

Q1

NIS GROUP'S PERFORMANCE PRESENTATION FOR FIRST QUARTER OF 2023

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Function for finance, economics,
planning and accounting

April 27, 2023

 **NIS** FUTURE
AT WORK



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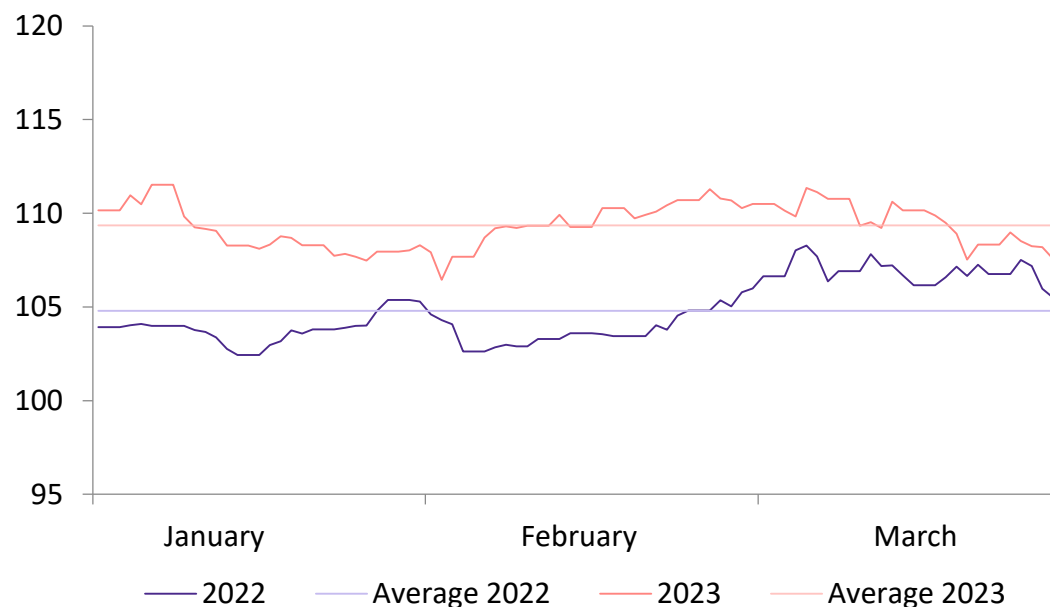
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Macroeconomic Indicators

Fall of oil price, growth of USD dollar comparing to RSD

USD/RSD rate

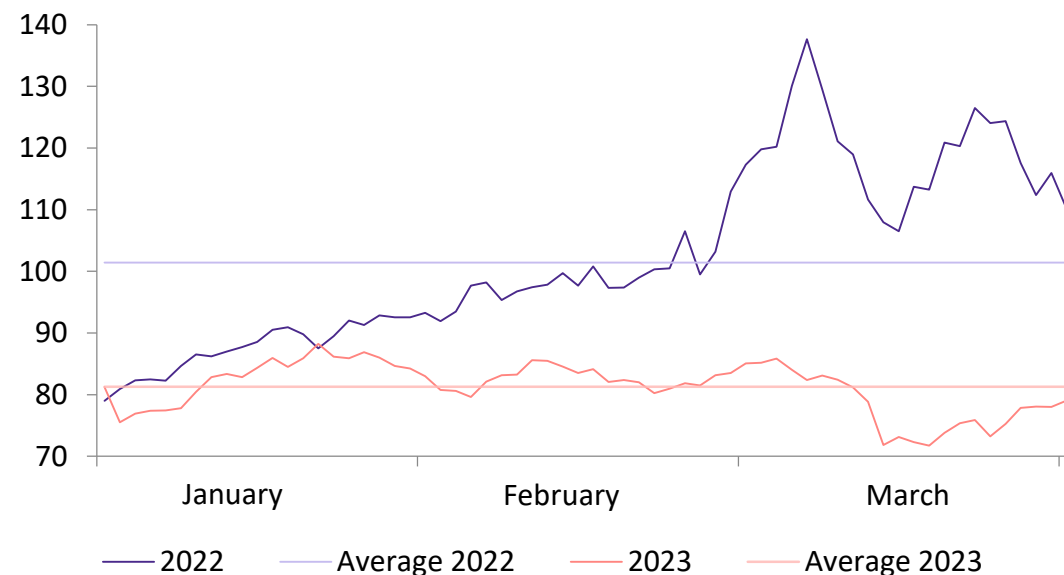
▲ +4%



The average USD/RSD exchange rate in the first quarter of 2023 was higher by 4% compared to the first quarter in 2022.

Brent oil price, \$/bbl

▼ -20%



The average price of Brent oil in first quarter of 2023 is 81.3 \$/bbl, which is a decrease of 20% compared to the same period in 2022.

NIS in Q1 2023

Block Exploration and production



NUMBER OF WELLS:

Q1 2023

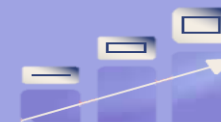
15 development wells were drilled and **10** development wells were put into operation in Serbia.



OIL AND GAS OUTPUT:

Q1 2023

Total volume of domestic oil and gas production in first quarter amounts to **283** thousands t.o.e.



FINANCIAL INDICATORS:

Q1 2023

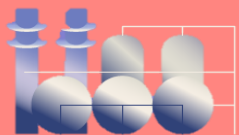
CAPEX¹: **5.0** bln RSD

EBITDA: **7.0** bln RSD

The main goal during Q1 2023 in the Exploration and production Block was to fulfill the planned production of hydrocarbons, the realization of geological research projects and increase the efficiency of geological and technical activities.

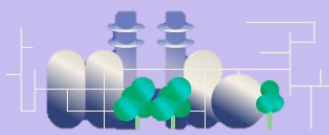
NIS in Q1 2023

Downstream - Refining



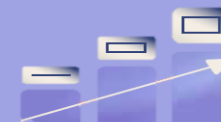
Q1 2023

- The continuous operation of the Oil Refinery in Pančevo, which fully meets the needs of the petroleum product market, with the achieved volume of refining and processing of **956** thousand tons in the first quarter of 2023



Q1 2023

- The reconstruction of FCC and construction of ETBE unit are advancing according to the term plan
- The following projects are currently under way:
 - Project for the Reconstruction of the Marshalling Yard at RNP
 - Project for the FCC Regenerator Cyclone Replacement
 - Project for the Replacement of Turbines in Electric Motors on GB-2301/2501 Compressors



FINANCIAL INDICATORS

Q1 2023

CAPEX¹: 0.4 bln RSD

EBITDA: 8.4 bln RSD

The Refining Block adjusted its operations to market conditions in order to continuously supply the market with petroleum products, as well as to provide fuel for the current agricultural season.

NIS in Q1 2023

Downstream – Sales and distribution



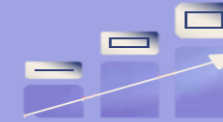
DEVELOPMENT PROJECTS:

- Tenders for the reconstruction of 2 PSs and the construction of 1 PS were implemented. A contract on business and technical cooperation was signed for the construction and long-term renting of the new PS Niš Istok. Temporary-investment works for the PSs planned for construction/reconstruction in 2023 continued, in order to modernize the retail network.
- Implementation of the project of reconstruction and modernization of the PP Niš Warehouse continued.
- The contract was signed and in works began in March on the project of Reconstruction of G11 and G12 tanks at the Novi Sad warehouse for the needs of the Aero sales channel.



Q1 2023

- The total sales volume of petroleum products in the first quarter of this year amounted to **909** thousand tonnes.



