas in the southern Bačka and northern Banat exploration areas (prepared in the third and fourth quarters of 2024), in December 2024, the Provincial Secretariat for Energy, Construction and Transport issued approvals for the continuation of geological exploration in 2 exploration areas.

In order to carry out geological exploration of oil and gas in the exploitation fields of NIS a.d. Novi Sad, in the third and fourth quarters of 2024, the Provincial Secretariat for Energy, Construction and Transport was notified of the works based on 2 completed Geological Exploration Projects in the approved exploitation fields of Vojvodina.

The Ministry of Mining and Energy was notified of the start of the works based on the completed Geological Exploration Project in 1 exploitation field in Eastern Serbia in the fourth quarter.

During December 2024, the Provincial Secretariat for Energy, Construction and Transport was submitted an amendment to the request for issuing an approval for carrying out mining works in 1 exploitation field in Banat.

Projects abroad

Key events in Romania in the fourth quarter in 2024:

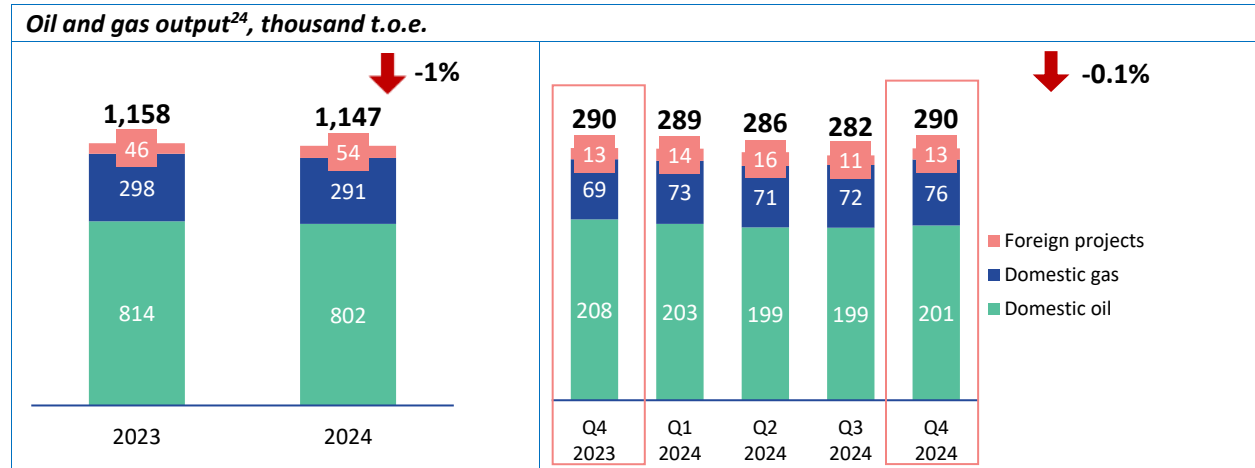
- Teremia North Project:
 - ✓ During December NIS Petrol has entered into Preventive Agreement in order to address settlement of amounts related to outstanding operations with the National Regulatory Authority for Mineral Resources and Carbon Storage
 - ✓ In the fourth quarter of 2024, the total achieved volume of oil and gas production at reservoirs in Romania was 2.8 thousand tonnes of oil equivalent.

Key events in Bosnia and Herzegovina in the fourth quarter in 2024:

- ✓ The wells are in the planned production regime
- ✓ Environmental consent, water consent and water permit obtained for oil field Obudovac. In December, a technical inspection was carried out by a commission of the Ministry of Energy and Mining of the Republic of Serbia and a usage permit was obtained.

Oil and gas output

In 2024, the total of 1,147 thousand t.o.e. of oil and gas was produced, which is 1% less than the same period last year.



²⁴Any deviations in percentages and aggregate values result from rounding.

Downstream

Key indicators

Q4 2024	Q4 2023	Δ ²⁵	Key indicators	Unit of measure	2024	2023	Δ ²⁶
1,080.3	1,029.2	+5%	Volume of refining of crude oil and semi-finished products²⁷	thous. tonnes	3,619.7	4,068.4	-11%
1,056.3	987.4	+7%	Total sales volume of petroleum products²⁸	thous. tonnes	3,749.6	3,943.9	-5%
243.7	258.1	-6%	<i>Retail Serbia</i>	thous. tonnes	944.6	942.7	+0,2%
390.2	379.1	+3%	<i>Wholesale Serbia²⁹</i>	thous. tonnes	1,446.9	1,485.6	-3%
38.7	41.5	-7%	<i>Retail Foreign Assets</i>	thous. tonnes	160.4	161.0	-0,4%
78.5	28.7	+173%	<i>Wholesale Foreign Assets</i>	thous. tonnes	220.1	187.2	+18%
253.1	233.1	+9%	<i>Transit, export and BU³⁰</i>	thous. tonnes	791.7	1,057.9	-25%
752.7	719.6	+5%	Motor fuels sales volumes³¹	thous. tonnes	2,867.4	2,864.8	+0,1%
35.8	31.9	+12%	Electricity output³²	thous. MWh	124.2	129.1	-4%
2.5	6.1	-59%	EBITDA DWS³³	bln RSD	12.4	49.4	-75%
-0.9	1.5	-157%	<i>EBITDA Refining³⁴</i>	bln RSD	-1.4	28.9	-105%
6.4	4.4	+47%	<i>EBITDA Sales and Distribution³⁵</i>	bln RSD	21.8	22.2	-2%
7.7	9.5	-21%	CAPEX DWS³⁶	bln RSD	27.6	14.9	+82%
3.8	4.9	-23%	<i>CAPEX Refining</i>	bln RSD	18.7	6.4	+192%
3.4	2.9	+15%	<i>CAPEX Sales and distribution</i>	bln RSD	6.1	6.2	-0.4%
1.9	2.1	-8%	LTIF DWS³⁷	number	1.9	2.1	-8%
1.8	1.7	+8%	<i>LTIF Refining</i>	number	1.8	1.7	+8%
1.9	2.5	-23%	<i>LTIF Sales and distribution</i>	number	1.9	2.5	-23%

²⁵Any deviations in percentages and aggregate values result from rounding.

²⁶Any deviations in percentages and aggregate values result from rounding.

²⁷The presented refining volume includes the refining volume of HIP-Petrohemija. Refining volume for 2023 is methodologically different than in 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

²⁸The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Comparative data for 2023 in this Quarterly report is different than the data presented in the Quarterly report for Q4 2023 due to the consolidation of HIP-Petrohemija in the second half of 2023 (data from the Quarterly report for Q4 2023 are shown without consolidation of HIP-Petrohemija).

²⁹Includes the sale of CNG of the Energy Block and the sale of oils and lubricants to the Lubricant Production Plant.

³⁰Business unit includes the sale of bitumen, bunkering and aviation fuel channels.

³¹Total motor fuels sales volumes in Serbia and in foreign assets.

³²The volume of electricity produced includes the electricity produced by Power plant Pančevo, small power plants and photovoltaic power plants. The total volume of electricity produced at PVPP for 2024 is 2,245.9 MWh, and for Q4 2024 is 421.7 MWh.

³³EBITDA Downstream includes the EBITDA of Block Refining, Block Sales and distribution, Block Energy, rest of Downstream and EBITDA of HIP-Petrohemija.

³⁴EBITDA of the Refining Block includes the Energy Plant in Pančevo Refinery.

³⁵EBITDA of the Sales and Distribution Block.

³⁶Financing, excluding VAT. The shown CAPEX Of Downstream includes CAPEX of Refining Block, Sales and distribution Block, Block Energy and the rest of Downstream. From the first quarter of 2024 CAPEX also includes the CAPEX of HIP-Petrohemija.

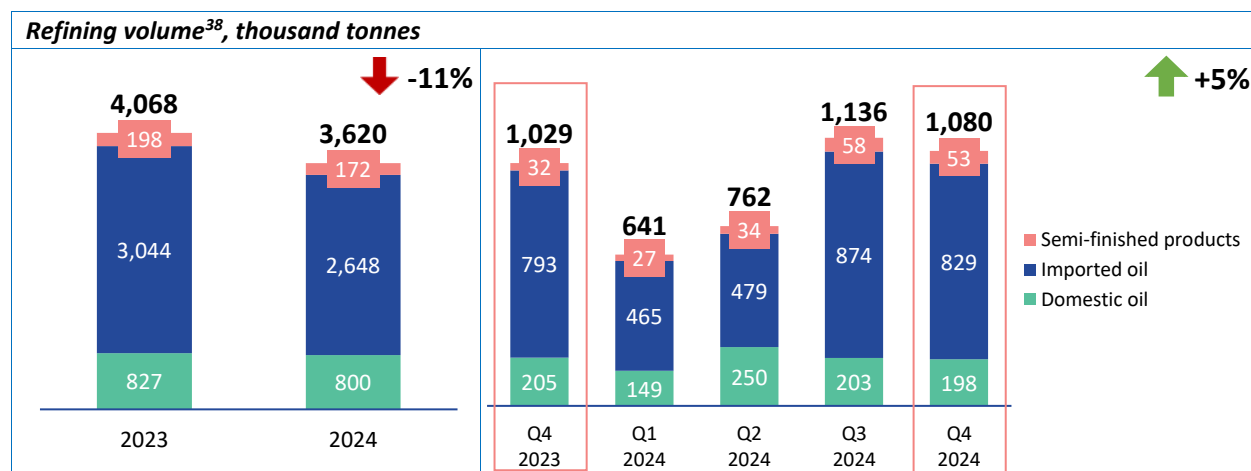
³⁷Lost Time Injury Frequency – The ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of December 31, 2024.

Refining

The focus of the Refining Block during 2024, for the most part, was on the overhaul of the Pančevo Oil Refinery process plants. This overhaul is so far the largest one in the history of the Refinery in terms of volume and complexity, given the modernization and increase in the number of production plants. In addition to being specific in terms of its scope, this is the overhaul with the largest budget and the largest number of contractors so far. Before the overhaul, the company amped up production of petroleum products to create the necessary reserves for an uninterrupted supply to the market.

During 2024, the Refining Block processed 3.6 million tonnes of raw materials.

Refining activities and volume



Capital overhaul which was carried out at the Pančevo Oil Refinery was a most complex and most challenging one in the Refinery's history, considering modernisation and higher number of production units. The overhaul and investment projects were worth over EUR 95 million, and, in addition to NIS employees, over 2,000 contractors were engaged. In terms of completed works, the overhaul covered 34 reactors and absorbers, whereat 850 m³ of catalyst was replaced, 245 pressure vessels were repaired, as well as 47 compressors and pumps, 298 heat exchangers, 1,457 pipelines, 243 air coolers, and 16 tube furnaces. As regards activities, most process units underwent scheduled overhauls and investment works, whereat 12 investment projects were executed, including a significant number of investments maintenance projects. The completed works facilitated improvement of operational reliability, industrial safety and energy efficiency in Pančevo Oil Refinery.

The importance of the completed overhaul is evidenced by the visit of Dubravka Đedović Handanović, Minister of Mining and Energy of the Government of the Republic of Serbia, in April. On that occasion, the Minister toured works and talked to our company's managers about overhaul and other current issues related to operation of the refining complex.

Pančevo Oil Refinery obtained a new integrated permit (IPPC), which is a confirmation of the integrated approach to pollution prevention control, and also includes the obligations of minimizing the consumption of raw materials and energy, preventing or reducing emissions to air, water, and land, and managing waste in a manner that does not endanger human health and the environment.

This permit implies that the production process in the Refinery is largely compliant with the highest domestic and European standards in the field of environmental protection. Considering that this is the most important document that an operator can obtain from the aspect of EP, by receiving this permit, the Pančevo Oil Refinery is also recognized as an important factor in ensuring controlled environmental protection conditions.

³⁸The presented refining volume includes the refining volume of HIP-Petrohemija. Refining volume calculations for 2023 are methodologically different than in 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

The permit is also an obligation of Pančevo Oil Refinery to continue with a responsible management in the implementation of all its activities and significant investments in the field of environmental protection, with the application of the best available techniques. During previous periods, investments in energy efficiency projects had benefits such as the reduction of greenhouse gas emissions.

One of the key investment projects in the company - Industrial Railway Reconstruction Project in Pančevo Oil Refinery is underway. This project covers replacement of complete substructure and superstructure of existing railtracks and construction of five new ones, thus facilitating the full capacity of the switching yard for receipt and dispatch of trains.

The industrial railway in Pančevo Oil Refinery was constructed in 1968, the same year when the refinery was put into operation, and has been operating since. The importance of the Refinery railway lays in the fact that, on an annual basis, using this means of transportation, 14,000 rail cars were dispatched, carrying 750,000 tons of petroleum products. The reasons for launching the reconstruction project include ensuring legal compliance of the technical condition of the industrial railway, then implementation of measures prescribed by the HSE Action Plan, remedying deficiencies in the field of safety, minimising the risk of accidents, and also increasing the permissible axle load of the industrial railway. The main works were started in the first quarter of 2024.

The implementation of a large investment project in the Refining Block is underway: “Reconstruction of the fire protection system (PP system) and installation of a central foam extract distribution system and provision of fire protection water (PP water) for stable fire protection systems in the Pančevo Oil Refinery”. The project is necessary because the existing hydrant network does not have sufficient capacity to meet all the prescribed requirements under applicable laws, primarily in terms of quantities and methods of fire protection of facilities. This investment was approved in the middle of last year and the implementation is divided into three stages, where each unit would be built and put into operation in phases.

The perspective of “blue” hydrogen production at the Pančevo Oil Refinery was presented at the conference in Turin, held in July, dedicated to promoting innovation, research and technical achievements in the field of energy sector transformation at the “SPE Europe Energy Conference & Exhibition”. The result of the project would have a significant positive impact on the environment by reducing the carbon footprint of the refinery, with the monetization of low-carbon fuels such as blue hydrogen.

Also, this year, the interns in the Pančevo Oil Refinery are students who have just completed the selected courses of the “Pančevo” High School of Mechanical Engineering, “23. maj” Technical High School and “Nikola Tesla” Electrical Engineering High School. Strategic cooperation several years long is made with these schools in Pančevo through the “Energy of Knowledge” programme. 16 interns will acquire knowledge at the Pančevo Oil Refinery and will further improve their business skills through various training courses.

“The Best in the Profession” competition related to knowledge and skills of employees was held in the Refining Block. Out of 70 colleagues from the Refining Block who showed a high level of knowledge, 18 of the best ones stood out.

Second Scientific and Technical Conference of the Refining Block was prepared and held. The topic of the competition was “Improvement of the Process through Cross-Sectoral Cooperation”. The presented ideas and projects did not only relate to the improvement of the process at the Pančevo Oil Refinery, but many of them could also apply to the improvement of the business operations of the entire company. The benefits of the new ideas and proposals are multiple – from improving reliability and efficiency of equipment, developing and improving products and processes, through the projects aimed at improving the safety of the production processes to those that create added value for the business operations by using modern digital technologies.

The representatives of the Refining Block participated in the international conference AUTOMA dedicated to automation and digitization of the oil and gas sector, which was held this year from 14 October to 16 October in Düsseldorf.

In order to continue increasing the capacity of the teams for readiness and response to emergencies at the HIP-Petrohemija and the Refining Block, the command and simulation exercise was successfully conducted in October. In this way, the business process was tested: readiness for emergencies (response to emergencies caused by great precipitation, storm winds, thunderstorms as well as the occurrence of supercell storms, which led to the traffic congestion in the city, with additional risks such as floods and technical and technological accidents).

In November, 4 chromatographs were donated to the Institute of Chemistry, Technology and Metallurgy by the Refining Block for the purpose of training future experts.

The Rulebook on Monitoring and Reporting on the Greenhouse Gas Emissions came into force in our country at the beginning of 2024. It defines in more detail the method of monitoring, calculation and verification of the GHG emissions, as well as the obligation for operators to obtain the GHG emissions permits for their plants.

The goal is to reduce these emissions from the industrial sector in the long term and to accelerate the decarbonization of the economy, which is one of the important pillars of the green agenda. Companies and operators were obliged to submit the Applications for GHG Emissions Permits with the accompanying documentation to the Ministry of Environmental Protection by 5 July this year.

For our company, this obligation also applied to the Pančevo Oil Refinery. The colleagues responsible for the environmental protection and technical personnel at these plants, in cooperation with the colleagues from the HSE Function, prepared the GHG Emissions Monitoring Plans for all plants and accompanying documentation within the legally prescribed deadline. After reviewing the submitted documentation, the Ministry of Environmental Protection of the Republic of Serbia issued a Decision on the Issuance of the Greenhouse Gas Emissions Permit.

During 2024, the Refining Block continuously carried out the activities for finding new and maximizing the existing technical, technological and organizational measures for increasing efficiency and reducing costs. For the fourth quarter of 2024, the effect of measures for the increase of efficiency was realized in the amount of RSD 0.52 billion.

In 2024, the effect of measures for the increase of efficiency was realized in the amount of about RSD 1.5 billion. A set of additional (Upside) measures was developed, aimed primarily at savings in energy consumption.

Within the framework of the OMS program, the planned activities of implementing best practices and establishing reference plants at the Energy Plants, the last part of the refinery plants where this approach had not yet been implemented, were fully implemented. A contract for special arrangement and equipping of the plant with appropriate 5S equipment was implemented, new signs were provided for visual marking of equipment and branding of the plant in accordance with the plan. Digital structural operator visits and a mobile inspector were implemented - a fully digitalized process of supervision of the work and functioning of the equipment performed by external operators and inspection engineers, and in this way a completely unique and state-of-the-art digital system was designed and implemented in this part of Europe. As part of the continuous improvement process, 22 new projects were processed (of which 9 in the fourth quarter) and an initiative to increase energy efficiency with Lean 6 Sigma tools.

Projects

The implementation of projects aimed at increasing the efficiency and reliability of the Pančevo Oil Refinery is underway:

- “Reconstruction of the FCC plant, construction of the ETBE plant” – The Provincial Secretariat in Novi Sad gave its consent for the Environmental Impact Assessment Study and the Waste Management Plan, while the Audit Committee gave its consent for the Preliminary Design. Thus, the conditions for applying for the Construction Permit were met. In July, the consent for the Construction Permit for the preparatory works was obtained from the Provincial Secretariat in Novi Sad. At the beginning of September, the meeting of the Project Supervisory Board was held. The further strategy for the implementation of activities in 2024 was agreed. The meetings of the Project Supervisory Board and of the Closed Investment Committee of NIS were held at the end of October 2024, the decision was made to continue the implementation of the project through several smaller investment projects, all of which will aim at increasing the reliability of the FCC operation, which will enable the production of propylene in the amount sufficient for the selected production capacity of 140,000 t/h of the polypropylene production plant in HIPP.
- “Project for the Replacement of Steam turbines” – the project was approved in its entirety, the Contract on the Delivery of Equipment and Services was implemented, the equipment was installed and commissioned in May 2024.

- “Project for the Reconstruction of the Industrial Track in Pančevo Oil Refinery” – The project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed, the implementation is ongoing. Project stage A was implemented in June 2024. Works on the stage B implementation are ongoing.
- “Project for the Installation of the System for Automatic Dosing and Adding of Markers and Additives to Motor Fuels at the Pančevo Oil Refinery Truck Loading Facility” – the project was approved in its entirety, the Contract on the Delivery of Equipment and Services. Construction and installation works are completed and the functional test is being conducted.
- “Project for the Reconstruction of the Fire Protection System at Pančevo Oil Refinery” – The Provincial Secretariat in Novi Sad has approved the Environmental Impact Assessment Study, the Waste Management Plan, and the Audit Commission has approved the Preliminary Design. A request for a Construction Permit was submitted in early November 2024. Contractors have been selected and contracts for hydraulic and civil engineering works, mechanical and assembly works, and E&I works have been signed. Ordering of equipment and materials and preparation of a work plan are underway.
- “Reconstruction of Laboratory Building” – works on the construction of the foundation are ongoing. Almost the entire furniture was delivered.
- “Replacement of the Cyclone on the DC-2302 Regenerator of the FCC Plant” – works were fully completed during the major overhaul and the equipment was put into operation.
- “Reconstruction of the N2 Substation” – works were fully completed during the major overhaul and the equipment was put into operation.

