



**Naftna industrija Srbije A.D.**

**Interim Condensed Financial Statements (Unaudited)**

**30 June 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)

Assets	Note	30 June 2024	31 December 2023
<b>Current assets</b>		(unaudited)	
Cash and cash equivalents	4	32,767,920	16,270,493
Short-term financial assets	5	27,603,491	50,017,699
Trade and other receivables	6	47,256,380	44,731,654
Inventories	7	59,544,597	59,328,301
Current income tax prepayments		9,396,361	7,380,049
Other current assets	8	11,902,267	8,886,275
Assets classified as held for sale		23,881	60,091
<b>Total current assets</b>		<b>188,494,897</b>	<b>186,674,562</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	292,224,361	275,083,369
Right-of-use assets	10	2,903,533	2,808,073
Investment property		1,508,139	1,514,651
Intangible assets		3,820,497	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	8,436,717	9,494,126
Deferred tax assets		3,803,439	3,527,437
Other non-current assets	12	2,692,460	4,899,484
<b>Total non-current assets</b>		<b>347,444,628</b>	<b>333,219,025</b>
<b>Total assets</b>		<b>535,939,525</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	16,439,048	14,623,831
Current lease liabilities	18	504,852	522,002
Trade and other payables	14	35,926,466	22,867,531
Other current liabilities	15	7,693,972	9,652,270
Other taxes payable	16	14,958,178	11,579,451
Provisions for liabilities and charges		1,185,629	2,624,738
<b>Total current liabilities</b>		<b>76,708,145</b>	<b>61,869,823</b>
<b>Non-current liabilities</b>			
Long-term debt	17	55,723,349	54,465,457
Non-current lease liabilities	18	1,611,581	1,610,014
Other non-current financial liabilities	19	12,084,530	12,038,912
Long-term trade and other payables		2,865	2,868
Provisions for liabilities and charges		12,093,819	11,585,649
<b>Total non-current liabilities</b>		<b>81,516,144</b>	<b>79,702,900</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		34,460	34,408
Retained earnings		296,150,576	296,756,256
<b>Total equity</b>		<b>377,715,236</b>	<b>378,320,864</b>
<b>Total liabilities and shareholder's equity</b>		<b>535,939,525</b>	<b>519,893,587</b>

Kirill Tyurdeney  
Chief Executive Officer  
26 July 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 30 June		Six month period ended 30 June	
		2024	2023	2024	2023
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		100,696,221	80,071,285	178,990,632	161,820,933
Other revenues		5,115,411	6,239,358	9,223,902	15,022,810
<b>Total revenue from sales</b>	<b>3</b>	<b>105,811,632</b>	<b>86,310,643</b>	<b>188,214,534</b>	<b>176,843,743</b>
Purchases of oil, gas and petroleum products		(73,145,699)	(52,224,056)	(127,501,289)	(101,639,390)
Production, manufacturing and cost of other sales	20	(8,990,376)	(10,344,461)	(17,726,975)	(23,325,413)
Selling, general and administrative expenses	21	(8,005,604)	(7,049,462)	(15,297,329)	(13,752,236)
Transportation expenses		(397,341)	(360,542)	(725,617)	(720,897)
Depreciation, depletion and amortization		(6,028,958)	(5,635,523)	(11,797,507)	(11,340,219)
Taxes other than income tax		(1,429,760)	(1,376,510)	(2,809,944)	(2,719,908)
Exploration expenses		-	-	(187)	-
<b>Total operating expenses</b>		<b>(97,997,738)</b>	<b>(76,990,554)</b>	<b>(175,858,848)</b>	<b>(153,498,063)</b>
Other income (expenses), net	22	426,710	(6,987,717)	513,874	(7,143,383)
<b>Operating profit</b>		<b>8,240,604</b>	<b>2,332,372</b>	<b>12,869,560</b>	<b>16,202,297</b>
Net foreign exchange loss	23	(153,662)	(61,355)	(296,623)	(109,752)
Finance income	24	534,428	2,025,785	1,256,910	3,559,285
Finance expenses	25	(941,580)	(826,336)	(1,866,959)	(1,603,162)
<b>Total other (expenses) / income</b>		<b>(560,814)</b>	<b>1,138,094</b>	<b>(906,672)</b>	<b>1,846,371</b>
<b>Profit before income tax</b>		<b>7,679,790</b>	<b>3,470,466</b>	<b>11,962,888</b>	<b>18,048,668</b>
Current income tax		(1,437,937)	(587,718)	(2,366,309)	(3,050,778)
Deferred tax income		137,632	154,912	276,002	380,967
<b>Total income tax</b>		<b>(1,300,305)</b>	<b>(432,806)</b>	<b>(2,090,307)</b>	<b>(2,669,811)</b>
<b>Profit for the period</b>		<b>6,379,485</b>	<b>3,037,660</b>	<b>9,872,581</b>	<b>15,378,857</b>
<b>Other comprehensive gain / (loss):</b>					
<b>Items that will not be reclassified to profit /(loss)</b>					
Losses on remeasurements of defined benefit plans		-	-	-	-
Gain / (loss) from investments in equity instruments		-	(155)	52	(155)
<b>Other comprehensive gain / (loss) for the period</b>		<b>-</b>	<b>(155)</b>	<b>52</b>	<b>(155)</b>
<b>Total comprehensive income for the period</b>		<b>6,379,485</b>	<b>3,037,505</b>	<b>9,872,633</b>	<b>15,378,702</b>
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		39.12	18.63	60.55	94.31
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**

