



**Naftna industrija Srbije A.D.**

**Interim Condensed Consolidated Financial  
Statements (Unaudited)**

**31 March 2024**

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

<b>Assets</b>	<b>Note</b>	<b>31 March 2024</b>	<b>31 December 2023</b>
		<i>(unaudited)</i>	
<b>Current assets</b>			
Cash and cash equivalents	4	41,776,369	21,484,271
Short-term financial assets	5	107,257	32,639,879
Trade and other receivables	6	30,503,670	33,432,827
Inventories	7	65,113,479	67,680,808
Current income tax prepayments		10,872,330	7,470,959
Other current assets	8	15,280,602	11,171,402
Assets classified as held for sale		37,792	56,605
<b>Total current assets</b>		<b>163,691,499</b>	<b>173,936,751</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	314,374,748	308,217,345
Right-of-use assets	10	4,068,789	3,728,750
Investment property		1,514,960	1,514,920
Goodwill and other intangible assets		5,818,920	5,406,024
Investments in associates and joint ventures		2,615,710	2,729,005
Trade and other non-current receivables		814,068	669,618
Long-term financial assets		260,304	262,005
Deferred tax assets		3,408,085	3,245,067
Other non-current assets	11	6,623,943	7,001,095
<b>Total non-current assets</b>		<b>339,499,527</b>	<b>332,773,829</b>
<b>Total assets</b>		<b>503,191,026</b>	<b>506,710,580</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>			
Short-term debt and current portion of long-term debt	12	12,298,247	11,824,846
Current lease liabilities	17	1,063,296	924,031
Trade and other payables	13	20,830,916	20,703,916
Other current liabilities	14	12,112,725	14,093,357
Current income tax payable		18	-
Other taxes payable	15	11,430,670	12,961,786
Provisions for liabilities and charges		1,317,568	2,712,762
<b>Total current liabilities</b>		<b>59,053,440</b>	<b>63,220,698</b>
<b>Non-current liabilities</b>			
Long-term debt	16	53,154,506	54,612,097
Non-current lease liabilities	17	3,004,431	3,010,984
Other non-current financial liabilities		838,706	838,937
Deferred tax liabilities		3,402	-
Long-term trade and other payables		2,868	2,868
Provisions for liabilities and charges		14,254,718	13,937,343
<b>Total non-current liabilities</b>		<b>71,258,631</b>	<b>72,402,229</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		704,119	694,603
Retained earnings		290,215,209	288,345,242
<b>Equity attributable to the Company's owners</b>		<b>372,449,528</b>	<b>370,570,045</b>
Non-controlling interest		429,427	517,608
<b>Total equity</b>		<b>372,878,955</b>	<b>371,087,653</b>
<b>Total liabilities and shareholder's equity</b>		<b>503,191,026</b>	<b>506,710,580</b>

