



**Naftna industrija Srbije A.D.**

**Interim Condensed Financial Statements (Unaudited)**

**31 December 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 December 2023	31 December 2022
		(unaudited)	(unaudited)
<b>Current assets</b>			
Cash and cash equivalents	4	16,270,493	83,083,255
Short-term financial assets	5	50,017,699	8,453,591
Trade and other receivables	6	44,731,654	43,037,247
Inventories	7	59,328,301	54,163,591
Current income tax prepayments		7,380,049	-
Other current assets	8	8,886,275	9,796,354
Assets classified as held for sale		60,091	27,318
<b>Total current assets</b>		<b>186,674,562</b>	<b>198,561,356</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	275,083,369	267,112,796
Right-of-use assets	10	2,808,073	2,826,525
Investment property		1,514,651	1,605,254
Intangible assets		3,836,403	3,861,377
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries	11	31,016,682	13,425,627
Trade and other non-current receivables		-	2,816
Long-term financial assets	12	9,494,126	29,588,852
Deferred tax assets		3,527,437	2,971,445
Other non-current assets	13	4,899,484	1,974,131
<b>Total non-current assets</b>		<b>333,219,025</b>	<b>324,407,623</b>
<b>Total assets</b>		<b>519,893,587</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	14	14,623,831	11,308,085
Current lease liabilities	19	522,002	498,203
Trade and other payables	15	22,867,531	29,783,850
Other current liabilities	16	9,652,270	15,818,895
Current income tax payable		-	13,992,693
Other taxes payable	17	11,579,451	14,126,253
Provisions for liabilities and charges		2,624,738	1,899,914
<b>Total current liabilities</b>		<b>61,869,823</b>	<b>87,427,893</b>
<b>Non-current liabilities</b>			
Long-term debt	18	54,465,457	61,930,558
Non-current lease liabilities	19	1,610,014	1,797,176
Other non-current financial liabilities	20	12,038,912	840,001
Long-term trade and other payables		2,868	7,171
Provisions for liabilities and charges		11,585,649	11,150,061
<b>Total non-current liabilities</b>		<b>79,702,900</b>	<b>75,724,967</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		34,408	93,904
Retained earnings		296,756,256	278,192,015
<b>Total equity</b>		<b>378,320,864</b>	<b>359,816,119</b>
<b>Total liabilities and shareholder's equity</b>		<b>519,893,587</b>	<b>522,968,979</b>