Sales and distribution

Points of Sale³⁹ and Logistics

NIS Group owns over 414 active retail sites. Most of them, i.e. 330 retail sites are located in the Republic of Serbia (with 29 of them under GAZPROM brand). As for the countries of the region, NIS owns 42 petrol stations in Bosnia and Herzegovina (32 under GAZPROM brand), 23 petrol stations in Bulgaria (all of them under GAZPROM brand) and 19 petrol stations in Romania (all of them under GAZPROM brand).

After total reconstruction 7 PSs (Ada, Vrbas 1, Negotin 1, Kruševac 4, Boljevac, Novi Kneževac and Adaševci) were put into operation.

The works on the reconstruction of the Niš Warehouse were completed. Functional tests for fuel reception and shipment were realized, fuel was shipped in automatic mode on December 27, 2024.

and the warehouse was put into operation on 27 December 2024. 3 new tanks of 5,000 m³ were also built - 2 for diesel and 1 for gasoline.

In December 2024, the project "Reconstruction of the Novi Sad Petroleum Product Warehouse" was approved.

Loyalty program and marketing activities

In last quarter of 2024, marketing activities were carried out in Serbia to develop consumer brands, loyalty programmes, improve fuel sales and the additional assortment at petrol stations.

We would like to highlight the following most important marketing activities that marked period October-December 2024 in Serbia:

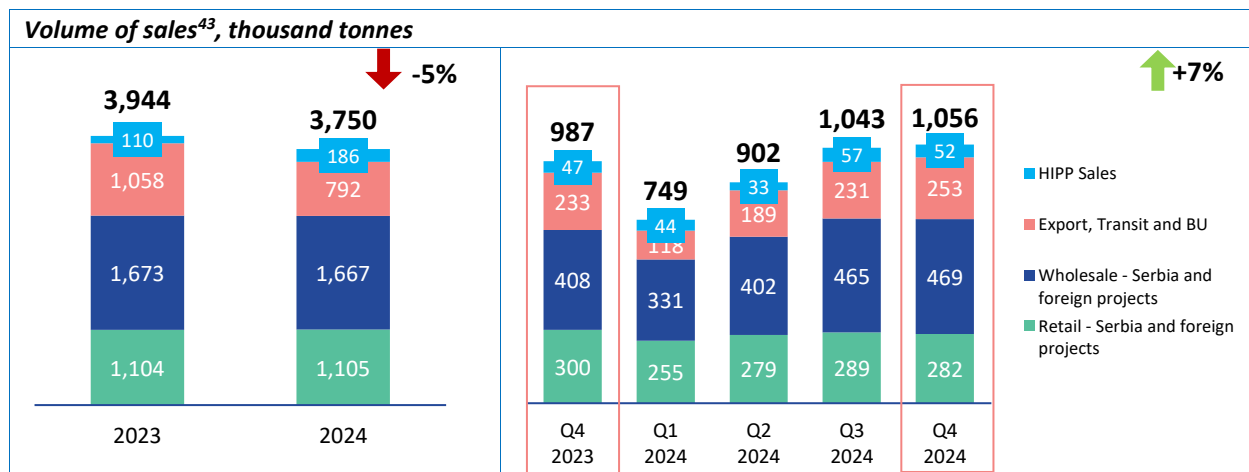
- Agro programme – in cooperation with Ministry (e-Agrar) it was possible to electronically apply for the NIS agro card with no need to come to the petrol station. These cards can now be activated without dealing with the paperwork and waiting for the documents, in just a few simple steps on our website. The promotion was implemented through POS materials, the CRM campaign and news on the website.
- Innovative services – due to the expansion of the network of PSs with the self-service cash registers where fuel can be paid from now on, as well as products from stores and restaurants. The promotion of new cash registers began in the fourth quarter of 2024. Cash registers were rebranded and POS materials were produced. At all PSs where cash registers are being introduced, as well as a campaign of 1 additional bonus point per litre for all users of the "On the Road with Us" card who pay at the self-service cash. This campaign is being promoted through the CRM campaign. By the end of 2024, 17 cash registers were put into operation, and their introduction and promotion continue in 2025.
- "On the Road with Us" loyalty programme – The total number of active users in the fourth quarter of 2024 was 867,021, whereas 170,181 applications were downloaded, and the number of the new virtual members was 105,806. From 16 September 2024 to 31 October 2024, the "On the Road with Us" national campaign was implemented for the new and existing members, but only if they use the relevant mobile application.
- Social networks/partners for creating online content/site – In the last quarter of 2024, three new episodes of the series "Monasteries of Fruška Gora" were created and intended for the blog section of the website *jazakvoda.rs* and the social networks of the "Jazak Voda" brand. In cooperation with the "Istorijski zabavnik", six more episodes dedicated to the monasteries of Fruška Gora (Šišatovac, Mandelos, Beočin, Grabovo, Rakovac and Savinac) were created.
- *Drive Cafe-image* campaign – In the last quarter of 2024, a tasting of hot dogs was organized at 50 petrol stations. 9,299 consumers were contacted and 6,797 hot dogs were distributed. The Coffee Day was celebrated on 1 October through the PR promotion and the prize competition on social networks in cooperation with influencers. At the very end of the year, on the occasion of the top number of sold *Drive Cafe* coffee – 7,000,000, we rewarded a consumer who bought a jubilee coffee at Fontana PS in Niš.

³⁹As at 31 December 2024.

Volume of sales

In the fourth quarter of 2024, the total sales volume⁴⁰ was 1,056 thousand tons, which represents a growth of 7% compared to the same period in 2023.

- Retail in Serbia and Foreign Assets – Retail sales in Serbia and inoactives - a decrease of 6%, primarily in foreign countries, due to the aggressive pricing policy of competitors. In Serbia, for individuals in the residential segment, turnover has increased significantly, while in the agro segment was decreased due to existing sales restrictions per hectare this year, which was not the case in 2023.
- Wholesale in Serbia and Foreign Assets⁴¹ – a growth of 15% primarily due to increased sales in subsidiaries abroad compared to the fourth quarter of 2023 due to a reduced volume of shipments of subsidiaries abroad to increase inventories and prepare for turnaround in 2024.
- Export, transit and BU⁴²:
 - increase in primary gasoline turnover on the domestic market by 48% - larger quantities of primary gasoline were delivered in line with the needs of the HIP.
 - NIS's share in the aviation fuel market was maintained at 100%, while being marked by decrease in aviation fuel sales by 7% compared to the last quarter of 2023 due to changes in consumption dynamics by foreign and domestic airlines and export customers.
 - increase in sales within the bunkering channel by 5% due to more favourable weather conditions in 2024 compared to 2023 (October 2023 - extremely low water level).
 - increase in bitumen and coke turnover by 8% due to larger available quantities.
 - increase in sales through the export channel by 24% due to intervention exports of primary gasoline, due to the overhaul of the HIP.

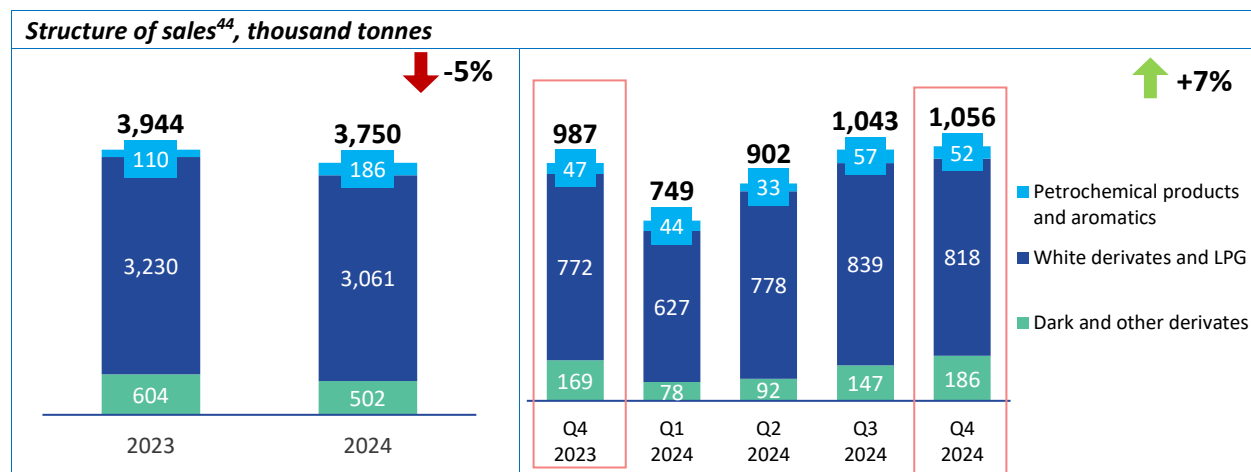


⁴⁰The presented volume includes the volume of petrochemical products of HIP-Petrohemija.

⁴¹It includes the sale of CNG of the Energy Block and the sale of oils, lubricants and technical fluids of the Downstream Lubricants Production Plant.

⁴²Business unit includes the sale in petroleum products of bitumen, bunker and jet fuels.

⁴³The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Comparative data for 2023 in this Quarterly report is different than the data presented in the Quarterly report for Q4 2023 due to the consolidation of HIP-Petrohemija in the second half of 2023 (data from the Quarterly report for Q4 2023 are shown without consolidation of HIP-Petrohemija).



⁴⁴The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Comparative data for 2023 in this Quarterly report is different than the data presented in the Quarterly report for Q4 2023 due to the consolidation of HIP-Petrohemija in the second half of 2023 (data from the Quarterly report for Q4 2023 are shown without consolidation of HIP-Petrohemija).

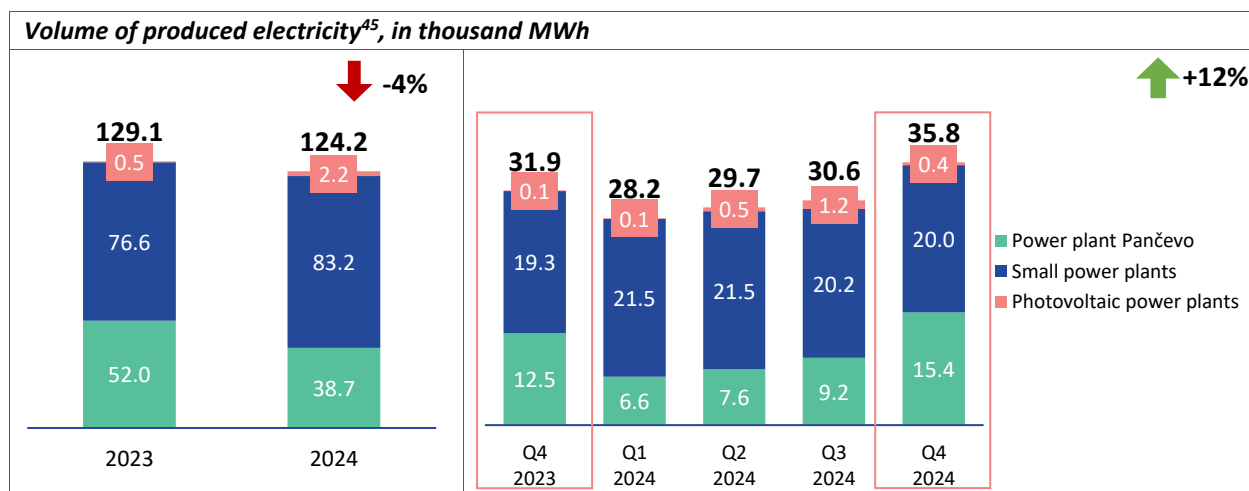
Energy

Natural gas

For the purposes of organizing and balancing the natural gas portfolio of NIS j.s.c. Novi Sad, a lease of natural gas transport capacities for the needs of NIS was made with the operator of the natural gas transport system. The annual Agreement on the full supply of energy from natural gas for the Gas Year 2024/2025, as well as the Agreements on the sale of energy from natural gas for the Gas Year 2024/2025, have been signed.

Production of electricity

In the 2024 a slight decrease of 4% was recorded in the volume of the produced electricity compared to the same period in 2023, so that the total volume was 124.2 thousand MWh. In the fourth quarter of 2024, the total volume was 35.8 thousand MWh, which is an increase of 12%.



Electricity trading

NIS j.s.c. Novi Sad currently holds electricity trading licenses in Serbia, Montenegro, Romania, Bosnia and Herzegovina, Slovenia, Hungary and Bulgaria. NIS j.s.c. Novi Sad trades in the electricity exchange in Serbia and in Romania.

Implementation of the Program of Energy Efficiency Measures in NIS j.s.c.

The programme of measures for reducing energy consumption and increasing energy efficiency in the fourth quarter of 2024 achieved the effect of energy savings around 7 thousands t.o.e. The financial value of the savings amounts to almost RSD 430 million.

Renewable energy sources

The activities implemented in the fourth quarter of 2024 are shown below:

- The solar power plant at the last petrol station (Zrenjanin 2) from the group of 30 photovoltaic power plants at petrol stations with a total capacity of 1 MWp was put into operation.
- A new project for the construction of solar photovoltaic power plants at additional 30 petrol stations with a total capacity of 1 MWp was approved, a tender for construction on a "turnkey" basis was conducted, construction was contracted and the project implementation began in November.
- A building permit was issued in December 2024 for the project to build photovoltaic power plants in the oil products storage facility in Novi Sad, for the construction of a 6.59 MW ground-based photovoltaic power plant. The works were registered and also started in December 2024. The installation of the supporting

⁴⁵The presented volume of produced electricity also includes the electricity produced in Power plant Pancevo, small power plants and photovoltaic power plants. The total volume of electricity produced at PVPP for 2024 is 2,245.9 MWh.

structure on micro-locations 3 and 5 and the construction of the substation facility on micro-location 2 are underway.

- In December 2024 the rooftop solar photovoltaic power plant at the Pančevo Oil Refinery was put into operation on 5 of the planned 6 facilities with a total capacity of 400 kWp.
- A detailed regulation plan for the city of Smederevo was prepared for the construction project of the solar photovoltaic power plant Smederevo and its public inspection was completed in December 2024. In November, a request was submitted to the Serbian Energy Agency for issuing conditions for design and connection to the distribution network. A tender was conducted for the construction of a solar power plant on a “turnkey” model and the evaluation of technical bids has begun.
- For the needs of the project for the construction of the solar power plant Jermenovci, the preparation of a Detailed Regulation Plan for the village of Jermenovci in the municipality of Plandište is underway, as well as the preparation of a Study for connection to the distribution network.

HIP-Petrohemija

Key indicators

Key indicators	Unit of measurement	Q4 2024	2024
Production of petrochemical products	thous. tonnes	89.4	298.1
Refining of primary gasoline	thous. tonnes	119.5	399.6
Petrochemical product sales	thous. tonnes	83.1	288.0
EBITDA	RSD billion	-2.3	-7.2
Net profit (loss)	RSD billion	-2.6	-7.7
CAPEX ⁴⁶	RSD billion	0.2	1.5

In the fourth quarter of 2024, the EBITDA indicator was negative and amounted to -2.3 billion RSD, and also recorded a decline compared to the same period of the previous year. In 2024, EBITDA amounted to RSD -7.2 billion.

The net result for the fourth quarter of 2024 was RSD -2.6 billion, which represents a decrease compared to the same comparative period of the previous year, while in whole 2024 this indicator amounted to RSD 7.7 billion.

As regards investments, RSD 0.2 billion was allocated in the fourth quarter of 2024, which is 82% less than in the same period last year. In 2024, RSD 1.5 billion was allocated.

Regarding to operational indicators, in the fourth quarter of 2024, the production volume of petrochemical products amounted to 89.4 thousand tons. In 2024, this indicator amounted to RSD 298.1 thousand tons.

The refining of virgin naphtha in the fourth quarter amounted to 119.5 thousand tons, which is the increase of 81% compared to the same period of the previous year. In 2024, a increase was also recorded, and the volume of virgin naphtha refining amounted to 399.6 thousand tons.

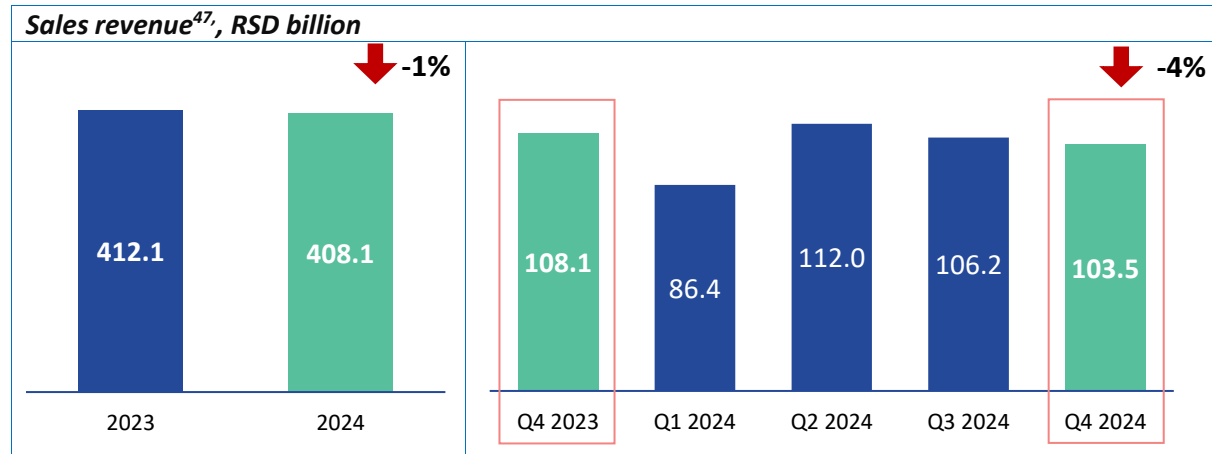
The sales of petrochemical products in the fourth quarter of 2024 recorded the increase of 32% when compared to the same comparative period last year. The sales volume of petrochemical products in the fourth quarter of 2024 was 83.1 thousand tons. In 2024, a decline in the sales of petrochemical products was recorded, and the total volume amounted to 288 thousand tons.

⁴⁶Financing, excluding VAT.

Financial indicators

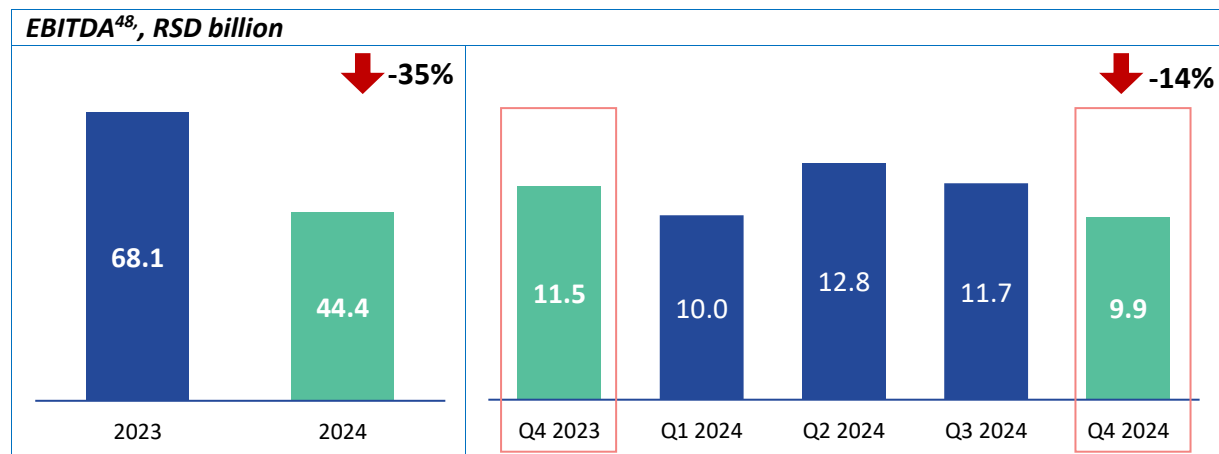
Sales revenues

During 2024 sales revenues records a decrease of 1% compared to the previous year 2023, and the total amount of sales revenues in 2024 is RSD 408.1 billion.



EBITDA

The EBITDA indicator in 2024 is 35% lower than the same period last year and amounted to RSD 44.4 billion.