Kirill Tyurdeney  
Chief Executive Officer  
26 April 2024



Anton Cherepanov  
Chief Financial Officer

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



**NIS Group**
**Interim Condensed Consolidated 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	
		2024	2023
		<i>(unaudited)</i>	<i>(unaudited)</i>
Sales of petroleum products, oil and gas		81,508,509	86,360,739
Other revenues		4,883,319	9,514,433
<b>Total revenue from sales</b>	<b>3</b>	<b>86,391,828</b>	<b>95,875,172</b>
Purchases of oil, gas and petroleum products		(55,149,780)	(53,401,236)
Production, manufacturing and cost of other sales	18	(10,963,844)	(13,083,542)
Selling, general and administrative expenses	19	(8,200,303)	(7,318,520)
Transportation expenses		(390,407)	(380,573)
Depreciation, depletion and amortization		(6,525,399)	(6,276,495)
Taxes other than income tax		(2,062,509)	(1,852,756)
Exploration expenses		(187)	-
<b>Total operating expenses</b>		<b>(83,292,429)</b>	<b>(82,313,122)</b>
Other income/(expenses), net	20	181,290	(264,718)
<b>Operating profit</b>		<b>3,280,689</b>	<b>13,297,332</b>
Share of gain/(loss) of associates and joint ventures		(113,295)	121,135
Net foreign exchange loss	21	(213,915)	(46,908)
Finance income	22	610,622	1,389,115
Finance expenses	23	(923,019)	(771,012)
<b>Total other (expense)/income</b>		<b>(639,607)</b>	<b>692,330</b>
<b>Profit before income tax</b>		<b>2,641,082</b>	<b>13,989,662</b>
Current income tax expense		(1,018,912)	(2,530,007)
Deferred tax income		159,616	233,789
<b>Total income tax</b>		<b>(859,296)</b>	<b>(2,296,218)</b>
<b>Profit for the period</b>		<b>1,781,786</b>	<b>11,693,444</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit</b>			
Gain from investments in equity instruments		52	-
		52	-
<b>Items that may be subsequently reclassified to profit</b>			
Currency translation differences		9,464	15,429
		9,464	15,429
<b>Other comprehensive income for the period</b>		<b>9,516</b>	<b>15,429</b>
<b>Total comprehensive income for the period</b>		<b>1,791,302</b>	<b>11,708,873</b>
<b>Profit/(loss) attributable to:</b>			
- Shareholders of Naftna Industrija Srbije		1,869,967	11,693,444
- Non-controlling interest		(88,181)	-
<b>Profit for the period</b>		<b>1,781,786</b>	<b>11,693,444</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
- Shareholders of Naftna Industrija Srbije		1,879,483	11,708,873
- Non-controlling interest		(88,181)	-
<b>Total comprehensive income for the period</b>		<b>1,791,302</b>	<b>11,708,873</b>
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		11.47	71.71
Weighted average number of ordinary shares in issue (in millions)		163	163

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

## NIS Group

### Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Three month period ended 31 March 2024 and 2023

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

	Equity attributable to the Company's owners					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
<i>(unaudited)</i>						
Balance as at 1 January 2023	81,530,200	572,237	267,125,162	349,227,599	-	349,227,599
Profit for the period	-	-	11,693,444	11,693,444	-	11,693,444
Other comprehensive income						
Currency translation differences	-	15,429	-	15,429	-	15,429
Total comprehensive income for the period	-	15,429	11,693,444	11,708,873	-	11,708,873
Balance as at 31 March 2023	81,530,200	587,666	278,818,606	360,936,472	-	360,936,472

	Equity attributable to the Company's owners					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
<i>(unaudited)</i>						
Balance as at 1 January 2024	81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653
Profit/(loss) for the period	-	-	1,869,967	1,869,967	(88,181)	1,781,786
Other comprehensive income						
Gain from investments in equity instruments	-	52	-	52	-	52
Currency translation differences	-	9,464	-	9,464	-	9,464
Total comprehensive income/(loss) for the period	-	9,516	1,869,967	1,879,483	(88,181)	1,791,302
Balance as at 31 March 2024	81,530,200	704,119	290,215,209	372,449,528	429,427	372,878,955



