



**Naftna industrija Srbije A.D.**

**Interim Condensed Financial Statements (Unaudited)**

31 March 2023

*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 2023	31 December 2022
<b>Current assets</b>		<i>(unaudited)</i>	
Cash and cash equivalents	4	82,613,981	83,083,255
Short-term financial assets	5	19,680,852	8,453,591
Trade and other receivables	6	38,158,009	43,037,247
Inventories	7	51,588,897	54,163,591
Other current assets	8	9,341,645	9,796,354
Assets classified as held for sale		57,470	27,318
<b>Total current assets</b>		<b>201,440,854</b>	<b>198,561,356</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	266,479,163	267,112,796
Right-of-use assets	10	2,757,851	2,826,525
Investment property		1,592,666	1,605,254
Intangible assets		3,804,587	3,861,377
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		2,815	2,816
Long-term financial assets	11	29,311,300	29,588,852
Deferred tax assets		3,197,500	2,971,445
Other non-current assets	12	2,333,622	1,974,131
<b>Total non-current assets</b>		<b>323,943,931</b>	<b>324,407,623</b>
<b>Total assets</b>		<b>525,384,785</b>	<b>522,968,979</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>			
Short-term debt and current portion of long-term debt	13	9,057,712	11,308,085
Current lease liabilities	18	501,672	498,203
Trade and other payables	14	31,760,394	29,783,850
Other current liabilities	15	8,650,850	15,818,895
Current income tax payable		15,438,098	13,992,693
Other taxes payable	16	10,813,788	14,126,253
Provisions for liabilities and charges		1,988,537	1,899,914
<b>Total current liabilities</b>		<b>78,211,051</b>	<b>87,427,893</b>
<b>Non-current liabilities</b>			
Long-term debt	17	61,287,400	61,930,558
Non-current lease liabilities	18	1,641,506	1,797,176
Other non-current financial liabilities		839,793	840,001
Long-term trade and other payables		7,169	7,171
Provisions for liabilities and charges		11,240,550	11,150,061
<b>Total non-current liabilities</b>		<b>75,016,418</b>	<b>75,724,967</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		93,904	93,904
Retained earnings		290,533,212	278,192,015
<b>Total equity</b>		<b>372,157,316</b>	<b>359,816,119</b>
<b>Total liabilities and shareholder's equity</b>		<b>525,384,785</b>	<b>522,968,979</b>

Kirill Tyurdenov  
Chief Executive Officer  
27 April 2023



Anton Cherepanov  
Chief Financial Officer

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

**NIS a.d.**

**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	
		2023	2022
		(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		81,749,648	87,598,307
Other revenues		8,783,452	4,855,138
<b>Total revenue from sales</b>	<b>3</b>	<b>90,533,100</b>	<b>92,453,445</b>
Purchases of oil, gas and petroleum products		(49,415,334)	(51,810,347)
Production and manufacturing expenses	19	(12,980,952)	(8,981,379)
Selling, general and administrative expenses	20	(6,702,774)	(5,577,199)
Transportation expenses		(360,355)	(347,102)
Depreciation, depletion and amortization		(5,704,696)	(5,722,361)
Taxes other than income tax		(1,343,398)	(1,254,902)
<b>Total operating expenses</b>		<b>(76,507,509)</b>	<b>(73,693,290)</b>
Other expenses, net		(155,666)	(38,076)
<b>Operating profit</b>		<b>13,869,925</b>	<b>18,722,079</b>
Net foreign exchange gain (loss)	21	(48,397)	32,346
Finance income	22	1,533,500	242,157
Finance expenses	23	(776,826)	(380,203)
<b>Total other expense</b>		<b>708,277</b>	<b>(105,700)</b>
<b>Profit before income tax</b>		<b>14,578,202</b>	<b>18,616,379</b>
Current income tax expense		(2,463,060)	(3,190,571)
Deferred tax income		226,055	12,378
<b>Total income tax</b>		<b>(2,237,005)</b>	<b>(3,178,193)</b>
<b>Profit for the period</b>		<b>12,341,197</b>	<b>15,438,186</b>
<b>Other comprehensive loss:</b>			
<b>Items that will not be reclassified to profit (loss)</b>			
Losses on remeasurements of defined benefit plans		-	(33,528)
Losses from investments in equity instruments		-	-
<b>Other comprehensive loss for the period</b>		<b>-</b>	<b>(33,528)</b>
<b>Total comprehensive income for the period</b>		<b>12,341,197</b>	<b>15,404,658</b>
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		75.68	94.68
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.*