Change in EBITDA indicator for 2024 in comparison to the same period last year is the consequence of:

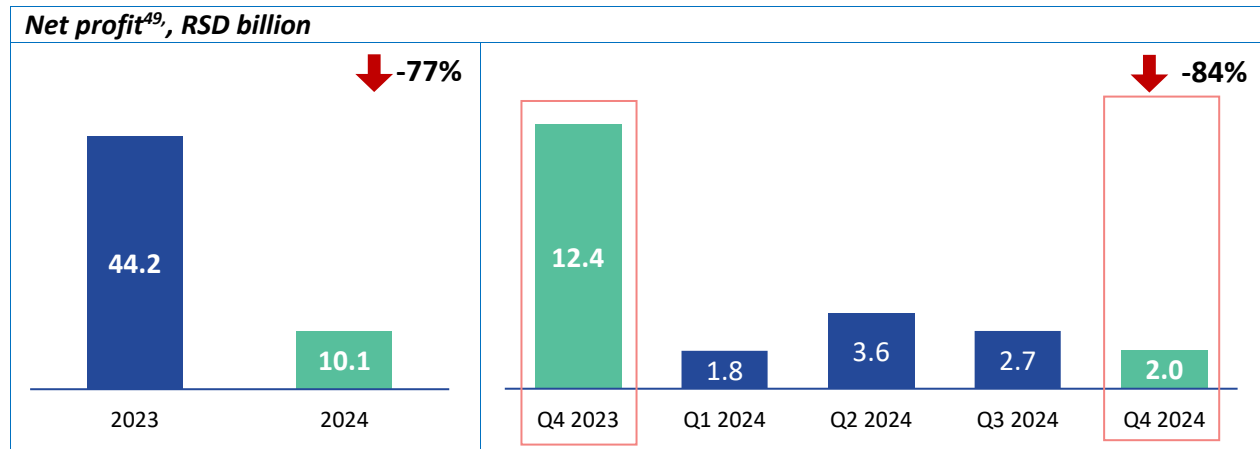
- Impact of a decrease in prices of petroleum products in the world market;
- Impact of "expensive" oil stocks;
- Impact of the completion of capital overhaul;
- Increase in costs compared to the comparative period;
- Negative result of HIP-Petrohemija in 2024.

⁴⁷Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

⁴⁸Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

Net profit

The net profit in 2024 amounts to RSD 10.1 billion, which is lower 77% compared to the same period last year.

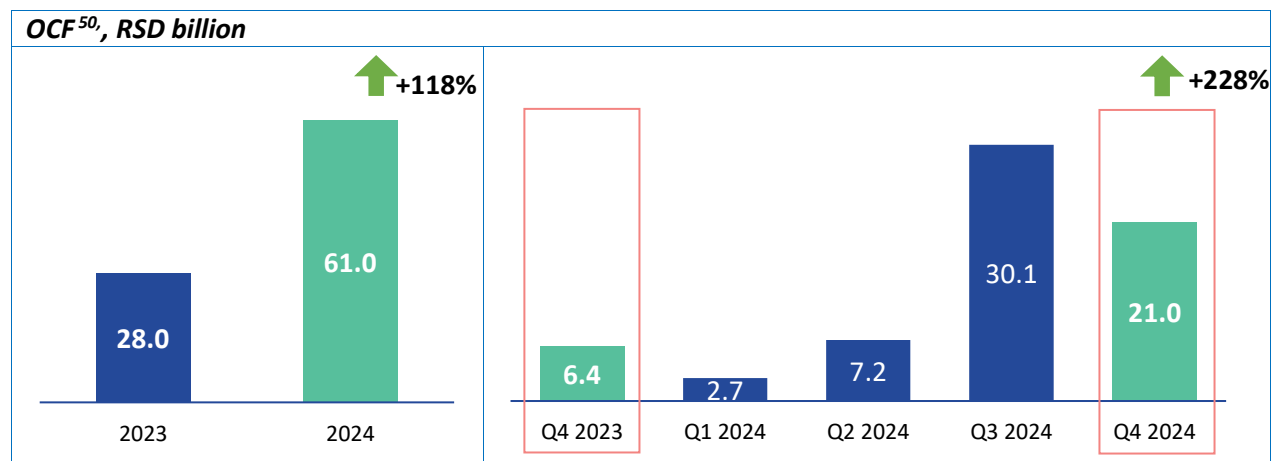


The decrease in net profit indicator for 2024 compared to the last year 2023 was influenced by:

- decrease in EBITDA indicator
- higher depreciation costs and lower financial income from interest on financial placements
- positive effect based on goodwill during the purchase of HIP-Petrohemija which was realized in December 2023.

OCF

In 2024, the operating cash flow amounts to RSD 60.98 billion, and it is higher 118% compared to the same period last year.



The increase of the OCF indicator in 2024 was influenced by:

- Higher inflows
- Lower cash outflows from operating activities.

⁴⁹Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

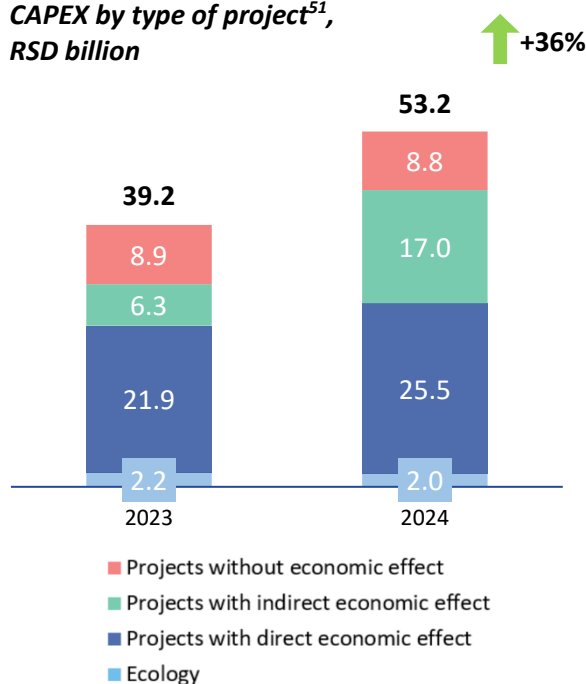
⁵⁰Any deviations aggregate values result from rounding.

CAPEX

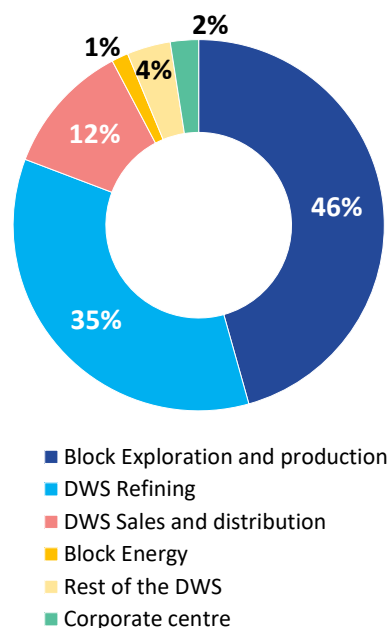
In 2024, the main areas of investment were projects aimed at oil and gas production. A significant part of the investment belongs to investments in drilling, modernisation of equipment followed by oil refining projects, as well as reconstruction, construction and rebranding projects of petrol stations. In addition, NIS invested in projects in the field of energy and services, as well as in a certain number of projects in the corporate center.

In 2024, RSD 53.2 billion was allocated for investment, while in the same period of the last year, RSD 39.2 billion were allocated.

**CAPEX by type of project⁵¹,
RSD billion**



Investments by segments



⁵¹All amounts are expressed in RSD billion, excluding VAT. Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

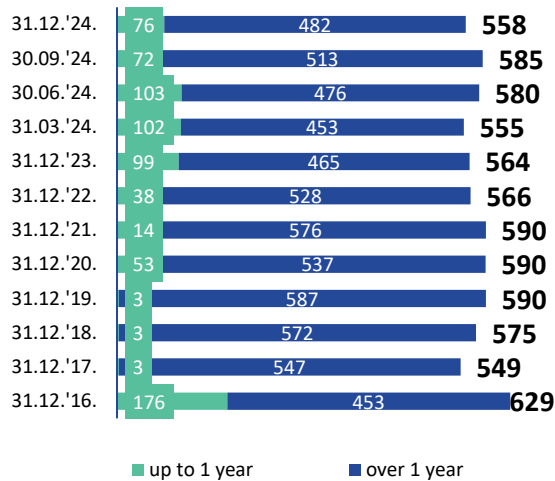
Organisation unit	Major projects in the fourth quarter
Exploration and production	<ul style="list-style-type: none"> • drilling of development wells • investing in geological and technical activities • infrastructure projects
Services	<ul style="list-style-type: none"> • mechanization project • procurement of automated drilling rigs
Refining	<ul style="list-style-type: none"> • projects aimed at ensuring compliance with legal norms and regulations • investment maintenance projects • environmental projects • capital overhaul in Pančevo Oil Refinery
Sales and distribution	<ul style="list-style-type: none"> • retail network development in Serbia (petrol station construction and reconstruction) • other retail projects in Serbia and the region • Niš petrol products warehouse reconstruction
Rest of Downstream projects (Energy, Technical services and HIPP)	<ul style="list-style-type: none"> • energy efficiency and solar projects • technical services projects • construction of the Polypropylene factory, BDP phase
Corporate centre	<ul style="list-style-type: none"> • projects related to the maintenance of software solutions and digitalization of the process • projects related to the modernization of the business centers of Novi Sad and Belgrade • corporate protection projects

Indebtedness

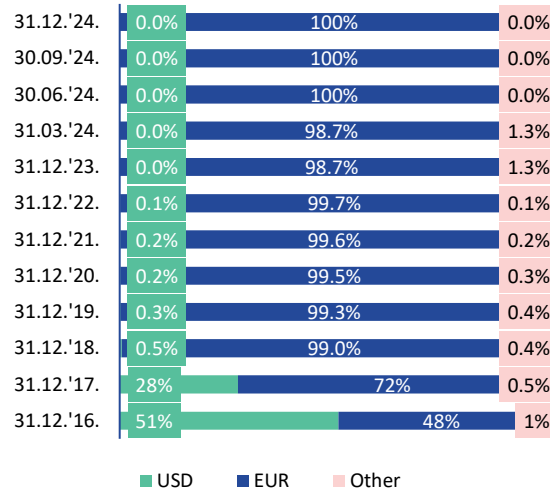
At the end of 2024, the total debt based on loans amounts to EUR 558 million. In 2024, loans in the amount of EUR 103.0 million were withdrawn, a loan in the amount of EUR 109.0 million was repaid, of which EUR 99.0 million was regularly repaid and EUR 10 million at an early date.

In the fourth quarter of 2024, the first issue of corporate bonds of the Company was realized.

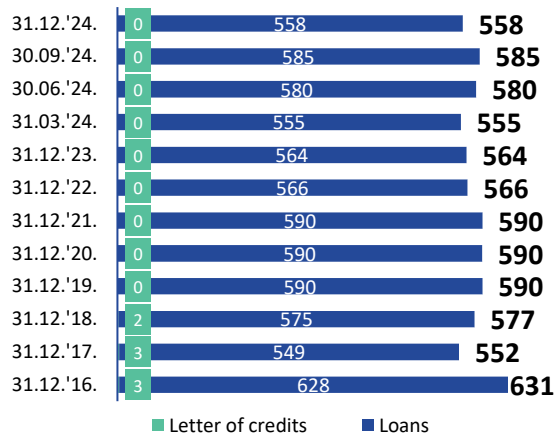
Total bank debt trends with maturity structure⁵², EUR million



Total bank debt structure, by currency, in %



Total bank indebtedness⁵³, EUR million



⁵²Any deviations in aggregate values result from rounding.

⁵³In addition to the bank debt and Letters of Credit as at 31 December 2024, NIS j.s.c. Novi Sad holds issued bank guarantees in the amount of EUR 27.6 million, corporate guarantees in the amount of EUR 316.5 million and financial leasing in the amount of EUR 30.4 million. Any deviations in aggregate values result from rounding.

Taxes and Other Public Revenue⁵⁴

Q4 2024	Q4 2023	% ⁵⁵	NIS j.s.c. Novi Sad	2024	2023	% ⁵⁶
0.662	0.664	-0.3%	Social insurance contributions paid by employer	2.53	2.34	+8%
0.12	0.12	+0.01%	Energy efficiency fee ⁵⁷	0.44	0.45	-2%
0.73	1.62	-55%	Corporate tax	4.19	8.39	-50%
9.05	7.15	+27%	Value-added tax	33.02	37.79	-13%
49.33	45.23	+9%	Excise duties	185.80	164.71	+13%
2.01	1.96	+2%	Commodity reserves fee	7.60	7.71	-1%
0.56	0.15	growth	Customs duties	1.98	0.21	growth
0.45	0.48	-6%	Royalty	1.782	1.778	+0.2%
0.36	0.37	-4%	Other taxes	1.51	1.52	-0.7%
63.25	57.74	+10%	Total	238.85	224.90	+6%
NIS subsidiaries in Serbia⁵⁸						
0.63	0.62	+1%	Social insurance contributions paid by employer	2.37	1.95	+22%
0.00	0.02	-111%	Corporate tax	0.27	0.13	+101%
0.74	1.07	-31%	Value-added tax	2.94	2.93	+0.3%
0.00	0.00	n/a	Excise duties	0.00	0.00	n/a
0.009	0.012	-19%	Customs duties	0.07	0.05	+37%
0.00	0.00	n/a	Royalty	0.00	0.00	n/a
0.05	0.04	+14%	Other taxes	0.19	0.15	+30%
1.42	1.77	-20%	Total	5.84	5.21	+12%
64.67	59.51	+9%	Total NIS j.s.c. Novi Sad with subsidiaries in Serbia	244.69	230.10	+6%
NIS regional subsidiaries and Angola						
0.01	0.007	+53%	Social insurance contributions paid by employer	0.024	0.021	+12%
0.01	0.00	growth	Energy efficiency fee	0.028	0.02	+62%
0.32	0.01	growth	Corporate tax	0.355	0.02	growth
0.16	0.06	growth	Value-added tax	0.679	0.60	+14%
2.43	1.84	+32%	Excise duties	8.919	8.09	+10%
1.273	1.266	+1%	Customs duties	6.412	6.00	+7%
0.00	0.01	-67%	Royalty	0.058	0.05	+7%
0.016	0.018	-12%	Other taxes	0.109	0.10	+6%
4.24	3.21	+32%	Total	16.58	14.91	+11%
(0.41)	(0.03)	growth	Deferred taxes (total for Group)	(0.84)	(0.63)	growth
68.50	62.69	+9%	Total NIS Group⁵⁹	260.43	244.38	+7%

Accrued liabilities for public revenues for NIS j.s.c. Novi Sad with its subsidiaries deriving from its organisational structure in Serbia in the the fourth quarter of 2024 amounts RSD 64.7 billion, i.e. RSD 244.7 billion for 12 months of 2024.

The amount of accrued liabilities for public revenues for NIS Group in the fourth quarter of 2024 totalled RSD 68.5 billion, which is an increase of 9% on the same period in 2023, while for the period of 12 months of 2024, that amount is RSD 260.4 billion, which is an increase of 7% on the same period in 2023.

⁵⁴In RSD billion.

⁵⁵Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

⁵⁶Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

⁵⁷Calculated from 1 July 2019.

⁵⁸Naftagas – Oil Services LLC Novi Sad, Naftagas – Technical Services LLC Zrenjanin, Naftagas – Transport LLC Novi Sad, NTC NIS – Naftagas LLC Novi Sad, NIS Petrol a.d. Belgrade and HIP-Petrohemija LLC Pančevo.

⁵⁹Including taxes and other liabilities for public revenues for subsidiaries in the region, corporate tax in Angola and deferred taxes.

Securities

Share Capital Structure

NIS j.s.c. Novi Sad share capital is RSD 81.53 billion and is divided into a total of 163,060,400 shares with a nominal value of RSD 500. All issued shares are ordinary shares, vesting their holders with the following rights:

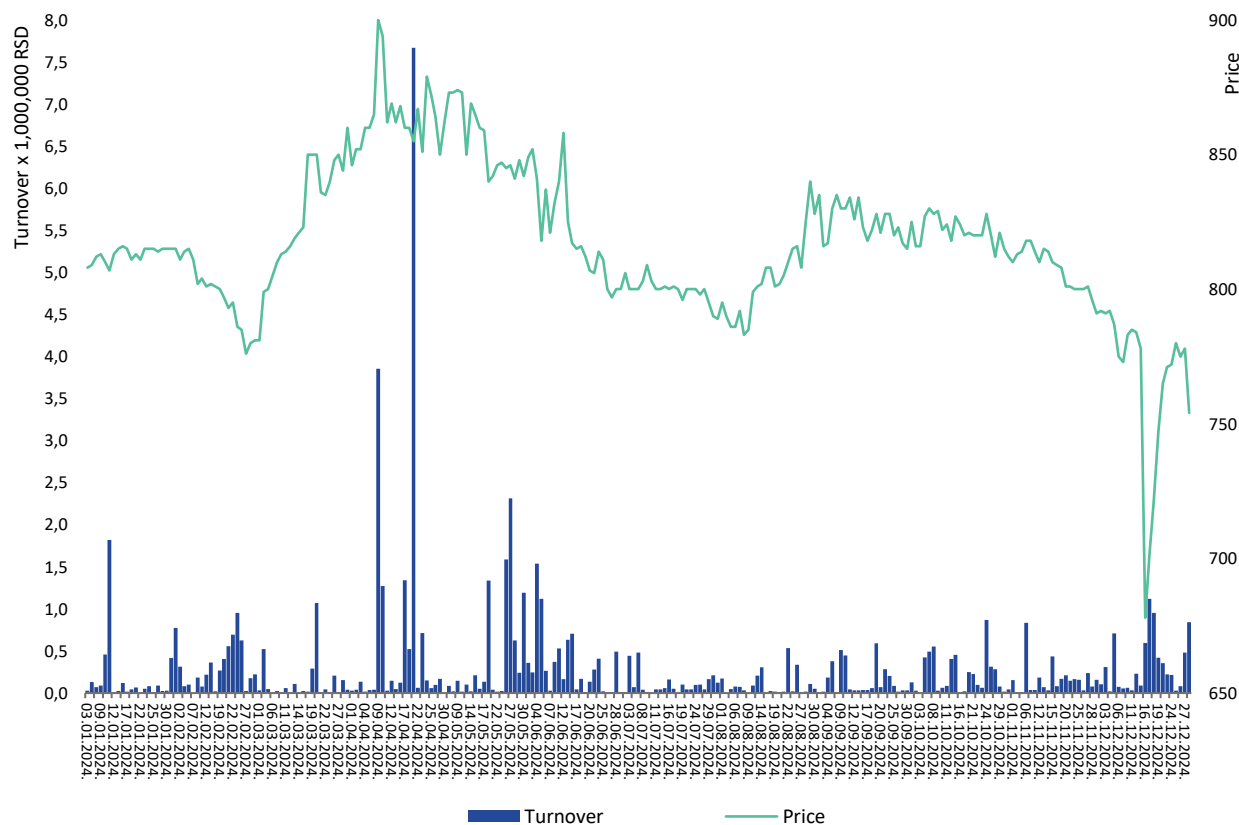
- right to participate and vote at the assembly meetings, according to one-share-one-vote rule;
- right to receive dividends in compliance with applicable legislation;
- right to participate in the distribution of the company assets remaining after liquidation or of a bankrupt's estate in compliance with the bankruptcy law;
- preemptive right to buy ordinary shares of a new issue and other financial instruments tradable for ordinary shares, of a new issue and
- other rights in accordance with the Company Law and corporate documents.

All securities issued by the Company are included in trading on a regulated market.

Share trading and indicators per share

NIS j.s.c. Novi Sad shares are listed in the Prime Listing of the Belgrade Stock Exchange Belgrade.

Price and turnover trends in 2024



During 2024 the Company did not acquire any treasury shares.

Overview of trading in NIS j.s.c. Novi Sad shares at Belgrade Stock Exchange in 2024	
Last price (December 31, 2024)	754 RSD
High (April 10, 2024)	900 RSD
Low (December 16, 2024)	622 RSD
Total turnover, RSD	674,121,012 RSD
Total turnover, number of shares	819,378
Total number of transactions, number of transactions	4,496
Market capitalization as at December 31, 2024, in RSD	122,947,541,600
<i>EPS</i>	112.72
Consolidated <i>EPS</i>	66.51
<i>P/E ratio</i>	6.69
Consolidated <i>P/E ratio</i>	11.34
Book value as at December 31, 2024	2,368.17
Consolidated book value as at December 31, 2024	2,272.51
<i>P/BV ratio</i>	0.32
Consolidated <i>P/BV ratio</i>	0.33

Dividends

NIS j.s.c. Novi Sad dividend policy is based on a balanced approach, which takes into account the necessity to retain earnings for the purposes of future investment, the rate of return on invested capital and the amount for dividend payment. The long-term dividend policy stipulates a minimum of 15% of net profit is to be paid to shareholders in dividends.

