



**Naftna industrija Srbije A.D.**

**Interim Condensed 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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**Interim Condensed Statement of Financial Position**

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

		31 March 2024	31 December 2023
<b>Assets</b>	<b>Note</b>		
<b>Current assets</b>		(unaudited)	
Cash and cash equivalents	4	37,841,081	16,270,493
Short-term financial assets	5	25,697,188	50,017,699
Trade and other receivables	6	38,908,258	44,731,654
Inventories	7	54,242,004	59,328,301
Current income tax prepayments		10,835,146	7,380,049
Other current assets	8	12,620,401	8,886,275
Assets classified as held for sale		41,276	60,091
<b>Total current assets</b>		<b>180,185,354</b>	<b>186,674,562</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	281,255,726	275,083,369
Right-of-use assets	10	3,051,944	2,808,073
Investment property		1,514,691	1,514,651
Intangible assets		3,858,895	3,836,403
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		31,016,682	31,016,682
Long-term financial assets	11	9,063,680	9,494,126
Deferred tax assets		3,665,807	3,527,437
Other non-current assets	12	4,580,301	4,899,484
<b>Total non-current assets</b>		<b>339,046,526</b>	<b>333,219,025</b>
<b>Total assets</b>		<b>519,231,880</b>	<b>519,893,587</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>			
Short-term debt and current portion of long-term debt	13	16,952,912	14,623,831
Current lease liabilities	18	562,594	522,002
Trade and other payables	14	22,227,458	22,867,531
Other current liabilities	15	7,760,822	9,652,270
Other taxes payable	16	10,088,385	11,579,451
Provisions for liabilities and charges		1,208,494	2,624,738
<b>Total current liabilities</b>		<b>58,800,665</b>	<b>61,869,823</b>
<b>Non-current liabilities</b>			
Long-term debt	17	53,002,115	54,465,457
Non-current lease liabilities	18	1,760,298	1,610,014
Other non-current financial liabilities	19	12,064,913	12,038,912
Long-term trade and other payables		2,868	2,868
Provisions for liabilities and charges		11,787,009	11,585,649
<b>Total non-current liabilities</b>		<b>78,617,203</b>	<b>79,702,900</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		34,460	34,408
Retained earnings		300,249,352	296,756,256
<b>Total equity</b>		<b>381,814,012</b>	<b>378,320,864</b>
<b>Total liabilities and shareholder's equity</b>		<b>519,231,880</b>	<b>519,893,587</b>

Kirill Tyurdenev  
Chief Executive Officer  
26 April 2024

Anton Cherepanov  
Chief Financial Officer

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



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**Interim Condensed Statement of Profit and Loss and Other Comprehensive Income**

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

	Note	Three month period ended 31 March	
		2024	2023
		(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		78,294,411	81,749,648
Other revenues		4,108,491	8,783,452
<b>Total revenue from sales</b>	<b>3</b>	<b>82,402,902</b>	<b>90,533,100</b>
Purchases of oil, gas and petroleum products		(54,355,590)	(49,415,334)
Production, manufacturing and cost of other sales	20	(8,736,599)	(12,980,952)
Selling, general and administrative expenses	21	(7,291,725)	(6,702,774)
Transportation expenses		(328,276)	(360,355)
Depreciation, depletion and amortization		(5,768,549)	(5,704,696)
Taxes other than income tax		(1,380,184)	(1,343,398)
Exploration expenses		(187)	-
<b>Total operating expenses</b>		<b>(77,861,110)</b>	<b>(76,507,509)</b>
Other income (expenses), net	22	87,164	(155,666)
<b>Operating profit</b>		<b>4,628,956</b>	<b>13,869,925</b>
Net foreign exchange loss	23	(142,961)	(48,397)
Finance income	24	722,482	1,533,500
Finance expenses	25	(925,379)	(776,826)
<b>Total other (expense) / income</b>		<b>(345,858)</b>	<b>708,277</b>
<b>Profit before income tax</b>		<b>4,283,098</b>	<b>14,578,202</b>
Current income tax		(928,372)	(2,463,060)
Deferred tax income		138,370	226,055
<b>Total income tax</b>		<b>(790,002)</b>	<b>(2,237,005)</b>
<b>Profit for the period</b>		<b>3,493,096</b>	<b>12,341,197</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit</b>			
Gain from investments in equity instruments		52	-
<b>Other comprehensive income for the period</b>		<b>52</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>3,493,148</b>	<b>12,341,197</b>
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		21.42	75.68
Weighted average number of ordinary shares in issue (in millions)		163	163