Kirill Tyurdenev  
Chief Executive Officer  
30 January 2024



Antoni 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 December		Year ended 31 December	
		2023	2022	2023	2022
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		93,390,200	116,664,595	359,452,777	463,285,487
Other revenues		8,776,487	9,512,341	31,801,480	23,647,443
<b>Total revenue from sales</b>	<b>3</b>	<b>102,166,687</b>	<b>126,176,936</b>	<b>391,254,257</b>	<b>486,932,930</b>
Purchases of oil, gas and petroleum products		(62,333,102)	(71,428,497)	(226,815,749)	(278,732,157)
Production, manufacturing and cost of other sales	21	(13,930,235)	(15,025,392)	(49,115,648)	(41,232,472)
Selling, general and administrative expenses	22	(9,431,004)	(7,389,292)	(30,420,488)	(24,966,444)
Transportation expenses		(446,635)	(510,329)	(1,594,396)	(1,747,984)
Depreciation, depletion and amortization		(5,674,018)	(5,696,653)	(22,593,795)	(23,122,898)
Taxes other than income tax		(1,527,884)	(1,364,478)	(5,621,493)	(5,238,666)
Exploration expenses		(162,986)	-	(163,308)	(173)
<b>Total operating expenses</b>		<b>(93,505,864)</b>	<b>(101,414,641)</b>	<b>(336,324,877)</b>	<b>(375,040,794)</b>
Other income (expenses), net	23	(182,632)	75,740	(7,342,979)	377,355
<b>Operating profit</b>		<b>8,478,191</b>	<b>24,838,035</b>	<b>47,586,401</b>	<b>112,269,491</b>
Net foreign exchange (loss)	24	(15,517)	(213,947)	(119,995)	(2,238,537)
Finance income	25	977,321	1,259,552	5,554,263	2,585,399
Finance expenses	26	(809,402)	(613,391)	(3,261,078)	(1,869,479)
<b>Total other (expense) / income</b>		<b>152,402</b>	<b>432,214</b>	<b>2,173,190</b>	<b>(1,522,617)</b>
<b>Profit before income tax</b>		<b>8,630,593</b>	<b>25,270,249</b>	<b>49,759,591</b>	<b>110,746,874</b>
Current income tax		(1,623,697)	(4,021,331)	(8,391,534)	(17,696,181)
Deferred tax income		5,621	130,418	546,571	406,238
<b>Total income tax</b>		<b>(1,618,076)</b>	<b>(3,890,913)</b>	<b>(7,844,963)</b>	<b>(17,289,943)</b>
<b>Profit for the period</b>		<b>7,012,517</b>	<b>21,379,336</b>	<b>41,914,628</b>	<b>93,456,931</b>
<b>Other comprehensive income / (loss):</b>					
<b>Items that will not be reclassified to profit / (loss)</b>					
Losses on remeasurements of defined benefit plans		(53,257)	(73,324)	(53,257)	(106,852)
Gain / (loss) from investments in equity instruments		23	17	8,299	(87)
<b>Other comprehensive loss for the period</b>		<b>(53,234)</b>	<b>(73,307)</b>	<b>(44,958)</b>	<b>(106,939)</b>
<b>Total comprehensive income for the period</b>		<b>6,959,283</b>	<b>21,306,029</b>	<b>41,869,670</b>	<b>93,349,992</b>
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		43.01	131.11	257.05	573.14
Weighted average number of ordinary shares in issue (in millions)		163	163	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**

Year ended 31 December 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**

Loss from investments in equity instruments

Losses on remeasurements of defined benefit plans

**Total comprehensive income / (loss) for the period**

Dividend distribution

Other

**Balance as at 31 December 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>
-	-	93,456,931	93,456,931
-	(87)	-	(87)
-	-	(106,852)	(106,852)
-	<b>(87)</b>	<b>93,350,079</b>	<b>93,349,992</b>
-	-	(5,782,122)	(5,782,122)
-	-	372	372
<b>81,530,200</b>	<b>93,904</b>	<b>278,192,015</b>	<b>359,816,119</b>

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

Profit for the period

**Other comprehensive gain / (loss)**

Gain from investments in equity instruments

Losses on remeasurements of defined benefit plans

**Total comprehensive income for the period**

Dividend distribution

Disposal of investment in equity instrument

Internal transfer

**Balance as at 31 December 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>
-	-	41,914,628	41,914,628
-	8,299	-	8,299
-	-	(53,257)	(53,257)
-	<b>8,299</b>	<b>41,861,371</b>	<b>41,869,670</b>
-	-	(23,364,925)	(23,364,925)
-	33,877	(33,877)	-
-	(101,672)	101,672	-
<b>81,530,200</b>	<b>34,408</b>	<b>296,756,256</b>	<b>378,320,864</b>

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

**NIS a.d.****Interim Condensed Statement of Cash Flows<sup>1</sup>***(All amounts are in 000 RSD, unless otherwise stated)*