When deciding on profit distribution and dividend payment, the corporate management takes into consideration a number of factors, including the financial standing, investment plans, loan repayment obligations, the macroeconomic environment and legislation. Each of these factors, either individually or combined, if significant, may affect the proposed dividend payment.

On 27 June 2024, the Shareholders' Assembly of NIS j.s.c. Novi Sad has adopted the Decision on distribution of profit for 2023, dividend payment and determining the total amount of retained profit of NIS j.s.c. Novi Sad. This decision determines that the dividends will be paid to the shareholders in cash, in the gross amount of RSD 10,478,261,304, or RSD 64.26 per share. The shareholders registered in the Central Securities Depository and Clearing House as legal owners of NIS j.s.c. Novi Sad shares on the Record date (Dividend Day) i.e. on 17 June 2024 entitle to dividend payment. The dividend for 2023 was paid to shareholders on August 28, 2024.

	<i>Net profit (loss), RSD bn⁶⁰</i>	<i>Total amount of dividend, RSD bn</i>	<i>Payment ratio</i>	<i>Earnings per share, RSD</i>	<i>Dividend per share, gross, RSD</i>	<i>Share price as at 31 December, RSD</i>	<i>Shareholders' dividend yield, in %⁶¹</i>
2009	(4.4)	0.0	-	-	0	-	-
2010	16.5 ⁶²	0.0	-	101.1	0	475	-
2011	40.6 ⁶³	0.0	-	249	0	605	-
2012	49.5	12.4	25%	303.3	75.83	736	10.3
2013	52.3	13.1	25%	320.9	80.22	927	8.7
2014	30.6	7.6	25%	187.4	46.85	775	6.0
2015	16.1	4.0	25%	98.8	24.69	600	4.1
2016	16.1	4.0	25%	98.6	24.66	740	3.3
2017	27.8	6.9	25%	170.43	42.61	724	5.9
2018	26.1	6.5	25%	159.86	39.97	690	5.8
2019	17.7	4.4	25%	108.55	27.14	749	3.6
2020	(5.9)	1.0	-	(36.24)	6.14	644	1.0
2021	23.1	5.8	25%	141.85	35.46	620	5.7
2022	93.5	23.4	25%	573.14	143.29	675	21.2
2023	41.9	10.5	25%	257.05	64.26	812	7.9

⁶⁰ Net profit of NIS j.s.c. Novi Sad.

⁶¹ Calculated as the ratio of gross dividend to share price at the end of the year for which the dividend is paid.

⁶² Net profit used for coverage of accumulated losses.

⁶³ Net profit used for coverage of accumulated losses.

Bonds

Bonds are financial instruments, i.e. debt securities issued by the state, company or other legal entities in order to raise certain financial resources. On the basis of the bond, the bond issuer undertakes to return a certain amount of money to the investor and pay interest for a defined period of time.

The legal bondholder has the following rights:

- the right to the payment of the principal,
- the right to the payment of interest,
- the right to collect bond receivables by applying the provisions of the Law on Contracts and Torts,
- the right to dispose of bonds in accordance with the law.

On the basis of the Decision on the Issuance of the Bond I (First) Issue, adopted at the meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad, the Company sent an invitation to the shareholders for the subscription and payment of the corporate bonds. The agent of the bond issue was the broker-dealer company Dunav Stockbroker a.d. Beograd.

After the completion of the deadline for subscription and payment of bonds, a total of RSD 1,871,610,000.00 was collected.

Basic information about bonds of NIS j.s.c. Novi Sad	
Number of issued securities	187,161
Nominal value	RSD 10,000
Total value of the bond issue	1,871,610,000.00
CFI code	DBFUFR
ISIN no.	RSNISHD82111
Bond issue designation	I (first) issue
Deadline for subscription	From 29/11/2024 to 13/12/2024
Posting date to proprietary accounts	20/12/2024
Due date	5 years or 1,825 days
Due date	19/12/2029
Interest rate	Fixed interest rate of 6.50% per annum and quarterly payment of an interest coupon starting from the issuance date.
Method of calculation of interest	<p>The formula for calculating the amount of interest for the interest period is as follows:</p> $K = Nk \times pk \times 0.25$ <p>where the following letters shall have the following meanings:</p> <p><i>K</i>: the amount of quarterly interest to be paid</p> <p><i>pk</i>: the amount of the interest rate on an annual basis</p> <p><i>Nk</i>: EUR equivalent of the nominal value of an individual bond at the middle exchange rate of the NBS on the date of issuance.</p>

Corporate Governance

Corporate Governance System

The Company has established a one-tier governance system, where the Board of Directors has the central role in the corporate governance. The Board of Directors is responsible for the implementation of the objectives and the achievement of results, while the shareholders exercise their rights and control primarily through the Shareholders' Assembly.

The provisions of the Articles of Association fully and clearly differentiate between the scope of work of the Board of Directors and the scope of work of the Shareholders' Assembly, the CEO of the Company and the bodies set up by the corporate governance bodies.

Shareholders' Assembly and Shareholders' Rights

As the highest authority of the Company, the Shareholders' Assembly is made up of all shareholders. All NIS j.s.c. Novi Sad shares are ordinary shares that give their owners the same rights, wherein one share carries one vote.

Board of directors

The Board of Directors has a central role in corporate governance. It is collectively responsible for the long-term success of the Company, for setting main business objectives and identifying the company's further courses of development, as well as for identifying and controlling the effectiveness of the corporate business strategy.

Total amount of fees paid to BoD members in 2024, net in RSD	
Members od BoD	308,364,927 RSD

Board of Directors' Committees

In order to complete its obligations more efficiently, the Board of Directors founded 3 permanent committees as advisory and professional bodies, which support its work, especially in terms of consideration of the questions under its jurisdiction, preparation and supervision of implementation of the decisions and acts adopted by BoD, as well as conduction of certain expert activities necessary for the Board of Directors. The Board of Directors has formed the following Committees:

- Audit Committee,
- Remuneration Committee,
- Nomination Committee.

The Board of Directors will appoint new members of its Committees and, is necessary, establish new regular or ad hoc committees to support the activities of the Board.

Shareholders' Assembly Board

The Shareholders' Assembly Board for the Supervision of Operations and the Procedure for Reporting to Company Shareholders (hereinafter 'The Shareholders' Assembly Board') is a body of advisors and experts providing assistance to the Shareholder's Assembly with respect to its activities and consideration of issues within its scope of competence. Members of the Shareholders' Assembly Board report to the Shareholders' Assembly, which appoints them and relieves them of duty.

Chief executive officer

The Board of Directors appoints one of its executive members to act as the Chief Executive Officer. The CEO coordinates the activities of the executive members of the Board of Directors and organizes the Company's activities. In addition to this, the CEO performs daily management activities and is authorized to decide on matters which do not fall under the competence of the Shareholders' Assembly and the Board of Directors. The Chief Executive Officer is a legal representative of NIS j.s.c. Novi Sad.

Advisory Board of the CEO

The Advisory Board of the CEO is a professional body that helps the CEO in his activities and in the consideration of matters within his responsibilities. The members of the Advisory Board were determined by the Decision of CEO, and they include Deputy CEO - Director of the Exploration and Production Block, First Deputy CEO - Director of the Downstream, Directors of the Refining and the Energy Blocks, Directors of Functions, Director HIP-Petrohemija LLC Pančevo, and Director of Naftagas-Oilfield Services LLC Novi Sad. In addition to the competencies related to the management of the Company's operations, the Advisory Board deals with the issues of strategy and development policy, the basis of which is set by the Shareholders' Assembly and the Board of Directors of the Company.

Related-Party Transactions

In the year ended 31 December 2024 and in the same period in 2023, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy. An outline of related-party transactions is part of the Notes to the Financial Statements⁶⁴.

⁶⁴Information on related party transactions can be found on page 93 under note number 28 of the Consolidated Financial Statements.

Human resources

As one of the best employers in Serbia, NIS strives to constantly adapt to the labour market, employees' expectations and the needs of the business. The greatest effort was invested in the stability of the company as an employer, programs focused on the recruitment and development of the young, new models of motivation, learning, development and promotion of respectful corporate culture.

NIS' HR strategy, new company values, and employer value proposition (diversity and inclusion initiative, employer brand strategy and learning and development strategy) have produced a large number of HR projects and initiatives. They will improve the experience of both candidates and employees of NIS, starting from recruitment to rewarding, remuneration and benefits, development and promotion.

NIS' long-term goal is to strengthen employee engagement and improve HR practices to offer the best possible employee experience. For this reason, NIS has continued to invest in employee engagement in 2024 and has initiated the implementation of various activities based on the results of the latest employee engagement survey and our company's strategic plans. Company continued with the implementation of and upgraded the Engagement Academy Program, which aims to develop highly dedicated and motivated teams through the active role of senior and middle management in our Company and from last year also lower management. NIS has restarted the "First-Time Managers" Programme, within which, through several education modules helped colleagues who have just taken on managerial functions to be as better managers and leaders as possible.

Recognising the need to reduce bureaucracy in all processes, at the beginning of 2024 we launched the "Debureaucratisation" project at NIS, aimed at reducing documentation, shortening steps, and automating and digitalising processes throughout all parts of the company. NIS also strives to digitize our HR processes and thus provide faster and more efficient support to our employees. In this regard, it has been implemented the digital platform and thus connected key HR processes. Company also introduced a digital assistant, a chatbot, which provides employees with answers to the basic HR questions.

After creating an employer branding strategy in the previous quarter, 6 projects were launched within it: improving the content of posts on the company's social networks, support in defining promotion and creating a "reputation management" segment within the curriculum for training for managers, creating a chat bot for candidates interested in working at NIS, improving the marketing system within recruitment, as well as creating supporting materials and brochures for the first working days of new employees in our company.

As every year, NIS has ordered an employer brand study by target groups. Focus group work has been completed and a draft report has been prepared, with finalisation of the statistics underway.

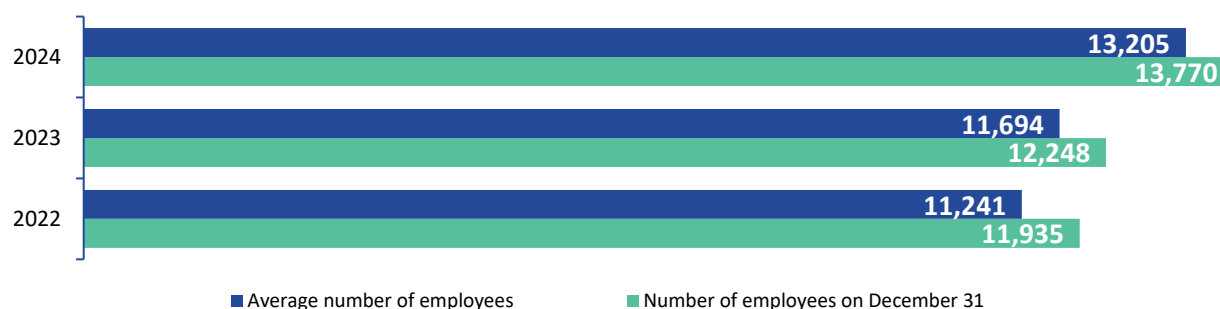
NIS hosted 9 interns as part of the fourth season of the My First Salary and another 22 interns as part of the fourth season of the NIS Energy programme. A new internship program for young people with disabilities has also been launched. One of the most important achievements was the employer branding campaign we conducted during the fifth season of the NIS Energy programme. As a result, we increased the number of applications from 780 last year to 1,180. The campaign also included a large-scale conference attended by 350 potential job seekers. The average satisfaction rating from the conference was 4.73 out of 5.

In the past quarter, NIS employees participated in a large number of events and conferences as speakers: an expert conference on HR management, two career guidance sessions for orphanage graduates, two hackathons, two job fairs, one seminar and two student conferences. The combined audience of these events exceeds 1,500 people.

Employee Number⁶⁵ and Structure

Organisational unit	Number of employees on:	
	12/31/2024	12/31/2023
NIS j.s.c. Novi Sad	5,314	5,317
Exploration and Production Block	1,108	1,079
Downstream	2,622	2,592
Refining Block	1,004	997
Sales and Distribution Block	1,408	1,384
Energy Block	49	46
The rest of Downstream ⁶⁶	161	165
Corporate Centre	1,581	1,642
Representative and Branch Offices	3	4
Local subsidiaries	8,352	6,795⁶⁷
Subsidiaries abroad	104	136
TOTAL⁶⁸:	13,770	12,248

Headcount trend⁶⁹



⁶⁵The number of employees does not include employees hired through the Contract of Services. On December 31, 2024 within the NIS j.s.c. Novi Sad, we have 92 employees hired through the Contract of Services. Additionally, the headcount does not include employees engaged through staff leasing agencies. As of 31 December 2024, in HIP-Petrohemija LLC Pančevo, there were 9 employees engaged through staff leasing agencies.

⁶⁶The rest of the Downstream includes: Office of Downstream Director, Production and Commercial Operations Planning, Optimization, and Analysis Department, Metrology Sector, Group for Administration and Documentation Support, Feedstock Supply and Blending Department and Center for the development of refining and petrochemicals.

⁶⁷The total headcount of subsidiaries in the country as of 31 December 2024, including HIP-Petrohemija, whereas the headcount as of 31 December 2023 was exclusive of this subsidiary. The number of employees in the company HIP-Petrohemija LLC on June 30 2023 is 1,268 including agency employees.

⁶⁸Employees with shared working hours are shown as whole units in the associated Company.

⁶⁹The average number of employees does not include employees who are on maternity leave, employees who have been on sick leave for more than 30 days, and employees who have inactive status of employment, but it includes employees who left the company in the observed period and new employees proportionately to the number of days spent at the position.

Employment terminations

In 2024, a total of 1,311 employees⁷⁰ left NIS j.s.c: 245 employees retired, 87 employees left NIS after termination of employment by mutual consent, while the employment of 979 people was terminated on other grounds (cancellation of employment contract, employment termination by the employee and redundancy).

Basis of employment termination in 2024	NIS j.s.c Novi Sad ⁷¹	Subsidiaries
Retirement	103	142
Termination by mutual consent	17	70
Other	198	781
Total	318	993

⁷⁰The data includes employment terminations for HIP-Petrohemija LLC Pancevo.

⁷¹Including representative offices and branches. Of the total number of terminations, there is no terminations account for the representative offices and branches.

Research and Development

In all segments of its business, NIS is dedicated to continuous technological development and introduction of innovations into business.

STC NIS Naftagas LLC Novi Sad, as a subsidiary in which NIS j.s.c. has a 100% share, provides scientific-technical and innovation support to the parent company in the field of oil and gas exploration and production. The research and development activity within STC has a dual role: coordinating and performing scientific and research works.

Implementation and development of new technologies, scientific and research activities and increasing the efficiency of exploration, production and refining of oil and gas, remain in the focus of attention for the STC management and employees.

During the fourth quarter of 2024 in the field of geological and research works, geology, reservoir engineering and production in Serbia the following activities were carried out:

- Continued work on the “Central Banat” and “Northern Banat” projects. The implementation of these projects in determining the presence of hydrocarbon accumulations directed further exploration work.
- Three exploration wells were drilled during the year. All three wells fulfilled the task and confirmed new hydrocarbon reserves.
- Activities were carried out to prepare new reports on reserves for oil and gas fields. Four reports on reserves were completed and sent to the Provincial Secretariat for Energy to the Commission for Determining and Verifying Reserves, and three reports are in the process of being prepared. Nine elaborations for liquidation were completed.
- Updated drilling portfolio – 30 sites were selected, of which 17 were included in the SRRBA from the North Zone. Several new potential sites for geological drilling were generated.
- In order to determine optimal development drilling and geological-technical activities, 7 geological-hydrodynamic models were developed for external projects and 7 geological-hydrodynamic models for domestic projects.
- Developed application for calculating recoverable reserves, with the possibility of automatic calculation. The application allows calculating the dynamics of future production at the well, reservoir and field levels, as well as the dynamics for several selected wells at once;
- In the field of oil and gas production technology, operational monitoring of the entire gas well stock through modeling has contributed to a better overview of the condition and potential of the wells, and therefore to better control of the operation of the wells themselves, faster and more efficient selection of methods for solving problems on the wells, as well as the optimal selection of equipment to be installed in the wells. The result is reduced OPEX costs and reduced downtime for gas wells.
- As one of the directions for developing the geothermal energy portfolio, locations suitable for diversifying the supply of thermal energy to NIS infrastructure facilities are currently being considered.

The work on the search for new technologies to solve Upstream technological challenges of the 2024-2025 cycle was completed. During the work, more than 20 hypotheses of new technologies were proposed in the field of field development, reservoir stimulation, produced water disposal, gas monetization from small fields.

The development of projects in the field of carbon capture and storage continues. Training for NTC employees on underground CO₂ storage was held. A portfolio of initiatives for the decarbonization of NIS facilities and third-party decarbonization facilities in Serbia has been formulated.

A project for the recording of the existing state of the well stock and above-ground infrastructure with an unmanned aerial vehicle has been launched. The project continues in 2025.

The Ministry of Mining and Energy (MRE) issued a new Appointment Decision to the Downstream Laboratory for the purpose of conducting conformity assessment for liquid fuels of petroleum origin (motor gasolines, gas oils, heating oils, aviation gasolines and jet fuels) in accordance with the requirements of the Regulation on technical and other requirements for liquid fuels of petroleum origin "Official Gazette of the Republic of Serbia" No. 104/2023 and 21/2024).

All projects for the replacement of critical laboratory equipment have been implemented. All new laboratory equipment has been installed, verified and put into operation (a total of 22 units of equipment at the Pančevo location and 3 units of equipment for the Novi Sad, Belgrade and Niš locations) for the control and certification of finished petroleum products intended for placement on the RS market.

Financial Statements⁷²

Interim condensed standalone financial statements (unaudited)

Interim Condensed Statement of Financial Position

Assets	Note	31 December 2024	31 December 2023
Current assets		<i>(unaudited)</i>	<i>(unaudited)</i>
Cash and cash equivalents	4	38,821,710	16,270,493
Short-term financial assets	5	32,871,239	50,017,699
Trade and other receivables	6	39,377,979	44,731,654
Inventories	7	42,037,198	59,328,301
Current income tax prepayments		7,549,680	7,380,049
Other current assets	8	12,610,817	8,886,275
Assets classified as held for sale		17,915	60,091
Total current assets		173,286,538	186,674,562
Non-current assets			
Property, plant and equipment	9	299,210,788	275,083,369
Right-of-use assets	10	2,822,458	2,808,073
Investment property		1,512,766	1,514,651
Intangible assets		3,968,112	3,836,403
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		31,016,682	31,016,682
Long-term financial assets	11	7,228,512	9,494,126
Deferred tax assets		4,278,690	3,527,437
Other non-current assets	12	3,474,598	4,899,484
Total non-current assets		354,551,406	333,219,025
Total assets		527,837,944	519,893,587
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	13	11,426,713	14,623,831
Current lease liabilities	18	488,755	522,002
Trade and other payables	14	20,440,011	22,867,531
Other current liabilities	15	10,525,538	9,652,270
Other taxes payable	16	13,139,353	11,579,451
Provisions for liabilities and charges		1,155,490	2,624,738
Total current liabilities		57,175,860	61,869,823
Non-current liabilities			
Long-term debt	17	58,216,807	54,465,457
Non-current lease liabilities	18	1,497,645	1,610,014
Other non-current financial liabilities	19	12,140,168	12,038,912
Long-term trade and other payables		-	2,868
Provisions for liabilities and charges		12,652,906	11,585,649
Total non-current liabilities		84,507,526	79,702,900
Equity			
Share capital		81,530,200	81,530,200
Reserves		41,960	34,408
Retained earnings		304,582,398	296,756,256
Total equity		386,154,558	378,320,864
Total liabilities and shareholder's equity		527,837,944	519,893,587

(All amounts are in 000 RSD, unless otherwise stated)

⁷²The financial statements, standalone and consolidated, have not been audited.

