



Naftna industrija Srbije A.D.

Interim Condensed Financial Statements (Unaudited)

31 March 2022

This version of the financial statements is a translation from the original, which is prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

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Interim Condensed Statement of Financial Position
(All amounts are in 000 RSD, unless otherwise stated)

Assets	Note	31 March 2022	31 December 2021
Current assets		<i>(unaudited)</i>	
Cash and cash equivalents	5	42,368,541	20,336,901
Short-term financial assets	6	1,378,277	3,149,270
Trade and other receivables	7	38,304,503	31,240,745
Inventories	8	58,721,235	33,162,843
Other current assets	9	7,768,193	6,242,769
Non-current assets held for sale		30,546	47,493
Total current assets		148,571,295	94,180,021
Non-current assets			
Property, plant and equipment	10	269,576,686	271,927,718
Right-of-use assets	11	1,497,534	1,537,758
Investment property		1,657,868	1,778,608
Intangible assets		3,396,933	3,394,073
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		13,425,627	13,425,627
Trade and other non-current receivables		2,826	2,822
Long-term financial assets	12	30,047,395	28,161,293
Deferred tax assets		2,577,195	2,564,817
Other non-current assets	13	1,291,678	1,328,637
Total non-current assets		324,512,542	325,160,153
Total assets		473,083,837	419,340,174
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	14	11,751,761	9,318,491
Current lease liabilities	19	328,772	330,579
Trade and other payables	15	63,983,465	30,094,846
Other current liabilities	16	5,374,894	7,167,178
Current income tax payable		7,180,068	4,144,615
Other taxes payable	17	9,756,873	10,146,057
Provisions for liabilities and charges		1,544,506	1,575,245
Total current liabilities		99,920,339	62,777,011
Non-current liabilities			
Long-term debt	18	71,382,748	70,431,511
Non-current lease liabilities	19	982,479	1,007,802
Other non-current financial liabilities		847,180	846,083
Provisions for liabilities and charges		12,298,556	12,029,890
Total non-current liabilities		85,510,963	84,315,286
Equity			
Share capital		81,530,200	81,530,200
Reserves		93,991	93,991
Retained earnings		206,028,344	190,623,686
Total equity		287,652,535	272,247,877
Total liabilities and shareholder's equity		473,083,837	419,340,174


 Kirill Tyurdenev
 Chief Executive Officer
 29 April 2022


 Anton Cherepanov
 Chief Financial Officer

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

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Interim Condensed Statement of Profit and Loss and Other Comprehensive Income

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

	Note	Three month period ended	
		31 March	
		2022	2021
		(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		87,598,307	40,805,843
Other revenues		4,855,138	3,063,761
Total revenue from sales	4	92,453,445	43,869,604
Purchases of oil, gas and petroleum products		(51,810,347)	(22,309,269)
Production and manufacturing expenses	20	(8,981,379)	(6,019,605)
Selling, general and administrative expenses	21	(5,577,199)	(5,158,952)
Transportation expenses		(347,102)	(244,223)
Depreciation, depletion and amortization		(5,722,361)	(5,693,103)
Taxes other than income tax		(1,254,902)	(1,066,125)
Total operating expenses		(73,693,290)	(40,491,277)
Other income (expenses), net		(38,076)	(85,835)
Operating profit		18,722,079	3,292,492
Net foreign exchange gain (loss)	22	32,346	(19,568)
Finance income	23	242,157	221,364
Finance expenses	24	(380,203)	(392,175)
Total other expense		(105,700)	(190,379)
Profit before income tax		18,616,379	3,102,113
Current income tax expense		(3,190,571)	(713,663)
Deferred tax income (expense)		12,378	(79,211)
Total income tax		(3,178,193)	(792,874)
Profit for the period		15,438,186	2,309,239
Other comprehensive income (loss):			
Items that will not be reclassified to profit (loss)			
Losses on remeasurements of defined benefit plans		(33,528)	-
Losses from investments in equity instruments		-	(22)
Other comprehensive loss for the period		(33,528)	(22)
Total comprehensive income for the period		15,404,658	2,309,217
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		94.68	14.16
Weighted average number of ordinary shares in issue (in millions)		163	163