FINANCIAL INDICATORS

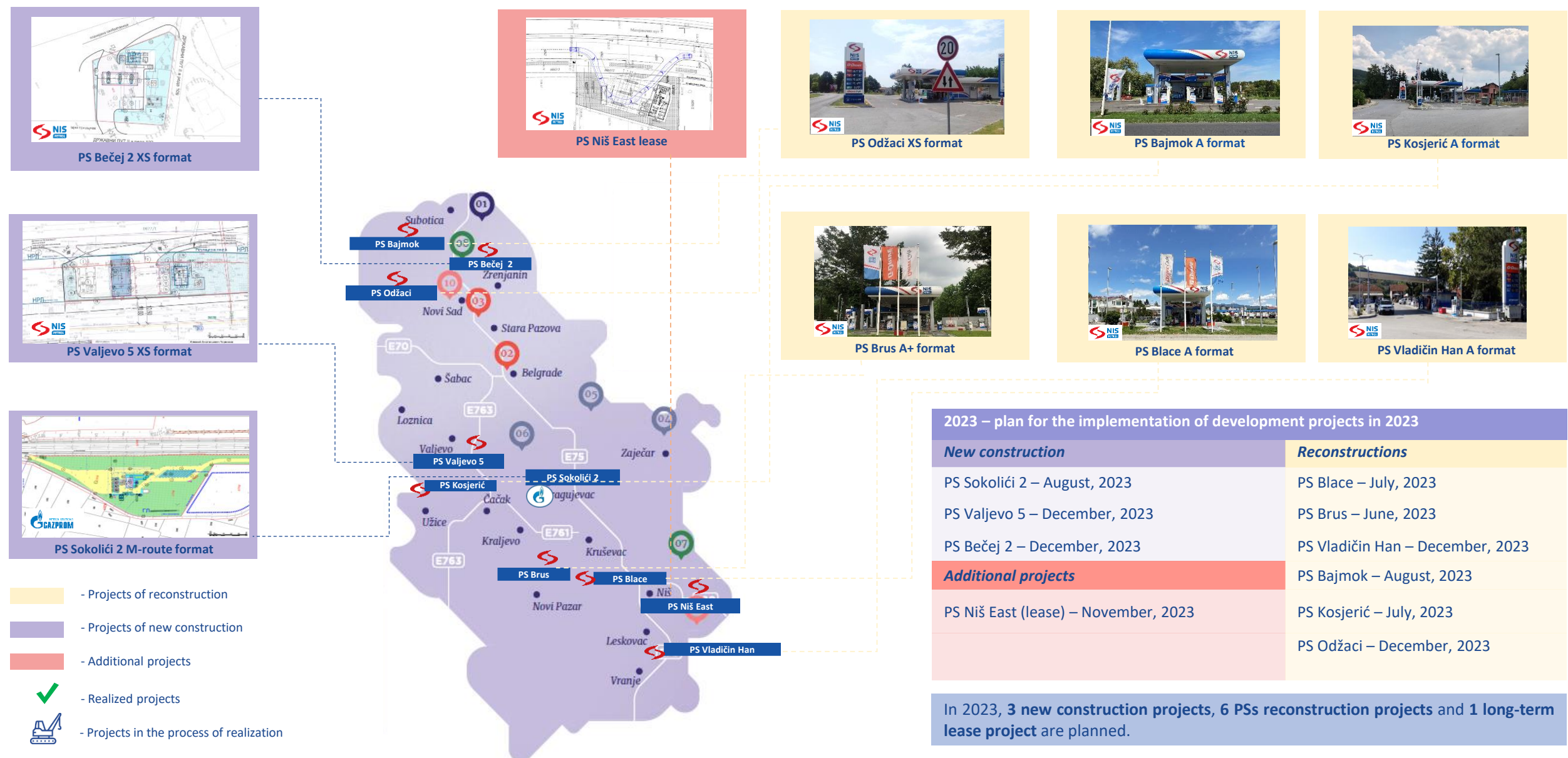
Q1 2023

CAPEX¹: **0.8** bln RSD

EBITDA: **4.5** bln RSD

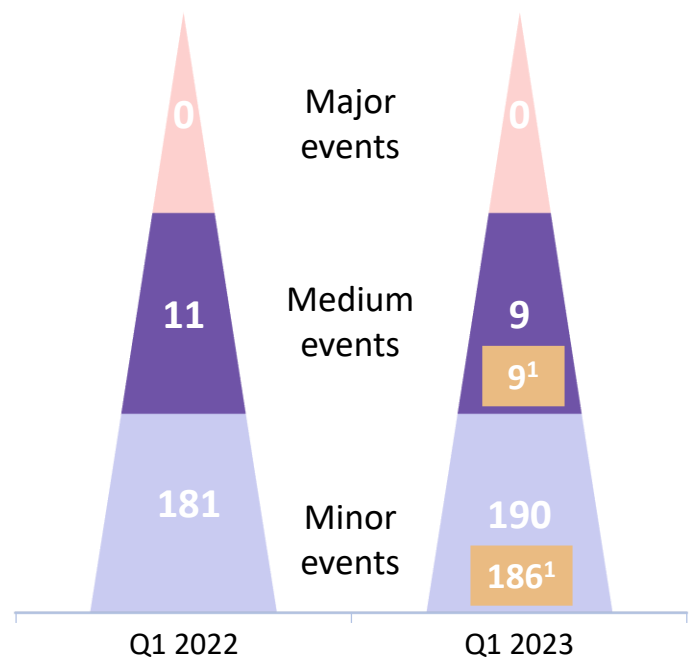
Regulations of the Government of the Republic of Serbia limited retail prices of petroleum products in the period of rapid increase in oil and petroleum products quotations, which affected both wholesale prices and the retail dynamics. In the conditions of increased demand for petroleum products and introduction of retail price limitations, the NIS company ensured security of supply in the Serbian petroleum products market and ensured uninterrupted supply of the market with the support of its own logistics, and the only one on the market to guarantee a low price for agriculture.