Interim Condensed Statement of Profit and Loss and Other Comprehensive Income

	Note	Three month period ended 31 December		Year ended 31 December	
		2024	2023	2024	2023
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		93,955,108	93,390,200	371,734,008	359,452,777
Other revenues		4,782,548	8,776,487	19,267,812	31,801,480
Total revenue from sales	3	98,737,656	102,166,687	391,001,820	391,254,257
Purchases of oil, gas and petroleum products		(65,471,346)	(62,333,102)	(264,931,664)	(226,815,749)
Production, manufacturing and cost of other sales	20	(10,494,400)	(13,930,235)	(38,117,886)	(49,115,648)
Selling, general and administrative expenses	21	(9,587,809)	(9,431,004)	(33,126,413)	(30,420,488)
Transportation expenses		(508,199)	(446,635)	(1,709,826)	(1,594,396)
Depreciation, depletion and amortization		(5,999,169)	(5,674,018)	(24,232,857)	(22,593,795)
Taxes other than income tax		(1,468,733)	(1,527,884)	(5,763,310)	(5,621,493)
Exploration expenses		-	(162,986)	(187)	(163,308)
Total operating expenses		(93,529,656)	(93,505,864)	(367,882,143)	(336,324,877)
Other income/(expenses), net	22	154,637	(182,632)	852,742	(7,342,979)
Operating profit		5,362,637	8,478,191	23,972,419	47,586,401
Net foreign exchange gain/(loss)	23	(136,090)	(15,517)	(721,825)	(119,995)
Finance income	24	720,479	977,321	2,713,432	5,554,263
Finance expenses	25	(927,203)	(809,402)	(3,797,844)	(3,261,078)
Total other (expenses) / income		(342,814)	152,402	(1,806,237)	2,173,190
Profit before income tax		5,019,823	8,630,593	22,166,182	49,759,591
Current income tax		(1,049,873)	(1,623,697)	(4,523,958)	(8,391,534)
Deferred tax income		367,501	5,621	738,354	546,571
Total income tax		(682,372)	(1,618,076)	(3,785,604)	(7,844,963)
Profit for the period		4,337,451	7,012,517	18,380,578	41,914,628
Other comprehensive income/(loss):					
Items that will not be reclassified to profit/(loss)					
Losses on remeasurements of defined benefit plans		(79,961)	(53,257)	(72,023)	(53,257)
Gain from investments in equity instruments		-	23	52	8,299
Revaluation of property, plant and equipment transferred to investment property		240	-	3,400	-
Other comprehensive losses for the period		(79,721)	(53,234)	(68,571)	(44,958)
Total comprehensive income for the period		4,257,730	6,959,283	18,312,007	41,869,670
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		26.60	43.01	112.72	257.05
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

(All amounts are in 000 RSD, unless otherwise stated)

Interim Condensed Statement of Changes in Shareholders' Equity

Year ended 31 December 2024 and 2023

<i>(unaudited)</i>	Note	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2023		81,530,200	93,904	278,192,015	359,816,119
Profit for the period		-	-	41,914,628	41,914,628
Other comprehensive gain					
Gain from investments in equity instruments		-	8,299	-	8,299
Losses on remeasurements of defined benefit plans		-	-	(53,257)	(53,257)
Total comprehensive income for the period		-	8,299	41,861,371	41,869,670
Dividend distribution		-	-	(23,364,925)	(23,364,925)
Disposal of investment in equity instrument		-	33,877	(33,877)	-
Other		-	(101,672)	101,672	-
Balance as at 31 December 2023		81,530,200	34,408	296,756,256	378,320,864

<i>(unaudited)</i>	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2024	81,530,200	34,408	296,756,256	378,320,864
Profit for the period	-	-	18,380,578	18,380,578
Other comprehensive income				
Gain from investments in equity instruments	-	52	-	52
Losses on remeasurements of defined benefit plans	-	-	(72,023)	(72,023)
Revaluation of property, plant and equipment transferred to investment property	-	3,400	-	3,400
Total comprehensive income for the period	-	3,452	18,308,555	18,312,007
Dividend distribution	-	-	(10,478,261)	(10,478,261)
Other	-	4,100	(4,152)	(52)
Balance as at 31 December 2024	81,530,200	41,960	304,582,398	386,154,558

(All amounts are in 000 RSD, unless otherwise stated)

Interim Condensed Statement of Cash Flows⁷³

		2024	Year ended 31 December 2023
	Note	(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before income tax		22,166,182	49,759,591
Adjustments for:			
Finance expenses	25	3,797,844	3,261,078
Finance income	24	(2,713,432)	(5,554,263)
Unrealised foreign exchange losses, net		732,508	152,734
Depreciation, depletion and amortization		24,232,857	22,593,795
Other non-cash items		62,452	1,243,488
Operating cash flow before changes in working capital		48,278,411	71,456,423
Changes in working capital:			
Trade and other receivables		5,397,214	(1,818,387)
Inventories		17,147,808	(5,248,368)
Other current assets		(3,605,399)	674,173
Trade payables and other current liabilities		4,048,526	(10,604,867)
Other taxes payable		1,572,346	(2,546,802)
Total effect on working capital changes		24,560,495	(19,544,251)
Income taxes paid		(4,703,104)	(29,759,941)
Interest paid		(3,479,357)	(2,850,211)
Interest received		3,141,175	3,423,032
Net cash generated by operating activities		67,797,620	22,725,052
Cash flows from investing activities			
Net cash outflow on acquisition of subsidiaries		-	(5,863,685)
Loans issued		(28,672,831)	(12,067,065)
Loan proceeds received		22,374,473	11,494,171
Capital expenditures ⁷⁴		(53,606,816)	(35,905,901)
Proceeds from sale of property, plant and equipment		774,284	151,307
Bank deposits proceeds / (repayment), net		25,000,000	(18,997,188)
Dividends received		58,599	44,372
Other inflows		-	8,441
Net cash used in investing activities		(34,072,291)	(61,135,548)
Cash flows from financing activities			
Proceeds from borrowings	13,17	36,597,922	14,368,904
Repayment of borrowings	13,17	(37,696,807)	(18,552,316)
Repayment of lease liabilities	18	(684,903)	(629,948)
Dividends paid		(10,478,261)	(23,364,925)
Other inflows of cash		1,871,610	-
Net cash used in financing activities		(10,390,439)	(28,178,285)
Net increase/(decrease) in cash and cash equivalents		23,334,890	(66,588,781)
Effect of foreign exchange on cash and cash equivalents		(783,673)	(223,981)
Cash and cash equivalents as of the beginning of the period		16,270,493	83,083,255
Cash and cash equivalents as of the end of the period	4	38,821,710	16,270,493

(All amounts are in 000 RSD, unless otherwise stated)

⁷³ Company's policy is to present cash flow inclusive of related VAT.⁷⁴ CF from investing activities includes VAT in the amount of 6.2 bln RSD (2023: 4 bln RSD)

*Notes to the Standalone Financial Statements*⁷⁵

1. GENERAL INFORMATION

Open Joint Stock Company Naftna Industrija Srbije, Novi Sad (the “Company”) is a vertically integrated oil company operating predominantly in the Republic of Serbia. The Company’s principal activities include:

- Exploration, production and development of crude oil and gas,
- Production of refined petroleum products,
- Petroleum products and gas trading and
- Electricity generation and trading.

Other activities primarily include sales of other goods, works and services.

The Company is a public joint stock company listed on the Belgrade Stock Exchange.

These Interim Condensed Financial Statements have been approved and authorized for issue by Chief Executive Officer and will be presented to Board of Directors for approval.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

The Company maintains its books and records in accordance with accounting and taxation principles and practices mandated by Serbian legislation. The accompanying Interim Condensed Financial Statements were primarily derived from the Company’s statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards (IFRS).

The Interim Condensed Financial Statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, management reviews forecasts of future cash inflows. Based on these reviews, management believes that the Company will be able to continue to operate as a going concern in the foreseeable future (refer to note 2.3. Implication of imposed US Sanctions) and therefore, this principle should be applied in the preparation of these Interim Condensed Financial Statements.

The Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standard **IAS 34 Interim Financial Reporting**. IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

Quarterly financial reports are prepared in accordance with the requirements of the Law on the Capital Market and the Rulebook on Reporting of Public Companies.

The amendments to existing standards, which became effective on January 1, 2024, did not have a material impact on the Condensed Interim Financial Statements.

The Company plans to apply the new IFRS 18 Presentation and Disclosures in Financial Statements, as well as amendments to existing standards adopted but not effective at the date of issue of these Condensed Interim Financial Statements, when they become effective. The Company does not expect the amendments to existing standards to have a material impact on the Condensed Interim Financial Statements. In relation to the new standard, which will become effective from 1 January 2027 and will replace IAS 1 Presentation of Financial Statements, the Company is currently assessing its impact on the Financial Statements.

The Company does not disclose information, which would substantially duplicate the disclosures contained in its audited Financial Statements for 2023, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Company believes that the disclosures in these Interim Condensed Financial

⁷⁵ All amounts are in 000 RSD, unless otherwise stated.

Statements are adequate to make the information presented not misleading if these Interim Financial Statements are read in conjunction with the Company's Financial Statements for 2023.

In the 2024 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and depreciated to USD (the information on economic environment in the Republic Serbia is detailed in Note 27) due to geopolitical situation. Under current conditions it turned out to be impossible to evaluate how long the volatility will remain and at what level the key financial indicators will ultimately stabilise. The Company continues monitoring the development of macroeconomic situation and emergence of possibility to make evaluation of the indicators mentioned above with reasonable certainty.

The Company as a whole is not subject to significant seasonal fluctuations.

2.2. Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Financial Statements are consistent with those applied during the preparation of Financial Statements as of and for the year ended 31 December 2023.

2.3. Implication of imposed US Sanctions

On 10 January 2025 Company was included on the US Treasury Specially Designated Nationals and Blocked Persons (SDN) List. This designation imposes prohibitions on transactions by US persons or entities with Company. Additionally, the designation may trigger secondary sanctions for non-US entities that engage in certain types of transactions with Company starting from sanction issuance date.

- Management has conducted an assessment of the potential implications of these sanctions. However, due to the inherent uncertainties surrounding:
- The scope and enforcement of the sanctions,
- Their durations, and
- The evolving geopolitical and economic environment

The full impact of the Company's financial position, operations, and performance remains unclear.

As a result, no adjustment have been recognised in these Interim Condensed Financial Statements for the reporting period ended 31 December 2024. This includes any impairments, provisions or changes in estimates related to the sanctions.

Although no adjustments have been made, management has identified the following areas where sanctions could have a material impact in the future:

1. **Financial transactions:** Restricted access to US dollar transactions and potential limitations on dealings with international financial institutions.
2. **Business relationship:** Potential disruption to relationship with key suppliers, customers, and partners who may be reluctant to engage with Company due to sanctions compliance.
3. **Revenue and Profitability:** A reduction in revenue if trade activities are constrained or contracts with international counterparties are terminated.
4. **Operational challenges:** Potential delays or additional costs related to supply chain disruptions and sourcing of critical inputs (crude oil, critical equipment etc.)

Management of the Company is actively monitoring these restrictions and is exploring alternative solutions to mitigate any potential adverse effects on its operations and financial performance.

Working group has been formed, involving all key shareholders of the Company, to explore possible solutions aimed at eliminating or reducing the impact of the imposed sanctions while ensuring the long-term sustainability of the company's operations as priority.

Management of the Company has assessed the Company ability to continue as a going concern and concluded that, at the reporting date, there are no material uncertainties that would cast significant doubt on the Company ability to meet its obligations. However, the evolving situation may materially affect future results and financial positions.

3. SEGMENT INFORMATION

Presented below is information about the Company's operating segments for the year ended 31 December 2024 and 2023. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Company manages its operations in 2 operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Company operations: exploration, development and production of crude oil and natural gas and oil field services. Downstream segment (refining and marketing) processes crude oil into refined products and purchases, sells and transports crude and refined petroleum products (refining and marketing). Corporate centre and Energy business activities are presented within the Downstream segment.

Eliminations and other adjustments section encompasses elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products, and other adjustments. Intersegment revenues are based upon estimated market prices.

EBITDA represents the Company's EBITDA. Management believes that EBITDA represents useful means of assessing the performance of the Company's ongoing operating activities, as it reflects the Company's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortization, finance income (expenses) net and other non-operating income (expenses). EBITDA is a supplemental non-IFRS financial measure used by management to evaluate operations.

Reportable segment results for the year ended 31 December 2024 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	57,869,171	388,557,695	(55,425,046)	391,001,820
Intersegment	52,736,119	2,688,927	(55,425,046)	-
External	5,133,052	385,868,768	-	391,001,820
Adjusted EBITDA (Segment results)	37,949,644	10,005,551	-	47,955,195
Depreciation, depletion and amortization	(12,965,557)	(11,267,300)	-	(24,232,857)
Net foreign exchange loss	(184,880)	(536,945)	-	(721,825)
Finance expenses, net	(149,255)	(935,157)	-	(1,084,412)
Income tax	(329,842)	(3,455,762)	-	(3,785,604)
Segment profit/(loss)	24,359,833	(5,979,255)	-	18,380,578

Reportable segment results for the year ended 31 December 2023 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	48,442,396	393,707,606	(50,895,745)	391,254,257
Intersegment	48,388,424	2,507,321	(50,895,745)	-
External	53,972	391,200,285	-	391,254,257
Adjusted EBITDA (Segment results)	32,337,898	38,169,490	-	70,507,388
Depreciation, depletion and amortization	(12,450,152)	(10,143,643)	-	(22,593,795)
Net foreign exchange loss	(43,509)	(76,486)	-	(119,995)
Finance income (expenses), net	(152,330)	2,445,515	-	2,293,185
Income tax	-	(7,844,963)	-	(7,844,963)
Segment profit	19,713,344	22,201,284	-	41,914,628

Adjusted EBITDA for the year ended 31 December 2024 and 2023 is reconciled below:

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Profit for the period	4,337,451	7,012,517	18,380,578	41,914,628
Income tax	682,372	1,618,076	3,785,604	7,844,963
Finance expenses	927,203	809,402	3,797,844	3,261,078
Finance income	(720,479)	(977,321)	(2,713,432)	(5,554,263)
Depreciation, depletion and amortization	5,999,169	5,674,018	24,232,857	22,593,795
Net foreign exchange loss	136,090	15,517	721,825	119,995
Other expenses/(income), net	(154,637)	182,632	(852,742)	7,342,979
Other non-operating expense/(income), net*	91,890	(169,189)	602,661	(7,015,787)
Adjusted EBITDA	11,299,059	14,165,652	47,955,195	70,507,388

*Other non-operating expense/(income), net mainly relates to penalties and excess and deficiencies of assets revealed, (for 2023 mainly relates to donations for support projects in the field of education, social and health care, excess and deficiencies of assets revealed, fines, penalties and other). (note 22)

Oil, gas and petroleum products sales, sales of electricity, lease revenue and other sales comprise the following:

	2024	Year ended 31 December 2023
Sale of crude oil	5,042,244	-
Sale of gas	217,712	190,850
<i>Wholesale activities</i>	217,712	190,850
Sale of petroleum products	366,474,052	359,261,927
<i>Through a retail network</i>	106,235,625	110,382,013
<i>Wholesale activities</i>	260,238,427	248,879,914
Sale of electricity	933,083	15,406,532
Lease revenue	357,872	369,617
Other sales	17,976,857	16,025,331
Total sales	391,001,820	391,254,257

Other sales mainly relate to sales of non-fuel products at petrol stations for 12,788,758 RSD (2023: 11,031,630 RSD).

All performance obligations related to customers are satisfied at point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation.

4. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in bank and in hand	9,955,372	8,265,248
Deposits with original maturity of less than three months	28,862,541	8,000,000
Cash equivalents	3,797	5,245
	38,821,710	16,270,493

The fair value of cash and cash equivalents approximates their carrying value.

5. SHORT-TERM FINANCIAL ASSETS

	31 December 2024	31 December 2023
Short-term loans	7,601,578	1,045,218
Deposits with original maturity more than 3 months less than 1 year	-	26,290,896
Current portion of long-term investments (note 11)	35,152,987	32,578,321
<i>Less impairment loss provision</i>	(9,883,326)	(9,896,736)
	32,871,239	50,017,699

The fair value of short-term financial assets approximates their carrying value.

6. TRADE AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables	46,483,687	52,053,320
Other receivables	98,729	95,494
<i>Less credit loss allowance for trade receivables</i>	(7,176,610)	(7,386,577)
<i>Less credit loss allowance for other receivables</i>	(27,827)	(30,583)
	39,377,979	44,731,654

The Management of the Company regularly assesses the credit quality of trade and other receivables taking into account analysis of ageing profile of receivables and duration of relationships with the Company.

Management believes that not impaired trade, specific and other receivables are fully recoverable.

The carrying amounts of the Company's trade and other receivables are mostly denominated in the RSD.

7. INVENTORIES

	31 December 2024	31 December 2023
Crude oil	19,942,889	32,326,837
Petroleum products	19,295,703	24,875,824
Materials and supplies	5,771,208	5,230,211
Other	1,353,517	1,291,956
<i>Less impairment provision</i>	(4,326,119)	(4,396,527)
	42,037,198	59,328,301

8. OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid	1,341,449	887,650
Deferred VAT	3,599,608	3,017,260
Prepaid expenses	460,521	307,150
Prepaid custom duties	75,447	67,649
Prepaid excise	6,683,336	4,267,660
Other current assets	7,936,113	7,824,421
<i>Less impairment provision</i>	(7,485,657)	(7,485,515)
	12,610,817	8,886,275

Deferred VAT as at 31 December 2024 amounting to 3,599,608 RSD (31 December 2023: 3,017,260 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 31 December 2024 amounting to 6,683,336 RSD (31 December 2023: 4,267,660 RSD) relates to the excise paid for finished products stored in non-excise warehouse.

Other current assets mainly relate to claims in dispute, which are impaired.

9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2024						
Cost	231,482,614	164,584,606	59,556,609	17,297,562	24,718,845	497,640,236
Depreciation and impairment	(97,852,172)	(78,620,068)	(34,081,293)	(10,196,954)	(1,806,380)	(222,556,867)
Net book value	133,630,442	85,964,538	25,475,316	7,100,608	22,912,465	275,083,369
Period ended 31 December 2024						
Additions	16,510,657	17,107,845	7,078,932	787,821	6,067,485	47,552,740
Changes in decommissioning obligations	479,398	-	-	-	-	479,398
Impairment effect, net	-	-	-	(2,922)	63,011	60,089
Depreciation	(12,833,414)	(8,166,256)	(1,858,695)	(413,811)	-	(23,272,176)
Transfer from/(to) non-current assets held for sale	-	-	-	12,052	(85,111)	(73,059)
Transfer from/(to) investment property	(13)	-	2,313	(12,732)	-	(10,432)
Disposals and write-off	(30,297)	(32,181)	(66,426)	(15,927)	(186)	(145,017)
Other transfers	7,074	(15,190)	11,170	(258,326)	(208,852)	(464,124)
	137,763,847	94,858,756	30,642,610	7,196,763	28,748,812	299,210,788
As at 31 December 2024						
Cost	248,033,301	181,088,848	66,121,557	17,227,220	28,956,223	541,427,149
Depreciation and impairment	(110,269,454)	(86,230,092)	(35,478,947)	(10,030,457)	(207,411)	(242,216,361)
Net book value	137,763,847	94,858,756	30,642,610	7,196,763	28,748,812	299,210,788

10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the year ended 31 December 2024 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2024	1,426	800,397	173,626	1,832,624	2,808,073
Additions	13,794	194,522	128,253	304,571	641,140
Depreciation	(3,121)	(109,237)	(80,939)	(233,263)	(426,560)
Disposals	-	-	(1,548)	(198,647)	(200,195)
As at 31 December 2024	12,099	885,682	219,392	1,705,285	2,822,458

11. LONG-TERM FINANCIAL ASSETS

	31 December 2024	31 December 2023
LT loans issued	41,601,373	41,289,971
Financial assets at FVTPL	837,800	838,937
Other LT placements	25,060	28,655
Available for sale financial assets	124,315	128,683
<i>Less Current portion of LT loans issued (note 5)</i>	<i>(35,152,987)</i>	<i>(32,578,321)</i>
<i>Less provision of LT financial assets</i>	<i>(207,049)</i>	<i>(213,799)</i>
	7,228,512	9,494,126

12. OTHER NON-CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid for PPE	2,810,616	4,184,286
Prepaid expenses	75,517	104,566
Other assets	901,105	916,063
<i>Less allowance for other assets</i>	<i>(278,654)</i>	<i>(284,068)</i>
<i>Less allowance for advances paid</i>	<i>(33,986)</i>	<i>(21,363)</i>
	3,474,598	4,899,484

13. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	31 December 2024	31 December 2023
Short-term loans	2,387,513	3,606,281
Interest liabilities	223,371	256,467
Current portion of long-term loans (note 17)	8,815,829	10,761,083
	11,426,713	14,623,831

Movements on the Company's liabilities from short-term finance activities are as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Short-term loans at 1 January	3,606,281	5,345,097
Proceeds	24,542,557	10,988,503
Repayment	(25,761,325)	(12,726,855)
Foreign exchange difference (note 23)	-	(464)
Short-term loans at 31 December	2,387,513	3,606,281

14. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade payables	16,627,827	19,062,793
Dividends payable	3,783,398	3,783,595
Other accounts payable	28,786	21,143
	20,440,011	22,867,531

15. OTHER CURRENT LIABILITIES

	31 December 2024	31 December 2023
Contract liabilities arising from contracts with customers:		
– Advances received	5,055,703	4,747,256
– Customer loyalty	949,116	843,176
– Deferred income	55,648	45,170
Payables to employees	4,263,714	3,931,046
Other current non-financial liabilities	201,357	85,622
	10,525,538	9,652,270

Revenue in the amount of 4,831,194 RSD (31 December 2023: 7,874,028 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2024, of which 4,243,270 RSD (31 December 2023: 7,407,671 RSD) related to advances and 587,924 RSD (31 December 2023: 466,357 RSD) to customer loyalty programme.