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

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

Three month period ended 31 March 2024 and 2023

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

<i>(unaudited)</i>	Share capital	Reserves	Retained earnings	Total
<b>Balance as at 1 January 2023</b>	81,530,200	93,904	278,192,015	359,816,119
Profit for the period	-	-	12,341,197	12,341,197
<b>Other comprehensive income</b>	-	-	-	-
Gain from investments in equity instruments	-	-	12,341,197	12,341,197
<b>Total comprehensive income for the period</b>	-	-	12,341,197	12,341,197
<b>Balance as at 31 March 2023</b>	81,530,200	93,904	290,533,212	372,157,316

<i>(unaudited)</i>	Share capital	Reserves	Retained earnings	Total
<b>Balance as at 1 January 2024</b>	81,530,200	34,408	296,756,256	378,320,864
Profit for the period	-	-	3,493,096	3,493,096
<b>Other comprehensive income</b>	-	52	-	52
Gain from investments in equity instruments	-	52	3,493,096	3,493,148
<b>Total comprehensive income for the period</b>	-	34,460	300,249,352	381,814,012
<b>Balance as at 31 March 2024</b>	81,530,200	34,460	300,249,352	381,814,012

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

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

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

	Note	Three month period ended 31 March	
		2024 (unaudited)	2023 (unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>4,283,098</b>	<b>14,578,202</b>
<b>Adjustments for:</b>			
Finance expenses	25	925,379	776,826
Finance income	24	(722,482)	(1,533,500)
Unrealised foreign exchange losses/(gain), net		158,236	(273,142)
Depreciation, depletion and amortization		5,768,549	5,704,696
Other non-cash items		68,496	94,103
<b>Operating cash flow before changes in working capital</b>		<b>10,481,276</b>	<b>19,347,185</b>
<b>Changes in working capital:</b>			
Trade and other receivables		5,853,152	4,850,464
Inventories		5,057,796	2,556,284
Other current assets		(3,641,051)	690,385
Trade payables and other current liabilities		(5,002,342)	(5,131,369)
Other taxes payable		(1,491,064)	(3,312,463)
<b>Total effect on working capital changes</b>		<b>776,491</b>	<b>(346,699)</b>
Income taxes paid		(4,386,321)	(1,015,032)
Interest paid		(745,406)	(602,363)
Interest received		1,749,986	1,212,701
<b>Net cash generated by operating activities</b>		<b>7,876,026</b>	<b>18,595,792</b>
<b>Cash flows from investing activities</b>			
Loans issued		(4,149,015)	(1,650,052)
Loan proceeds received		2,771,282	1,067,344
Capital expenditures <sup>2</sup>		(10,446,758)	(5,319,661)
Proceeds from sale of property, plant and equipment		64,448	24,069
Bank deposits repayment/(proceeds), net		25,000,000	(10,000,000)
<b>Net cash generated / (used) in investing activities</b>		<b>13,239,957</b>	<b>(15,878,300)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	13,17	6,562,518	4,458,394
Repayment of borrowings	13,17	(5,780,595)	(7,390,556)
Repayment of lease liabilities	18	(190,720)	(174,130)
<b>Net cash generated / (used) in financing activities</b>		<b>591,203</b>	<b>(3,106,292)</b>
Net (decrease) / increase in cash and cash equivalents		21,707,186	(388,800)
Effect of foreign exchange on cash and cash equivalents		(136,598)	(80,474)
<b>Cash and cash equivalents as of the beginning of the period</b>		<b>16,270,493</b>	<b>83,083,255</b>
<b>Cash and cash equivalents as of the end of the period</b>	4	<b>37,841,081</b>	<b>82,613,981</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 1.3 bln RSD (2023: 0.7 bln RSD)

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



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

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

The Company 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 Financial Statements, when they become effective. The Company does not expect the amendments to existing standards to have a material impact on the Condensed Interim 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 Company is currently assessing its impact on the Financial Statements.