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

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Interim Condensed Statement of Changes in Shareholders' Equity

Three month period ended 31 March 2022 and 2021
(All amounts are in 000 RSD, unless otherwise stated)

<i>(unaudited)</i>	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2021	81,530,200	93,664	168,484,750	250,108,614
Profit for the period	-	-	2,309,239	2,309,239
Other comprehensive income (loss)				
Loss from investments in equity instruments	-	(22)	-	(22)
Total comprehensive income (loss) for the period	-	(22)	2,309,239	2,309,217
Balance as at 31 March 2021	81,530,200	93,642	170,793,989	252,417,831

<i>(unaudited)</i>	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2022	81,530,200	93,991	190,623,686	272,247,877
Profit for the period	-	-	15,438,186	15,438,186
Other comprehensive income (loss)				
Losses on remeasurements of defined benefit plans	-	-	(33,528)	(33,528)
Total comprehensive income (loss) for the period	-	-	15,404,658	15,404,658
Balance as at 31 March 2022	81,530,200	93,991	206,028,344	287,652,535

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

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Interim Condensed Statement of Cash Flows¹

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

	Note	Three month period ended 31 March	
		2022 <i>(unaudited)</i>	2021 <i>(unaudited)</i>
Cash flows from operating activities			
Profit before income tax		18,616,379	3,102,113
Adjustments for:			
Finance expenses	24	380,203	392,175
Finance income	23	(242,157)	(221,364)
Net unrealised foreign exchange differences		243,069	47,131
Depreciation, depletion and amortization		5,722,361	5,693,103
Other non-cash items		155,978	126,530
Operating cash flow before changes in working capital		24,875,833	9,139,688
Changes in working capital:			
Accounts receivables		(7,054,482)	(1,818,447)
Inventories		(25,536,047)	(1,957,327)
Other assets		(1,649,793)	(127,237)
Accounts payables and other current liabilities		32,455,601	(6,763,622)
Taxes payable		(389,263)	(317,999)
Total effect on working capital changes		(2,173,984)	(10,984,632)
Income taxes paid		(160,684)	-
Interest paid		(295,321)	(331,879)
Interest received		97,636	75,123
Net cash used in operating activities		22,343,480	(2,101,700)
Cash flows from investing activities			
Loans issued		(1,006,771)	(602,648)
Loan proceeds received		1,066,609	782,707
Capital expenditures ²		(3,636,634)	(4,342,005)
Proceeds from sale of property, plant and equipment		116,390	117,204
Net cash used in investing activities		(3,460,406)	(4,044,742)
Cash flows from financing activities			
Proceeds from borrowings	14,18	6,917,311	11,406,060
Repayment of borrowings	14,18	(3,693,149)	(6,472,879)
Repayment of lease liabilities	19	(87,956)	(97,760)
Net cash generated from financing activities		3,136,206	4,835,421
Net increase (decrease) in cash and cash equivalents		22,019,280	(1,311,021)
Effect of foreign exchange on cash and cash equivalents		12,360	(1,945)
Cash and cash equivalents as of the beginning of the period		20,336,901	7,949,785
Cash and cash equivalents as of the end of the period		42,368,541	6,636,819

¹ Company's policy is to present cash flow inclusive of related VAT.

² CF from investing activities includes VAT in the amount of 0.5 bln RSD (2021: 0.5 bln RSD)

The accompanying notes are an integral part of these Interim Condensed Financial Statements.

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

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 SIGNIFICANT 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 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.

The Company does not disclose information which would substantially duplicate the disclosures contained in its audited Financial Statements for 2021, 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 Statements are adequate to make the information presented not misleading if these Interim Condensed Financial Statements are read in conjunction with the Company's Financial Statements for 2021.