Six month period ended 30 June 2024 and 2023

*(All amounts are in 000 RSD, unless otherwise stated)**(unaudited)***Balance as at 1 January 2023**

Profit for the period

**Other comprehensive loss**

Loss from investments in equity instruments

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

Dividend distribution

**Balance as at 30 June 2023**

Note	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>
	-	-	15,378,857	15,378,857
	-	(155)	-	(155)
	-	<b>(155)</b>	<b>15,378,857</b>	<b>15,378,702</b>
14	-	-	(23,364,925)	(23,364,925)
	<b>81,530,200</b>	<b>93,749</b>	<b>270,205,947</b>	<b>351,829,896</b>

*(unaudited)***Balance as at 1 January 2024**

Profit for the period

**Other comprehensive income**

Gain from investments in equity instruments

**Total comprehensive income for the period**

Dividend distribution

**Balance as at 30 June 2024**

	Share capital	Reserves	Retained earnings	Total
	<b>81,530,200</b>	<b>34,408</b>	<b>296,756,256</b>	<b>378,320,864</b>
	-	-	9,872,581	9,872,581
	-	52	-	52
	-	<b>52</b>	<b>9,872,581</b>	<b>9,872,633</b>
14	-	-	(10,478,261)	(10,478,261)
	<b>81,530,200</b>	<b>34,460</b>	<b>296,150,576</b>	<b>377,715,236</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)*

		<b>Six month period ended</b>	
		<b>30 June</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>11,962,888</b>	<b>18,048,668</b>
<b>Adjustments for:</b>			
Finance expenses	25	1,866,959	1,603,162
Finance income	24	(1,256,910)	(3,559,285)
Unrealised foreign exchange losses, net		300,597	303,128
Depreciation, depletion and amortization		11,797,507	11,340,219
Other non-cash items		(43,858)	223,181
<b>Operating cash flow before changes in working capital</b>		<b>24,627,183</b>	<b>27,959,073</b>
<b>Changes in working capital:</b>			
Trade and other receivables		(2,482,091)	5,854,814
Inventories		(276,852)	(2,049,335)
Other current assets		(2,962,464)	(1,293,694)
Trade payables and other current liabilities		(2,375,265)	(11,286,920)
Other taxes payable		3,378,729	(2,755,170)
<b>Total effect on working capital changes</b>		<b>(4,717,943)</b>	<b>(11,530,305)</b>
Income taxes paid		(4,386,321)	(20,987,300)
Interest paid		(1,659,529)	(1,329,828)
Interest received		2,174,323	2,293,429
<b>Net cash generated / (used) by operating activities</b>		<b>16,037,713</b>	<b>(3,594,931)</b>
<b>Cash flows from investing activities</b>			
Net cash outflow on acquisition of subsidiaries		-	(5,863,685)
Loans issued		(8,863,930)	(5,005,459)
Loan proceeds received		6,351,386	3,456,823
Capital expenditures <sup>2</sup>		(24,546,720)	(10,448,691)
Proceeds from sale of property, plant and equipment		96,398	40,351
Bank deposits proceeds / (repayment), net		25,000,000	(25,000,000)
<b>Net cash (used) in investing activities</b>		<b>(1,962,866)</b>	<b>(42,820,661)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	13,17	20,262,995	5,957,951
Repayment of borrowings	13,17	(17,140,690)	(11,552,312)
Repayment of lease liabilities	18	(383,742)	(328,333)
<b>Net cash generated / (used) in financing activities</b>		<b>2,738,563</b>	<b>(5,922,694)</b>
Net (decrease) / increase in cash and cash equivalents		16,813,410	(52,338,286)
Effect of foreign exchange on cash and cash equivalents		(315,983)	(133,232)
<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>	<b>4</b>	<b>32,767,920</b>	<b>30,611,737</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 2.9 bln RSD (2023: 1.33 bln RSD)*The accompanying notes are an integral part of these Interim Condensed Financial Statements.*