The Company does not disclose information, which would substantially duplicate the disclosures contained in its audited 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 Company believes that the disclosures in these Interim Condensed Financial Statements are adequate to make the information presented not misleading if these Interim Financial Statements are read in conjunction with the Company's Financial Statements for 2023.

In the first quarter 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 27) due to geopolitical situation. Due to that during the first quarter 2024 the Company didn't review the critical accounting estimates which are used by the Company in the Interim Condensed Consolidated Financial Statements preparation and which are



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

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

assessed based on oil prices forecasts, inflation and market borrowing rate. In particular as of 31 March 2024 the Company didn't review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing. 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. The Company continues monitoring the development of macroeconomic situation and emergence of possibility to make evaluation of the indicators mentioned above with reasonable certainty.

The results in these Interim Condensed Financial Statements for the three month period ended 31 March 2024 are not necessarily indicative of the Company's results expected for the full year.

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

**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 2023.

**3. SEGMENT INFORMATION**

Presented below is information about the Company'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 Company manages its operations in 2 operating segments: Upstream and Downstream.

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

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

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

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	13,100,209	83,063,443	(13,760,750)	82,402,902
Intersegment	13,085,032	675,718	(13,760,750)	-
External	15,177	82,387,725	-	82,402,902
<b>Adjusted EBITDA (Segment results)</b>	<b>9,418,461</b>	<b>1,036,237</b>	<b>-</b>	<b>10,454,698</b>
Depreciation, depletion and amortization	(3,242,394)	(2,526,155)	-	(5,768,549)
Net foreign exchange loss	(85,042)	(57,919)	-	(142,961)
Finance expenses, net	(30,559)	(172,338)	-	(202,897)
Income tax	-	(790,002)	-	(790,002)
Segment profit / (loss)	6,186,551	(2,693,455)	-	3,493,096



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

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	3,493,096	12,341,197
Income tax	790,002	2,237,005
Finance expenses	925,379	776,826
Finance income	(722,482)	(1,533,500)
Depreciation, depletion and amortization	5,768,549	5,704,696
Net foreign exchange loss	142,961	48,397
Other (income)/expense, net	(87,164)	155,666
Other non-operating expense, net	144,357	61,652
<b>Adjusted EBITDA</b>	<b>10,454,698</b>	<b>19,791,939</b>

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

	Three month period ended 31 March	
	2024	2023
Sale of gas	70,807	60,696
Wholesale activities	70,807	60,696
Sale of petroleum products	78,223,604	81,688,952
Through a retail network	24,762,263	24,833,529
Wholesale activities	53,461,341	56,855,423
Sale of electricity	225,489	5,228,055
Lease revenue	86,452	89,730
Other sales	3,796,550	3,465,667
<b>Total sales</b>	<b>82,402,902</b>	<b>90,533,100</b>

Other sales mainly relate to sales of non-fuel products at petrol stations for 2,708,703 RSD (2023: 2,260,202 RSD).

All performance obligations related to customers are satisfied at point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation.

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**Notes to the Interim Condensed Financial Statements for the three month period ended 31 March 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	8,316,397	8,265,248
Deposits with original maturity of less than three months	29,520,000	8,000,000
Cash equivalents	4,684	5,245
	<b>37,841,081</b>	<b>16,270,493</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	2,361,464	1,045,218
Deposits with original maturity more than 3 months less than 1 year	-	26,290,896
Current portion of long-term investments (note 11)	33,229,741	32,578,321
Less impairment loss provision	(9,894,017)	(9,896,736)
	<b>25,697,188</b>	<b>50,017,699</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	46,145,334	52,053,320
Other receivables	91,264	95,494
Less credit loss allowance for trade receivables	(7,298,675)	(7,386,577)
Less credit loss allowance for other receivables	(29,665)	(30,583)
	<b>38,908,258</b>	<b>44,731,654</b>

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

Management believes that not impaired trade, specific and other receivables are fully recoverable.