**NIS a.d.****Interim Condensed Statement of Changes in Shareholders' Equity**

Three month period ended 31 March 2023 and 2022

*(All amounts are in 000 RSD, unless otherwise stated)**(unaudited)***Balance as at 1 January 2022**

Profit for the period

**Other comprehensive loss**

Losses on remeasurements of defined benefit plans

**Total comprehensive income for the period****Balance as at 31 March 2022**

Share capital	Reserves	Retained earnings	Total
<b>81,530,200</b>	<b>93,991</b>	<b>190,623,686</b>	<b>272,247,877</b>
-	-	15,438,186	15,438,186
-	-	(33,528)	(33,528)
-	-	<b>15,404,658</b>	<b>15,404,658</b>
<b>81,530,200</b>	<b>93,991</b>	<b>206,028,344</b>	<b>287,652,535</b>

*(unaudited)***Balance as at 1 January 2023**

Profit for the period

**Other comprehensive income**

Losses on remeasurements of defined benefit plans

**Total comprehensive income for the period****Balance as at 31 March 2023**

Share capital	Reserves	Retained earnings	Total
<b>81,530,200</b>	<b>93,904</b>	<b>278,192,015</b>	<b>359,816,119</b>
-	-	12,341,197	12,341,197
-	-	-	-
-	-	<b>12,341,197</b>	<b>12,341,197</b>
<b>81,530,200</b>	<b>93,904</b>	<b>290,533,212</b>	<b>372,157,316</b>

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

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**Interim Condensed Statement of Cash Flows<sup>1</sup>**

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

		Three month period ended 31 March	
		2023	2022
		(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		14,578,202	18,616,379
<b>Adjustments for:</b>			
Finance expenses	23	776,826	380,203
Finance income	22	(1,533,500)	(242,157)
Unrealised foreign exchange (gain) losses, net		(273,142)	243,069
Depreciation, depletion and amortization		5,704,696	5,722,361
Other non-cash items		94,103	155,978
<b>Operating cash flow before changes in working capital</b>		<b>19,347,185</b>	<b>24,875,833</b>
<b>Changes in working capital:</b>			
Trade and other receivables		4,850,464	(7,054,482)
Inventories		2,556,284	(25,536,047)
Other current assets		690,385	(1,649,793)
Trade payables and other current liabilities		(5,131,369)	32,455,601
Other taxes payable		(3,312,463)	(389,263)
<b>Total effect on working capital changes</b>		<b>(346,699)</b>	<b>(2,173,984)</b>
Income taxes paid		(1,015,032)	(160,684)
Interest paid		(602,363)	(295,321)
Interest received		1,212,701	97,636
<b>Net cash generated by operating activities</b>		<b>18,595,792</b>	<b>22,343,480</b>
<b>Cash flows from investing activities</b>			
Loans issued		(1,650,052)	(1,006,771)
Loan proceeds received		1,067,344	1,066,609
Capital expenditures <sup>2</sup>		(5,319,661)	(3,636,634)
Proceeds from sale of property, plant and equipment		24,069	116,390
Bank deposits (proceeds)/repayment, net		(10,000,000)	-
<b>Net cash used in investing activities</b>		<b>(15,878,300)</b>	<b>(3,460,406)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	13,17	4,458,394	6,917,311
Repayment of borrowings	13,17	(7,390,556)	(3,693,149)
Repayment of lease liabilities	18	(174,130)	(87,956)
<b>Net cash (used in)/generated by financing activities</b>		<b>(3,106,292)</b>	<b>3,136,206</b>
Net increase (decrease) in cash and cash equivalents		(388,800)	22,019,280
Effect of foreign exchange on cash and cash equivalents		(80,474)	12,360
<b>Cash and cash equivalents as of the beginning of the period</b>		<b>83,083,255</b>	<b>20,336,901</b>
<b>Cash and cash equivalents as of the end of the period</b>		<b>82,613,981</b>	<b>42,368,541</b>

<sup>1</sup> Company's policy is to present cash flow inclusive of related VAT.

