



2024

**QUARTERLY REPORT
FOR SECOND QUARTER
OF 2024**

The Quarterly Report for Second Quarter of 2024 presents a factual overview of NIS Group's activities, development and performance in second quarter of 2024 and the first six months of 2024.

The Report covers and presents data for NIS Group, comprising NIS j.s.c. Novi Sad and its subsidiaries. If the data pertain only to certain individual subsidiaries or only NIS j.s.c. Novi Sad, it is so noted in the Report. The terms: 'NIS j.s.c. Novi Sad' and 'the Company' denote the parent company NIS j.s.c. Novi Sad, whereas the terms 'NIS' and 'NIS Group' pertain to NIS j.s.c. Novi Sad with its subsidiaries.

The Quarterly Report for Second Quarter of 2024 is compiled in Serbian, English and Russian. In case of any discrepancy, the Serbian version shall be given precedence.

The Quarterly Report for Second Quarter of 2024 is also available online on the corporate website. For any additional information on NIS Group, visit the corporate website www.nis.rs.

Contents

Group NIS	7
NIS worldwide	10
Risk management	10
Business environment	16
Performance analyses	20
Key performance indicators	23
Securities	42
Corporate Governance	45
Related-Party Transactions	46
Human resources	47
Research and Development	51
Financial Statements	52
Standalone financial statements (unaudited)	52
Notes to the Standalone Financial Statements	56
Consolidated financial statements (unaudited)	71
Notes to the Consolidated Financial Statements	75
Statement of individuals responsible for the preparation of report	89
Contacts	90
Glossary	91

Foreword

In the first half of 2024, the priority of the NIS Group was the realization of the started investments in the further development and modernization of the company. In the reporting period, RSD 24.4 bln were invested in capital projects, which is two times more than the investments realized in the first six months of 2023. In addition, the focus of NIS in the reporting period was on the orderly supply of all types of oil derivatives to the market during the overhaul of the Oil Refinery in Pancevo, the most complex in the history of this plant which enabled the Refinery to be positioned as one of the most modern and environmentally advanced in this area of Europe.

Regarding to the financial and operational results of the NIS Group, the achievements are in line with the expectations in the aftermath of the overhaul of the Refinery. The volume of refining of crude oil and semi-products in the first six months of 2024 was 1.4 million tons, which is 29 percent less compared to the same period last year. The total turnover of oil products was 1.65 million tons, i.e. 12 percent less compared to the first six months of 2023. The total volume of oil and gas production was 575 thousand t.o.e., which is an increase of one percent compared to the first half of 2023.

In the first half of 2024, the average price of Brent oil was 84.1 dollars per barrel, which is five percent higher compared to the average price in the same period last year. The net profit of NIS Group amounts to RSD 5.3 bln, i.e. 61 percent less compared to the first six months of 2023. In the same period, the EBITDA indicator decreased by 20 percent compared to the previous year and amounted to RSD 22.8 bln.

On the other hand, the results achieved in the second quarter of 2024 show a significant growth compared to the same period last year. Thus, the net profit amounted to RSD 3.6 bln, which is 75 percent more compared to the second quarter of 2023. In the same period, the EBITDA indicator increased by 49 percent and amounts to RSD 12.8 bln, while 3 times more was invested in development projects in this period compared to last year, i.e. RSD 13.9 bln.

As part of the extensive investment cycle, a new energy transition project of the company was carried out. A solar photovoltaic power plant with a total power of 620 kWp was built at the Jazak drinking water production plant, which was put into trial operation in the second quarter of this year. The value of the project is more than half a million euros. In the next phase, the installation of solar panels on other company facilities is planned.

The process of full integration of HIP-Petrohemija into NIS continued. The planned stoppage in the operation of HIP-Petrohemija production facilities, the goal of which was the realization of investment projects and regular maintenance activities, which will contribute to the safe and reliable operation of HIP-PETROHEMIJA Petrohemija in the coming period, has ended. The plan is to continue key investment activities for the further modernization of the plant.

NIS continued with the implementation of socially responsible programs and activities of importance for the community and young people. A new competition has been announced within the social responsibility program "Common Cause - Community" for financing projects in key local governments where NIS operates. The focus of this year's cycle, which is carried out under the slogan "Together for green energy", is investment in the field of renewable energy sources, and the company will invest RSD 144.5 mln in support of projects in this field. Also, NIS was once again chosen among the three leading employers in our country, according to the results of the "TalentX" research conducted by the group of employment sites Poslovi.Infostud.

In addition, on June 27, 2024, the XVI regular session of the NIS Shareholders' Assembly was held, where a decision was adopted to pay the shareholders 10,478,261,304 dinars in the gross amount as dividends for 2023.

In the rest of the year, NIS will remain committed to the improvement of financial and operational results, as well as the implementation of the investment cycle, with a special emphasis on the further energy transition and the realization of its green agenda.

Management Business report

Highlights

January

Start of a pilot project on the operation of self-checkout at PSs, analysing the network of PSs to see if they can be included in the project. The project is currently being implemented at the Block 45 PS

The results of NIS Group's operations for 2023 were presented

The fourth season of "NIS Energy" youth employment program has started

February

Preparations for the start of the overhaul

Pančevo Oil Refinery received a new Integrated Pollution Prevention and Control permit (IPPC)¹

The beginning of the reconstruction of the Prijepolje petrol station, with the prior demolition of the building

The company marked 15 years since the launch of its Common Cause Community corporate social responsibility programme

March

Production at the exploitation field in Bosnia and Herzegovina continued

Conducting a overhaul of the Pančevo Oil Refinery, according to the scope and complexity of the largest one so far in the history of the refinery

NIS representatives participated in strategically important panel discussions at the Kopaonik Business Forum

The new student internship programme "NIS Academy" was launched

NIS was awarded the "Dobročinitelj" award for 15 years of supporting local communities

NIS was recognised as the leader in the Serbian market by the results of the Youth Speak Voice poll

April

Overhaul in Pančevo Oil Refinery completed

Dubravka Đedović Handanović, Minister of Mining and Energy of the Government of the Republic of Serbia, visited Pančevo Oil Refinery

The construction of the Valjevo 5 gas collection point continues, the demolition of the Valjevo 1 gas collection point has been completed

During the period of overhaul in Pančevo Oil Refinery, import of all types of petroleum products was ensured in a volume corresponding to the Downstream plans

During this period, a continuous supply of all types of petroleum products was ensured for all customers on the market of the Republic of Serbia in accordance with the signed contracts

NIS Q1 2024 performance results presented

NIS established cooperation with the University of Defense

May

The Industrial Railway Reconstruction Project in Pančevo Oil Refinery is underway

Company NIS participated in the International Agricultural Fair in Novi Sad, showcasing its efforts and achievements in sustainable development

¹Integrated pollution prevention and control.

June

In the first six months of 2024, 23 development wells and 2 exploratory wells were drilled in Serbia, and 22 development wells and one exploratory well were put into operation in Serbia and 2 development wells in Romania

Based on the contract on implementing 2D projects with the Turkish National Company the acquisition of seismic data in research area in Turkey is underway

Two new robotic drilling rigs have been purchased and named Tesla and Pupin. The first of them, Tesla, was put into operation at the Kikinda field

The capital overhaul of the gas refinery in Elemir was completed

Completion of the reconstruction of Prijepolje 2 PS

Beginning of works on the partial reconstruction of the sales section of Veliki Mokri Lig 1 PS

Pilot operation of a solar power plant has begun on the territory of the Jazak drinking water factory

NIS is again among the three most sought-after employers in Serbia as per "TalentX" research conducted by the group of employment sites Poslovi.Infostud

NIS received a certificate of appreciation from the Fund for Gifted Students of the University of Novi Sad for long-term support and provision of student scholarships

The 2023 Sustainable Development Report published.