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

		<b>Three month period ended</b>	
		<b>31 March</b>	
Note		<b>2024</b>	<b>2023</b>
		<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Cash flows from operating activities</b>			
	Profit before income tax	<b>2,641,082</b>	<b>13,989,662</b>
<b>Adjustments for:</b>			
	Share of (profit)/loss of associates and joint ventures	113,295	(121,135)
23	Finance expenses	923,019	771,012
22	Finance income	(610,622)	(1,389,115)
	Unrealised foreign exchange (gain)/losses, net	147,915	(161,261)
	Depreciation, depletion and amortization	6,525,399	6,276,495
	Other non-cash items	(357,949)	169,842
<b>Operating cash flow before changes in working capital</b>		<b>9,382,139</b>	<b>19,535,500</b>
<b>Changes in working capital:</b>			
	Trade and other receivables	2,975,397	5,245,251
	Inventories	2,943,540	2,752,518
	Other current assets	(4,025,578)	(201,829)
	Trade payables and other current liabilities	(3,994,458)	(5,891,739)
	Other taxes payable	(1,528,610)	(3,377,268)
<b>Total effect on working capital changes</b>		<b>(3,629,709)</b>	<b>(1,473,067)</b>
	Income taxes paid	(4,425,622)	(1,070,475)
	Interest paid	(705,041)	(565,244)
	Interest received	2,062,424	1,238,661
<b>Net cash generated by operating activities</b>		<b>2,684,191</b>	<b>17,665,375</b>
<b>Cash flows from investing activities</b>			
	Capital expenditures <sup>2</sup>	(11,789,080)	(7,051,438)
	Proceeds from sale of property, plant and equipment	67,767	21,413
	Bank deposits (proceeds)/repayment, net	31,000,001	(9,940,012)
	Other inflow/(outflow)	(161,733)	11
<b>Net cash generated/(used) in investing activities</b>		<b>19,116,955</b>	<b>(16,970,026)</b>
<b>Cash flows from financing activities</b>			
12,16	Proceeds from borrowings	-	820,000
12,16	Repayment of borrowings	(1,065,548)	(2,498,022)
17	Repayment of lease liabilities	(293,815)	(269,827)
<b>Net cash used in financing activities</b>		<b>(1,359,363)</b>	<b>(1,947,849)</b>
	Net increase/(decrease) in cash and cash equivalents	20,441,783	(1,252,500)
	Effect of foreign exchange on cash and cash equivalents	(149,685)	(104,695)
<b>Cash and cash equivalents as of the beginning of the period</b>		<b>21,484,271</b>	<b>88,131,045</b>
4	<b>Cash and cash equivalents as of the end of the period</b>	<b>41,776,369</b>	<b>86,773,850</b>

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

<sup>2</sup> CF from investing activities includes VAT in the amount of 1.4 bln RSD (2023: 0.7 bln RSD)

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

## **1. GENERAL INFORMATION**

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

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

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

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

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

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

### **2.1. Basis of preparation**

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

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

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

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

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

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

In the 2024 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and 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



## NIS Group

### Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024

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

ultimately stabilise. Due to that during the first quarter 2024 the Group didn't review the critical accounting estimates which are used by the Group 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 2024 the Group didn't review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing.

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

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

## 2.2. Changes in significant accounting policies

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

## 3. SEGMENT INFORMATION

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

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

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

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

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

Reportable segment results for the three month period ended 31 March 2024 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	13,696,891	86,965,385	(14,270,448)	86,391,828
Intersegment	13,507,266	763,182	(14,270,448)	-
External	189,625	86,202,203	-	86,391,828
<b>Adjusted EBITDA (Segment results)</b>	<b>9,850,574</b>	<b>122,924</b>	<b>-</b>	<b>9,973,498</b>
Depreciation, depletion and amortization	(3,745,198)	(2,780,201)	-	(6,525,399)
Share of loss in associates and joint ventures	-	(113,295)	-	(113,295)
Net foreign exchange loss	(160,295)	(53,620)	-	(213,915)
Finance expenses, net	(122,465)	(189,932)	-	(312,397)
Income tax	(58,550)	(800,746)	-	(859,296)
Segment profit/(loss)	5,642,097	(3,860,311)	-	1,781,786



**NIS Group**
**Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024**

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

Reportable segment results for the three month period ended 31 March 2023 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	10,893,642	96,059,355	(11,077,825)	95,875,172
Intersegment	10,755,317	322,508	(11,077,825)	-
External	138,325	95,736,847	-	95,875,172
<b>Adjusted EBITDA (Segment results)</b>	<b>6,999,464</b>	<b>12,879,659</b>	<b>-</b>	<b>19,879,123</b>
Depreciation, depletion and amortization	(3,491,738)	(2,784,757)	-	(6,276,495)
Share of gain in associates and joint ventures	-	121,135	-	121,135
Net foreign exchange loss	(18,330)	(28,578)	-	(46,908)
Finance income/(expenses), net	(83,479)	701,582	-	618,103
Income tax	(51,177)	(2,245,041)	-	(2,296,218)
Segment profit	3,287,311	8,406,133	-	11,693,444