Because of exacerbation of geopolitical situation in the first quarter 2022 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to US Dollar and Euro (the information on economic environment in the Republic Serbia is detailed in Note 26). 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. Due to that during the first quarter 2022 the Company didn't review the critical accounting estimates which are used by the Company in the Condensed Interim Financial Statements preparation and which are assessed based on oil prices forecasts, inflation and market borrowing rate. In particular as of 31 March 2022 the Company didn't review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing. 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 results for the three month period ended 31 March 2022 are not necessarily indicative of the results expected for the full year.

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 2021, except for those described in the Application of new IFRS paragraph.

3. NEW ACCOUNTING STANDARDS

Application of amendments to the existing standards

The following amendments to the existing standards which became effective did not have any material impact on the Interim Condensed Financial Statements:

- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37 (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Updating References to the Conceptual Framework – Amendments to IFRS 3 (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Annual Improvements to IFRS Standards 2018-2020 Cycle (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022):
 - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities – Amendments to IFRS 9;
 - Subsidiary as a First-time Adopter – Amendment to IFRS 1;
 - Taxation in Fair Value Measurements – Amendment to IAS 41.

New standards and amendments to the existing standards that are not yet effective

The following new standards and amendments to the existing standards are not expected to have any material impact on the Interim Condensed Financial Statements when adopted:

- IFRS 17 – Insurance Contracts (issued on 18 May 2017 and amended in June 2020, effective for annual periods beginning on or after 1 January 2023);
- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (issued in January 2020 and amended in July 2020, effective for annual periods beginning on or after January 2023);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued in September 2014 and effective for annual periods beginning on or after a date to be determined by IASB);
- Disclosure of Accounting Policies – Amendments to IAS 1 (issued in February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Definition of Accounting Estimates – Amendments to IAS 8 (issued in February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (issued in May 2021 and effective for annual periods beginning on or after 1 January 2023).

*(All amounts are in 000 RSD, unless otherwise stated)***4. SEGMENT INFORMATION**

Presented below is information about the Company's operating segments for the three month period ended 31 March 2022 and 2021. 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 three month period ended 31 March 2022 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	17,191,776	90,532,302	(15,270,633)	92,453,445
Intersegment	15,133,695	136,938	(15,270,633)	-
External	2,058,081	90,395,364	-	92,453,445
EBITDA (Segment results)	12,397,908	12,082,477	-	24,480,385
Depreciation, depletion and amortization	(3,036,556)	(2,685,805)	-	(5,722,361)
Net foreign exchange gain (loss)	32,559	(213)	-	32,346
Finance expenses, net	(9,914)	(128,132)	-	(138,046)
Income tax	-	(3,178,193)	-	(3,178,193)
Segment profit	9,204,466	6,233,720	-	15,438,186

Reportable segment results for the three month period ended 31 March 2021 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	8,776,310	43,985,492	(8,892,198)	43,869,604
Intersegment	8,765,118	127,080	(8,892,198)	-
External	11,192	43,858,412	-	43,869,604
EBITDA (Segment results)	5,785,748	3,254,407	-	9,040,155
Depreciation, depletion and amortization	(2,980,329)	(2,712,774)	-	(5,693,103)
Net foreign exchange loss	(12,258)	(7,310)	-	(19,568)
Finance expenses, net	(7,359)	(163,452)	-	(170,811)
Income tax	-	(792,874)	-	(792,874)
Segment profit /(loss)	2,758,394	(449,155)	-	2,309,239

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

EBITDA for the three month period ended 31 March 2022 and 2021 is reconciled below:

	Three month period ended 31 March	
	2022	2021
Profit for the period	15,438,186	2,309,239
Income tax	3,178,193	792,874
Finance expenses	380,203	392,175
Finance income	(242,157)	(221,364)
Depreciation, depletion and amortization	5,722,361	5,693,103
Net foreign exchange loss (gain)	(32,346)	19,568
Other expense, net	38,076	85,835
Other non-operating income, net	(2,131)	(31,275)
EBITDA	24,480,385	9,040,155

Oil, gas and petroleum products sales comprise the following (based on the country of customer incorporation):