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

**7. INVENTORIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Crude oil	27,779,323	32,326,837
Petroleum products	23,531,775	24,875,824
Materials and supplies	6,050,227	5,230,211
Other	1,261,486	1,291,956
Less impairment provision	(4,380,807)	(4,396,527)
	<b>54,242,004</b>	<b>59,328,301</b>

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**Notes to the Interim Condensed 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	4,472,632	887,650
Deferred VAT	3,540,687	3,017,260
Prepaid expenses	755,407	307,150
Prepaid custom duties	77,090	67,649
Prepaid excise	3,472,152	4,267,660
Other current assets	7,788,566	7,824,421
<i>Less impairment provision</i>	<i>(7,486,133)</i>	<i>(7,485,515)</i>
	<b>12,620,401</b>	<b>8,886,275</b>

Deferred VAT as at 31 March 2024 amounting to 3,540,687 RSD (31 December 2023: 3,017,260 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 3,472,152 RSD (31 December 2023: 4,267,660 RSD) relates to the excise paid for finished products stored in non-excise warehouse.

Other current assets mainly relate to claims in dispute, which are impaired.



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

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

9. PROPERTY, PLANT AND EQUIPMENT

As at 1 January 2024

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
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)
Net book value	133,630,442	85,964,538	25,475,316	7,100,608	22,912,465	275,083,369
Period ended 31 March 2024						
Additions	3,635,890	558,633	1,412,469	229,618	5,601,377	11,437,987
Changes in decommissioning obligations	34,606	-	-	-	-	34,606
Impairment	-	-	-	-	(33)	(33)
Depreciation	(3,206,895)	(1,682,162)	(500,921)	(118,722)	-	(5,508,700)
Disposals and write-off	(15,791)	(1,341)	(24,278)	(69)	(187)	(41,666)
Other transfers	(51)	(5,212)	6,296	(1,034)	250,164	250,163
	134,078,201	84,834,456	26,368,882	7,210,401	28,763,786	281,255,726

As at 31 March 2024

Cost	235,016,644	165,089,568	60,801,614	17,505,919	30,570,199	508,983,944
Depreciation and impairment	(100,938,443)	(80,255,112)	(34,432,732)	(10,295,518)	(1,806,413)	(227,728,218)
Net book value	134,078,201	84,834,456	26,368,882	7,210,401	28,763,786	281,255,726

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**Notes to the Interim Condensed 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 for the year ended 31 March 2024 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
<b>As at 1 January 2024</b>	<b>1,426</b>	<b>800,397</b>	<b>173,626</b>	<b>1,832,624</b>	<b>2,808,073</b>
Additions	-	166,607	29,571	163,324	359,502
Depreciation	(838)	(28,286)	(19,894)	(65,787)	(114,805)
Disposals	-	-	-	(826)	(826)
<b>As at 31 March 2024</b>	<b>588</b>	<b>938,718</b>	<b>183,303</b>	<b>1,929,335</b>	<b>3,051,944</b>

**11. LONG-TERM FINANCIAL ASSETS**

	31 March 2024	31 December 2023
LT loans issued	41,512,790	41,289,971
Financial assets at FVTPL	838,706	838,937
Other LT placements	24,835	28,655
Available for sale financial assets	128,734	128,683
Less Current portion of LT loans issued (note 5)	(33,229,741)	(32,578,321)
Less provision of LT financial assets	(211,644)	(213,799)
	<b>9,063,680</b>	<b>9,494,126</b>

**12. OTHER NON-CURRENT ASSETS**

	31 March 2024	31 December 2023
Advances paid for PPE	3,870,555	4,184,286
Prepaid expenses	90,670	104,566
Other assets	933,807	916,063
Less allowance for other assets	(292,207)	(284,068)
Less allowance for advances paid	(22,524)	(21,363)
	<b>4,580,301</b>	<b>4,899,484</b>

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

	31 March 2024	31 December 2023
Short-term loans	5,453,751	3,606,281
Interest liabilities	354,311	256,467
Current portion of long-term loans (note 17)	11,144,850	10,761,083
	<b>16,952,912</b>	<b>14,623,831</b>