	Note	Year ended 31 December	
		2023	2022
		(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>49,759,591</b>	<b>110,746,874</b>
<b>Adjustments for:</b>			
Finance expenses	26	3,261,078	1,869,479
Finance income	25	(5,554,263)	(2,585,399)
Unrealised foreign exchange losses, net		152,734	2,165,058
Depreciation, depletion and amortization		22,593,795	23,122,898
Other non-cash items		1,243,488	(239,884)
<b>Operating cash flow before changes in working capital</b>		<b>71,456,423</b>	<b>135,079,026</b>
<b>Changes in working capital:</b>			
Trade and other receivables		(1,818,387)	(11,243,811)
Inventories		(5,248,368)	(21,042,954)
Other current assets		674,173	(3,575,609)
Trade payables and other current liabilities		(10,604,867)	10,428,651
Other taxes payable		(2,546,802)	3,993,476
<b>Total effect on working capital changes</b>		<b>(19,544,251)</b>	<b>(21,440,247)</b>
Income taxes paid		(29,759,941)	(7,858,373)
Interest paid		(2,850,211)	(1,513,408)
Interest received		3,423,032	1,590,841
<b>Net cash generated by operating activities</b>		<b>22,725,052</b>	<b>105,857,839</b>
<b>Cash flows from investing activities</b>			
Net cash outflow on acquisition of subsidiaries	11,20	(5,863,685)	-
Loans issued		(12,067,065)	(4,819,671)
Loan proceeds received		11,494,171	4,596,113
Capital expenditures <sup>2</sup>		(35,905,901)	(23,644,494)
Proceeds from sale of property, plant and equipment		151,307	388,538
Bank deposits repayment, net		(18,997,188)	(6,000,000)
Dividends received		44,372	-
Other inflows		8,441	-
<b>Net cash used in investing activities</b>		<b>(61,135,548)</b>	<b>(29,479,514)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	14,18	14,368,904	21,933,670
Repayment of borrowings	14,18	(18,552,316)	(28,337,086)
Repayment of lease liabilities	19	(629,948)	(407,259)
Dividends paid		(23,364,925)	(5,782,122)
<b>Net cash used in financing activities</b>		<b>(28,178,285)</b>	<b>(12,592,797)</b>
Net (decrease) / increase in cash and cash equivalents		(66,588,781)	63,785,528
Effect of foreign exchange on cash and cash equivalents		(223,981)	(1,039,174)
<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>	4	<b>16,270,493</b>	<b>83,083,255</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 4 bln RSD (2022: 3.2 bln RSD)*The accompanying notes are an integral part of these Interim Condensed Financial Statements.*

*(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 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.

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

The 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 intends to implement the amendments to the existing standards and new standards issued but not yet effective as of the date these Condensed Interim Financial Statements were authorised for issue, and the Company does not expect them to have any material impact on the Condensed Interim Financial Statements when adopted.

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 Condensed Financial Statements for Q4 are adequate to make the information presented not misleading if these Financial Statements are read in conjunction with the Company's Financial Statements for 2022.

In the 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 28) 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.

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

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

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

## 2.2. Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Financial Statements are consistent with those applied during the preparation of Financial Statements as of and for the year ended 31 December 2022.

## 3. SEGMENT INFORMATION

Presented below is information about the Company's operating segments for the year ended 31 December 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 year ended 31 December 2023 are shown in the table below:

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



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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

Reportable segment results for the year ended 31 December 2022 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	60,886,851	485,470,985	(59,424,906)	486,932,930
Intersegment	58,790,033	634,873	(59,424,906)	-
External	2,096,818	484,836,112	-	486,932,930
<b>Adjusted EBITDA (Segment results)</b>	<b>45,019,579</b>	<b>90,157,684</b>	<b>-</b>	<b>135,177,263</b>
Depreciation, depletion and amortization	(12,287,131)	(10,835,767)	-	(23,122,898)
Net foreign exchange loss	(6,952)	(2,231,585)	-	(2,238,537)
Finance income (expenses), net	(51,167)	767,087	-	715,920
Income tax	(155,950)	(17,133,993)	-	(17,289,943)
Segment profit	32,672,133	60,784,798	-	93,456,931

Adjusted EBITDA for the year ended 30 December 2023 and 2022 is reconciled below:

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Profit for the period	7,012,517	21,379,336	41,914,628	93,456,931
Income tax	1,618,076	3,890,913	7,844,963	17,289,943
Finance expenses	809,402	613,391	3,261,078	1,869,479
Finance income	(977,321)	(1,259,552)	(5,554,263)	(2,585,399)
Depreciation, depletion and amortization	5,674,018	5,696,653	22,593,795	23,122,898
Net foreign exchange (gain) / loss	15,517	213,947	119,995	2,238,537
Other expenses/(income), net	182,632	(75,740)	7,342,979	(377,355)
Other non-operating expense/(income), net*	(169,189)	(104,743)	(7,015,787)	162,229
<b>Adjusted EBITDA</b>	<b>14,165,652</b>	<b>30,354,205</b>	<b>70,507,388</b>	<b>135,177,263</b>