	Three month period ended 31 March 2022		
	Domestic market	Export and International sales	Total
Sale of crude oil	-	2,042,795	2,042,795
Sale of gas	43,645	-	43,645
<i>Wholesale activities</i>	43,645	-	43,645
Sale of petroleum products	68,209,537	17,302,330	85,511,867
<i>Through a retail network</i>	22,960,076	-	22,960,076
<i>Wholesale activities</i>	45,249,461	17,302,330	62,551,791
Sale of electricity	2,066,656	99,001	2,165,657
Lease revenue	86,850	1,354	88,204
Other sales	2,438,801	162,476	2,601,277
Total sales	72,845,489	19,607,956	92,453,445

	Three month period ended 31 March 2021		
	Domestic market	Export and International sales	Total
Sale of crude oil	-	-	-
Sale of gas	115,897	-	115,897
<i>Wholesale activities</i>	115,897	-	115,897
Sale of petroleum products	33,055,662	7,634,284	40,689,946
<i>Through a retail network</i>	12,491,685	-	12,491,685
<i>Wholesale activities</i>	20,563,977	7,634,284	28,198,261
Sale of electricity	516,528	46,631	563,159
Lease revenue	81,664	1,212	82,876
Other sales	2,349,097	68,629	2,417,726
Total sales	36,118,848	7,750,756	43,869,604

Out of the amount of 62,551,791 thousand RSD (2021: 28,198,261 thousand RSD) revenue from sale of petroleum products (wholesale), the amount of 10,431,191 thousand RSD (2021: 4,869,587 thousand RSD) are derived from a single domestic customer HIP Petrohemija. These revenue are attributable to wholesale activities within Downstream segment.

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

Other sales mainly relate to sales of non-fuel products at petrol stations for 1,976,623 thousand RSD (2021: 1,705,652 thousand 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.

The Company is domiciled in the Republic of Serbia. The revenue from external customers in the Republic of Serbia is 72,845,489 thousand RSD (2021: 36,118,848 thousand RSD), and the total revenue from external customer from other countries is 19,607,956 thousand RSD (2021: 7,750,756 thousand RSD).

The breakdown of the major component of the total revenue from external customers from other countries is disclosed below:

	Three month period ended	
	31 March	
	2022	2021
Sale of crude oil	2,042,795	-
Sale of petroleum products (retail and wholesale)		
Bosnia and Herzegovina	5,852,641	3,790,520
Bulgaria	2,144,449	1,107,728
Great Britain	1,561,133	449,071
Romania	2,564,912	367,802
Croatia	379,383	317,253
Switzerland	44,221	289,249
Northern Macedonia	89,542	121,343
Hungary	490,677	73,056
Germany	573,730	83,609
All other markets	3,601,642	1,034,653
	17,302,330	7,634,284
Sale of electricity	99,001	46,631
Lease revenue	1,354	1,212
Other sales	162,476	68,629
	19,607,956	7,750,756

Revenues from the individual countries included in all other markets are not material.

5. CASH AND CASH EQUIVALENTS

	31 March	31 December
	2022	2021
Cash in bank and in hand	28,258,679	12,809,718
Deposits with original maturity of less than three months	14,109,000	7,500,000
Cash equivalents	862	27,183
	42,368,541	20,336,901

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

6. SHORT-TERM FINANCIAL ASSETS

	31 March 2022	31 December 2021
Short-term loans	2,107	150,401
Current portion of long-term investments (note 12)	3,363,831	4,999,379
Less impairment loss provision	(1,987,661)	(2,000,510)
	1,378,277	3,149,270

7. TRADE AND OTHER RECEIVABLES

	31 March 2022	31 December 2021
Trade receivables	46,551,427	39,477,187
Other receivables	90,648	96,309
<i>Less credit loss allowance for trade receivables</i>	(8,297,485)	(8,291,616)
<i>Less credit loss allowance for other receivables</i>	(40,087)	(41,135)
Total trade and other receivables	38,304,503	31,240,745

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 denominated in the following currencies:

	31 March 2022	31 December 2021
RSD	28,935,720	23,464,406
EUR	9,203,394	7,456,256
USD	165,349	320,043
Other	40	40
	38,304,503	31,240,745

8. INVENTORIES

	31 March 2022	31 December 2021
Crude oil	42,879,829	18,623,843
Petroleum products	15,089,740	13,825,457
Materials and supplies	4,377,776	4,311,200
Other	863,763	938,122
<i>Less impairment provision</i>	(4,489,873)	(4,535,779)
	58,721,235	33,162,843

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

9. OTHER CURRENT ASSETS

	31 March 2022	31 December 2021
Advances paid	3,069,623	459,979
Deferred VAT	2,554,062	3,126,172
Prepaid expenses	333,865	327,305
Prepaid custom duties	62,258	65,346
Prepaid excise	1,552,840	1,974,381
Other current assets	7,679,024	7,771,845
Less impairment provision	(7,483,479)	(7,482,259)
	7,768,193	6,242,769

Advances paid as at 31 March 2022 amounting to 3,069,623 thousand RSD (31 December 2021: 459,979 thousand RSD) mostly relate to advances for petroleum products in the amount of 1,936,069 thousand RSD (31 December 2021: 0 thousand RSD).

Deferred VAT as at 31 March 2022 amounting to 2,554,062 thousand RSD (31 December 2021: 3,126,172 thousand 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 March 2022 amounting to 1,552,840 thousand RSD (31 December 2021: 1,974,381 thousand 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.

Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

10. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2021						
Cost	189,297,949	160,908,071	54,118,866	16,582,366	18,329,919	439,237,171
Depreciation and impairment	(63,463,518)	(57,807,804)	(30,128,250)	(8,838,112)	(2,507,663)	(162,745,347)
Net book value	125,834,431	103,100,267	23,990,616	7,744,254	15,822,256	276,491,824
Period ended 31 March 2021						
Additions	-	-	-	-	3,866,940	3,866,940
Changes in decommissioning obligations	30,173	-	-	-	-	30,173
Transfer from assets under construction	4,388,166	1,006,911	124,849	85,215	(5,605,141)	-
Impairment	-	-	-	-	(717)	(717)
Depreciation	(2,940,160)	(1,979,661)	(434,244)	(124,865)	-	(5,478,930)
Disposals and write-off	(868)	(4,902)	(19,509)	(285)	-	(25,564)
Transfer to right of use assets	-	-	(153,427)	-	-	(153,427)
Transfer to investment property	(7,150)	-	7	-	-	(7,143)
Transfer to non-current assets held for sale	-	-	-	(6,489)	-	(6,489)
Other transfers	(2,492)	496,015	(361,998)	(131,525)	(150,167)	(150,167)
	127,302,100	102,618,630	23,146,294	7,566,305	13,933,171	274,566,500
As at 31 March 2021						
Cost	193,583,501	162,786,136	53,176,036	16,478,087	16,441,550	442,465,310
Depreciation and impairment	(66,281,401)	(60,167,506)	(30,029,742)	(8,911,782)	(2,508,379)	(167,898,810)
Net book value	127,302,100	102,618,630	23,146,294	7,566,305	13,933,171	274,566,500
As at 1 January 2022						
Cost	204,856,329	164,080,833	53,637,916	16,588,994	16,714,425	455,878,497
Depreciation and impairment	(74,822,128)	(66,061,581)	(30,873,325)	(9,215,794)	(2,977,951)	(183,950,779)
Net book value	130,034,201	98,019,252	22,764,591	7,373,200	13,736,474	271,927,718
Period ended 31 March 2022						
Additions	-	-	-	-	3,138,966	3,138,966
Changes in decommissioning obligations	28,895	-	-	-	-	28,895
Transfer from assets under construction	2,382,167	220,958	1,902,775	3,207	(4,509,107)	-
Depreciation	(3,008,117)	(1,951,698)	(443,232)	(122,450)	-	(5,525,497)
Disposals and write-off	(18,786)	(7,016)	(13,670)	(35,473)	(4)	(74,949)
Transfer from investment property	-	-	119,722	-	(4,197)	115,525
Transfer to non-current assets held for sale	-	-	-	(4,285)	-	(4,285)
Other transfers	10,558	(76)	(39,075)	27,733	(28,827)	(29,687)
	129,428,918	96,281,420	24,291,111	7,241,932	12,333,305	269,576,686
As at 31 March 2022						
Cost	206,994,950	164,222,469	55,533,991	16,589,122	15,311,256	458,651,788
Depreciation and impairment	(77,566,032)	(67,941,049)	(31,242,880)	(9,347,190)	(2,977,951)	(189,075,102)
Net book value	129,428,918	96,281,420	24,291,111	7,241,932	12,333,305	269,576,686