Realization of development projects in Serbia in 2023

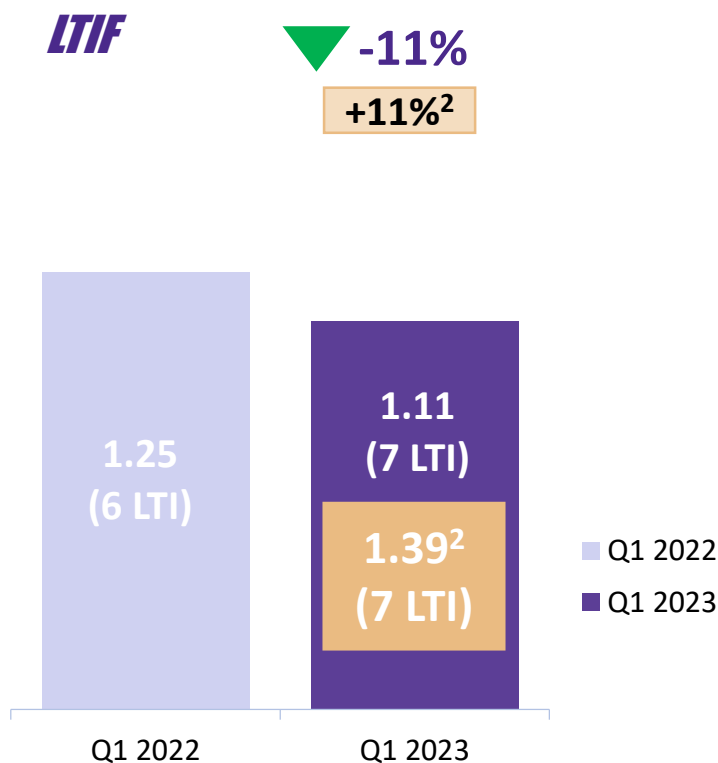


HSE indicators

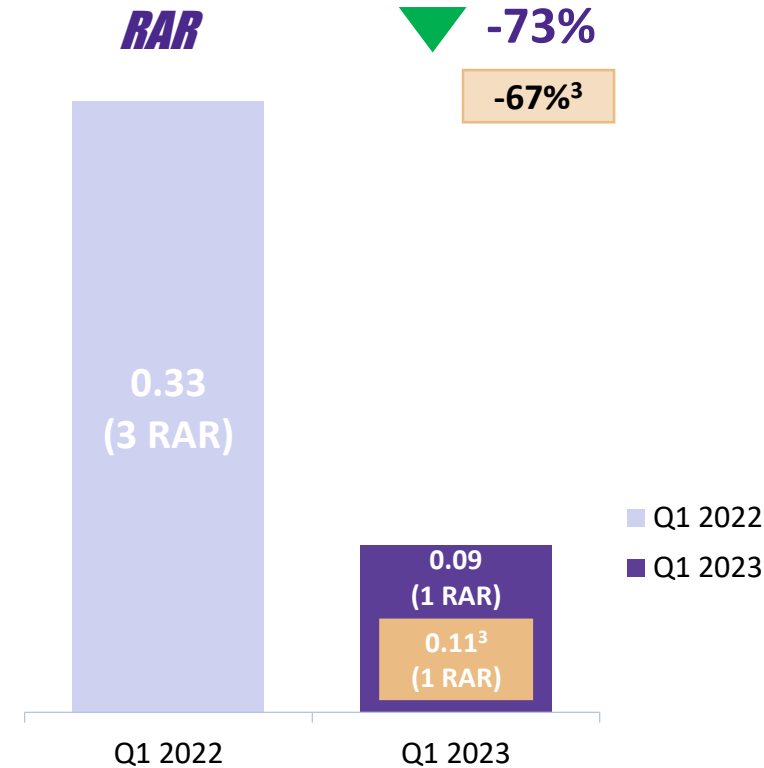
Number of events in NIS¹



LTIF



RAR



¹Due to a change in methodology, the indicators for the number of events in 3M of 2023 from May 2022 also include subsidiaries abroad. The data presented for 3M 2022 do not include subsidiaries abroad.

Data for the 3M of 2023 without subsidiaries abroad are as follows: major events 0, medium events 9, minor events 186.

²LTIF (Lost Time Injury Frequency) – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. Due to the change in methodology, from May 2022 contractors and subsidiaries abroad are included in the calculation of HSE indicators. The LTIF indicator calculated according to the previous methodology is 1.39.

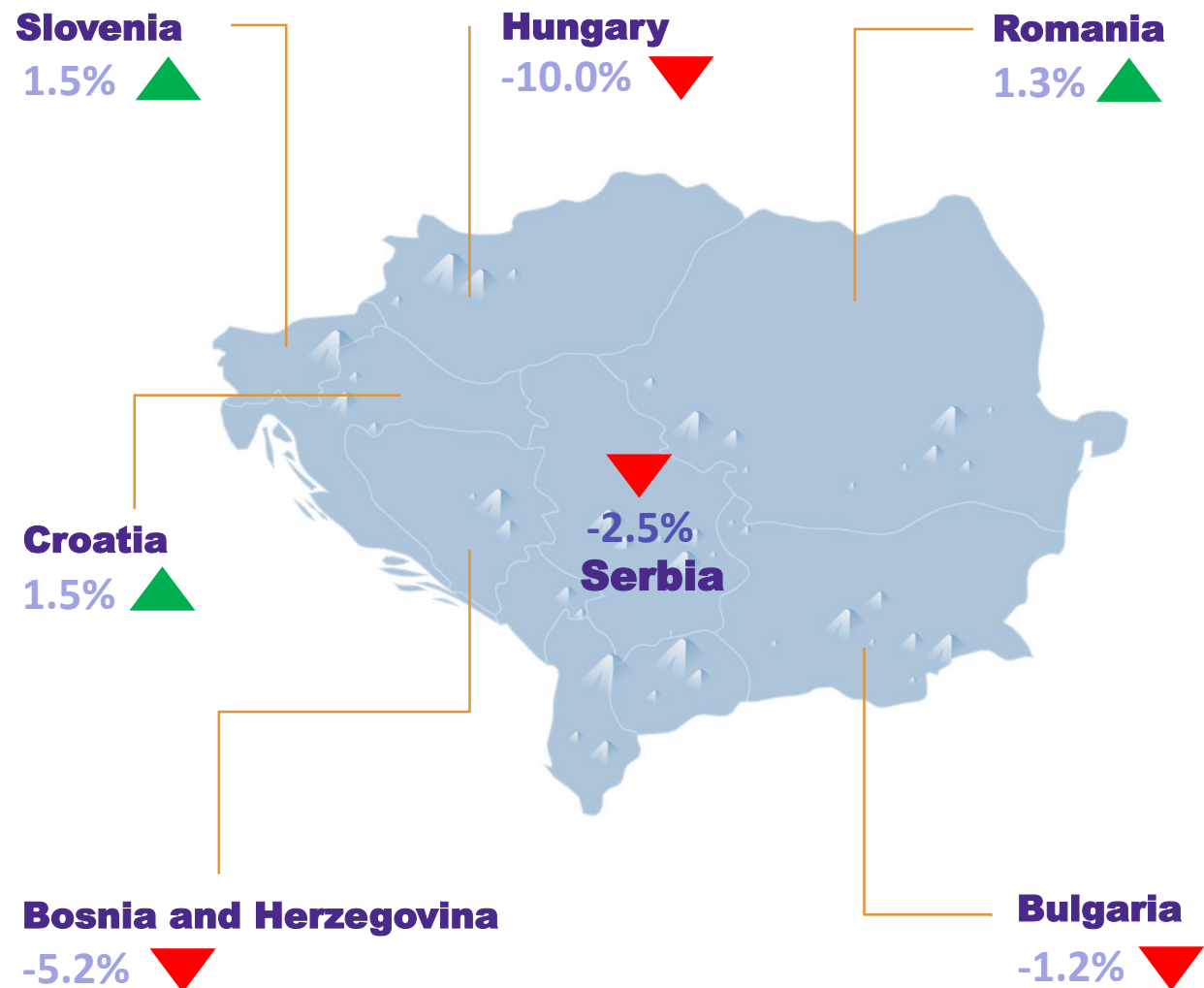
³RAR (Road Accident Rate) - Indicator of the number of traffic accidents. Due to the change in methodology, from May 2022 contractors and subsidiaries abroad are included in the calculation of HSE indicators. The RAR indicator calculated according to the previous methodology amounts to 0.11.

Key Indicators

Key indicators	Unit of measures	Q1 2023	Q1 2022		Δ (%)
Brent Dtd	\$/bbl	81.3	101.4	▼	-20%
Sales revenues	bn RSD	95.9	98.0	▼	-2%
EBITDA	bn RSD	19.9	25.4	▼	-22%
Net profit	bn RSD	11.7	15.6	▼	-25%
OCF	bn RSD	17.7	23.3	▼	-24%
Accrued liabilities based on public revenues	bn RSD	50.3	53.2	▼	-5%
Oil and gas output	thou. TOE	282.8	292.1	▼	-3%
Crude oil and semi-finished products output	thou. tonnes	956.5	904.9	▲	+6%
Total petroleum products sales volume	thou. tonnes	908.9	958.6	▼	-5%
CAPEX	bn RSD	6.5	3.8	▲	+71%
Total debt to banks (total debt to banks + letters of credits)	mn EUR	563.1	620.6	▼	-9%

Motor Fuel Market Trends Q1 2023/Q1 2022

- The crisis arising in the second half of February 2022 and supply uncertainty brought forth a rise in consumption in all countries of the region and setting up safety stocks by customers. As opposed to this period, the first quarter of 2023 recorded a fall in consumption most of the time, due to the high levels in the referenced period.
- In addition, a number of countries in the region introduced government-regulated prices, reduction of excises, or specific trade-offs with customers due to growing fuel prices. As a consequence, the consumption structure and petroleum product price structure underwent changes, given that customers would frequently switch from the usual supply channel to card purchases or cross-border fuel purchases, due to more attractive prices.