\*Other non-operating expense / (income), net mainly relates to donations for support projects in the field of education, social and health care, excess and deficiencies of assets revealed, fines, penalties and other. (note 23)

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

	Year ended 31 December	
	2023	2022
Sale of crude oil	-	4,602,951
Sale of gas	190,850	150,365
<i>Wholesale activities</i>	190,850	150,365
Sale of petroleum products	359,261,927	458,532,171
<i>Through a retail network</i>	110,382,013	131,285,607
<i>Wholesale activities</i>	248,879,914	327,246,564
Sale of electricity	15,406,532	9,934,727
Lease revenue	369,617	356,051
Other sales	16,025,331	13,356,665
<b>Total sales</b>	<b>391,254,257</b>	<b>486,932,930</b>

Other sales mainly relate to sales of non-fuel products at petrol stations for 11,031,630 RSD (2022: 9,656,529 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 year ended 31 December 2023**

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

**4. CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash in bank and in hand	8,265,248	16,861,298
Deposits with original maturity of less than three months	8,000,000	66,219,999
Cash equivalents	5,245	1,958
	<b>16,270,493</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 December 2023</b>	<b>31 December 2022</b>
Short-term loans	1,045,218	204,604
Deposits with original maturity more than 3 months less than 1 year	26,290,896	6,003,699
Current portion of long-term investments (note 12)	32,578,321	4,225,725
<i>Less impairment loss provision</i>	<i>(9,896,736)</i>	<i>(1,980,437)</i>
	<b>50,017,699</b>	<b>8,453,591</b>

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

**6. TRADE AND OTHER RECEIVABLES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables	52,053,320	50,420,797
Other receivables	95,494	88,717
<i>Less credit loss allowance for trade receivables</i>	<i>(7,386,577)</i>	<i>(7,437,841)</i>
<i>Less credit loss allowance for other receivables</i>	<i>(30,583)</i>	<i>(34,426)</i>
	<b>44,731,654</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 December 2023</b>	<b>31 December 2022</b>
Crude oil	32,326,837	29,409,389
Petroleum products	24,875,824	23,314,075
Materials and supplies	5,230,211	4,771,464
Other	1,291,956	1,124,692
<i>Less impairment provision</i>	<i>(4,396,527)</i>	<i>(4,456,029)</i>
	<b>59,328,301</b>	<b>54,163,591</b>

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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

**8. OTHER CURRENT ASSETS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances paid	887,650	729,280
Deferred VAT	3,017,260	4,198,144
Prepaid expenses	307,150	251,155
Prepaid custom duties	67,649	60,157
Prepaid excise	4,267,660	4,415,877
Other current assets	7,824,421	7,628,408
<i>Less impairment provision</i>	<i>(7,485,515)</i>	<i>(7,486,667)</i>
	<b>8,886,275</b>	<b>9,796,354</b>

Deferred VAT as at 31 December 2023 amounting to 3,017,260 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 December 2023 amounting to 4,267,660 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 year ended 31 December 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 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 December 2023</b>						
Additions	16,196,962	840,180	2,267,686	539,591	9,899,599	29,744,018
Changes in decommissioning obligations	290,237	-	-	114	-	290,351
Impairment	-	-	-	-	(133,295)	(133,295)
Depreciation	(12,310,596)	(7,011,875)	(1,881,288)	(462,905)	-	(21,666,664)
Disposals and write-off	(36,059)	(12,673)	(31,258)	(296)	(163,235)	(243,521)
Transfer from / (to) investment property	136	-	(8,631)	14,296	-	5,801
Transfer to non-current assets held for sale	-	-	-	(31,539)	-	(31,539)
Other transfers	(71)	(89,789)	119,595	(29,487)	5,174	5,422
	<b>133,630,442</b>	<b>85,964,538</b>	<b>25,475,316</b>	<b>7,100,608</b>	<b>22,912,465</b>	<b>275,083,369</b>
<b>As at 31 December 2023</b>						
Cost	231,482,614	164,584,606	59,556,609	17,297,562	24,718,845	497,640,236
Depreciation and impairment	(97,852,172)	(78,620,068)	(34,081,293)	(10,196,954)	(1,806,380)	(222,556,867)
<b>Net book value</b>	<b>133,630,442</b>	<b>85,964,538</b>	<b>25,475,316</b>	<b>7,100,608</b>	<b>22,912,465</b>	<b>275,083,369</b>