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

11. RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the three months ended 31 March 2022 and 2021 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2021	5,006	519,681	167,526	730,664	1,422,877
Additions	-	18,751	2,540	29	21,320
Depreciation	(626)	(11,967)	(20,656)	(59,484)	(92,733)
Transfers from property, plant and equipment	-	153,427	-	-	153,427
Disposals	-	-	-	(650)	(650)
As at 31 March 2021	4,380	679,892	149,410	670,559	1,504,241
As at 1 January 2022	2,503	771,743	220,157	543,355	1,537,758
Additions	-	27,178	22,727	1,688	51,593
Depreciation	(626)	(18,860)	(23,026)	(49,305)	(91,817)
Disposals	-	-	-	-	-
As at 31 March 2022	1,877	780,061	219,858	495,738	1,497,534

12. LONG-TERM FINANCIAL ASSETS

	31 March 2022	31 December 2021
LT loans issued	40,581,901	40,305,461
Financial assets at FVTPL	30,645	30,551
Financial assets at FVTOCI	843,069	841,861
Available for sale financial assets	177,601	177,459
Less Current portion of LT loans issued (note 6)	(3,363,831)	(4,999,379)
Less provision of other LT placements	(8,221,990)	(8,194,660)
	30,047,395	28,161,293

13. OTHER NON-CURRENT ASSETS

	31 March 2022	31 December 2021
Advances paid for PPE	272,705	294,923
Prepaid expenses	102,654	107,278
Other assets	1,331,198	1,340,285
Less allowance for Other assets	(393,516)	(392,486)
Less allowance for advances paid	(21,363)	(21,363)
	1,291,678	1,328,637

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

	31 March 2022	31 December 2021
Short-term loans	2,617,032	2,188,401
Interest liabilities	126,576	81,574
Current portion of long-term loans (note 18)	9,008,153	7,048,516
	11,751,761	9,318,491

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

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

	Three month period ended 31 March	
	2022	2021
Short-term loans at 1 January	2,188,401	1,756,035
Proceeds	4,066,202	3,897,159
Repayment	(3,637,571)	(3,647,373)
Short-term loans at 31 March	2,617,032	2,005,821

15. TRADE AND OTHER PAYABLES

	31 March 2022	31 December 2021
Trade payables	60,150,410	26,255,796
Dividends payable	3,784,090	3,784,105
Other accounts payable	48,965	54,945
	63,983,465	30,094,846

As at 31 March 2022 trade payables amounting to 60,150,410 thousand RSD (31 December 2021: 26,255,796 thousand RSD) mainly relate to payables for crude oil in the amount of 42,598,929 thousand RSD (31 December 2021: 9,860,326 thousand RSD).

16. OTHER CURRENT LIABILITIES

	31 March 2022	31 December 2021
Contract liabilities arising from contracts with customers:		
- Advances received	2,545,657	3,009,493
- Customer loyalty	644,835	776,791
Payables to employees	2,158,731	3,361,824
Accruals and deferred income	12,120	-
Other current non-financial liabilities	13,551	19,070
	5,374,894	7,167,178

Revenue in the amount of 2,499,237 thousand RSD (31 March 2021: 3,590,326 thousand RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2022, of which 2,176,418 thousand RSD (31 March 2021: 3,354,997 thousand RSD) related to advances and 322,819 thousand RSD (31 March 2021: 235,329 thousand RSD) to customer loyalty programme.