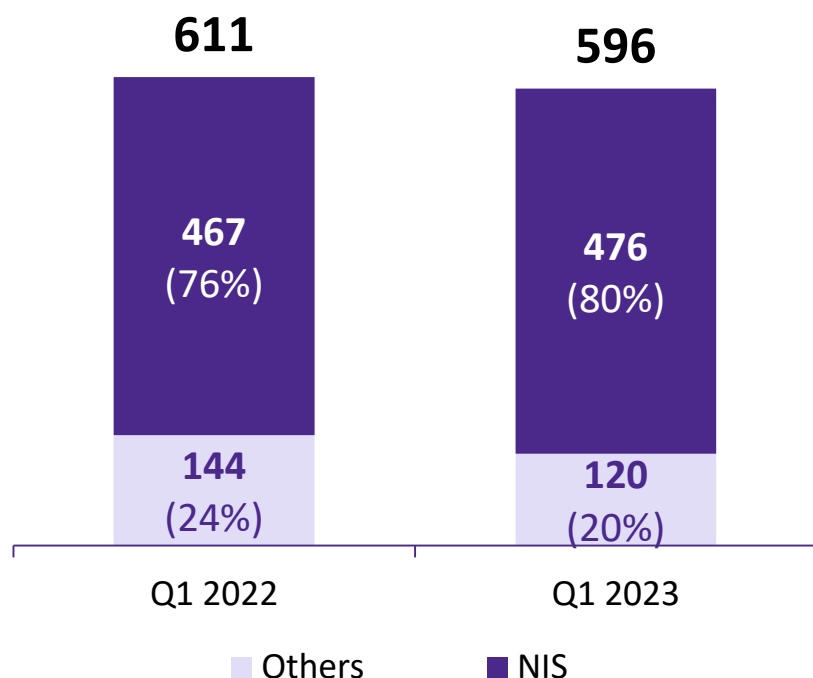
Market Share - Serbia:

Motor fuels market

In the first quarter of 2023, the motor fuel consumption in Serbia was 2.5% lower comparing to the same period in the last year.

Motor fuels market volume, thousand tonnes¹

▼ -2%



- This period is characterized by stocks increase by final consumers due to potential shortage concerns, government measures to restrict prices, reduction of excise, introduction of regulated lower prices for farmers. As expected, with the reference period as it stands, the consumption in the first three months of the current year recorded a decrease.
- The year-on-year growth of NIS' share in the motor fuel market in the first quarter is the effect of the regulated petroleum product price that was continuously in force over the entire first quarter of the current year, while, in 2022, market prices were in effect during one half of the quarter. Moreover, the regulated preferential price for supplying farmers on the NIS petrol station network led to an increase in sales volumes in NIS' agro retail segment.

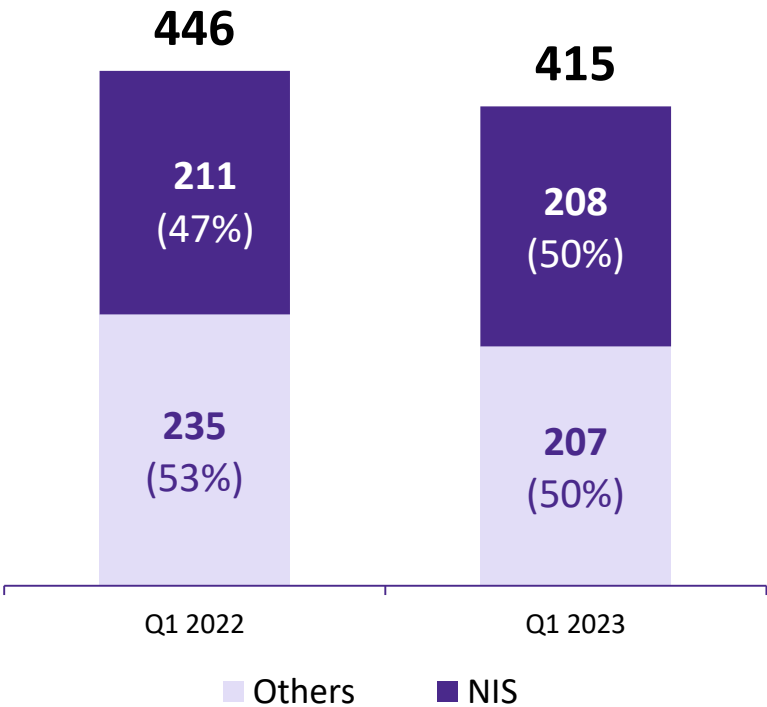
Market Share - Serbia:

Motor fuel retail market

In the first three months of 2023, the consumption recorded a fall as opposed to 2022 by 7%, while NIS' share is bigger on the year before.

Retail market,
thousand tonnes¹

▼ -7%



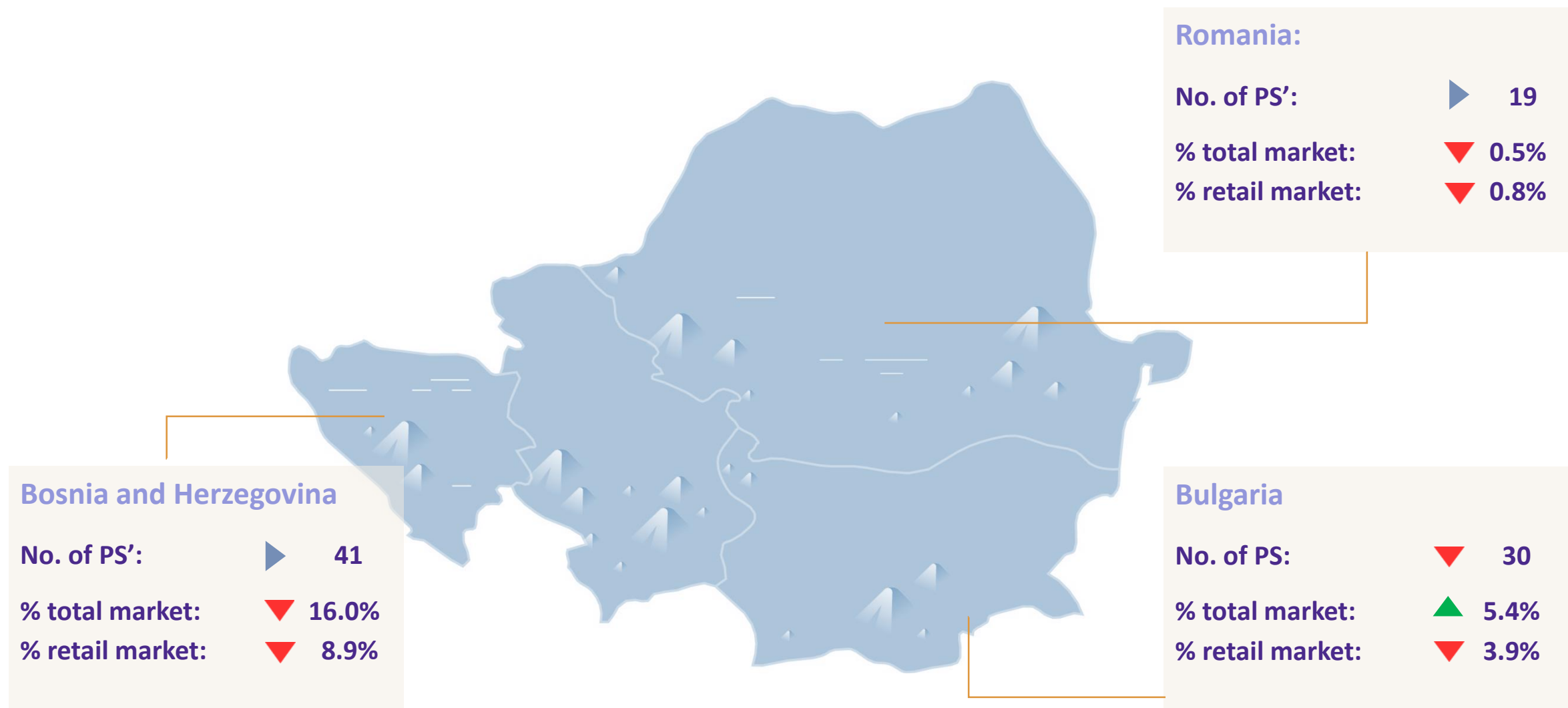
- In 2023, NIS provides Serbian market with steady supply of petroleum products in all sales channels.

The total number of petrol stations in
Serbia on March 31, 2023

332

¹NIS sale and other competitors include motor fuels (gas, CNG-motor fuel, motor gasoline, diesels). LPG bottles are not included. Data for the 3M 2023 are based on estimates. Retail sales of other market participants are supplied by NIS wholesalers and other participants in the Serbian wholesale market.