<sup>2</sup> CF from investing activities includes VAT in the amount of 0.7 bln RSD (2022: 0.5 bln RSD)

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

## **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 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 new standard for insurance contracts and the amendments to the existing standards which became effective on 1 January 2023 did not have any material impact on the Interim Condensed Financial Statements.

The Company does not disclose information which would substantially duplicate the disclosures contained in its audited Financial Statements for 2022, 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 2022.

In the first quarter 2023 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and weakening against the USD (the information on economic environment in the Republic Serbia is detailed in Note 25) 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. Due to that during the first quarter 2023 the Company didn't review the critical accounting estimates which are used by the Company in the Interim Condensed Consolidated Financial Statements preparation and which are assessed based on oil prices forecasts, inflation and market borrowing rate. In particular as of 31 March 2023 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 in these Interim Condensed Financial Statements for the three month period ended 31 March 2023 are not necessarily indicative of the Company's results expected for the full year.

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

*(All amounts are in 000 RSD, unless otherwise stated)***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 2022, except for those described in the Application of new IFRS paragraph.

**3. SEGMENT INFORMATION**

Presented below is information about the Company's operating segments for the three month period ended 31 March 2023 and 2022. 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 2023 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
Segment revenue	10,610,708	90,780,228	(10,857,836)	90,533,100
Intersegment	10,593,339	264,497	(10,857,836)	-
External	17,369	90,515,731	-	90,533,100
<b>Adjusted EBITDA (Segment results)</b>	<b>6,814,218</b>	<b>12,977,721</b>	<b>-</b>	<b>19,791,939</b>
Depreciation, depletion and amortization	(3,062,787)	(2,641,909)	-	(5,704,696)
Net foreign (loss)	(27,088)	(21,309)	-	(48,397)
Finance income (expenses), net	(41,471)	798,145	-	756,674
Income tax	-	(2,237,005)	-	(2,237,005)
Segment profit	3,686,366	8,654,831	-	12,341,197



**NIS a.d.****Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023***(All amounts are in 000 RSD, unless otherwise stated)*

Reportable segment results for the three month period ended 31 March 2022 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
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
<b>Adjusted EBITDA (Segment results)</b>	<b>12,397,908</b>	<b>12,082,477</b>	<b>-</b>	<b>24,480,385</b>
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

Adjusted EBITDA for the three month period ended 31 March 2023 and 2022 is reconciled below:

	<b>Three month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
Profit for the period	12,341,197	15,438,186
Income tax	2,237,005	3,178,193
Finance expenses	776,826	380,203
Finance income	(1,533,500)	(242,157)
Depreciation, depletion and amortization	5,704,696	5,722,361
Net foreign exchange loss (gain)	48,397	(32,346)
Other expense, net	155,666	38,076
Other non-operating income (expenses), net	61,652	(2,131)
<b>Adjusted EBITDA</b>	<b>19,791,939</b>	<b>24,480,385</b>

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

	<b>Three month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
Sale of crude oil	-	2,042,795
Sale of gas	60,696	43,645
<i>Wholesale activities</i>	60,696	43,645
Sale of petroleum products	81,688,952	85,511,867
<i>Through a retail network</i>	24,833,529	22,960,076
<i>Wholesale activities</i>	56,855,423	62,551,791
Sale of electricity	5,228,055	2,165,657
Lease revenue	89,730	88,204
Other sales	3,465,667	2,601,277
<b>Total sales</b>	<b>90,533,100</b>	<b>92,453,445</b>

Other sales mainly relate to sales of non-fuel products at petrol stations for 2,260,202 RSD (2022: 1,976,623 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.

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

**4. CASH AND CASH EQUIVALENTS**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Cash in bank and in hand	22,840,706	16,861,298
Deposits with original maturity of less than three months	59,770,000	66,219,999
Cash equivalents	3,275	1,958
	<b>82,613,981</b>	<b>83,083,255</b>

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

**5. SHORT-TERM FINANCIAL ASSETS**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Short-term loans	862,085	204,604
Deposits with original maturity more than 3 months less than 1 year	16,202,853	6,003,699
Current portion of long-term investments (note 11)	4,595,860	4,225,725
Less impairment loss provision	(1,979,946)	(1,980,437)
	<b>19,680,852</b>	<b>8,453,591</b>