17. OTHER TAXES PAYABLE

	31 March 2022	31 December 2021
Mineral extraction tax	452,850	379,789
VAT	2,453,776	2,181,792
Excise tax	5,676,726	6,303,828
Contribution for buffer stocks	313,000	302,940
Custom duties	13,686	74,057
Energy efficiency fee	38,371	34,585
Other taxes	808,464	869,066
	9,756,873	10,146,057

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

18. LONG-TERM DEBT

	31 March 2022	31 December 2021
Long-term loan - Gazprom Neft	8,215,173	8,203,403
Bank loans	72,175,728	69,276,624
Less Current portion (note 14)	(9,008,153)	(7,048,516)
	71,382,748	70,431,511

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

	Three month period ended 31 March	
	2022	2021
Long-term loans at 1 January	77,480,027	82,781,970
Proceeds	2,851,109	7,508,901
Repayment	(55,578)	(2,825,506)
Non-cash transactions	3,871	22,247
Foreign exchange difference (note 22)	111,472	2,418
Long-term loans at 31 March	80,390,901	87,490,030

(a) *Long-term loan - Gazprom Neft*

As at 31 March 2022 long-term loan - Gazprom Neft amounting to 8,215,173 thousand RSD (31 December 2021: 8,203,403 thousand RSD), with current portion of 6,845,976 thousand RSD (2021: 5,468,935 thousand RSD), relate to loan from Gazprom Neft granted based on the Agreement for Sale and Purchase of shares signed on 24 December 2008. The stated liabilities shall be settled in quarterly instalments starting from December 2012 until 15 May 2023.

(b) *Bank loans*

	31 March 2022	31 December 2021
Domestic	49,706,158	47,362,765
Foreign	22,469,570	21,913,859
	72,175,728	69,276,624
Current portion of long-term loans	(2,162,176)	(1,579,581)
	70,013,552	67,697,043

The maturity of bank loans was as follows:

	31 March 2022	31 December 2021
Between 1 and 2 years	10,743,849	3,004,092
Between 2 and 5 years	58,004,956	63,430,071
Over 5 years	1,264,747	1,262,880
	70,013,552	67,697,043

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

	31 March 2022	31 December 2021
USD	109,415	130,480
EUR	71,942,913	68,989,968
RSD	180	210
JPY	123,220	155,966
	72,175,728	69,276,624

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

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 and Libor. Management expects that the Company will be able to fulfill 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 March 2022 and 31 December 2021, respectively.

19. LEASE LIABILITIES

	31 March 2022	31 December 2021
Non-current lease liabilities	982,479	1,007,802
Current lease liabilities	328,772	330,579
	1,311,251	1,338,381

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

	Three month period ended 31 March	
	2022	2021
As at 1 January	1,338,381	1,358,795
Repayment	(87,956)	(97,760)
Non-cash transactions	62,829	30,903
Foreign exchange difference (note 22)	(2,003)	271
As at 31 March	1,311,251	1,292,209

Amounts recognized in profit and loss:

	Three month period ended 31 March	
	2022	2021
Interest expense (included in finance cost) (note 24)	8,896	8,531
Expense relating to short-term leases	23,698	23,056
Expense relating to leases of low value assets that are not shown above as short-term leases	6,312	5,932
Expense relating to variable lease payments not included in lease liabilities	268,026	274,072

20. PRODUCTION AND MANUFACTURING EXPENSES

	Three month period ended 31 March	
	2022	2021
Employee costs	948,286	927,205
Materials and supplies (other than purchased oil, petroleum products and gas)	227,465	156,426
Repair and maintenance services	1,200,560	1,169,309
Electricity for resale	1,831,323	429,766
Electricity and utilities	1,424,415	600,276
Safety and security expense	86,954	82,209
Insurance services	87,716	84,596
Transportation services for production	493,110	459,872
Other	2,681,550	2,109,946
	8,981,379	6,019,605