Market share – region Q1 2023/Q1 2022

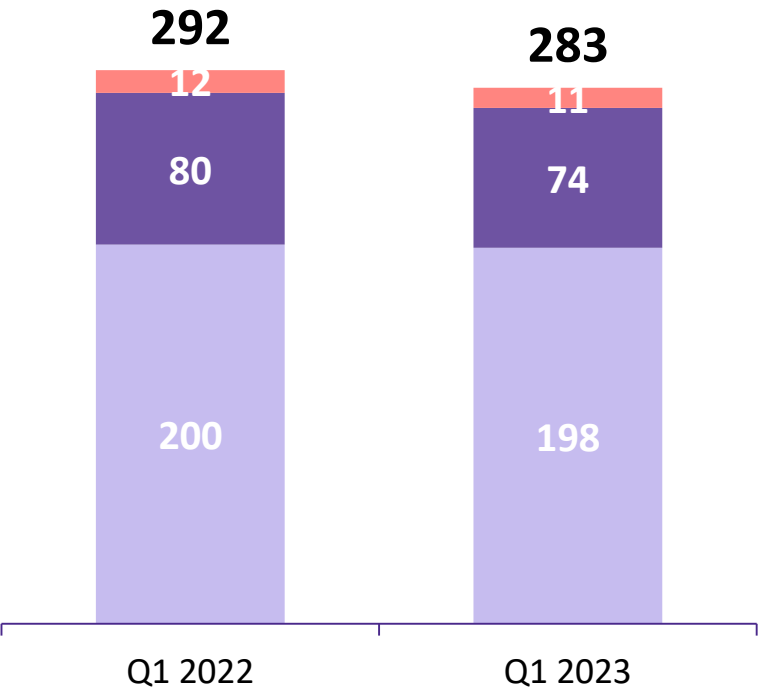


Operating Indicators

Exploration and production

Oil and gas output,
thou. TOE

▼ -3%



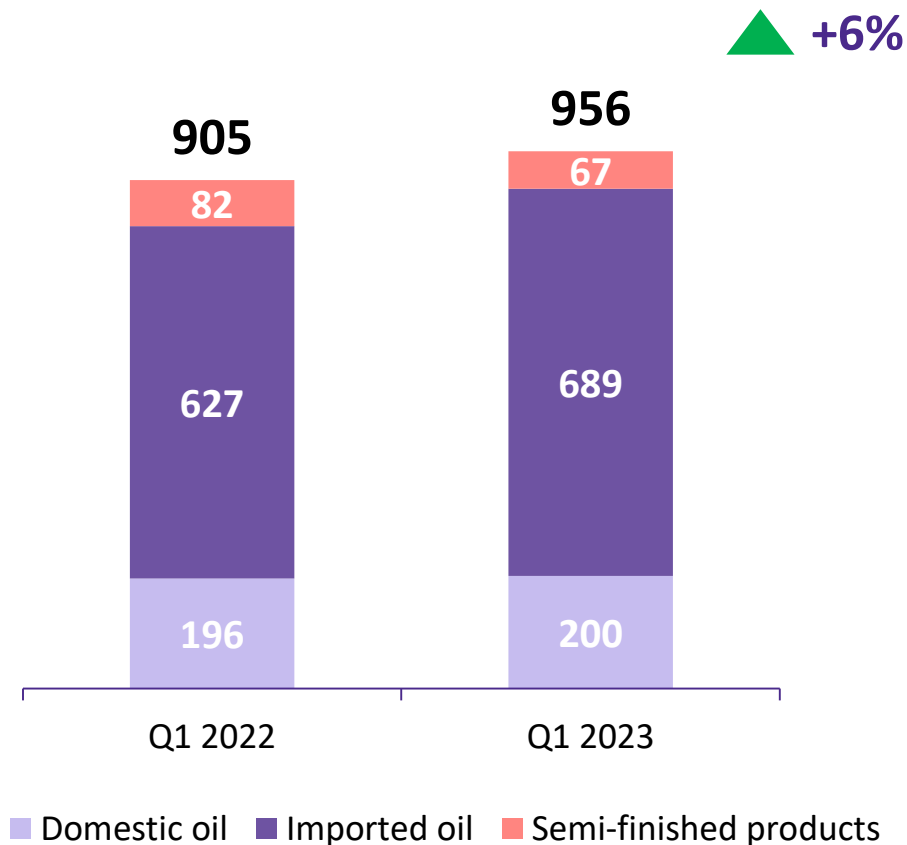
Domestic oil Domestic gas Foreign projects

Planned volume of hydrocarbon production achieved.

Operating Indicators

Downstream Refining

Refining of oil and semifinished products, thousand tonnes



The increase in the refining volume by 6% compared to the first quarter of 2022 is the result of:

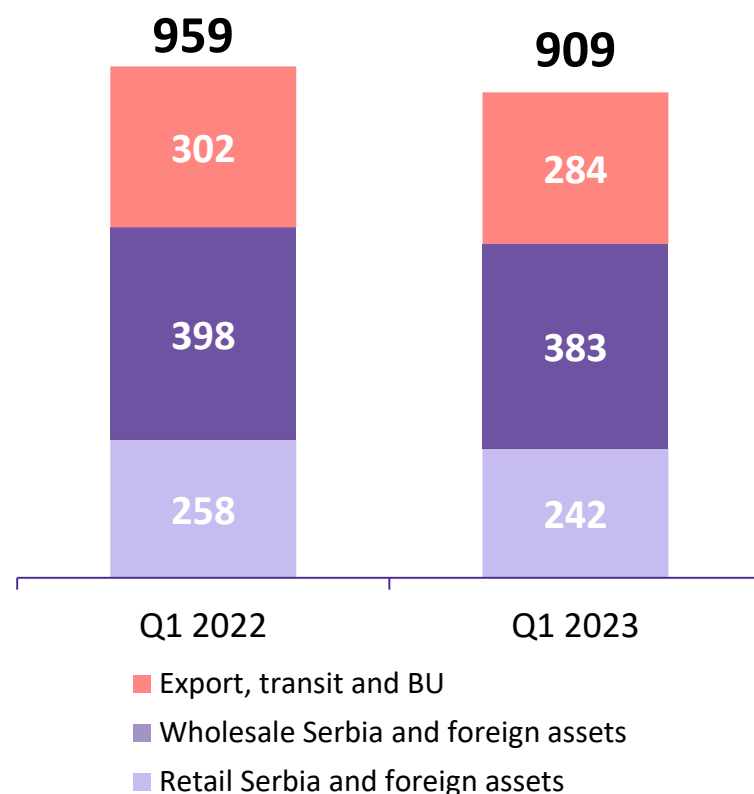
- continuous production and the provision of necessary supplies, with the aim of smooth shipping and orderly supplying the market with all types of derivatives.

Operating Indicators

Downstream Sales and distribution

Sales volume,
thousand tonnes

▼ -5%



- **Retail in Serbia and foreign assets:** a decline by 6%, primarily in foreign countries, due to:
 - the geopolitical situation in the EU countries (especially in Romania) and
 - the change in schedule caused by the panic growth of consumption in March 2022
- **Wholesale in Serbia and foreign assets*** – there was a decline primarily because of the decrease in sales of petroleum products in foreign countries because of the ban on exports from Serbia;
- **Export, transit and BU**** - the increase in sales of aviation fuel because of the expansion of the line of international air flights of Air Serbia and foreign airlines, as well as the increase in the exported quantities.

Financial Indicators

EBITDA

In Q1 2023 the decrease of the EBITDA indicator was influenced by the following factors:

- The impact of the drop of oil and petroleum product prices in the global market and the effect of "expensive" inventories;
- Deterioration of the refining assortment of the oil and derivatives, which was partially compensated by the increase in the margin of oil derivatives;
- Cost increase compared to the reference period.