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

	Three month period ended 31 March	
	2024	2023
Profit for the period	1,781,786	11,693,444
Income tax	859,296	2,296,218
Finance expenses	923,019	771,012
Finance income	(610,622)	(1,389,115)
Depreciation, depletion and amortization	6,525,399	6,276,495
Share of (profit)/loss of associates and joint ventures	113,295	(121,135)
Net foreign exchange loss	213,915	46,908
Other expenses/(income), net	(181,290)	264,718
Other non-operating expense, net	348,700	40,578
<b>Adjusted EBITDA</b>	<b>9,973,498</b>	<b>19,879,123</b>

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

	Three month period ended 31 March	
	2024	2023
Sale of crude oil	65,891	-
Sale of gas	54,512	49,572
Wholesale activities	54,512	49,572
Sale of petroleum products	76,316,028	86,311,167
Through a retail network	28,874,913	29,124,452
Wholesale activities	47,441,115	57,186,715
Sale of petrochemical products	5,072,078	-
Sale of electricity	244,062	5,268,692
Lease revenue	81,066	86,004
Other sales	4,558,191	4,159,737
<b>Total sales</b>	<b>86,391,828</b>	<b>95,875,172</b>

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 3,537,542 RSD (2023: 2,918,117 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.

**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***4. CASH AND CASH EQUIVALENTS**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Cash in bank and in hand	11,555,756	11,739,845
Deposits with original maturity of less than three months	30,215,676	9,734,451
Cash held on escrow account	252	4,729
Cash equivalents	4,685	5,246
	<b>41,776,369</b>	<b>21,484,271</b>

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

**5. SHORT-TERM FINANCIAL ASSETS**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Short-term loans	34,470	34,215
Deposits with original maturity more than 3 months less than 1 year	74,967	32,607,844
<i>Less impairment loss provision</i>	(2,180)	(2,180)
	<b>107,257</b>	<b>32,639,879</b>

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

**6. TRADE AND OTHER RECEIVABLES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Trade receivables	38,084,187	41,108,308
Other receivables	76,007	83,048
Accrued assets	14,363	3,029
<i>Less credit loss allowance for trade receivables</i>	(7,641,222)	(7,730,975)
<i>Less credit loss allowance for other receivables</i>	(29,665)	(30,583)
	<b>30,503,670</b>	<b>33,432,827</b>

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

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

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

**7. INVENTORIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Crude oil	27,861,840	32,398,731
Petroleum products	29,250,924	29,073,971
Materials and supplies	11,769,247	10,338,729
Other	1,568,220	1,622,606
<i>Less impairment provision</i>	(5,336,752)	(5,753,229)
	<b>65,113,479</b>	<b>67,680,808</b>



**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***8. OTHER CURRENT ASSETS**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Advances paid	5,358,054	1,801,551
VAT receivables	989,540	667,468
Deferred VAT	4,000,337	3,450,155
Prepaid expenses	858,736	334,025
Prepaid custom duties	78,098	68,247
Prepaid excise	3,507,607	4,305,367
Other current assets	8,017,829	8,074,069
Less impairment provision	(7,529,599)	(7,529,480)
	<b>15,280,602</b>	<b>11,171,402</b>

Deferred VAT as at 31 March 2024 amounting to 4,000,337 RSD (31 December 2023: 3,450,155 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 31 March 2024 amounting to 3,507,607 RSD (31 December 2023: 4,305,367 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

**NIS Group**

**Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024**

(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 2024</b>						
Cost	252,630,090	175,629,205	78,033,327	18,056,185	36,977,722	561,326,529
Depreciation and impairment	(110,571,668)	(87,506,665)	(41,309,913)	(10,475,958)	(3,244,980)	(253,109,184)
<b>Net book value</b>	<b>142,058,422</b>	<b>88,122,540</b>	<b>36,723,414</b>	<b>7,580,227</b>	<b>33,732,742</b>	<b>308,217,345</b>
<b>Period ended 31 March 2024</b>						
Additions	4,154,455	1,154,007	1,432,239	229,616	5,130,311	12,100,628
Changes in decommissioning obligations	34,606	-	-	-	-	34,606
Impairment	-	-	-	-	(33)	(33)
Depreciation	(3,570,093)	(1,857,428)	(624,835)	(122,759)	-	(6,175,115)
Disposals and write-off	(15,797)	(2,195)	(24,312)	(69)	(187)	(42,560)
Other transfers	(50)	(6,826)	6,297	(1,033)	251,444	249,832
Translation differences	(2,130)	-	(3,526)	-	(4,299)	(9,955)
<b>As at 31 March 2024</b>						
Cost	256,786,379	177,032,511	79,290,830	18,264,535	42,049,225	573,423,480
Depreciation and impairment	(114,126,966)	(89,622,413)	(41,781,553)	(10,578,553)	(2,939,247)	(259,048,732)
<b>Net book value</b>	<b>142,659,413</b>	<b>87,410,098</b>	<b>37,509,277</b>	<b>7,685,982</b>	<b>39,109,978</b>	<b>314,374,748</b>