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 31 March	
	2022	2021
Employee costs	2,721,120	2,691,371
Commission and agency fees	938,095	875,357
Legal, audit and consulting services	275,986	232,938
Current repair cost	178,972	172,128
Costs on advertising and marketing	40,665	45,681
Rent expense	27,299	26,116
Business trips expense	18,675	14,391
Safety and security expense	130,198	120,946
Insurance expense	22,141	15,540
Transportation and storage	48,161	24,454
Allowance for doubtful accounts	7,599	(135)
Other	1,168,288	940,165
	5,577,199	5,158,952

22. NET FOREIGN EXCHANGE GAIN (LOSS)

	Three month period ended 31 March	
	2022	2021
Foreign exchange gain (loss) on financing activities including:		
- foreign exchange gain	173,275	190,323
- foreign exchange loss	(282,744)	(193,012)
Net foreign exchange gain (loss) on operating activities	141,815	(16,879)
	32,346	(19,568)

23. FINANCE INCOME

	Three month period ended 31 March	
	2022	2021
Interest on bank deposits	63,301	11,784
Interest income on loans issued	173,056	170,371
Gains on restructuring of loans issued	5,800	39,209
	242,157	221,364

24. FINANCE EXPENSES

	Three month period ended 31 March	
	2022	2021
Interest expense	366,018	381,232
Losses on restructuring of borrowings	6,006	22,037
Decommissioning provision: unwinding of the present value discount	9,024	19,419
Financial assets: unwinding of discount	(845)	(30,513)
	380,203	392,175

Interest expense includes expenses on lease liabilities in amount of 8,896 thousand RSD for the three months ended 31 March 2022 (8,531 thousand RSD for the three months ended 31 March 2021, accordingly)(note 19).

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

25. 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 2021. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 31 March 2022 the carrying value of financial assets approximates their fair value.

26. CONTINGENCIES AND COMMITMENTS

Economic environment in the Republic of Serbia

The exacerbation of geopolitical situation in the first quarter 2022 as a result of further developments of the situation with Ukraine led to amplified volatility at commodity and financial markets. Oil prices increased to over US\$105 per barrel that resulted in introduction of short-term restrictions on the sale prices of refinery products by the Government of the Republic of Serbia. 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 Company operations.

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

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 473,593 thousand RSD (31 December 2021: 376,734 thousand 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.

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 March 2022.

Capital commitments

As of 31 March 2022 the Company has entered into contracts to purchase property, plant and equipment for 138,355 thousand RSD (31 December 2021: 383,637 thousand RSD).

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

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

For the three month period ended 31 March 2022 and 31 March 2021 the following transaction occurred with related parties:

			Joint ventures, associates and parent's subsidiaries, and associates
	Subsidiaries	Parent company	
Three month period ended 31 March 2022			
Revenues from sales of products and services	10,963,272	-	10,923,888
Expenses based on procurement of products and services	(1,367,612)	(24,677,450)	(2,585,188)
Other expenses	(984,438)	(30,383)	(3,135)
	8,611,222	(24,707,833)	8,335,565

			Joint ventures, associates and parent's subsidiaries, and associates
	Subsidiaries	Parent company	
Three month period ended 31 March 2021			
Revenues from sales of products and services	4,344,837	1,455	5,115,030
Expenses based on procurement of products and services	(1,174,313)	-	(192,085)
Other expenses	(836,695)	(50,773)	(91)
	2,333,829	(49,318)	4,922,854

Transactions with Key Management Personnel

For the three month period ended on 31 March 2022 and 2021 the Company recognized 255,696 thousand RSD and 232,072 thousand RSD, respectively, as compensation for key management personnel (Chief Executive Officer, members of the Board of Directors and Advisory Board and Corporate Secretary). Key management remuneration includes salaries, bonuses and other contributions.

28. EVENTS AFTER THE REPORTING DATE

Subsequent events occurring after 31 March 2022 were evaluated through 29 April 2022, the date these Interim Condensed Financial Statements were authorised for issue.

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Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2022

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

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