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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

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

Movements in right-of-use assets for the year ended 31 December 2023 are as follows:

	Land	Property	Plant and equipment	Vehicles	Other	Total
<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	110,783	135,670	325,279	-	574,274
Depreciation	(1,116)	(97,860)	(81,654)	(239,326)	-	(419,956)
Transfers	-	-	5,000	(6,994)	1,994	-
Disposals	-	(55,249)	(110,112)	(5,415)	-	(170,776)
Impairment	-	-	-	-	(1,994)	(1,994)
<b>As at 31 December 2023</b>	<b>1,426</b>	<b>800,397</b>	<b>173,626</b>	<b>1,832,624</b>	-	<b>2,808,073</b>

**11. INVESTMENTS IN SUBSIDIARY**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Investments in subsidiaries:		
- In shares	3,457,576	3,457,576
- In stakes	40,303,566	11,140,314
	43,761,142	14,597,890
<i>Less: Provision</i>	(12,744,460)	(1,172,263)
	<b>31,016,682</b>	<b>13,425,627</b>

Movements on the account were as follows:

	<b>2023</b>
<b>As at 1 January</b>	<b>13,425,627</b>
Additional contribution (capital increase in HIP Petrohemija)	17,591,055
Transfer from investment in JV and associates – HIP Petrohemija	11,572,197
<i>Less: transfer of provision</i>	(11,572,197)
<b>As at 31 December</b>	<b>31,016,682</b>

*Acquisition of HIP Petrohemija doo Pančevo*

At the beginning of October 2017 all the condition were met for the full implementation of the earlier prepared plan for restructuring of the company HIP Petrohemija d.o.o. Pančevo. In accordance with the adopted plan, the structure of the share capital of the company HIP Petrohemija has been changed, whereby NIS increased its equity interest. After conversion, NIS holds directly 20.86% of the voting power of the HIP Petrohemija and has representatives on the BoD and Supervisory boards. On 9 September 2021, the Ministry of Economy of the Republic of Serbia opened a public invitation for the privatization of the joint stock company HIP Petrohemija with a strategic partnership model. The Company participated in the tender and was chosen as a strategic partner.

In accordance with the Agreement on Strategic Partnership signed on 24 December 2021 between Government of Republic of Serbia, NIS a.d. Novi Sad and HIP Petrohemija doo Pančevo, on 9 June 2023, Company acquired control and registered an increase in the share in the capital of HIP Petrohemija (petrochemical complex) from the previous 20.86% to 90% with the obligation of additional capital increase in the amount of 17,591,055 RSD (150 million EUR) which will be used for construction of a plant for the production of polypropylene with a capacity of at least 140,000 tons per year within six years. As a result Company expects to diversify and to expand its business in the segment of petrochemical products after the implementation of the comprehensive investment program of modernisation and building new production capacity. The Company made the first payment of 5,863,685 RSD (50 million EUR) by the date of acquisition whereby the rest of the obligation of 11,727,370 RSD (note 20) will be paid in accordance with the Agreement. 30 June, 2023 is considered as the acquisition date.

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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

The net assets that company acquired at the acquisition date in accordance with the independent valuation amounted 9,909,172 RSD.

Company has no obligation to make other payments based on this transaction except for the fulfilment of the obligation under the strategic partnership agreement.