Shareholders' Assembly of NIS j.s.c. Novi Sad held the XVI regular session, among which was adopted the decision on the payment of dividends to shareholders for the year 2023.

Group NIS

The NIS Group is one of the largest vertically integrated energy systems in Southeast Europe, and its most valuable resource is a team of about 13,500 employees². The headquarters of NIS and its main assets are located in the Republic of Serbia, while representative offices and subsidiaries have been opened in several more countries in the world, primarily in neighbouring countries. NIS' core activities include exploration, production and refining of crude oil and natural gas, sale and distribution of a wide range of petroleum and gas products and the implementation of energy and petrochemistry projects.

NIS aims to create new value for its shareholders, employees and the community, despite the challenging macroeconomic environment, as well as to contribute to energy stability in the markets where it operates. The NIS project portfolio considers the energy transition as a priority in Serbia, and the Company implements projects that, *inter alia*, contribute to the achievement of the goals of reducing carbon emissions to the Paris Agreement level.

In addition to its business activities, NIS also runs a number of socially responsible projects aimed at improving the life of the community and the improvement of the quality of life of citizens. NIS' efforts in this area are especially focused on young people, who are the bearers of future development.

The NIS Group is committed to improving environmental protection and allocates significant funds for the implementation of environmental projects and projects that contribute to environmental protection. In terms of occupational safety, the objective of NIS is work processes without injuries and harmful effects on the environment.

Business activities

Business activities of the NIS Group are organized within the parent company NIS j.s.c. Novi Sad, into the Exploration and Production Block and Downstream, which are supported by the nine Functions in the parent company:

- Finance, Economics, Planning and Accounting Function;
- Strategy and Investments Function;
- Procurement Function;
- Organizational Affairs Function;
- HSE Function;
- Legal and Corporate Affairs Function;
- Corporate Security Function;
- Government Relations and Corporate Communications Function;
- Internal Audit, Risks and Internal Control Function.

Exploration and production Block

Exploration and production

NIS is the only company in Serbia engaged in oil and gas exploration and production. In this business segment, NIS performs the activities of operational support to production, management of oil and gas reserves, management of oil and gas reservoir engineering, and implementation of large-scale projects in the field of exploration and production.

The majority of oil and gas fields owned by NIS are located in Serbia. The company is also involved in exploration works in Romania and Bosnia and Herzegovina. The oldest concession abroad is in Angola, where NIS has been operating since 1985.

The plant for the preparation of natural gas, production of LPG and gasoline, and CO₂ stripping, based in Elemir, near Zrenjanin operates as part of the Exploration and Production Block. An amine unit for processing of natural gas using the high pressure acidgas capture technology is also located in Elemir. This method of gas processing completely prevents carbon dioxide emissions into the atmosphere and, in addition to the business effects, creates significant environmental benefits. In 2023, the Gas Refinery in Elemir marked its 60th anniversary.

² Including employees in HIP-Petrohemija LLC Pančevo

NIS also has a modern training center in Elemir dedicated to, training workers in the oil industry. It is a unique complex equipped with modern equipment in which the training is performed in real conditions, with the possibility of simulating all the tasks that oil workers encounter in the process of production, preparation and shipment of oil and gas.

As for the exploration and production, the scientific and technological support of the NIS Group is provided by the subsidiary Scientific and Technological Center (NTC) NIS – Naftagas LLC Novi Sad.

Services

NIS has its own service capacities, which fully meet the needs of the Group and provide services to third parties. The Services provide services in the field of exploration and production of oil and gas through geophysical well testing, construction, completion and workover, as well as through conducting special operations and measurements in wells. As part of their portfolio, the Services also provide maintenance of equipment, construction and maintenance of oil and gas systems and facilities. In this business segment, the goal is to strengthen its presence in the international market. For this reason, the priority is to modernize the equipment, ensure the best possible quality of services provided, increase the technical and technological efficiency, and improve work efficiency in NIS and other companies.

Downstream

The Downstream business consists of the Refining Block, Sales and Distribution Block, Energy Block and the field of petrochemicals.

Refining

In 2023, the 55th anniversary of the beginning of production at the Pančevo Oil Refinery was celebrated. Today, this factory is one of the most modern and environmentally most developed processing plants in the region, with a maximum designed capacity of 4.8 million tonnes per year. Since 2009, more than EUR 800 million have been invested in the modernization of the Refinery, with significant funds allocated for environmental protection projects. The Pančevo Oil Refinery produces: motor fuel in accordance with Euro-5 standard, aviation fuel, liquid petroleum gas, petroleum coke, fuel oil, bitumen, propylene, aromatics, primary pyrolysis gasoline and other petroleum products (sulphur and other hydrocarbons).

In 2020, a Bottom of the barrel unit with delayed coking technology was officially commissioned. The project worth more than EUR 300 million enables NIS to increase the output of the most valuable fuels – diesel, gasoline and liquified petroleum gas and to start the domestic production of petroleum coke. NIS continuously works on the modernization of the Pančevo Oil Refinery, and the capital project of the new phase is the reconstruction of the FCC (Fluid Catalytic Cracking) plant and the construction of a new plant for the production of ETBE (high-octane petrol blending component), which began in 2021. In addition, activities for finding additional measures for increasing efficiency and reducing costs, as well as digitization projects, are continuously carried out in the Refinery.

In the first half of 2024 the priority of the Refining Block was the implementation of capital overhaul, with previous creation of the necessary stocks of petroleum products in order to contribute to the orderly supply of the market.

Sales and distribution

NIS operates a network of more than 400 petrol stations in Serbia and the countries of the region, with more than 80 of them outside of Serbia. NIS operates the largest retail network in the country, while simultaneously developing its operations in the neighbouring countries: Bosnia and Herzegovina, Bulgaria and Romania.

NIS is present in the market under two retail brands: NIS Petrol and GAZPROM, with the latter being a premium brand in this segment. The petrol stations of the NIS Group are synonymous with the quality of fuel and non-fuel portfolio, as well as with modern services that meet the consumers' demands. NIS continually invests in the development of its retail network and in improving the quality of its goods and services. As part of this goal was built PS Sokolići 2, the second retail facility of NIS at the Miloš Veliki motorway, began to operate. With it, the company contributes to the development of the road infrastructure in the Republic of Serbia. One of the priorities includes digital projects

that provide consumers with services in line with modern trends, such as fuel payments without going to the payment point, digitalization of loyalty programs, etc.

In addition to the retail sale of finished petroleum products, liquefied petroleum gas and a range of related products, the sales structure of NIS also includes the export and domestic wholesale deliveries of gas and petroleum products. In addition, as separate business direction, NIS is developing apply of aviation fuel, fuel for navigable vessels, and sales of bitumen.

All types of fuel undergo strict and regular laboratory control and meet the highest domestic and international standards.

Energy

This business segment includes the production of electricity and thermal energy from conventional and renewable energy sources, centralized management of the natural gas portfolio for the entire NIS (production and sale of compressed natural gas, sale of natural gas), electricity trade, development and introduction of strategically important energy projects, as well as development and implementation of projects to increase energy efficiency.