## **1. GENERAL INFORMATION**

Open Joint Stock Company Naftna Industrija Srbije, Novi Sad (the "Company") is a vertically integrated oil company operating predominantly in the Republic of Serbia. The Company's principal activities include:

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

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

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

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

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

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

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

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

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 half 2024 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and 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 half 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 assessed based on oil prices forecasts,

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

inflation and market borrowing rate. In particular as of 30 June 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 and six month period ended 30 June 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 six month period ended 30 June 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 six month period ended 30 June 2024 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
Segment revenue	27,425,670	189,524,421	(28,735,557)	188,214,534
Intersegment	27,398,225	1,337,332	(28,735,557)	-
External	27,445	188,187,089	-	188,214,534
<b>Adjusted EBITDA (Segment results)</b>	<b>19,523,637</b>	<b>4,907,740</b>	<b>-</b>	<b>24,431,377</b>
Depreciation, depletion and amortization	(6,476,108)	(5,321,399)	-	(11,797,507)
Net foreign exchange loss	(98,243)	(198,380)	-	(296,623)
Finance expenses, net	(76,132)	(533,917)	-	(610,049)
Income tax	-	(2,090,307)	-	(2,090,307)
Segment profit / (loss)	12,970,429	(3,097,848)	-	9,872,581



**NIS a.d.****Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024***(All amounts are in 000 RSD, unless otherwise stated)*

Reportable segment results for the six month period ended 30 June 2023 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
Segment revenue	21,731,181	177,339,379	(22,226,817)	176,843,743
Intersegment	21,702,774	524,043	(22,226,817)	-
External	28,407	176,815,336	-	176,843,743
<b>Adjusted EBITDA (Segment results)</b>	<b>13,926,836</b>	<b>13,832,259</b>	<b>-</b>	<b>27,759,095</b>
Depreciation, depletion and amortization	(6,155,634)	(5,184,585)	-	(11,340,219)
Net foreign exchange loss	(39,946)	(69,806)	-	(109,752)
Finance income (expenses), net	(83,837)	2,039,960	-	1,956,123
Income tax	-	(2,669,811)	-	(2,669,811)
Segment profit	7,651,390	7,727,467	-	15,378,857

Adjusted EBITDA for the three and six month period ended 30 June 2024 and 2023 is reconciled below:

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit for the period	6,379,485	3,037,660	9,872,581	15,378,857
Income tax	1,300,305	432,806	2,090,307	2,669,811
Finance expenses	941,580	826,336	1,866,959	1,603,162
Finance income	(534,428)	(2,025,785)	(1,256,910)	(3,559,285)
Depreciation, depletion and amortization	6,028,958	5,635,523	11,797,507	11,340,219
Net foreign exchange loss	153,662	61,355	296,623	109,752
Other expenses/(income), net	(426,710)	6,987,717	(513,874)	7,143,383
Other non-operating expense/(income), net*	133,827	(6,988,456)	278,184	(6,926,804)
<b>Adjusted EBITDA</b>	<b>13,976,679</b>	<b>7,967,156</b>	<b>24,431,377</b>	<b>27,759,095</b>

\*Other non-operating expense / (income), net mainly relates to penalties and excess and deficiencies of assets revealed, (for 2023 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 22)

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

	<b>Six month period ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Sale of gas	148,337	103,724
<i>Wholesale activities</i>	148,337	103,724
Sale of petroleum products	178,842,295	161,717,209
<i>Through a retail network</i>	52,769,338	49,797,952
<i>Wholesale activities</i>	126,072,957	111,919,257
Sale of electricity	444,476	7,461,044
Lease revenue	174,849	182,415
Other sales	8,604,577	7,379,351
<b>Total sales</b>	<b>188,214,534</b>	<b>176,843,743</b>

Other sales mainly relate to sales of non-fuel products at petrol stations for 5,952,206 RSD (2023: 4,984,623 RSD).