16. OTHER TAXES PAYABLE

	31 December 2024	31 December 2023
Mineral extraction tax	438,324	471,143
VAT	2,594,634	1,202,951
Excise tax	8,463,280	8,121,033
Contribution for State commodity reserves	348,084	625,507
Custom duties	73,717	28,928
Energy efficiency fee	39,876	72,972
Other taxes	1,181,438	1,056,917
	13,139,353	11,579,451

17. LONG-TERM DEBT

	31 December 2024	31 December 2023
Bank loans	65,159,107	65,223,168
Other Long-term borrowings	1,873,529	3,372
<i>Less Current portion (note 13)</i>	<i>(8,815,829)</i>	<i>(10,761,083)</i>
	58,216,807	54,465,457

Movements on the Company's bank loans are as follows:

	Year period ended 31 December	
	2024	2023
As at 1 January	65,223,168	67,738,184
Proceeds	12,055,365	3,380,401
Repayment	(11,935,482)	(5,825,461)
Non-cash transactions	(95,468)	20,343
Foreign exchange difference (note 23)	(88,476)	(90,299)
As at 31 December	65,159,107	65,223,168

Bank loans

	31 December 2024	31 December 2023
Domestic	49,852,704	48,366,114
Foreign	15,306,403	16,857,054
	65,159,107	65,223,168
Current portion of long-term debt	(8,815,829)	(10,761,083)
	56,343,278	54,462,085

The maturity of bank loans was as follows:

	31 December 2024	31 December 2023
Between 1 and 2 years	30,987,592	7,632,523
Between 2 and 5 years	24,567,096	45,494,977
Over 5 years	788,590	1,334,585
	56,343,278	54,462,085

The carrying amounts of bank loans are denominated in the following currencies:

	31 December 2024	31 December 2023
USD	-	30,298
EUR	65,159,107	65,163,377
JPY	-	29,493
	65,159,107	65,223,168

The Company repays loans in accordance with agreed dynamics, i.e. determined annuity plans. The Company has both fixed and floating interest rates with the creditors. Floating interest rates are connected with Euribor. Management expects that the Company will be able to fulfil its obligations within agreed timeframe.

The loan agreements contain financial covenants that require the Company's ratio of Indebtedness to EBITDA. Management believes the Company is in compliance with these covenants as of 31 December 2024 and 31 December 2023, respectively.

In November 2024, the Company raised funds from the Serbian financial market by, successfully placing it's corporate bonds. The corporate bonds are denominated in euro, with a fixed annual interest rate of 6,5%, maturity of five years and quarterly interest rate payment to the owner.

18. LEASE LIABILITIES

	31 December 2024	31 December 2023
Non-current lease liabilities	1,497,645	1,610,014
Current lease liabilities	488,755	522,002
	1,986,400	2,132,016

Amounts recognized in profit and loss:

	2024	Year ended 31 December 2023
Interest expense (included in finance cost) (note 25)	95,416	92,725
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	74,883	4,313
Expense relating to leases of low value assets that are not shown above as short-term leases	11,521	10,226
Expense relating to variable lease payments not included in lease liabilities	1,264,305	1,197,918

Movements on the Company's liabilities from lease activities are as follows:

	2024	Year ended 31 December 2023
As at 1 January	2,132,016	2,295,379
Repayment	(684,903)	(629,948)
Non-cash transactions	545,634	470,687
Foreign exchange difference (note 23)	(6,347)	(4,102)
As at 31 December	1,986,400	2,132,016

19. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities in the amount of 12,140,168 RSD (2023: 12,038,912 RSD) represents deferred consideration in the amount of 837,800 RSD (2023: 838,937 RSD) for O&G exploration project and liabilities for additional capital contribution associated with the new plant construction program in the amount of 11,302,368 RSD (2023: 11,199,975 RSD).

20. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Employee costs	1,186,259	1,212,769	4,392,571	4,217,476
Materials and supplies (other than O&G and petroleum products)	384,540	334,714	1,283,785	1,245,576
Repair and maintenance services	1,815,591	1,606,681	5,633,557	5,503,194
Electricity for resale	48,783	4,003,462	120,995	14,118,564
Electricity and utilities	2,470,765	2,496,461	9,202,359	8,507,113
Safety and security expense	310,064	225,819	767,838	665,818
Transportation services for production	388,360	415,972	1,565,051	1,421,506
Other	3,890,038	3,634,357	15,151,730	13,436,401
	10,494,400	13,930,235	38,117,886	49,115,648

Electricity for resale represents part of other nonproduction and nonmanufacturing cost.

Other expenses mainly relate to cost of other goods that have been sold at the petrol stations in the amount of 10,652,110 RSD (2023: 9,143,357 RSD).

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Employee costs	4,191,836	4,467,443	15,137,815	14,274,987
Commission and agency fees	1,431,567	1,539,919	5,538,681	5,278,196
Legal, audit and consulting services	919,393	846,546	2,215,134	1,968,498
Current repair cost	501,815	399,766	1,530,178	1,313,804
Costs on advertising and marketing	219,456	87,639	494,943	333,172
Rent expense	15,079	7,503	92,688	21,770
Business trips expense	93,317	90,811	335,305	265,742
Safety and security expense	343,046	272,797	1,085,320	909,302
Insurance expense	28,616	21,415	106,823	96,094
Transportation and storage	92,414	56,789	333,852	210,202
Allowance for doubtful accounts	(25,443)	(1,543)	(54,409)	8,684
Other	1,776,713	1,641,919	6,310,083	5,740,037
	9,587,809	9,431,004	33,126,413	30,420,488

22. OTHER INCOME (EXPENSES), NET

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Penalties	123,614	32,427	545,292	162,640
Provisions	(14,731)	(2,343)	(70,203)	(33,650)
Impairment (reversal) of non financial assets	68,657	(109,343)	47,383	(135,449)
Charity and social payments	(172,073)	(177,152)	(196,808)	(7,247,557)
Others	149,170	73,779	527,078	(88,963)
	154,637	(182,632)	852,742	(7,342,979)

Charity and social payments amounting to 196,808 RSD (2023: 7,247,557 RSD) mainly relate to donations for support projects in the field of education, social and health care.

23. NET FOREIGN EXCHANGE GAIN/(LOSS)

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Foreign exchange gain/(loss) on financing activities including:				
– foreign exchange gain (note 13,17,18,19)	89,839	64,320	261,008	223,601
– foreign exchange loss (note 13,17,18,19)	(40,111)	(49,537)	(151,039)	(118,736)
Net foreign exchange loss on operating activities	(185,818)	(30,300)	(831,794)	(224,860)
	(136,090)	(15,517)	(721,825)	(119,995)

24. FINANCE INCOME

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Interest on bank deposits	415,610	730,772	1,646,191	4,177,624
Gains/(losses) on restructuring of borrowings	(22,327)	28,877	95,469	46,217
Revaluation of equity investment at fair value - income	-	(29,375)	-	517,395
Dividend income	58,599	44,372	58,599	44,372
Interest income on loans issued	268,597	202,675	913,173	768,655
	720,479	977,321	2,713,432	5,554,263

25. FINANCE EXPENSES

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Interest expense	876,747	848,678	3,519,806	3,148,442
Losses/(gains) on restructuring of borrowings	(11,643)	4,406	-	20,438
Decommissioning provision: unwinding of the present value discount	39,604	36,604	150,623	145,922
Provision of trade and other non-current receivables: discount	13,335	(63,245)	89,477	7,299
Revaluation of equity investment at fair value - expense	29,685	-	118,273	-
<i>Less: amounts capitalised on qualifying assets</i>	<i>(20,525)</i>	<i>(17,041)</i>	<i>(80,335)</i>	<i>(61,023)</i>
	927,203	809,402	3,797,844	3,261,078

Interest expense includes expenses on lease liabilities in amount of 95,416 RSD for the year ended 31 December 2024 (92,725 RSD for the year ended 31 December 2023, accordingly) (note 18).

26. FAIR VALUE MEASUREMENT

The following assets are measured at fair value in the Interim Condensed Financial Statements: investment properties and financial investments classified as available for sale and other non-current financial asset and liabilities. The valuation techniques and inputs used in fair value measurements are on the same basis as disclosed in the Financial Statements as of 31 December 2023. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 31 December 2024 the carrying value of financial assets approximates their fair value.

27. CONTINGENCIES AND COMMITMENTS*Taxes*

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Company has paid all tax liabilities as of 31 December 2024.

Economic environment in the Republic of Serbia

The exacerbation of geopolitical situation as a result of further developments of the situation with Ukraine led to amplified volatility at commodity and financial markets. Frequent changes and tightening of sanctions may have and additional impact on the Company's operations.

Currently the Company is continuing the assessment of the new sanctions' impact on the Company's operations.

The Company has established internal procedures to ensure compliance with the sanctions requirements in the course of its business activities. The purpose is to eliminate risks and potential negative consequences for the Company that could result from a violation of requirements and restrictions imposed by international sanctions.

The management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and the management's current expectations and estimates could differ from actual results.

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Company's management recognised an environmental provision in the amount of 373,479 RSD (31 December 2023: 451,287 RSD).

The Company's Management believes that cash outflows related to provision will not be significantly higher than the ones already provided for. However, it is possible that these costs will increase significantly in the future, should the legislation become more restrictive.

Capital commitments

As of 31 December 2024 the Company has entered into contracts to purchase property, plant and equipment for 4,852,949 RSD (31 December 2023: 2,861,058 RSD).

There were no other material contingencies and commitments of the Company.

28. RELATED PARTY TRANSACTIONS

For the purpose of these Interim Condensed Financial Statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operational decision as defined by IAS 24 Related Party disclosure.

For the year ended 31 December 2024 and in the same period in 2023, the Company entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to sale of petroleum products and energy.

As at 31 December 2024 and 31 December 2023 the outstanding balances, net of impairment, with related parties were as follows:

As at 31 December 2024	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries and associates
Short-term financial assets	32,871,239	-	-
Trade and other receivables	10,213,376	-	50,532
Other current assets	1,919	-	540,205
Right-of-use assets	95,917	-	-
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	31,016,682	-	-
Long-term financial assets	7,123,387	-	-
Other non-current assets	39,898	-	-
Trade and other payables	(5,773,742)	-	(542,822)
Other current liabilities	(56,815)	-	(389)
Short-term debt	(2,400,033)	-	-
Current lease liabilities	(7,574)	-	-
Long-term debt	(1,171,459)	-	-
Non-current lease liabilities	(92,279)	-	-
Other non-current financial liabilities	(11,302,368)	-	-
	60,558,148	-	1,086,326

			Joint ventures, associates and parent's subsidiaries and associates
As at 31 December 2023	Subsidiaries	Parent company	
Short-term financial assets	23,726,803	-	-
Trade and other receivables	13,735,659	-	113,387
Other current assets	3,271	-	16,553
Right-of-use assets	75,408	-	-
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	31,016,682	-	-
Long-term financial assets	9,387,567	-	-
Other non-current assets	88,847	-	72,113
Trade and other payables	(7,017,861)	-	(774,636)
Other current liabilities	(98,543)	-	(442)
Short-term debt	(2,799,157)	-	-
Current lease liabilities	(6,029)	-	-
Non-current lease liabilities	(72,895)	-	-
Other non-current financial liabilities	(11,199,975)	-	-
	56,839,777	-	465,775

For the year ended 31 December 2024 and 31 December 2023 the following transaction occurred with related parties:

			Joint ventures, associates and parent's subsidiaries, and associates
	Subsidiaries	Parent company	
For the year ended 31 December 2024			
Revenues from sales of products and services	53,454,485	-	279,212
Expenses based on procurement of products and services	(23,269,805)	-	(3,576,553)
Other income (expenses), net	627,381	-	(338)
	30,812,061	-	(3,297,679)
	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
For the year ended 31 December 2023			
Revenues from sales of products and services	35,605,124	-	16,076,612
Expenses based on procurement of products and services	(16,883,568)	(5,218)	(15,998,947)
Other income (expenses), net	1,216,686	-	(40,779)
	19,938,242	(5,218)	36,886

Transactions with subsidiaries in Romania and Bulgaria

The companies are currently facing significant challenges in its operations in Bulgaria (DWS operations) and Romania (DWS and UPS operations), which are affecting the overall performance and future prospects in these markets. As a result, management is considering both the possibility of further development and the option of exit from these markets.

Given the current circumstances, the company is analysing the following options:

1. Potential for Further Development: This includes exploring opportunities to improve operational efficiency and identification of further business opportunities for development to address local market challenges.

2. Exit Strategy: In parallel, management is also considering the possibility of exiting these markets if the challenges persist or worsen, including assessing potential complete or partial sale of asset, closure, or other exit mechanisms.

A comprehensive review is ongoing to ensure that any decision taken will align with long-term strategic goals and shareholder interests. The outcome of these considerations will be disclosed as part of the regular reporting in the coming periods, depending on the final decisions taken.

29. EVENTS AFTER THE REPORTING DATE

Introduction of Sanctions by the United States of America (USA) on NIS a.d. Novi Sad

- On 10 January 2025, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury announced on its Specially Designated Nationals and Blocked Persons List (SDN List) that, as part of measures taken by OFAC under Section 11 of Executive Order 14024, dated 15 April 2021, related to the energy sector of the Russian Federation, the company NIS a.d. Novi Sad was added to the SDN List. This action places Naftna Industrija Srbije at risk of secondary sanctions if it conducts transactions with Gazprom Neft.

This listing represents a significant event after the balance sheet date, which may have a material impact on the company's operations.

- On 14 January 2025, the Belgrade Stock Exchange decided to impose a temporary suspension of trading in NIS a.d. Novi Sad shares, which will remain in effect until the resolution of the situation.

As of the date of approval of these Interim Condensed Financial Statements, the Company is unable to fully assess all potential financial and operational consequences of this event due to its complexity and the ongoing development of the situation.

The Company's management is conducting daily assessments of the impact of the sanctions on operations and is taking all necessary measures to ensure the sustainable operation of the Company.

All events occurring after the reporting date, from 31 December 2024 to 31 January 2025 when these Interim Condensed Financial Statements were approved, have been taken into account.

Interim condensed consolidated financial statements (unaudited)**Interim Condensed Consolidated Statement of Financial Position**

	Note	31 December 2024	31 December 2023
Assets		<i>(unaudited)</i>	
Current assets			
Cash and cash equivalents	4	40,736,335	21,484,271
Short-term financial assets	5	244,085	32,639,879
Trade and other receivables	6	32,328,970	33,432,827
Inventories	7	52,186,791	67,680,808
Current income tax prepayments		7,595,653	7,470,959
Other current assets	8	14,401,684	11,171,402
Assets classified as held for sale		14,432	56,605
Total current assets		147,507,950	173,936,751
Non-current assets			
Property, plant and equipment	9	336,961,139	308,217,345
Right-of-use assets	10	3,874,056	3,728,750
Investment property		1,514,935	1,514,920
Goodwill and other intangible assets		6,027,593	5,406,024
Investments in associates and joint ventures		2,623,087	2,729,005
Trade and other non-current receivables		826,117	669,618
Long-term financial assets		105,253	262,005
Deferred tax assets		4,102,378	3,245,067
Other non-current assets	11	3,507,398	7,001,095
Total non-current assets		359,541,956	332,773,829
Total assets		507,049,906	506,710,580
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	12	9,026,680	11,824,846
Current lease liabilities	17	934,141	924,031
Trade and other payables	13	21,969,434	20,703,916
Other current liabilities	14	13,423,380	14,093,357
Current income tax payable		13,609	-
Other taxes payable	15	14,353,823	12,961,786
Provisions for liabilities and charges		1,342,054	2,712,762
Total current liabilities		61,063,121	63,220,698
Non-current liabilities			
Long-term debt	16	57,215,677	54,612,097
Non-current lease liabilities	17	2,620,846	3,010,984
Other non-current financial liabilities		837,800	838,937
Deferred tax liabilities		3,682	-
Long-term trade and other payables		-	2,868
Provisions for liabilities and charges		14,752,819	13,937,343
Total non-current liabilities		75,430,824	72,402,229
Equity			
Share capital		81,530,200	81,530,200
Reserves		741,832	694,603
Retained earnings		288,538,150	288,345,242
Equity attributable to the Company's owners		370,810,182	370,570,045
Non-controlling interest		(254,221)	517,608
Total equity		370,555,961	371,087,653
Total liabilities and shareholder's equity		507,049,906	506,710,580

in 000 RSD

Interim Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Note	Three month period ended 31 December		Year ended 31 December	
		2024	2023	2024	2023
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		97,673,681	92,756,458	384,844,088	364,517,218
Other revenues		5,780,200	15,303,381	23,221,613	47,630,290
Total revenue from sales	3	103,453,881	108,059,839	408,065,701	412,147,508
Purchases of oil, gas and petroleum products		(67,916,399)	(67,468,811)	(270,807,527)	(240,327,970)
Production, manufacturing and cost of other sales	18	(13,148,440)	(16,884,635)	(47,558,140)	(55,101,217)
Selling, general and administrative expenses	19	(9,999,899)	(9,264,267)	(35,486,866)	(31,884,849)
Transportation expenses		(531,720)	(464,862)	(1,823,724)	(1,667,766)
Depreciation, depletion and amortization		(6,679,605)	(6,381,483)	(27,119,878)	(24,960,531)
Taxes other than income tax		(2,246,544)	(2,253,440)	(8,841,039)	(8,026,106)
Exploration expenses		-	(162,986)	(187)	(163,308)
Total operating expenses		(100,522,607)	(102,880,484)	(391,637,361)	(362,131,747)
Other income, net	20	178,966	8,725,525	539,690	1,248,307
Operating profit		3,110,240	13,904,880	16,968,030	51,264,068
Share of gain/(loss) of associates and joint ventures		435,137	32,501	(105,918)	(137,719)
Net foreign exchange gain/(loss)	21	(429,496)	95,047	(1,046,190)	(254,494)
Finance income	22	462,255	904,457	1,931,920	4,618,428
Finance expenses	23	(902,368)	(879,204)	(3,694,804)	(3,329,567)
Total other (expense)/income		(434,472)	152,801	(2,914,992)	896,648
Profit before income tax		2,675,768	14,057,681	14,053,038	52,160,716
Current income tax expense		(1,053,963)	(1,639,703)	(4,814,328)	(8,532,713)
Deferred tax income		408,623	4,353	840,727	564,513
Total income tax		(645,340)	(1,635,350)	(3,973,601)	(7,968,200)
Profit for the period		2,030,428	12,422,331	10,079,437	44,192,516
Other comprehensive income/(loss):					
Items that will not be reclassified to profit/(loss)					
Losses on remeasurements of defined benefit plans		(178,403)	(49,477)	(175,945)	(49,477)
Gain from investments in equity instruments		-	23	52	8,299
Revaluation of property, plant and equipment transferred to investment property		240	-	3,400	-
Items that may be subsequently reclassified to profit					
Currency translation differences		11,878	(3,846)	39,677	80,237
Other comprehensive income / (loss) for the period		(166,285)	(53,300)	(132,816)	39,059
Total comprehensive income for the period		1,864,143	12,369,031	9,946,621	44,231,575
Profit/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		2,289,133	12,642,237	10,844,835	44,667,130
- Non-controlling interest		(258,705)	(219,906)	(765,398)	(474,614)
Profit for the period		2,030,428	12,422,331	10,079,437	44,192,516
Total comprehensive income / (loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		2,129,279	12,587,632	10,718,450	44,704,884
- Non-controlling interest		(265,136)	(218,601)	(771,829)	(473,309)
Total comprehensive income for the period		1,864,143	12,369,031	9,946,621	44,231,575
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		14.04	77.53	66.51	273.93
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

in 000 RSD

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Year ended 31 December 2024 and 2023