**12. LONG-TERM FINANCIAL ASSETS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
LT loans issued	41,289,971	40,958,458
Financial assets at FVTPL	838,937	840,001
Other LT placements	28,655	30,605
Available for sale financial assets	128,683	176,206
<i>Less Current portion of LT loans issued (note 5)</i>	<i>(32,578,321)</i>	<i>(4,225,725)</i>
<i>Less provision of other LT placements</i>	<i>(213,799)</i>	<i>(8,190,693)</i>
	<b>9,494,126</b>	<b>29,588,852</b>

**13. OTHER NON-CURRENT ASSETS**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances paid for PPE	4,184,286	1,063,325
Prepaid expenses	104,566	142,503
Other assets	916,063	1,131,217
<i>Less allowance for other assets</i>	<i>(284,068)</i>	<i>(341,519)</i>
<i>Less allowance for advances paid</i>	<i>(21,363)</i>	<i>(21,395)</i>
	<b>4,899,484</b>	<b>1,974,131</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Short-term loans	3,606,281	5,345,097
Interest liabilities	256,467	151,584
Current portion of long-term loans (note 18)	10,761,083	5,811,404
	<b>14,623,831</b>	<b>11,308,085</b>

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
<b>Short-term loans at 1 January</b>	<b>5,345,097</b>	<b>2,188,401</b>
Proceeds	10,988,503	17,433,917
Repayment	(12,726,855)	(14,273,782)
Foreign exchange difference (note 24)	(464)	(3,439)
<b>Short-term loans at 31 December</b>	<b>3,606,281</b>	<b>5,345,097</b>

**15. TRADE AND OTHER PAYABLES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade payables	19,062,793	25,943,650
Dividends payable	3,783,595	3,783,818
Other accounts payable	21,143	56,382
	<b>22,867,531</b>	<b>29,783,850</b>

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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

**16. OTHER CURRENT LIABILITIES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Contract liabilities arising from contracts with customers:		
- Advances received	4,747,256	11,294,740
- Customer loyalty	843,176	686,933
- Deferred income	45,170	-
Payables to employees	3,931,046	3,790,114
Other current non-financial liabilities	85,622	47,108
	<b>9,652,270</b>	<b>15,818,895</b>

Revenue in the amount of 7,874,028 RSD (31 December 2022: 3,298,290 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2023, of which 7,407,671 RSD (31 December 2022: 2,728,700 RSD) related to advances and 466,357 RSD (31 December 2022: 569,590 RSD) to customer loyalty programme.

**17. OTHER TAXES PAYABLE**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Mineral extraction tax	471,143	393,085
VAT	1,202,951	3,955,956
Excise tax	8,121,033	7,814,476
Contribution for State commodity reserves	625,507	887,822
Custom duties	28,928	5,007
Energy efficiency fee	72,972	92,638
Other taxes	1,056,917	977,269
	<b>11,579,451</b>	<b>14,126,253</b>

**18. LONG-TERM DEBT**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Long-term loan	-	2,728,428
Bank loans	65,223,168	65,009,756
Other Long-term borrowings	3,372	3,778
Less Current portion (note 14)	(10,761,083)	(5,811,404)
	<b>54,465,457</b>	<b>61,930,558</b>

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

	<b>Year period ended 31 December</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	3,380,401	4,499,753
Repayment	(5,825,461)	(14,063,304)
Non-cash transactions	20,343	(12,959)
Foreign exchange difference (note 24)	(90,299)	(165,333)
<b>Long-term loans at 31 December</b>	<b>65,223,168</b>	<b>67,738,184</b>

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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

**(a) Bank loans**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Domestic	48,366,114	48,275,895
Foreign	16,857,054	16,733,861
	65,223,168	65,009,756
Current portion of long-term loans	(10,761,083)	(3,082,976)
	<b>54,462,085</b>	<b>61,926,780</b>

The maturity of bank loans was as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Between 1 and 2 years	7,632,523	9,708,140
Between 2 and 5 years	45,494,977	47,889,786
Over 5 years	1,334,585	4,328,854
	<b>54,462,085</b>	<b>61,926,780</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
USD	30,298	88,819
EUR	65,163,377	64,824,628
RSD	-	4,268
JPY	29,493	92,041
	<b>65,223,168</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 fulfil its obligations within agreed timeframe.

The loan agreements contain financial covenants that require the Company's ratio of Indebtedness to EBITDA. Management believes the Company is in compliance with these covenants as of 31 December 2023 and 31 December 2022, respectively.