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

**6. TRADE AND OTHER RECEIVABLES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Trade receivables	45,494,041	50,420,797
Other receivables	83,888	88,717
Less credit loss allowance for trade receivables	(7,386,085)	(7,437,841)
Less credit loss allowance for other receivables	(33,835)	(34,426)
	<b>38,158,009</b>	<b>43,037,247</b>

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**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Crude oil	25,719,797	29,409,389
Petroleum products	24,273,933	23,314,075
Materials and supplies	4,997,231	4,771,464
Other	1,046,013	1,124,692
Less impairment provision	(4,448,077)	(4,456,029)
	<b>51,588,897</b>	<b>54,163,591</b>

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

**8. OTHER CURRENT ASSETS**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Advances paid	723,700	729,280
Deferred VAT	2,958,879	4,198,144
Prepaid expenses	322,315	251,155
Prepaid custom duties	67,236	60,157
Prepaid excise	4,942,892	4,415,877
Other current assets	7,812,857	7,628,408
Less impairment provision	(7,486,234)	(7,486,667)
	<b>9,341,645</b>	<b>9,796,354</b>

Deferred VAT as at 31 March 2023 amounting to 2,958,879 RSD (31 December 2022: 4,198,144 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 2023 amounting to 4,942,892 RSD (31 December 2022: 4,415,877 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.

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

**9. PROPERTY, PLANT AND EQUIPMENT**

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
<b>As at 1 January 2022</b>						
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)
<b>Net book value</b>	<b>130,034,201</b>	<b>98,019,252</b>	<b>22,764,591</b>	<b>7,373,200</b>	<b>13,736,474</b>	<b>271,927,718</b>
<b>Period ended 31 March 2022</b>						
Additions	2,382,167	220,958	1,902,775	3,207	(1,370,141)	3,138,966
Changes in decommissioning obligations	28,895	-	-	-	-	28,895
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)
	<b>129,428,918</b>	<b>96,281,420</b>	<b>24,291,111</b>	<b>7,241,932</b>	<b>12,333,305</b>	<b>269,576,686</b>
<b>As at 31 March 2022</b>						
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)
<b>Net book value</b>	<b>129,428,918</b>	<b>96,281,420</b>	<b>24,291,111</b>	<b>7,241,932</b>	<b>12,333,305</b>	<b>269,576,686</b>
<b>As at 1 January 2023</b>						
Cost	215,586,310	165,764,521	57,566,537	16,696,746	16,398,494	472,012,608
Depreciation and impairment	(86,096,477)	(73,525,826)	(32,557,325)	(9,625,912)	(3,094,272)	(204,899,812)
<b>Net book value</b>	<b>129,489,833</b>	<b>92,238,695</b>	<b>25,009,212</b>	<b>7,070,834</b>	<b>13,304,222</b>	<b>267,112,796</b>
<b>Period ended 31 March 2023</b>						
Additions	3,705,633	281,382	191,077	27,784	629,429	4,835,305
Changes in decommissioning obligations	36,520	-	-	-	-	36,520
Depreciation	(3,027,053)	(1,863,973)	(471,443)	(112,048)	-	(5,474,517)
Disposals and write-off	-	(3,074)	(3,523)	-	-	(6,597)
Transfer from investment property	-	-	(5,990)	-	-	(5,990)
Transfer to non-current assets held for sale	-	-	-	(14,038)	-	(14,038)
Other transfers	(192)	134	36,439	(36,114)	(4,583)	(4,316)
	<b>130,204,741</b>	<b>90,653,164</b>	<b>24,755,772</b>	<b>6,936,418</b>	<b>13,929,068</b>	<b>266,479,163</b>
<b>As at 31 March 2023</b>						
Cost	219,282,755	165,957,067	57,845,279	16,654,305	17,021,642	476,761,048
Depreciation and impairment	(89,078,014)	(75,303,903)	(33,089,507)	(9,717,887)	(3,092,574)	(210,281,885)
<b>Net book value</b>	<b>130,204,741</b>	<b>90,653,164</b>	<b>24,755,772</b>	<b>6,936,418</b>	<b>13,929,068</b>	<b>266,479,163</b>

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

**10. RIGHT-OF-USE ASSETS**

Movements in right-of-use assets for the three months ended 31 March 2023 and 2022 are as follows:

	Land	Property	Plant and equipment	Vehicles	Other	Total
<b>As at 1 January 2022</b>	<b>2,503</b>	<b>771,743</b>	<b>220,157</b>	<b>543,355</b>	-	<b>1,537,758</b>
Additions	-	27,178	22,727	1,688	-	51,593
Depreciation	(626)	(18,860)	(23,026)	(49,305)	-	(91,817)
<b>As at 31 March 2022</b>	<b>1,877</b>	<b>780,061</b>	<b>219,858</b>	<b>495,738</b>	-	<b>1,497,534</b>
<b>As at 1 January 2023</b>	-	<b>842,723</b>	<b>224,722</b>	<b>1,759,080</b>	-	<b>2,826,525</b>
Additions	2,542	10,509	21,177	2,622	-	36,850
Depreciation	-	(23,857)	(21,704)	(57,875)	-	(103,436)
Transfers	-	-	5,002	(6,996)	1,994	-
Disposals	-	-	(94)	-	-	(94)
Impairment	-	-	-	-	(1,994)	(1,994)
<b>As at 31 March 2023</b>	<b>2,542</b>	<b>829,375</b>	<b>229,103</b>	<b>1,696,831</b>	-	<b>2,757,851</b>

**11. LONG-TERM FINANCIAL ASSETS**

	31 March 2023	31 December 2022
LT loans issued	41,049,397	40,958,458
Financial assets at FVTPL	839,793	840,001
Other LT placements	30,450	30,605
Available for sale financial assets	176,206	176,206
Less Current portion of LT loans issued (note 5)	(4,595,860)	(4,225,725)
Less provision of other LT placements	(8,188,686)	(8,190,693)
	<b>29,311,300</b>	<b>29,588,852</b>

**12. OTHER NON-CURRENT ASSETS**

	31 March 2023	31 December 2022
Advances paid for PPE	1,445,644	1,063,325
Prepaid expenses	164,303	142,503
Other assets	1,067,976	1,131,217
Less allowance for Other assets	(322,906)	(341,519)
Less allowance for advances paid	(21,395)	(21,395)
	<b>2,333,622</b>	<b>1,974,131</b>

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

	31 March 2023	31 December 2022
Short-term loans	4,089,581	5,345,097
Interest liabilities	205,144	151,584
Current portion of long-term loans (note 17)	4,762,987	5,811,404
	<b>9,057,712</b>	<b>11,308,085</b>

**NIS a.d.****Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023***(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	
	2023	2022
<b>Short-term loans at 1 January</b>	<b>5,345,097</b>	<b>2,188,401</b>
Proceeds	4,458,394	4,066,202
Repayment	(5,713,632)	(3,637,571)
Foreign exchange difference (note 21)	(278)	-
<b>Short-term loans at 31 March</b>	<b>4,089,581</b>	<b>2,617,032</b>

**14. TRADE AND OTHER PAYABLES**

	31 March 2023	31 December 2022
Trade payables	27,928,237	25,943,650
Dividends payable	3,783,791	3,783,818
Other accounts payable	48,366	56,382
	<b>31,760,394</b>	<b>29,783,850</b>

As at 31 March 2023 trade payables amounting to 27,928,237 RSD (31 December 2022: 25,943,650 RSD) mainly relate to payables for crude oil in the amount of 12,455,453 RSD (31 December 2022: 9,047,330 RSD).

**15. OTHER CURRENT LIABILITIES**

	31 March 2023	31 December 2022
Contract liabilities arising from contracts with customers:		
- Advances received	5,443,305	11,294,740
- Customer loyalty	728,052	686,933
Payables to employees	2,390,671	3,790,114
Other current non-financial liabilities	88,822	47,108
	<b>8,650,850</b>	<b>15,818,895</b>

Revenue in the amount of 5,354,941 RSD (31 March 2022: 2,499,237 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2023, of which 5,167,752 RSD (31 March 2022: 2,176,418 RSD) related to advances and 187,189 RSD (31 March 2022: 322,819 RSD) to customer loyalty programme.