**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***10. RIGHT-OF-USE ASSETS**

Movements in right-of-use assets the three months ended 31 March 2024 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
<b>As at 1 January 2024</b>	<b>108,780</b>	<b>1,344,646</b>	<b>229,288</b>	<b>2,046,036</b>	<b>3,728,750</b>
Additions	-	140,084	86,950	309,780	536,814
Depreciation	(2,587)	(60,371)	(36,963)	(89,853)	(189,774)
Transfers	-	(5,963)	-	-	(5,963)
Disposals	-	-	-	(826)	(826)
Foreign currency translation	(59)	(154)	9	(8)	(212)
<b>As at 31 March 2024</b>	<b>106,134</b>	<b>1,418,242</b>	<b>279,284</b>	<b>2,265,129</b>	<b>4,068,789</b>

**11. OTHER NON-CURRENT ASSETS**

	31 March 2024	31 December 2023
Advances paid for PPE	6,399,310	6,749,277
Prepaid expenses	92,046	104,566
Other assets	945,582	952,700
<i>Less allowance of other assets</i>	(295,685)	(287,549)
<i>Less allowance for advances paid</i>	(517,310)	(517,899)
	<b>6,623,943</b>	<b>7,001,095</b>

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

	31 March 2024	31 December 2023
Short-term loans	820,000	820,000
Interest liabilities	333,397	243,592
Other Short-term financial liabilities	-	171
Current portion of long-term loans (note 16)	11,144,850	10,761,083
	<b>12,298,247</b>	<b>11,824,846</b>

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

	Three month period ended 31 March	
	2024	2023
<b>Short-term loans at 1 January</b>	<b>820,000</b>	<b>1,308,145</b>
Proceeds	-	820,000
Repayment	-	(821,100)
Foreign exchange difference (note 21)	-	(278)
<b>Short-term loans at 31 March</b>	<b>820,000</b>	<b>1,306,767</b>

**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***13. TRADE AND OTHER PAYABLES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Trade payables	16,994,396	16,880,398
Dividends payable	3,783,491	3,783,595
Other accounts payable	53,029	39,923
	<b>20,830,916</b>	<b>20,703,916</b>

**14. OTHER CURRENT LIABILITIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Contract liabilities arising from contracts with customers:		
- Advances received	3,372,374	5,136,000
- Customer loyalty	964,133	926,279
- Deferred income	83,490	88,916
Payables to employees	5,716,834	6,008,721
Other current non-financial liabilities	1,975,894	1,933,441
	<b>12,112,725</b>	<b>14,093,357</b>

Revenue in the amount of 4,489,572 RSD was recognized in the current reporting period (31 March 2023: 5,454,769 RSD) related to the contract liabilities as at 1 January 2024, of which 4,241,400 RSD (31 March 2023: 5,231,703 RSD) related to advances and 248,172 RSD (31 March 2023: 223,066 RSD) to customer loyalty programme.

Other current non-financial liabilities mainly relate to compensation for non-fulfillment of contractual obligations for the O&G minimum work programs that Group obliged on current research projects in amount of 1,838,110 RSD.