The main focus of the Energy Block is expanding the scope of work in the field of electricity production and trade, managing the Company's energy resources, including TE-TO Pančevo, as well as improving energy efficiency and reliability within the NIS Group. The task of the Energy Block, among other things, is to accelerate the company's energy transition and the process of decarbonization.

The modern combined gas-steam thermal power plant-heating plant Pančevo (TE-TO Pančevo) on natural gas was built and started operating in 2022. The main advantage of TE-TO Pančevo is that natural gas, as a more environmentally friendly fuel, simultaneously produces thermal energy in the form of process steam for the needs of the Pančevo Refinery and electricity.

Since 2013, in oil and gas fields at eight locations in Serbia, NIS has put into operation mini power plants with an installed electrical power of 14.5 MWe. The environmental advantage of these plants is in the production of electricity and thermal energy from gas that was previously not used due to poor quality, large amounts of carbon dioxide and nitrogen, or could not be valorized due to the lack of gas infrastructure. The heat and electricity produced are used for the needs of NIS, but the electricity is also sold on the market. Electricity is also produced at the Jimbolia gas field in Romania, where electricity is sold on the local market.

In 2022, the construction of solar photovoltaic power plants at NIS petrol stations began. As of December 2023, the construction of 45 PS was completed, whereby at the end of the second quarter of 2024, PVPPs at 44 PS are in operation. At the "Jazak" drinking water plant, PVPP was put into trial operation. In 2024, the construction of solar photovoltaic power plants on other NIS facilities continue.

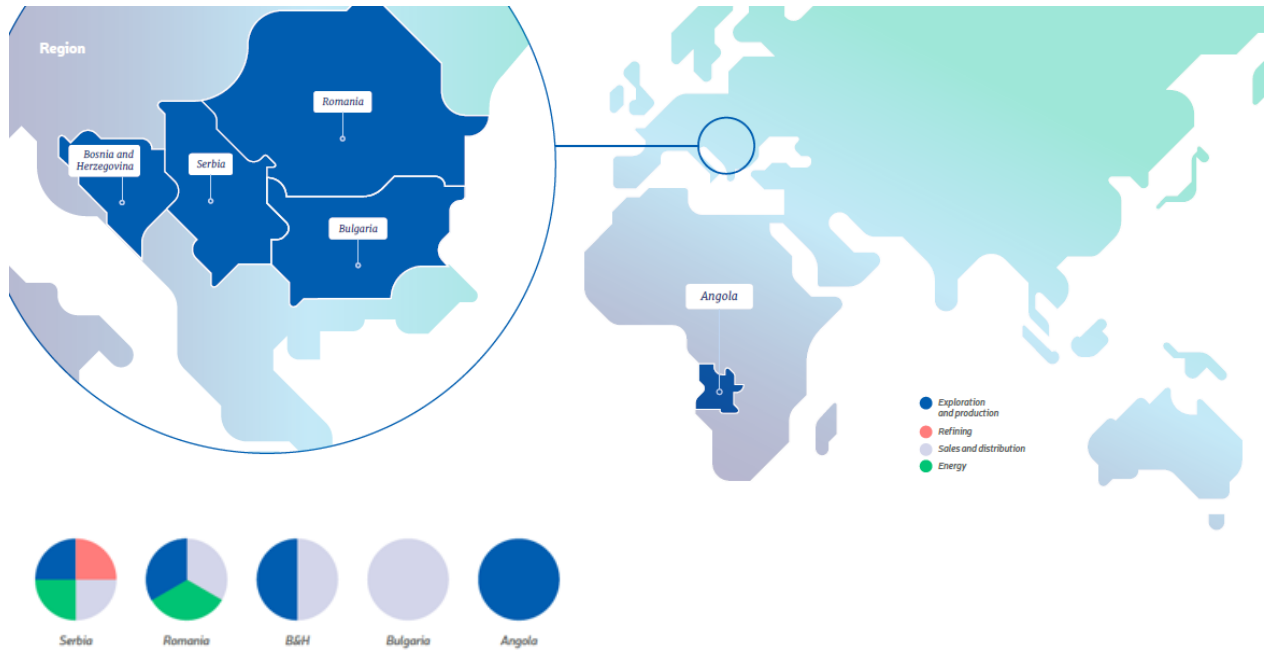
HIP-Petrohemija

In accordance with the Strategic Partnership Agreement between the Republic of Serbia, NIS j.s.c. Novi Sad and HIP-Petrohemija the transaction was closed on June 9, 2023, after which the work on the integration of HIP-Petrohemija into the NIS system began. HIP-Petrohemija is the largest producer of petrochemical products in the Republic of Serbia, and the strategy of further development of HIP-Petrohemija will be based on the modernization of basic production capacities and the construction of new facilities, then on increasing energy efficiency and business efficiency, as well as on the implementation of projects in the field of environmental protection. The key project is the construction of a polypropylene production plant.

The company is registered in Pančevo, with its production facilities distributed across Pančevo, Elemir near Zrenjanin and Crepaja near Pančevo. The intergrated production complex of HIP-Petrohemija is currently able to produce over 600 thousand tons of petrochemical products.

NIS worldwide

One of the strategic goals of NIS is the development of business and the strengthening of competitiveness in the regional market. Consequently, in addition to Serbia, NIS develops its business in neighboring countries, with its regional expansion taking place in two main directions – in Romania and Bosnia and Herzegovina, in the field of oil and gas exploration and production, and in Bosnia and Herzegovina, Bulgaria, and Romania, where it develops its retail activity. Moreover, NIS is an active trader on the electricity market and it is also present on regional markets.



Risk management

Integrated Risk Management System

Risk management is a continuous and systematic business process which serves to support management decision-making and the achievement of a Company's objectives in a risk exposed environment. Risk represents a negative impact on the Company's objectives in the case of a risky event occurring. In business, the Company is exposed to certain risks which may affect the fulfilment of set objectives, if realised.

The Company has set up its Sector for Risk and Internal Control Monitoring which performs continuous monitoring and control of the risk management process and coordinates and improves this business process. The basic principle underpinning this system is that the responsibility for managing risks is assigned to risk owners; owners of business processes in the Company. Such an approach ensures that the responsibility for risk management and monitoring is identified for all processes of the Company, and that suitable solutions concerning risks and action plans are prepared in order to manage risks at the level of individual business processes and Company as a whole.

In its operations, company is exposed to the following the most important risks:

Nonfinancial risks

<i>RISK DESCRIPTION</i>	<i>RISK MANAGEMENT MEASURES</i>
<i>Operational risks</i>	
<i>HSE risks</i>	
Due to the nature of its activity, the Company is exposed to health, safety and environmental risks.	With a view to protect its members of staff, equipment, facilities and environment, while meeting legal obligations, the Company continuously monitors its operations, workforce, assets, working and living conditions and promptly amends its normative and methodological documents to reflect the changes in the legislation of the Republic of Serbia and ensures compliance with them. The Company timely implements corrective measures introduced in the wake of HSE investigations of incidents, through a system of observations, corporate monitoring and external inspections. Training courses are being conducted with a view to condition employees in HSE disciplines.
<i>HR risks</i>	
Highly qualified personnel is a key prerequisite of efficient operations of the company.	The Company is implementing a broad spectrum of activities aimed at attracting and retaining qualified staff. Some of the measures to attract qualified personnel are: early recruitment programs (cooperation with educational establishments, scholarships), NIS Calling, NIS Energy, Serbia Repatriation. The programs implemented for the retention of employees are: Talent management program, Talent development program, professional training of employees, employee evaluation procedure based on performance and potential – identifying talents and defining the succession plan for key positions in the Company, training for management and introduction of a unique talent management system.