**19. LEASE LIABILITIES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Non-current lease liabilities	1,610,014	1,797,176
Current lease liabilities	522,002	498,203
	<b>2,132,016</b>	<b>2,295,379</b>

Amounts recognized in profit and loss:

	<b>Year ended 31 December 2023</b>	<b>2022</b>
Interest expense (included in finance cost) (note 26)	92,725	40,099
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	4,313	64,148
Expense relating to leases of low value assets that are not shown above as short-term leases	10,226	19,703
Expense relating to variable lease payments not included in lease liabilities	1,197,918	1,118,267



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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
<b>As at 1 January</b>	<b>2,295,379</b>	<b>1,338,381</b>
Repayment	(629,948)	(407,259)
Non-cash transactions	470,687	1,364,705
Foreign exchange difference (note 24)	(4,102)	(448)
<b>As at 31 December</b>	<b>2,132,016</b>	<b>2,295,379</b>

**20. OTHER NON-CURRENT FINANCIAL LIABILITIES**

Other non-current financial liabilities in the amount of 12,038,912 RSD (2022: 840,001 RSD) represents deferred consideration in the amount of 838,937 RSD for O&G exploration project and additional capital contribution liabilities in the amount of 11,727,370 RSD (amount before reduction for the effect of revaluation of 517,395 RSD – note 25, and foreign exchange gain of 10,000 RSD – note 24). In accordance with the Agreement on Strategic Partnership Company has obligation of additional capital increase in the amount of 17,591,055 RSD (150 million EUR) associated with the new plant construction program. The Company made a first payment of 5,863,685 RSD (50 million EUR) by the date of acquisition whereby the rest of the obligation of 11,727,370 RSD will be paid in accordance with the Agreement.

**21. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES**

	<b>Three month period ended 31 December</b>		<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Employee costs	1,212,769	1,253,273	4,217,476	4,229,770
Materials and supplies (other than O&G and petroleum products)	334,714	303,077	1,245,576	1,057,995
Repair and maintenance services	1,606,681	1,619,912	5,503,194	5,311,710
Electricity for resale	4,003,462	5,954,092	14,118,564	9,052,451
Electricity and utilities	2,496,461	1,857,578	8,507,113	6,578,018
Safety and security expense	225,819	242,964	665,818	700,368
Transportation services for production	415,972	595,187	1,421,506	1,981,049
Other	3,634,357	3,199,309	13,436,401	12,321,111
	<b>13,930,235</b>	<b>15,025,392</b>	<b>49,115,648</b>	<b>41,232,472</b>

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

*(All amounts are in 000 RSD, unless otherwise stated)***22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Employee costs	4,467,443	3,450,809	14,274,987	11,939,866
Commission and agency fees	1,539,919	1,410,841	5,278,196	4,426,408
Legal, audit and consulting services	846,546	679,512	1,968,498	1,601,779
Current repair cost	399,766	408,158	1,313,804	1,179,122
Costs on advertising and marketing	87,639	105,786	333,172	293,364
Rent expense	7,503	22,115	21,770	96,786
Business trips expense	90,811	90,148	265,742	181,855
Safety and security expense	272,797	239,540	909,302	680,066
Insurance expense	21,415	19,690	96,094	86,552
Transportation and storage	56,789	57,288	210,202	190,993
Allowance for doubtful accounts	(1,543)	(544,949)	8,684	(533,126)
Other	1,641,919	1,450,354	5,740,037	4,822,779
	<b>9,431,004</b>	<b>7,389,292</b>	<b>30,420,488</b>	<b>24,966,444</b>

**23. OTHER INCOME (EXPENSES), NET**

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Penalties	32,427	72,796	162,640	249,084
Provisions	(2,343)	(148,705)	(33,650)	(182,394)
Impairment of non financial assets	(109,343)	(56,473)	(135,449)	(65,293)
Charity and social payments	(177,152)	(145,696)	(7,247,557)	(161,087)
Other	73,779	353,818	(88,963)	537,045
	<b>(182,632)</b>	<b>75,740</b>	<b>(7,342,979)</b>	<b>377,355</b>