(unaudited)	Equity attributable to the Company's owners					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2023	81,530,200	572,221	267,125,162	349,227,583	-	349,227,583
Profit for the period	-	-	44,667,130	44,667,130	(474,614)	44,192,516
Other comprehensive income/(loss)						
Gain from investments in equity instruments	-	8,299	-	8,299	-	8,299
Gains/(Losses) on remeasurements of defined benefit plans	-	-	(50,782)	(50,782)	1,305	(49,477)
Currency translation differences	-	80,237	-	80,237	-	80,237
Total comprehensive income/(loss) for the period	-	88,536	44,616,348	44,704,884	(473,309)	44,231,575
Acquisition of subsidiary	-	-	-	-	990,917	990,917
Dividend distribution	-	-	(23,364,925)	(23,364,925)	-	(23,364,925)
Disposal of investment in equity instruments	-	33,846	(33,846)	-	-	-
Other	-	-	2,503	2,503	-	2,503
Balance as at 31 December 2023	81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653

(unaudited)	Equity attributable to the Company's owners					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2024	81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653
Profit/(loss) for the period	-	-	10,844,835	10,844,835	(765,398)	10,079,437
Other comprehensive income/(loss)						
Losses on remeasurements of defined benefit plans	-	-	(169,514)	(169,514)	(6,431)	(175,945)
Gain from investments in equity instruments	-	52	-	52	-	52
Revaluation of property, plant and equipment transferred to investment property	-	3,400	-	3,400	-	3,400
Currency translation differences	-	39,677	-	39,677	-	39,677
Total comprehensive income/(loss) for the year	-	43,129	10,675,321	10,718,450	(771,829)	9,946,621
Dividend distribution	-	-	(10,478,261)	(10,478,261)	-	(10,478,261)
Other	-	4,100	(4,152)	(52)	-	(52)
Balance as at 31 December 2024	81,530,200	741,832	288,538,150	370,810,182	(254,221)	370,555,961

in 000 RSD

Interim Condensed Consolidated Statement of Cash Flows⁷⁶

	Note	2024	Year ended 31 December 2023
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before income tax		14,053,038	52,160,716
Adjustments for:			
Share of loss of associates and joint ventures		105,918	137,719
Finance expenses	23	3,694,804	3,329,567
Finance income	22	(1,931,920)	(4,618,428)
Unrealised foreign exchange (gain) losses, net		635,167	(217,838)
Depreciation, depletion and amortization		27,119,878	24,960,531
Gain from bargain purchase		-	(8,918,255)
Other non-cash items		22,207	1,449,603
Operating cash flow before changes in working capital		43,699,092	68,283,615
Changes in working capital:			
Trade and other receivables		1,180,535	2,880,679
Inventories		15,840,856	(2,210,875)
Other current assets		(3,288,385)	2,023,025
Trade payables and other current liabilities		7,175,036	(11,354,555)
Other taxes payable		1,378,293	(2,436,945)
Total effect on working capital changes		22,286,335	(11,098,671)
Income taxes paid		(4,944,656)	(29,870,559)
Interest paid		(3,302,313)	(2,709,244)
Interest received		3,238,079	3,378,477
Net cash generated by operating activities		60,976,537	27,983,618
Cash flows from investing activities			
Net cash inflow on acquisition of subsidiaries		-	568,307
Capital expenditures ⁷⁷		(60,281,791)	(43,363,331)
Proceeds from sale of property, plant and equipment		211,748	104,698
Dividends received		58,599	44,372
Bank deposits proceeds/(repayment), net		30,823,737	(24,351,012)
Other outflow		-	(14,999)
Net cash used in investing activities		(29,187,707)	(67,011,965)
Cash flows from financing activities			
Proceeds from borrowings	12,16	12,055,368	4,200,401
Repayment of borrowings	12,16	(12,755,484)	(7,133,141)
Repayment of lease liabilities	17	(1,206,983)	(1,025,957)
Dividends paid		(10,478,261)	(23,364,925)
Other inflows of cash	16	700,609	-
Net cash used in financing activities		(11,684,751)	(27,323,622)
Net increase/(decrease) in cash and cash equivalents		20,104,079	(66,351,969)
Effect of foreign exchange on cash and cash equivalents		(852,015)	(294,805)
Cash and cash equivalents as of the beginning of the period		21,484,271	88,131,045
Cash and cash equivalents as of the end of the period	4	40,736,335	21,484,271

in 000 RSD

⁷⁶ Group policy is to present cash flow inclusive of related VAT.⁷⁷ CF from investing activities includes VAT in the amount of 7,5 bln RSD (2023: 4,6 bln RSD)

*Notes to the Consolidated Financial Statements*⁷⁸

1. GENERAL INFORMATION

Open Joint Stock Company Naftna Industrija Srbije (the “Company”) and its subsidiaries (together refer to as the “Group”) is a vertically integrated oil company operating predominantly in Serbia. The Group’s principal activities include:

- Exploration, production and development of crude oil and gas,
- Production of refined petroleum products,
- Petroleum products and gas trading,
- Electricity generation and trading and
- Production and trading of petrochemical products.
- Other activities primarily include sales of other goods, works and services.
- The Company is a public joint stock company listed on the Belgrade Stock Exchange.

These Interim Condensed Consolidated Financial Statements have been approved and authorized for issue by Chief Executive Officer and will be presented to Board of Directors for approval.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

The Group maintains its books and records in accordance with accounting and taxation principles and practices mandated by legislation in the countries in which it operates (primarily Serbian). The accompanying Interim Condensed Consolidated Financial Statements were primarily derived from the Group’s statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards (IFRS).

The Interim Condensed Consolidated Financial Statements have been prepared based on the going concern principle, which assumes that the Group will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, management reviews forecasts of future cash inflows. Based on these reviews, management believes that the Group will be able to continue to operate as a going concern in the foreseeable future (refer to note 2.3. Implication of imposed US Sanctions) and, therefore, this principle should be applied in the preparation of these Interim Condensed Consolidated Financial Statements.

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard **IAS 34 Interim Financial Reporting**. IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

Quarterly financial reports are prepared in accordance with the requirements of the Law on the Capital Market and the Rulebook on Reporting of Public Companies.

The amendments to existing standards which became effective on January 1, 2024 did not have a material impact on the Condensed Interim Consolidated Financial Statements.

The Group plans to apply the new IFRS 18 Presentation and Disclosures in Financial Statements, as well as amendments to existing standards adopted but not effective at the date of issue of these Condensed Interim Consolidated Financial Statements, when they become effective. The Group does not expect the amendments to existing standards to have a material impact on the Condensed Interim Consolidated Financial Statements. In relation to the new standard, which will become effective from 1 January 2027 and will replace IAS 1 Presentation of Financial Statements, the Group is currently assessing its impact on the Consolidated Financial Statements.

The Group does not disclose information which would substantially duplicate the disclosures contained in its audited Consolidated Financial Statements for 2023, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Group believes that the disclosures in these Interim Condensed Consolidated Financial Statements are adequate to make the information presented not misleading if these Interim

⁷⁸ All amounts are in 000 RSD, unless otherwise stated.

Condensed Consolidated Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2023.

In the 2024 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and depreciated to USD (the information on economic environment in the Republic Serbia is detailed in Note 26) due to geopolitical situation. Under current conditions it turned out to be impossible to evaluate how long the volatility will remain and at what level the key financial indicators will ultimately stabilise.

The Group continues monitoring the development of macroeconomic situation and emergence of possibility to make evaluation of the indicators mentioned above with reasonable certainty.

The Group as a whole is not subject to significant seasonal fluctuations.

2.2. Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Consolidated Financial Statements are consistent with those applied during the preparation of Consolidated Financial Statements as of and for the year ended 31 December 2023.

2.3. Implication of imposed US Sanctions

On 10 January 2025 Group was included on the US Treasury Specially Designated Nationals and Blocked Persons (SDN) List. This designation imposes prohibitions on transactions by US persons or entities with Group. Additionally, the designation may trigger secondary sanctions for non-US entities that engage in certain types of transactions with Group starting from sanction issuance date.

Management has conducted an assessment of the potential implications of these sanctions. However, due to the inherent uncertainties surrounding:

- The scope and enforcement of the sanctions,
- Their durations, and
- The evolving geopolitical and economic environment

The full impact of the Group's financial position, operations, and performance remains unclear.

As a result, no adjustment have been recognised in these Interim Condensed Consolidated Financial Statements for the reporting period ended 31 December 2024. This includes any impairments, provisions or changes in estimates related to the sanctions.

Although no adjustments have been made, management has identified the following areas where sanctions could have a material impact in the future:

1. **Financial transactions:** restricted access to US dollar transactions and potential limitations on dealings with international financial institutions.
2. **Business relationship:** Potential disruption to relationship with key suppliers, customers, and partners who may be reluctant to engage with Group due to sanctions compliance.
3. **Revenue and Profitability:** A reduction in revenue if trade activities are constrained or contracts with international counterparties are terminated.
4. **Operational challenges:** Potential delays or additional costs related to supply chain disruptions and sourcing of critical inputs (crude oil, critical equipment etc.)

Management of the Group is actively monitoring these restrictions and is exploring alternative solutions to mitigate any potential adverse effects on its operations and financial performance.

Working group has been formed, involving all key shareholders of the Group, to explore possible solutions aimed at eliminating or reducing the impact of the imposed sanctions while ensuring the long-term sustainability of the Group's operations as priority.

Management of the Group has assessed the Group ability to continue as a going concern and concluded that, at the reporting date, there are no material uncertainties that would cast significant doubt on the Group ability to meet its obligations. However, the evolving situation may materially affect future results and financial position.

3. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the year ended 31 December 2024 and 2023. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Group manages its operations in 2 operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Group operations: exploration, development and production of crude oil and natural gas and oil field services. Downstream segment (refining and marketing) processes crude oil into refined products and purchases, sells and transports crude and refined petroleum products. Corporate centre, Energy business activities and petrochemical production are presented within the Downstream segment.

Eliminations and other adjustments section encompasses elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products, and other adjustments. Intersegment revenues are based upon estimated market prices.

EBITDA represents the Group's EBITDA. Management believes that EBITDA represents useful means of assessing the performance of the Group's on-going operating activities, as it reflects the Group's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortization, finance income (expenses) net and other non-operating income (expenses). EBITDA is a supplemental non-IFRS financial measure used by management to evaluate operations.

Reportable segment results for the year ended 31 December 2024 are shown in the table below:

	DWS				
	Upstream	Downstream	Petrochemical	Eliminations	Total
Segment revenue	60,423,522	382,496,197	22,533,987	(57,388,005)	408,065,701
Intersegment	54,251,818	3,136,187	-	(57,388,005)	-
External	6,171,704	379,360,010	22,533,987	-	408,065,701
Adjusted EBITDA (Segment results)	39,958,580	11,673,855	(7,239,884)	-	44,392,551
Depreciation, depletion and amortization	(14,770,001)	(11,604,570)	(745,307)	-	(27,119,878)
Share of loss in associates and joint ventures	-	(105,918)	-	-	(105,918)
Net foreign exchange loss	(456,252)	(567,122)	(22,816)	-	(1,046,190)
Finance (expenses)/income, net	(582,227)	(1,240,111)	59,454	-	(1,762,884)
Income tax	(421,538)	(3,594,467)	42,404	-	(3,973,601)
Segment profit	23,360,123	(5,626,705)	(7,653,981)	-	10,079,437

Reportable segment results for the year ended 31 December 2023 are shown in the table below:

	DWS				
	Upstream	Downstream	Petrochemical	Eliminations	Total
Segment revenue	51,106,744	402,142,109	12,058,423	(53,159,768)	412,147,508
Intersegment	50,179,631	2,980,137	-	(53,159,768)	-
External	927,113	399,161,972	12,058,423	-	412,147,508
Adjusted EBITDA (Segment results)	34,150,299	38,791,513	(4,890,320)	-	68,051,492
Depreciation, depletion and amortization	(14,345,495)	(10,504,115)	(110,921)	-	(24,960,531)
Share of loss in associates and joint ventures	-	(137,719)	-	-	(137,719)
Net foreign exchange loss	(86,755)	(158,866)	(8,873)	-	(254,494)
Finance (expenses) income, net	(414,697)	1,439,613	263,945	-	1,288,861
Income tax	(13,304)	(7,954,896)	-	-	(7,968,200)
Segment profit	18,946,894	29,991,762	(4,746,140)	-	44,192,516

Adjusted EBITDA for the three month period and year ended 31 December 2024 and 2023 is reconciled below:

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Profit for the period	2,030,428	12,422,331	10,079,437	44,192,516
Income tax	645,340	1,635,350	3,973,601	7,968,200
Finance expenses	902,368	879,204	3,694,804	3,329,567
Finance income	(462,255)	(904,457)	(1,931,920)	(4,618,428)
Depreciation, depletion and amortization	6,679,605	6,381,483	27,119,878	24,960,531
Share of (profit)/loss of associates and joint ventures	(435,137)	(32,501)	105,918	137,719
Net foreign exchange (gain)/loss	429,496	(95,047)	1,046,190	254,494
Other income, net	(178,966)	(8,725,525)	(539,690)	(1,248,307)
Other non-operating expense/(income), net*	285,725	(24,512)	844,333	(6,924,800)
Adjusted EBITDA	9,896,604	11,536,326	44,392,551	68,051,492

*Other non-operating expense/(income), net mainly relates to penalties and excess and deficiencies of assets revealed (for 2023 mainly relates to donations for support projects in the field of education, social and health care, excess and deficiencies of assets revealed, fines, penalties and other (note 20).

Oil, gas, petroleum and petrochemical products sales, sales of electricity, lease revenue and other sales comprise the following:

	Year ended 31 December	
	2024	2023
Sale of crude oil	5,368,026	-
Sale of gas	191,771	171,880
<i>Wholesale activities</i>	191,771	171,880
Sale of petroleum products	356,876,855	364,345,338
<i>Through a retail network</i>	123,243,400	128,471,691
<i>Wholesale activities</i>	233,633,455	235,873,647
Sales of petrochemical products	22,407,436	11,934,525
Sale of electricity	1,042,327	15,529,018
Lease revenue	359,802	368,495
Other sales	21,819,484	19,798,252
Total sales	408,065,701	412,147,508

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 16,114,987 RSD (2023: 14,077,617 RSD).

All performance obligations related to customers are satisfied at point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation.

4. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in bank and in hand	10,853,600	11,739,845
Deposits with original maturity of less than three months	29,878,687	9,734,451
Cash held on escrow account	252	4,729
Cash equivalents	3,796	5,246
	40,736,335	21,484,271

The fair value of cash and cash equivalents approximates their carrying value.

5. SHORT-TERM FINANCIAL ASSETS

	31 December 2024	31 December 2023
Short-term loans	31,328	34,215
Deposits with original maturity more than 3 months less than 1 year	214,937	32,607,844
<i>Less impairment loss provision</i>	(2,180)	(2,180)
	244,085	32,639,879

The fair value of short-term financial assets approximates their carrying value.

6. TRADE AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables	39,722,066	41,108,308
Other receivables	92,455	86,077
<i>Less impairment provision for trade receivables</i>	(7,457,724)	(7,730,975)
<i>Less impairment provision for other receivables</i>	(27,827)	(30,583)
	32,328,970	33,432,827

The Management of the Group regularly assesses the credit quality of trade and other receivables taking into account analysis of ageing profile of receivables and duration of relationships with the Group.

Management believes that not impaired trade and other receivables and other current assets are fully recoverable.

The carrying amounts of the Group's trade and other receivables are mostly denominated in RSD.

7. INVENTORIES

	31 December 2024	31 December 2023
Crude oil	20,006,952	32,398,731
Petroleum products	25,577,057	29,073,971
Materials and supplies	10,035,547	10,338,729
Other	1,697,901	1,622,606
<i>Less impairment provision</i>	(5,130,666)	(5,753,229)
	52,186,791	67,680,808

8. OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid	1,868,542	1,801,551
VAT receivables	380,208	667,468
Deferred VAT	4,115,321	3,450,155
Prepaid expenses	491,889	334,025
Prepaid custom duties	76,332	68,247
Prepaid excise	6,724,022	4,305,367
Other current assets	8,262,099	8,074,069
<i>Less impairment provision</i>	(7,516,729)	(7,529,480)
	14,401,684	11,171,402

Deferred VAT as at 31 December 2024 amounting to 4,115,321 RSD (31 December 2023: 3,450,155 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 31 December 2024 amounting to 6,724,022 RSD (31 December 2023: 4,305,367 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2024						
Cost	252,630,090	175,629,205	78,033,327	18,056,185	36,977,722	561,326,529
Depreciation and impairment	(110,571,668)	(87,506,665)	(41,309,913)	(10,475,958)	(3,244,980)	(253,109,184)
Net book value	142,058,422	88,122,540	36,723,414	7,580,227	33,732,742	308,217,345
Period ended 31 December 2024						
Additions	24,273,215	18,485,610	7,277,357	804,038	3,488,875	54,329,095
Changes in decommissioning obligations	662,734	-	-	-	-	662,734
Impairment effect, net	-	-	-	(2,922)	176,119	173,197
Depreciation	(14,057,728)	(8,901,654)	(2,357,406)	(441,521)	-	(25,758,309)
Transfer to intangible assets	-	-	-	-	(280)	(280)
Transfer (to)/from investment property	(13)	-	2,313	(12,732)	-	(10,432)
Transfer to non-current assets held for sale	-	-	-	12,052	(200,000)	(187,948)
Disposals and write-off	(35,634)	(36,289)	(71,299)	(16,622)	(1,069)	(160,913)
Other transfers	(1,641)	(4,204)	19,616	(8,780)	(264,056)	(259,065)
Translation differences	(7,880)	-	(17,106)	-	(19,299)	(44,285)
	152,891,475	97,666,003	41,576,889	7,913,740	36,913,032	336,961,139
As at 31 December 2024						
Cost	277,691,675	194,333,472	84,541,594	18,249,989	37,716,023	612,532,753
Depreciation and impairment	(124,800,200)	(96,667,469)	(42,964,705)	(10,336,249)	(802,991)	(275,571,614)
Net book value	152,891,475	97,666,003	41,576,889	7,913,740	36,913,032	336,961,139

10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the year ended 31 December 2024 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2024	108,780	1,344,646	229,288	2,046,036	3,728,750
Additions	13,794	166,604	206,573	759,104	1,146,075
Depreciation	(10,111)	(241,263)	(150,835)	(373,027)	(775,236)
Transfers	-	(5,963)	-	-	(5,963)
Disposals	-	-	(1,548)	(216,925)	(218,473)
Foreign currency translation	(242)	(774)	(48)	(33)	(1,097)
As at 31 December 2024	112,221	1,263,250	283,430	2,215,155	3,874,056

11. OTHER NON-CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid for PPE	3,033,702	6,749,277
Prepaid expenses	76,833	104,566
Other assets	911,737	952,700
<i>Less allowance of other assets</i>	(282,135)	(287,549)
<i>Less allowance for advances paid</i>	(232,739)	(517,899)
	3,507,398	7,001,095

12. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	31 December 2024	31 December 2023
Short-term loans	-	820,000
Interest payables	210,851	243,592
Other Short-term financial liabilities	-	171
Current portion of long-term loans (note 16)	8,815,829	10,761,083
	9,026,680	11,824,846

Movements on the Group's liabilities from short-term finance activities are as follows:

	2024	Year ended 31 December 2023
Short-term loans at 1 January	820,000	1,308,145
Proceeds	-	820,000
Repayment	(820,000)	(1,307,509)
Foreign exchange difference (note 21)	-	(636)
Short-term loans at 31 December	-	820,000

13. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade payables	18,141,740	16,880,398
Dividends payable	3,783,398	3,783,595
Other accounts payable	44,296	39,923
	21,969,434	20,703,916

14. OTHER CURRENT LIABILITIES

	31 December 2024	31 December 2023
Contract liabilities arising from contracts with customers:		
– Advances received	5,462,225	5,136,000
– Customer loyalty	1,032,331	926,279
– Deferred income	115,376	88,916
Payables to employees	6,517,437	6,008,721
Other current non-financial liabilities	296,011	1,933,441
	13,423,380	14,093,357

Revenue in the amount of 5,326,324 RSD was recognized in the current reporting period (31 December 2023: 8,004,503 RSD) related to the contract liabilities as at 1 January 2024, of which 4,586,279 RSD (31 December 2023: 7,473,198 RSD) related to advances and 650,045 RSD (31 December 2023: 531,305 RSD) to customer loyalty programme.