EBITDA,
bln RSD

▼ -22%

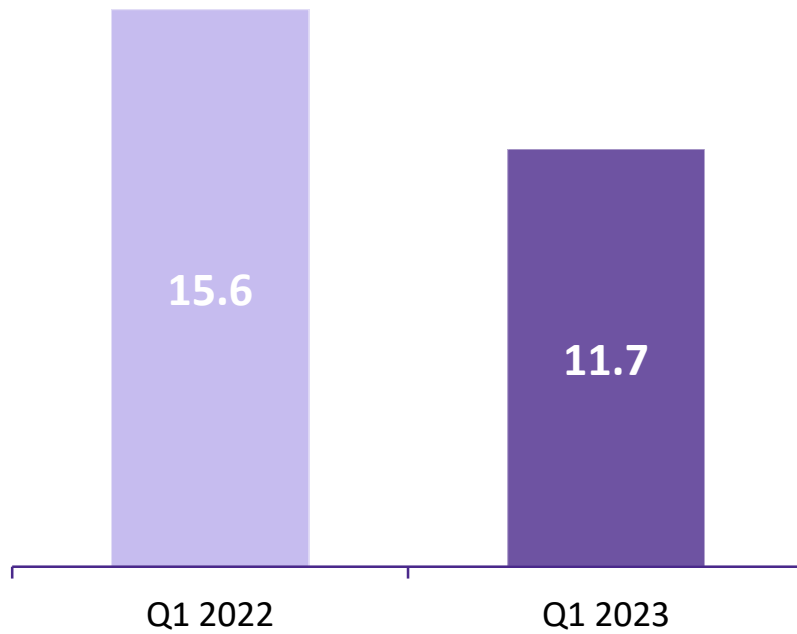


Financial Indicators

Net income

Net income,
bln RSD

▼ -25%



The decrease of net profit is conditioned by:

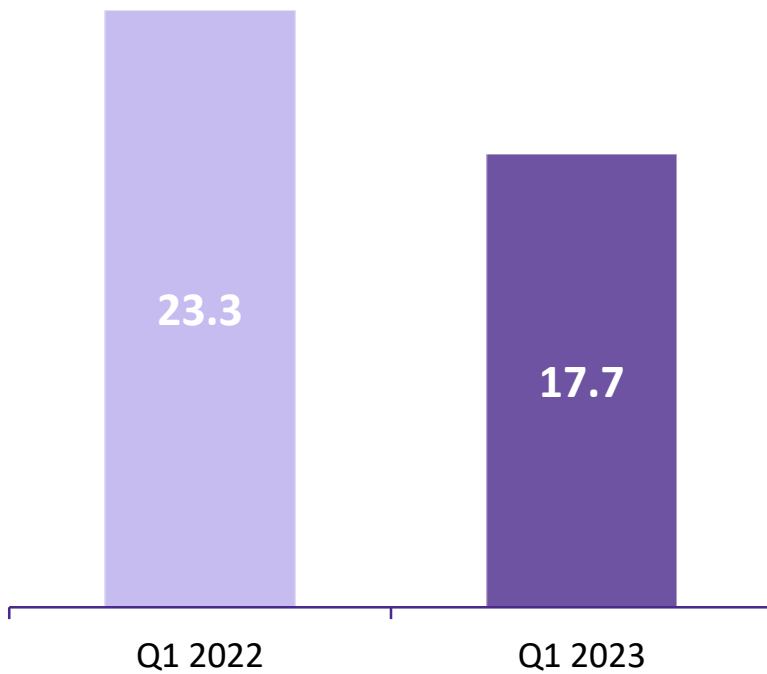
- The decrease of EBITDA;
- The growth of financial income.

Financial Indicators

OCF

OCF, bln RSD

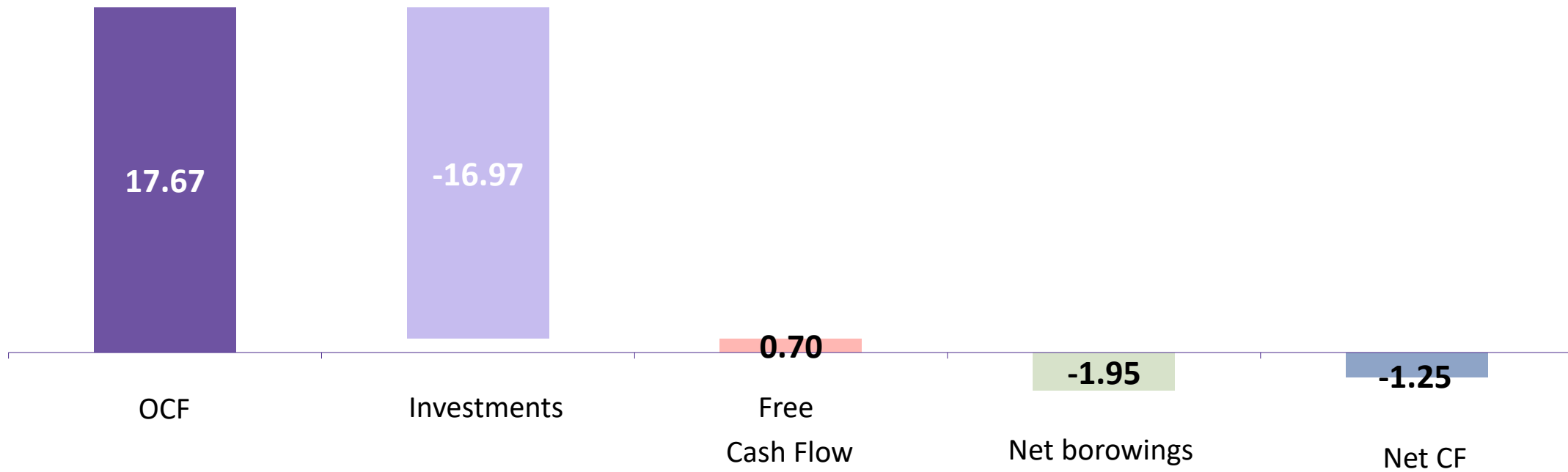
▼ -24%



The decrease of the OCF indicator was influenced by:

- Higher operating costs

Realization of CF in first quarter of 2023, in bln RSD

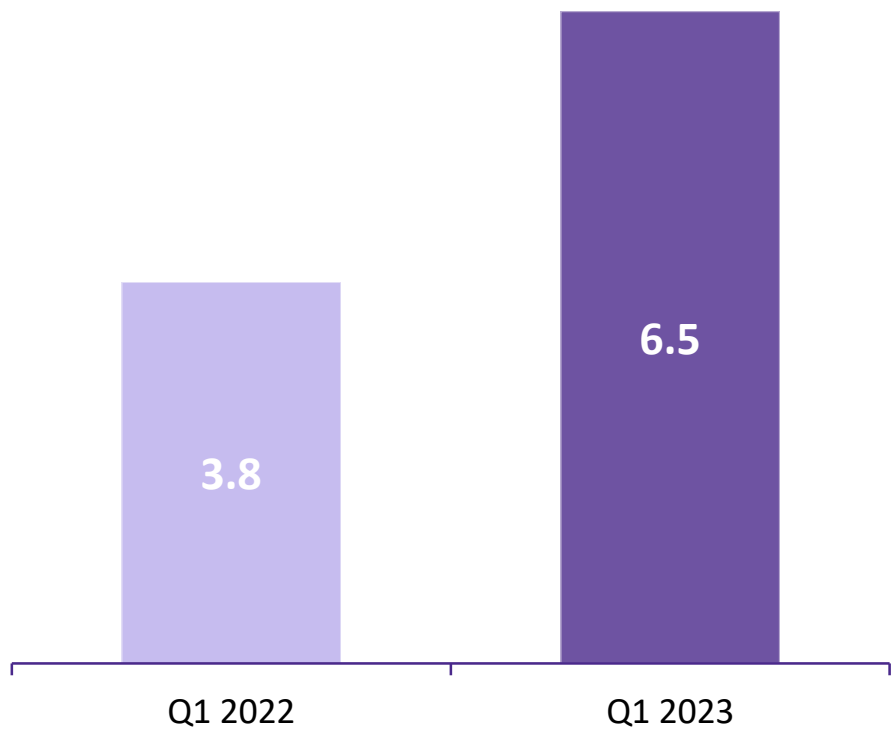


Financial Indicators

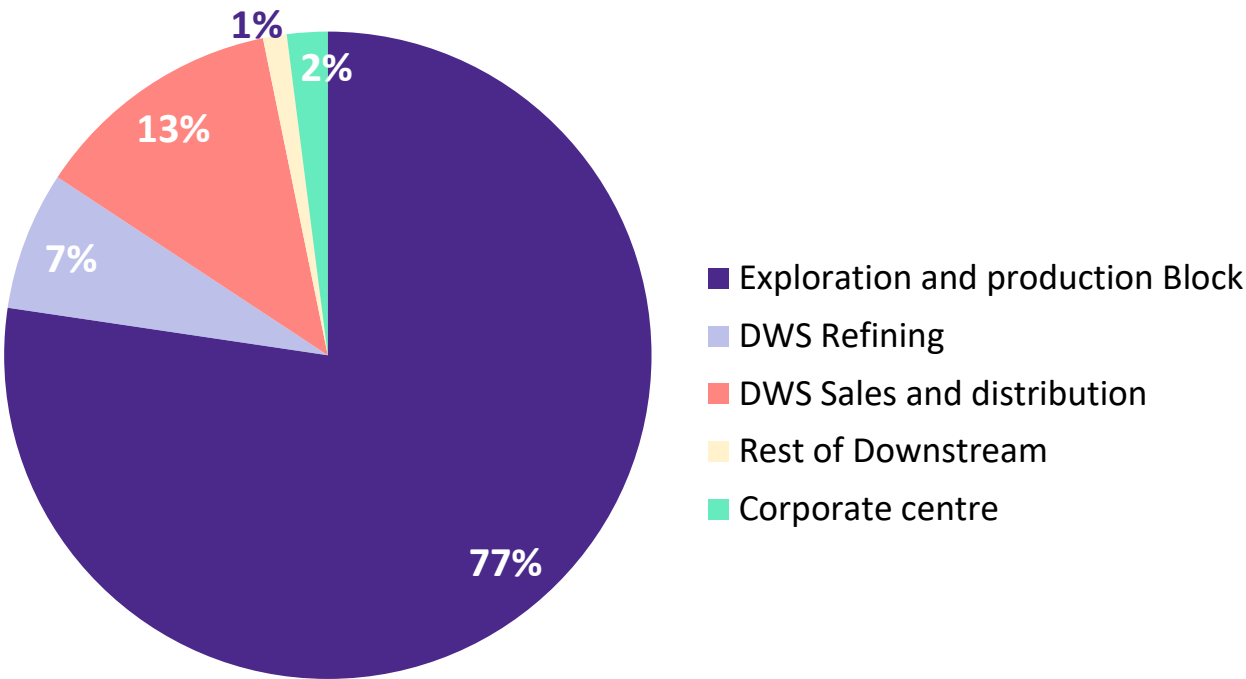
CAPEX

CAPEX¹, bln RSD

▲ +71%



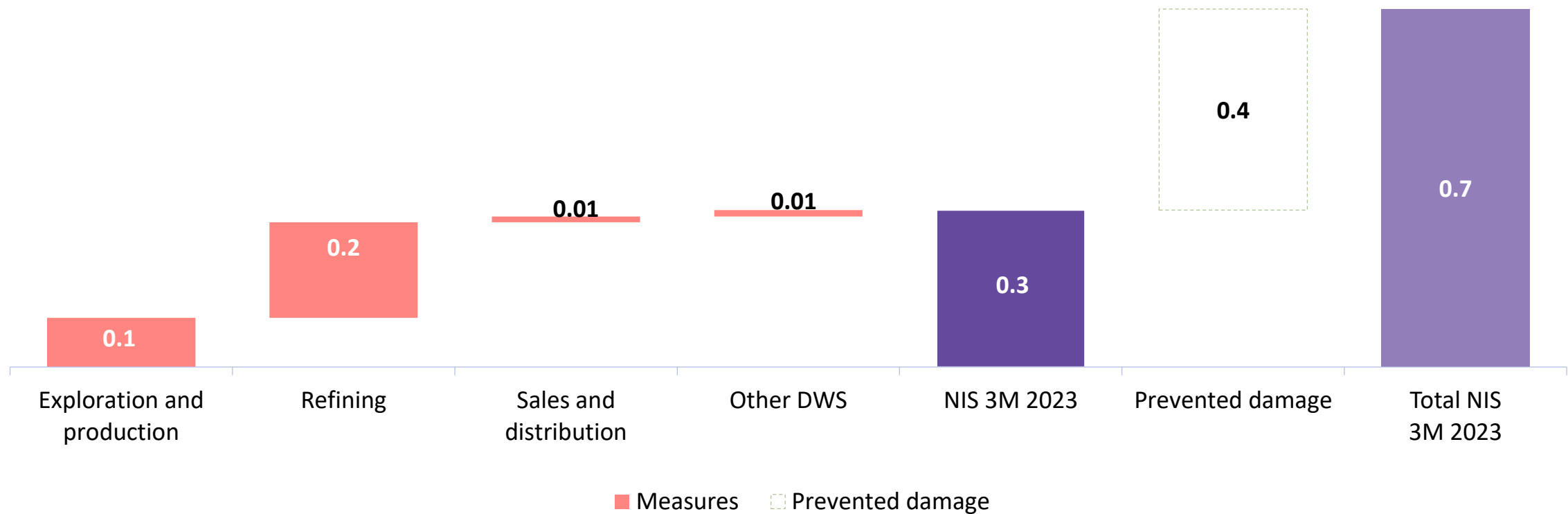
CAPEX by segments



Operational Efficiency Improvement Measures

Effect on EBITDA, bln RSD

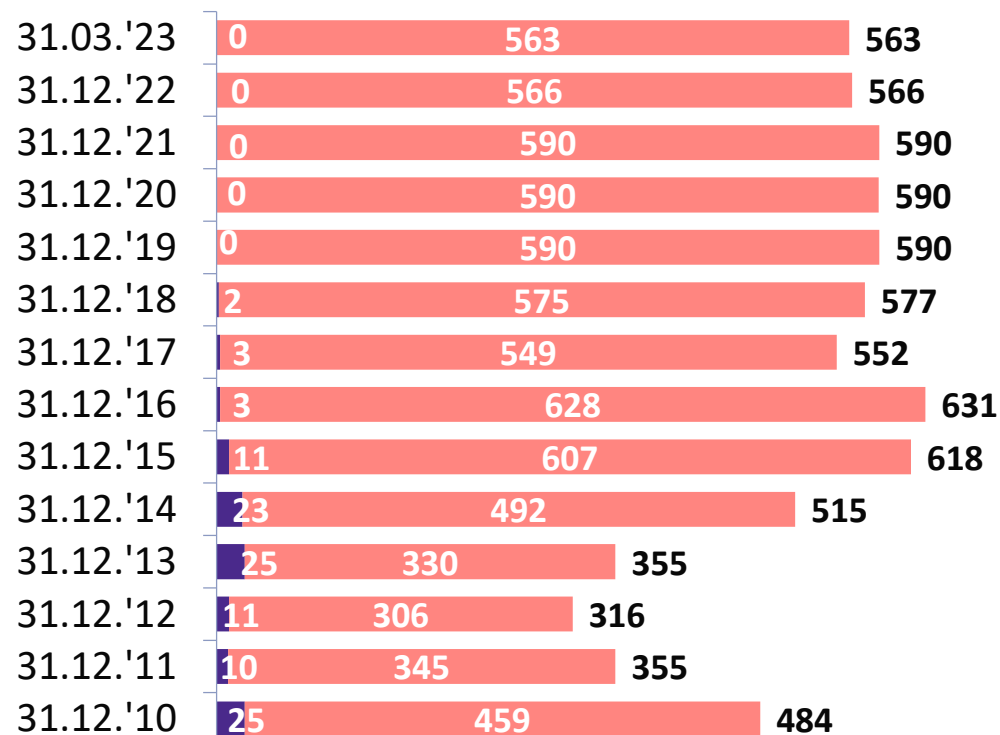
The overall effect of operational efficiency improvement measures in first three monts of 2023 on EBITDA indicator is RSD **0.3** billion.