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

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

**4. CASH AND CASH EQUIVALENTS**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Cash in bank and in hand	9,912,189	8,265,248
Deposits with original maturity of less than three months	22,850,000	8,000,000
Cash equivalents	5,731	5,245
	<b>32,767,920</b>	<b>16,270,493</b>

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

**5. SHORT-TERM FINANCIAL ASSETS**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Short-term loans	3,496,215	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)	33,993,482	32,578,321
<i>Less impairment loss provision</i>	<i>(9,886,206)</i>	<i>(9,896,736)</i>
	<b>27,603,491</b>	<b>50,017,699</b>

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

**6. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Trade receivables	54,435,506	52,053,320
Other receivables	102,179	95,494
<i>Less credit loss allowance for trade receivables</i>	<i>(7,251,553)</i>	<i>(7,386,577)</i>
<i>Less credit loss allowance for other receivables</i>	<i>(29,752)</i>	<i>(30,583)</i>
	<b>47,256,380</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>30 June 2024</b>	<b>31 December 2023</b>
Crude oil	33,739,111	32,326,837
Gas	195,642	-
Petroleum products	23,316,691	24,875,824
Materials and supplies	5,454,211	5,230,211
Other	1,199,803	1,291,956
<i>Less impairment provision</i>	<i>(4,360,861)</i>	<i>(4,396,527)</i>
	<b>59,544,597</b>	<b>59,328,301</b>

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

**8. OTHER CURRENT ASSETS**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Advances paid	2,523,733	887,650
Deferred VAT	4,455,944	3,017,260
Prepaid expenses	634,193	307,150
Prepaid custom duties	77,882	67,649
Prepaid excise	3,880,434	4,267,660
Other current assets	7,816,125	7,824,421
<i>Less impairment provision</i>	<i>(7,486,044)</i>	<i>(7,485,515)</i>
	<b>11,902,267</b>	<b>8,886,275</b>

Deferred VAT as at 30 June 2024 amounting to 4,455,944 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 30 June 2024 amounting to 3,880,434 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 six month period ended 30 June 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	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>
<b>Period ended 30 June 2024</b>						
Additions	7,756,974	15,227,923	1,591,105	373,253	3,389,963	28,339,218
Changes in decommissioning obligations	182,893	-	-	-	-	182,893
Impairment	-	-	-	-	(4,954)	(4,954)
Depreciation	(6,407,917)	(3,647,735)	(1,000,989)	(232,787)	-	(11,289,428)
Transfer from non-current assets held for sale	-	-	-	11,935	-	11,935
Transfer from investment property	-	-	6,565	-	-	6,565
Disposals and write-off	(15,804)	(2,507)	(52,850)	(15,865)	(187)	(87,213)
Other transfers	6,374	(4,746)	9,391	(257,585)	228,542	(18,024)
	<b>135,152,962</b>	<b>97,537,473</b>	<b>26,028,538</b>	<b>6,979,559</b>	<b>26,525,829</b>	<b>292,224,361</b>
<b>As at 30 June 2024</b>						
Cost	239,170,908	179,752,943	60,834,481	16,963,343	28,337,163	525,058,838
Depreciation and impairment	(104,017,946)	(82,215,470)	(34,805,943)	(9,983,784)	(1,811,334)	(232,834,477)
<b>Net book value</b>	<b>135,152,962</b>	<b>97,537,473</b>	<b>26,028,538</b>	<b>6,979,559</b>	<b>26,525,829</b>	<b>292,224,361</b>

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

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

Movements in right-of-use assets for the six months ended 30 June 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	13,794	168,148	61,309	271,158	514,409
Depreciation	(1,177)	(56,861)	(39,025)	(121,691)	(218,754)
Disposals	-	-	(1,548)	(198,647)	(200,195)
<b>As at 30 June 2024</b>	<b>14,043</b>	<b>911,684</b>	<b>194,362</b>	<b>1,783,444</b>	<b>2,903,533</b>