**15. OTHER TAXES PAYABLE**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Mineral extraction tax	456,075	483,058
VAT	4,520,708	1,771,559
Excise tax	4,169,763	8,264,105
Contribution for State commodity reserves	343,132	625,507
Custom duties	70,302	61,075
Energy efficiency fee	50,706	73,968
Other taxes	1,819,984	1,682,514
	<b>11,430,670</b>	<b>12,961,786</b>



**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***16. LONG-TERM DEBT**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Bank loans	64,143,667	65,223,168
Other long-term borrowings	155,689	150,012
Less Current portion (note 12)	(11,144,850)	(10,761,083)
	<b>53,154,506</b>	<b>54,612,097</b>

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

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
<b>Long-term loans at 1 January</b>	<b>65,223,168</b>	<b>67,738,184</b>
Repayment	(1,065,548)	(1,676,922)
Non-cash transactions	4,075	5,867
Foreign exchange difference (note 21)	(18,028)	(20,410)
<b>Long-term loans at 31 March</b>	<b>64,143,667</b>	<b>66,046,719</b>

**(a) Bank loans**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Domestic	47,757,992	48,366,114
Foreign	16,385,675	16,857,054
	64,143,667	65,223,168
Current portion of long-term loans	(11,144,850)	(10,761,083)
	<b>52,998,817</b>	<b>54,462,085</b>

The maturity of bank loans was as follows:

	<b>31 March 2024</b>	<b>31 December 2023</b>
Between 1 and 2 years	10,291,373	7,632,523
Between 2 and 5 years	41,373,225	45,494,977
Over 5 years	1,334,219	1,334,585
	<b>52,998,817</b>	<b>54,462,085</b>

The carrying amounts of bank and other long-term loans are denominated in the following currencies:

	<b>31 March 2024</b>	<b>31 December 2023</b>
USD	-	30,298
EUR	64,115,386	65,163,377
JPY	28,281	29,493
	<b>64,143,667</b>	<b>65,223,168</b>

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

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

**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***17. LEASE LIABILITIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Non-current lease liabilities	3,004,431	3,010,984
Current lease liabilities	1,063,296	924,031
	<b>4,067,727</b>	<b>3,935,015</b>

Amounts recognized in profit and loss:

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Interest expense (included in finance cost) (note 23)	43,190	36,906
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	49,871	13,945
Expense relating to leases of low value assets that are not shown above as short-term leases	24,487	18,840
Expense relating to variable lease payments not included in lease liabilities	602,215	560,760

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

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
<b>As at 1 January</b>	<b>3,935,015</b>	<b>3,149,589</b>
Repayment	(293,815)	(269,827)
Non-cash transactions	428,124	186,094
Foreign exchange difference (note 21)	(1,597)	(2,890)
<b>As at 31 March</b>	<b>4,067,727</b>	<b>3,062,966</b>

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

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Employee costs	3,182,259	2,504,597
Materials and supplies (other than O&G and petroleum products)	932,439	768,366
Repair and maintenance services	1,067,942	720,736
Electricity for resale	25,398	4,906,463
Electricity and utilities	4,570,396	2,650,360
Safety and security expense	24,862	142,888
Transportation services for production	168,343	155,763
Other	992,205	1,234,369
	<b>10,963,844</b>	<b>13,083,542</b>

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



**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Employee costs	5,459,681	4,768,582
Commission and agency fees	180,871	207,908
Legal, audit and consulting services	176,164	215,752
Current repair cost	323,457	312,216
Costs on advertising and marketing	77,765	51,201
Rent expense	39,250	15,980
Business trips expense	71,336	36,884
Safety and security expense	254,308	234,010
Insurance expense	36,705	26,964
Transportation and storage	83,420	54,511
Allowance for doubtful accounts	(15,406)	5,394
Other	1,512,752	1,389,118
	<b>8,200,303</b>	<b>7,318,520</b>

**20. OTHER INCOME/(EXPENSES), NET**

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Penalties	127,516	54,605
Provisions (legal, environmental, etc.)	(122,267)	(101,060)
Impairment of non-financial assets	(33)	(7,518)
Gain from write-off of accounts payable	149,237	1,329
Charity and social payments	(6,411)	(19,536)
Other	33,248	(192,538)
	<b>181,290</b>	<b>(264,718)</b>