IT risks

Due to the growing dependence of the Company's business processes on information technology, automation and telecommunications, the Company is exposed to risks of ensuring the expected availability of services and business continuity.

The Company manages these risks through a range of measures, which include IT standards, system monitoring tools, and performs the backup of data and tests the service recovery process. In addition, the Company strives to monitor and implement new technologies and renew equipment in order to increase quality and continuity of service availability.

Information security risks

The Company is exposed to business risks emanating from potential violation of integrity, confidentiality and availability of information.

Protection of information at the Company manifests in a variety of activities that, by adequate handling of the information, have a positive impact on performance by maintaining continuity of business processes and minimising business risks.

The Company's system of information protection is a comprehensive array of rules prescribed by executive and normative-methodological documents, suitable organisational and technical solutions and activities aimed at implementation and control of security measures.

Project risks

A consistent and clear risk management process has been established within the NIS Group for the implementation of investment projects, which is fully aligned with PMI (*Project Management Institute*) standards.

Effective project risk management is reflected by the increase of the probability and impact of positive events, that is, by reducing the likelihood and impact of negative events on the projects, which also enables creating more realistic project management plans and increases the certainty of achieving set project objectives.

A detailed risk management plan is developed within the planning and preparation phase for each investment project. Special attention is paid to identification of risks that are of interest to a particular investment project, analysis of identified risks (qualitative and quantitative analysis), planning of a "response strategy", that is, adequate measures (by defining preventive activities, contingency (corrective) plans and backup action plans), determination of the level of tolerance to identified risks, as well as defining responsible people for the implementation of these measures and people for the review of project risks on a regular basis. All of the above is combined into a Project Risk Register.

Political risks

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

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

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

and additional impact on the Group's operations.

predict and the management's current expectations and estimates could differ from actual results.

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.

Financial risks

RISK DESCRIPTION	RISK MANAGEMENT MEASURES
Credit risks	
<p>It occurs in cash funds, deposits with banks and financial institutions, intercompany loans/loans to third parties, as well as in the sale of oil derivatives with deferred payment.</p>	<p>Credit risk management is established at the level of the NIS Group. With respect to credit limits, banks are ranked according to adopted methodologies applicable to major and other banks, in order to determine the maximum extent of bank exposure of the Company at any given time (through deposits, documentary instruments: bank guarantees, Letters of Credit, etc. issued for the benefit of NIS j.s.c. Novi Sad).</p> <p>With regard to accounts receivable, there is a credit limit methodology in place which serves to define the level of exposure in relation to individual customers, depending on their financial indicators.</p>
Liquidity risks	
<p>Liquidity risk denotes a risk of NIS Group encountering difficulty in meeting its due liabilities. It is the risk of not having suitable funds to finance the NIS Group's business operations.</p>	<p>NIS Group continually monitors liquidity in order to provide sufficient cash to meet its operational, investment and financial performance requirements. For this purpose, the Group continually contracts and secures sufficient lines of credit and security instruments, ensuring that the internally defined maximum loan debt level is not exceeded and that all its obligations under commercial bank arrangements (covenants) are met.</p>
Commodity-price risks	
<p>Due to its core activity, NIS Group is exposed to risks associated with price volatility, specifically the price of crude oil, petroleum and petrochemical products that affects the value of inventories and margins in oil refining and the production of petrochemical products, which further affects the future cash flows.</p>	<p>These risks are partly offset by adjusting petroleum product selling prices to the changes in oil and petroleum product prices.</p> <p>In addition, the following actions are undertaken to reduce a potentially negative effects of this risk on the financial result of the Company:</p>

- annual planning based on multiple scenarios, planned follow-up and timely adjustment of operating plans for crude oil procurement;
- regular sessions of Company's Commission in charge of crude oil purchase/sale to discuss all major topics;
- Constant, intensive check of new potential suppliers through their procedural verification and according to inquiries and letters of interest submitted to NIS;
- Maximum effort to ensure a continuous supply of crude oil in restrictive conditions, which have been very evident since the end of the first quarter of 2022, both in the required quantities but also by the type of oil that would correspond to refining plans and planned production/basket of derivatives;
- Continuous efforts to optimize processes and strive for the best possible economic effects and indicators;
- Monitoring market conditions throughout the calendar year and collecting information from foreign companies that are eminent, reliable traders in the European market and beyond, in order to better understand the potential conditions for the implementation and realization of spot purchases.

Foreign Exchange Risks

Company operates in an international setting and is thus exposed to the risk of fluctuating foreign exchange rates arising from business transactions being made in different currencies, primarily EUR and USD. The risk involves future trade transactions and recognised assets and liabilities.

The risks relating to fluctuations in the national currency against the US dollar and the impact of this factor on the prices of petroleum products is partly neutralised through the natural hedging of petroleum product selling prices, which are adjusted to these fluctuations. Risk management instruments are also used, such as forward transactions on the foreign exchange market and successive purchases of foreign exchange, which help reduce the impact of foreign currency losses in the event of depreciation of the national currency against the EUR (following the imposition of sanction constraints Company pays the majority of its foreign currency liabilities in this currency). Other measures include the balancing of the foreign exchange equilibrium in terms of adjusting the currencies in which export transactions are denominated to the currencies of foreign exchange liabilities, managing the currency structure of the loan portfolio, etc.

Interest Rate Risks

The Company is exposed to the risk of interest rate volatility, both in terms of its bank loans and deposits.

The Company takes out loans with commercial banks at either floating or fixed interest rates, depending on the forecasts of base interest rates in the monetary market and the business banks' capability to offer fixed interest rates for loans. Funds in the form of intercompany loans to third parties are taken out at floating or fixed interest rates, whereas funds deposited as term or demand deposits are mostly placed at flat interest rates. Deposits are aligned with the credit limit methodologies of commercial banks (funds are reciprocally placed only with major commercial banks from which Company takes out loans and/or lines of credit/security instruments). In this respect, revenues and cash flows from bank deposits and a section of intercompany loans are predominantly independent of any changes in base interest rates. In this respect, income and cash flows from bank deposits and intercompany loans do not largely depend on changes in base interest rates, while liabilities towards the banks and intercompany liabilities contracted and variable interest rates depend on changes in base interest rates.

In order to reduce the uncertainties associated with interest rate risk, when collecting offers from banks for financing, the Company insists on collecting offers with fixed interest rates in order to compare interest rates with variable and fixed interest rates and make a selection in accordance with the current policy on interest rate related expenditure management. In addition, the analysis of interest rate movements in the financial market is continuously being carried out, as well as analysis of restrictions and possibilities of using interest rate hedging instruments (interest rate swaps, options, etc.).

Business environment³

World⁴

Experts estimate that global crude oil inventories decreased by 0.5 million barrels per day in the first half of 2024, and are expected to drop by 0.7 million barrels per day in the second half of 2024. The inventory drawdown is partly due to the production cuts by OPEC+, for which the association announced at a meeting in early June, that it would remain at current levels at least until the end of September. OPEC+ is currently considering extending most of its deep oil production cuts into 2025, in an effort to strengthen the market amid modest demand growth (especially in China, the largest oil importer), high interest rates, and increasing competitive production in the US. In a statement issued after the meeting, it was noted that the total crude oil production for OPEC+ members from January 1 to 31 December 2024, should be reduced to the level of 40.46 million barrels per day. The most significant part of the agreement is Saudi Arabia's decision to cut production by additional one million barrels per day.