**16. OTHER TAXES PAYABLE**

	31 March 2023	31 December 2022
Mineral extraction tax	438,653	393,085
VAT	2,596,774	3,955,956
Excise tax	6,509,957	7,814,476
Contribution for State commodity reserves	314,363	887,822
Custom duties	9,056	5,007
Energy efficiency fee	37,504	92,638
Other taxes	907,481	977,269
	<b>10,813,788</b>	<b>14,126,253</b>

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

**17. LONG-TERM DEBT**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Long-term loan	1,363,876	2,728,428
Bank loans	64,682,843	65,009,756
Other Long-term borrowings	3,668	3,778
Less Current portion (note 13)	(4,762,987)	(5,811,404)
	<b>61,287,400</b>	<b>61,930,558</b>

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

	<b>Three month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
<b>Long-term loans at 1 January</b>	<b>67,738,184</b>	<b>77,480,027</b>
Proceeds	-	2,851,109
Repayment	(1,676,924)	(55,578)
Non-cash transactions	5,869	3,871
Foreign exchange difference (note 21)	(20,410)	111,472
<b>Long-term loans at 31 March</b>	<b>66,046,719</b>	<b>80,390,901</b>

**(a) Bank loans**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Domestic	47,980,425	48,275,895
Foreign	16,702,418	16,733,861
	64,682,843	65,009,756
Current portion of long-term loans	(3,399,111)	(3,082,976)
	<b>61,283,732</b>	<b>61,926,780</b>

The maturity of bank loans was as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Between 1 and 2 years	11,402,982	9,708,140
Between 2 and 5 years	47,464,698	47,889,786
Over 5 years	2,416,052	4,328,854
	<b>61,283,732</b>	<b>61,926,780</b>

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
USD	59,403	88,819
EUR	64,561,531	64,824,628
RSD	229	4,268
JPY	61,680	92,041
	<b>64,682,843</b>	<b>65,009,756</b>

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.

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

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 2023 and 31 December 2022, respectively.

**18. LEASE LIABILITIES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Non-current lease liabilities	1,641,506	1,797,176
Current lease liabilities	501,672	498,203
	<b>2,143,178</b>	<b>2,295,379</b>

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

	<b>Three month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
<b>As at 1 January</b>	<b>2,295,379</b>	<b>1,338,381</b>
Repayment	(174,130)	(87,956)
Non-cash transactions	24,045	62,829
Foreign exchange difference (note 21)	(2,116)	(2,003)
<b>As at 31 March</b>	<b>2,143,178</b>	<b>1,311,251</b>

Amounts recognized in profit and loss:

	<b>Three month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
Interest expense (included in finance cost) (note 23)	22,541	8,896
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	1,401	23,698
Expense relating to leases of low value assets that are not shown above as short-term leases	443	6,312
Expense relating to variable lease payments not included in lease liabilities	266,181	268,026

**19. PRODUCTION AND MANUFACTURING EXPENSES**

	<b>Three month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
Employee costs	960,970	948,286
Materials and supplies (other than O&G and petroleum products)	290,477	227,465
Repair and maintenance services	1,282,761	1,200,560
Electricity for resale	4,905,259	1,831,323
Electricity and utilities	2,276,340	1,424,415
Safety and security expense	141,868	86,954
Transportation services for production	320,995	493,110
Other	2,802,282	2,769,266
	<b>12,980,952</b>	<b>8,981,379</b>



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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

**20. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	Three month period ended 31 March	
	2023	2022
Employee costs	3,203,683	2,721,120
Commission and agency fees	1,179,725	938,095
Legal, audit and consulting services	368,610	275,986
Current repair cost	279,046	178,972
Costs on advertising and marketing	41,738	40,665
Rent expense	2,866	27,299
Business trips expense	30,307	18,675
Safety and security expense	215,017	130,198
Insurance expense	25,659	22,141
Transportation and storage	47,939	48,161
Allowance for doubtful accounts	(1,383)	7,599
Other	1,309,567	1,168,288
	<b>6,702,774</b>	<b>5,577,199</b>

**21. NET FOREIGN EXCHANGE GAIN (LOSS)**

	Three month period ended 31 March	
	2023	2022
Foreign exchange gain (loss) on financing activities including:		
- foreign exchange gain (note 13,17,18)	39,973	173,275
- foreign exchange loss (note 13,17,18)	(17,169)	(282,744)
Net foreign exchange gain (loss) on operating activities	(71,201)	141,815
	<b>(48,397)</b>	<b>32,346</b>