Debt to banks

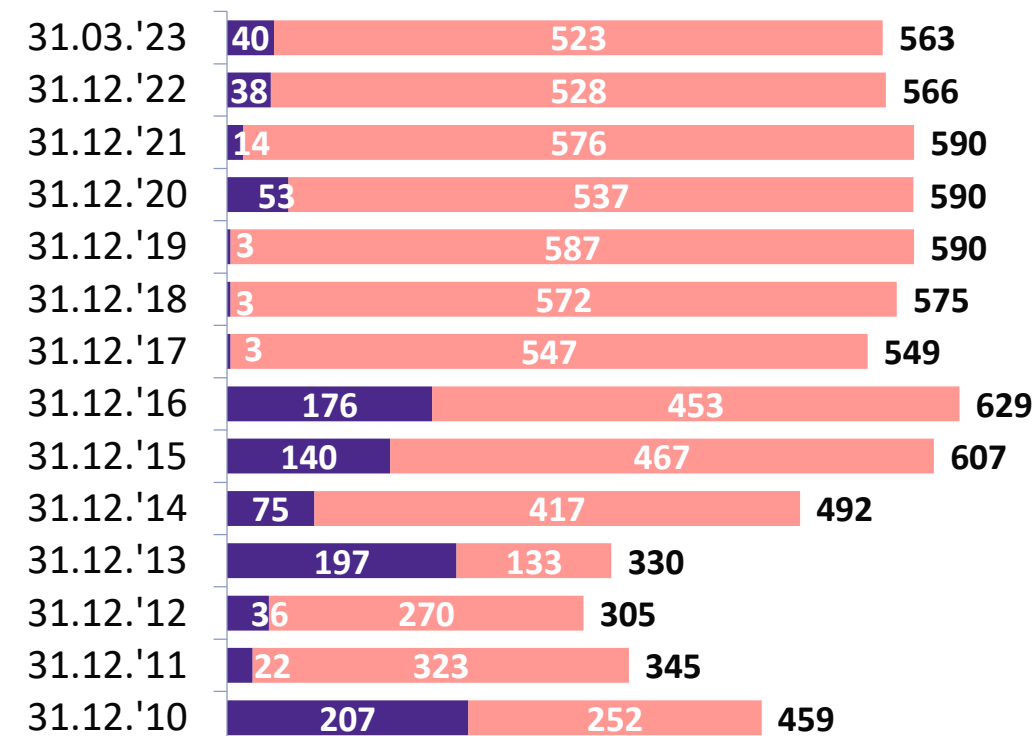
Maturity and Currency Structure of Credit Portfolio

Bank indebtedness, mn EUR



■ Letter to credits ■ Debts to the banks

Debts to banks, mn EUR



■ up to 1 year ■ over 1 year

Debt structure:

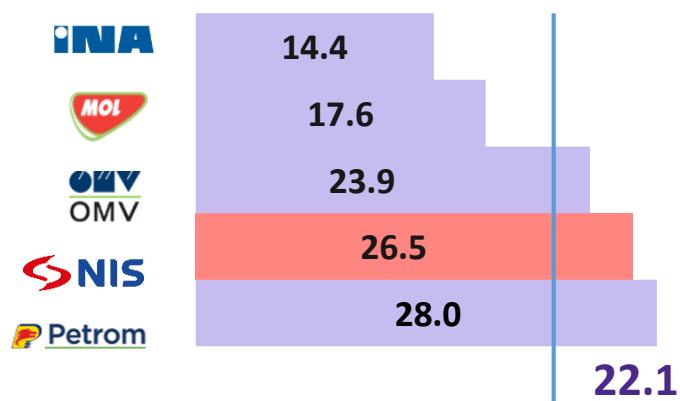
USD 0.1% ▼

EUR 98.6% ▼

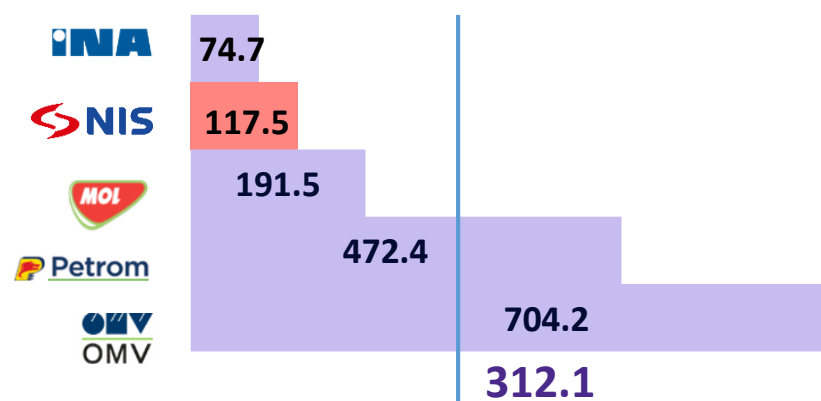
Other 1.3% ▲

Benchmarking

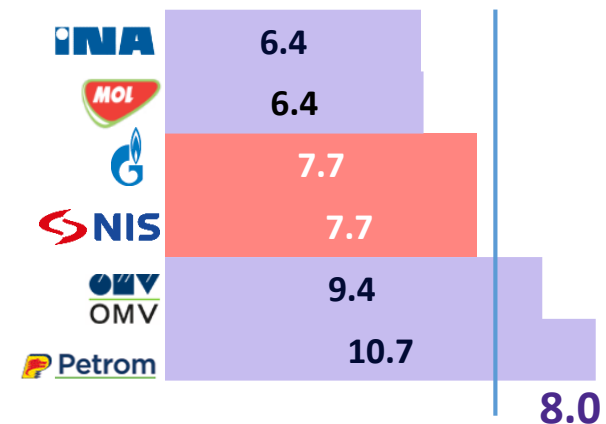
EBITDA margin (%)



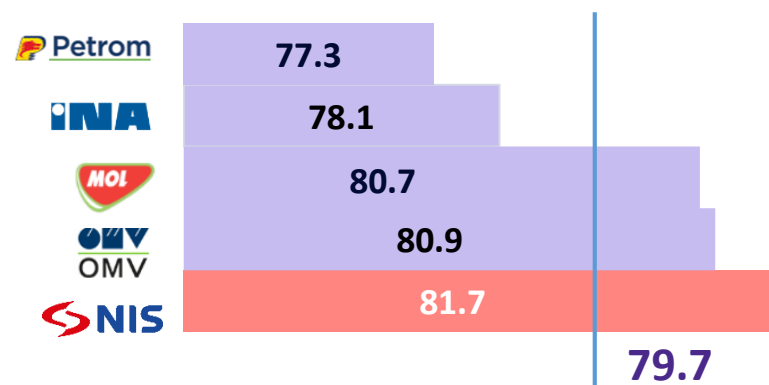
EBITDA/FTE (thou. USD)



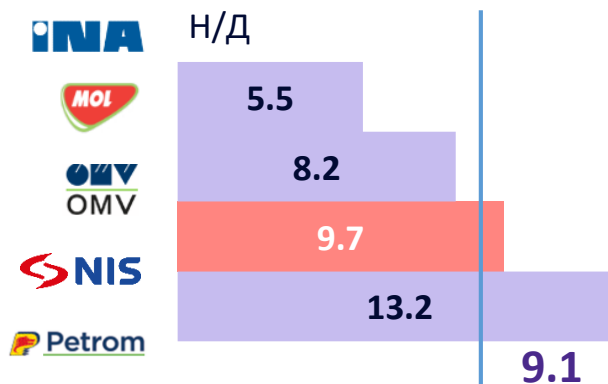
Daily volume (t/day)



Share of light products (%)



UPS OPEX (\$/boe)



Conclusion



- ▼ Complex macroeconomic conditions
- ▼ Market limitations
- ▼ Decrease of oil price and oil derivatives

- ▲ Growth of refining volume of oil and semi-finished products compared to the first quarter of 2022
- ▲ Preserved stability on the domestic market of oil derivatives



Q1

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FOR THE
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AT WORK