**11. LONG-TERM FINANCIAL ASSETS**

	30 June 2024	31 December 2023
LT loans issued	41,650,051	41,289,971
Financial assets at FVTPL	838,044	838,937
Other LT placements	24,885	28,655
Available for sale financial assets	124,316	128,683
Less Current portion of LT loans issued (note 5)	(33,993,482)	(32,578,321)
Less provision of LT financial assets	(207,097)	(213,799)
	<b>8,436,717</b>	<b>9,494,126</b>

**12. OTHER NON-CURRENT ASSETS**

	30 June 2024	31 December 2023
Advances paid for PPE	2,009,736	4,184,286
Prepaid expenses	88,498	104,566
Other assets	901,288	916,063
Less allowance for other assets	(284,538)	(284,068)
Less allowance for advances paid	(22,524)	(21,363)
	<b>2,692,460</b>	<b>4,899,484</b>

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

	30 June 2024	31 December 2023
Short-term loans	4,086,372	3,606,281
Interest liabilities	267,978	256,467
Current portion of long-term loans (note 17)	12,084,698	10,761,083
	<b>16,439,048</b>	<b>14,623,831</b>

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

	Six month period ended 30 June 2024	2023
<b>Short-term loans at 1 January</b>	<b>3,606,281</b>	<b>5,345,097</b>
Proceeds	14,304,667	5,957,951
Repayment	(13,824,576)	(7,841,002)
Foreign exchange difference (note 23)	-	284
<b>Short-term loans at 30 June</b>	<b>4,086,372</b>	<b>3,462,330</b>

*(All amounts are in 000 RSD, unless otherwise stated)***14. TRADE AND OTHER PAYABLES**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Trade payables	21,636,408	19,062,793
Dividends payable	14,261,722	3,783,595
Other accounts payable	28,336	21,143
	<b>35,926,466</b>	<b>22,867,531</b>

Dividend payable declared for the year ended 31 December 2023, amounted to 10,478,261 RSD or 64.26 RSD per share (31 December 2022: 23,364,925 RSD or 143.29 RSD per share) were approved on the General Assembly Meeting held on 27 June 2024.

**15. OTHER CURRENT LIABILITIES**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Contract liabilities arising from contracts with customers:		
- Advances received	3,621,016	4,747,256
- Customer loyalty	929,116	843,176
- Deferred income	49,703	45,170
Payables to employees	2,873,416	3,931,046
Other current non-financial liabilities	220,721	85,622
	<b>7,693,972</b>	<b>9,652,270</b>

Revenue in the amount of 4,567,523 RSD (30 June 2023: 6,738,869 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2024, of which 4,202,440 RSD (30 June 2023: 6,434,962 RSD) related to advances and 365,083 RSD (30 June 2023: 303,907 RSD) to customer loyalty programme.

**16. OTHER TAXES PAYABLE**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Mineral extraction tax	452,057	471,143
VAT	4,024,876	1,202,951
Excise tax	8,625,509	8,121,033
Contribution for State commodity reserves	614,953	625,507
Custom duties	113,891	28,928
Energy efficiency fee	62,924	72,972
Other taxes	1,063,968	1,056,917
	<b>14,958,178</b>	<b>11,579,451</b>

**17. LONG-TERM DEBT**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Bank loans	67,804,934	65,223,168
Other Long-term borrowings	3,113	3,372
Less Current portion (note 13)	(12,084,698)	(10,761,083)
	<b>55,723,349</b>	<b>54,465,457</b>

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

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

	<b>Six month period ended</b>	
	<b>30 June</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>
Proceeds	5,958,328	-
Repayment	(3,316,114)	(3,711,310)
Non-cash transactions	7,928	39,871
Foreign exchange difference (note 23)	(68,376)	(89,392)
<b>Long-term loans at 30 June</b>	<b>67,804,934</b>	<b>63,977,353</b>

(a) *Bank loans*

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
Domestic	51,594,249	48,366,114
Foreign	16,210,685	16,857,054
	67,804,934	65,223,168
Current portion of long-term loans	(12,084,698)	(10,761,083)
	<b>55,720,236</b>	<b>54,462,085</b>

The maturity of bank loans was as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
Between 1 and 2 years	21,538,540	7,632,523
Between 2 and 5 years	33,266,137	45,494,977
Over 5 years	915,559	1,334,585
	<b>55,720,236</b>	<b>54,462,085</b>

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

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
USD	-	30,298
EUR	67,804,934	65,163,377
JPY	-	29,493
	<b>67,804,934</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. 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 30 June 2024 and 31 December 2023, respectively.