Despite its own production constraints, OPEC+ maintains the stance that demand for oil and gas will continue to grow even after 2030. Similar sentiments are shared by investors who promote affordable energy regardless of the climate consequences and see numerous opportunities for oil and gas production across sub-Saharan Africa, with a focus on gas/LNG even more than oil. In partnership with the right kind of investors, Africa can gain significant wealth from gas, which is emerging as a key and profitable resource. New LNG production sites are also emerging in Southeast Asia.

At the same time, it seems that decarbonisation is not progressing as planned, and much more global engagement is needed considering that, according to the Energy Institute, global emissions increased by 2.1% in 2023, along with a rise in gas flaring at production sites.

It is clear that the oil and gas industry must continue to seek efficiency, develop technologies such as CCS (Carbon Capture and Storage), and, like OPEC, constantly remind the broader public that the need for hydrocarbons will remain a reality in the foreseeable future.

In its latest forecast, Goldman Sachs believes that global oil demand will grow at least until 2034. They predict that oil demand will rise to 108.5 million barrels per day in 2030 and reach a peak of 110 million barrels per day in 2034. Goldman Sachs states that demand for oil will remain high until 2040.

³Data sources for the World, Oil price and Macroeconomic trends: reports by IMF, *World Oil*, *Financial Times*, *Bloomberg*, *Reuters*, EU Commission. Data sources for Serbia: Report National bank of Serbia, Chamber of commerce and industry of Serbia, articles in newspapers: Danas, Bliz Biznis, NIN.

⁴Source: EIA, OPEC, Oil&Gas Journal, IHS, Wood Mackenzie.

Oil price

In the second quarter of 2024, oil oscillated within a fairly large price range: the maximum price in the second quarter of USD 93.3 per barrel reached in early April was almost 23% higher than the minimum price of USD 75.9 per barrel recorded in early June. Compared to the same period last year, the maximum price is higher by 5.8% (compared to USD 88.2 per barrel), while the minimum by 4.8% (compared to USD 72.5 per barrel). The average quarterly price is higher by 8.9% (USD 85 vs. USD 78 per barrel).

The oil price recorded on 12th April had the highest level compared to the previous seven months, partly fuelled by concerns that rising tensions in the Middle East could reduce the supply. In addition, analysts believed that the rise in oil prices was the result of "accumulating momentum" in the past few weeks (constant mutual attacks on refineries in Ukraine and Russia, attacks on ships in the Red Sea), as well as the fact that the recovery of US oil production was slower than expected, because very cold weather partially halted production in January.

The EIA expects the average price of Brent oil to reach \$89 per barrel in the second half of the year due to the reduction in oil supplies. And Bank of America expects a rise in prices that will raise the average annual price of oil to \$86 per barrel. There are also different opinions, ie. expectations that the price will decrease by the end of the year and the reduction of the price to an annual average of 83 (JP Morgan Chase) and even 81 dollars per barrel (Goldman Sachs).

When looking at semi-annual prices, all observed parameters are higher than the ones in the same period last year: the average price is higher by 5.3% (USD 84.1 vs. USD 79.8 per barrel), and the maximum (USD 93.2 vs. USD 88.2 per barrel) and minimum price (USD 75.9 vs. USD 71.1 per barrel) are higher by 5.8%.

Macroeconomic trends

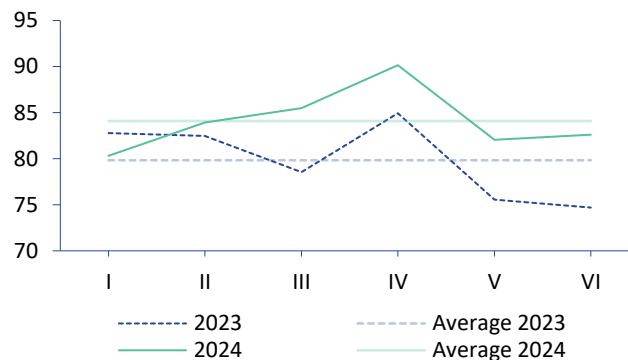
In its latest report, the IMF also predicts that the world economy will grow by 3.2% in 2024 and by 3.3% in 2025. Economic activity is recovering during 2024 supported by strong private consumption in key economies. The global decline in inflation in the world has been slowed due to the inflation present in the services sector. The IMF recommends that restoring stability of prices and addressing the legacy of recent crises should be a priority for policymakers. It also believes that central banks should be cautious about premature monetary policy easing and remain open to further tightening if necessary.

The European Central Bank does not exclude the possibility that the easing of monetary policy could begin, but the dynamics of this easing will depend on the further movement of inflation, economic activity and developments in the labour market. In June, the ECB reduced the reference interest rates by 0.25%, so the key interest rate is 4.25% (the rate on deposit facilities will be 3.75%, and on credit facilities 4.5%). As a rule, the long-awaited decrease in the reference interest rate of the ECB is transferred to all other interest rates on debt in EUR, through the reduction of the Euribor, which will relieve loans indexed in EUR in the Republic of Serbia.

Although the restrictive monetary policy brought a decrease in inflation expectations, the high salary growth kept the pressure on prices in the EU, so inflation will remain above the target level of 2% until next year. Since September 2023, EU inflation has decreased by 2.5%. The largest contributors to the inflation rate in the eurozone were services (+1.83%), followed by food, alcohol, and tobacco (+0.51%), non-energy industrial products (+0.18%), and energy (+0.04%).

Brent Dtd⁵ price trends, \$/bbl

↑ +5%



⁵Source: Platts.

The ECB now projects inflation in the euro area at 2.5% this year and 2.2% in 2025. The eurozone GDP growth projections for this year are 0.9%, and 1.4% for 2025.

The July report of the Federal Reserve has encouraged analysts because inflation data is better than expected, and they predict that the FED could reduce rates before its September meeting.

The World Bank is also optimistic about global economic growth, and in the June report it raised its forecast, estimating that it will be 2.6% this year, i.e. the same as in 2023. The increase in the forecast is mainly based on a faster recovery of the USA than expected for 2024.

Nevertheless, even after the revised upward trend forecast, global growth appears to be slow, as it is 0.5% below the average from the period from 2010 to 2019. Inflation has significantly decreased, from 7.2% in 2022 to 4.9% last year and with a forecast of 3.5% in 2024.

*Serbia*⁶

The Executive Board of the International Monetary Fund (IMF) has concluded the third, penultimate review within the framework of the Stand-By Arrangement with Serbia. The report positively assessed the results achieved within the implementation of the program agreed with the IMF (GDP growth is accelerating, inflation is falling, the current account deficit is decreasing, as well as the share of the public debt in GDP, energy stability has been established).

The National Bank of Serbia has decided to continue easing monetary conditions by reducing the reference interest rate by 25 basis points, to the level of 6%. Rates on deposit (at 4.75%) and credit facilities (7.25%) have also been reduced. The National Bank of Serbia expects the growth of credit activity to exceed 5% by the end of this year and in 2025.

The year-over-year inflation in the Republic of Serbia returned to 4.5% in May, when the monthly inflation rate was 0.4%. Further decline in prices was recorded in June, when consumer prices increased by 3.8% compared to the same month last year, while monthly prices increased by 0.1%. Since the beginning of the year, inflation has been 2.3%.

The real GDP growth in Serbia in the first five months of 2024 is 4.3% compared to the growth in the same period last year. A decrease in total foreign trade was recorded. The year-over-year industrial production has decreased by 1.1%, and the decline in commodity exports is 3.3%.