Movements on the Company'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>3,606,281</b>	<b>5,345,097</b>
Proceeds	6,562,518	4,458,394
Repayment	(4,715,048)	(5,713,632)
Foreign exchange difference (note 23)	-	(278)
<b>Short-term loans at 31 March</b>	<b>5,453,751</b>	<b>4,089,581</b>

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

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

**14. TRADE AND OTHER PAYABLES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Trade payables	18,422,004	19,062,793
Dividends payable	3,783,491	3,783,595
Other accounts payable	21,963	21,143
	<b>22,227,458</b>	<b>22,867,531</b>

**15. OTHER CURRENT LIABILITIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Contract liabilities arising from contracts with customers:		
- Advances received	3,201,102	4,747,256
- Customer loyalty	872,615	843,176
- Deferred income	41,636	45,170
Payables to employees	3,561,376	3,931,046
Other current non-financial liabilities	84,093	85,622
	<b>7,760,822</b>	<b>9,652,270</b>

Revenue in the amount of 4,108,584 RSD (31 March 2023: 5,354,941 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2024, of which 3,888,039 RSD (31 March 2023: 5,167,752 RSD) related to advances and 220,545 RSD (31 March 2023: 187,189 RSD) to customer loyalty programme.

**16. OTHER TAXES PAYABLE**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Mineral extraction tax	429,613	471,143
VAT	4,162,056	1,202,951
Excise tax	4,015,510	8,121,033
Contribution for State commodity reserves	343,082	625,507
Custom duties	40,403	28,928
Energy efficiency fee	50,121	72,972
Other taxes	1,047,600	1,056,917
	<b>10,088,385</b>	<b>11,579,451</b>

**17. 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	3,298	3,372
Less Current portion (note 13)	(11,144,850)	(10,761,083)
	<b>53,002,115</b>	<b>54,465,457</b>



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

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

Movements on the Company'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	(1,065,547)	(1,676,924)
Non-cash transactions	4,074	5,869
Foreign exchange difference (note 23)	(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 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 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 March 2024 and 31 December 2023, respectively.

**18. LEASE LIABILITIES**

	<b>31 March 2024</b>	<b>31 December 2023</b>
Non-current lease liabilities	1,760,298	1,610,014
Current lease liabilities	562,594	522,002
	<b>2,322,892</b>	<b>2,132,016</b>

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

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

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 25)	26,525	22,541
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	26,674	1,401
Expense relating to leases of low value assets that are not shown above as short-term leases	2,587	443
Expense relating to variable lease payments not included in lease liabilities	303,063	266,181

Movements on the Company'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>2,132,016</b>	<b>2,295,379</b>
Repayment	(190,720)	(174,130)
Non-cash transactions	382,849	24,045
Foreign exchange difference (note 23)	(1,253)	(2,116)
<b>As at 31 March</b>	<b>2,322,892</b>	<b>2,143,178</b>

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

Other non-current financial liabilities in the amount of 12,064,913 RSD (2023: 12,038,912 RSD) represents deferred consideration in the amount of 838,706 RSD (2023: 838,937 RSD) for O&G exploration project and liabilities for additional capital contribution associated with the new plant construction program in the amount of 11,226,207 RSD (2023: 11,199,975 RSD).

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

	<b>Three month period ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
Employee costs	964,866	960,970
Materials and supplies (other than O&G and petroleum products)	321,163	290,477
Repair and maintenance services	1,081,772	1,282,761
Electricity for resale	25,372	4,905,259
Electricity and utilities	2,575,780	2,276,340
Safety and security expense	100,078	141,868
Transportation services for production	399,784	320,995
Other	3,267,784	2,802,282
	<b>8,736,599</b>	<b>12,980,952</b>