## **18. LEASE LIABILITIES**

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
Non-current lease liabilities	1,611,581	1,610,014
Current lease liabilities	504,852	522,002
	<b>2,116,433</b>	<b>2,132,016</b>

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

Amounts recognized in profit and loss:

	<b>Six month period ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Interest expense (included in finance cost) (note 25)	51,121	46,238
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	49,971	1,290
Expense relating to leases of low value assets that are not shown above as short-term leases	5,187	4,790
Expense relating to variable lease payments not included in lease liabilities	614,481	576,058

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

	<b>Six month period ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<b>As at 1 January</b>	<b>2,132,016</b>	<b>2,295,379</b>
Repayment	(383,742)	(328,333)
Non-cash transactions	369,929	73,062
Foreign exchange difference (note 23)	(1,770)	(5,330)
<b>As at 30 June</b>	<b>2,116,433</b>	<b>2,034,778</b>

## 19. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities in the amount of 12,084,530 RSD (2023: 12,038,912 RSD) represents deferred consideration in the amount of 838,044 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 11,246,486 RSD (2023: 11,199,975 RSD).

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

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Employee costs	1,110,194	1,019,020	2,075,060	1,979,990
Materials and supplies (other than O&G and petroleum products)	239,162	302,755	560,325	593,232
Repair and maintenance services	1,324,937	1,345,900	2,406,709	2,628,661
Electricity for resale	11,415	1,899,908	36,787	6,805,167
Electricity and utilities	1,942,281	1,936,024	4,518,061	4,212,364
Safety and security expense	126,204	134,233	226,282	276,101
Transportation services for production	398,470	343,795	798,254	664,790
Other	3,837,713	3,362,826	7,105,497	6,165,108
	<b>8,990,376</b>	<b>10,344,461</b>	<b>17,726,975</b>	<b>23,325,413</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 six month period ended 30 June 2024**

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

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

	Three month period ended 30 June		Six month period ended 30 June	
	2024	2023	2024	2023
Employee costs	3,797,858	3,277,126	7,259,849	6,480,809
Commission and agency fees	1,370,016	1,251,809	2,685,151	2,431,534
Legal, audit and consulting services	400,036	379,007	736,343	747,617
Current repair cost	353,838	311,130	660,950	590,176
Costs on advertising and marketing	104,902	110,251	174,859	151,989
Rent expense	27,719	5,587	57,724	8,453
Business trips expense	87,391	61,431	143,917	91,738
Safety and security expense	252,889	208,797	471,147	423,814
Insurance expense	21,304	20,500	49,739	46,159
Transportation and storage	96,591	50,274	155,976	98,213
Allowance for doubtful accounts	2,488	9,858	(8,872)	8,475
Other	1,490,572	1,363,692	2,910,546	2,673,259
	<b>8,005,604</b>	<b>7,049,462</b>	<b>15,297,329</b>	<b>13,752,236</b>

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

	Three month period ended 30 June		Six month period ended 30 June	
	2024	2023	2024	2023
Penalties	146,578	43,163	270,199	95,255
Provisions	(12,354)	(11,367)	(22,905)	(31,768)
Impairment (reversal) of non financial assets	(6,521)	(10,322)	(6,554)	(13,001)
Charity and social payments	(11,540)	(7,047,204)	(17,681)	(7,066,740)
Others	310,547	38,013	290,815	(127,129)
	<b>426,710</b>	<b>(6,987,717)</b>	<b>513,874</b>	<b>(7,143,383)</b>

Charity and social payments amounting to 17,681 RSD (2023: 7,066,740 RSD) mainly relate to donations for support projects in the field of education, social and health care.