**21. NET FOREIGN EXCHANGE LOSS**

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gain/(loss) on financing activities including:		
- foreign exchange gain (note 12, 16 and 17)	51,274	52,880
- foreign exchange loss (note 12, 16 and 17)	(31,649)	(29,302)
Net foreign exchange loss on operating activities	(233,540)	(70,486)
	<b>(213,915)</b>	<b>(46,908)</b>

**22. FINANCE INCOME**

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank deposits	608,311	1,386,436
Interest income on loans issued	2,311	2,679
	<b>610,622</b>	<b>1,389,115</b>

**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024***(All amounts are in 000 RSD, unless otherwise stated)***23. FINANCE EXPENSES**

	Three month period ended 31 March	
	2024	2023
Interest expense	901,581	701,377
Losses on restructuring of borrowings	4,075	5,896
Decommissioning provision: unwinding of the present value discount	35,255	36,355
Provision of trade and other non-current receivables: discount	1,304	40,011
Less: amounts capitalised on qualifying assets	(19,196)	(12,627)
	<b>923,019</b>	<b>771,012</b>

Interest expense includes expenses on lease liabilities in the amount of 43,190 RSD for the three months ended 31 March 2024 (36,906 RSD for the three months ended 31 March 2023 accordingly) (Note 17).

**24. FAIR VALUE MEASUREMENT**

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

As of 31 March 2024 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 Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 March 2024.

*Economic environment in the Republic of Serbia*

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

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

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

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

*Environmental protection*

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 461,031 RSD (31 December 2023: 466,555 RSD).



**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024**

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

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

**Capital commitments**

As of 31 March 2024 the Group has entered into contracts to purchase property, plant and equipment 2,378,512 RSD (31 December 2023: 2,861,058 RSD) and drilling and exploration works estimated to 90,05 USD million (31 December 2022: 89.78 USD million).

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

**26. RELATED PARTY TRANSACTIONS**

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

In the three month period ended 31 March 2024 and in the same period in 2023, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to sale of petroleum products and energy.

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

	Parent company	Parent's subsidiaries and associates	Associates and joint venture
<b>As at 31 March 2024</b>			
Short-term financial assets	-	32,452	-
Trade and other receivables	-	194,197	16,868
Investments in joint venture and associates	-	-	2,615,711
Trade and other non-current receivables	-	-	814,068
Other current assets	-	27,615	-
Trade and other payables	-	(170,187)	(89,480)
Other current liabilities	-	(117)	(439)
	-	<b>83,960</b>	<b>3,356,728</b>
<b>As at 31 December 2023</b>			
Short-term financial assets	-	32,196	-
Trade and other receivables	-	231,618	84,568
Investments in joint venture and associates	-	-	2,729,005
Trade and other non-current receivables	-	-	669,618
Other current assets	-	16,917	-
Other non-current assets	-	72,113	-
Trade and other payables	-	(172,009)	(667,586)
Other current liabilities	-	(127)	(433)
	-	<b>180,708</b>	<b>2,815,172</b>



**NIS Group****Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024**

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

For the three month period ended 31 March 2024 and 2023 the following transaction occurred with related parties:

	Parent	Parent's subsidiaries and associates	Associates and joint venture
<b>Three month period ended 31 March 2024</b>			
Revenues from sales of products and services	-	470	76,503
Expenses based on procurement of products and services	-	(148,621)	(1,035,820)
Other income/(expenses), net	-	926	(17,231)
	-	<b>(147,225)</b>	<b>(976,548)</b>
<b>Three month period ended 31 March 2023</b>			
Revenues from sales of products and services	-	156,387	8,359,431
Expenses based on procurement of products and services	(1,721)	(303,402)	(5,000,667)
Other expenses, net	-	(35,753)	(699)
	<b>(1,721)</b>	<b>(182,768)</b>	<b>3,358,065</b>

**27. EVENTS AFTER THE REPORTING DATE**

There are no material events after the reporting date.

Subsequent events occurring after 31 March 2024 were evaluated through 26 April 2024, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

**NIS Group**

**Notes to the Interim Condensed Consolidated Financial Statements for the three month period ended 31 March 2024**

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

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**NIS Group**

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