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

**24. NET FOREIGN EXCHANGE (LOSS)**

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Foreign exchange gain (loss) on financing activities including:				
- foreign exchange gain (note 14,18,19,20)	64,320	32,968	223,601	612,559
- foreign exchange loss (note 14,18,19,20)	(49,537)	(22,283)	(118,736)	(443,339)
Net foreign exchange loss on operating activities	(30,300)	(224,632)	(224,860)	(2,407,757)
	<b>(15,517)</b>	<b>(213,947)</b>	<b>(119,995)</b>	<b>(2,238,537)</b>

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**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

**25. FINANCE INCOME**

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Interest on bank deposits	730,772	1,075,934	4,177,624	1,860,083
Gains on restructuring of borrowings	28,877	5,782	46,217	23,158
Revaluation of equity investment at fair value				
– income / (loss)	(29,375)	-	517,395	-
Dividend income	44,372	-	44,372	-
Interest income on loans issued	202,675	177,836	768,655	702,158
	<b>977,321</b>	<b>1,259,552</b>	<b>5,554,263</b>	<b>2,585,399</b>

**26. FINANCE EXPENSES**

	Three month period ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
Interest expense	848,678	552,720	3,148,442	1,738,774
Losses on restructuring of borrowings	4,406	6,452	20,438	24,732
Decommissioning provision: unwinding of the present value discount	36,604	9,272	145,922	36,958
Provision of trade and other non-current receivables: discount	(63,245)	51,929	7,299	89,989
Less: amounts capitalised on qualifying assets	(17,041)	(6,982)	(61,023)	(20,974)
	<b>809,402</b>	<b>613,391</b>	<b>3,261,078</b>	<b>1,869,479</b>

Interest expense includes expenses on lease liabilities in amount of 92,725 RSD for the year ended 31 December 2023 (40,099 RSD for the year ended 31 December 2022, accordingly) (note 19).

**27. 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 December 2023 the carrying value of financial assets approximates their fair value.

**28. CONTINGENCIES AND COMMITMENTS**

*Taxes*

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Company has paid all tax liabilities as of 31 December 2023.

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

#### *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. The average cost of Oil prices during 2023 was US \$ 82.62 per barrel which is less than 18% from the same period in 2022 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 Group 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 451,287 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 December 2023 the Company has entered into contracts to purchase property, plant and equipment for 2,861,058 RSD (31 December 2022: 391,270 RSD).

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

## **29. RELATED PARTY TRANSACTIONS**

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

For the year ended 31 December 2023 and in the same period in 2022, the Company entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

**NIS a.d.**

**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

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

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

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries and associates</b>
<b>As at 31 December 2022</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)
Non-current lease liabilities	(41,883)	-	(50)
	<b>45,545,225</b>	<b>(1,762)</b>	<b>(3,709,573)</b>

For the year ended 31 December 2023 and 31 December 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>For the year ended 31 December 2023</b>			
Revenues from sales of products and services	35,605,124	-	16,076,612
Expenses based on procurement of products and services	(16,883,568)	(5,218)	(15,998,947)
Other income (expenses), net	1,216,686	-	(40,779)
	<b>19,938,242</b>	<b>(5,218)</b>	<b>36,886</b>

NIS a.d.

**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries, and associates</b>
<b>For the year ended 31 December 2022</b>			
Revenues from sales of products and services	36,438,469	-	40,931,150
Expenses based on procurement of products and services	(12,375,169)	(7,292)	(125,392,223)
Other income (expenses), net	683,311	-	(151,067)
	<b>24,746,611</b>	<b>(7,292)</b>	<b>(84,612,140)</b>

**30. EVENTS AFTER THE REPORTING DATE**

Subsequent events occurring after 31 December 2023 were evaluated through 30 January 2024, the date these Interim Condensed Financial Statements were authorised for issue.

**NIS a.d.**

**Notes to the Interim Condensed Financial Statements for the year ended 31 December 2023**

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

**NIS a.d.**

**Contact information**

The Company's office is:

12 Narodnog fronta St.  
Novi Sad, Republic of Serbia  
21000

Telephone: (+ 381 21) 481 1111

e-mail: [www.nis.rs](http://www.nis.rs)

Investor relations

e-mail: [investor.relations@nis.rs](mailto:investor.relations@nis.rs)