**23. NET FOREIGN EXCHANGE LOSS**

	Three month period ended 30 June		Six month period ended 30 June	
	2024	2023	2024	2023
Foreign exchange gain (loss) on financing activities including:				
- foreign exchange gain (note 13,17,18,19)	97,743	101,221	134,590	141,194
- foreign exchange loss (note 13,17,18,19)	(37,628)	(29,587)	(51,974)	(46,756)
Net foreign exchange loss on operating activities	(213,777)	(132,989)	(379,239)	(204,190)
	<b>(153,662)</b>	<b>(61,355)</b>	<b>(296,623)</b>	<b>(109,752)</b>

**24. FINANCE INCOME**

	Three month period ended 30 June		Six month period ended 30 June	
	2024	2023	2024	2023
Interest on bank deposits	328,336	1,254,479	848,648	2,608,517
Gains on restructuring of borrowings	-	5,780	-	11,563
Revaluation of equity investment at fair value - income	-	576,068	-	576,068
Interest income on loans issued	206,092	189,458	408,262	363,137
	<b>534,428</b>	<b>2,025,785</b>	<b>1,256,910</b>	<b>3,559,285</b>

*(All amounts are in 000 RSD, unless otherwise stated)***25. FINANCE EXPENSES**

	Three month period ended 30 June		Six month period ended 30 June	
	2024	2023	2024	2023
Interest expense	846,368	771,992	1,712,370	1,480,022
Losses on restructuring of borrowings	3,855	5,315	7,930	11,211
Decommissioning provision: unwinding of the present value discount	38,546	35,937	73,229	71,453
Provision of trade and other non-current receivables: discount	43,230	28,950	52,163	68,961
Revaluation of equity investment at fair value - expense	29,529	-	58,981	-
Less: amounts capitalised on qualifying assets	(19,948)	(15,858)	(37,714)	(28,485)
	<b>941,580</b>	<b>826,336</b>	<b>1,866,959</b>	<b>1,603,162</b>

Interest expense includes expenses on lease liabilities in amount of 51,121 RSD for the six months ended 30 June 2024 (46,238 RSD for the six months ended 30 June 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 30 June 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 30 June 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

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

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.

*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 439,572 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 30 June 2024 the Company has entered into contracts to purchase property, plant and equipment for 2,353,686 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 six month period ended 30 June 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 30 June 2024 and 31 December 2023 the outstanding balances, net of impairment, with related parties were as follows:

<b>As at 30 June 2024</b>	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries and associates</b>
Short-term financial assets	27,603,491	-	-
Trade and other receivables	12,011,039	-	52,116
Other current assets	3,392	-	836,433
Right of use assets	99,469	-	-
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	31,016,682	-	-
Long-term financial assets	8,331,766	-	-
Other non-current assets	86,284	-	-
Trade and other payables	(8,555,096)	(644,893)	(5,609,645)
Other current liabilities	(23,646)	-	(387)
Short-term debt	(4,103,623)	-	-
Current lease liabilities	(8,401)	-	-
Non-current lease liabilities	(95,359)	-	-
Other non-current financial liabilities	(11,246,486)	-	-
	<b>55,119,512</b>	<b>(644,893)</b>	<b>(3,682,683)</b>

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**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

			Joint ventures, associates and parent's subsidiaries and associates
<b>As at 31 December 2023</b>	<b>Subsidiaries</b>	<b>Parent company</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 six month period ended 30 June 2024 and 30 June 2023 the following transaction occurred with related parties:

			Joint ventures, associates and parent's subsidiaries, and associates
<b>Six month period ended 30 June 2024</b>	<b>Subsidiaries</b>	<b>Parent company</b>	
Revenues from sales of products and services	20,936,288	-	122,003
Expenses based on procurement of products and services	(9,916,430)	-	(1,986,235)
Other income (expenses), net	252,823	-	(219)
	<b>11,272,681</b>	<b>-</b>	<b>(1,864,451)</b>

  

			Joint ventures, associates and parent's subsidiaries, and associates
<b>Six month period ended 30 June 2023</b>	<b>Subsidiaries</b>	<b>Parent company</b>	
Revenues from sales of products and services	11,261,939	-	15,764,153
Expenses based on procurement of products and services	(6,423,129)	(3,446)	(7,708,283)
Other income (expenses), net	307,193	-	536,291
	<b>5,146,003</b>	<b>(3,446)</b>	<b>8,592,161</b>

**29. EVENTS AFTER THE REPORTING DATE**

Subsequent events occurring after 30 June 2024 were evaluated through 26 July 2024, the date these Interim Condensed Financial Statements were authorised for issue.

**NIS a.d.**

**Notes to the Interim Condensed Financial Statements for the six month period ended 30 June 2024**

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

**NIS a.d.**

**Contact information**

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