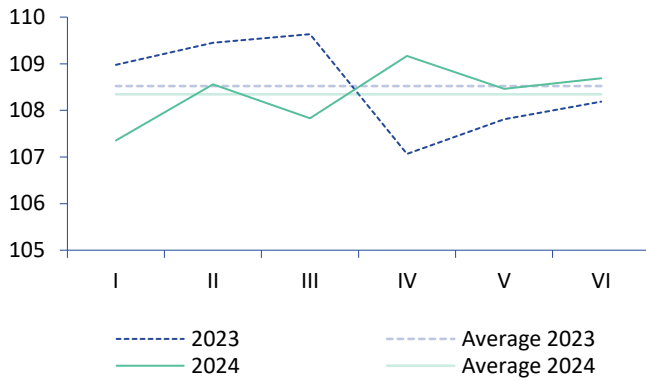
In the first quarter of 2024, compared to the same period last year, the number of employed persons increased, while the number of unemployed persons and persons outside the work ability decreased. The employment rate (50.9%) increased by 1.4% while the unemployment rate (9.4%) decreased by 0.6%. The employment rate in the first quarter of 2024 also increased by 0.6% compared to the last quarter of last year, and the unemployment rate increased by 0.3%.

The average salary (gross) calculated for April 2024 amounted to RSD 133,356, while the average salary without taxes and contributions (net) amounted to RSD 96,614. Median net salary in April 2024 amounted to RSD 73,928 (50% of employees earned up to the stated amount). The growth of gross earnings in the period January-April 2024 compared to the same period last year amounted to 15.1% in nominal terms, i.e. 9.1% in real terms, while the average net earnings increased by 15.0% in nominal terms, i.e. 9.0% in real terms.

⁶Source: National Bank of Serbia, Republican Bureau of Statistics, Chamber of Commerce Serbia, newspaper articles.

Exchange rate trend, USD/RSD⁷

↓ -0.2%



- Average USD/RSD in the first six months of 2024 was lower by RSD 0.2, i.e. 0.2% lower compared to the average exchange rate in the same period of 2023.
- During the first six months of 2024 USD/RSD exchange rate increased by RSD 3.7 or 3%.
- During the first six months of 2023 USD/RSD exchange rate decreased by RSD 2.3 or 2%.

⁷Source: NBS.

Performance analyses

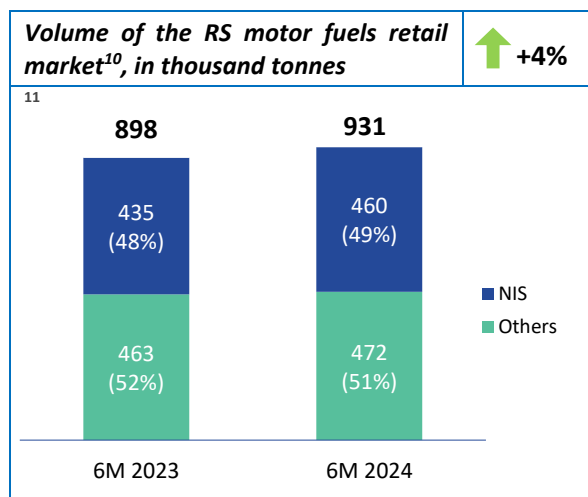
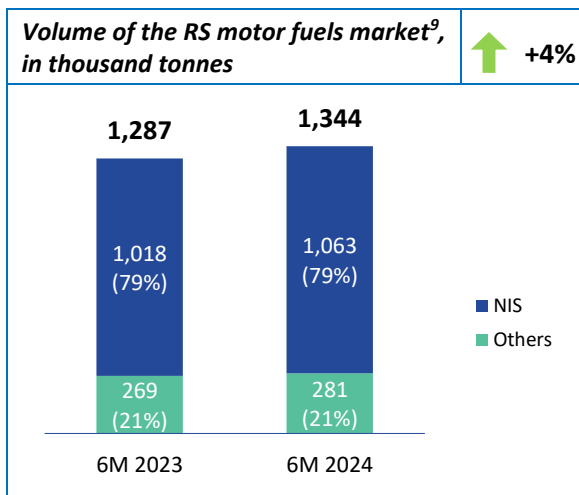
Market share⁸

Consumption growth is recorded in all countries of the region. After last year's decline, motor fuel consumption is recovering in Hungary as well.

Market share in the Serbian market

The first half of 2024 is characterized by a 4.5% increase in motor fuels in Serbia compared to the same period of the previous year.

The continuation of ongoing infrastructure works and the start of new ones, the war of transport and consumption in mining, as well as meteorological conditions and the earlier agricultural season, influenced the aforementioned growth.



Retail: In the first six months of 2024, consumption recorded an increase compared to 2023 by 3.7%. The participation of NIS is significant. The Regulation prescribes a preferential price for the supply of farmers, which, especially in periods of a large difference with the base retail price, has a positive effect on the participation of NIS. Transit seasonal traffic is of a slightly changed seasonality due to major sports events in Germany.

In 2024, the NIS company successfully completed the planned overhaul of the Pančevo Oil Refinery. During the overhaul, NIS ensured the safe supply of oil derivatives to the Serbian market in all sales channels.

⁸Sources of information on the basis of which the projections were created: for Serbia - internal analyzes and assessments of Sales and Distribution Block; for consumption estimation in Bulgaria and Romania and Stratas and for Bosnia and Herzegovina and internal estimates.

⁹Data for 6M 2024 is given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

¹⁰The sales of NIS and other competitors include motor fuels (auto-gas, CNG – motor fuel, motor gasoline and diesel). LPG cylinders are not included. Data for 6M 2024 is given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

¹¹Other retail of other market participants is supplied from the wholesale of NIS and other participants of the Serbian wholesale market.

Market share in Bosnia and Herzegovina, Bulgaria and Romania

Bosnia and Herzegovina

In 2024, in Bosnia and Herzegovina, the recovery trend of motor fuel consumption, as well as turnover in retail trade, will continue compared to the previous year.

The Ministry of Trade of the Federation of Bosnia and Herzegovina is working on the digitization of the system for monitoring and controlling the prices of oil derivatives and on the development of a new application for smartphones. Digitization of the system is important, since it contains data on prices and stocks of oil and derivatives at all refuelling stations in the Federation of Bosnia and Herzegovina. Based on this data, federal agencies and institutions control the correctness of data on paid taxes for petroleum products. The application has more than 250,000 users, who can get information about fuel prices at refuelling stations at any time.

The company Hifa-Oil from Tešanj submitted to the Ministry of Spatial Planning, Construction and Ecology of the Republic of Srpska a request for the issuance of an environmental permit for the terminals in Brezičani, with a capacity of 15,000 tons. The company Hifa-Oil announced that they started investing shortly after the purchase and that the railway tracks that are part of the terminal were also renovated.

The Association of Employers in the Federation of Bosnia and Herzegovina announced that in principle it supports the adoption of the Rulebook on mandatory labeling of liquid petroleum fuels in BiH and the regulation of these issues in accordance with the regulations in the field of foreign trade policy of Bosnia and Herzegovina, which relate to the standardization and quality of liquid petroleum fuels, but insists on its refinement and more significant involvement of experts and the interested public in the preparation of the final text of the document.

After the repeal of the decree prohibiting the export of diesel from Serbia, which significantly hampered the supply of the NIS retail network and prevented the supply of wholesale clients, the supply of the market has been normalized since the second quarter of last year.

NIS in Bosnia and Herzegovina has 41 petrol stations (and 1 petrol station in the DODO regime).