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

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

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

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

	Three month period ended 31 March	
	2024	2023
Employee costs	3,461,991	3,203,683
Commission and agency fees	1,315,135	1,179,725
Legal, audit and consulting services	336,307	368,610
Current repair cost	307,112	279,046
Costs on advertising and marketing	69,957	41,738
Rent expense	30,005	2,866
Business trips expense	56,526	30,307
Safety and security expense	218,258	215,017
Insurance expense	28,435	25,659
Transportation and storage	59,385	47,939
Allowance for doubtful accounts	(11,360)	(1,383)
Other	1,419,974	1,309,567
	<b>7,291,725</b>	<b>6,702,774</b>

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

	Three month period ended 31 March	
	2024	2023
Penalties	123,621	52,092
Provisions	(10,551)	(20,401)
Impairment of non financial assets	(33)	(2,679)
Charity and social payments	(6,141)	(19,536)
Other	(19,732)	(165,142)
	<b>87,164</b>	<b>(155,666)</b>

**23. NET FOREIGN EXCHANGE LOSS**

	Three month period ended 31 March	
	2024	2023
Foreign exchange gain (loss) on financing activities including:		
- foreign exchange gain (note 13,17,18,19)	36,847	39,973
- foreign exchange loss (note 13,17,18,19)	(14,346)	(17,169)
Net foreign exchange loss on operating activities	(165,462)	(71,201)
	<b>(142,961)</b>	<b>(48,397)</b>

**24. FINANCE INCOME**

	Three month period ended 31 March	
	2024	2023
Interest on bank deposits	520,312	1,354,038
Interest income on loans issued	202,170	173,679
Gains on restructuring of loans issued	-	5,783
	<b>722,482</b>	<b>1,533,500</b>



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

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

**25. FINANCE EXPENSES**

	Three month period ended 31 March	
	2024	2023
Interest expense	866,002	708,030
Losses on restructuring of borrowings	4,075	5,896
Decommissioning provision: unwinding of the present value discount	34,683	35,516
Provision of trade and other non-current receivables: discount	8,933	40,011
Revaluation of equity investment at fair value - expense	29,452	-
Less: amounts capitalised on qualifying assets	(17,766)	(12,627)
	<b>925,379</b>	<b>776,826</b>

Interest expense includes expenses on lease liabilities in amount of 26,525 RSD for the three months ended 31 March 2024 (22,541 RSD for the three months ended 31 March 2023, accordingly) (note 18).

**26. 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 2023. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 31 March 2024 the carrying value of financial assets approximates their fair value.

**27. CONTINGENCIES AND COMMITMENTS**

*Taxes*

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

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

The Company 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 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.

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

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

*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 445,764 RSD (31 December 2023: 451,287 RSD).

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

*Capital commitments*

As of 31 March 2024 the Company has entered into contracts to purchase property, plant and equipment for 2,378,512 RSD (31 December 2023: 2,861,058 RSD).

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

**28. RELATED PARTY TRANSACTIONS**

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

In the three month period ended 31 March 2024 and in the same period in 2023, the Company 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, net of impairment, with related parties were as follows:

			Joint ventures, associates and parent's subsidiaries and associates
<b>As at 31 March 2024</b>	<b>Subsidiaries</b>	<b>Parent company</b>	
Short-term financial assets	25,697,188	-	-
Trade and other receivables	11,307,329	-	16,970
Other current assets	3,872	-	27,527
Right of use assets	99,834	-	-
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	31,016,682	-	-
Long-term financial assets	8,958,780	-	-
Other non-current assets	87,272	-	-
Trade and other payables	(6,154,745)	-	(210,722)
Other current liabilities	(29,668)	-	(439)
Short-term debt	(4,654,665)	-	-
Current lease liabilities	(7,448)	-	-
Non-current lease liabilities	(96,366)	-	-
Other non-current financial liabilities	(11,226,207)	-	-
	<b>55,001,858</b>	<b>-</b>	<b>872,136</b>



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

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

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries and associates
<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>

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

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
<b>For the year ended 31 March 2024</b>			
Revenues from sales of products and services	11,004,495	-	76,719
Expenses based on procurement of products and services	(4,651,104)	-	(1,182,887)
Other income (expenses), net	124,472	-	(201)
	<b>6,477,863</b>	<b>-</b>	<b>(1,106,369)</b>

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

**29. EVENTS AFTER THE REPORTING DATE**

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



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

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

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