**22. FINANCE INCOME**

	Three month period ended 31 March	
	2023	2022
Interest on bank deposits	1,354,038	63,301
Interest income on loans issued	173,679	173,056
Gains on restructuring of loans issued	5,783	5,800
	<b>1,533,500</b>	<b>242,157</b>

**23. FINANCE EXPENSES**

	Three month period ended 31 March	
	2023	2022
Interest expense	708,030	369,600
Losses on restructuring of borrowings	5,896	6,006
Decommissioning provision: unwinding of the present value discount	35,516	9,024
Provision of trade and other non-current receivables: discount	40,011	(845)
Less: amounts capitalised on qualifying assets	(12,627)	(3,582)
	<b>776,826</b>	<b>380,203</b>

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

Interest expense includes expenses on lease liabilities in amount of 22,541 RSD for the three months ended 31 March 2023 (8,896 RSD for the three months ended 31 March 2022, accordingly)(note 18).

**24. 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 2022. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 31 March 2023 the carrying value of financial assets approximates their fair value.

**25. 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 March 2023.

*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 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 485,679 RSD (31 December 2022: 488,060 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 March 2023 the Company has entered into contracts to purchase property, plant and equipment for 209,320 RSD (31 December 2022: 391,270 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 2023**

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

**26. 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.

In the three month period ended 31 March 2023 and in the same period in 2022, the Company entered into business transactions with its related parties.

As at 31 March 2023 and 31 December 2022 the outstanding balances, net of impairment, with related parties were as follows:

			Joint ventures, associates and parent's subsidiaries and associates
<b>As at 31 March 2023</b>	<b>Subsidiaries</b>	<b>Parent company</b>	
Short-term financial assets	3,477,999	-	-
Trade and other receivables	8,757,822	-	1,674,000
Other current assets	2,799	-	18,858
Right of use assets	40,359	-	99
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	13,425,627	-	-
Long-term financial assets	29,203,254	-	-
Other non-current assets	2,192	-	64,357
Trade and other payables	(4,674,142)	(1,721)	(3,038,880)
Other current liabilities	(75,778)	-	(5,608)
Short-term debt and current portion of long-term debt	(2,795,811)	-	(1,363,876)
Current lease liabilities	(2,435)	-	(61)
Non-current lease liabilities	(41,338)	-	-
	<b>47,320,548</b>	<b>(1,721)</b>	<b>(1,612,311)</b>

			Joint ventures, associates and parent's subsidiaries and associates
<b>As at 31 December 2022</b>	<b>Subsidiaries</b>	<b>Parent company</b>	
Short-term financial assets	2,449,892	-	-
Trade and other receivables	8,490,014	-	1,637,009
Other current assets	1,360	-	22,259
Right of use assets	41,030	-	197
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	13,425,627	-	-
Long-term financial assets	29,480,650	-	-
Other non-current assets	2,192	-	-
Trade and other payables	(4,186,297)	(1,762)	(3,676,115)
Other current liabilities	(67,543)	-	(3,121)
Short-term debt and current portion of long-term debt	(4,047,577)	-	(2,728,428)
Current lease liabilities	(2,240)	-	(124)
Long-term debt	-	-	-
Non-current lease liabilities	(41,883)	-	(50)
	<b>45,545,225</b>	<b>(1,762)</b>	<b>(3,709,574)</b>

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 2023**

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

For the three month period ended 31 March 2023 and 31 March 2022 the following transaction occurred with related parties:

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries, and associates</b>
<b>Three month period ended 31 March 2023</b>			
Revenues from sales of products and services	4,428,382	-	8,511,961
Expenses based on procurement of products and services	(3,052,574)	(1,721)	(5,301,049)
Other income (expenses), net	139,255	-	(36,627)
	<b>1,515,063</b>	<b>(1,721)</b>	<b>3,174,285</b>

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries, and associates</b>
<b>Three month period ended 31 March 2022</b>			
Revenues from sales of products and services	10,963,272	-	10,923,888
Expenses based on procurement of products and services	(2,519,005)	(24,677,450)	(2,588,277)
Other income (expenses), net	166,955	(30,383)	(46)
	<b>8,611,222</b>	<b>(24,707,833)</b>	<b>8,335,565</b>

**27. EVENTS AFTER THE REPORTING DATE**

Subsequent events occurring after 31 March 2023 were evaluated through 27 April 2023, 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 2023**

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

**NIS a.d.**

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