The market share of NIS in the total motor fuel market in the first half of 2024 is 22.5%, while the share in the retail market is 11.1%.

Bulgaria

The ban on Russian oil imports affects the Lukoil Neftohim oil refinery, located west of the Black Sea port city of Burgas. The refinery is owned by the Russian oil and mining giant Lukoil. Russian crude oil will be replaced by imports from Kazakhstan, Iraq and Tunisia. Bulgaria's import ban was introduced at the end of 2023 despite a special exemption from European Union sanctions on Russia that would have allowed Bulgaria to continue importing Russian crude until October 1 this year.

Lukoil, citing poor treatment by the Sofia authorities, has announced its willingness to sell its refinery in Burgas - the largest in Southeast Europe.

In the first half of 2024, Bulgaria recorded a recovery in the turnover of motor fuels, as well as turnover in retail sales compared to the comparative period of the previous year.

In the first half of this year, NIS managed a network of 23 petrol stations in Bulgaria.

The market share of NIS in the total motor fuel market in the first half of 2024 is 1.9%, while the share in the retail market is 2.3%.

Romania

OMV Petrom is launching an extensive investment and modernization program on the Petrobraza platform, worth around two billion euros by 2030, which will turn the refinery into a modern industrial unit, capable of producing both traditional fuels and the most modern biofuels. The Petrobrazi refinery currently supplies around 30 percent of Romania's fuel needs. OMV Petrom recently announced the decision to invest around EUR 750 million for a

sustainable aviation fuel (SAF) and renewable diesel (HVO) production facility and two green hydrogen production facilities. Thus, starting in 2028, the company will be able to provide up to 250,000 tons of biofuel per year.

OSCAR Downstream plans to open the first gas station under the OSCAR brand in Romania in the second half of 2024. The company owns seven warehouses, four of which are greenfield investments, and in addition, it has a network of over 110 distribution stations across the country: 30 own stations for the "B2B" customer segment under the OSCAR Drive brand and over 80 franchise gas stations under the OSCAR RO concept brand , for "B2C" customers.

The company Rompetrol Rafinare, a member of the KMG International Group, introduced two modern reactors, part of the Vacuum Distillate Hydrofining (HDV) factory, into the operational flow of the Petromidia refinery, which should reach optimal operational parameters as soon as possible, the company announced. An investment of about 16 million dollars was carried out as part of the recently completed overhaul. Changing the reactor is one of the most important projects implemented during the reorganization. In total, about 85 million dollars were invested in the modernization projects of the Petromidija refinery, the largest unit of its kind in Romania.

In Romania, in the first half of 2024, in relation to the comparative period of the previous year, the recovery of the motor fuel market, as well as the turnover in retail sales, was recorded.

NIS has 19 petrol stations in Romania. The market share of NIS in the total motor fuel market is 0.5%, while the share in the retail market is 0.8%.

Key performance indicators

Q2 2024	Q2 2023	Δ^{12}	Indicator	Unit of measurement	6M 2024	6M 2023	Δ^{13}
84.9	78.4	+8%	Brent Dtd	\$/bbl	84.1	79.8	+5%
112.0	91.0	+23%	Sales revenue	RSD billion	198.4	186.9	+6%
3.6	2.0	+75%	Net profit (loss)	RSD billion	5.3	13.7	-61%
12.8	8.6	+49%	EBITDA¹⁴	RSD billion	22.8	28.5	-20%
7.2	-22.4	growth	OCF	RSD billion	9.8	-4.8	growth
13.9	5.1	+175%	CAPEX¹⁵	RSD billion	24.4	11.6	+111%
64.4	56.7	+14%	Accrued liabilities for taxes and other public revenues¹⁶	RSD billion	118.1	107.0	+10%
579.6	553.2	+5%	Total bank indebtedness¹⁷	EUR million	579.6	553.2	+5%
1.6	1.8	-10%	LTIF¹⁸	number	1.6	1.8	-10%

¹²Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

¹³Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

¹⁴EBITDA = Sales revenues (exclusive of excise duties) – costs of inventories (oil, petroleum products and other products) – operating expenses (OPEX) – other costs that may be controlled by the management.

¹⁵CAPEX amounts are exclusive of VAT.

¹⁶Taxes, fees, charges and other public revenue calculated for the reporting period. The overview is inclusive of the liabilities of NIS for taxes and other public revenue in Serbia and other countries of operation.

¹⁷Total bank indebtedness = Total debt to banks + letters of credit. As at 30 June 2024, this was EUR 579.6 million of total debt to banks, while there was no debt based on letters of credit.

¹⁸Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of June 30, 2024.

Operational indicators

Exploration and production

Key indicators

Q2 2024	Q2 2023	Δ^{19}	Indicator	Unit of measurement	6M 2024	6M 2023	Δ^{20}
286	288	-1%	Oil and gas output²¹	thousand t.o.e.	575	571	+1%
199	201	-1%	Domestic oil output²²	thousand tonnes	402	400	+1%
2.0	0.9	+109%	LTIF²³	number	2.0	0.9	+109%
10.5	7.5	+39%	EBITDA	RSD billion	20.4	14.5	+40%
5.4	3.9	+38%	CAPEX²⁴	RSD billion	10.5	8.9	+18%

The main goal in the first half of 2024 in the Exploration and Production Block was to fulfil the hydrocarbon production plan and increase the efficiency of geological and technological activities.

In the second quarter of 2024, a total production volume of oil and gas 269.5 t.o.e. was achieved at reservoirs in Serbia, i.e., including concessions – 285.6 t.o.e, a total of 575.1 t.o.e. in the first half of 2024.

In the field of geology and deposit development, the emphasis is on maintaining the high quality of the performed geological and technological activities aimed at increasing oil and gas production.

Geological exploration and field engineering

In the field of development drilling, additional research and determination of oil saturation limits in active reservoirs and condensation of well network were actively conducted.

In the second quarter of 2024, 13 new oil wells were successfully drilled and commissioned in Serbia (development and exploration wells), whereby the average increase of 4.8 t/day per well was achieved. Since the beginning of 2024, a total of 10.6 thousand tonnes of oil have been obtained from the development drilling.

In the second quarter of 2024, geological and technical activities were successfully carried out in 43 wells with the satisfactory average increase.

In the second quarter of 2024, after the application of the RIW technology, 17 wells were commissioned and the average increase of 1.6 t/day was achieved, and most of the operations were performed on the Velebit oil field.

In the second quarter of 2024, 11 wells were commissioned after the transition to the new production layer whereby the average increase of 5.9 t/day per well was achieved. Beside, totally 12 intensifications were made, with the increase of 1.1 t/day, while totally 3 wells from the idle well stock were enabled for operation, with the increase of 2.3 t/day.

Exploratory drilling and well testing

In the second quarter of 2024, drilling of one oil well began and testing of two oil wells was completed. By the end of the year, the plan includes drilling and testing of four gas wells and testing of two oil wells. Additionally, testing of old wells is planned, including one oil well and two gas wells.

¹⁹Any deviations in percentages and aggregate values result from rounding.

²⁰Any deviations in percentages and aggregate values result from rounding.

²¹Domestic oil output includes natural gasoline, whereas gas output takes into account commercial gas output and light condensate.

²²With natural gasoline.

²³Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The data refers for the Exploration and production Block. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of June 30, 2024.

²⁴Financing, exclusive of VAT.

2D/3D seismics

In order to expand the portfolio with new candidates for exploratory drilling, complex reinterpretation of 2D and 3D seismic data recorded in previous periods is currently underway.