15. OTHER TAXES PAYABLE

	31 December 2024	31 December 2023
Mineral extraction tax	445,228	483,058
VAT	2,913,503	1,771,559
Excise tax	8,614,381	8,264,105
Contribution for State commodity reserves	348,237	625,507
Custom duties	86,287	61,075
Energy efficiency fee	45,956	73,968
Other taxes	1,900,231	1,682,514
	14,353,823	12,961,786

16. LONG-TERM DEBT

	31 December 2024	31 December 2023
Bank loans	65,159,107	65,223,168
Other long-term borrowings	872,399	150,012
Less Current portion (note 12)	(8,815,829)	(10,761,083)
	57,215,677	54,612,097

Movements on the Group's liabilities from bank loans are as follows:

	2024	Year ended 31 December 2023
Long-term loans at 1 January	65,223,168	67,738,184
Proceeds	12,055,368	3,380,401
Repayment	(11,935,484)	(5,825,632)
Non-cash transactions	(95,469)	20,343
Foreign exchange difference (note 21)	(88,476)	(90,128)
Long-term loans at 31 December	65,159,107	65,223,168

Bank loans

	31 December 2024	31 December 2023
Domestic	49,852,704	48,366,114
Foreign	15,306,403	16,857,054
	65,159,107	65,223,168
Current portion of long-term loans	(8,815,829)	(10,761,083)
	56,343,278	54,462,085

The maturity of bank loans was as follows:

	31 December 2024	31 December 2023
Between 1 and 2 years	30,987,592	7,632,523
Between 2 and 5 years	24,567,096	45,494,977
Over 5 years	788,590	1,334,585
	56,343,278	54,462,085

The carrying amounts of bank loans are denominated in the following currencies:

	31 December 2024	31 December 2023
USD	-	30,298
EUR	65,159,107	65,163,377
JPY	-	29,493
	65,159,107	65,223,168

The Group repays loans in accordance with agreed dynamics, i.e. determined annuity plans. The Group has both fixed and floating interest rates with the creditors. Floating interest rates are connected with Euribor. Management expects that the Group will be able to fulfil its obligations within agreed timeframe.

The loan agreements contain financial covenants that require the Group's ratio of Consolidated Indebtedness to Consolidated EBITDA. Management believes the Group is in compliance with these covenants as of 31 December 2024 and 31 December 2023, respectively.

In November 2024 the Group raised funds from the Serbian financial market, by successfully placing its corporate bonds. The corporate bonds are denominated in euro, with fixed annual interest rate of 6,5%, maturity date of five years and quarterly interest cupone rate payment to the owner.

17. LEASE LIABILITIES

	31 December 2024	31 December 2023
Non-current lease liabilities	2,620,846	3,010,984
Current lease liabilities	934,141	924,031
	3,554,987	3,935,015

Amounts recognized in profit and loss:

	2024	Year ended 31 December 2023
Interest expense (included in finance cost) (note 23)	167,022	160,516
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	165,546	103,413
Expense relating to leases of low value assets that are not shown above as short-term leases	102,859	51,477
Expense relating to variable lease payments not included in lease liabilities	2,592,014	2,304,661

Movements on the Group's liabilities from lease activities are as follows:

	2024	Year ended 31 December 2023
As at 1 January	3,935,015	3,149,589
Repayment	(1,206,983)	(1,025,957)
Company incoming to consolidation	-	883,328
Non-cash transactions	836,184	938,612
Foreign exchange difference (note 21)	(9,229)	(10,557)
As at 31 December	3,554,987	3,935,015

18. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Employee costs	3,778,142	3,981,195	14,217,546	12,373,188
Materials and supplies (other than O&G and petroleum products)	1,127,012	969,650	3,851,850	3,479,421
Repair and maintenance services	1,720,935	1,425,658	6,284,848	4,084,089
Electricity for resale	49,728	4,003,938	123,600	14,121,674
Electricity and utilities	4,421,213	4,475,873	16,752,922	13,224,738
Safety and security expense	247,009	158,507	495,188	532,093
Transportation services for production	163,727	212,503	648,773	769,863
Other	1,640,674	1,657,311	5,183,413	6,516,151
	13,148,440	16,884,635	47,558,140	55,101,217

Electricity for resale represents par of other nonproduction and nonmanufacturing cost.

19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Employee costs	6,349,775	5,971,650	23,372,832	20,709,654
Commission and agency fees	184,787	176,663	734,801	741,677
Legal, audit and consulting services	371,223	365,845	982,637	944,291
Current repair cost	515,427	392,834	1,576,475	1,351,598
Costs on advertising and marketing	226,967	96,800	531,798	373,572
Rent expense	23,974	11,477	127,773	60,157
Business trips expense	147,460	110,633	434,813	309,100
Safety and security expense	396,289	297,341	1,267,296	986,916
Insurance expense	39,515	22,930	144,896	101,102
Transportation and storage	85,093	67,153	314,607	247,642
Allowance for doubtful accounts	(34,388)	17,745	(326,724)	39,582
Other	1,693,777	1,733,196	6,325,662	6,019,558
	9,999,899	9,264,267	35,486,866	31,884,849

20. OTHER INCOME, NET

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Penalties	130,812	40,056	562,544	176,798
Provisions (legal, environmental, etc.)	(91,473)	10,377	(489,470)	(282,569)
Impairment of non-financial assets	182,980	(109,332)	160,492	(135,289)
Gain from write-off of accounts payable	18,850	53,826	275,137	59,344
ARO - Change in estimate	87,194	42,185	87,194	47,378
Charity and social payments	(172,073)	(177,751)	(197,078)	(7,248,576)
Gain from bargain purchase	-	8,918,255	-	8,918,255
Other	22,676	(52,091)	140,871	(287,034)
	178,966	8,725,525	539,690	1,248,307

Charity and social payments amounting to 197,078 RSD (2023: 7,248,576 RSD) mainly relate to donations for support projects in the field of education, social and health care.

21. NET FOREIGN EXCHANGE GAIN/(LOSS)

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Foreign exchange gain/(loss) on financing activities including:				
foreign exchange gain (note 12, 16 and 17)	117,837	81,180	368,983	365,233
foreign exchange loss (note 12, 16 and 17)	(73,353)	(68,584)	(271,278)	(263,912)
Net foreign exchange gain/(loss) on operating activities	(473,980)	82,451	(1,143,895)	(355,815)
	(429,496)	95,047	(1,046,190)	(254,494)

22. FINANCE INCOME

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Interest on bank deposits	422,883	857,761	1,766,480	4,563,096
Interest income on loans issued	3,100	2,324	11,372	10,960
Dividend income	58,599	44,372	58,599	44,372
Gains on restructuring of borrowings	(22,327)	-	95,469	-
	462,255	904,457	1,931,920	4,618,428

23. FINANCE EXPENSES

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Interest expense	906,953	914,231	3,628,856	3,213,860
Losses on restructuring of borrowings	(11,643)	4,406	-	20,438
Decommissioning provision: unwinding of the present value discount	41,498	42,296	155,628	154,128
Provision of trade and other non-current receivables: discount	(18,267)	(63,245)	(9,345)	7,299
<i>Less: amounts capitalised on qualifying assets</i>	(16,173)	(18,484)	(80,335)	(66,158)
	902,368	879,204	3,694,804	3,329,567

Interest expense includes expenses on lease liabilities in the amount of 167,022 RSD for the year ended 31 December 2024 (160,516 RSD for the year ended 31 December 2023 accordingly) (Note 17).

24. FAIR VALUE MEASUREMENT

The following assets are measured at fair value in the Interim Condensed Consolidated Financial Statements: investment properties, financial investments classified as available for sale and other non-current financial asset and liabilities. The valuation techniques and inputs used in fair value measurements are on the same basis as disclosed in the Consolidated Financial Statements as of 31 December 2023. There were no transfers between the levels of the fair value hierarchy during 2024.

As of 31 December 2024 the carrying value of financial assets approximates their fair value.

25. BUSINESS COMBINATIONS

In the previous year, the Group completed a business combination involving the acquisition of HIP Petrohemija doo Pančevo. This acquisition was carried out in accordance with the Strategic Partnership Agreement signed on December 24, 2021, between the Government of the Republic of Serbia, NIS a.d. Novi Sad, and HIP Petrohemija doo Pančevo. On June 9, 2023, the Group acquired control of HIP Petrohemija, increasing its shareholding from 20.86% to 90%. As part of the transaction, the Group committed to an additional capital increase of 17,591,055 RSD (150 million EUR), which will be allocated to the construction of a polypropylene production plant with an annual capacity of at least 140,000 tons over the next six years. Total identifiable net assets at fair value acquired in the acquisition amounted to RSD 9,909,172, with the bargain purchased acquired in the amount of RSD 8,918,255. The details of this transaction were disclosed in the prior year's financial statements, including its impact on the Group's financial position and performance.

In the current year, no business combinations were undertaken. This absence reflects the Group's focus on the integration of previously acquired businesses and the continued development of its operations.

26. CONTINGENCIES AND COMMITMENTS

Taxes

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2024.

Economic environment in the Republic of Serbia

The exacerbation of geopolitical situation as a result of further developments of the situation with Ukraine led to amplified volatility at commodity and financial markets. It is not possible to determine how long this increased volatility will last. A number of sanctions have been announced to restrict Russian entities operations and in such a situation, this could further impact the Group operations.

Currently the Group is continuing the assessment of the new sanctions' impact on the Group's operations.

The management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and the management's current expectations and estimates could differ from actual results.

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 385,751 RSD (31 December 2023: 466,555 RSD).

The Group's Management believes that cash outflows related to provision will not be significantly higher than the ones already provided for. However, it is possible that these costs will increase significantly in the future, should the legislation become more restrictive.

Capital commitments

As of 31 December 2024 the Group has entered into contracts to purchase property, plant and equipment 4,852,949 RSD (31 December 2023: 2,861,058 RSD) and drilling and exploration works estimated to 89.43 USD million (31 December 2023: 89.78 USD million).

There were no other material commitments and contingent liabilities of the Group.

27. GROUP STRUCTURE

Material subsidiaries

The consolidated financial statements of below listed subsidiaries are consolidated as at 31 December 2024 and 31 December 2023:

Subsidiary	Country of incorporation	Nature of Business	Share %	
			31-Dec 2024	31-Dec 2023
NIS Petrol d.o.o., Banja Luka	Bosnia and Herzegovina	Trade	100	100
NIS Petrol e.o.o.d., Sofija	Bulgaria	Trade	100	100
NIS Petrol SRL, Bucharest	Romania	Trade	100	100
NIS Petrol a.d., Belgrade	Serbia	Other	100	100
Naftagas-Naftni servisi d.o.o., Novi Sad	Serbia	O&G activity	100	100
NTC NIS-Naftagas d.o.o., Novi Sad	Serbia	O&G activity	100	100
Naftagas-Tehnicki servisi d.o.o., Zrenjanin	Serbia	O&G activity	100	100
NIS MTO d.o.o., Belgrade	Serbia	Other	100	100
G Petrol d.o.o. Sarajevo	Bosnia and Herzegovina	Trade	100	100
Jadran - Naftagas d.o.o., Banja Luka	Bosnia and Herzegovina	O&G activity	100	100
HIP Petrohemija d.o.o., Pančevo	Serbia	Petrochemical	90	90

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The immediate and ultimate holding company of the Group is PJSC Gazprom. In relation to the company Gazprom, NIS is a member of the Gazprom Group on the grounds that legal entities (included in one group of entities), by virtue of their joint participation, have more than fifty percent of the total number of votes attributable to voting shares in the authorized capital of the Company.

Operations in Bulgaria and Romania

The Group is currently facing significant challenges in its operations in Bulgaria (DWS operations) and Romania (DWS and UPS operations), which are affecting the overall performance and future prospects in these markets. As a result, management is considering both the possibility of further development and the option of exit from these markets.

Given the current circumstances, the company is analysing the following options:

1. **Potential for Further Development:** This includes exploring opportunities to improve operational efficiency and identification of further business opportunities for development to address local market challenges.
2. **Exit Strategy:** In parallel, management is also considering the possibility of exiting these markets if the challenges persist or worsen, including assessing potential complete or partial sale of asset, closure, or other exit mechanisms.

A comprehensive review is ongoing to ensure that any decision taken will align with the Group long-term strategic goals and shareholder interests. The outcome of these considerations will be disclosed as part of the Group regular reporting in the coming periods, depending on the final decisions taken.

28. RELATED PARTY TRANSACTIONS

For the purpose of these Consolidated Financial Statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operational decision as defined by IAS 24 Related Party disclosure.

In the year ended 31 December 2024 and in the same period in 2023, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

As at 31 December 2024 and 31 December 2023 the outstanding balances, presented net of impairment, with related parties were as follows:

	Parent company	Parent's subsidiaries and associates	Associates and joint venture
As at 31 December 2024			
Short-term financial assets	-	29,309	-
Trade and other receivables	-	262,268	51,017
Investments in joint venture and associates	-	-	2,623,087
Trade and other non-current receivables	-	-	826,117
Other current assets	-	70,492	469,713
Trade and other payables	-	(166,304)	(510,158)
Other current liabilities	-	(117)	(389)
	-	195,648	3,459,387
As at 31 December 2023			
Short-term financial assets	-	32,196	-
Trade and other receivables	-	231,618	84,568
Investments in joint venture and associates	-	-	2,729,005
Trade and other non-current receivables	-	-	669,618
Other current assets	-	16,917	-
Other non-current assets	-	72,113	-
Trade and other payables	-	(172,009)	(667,586)
Other current liabilities	-	(127)	(433)
	-	180,708	2,815,172

For the year ended 31 December 2024 and 2023 the following transaction occurred with related parties:

	Parent	Parent's subsidiaries and associates	Associates and joint venture
Year ended 31 December 2024			
Revenues from sales of products and services	-	293,246	283,561
Expenses based on procurement of products and services	-	(907,617)	(2,788,722)
Other income/(expenses), net	-	3,834	(19,067)
	-	(610,537)	(2,524,228)
Year ended 31 December 2023			
Revenues from sales of products and services	-	753,874	15,627,031
Expenses based on procurement of products and services	(5,218)	(1,493,155)	(14,611,811)
Other expenses, net	-	(43,650)	(61,936)
	(5,218)	(782,931)	953,284

29. EVENTS AFTER THE REPORTING DATE

Introduction of Sanctions by the United States of America (USA) on NIS a.d. Novi Sad

On January 10, 2025, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury announced on its Specially Designated Nationals and Blocked Persons List (SDN List) that, as part of measures taken by OFAC under Section 11 of Executive Order 14024, dated April 15, 2021, related to the energy sector of the Russian Federation, the company NIS a.d. Novi Sad was added to the SDN List. This action places Naftna Industrija Srbije at risk of secondary sanctions if it conducts transactions with Gazprom Neft.

This listing represents a significant event after the balance sheet date, which may have a material impact on the company's operations.

- On January 14, 2025, the Belgrade Stock Exchange decided to impose a temporary suspension of trading in NIS a.d. Novi Sad shares, which will remain in effect until the resolution of the situation.

As of the date of approval of these consolidated financial statements, the company is unable to fully assess all potential financial and operational consequences of this event due to its complexity and the ongoing development of the situation.

The company's management is conducting daily assessments of the impact of the sanctions on operations and is taking all necessary measures to ensure the sustainable operation of the Group.

All events occurring after the reporting date, from 31 December 2024 to 31 January 2025, when these Interim Condensed Consolidated Financial Statements were approved, have been taken into account.

Statement of individuals responsible for the preparation of report

We hereby declare that, to the best of our knowledge, the quarterly report has been prepared in accordance with applicable accounting standards and that it provides a true and objective overview of data on assets, liabilities, profits and losses, revenues and expenditures, the financial position of the Company, including all companies included in the group with which it forms an economic entity, and that the quarterly management report contains an objective overview of the information required in accordance with the Law on the Capital Market.

The financial statements, which are an integral part of the Quarterly Report, have not been audited.

Anton Cherepanov



Deputy CEO,
Head of Function for Finance, Economics,
Planning and Accounting
NIS j.s.c. Novi Sad

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Glossary

Abbreviation	Meaning
3D	Three-dimensional
2D	Two-dimensional
a.d.o.	Insurance joint stock company
B&H	Bosnia and Herzegovina
bn	billion
BoD	Board of Directors
BV	Book Value
BDP phase	<i>Performance-based design</i> phase
CAPEX	Capital Expenditures
CCPP	Combined-Cycle Power Plant
CNG	Compressed natural gas
CO ₂	Carbon Dioxide
DWS	Downstream
EBITDA	Earnings before interest, Taxes, depreciation and amortisation
e.o.o.d.	Solely owned limited liability company (in Bulgaria)
EPS	Earnings per share
ETBE	Ethyl tertiary-butyl ether
EU	European Union
EUR	Euro
FED	The Federal Reserve System
HiPACT	High Pressure Acid Gas Capture Technology
HR	Human Resources
HSE	Health, Safety and the Environment
IRMS	Integrated Risk Management System
ISCC	International Sustainability & Carbon Certification
IT	Information Technology
j.s.c. or JSC	Joint Stock Company
km	kilometre
LLC or llc	Limited Liability Company
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency
m ²	Square meter
m ³	Cubic meter
MW	Megawatt, SI unit of electricity
OECD	The Organization for Economic Cooperation and Development
OCF	Operating Cash Flow
OPEC	Organization of the Petroleum Exporting Countries
OPEX	Operational Expenditure
PJSC	Public Joint Stock Company
POS	Point of sale
P/BV	Price/Book Value
P/E	Price/EPS
RSD	Serbian Dinar
SNNP	Sa nama na putu cart (On the road with us card)
s.r.l.	Limited liability company (in Romania)
STC	Scientific and Technological Centre

Abbreviation	Meaning
t.o.e.	Tonnes of oil equivalent
USD	US dollar
USD/bbl	US dollars per barrel
VAT	Value Added Tax

The Report contains statements on uncertain future events. Statements on uncertain future events involve statements which are not historical facts, statements with regard to the NIS Group's intentions, beliefs or current expectations related to, inter alia, the NIS Group's business results, financial standing and liquidity, prospects, growth, strategies and industrial sectors in which the NIS Group does business. For the reason that they relate to the events and depend on the circumstances which may or may not realize in the future, statements on uncertain future events by their nature involve risks and uncertainty, including, but without limitation to risks and uncertainties that the NIS Group has identified in other publicly available documents. NIS Group hereby warns that there are no guarantees that the statements on uncertain future events will be realized in the future and that actual business results, financial standing and liquidity, as well as the development of the industrial sector in which the NIS Group does business, may considerably differ from the ones represented or assumed by statements on uncertain future events. In addition, even if the NIS Group's business results, its financial standing and liquidity, and the development of the industrial sector in which the NIS Group does business happen to comply with the statements on uncertain future events contained herein, the results and development are not indicative of the results and development in upcoming periods. The information contained herein has been presented on the date of the Report and may be changed without prior announcement.