License obligations

In the second quarter of 2024, in order to conduct additional work, Annex 1 of the project for geological exploration of oil and gas in the exploration area was completed. Approval for conducting geological exploration was issued by the Provincial Secretariat for Energy, Construction, and Transport.

During the first six months of this year, the following documentation was submitted to the Regional Secretariat for Energy, Construction and Transport:

- Final reports and annual reports on geological exploration activities in accordance with the Law on mining and geological exploration in oil and gas production fields;
- Notification on the start of geological exploration work in accordance with the Law in order to continue oil and gas exploration at the production fields of NIS j.s.c. Novi Sad (3 geological exploration projects);
- Additional documentation on 4 production fields in order to obtain permissions for mining operations at 14 production deposits;
- Request for a permit for mining work at a production deposit in the Northern Banat region in March of this year;
- Request for a permit to extract oil and dissolved gas from an existing production gas field in the Middle Banat region during the second quarter.

Projects abroad

Key events in Romania in the second quarter in 2024:

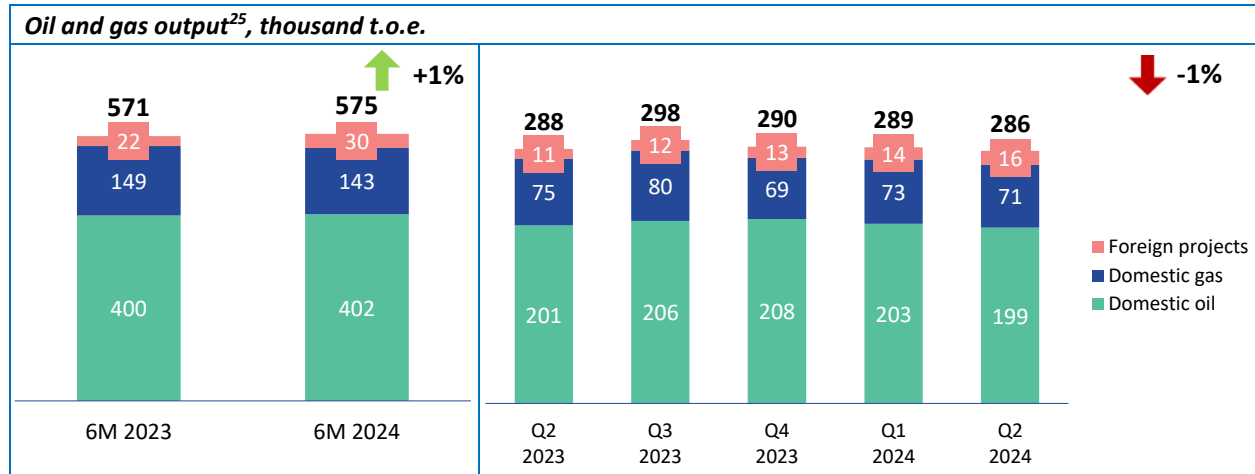
- Teremia North Project:
 - ✓ In the oil infrastructure sector, the supplier selection process for oil infrastructure was completed during the second quarter of 2024;
 - ✓ During the second quarter of 2024, in the gas infrastructure sector, approval was obtained for access to land along 100% of the gas pipeline route. A construction permit for the gas infrastructure (south location) was also obtained, and efforts continue to obtain remaining permits from state authorities;
 - ✓ In the context of interaction with NAMR (National Agency for Mineral Resources), during the second quarter of 2024, a permit was obtained to extend the gas flaring from well Teremia 1006 during testing;
 - ✓ Regarding project activities, a detailed expertise of the project was conducted and performed an analysis of alternative options.

Key events in Bosnia and Herzegovina in the second quarter in 2024:

- Current operational profitability has been achieved through the optimization of operating costs.

Oil and gas output

In the first six months of 2024, the total of 575 thousand t.o.e. of oil and gas was produced, which is 1% more than the same period last year.



²⁵Any deviations in percentages and aggregate values result from rounding.

Downstream

Key indicators

Q2 2024	Q2 2023	Δ^{26}	Key indicators	Unit of measure	6M 2024	6M 2023	Δ^{27}
762.5	1,019.6	-25%	Volume of refining of crude oil and semi-finished products²⁸	thous. tonnes	1,403.3	1,976.1	-29%
902.1	960.4	-6%	Total sales volume of petroleum products²⁹	thous. tonnes	1,650.8	1,869.4	-12%
238.5	225.1	+6%	<i>Retail Serbia</i>	thous. tonnes	456.0	431.1	+6%
361.4	340.1	+6%	<i>Wholesale Serbia³⁰</i>	thous. tonnes	654.1	684.5	-4%
40.1	38.6	+4%	<i>Retail Foreign Assets</i>	thous. tonnes	77.6	74.8	+4%
40.2	59.8	-33%	<i>Wholesale Foreign Assets</i>	thous. tonnes	78.7	98.4	-20%
189.1	296.8	-36%	<i>Transit, export and BU³¹</i>	thous. tonnes	307.2	580.6	-47%
716.7	707.2	+1%	Motor fuels sales volumes³²	thous. tonnes	1,311.1	1,322.2	-1%
29.6	32.7	-9%	Electricity output³³	thous. MWh	57.8	71.2	-19%
3.7	9.7	-62%	EBITDA DWS³⁴	bln RSD	7.3	23.8	-69%
0.6	3.3	-82%	<i>EBITDA Refining³⁵</i>	bln RSD	2.9	11.7	-75%
4.8	5.2	-7%	<i>EBITDA Sales and Distribution³⁶</i>	bln RSD	8.3	9.7	-14%
8.5	1.1	growth	CAPEX DWS³⁷	bln RSD	13.6	2.4	growth
6.5	0.4	growth	<i>CAPEX Refining</i>	bln RSD	10.5	0.8	growth
1.2	0.5	+124%	<i>CAPEX Sales and distribution</i>	bln RSD	1.6	1.4	+22%
1.8	1.7	+3%	LTIF DWS³⁸	number	1.8	1.7	+3%
1.6	1.1	+39%	<i>LTIF Refining</i>	number	1.6	1.1	+39%
2.1	2.2	-4%	<i>LTIF Sales and distribution</i>	number	2.1	2.2	-4%

²⁶Any deviations in percentages and aggregate values result from rounding.

²⁷Any deviations in percentages and aggregate values result from rounding.

²⁸The presented refining volume includes the refining volume of HIP-Petrohemija. Refining volume for Q2 and 6M 2023 is methodologically different than in Q2 and 6M 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

²⁹The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Sales volume for Q2 and 6M 2023 is methodologically different than in Q2 and 6M 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

³⁰Includes the sale of CNG of the Energy Block and the sale of oils and lubricants to the Lubricant Production Plant.

³¹Business unit includes the sale of bitumen, bunkering and aviation fuel channels.

³²Total motor fuels sales volumes in Serbia and in foreign assets.

³³The volume of electricity produced includes the electricity produced by Power plant Pančevo, small power plants and photovoltaic power plants. The total volume of electricity produced at PVPP for the period January – June is 620.9 MWh.

³⁴EBITDA Downstream includes the EBITDA of Block Refining, Block Sales and distribution, Block Energy, rest of Downstream and EBITDA of HIP-Petrohemija.

³⁵EBITDA of the Refining Block includes the Energy Plant in Pančevo Refinery.

³⁶EBITDA of the Sales and Distribution Block.

³⁷Financing, excluding VAT. The shown CAPEX Of Downstream includes CAPEX of Refining Block, Sales and distribution Block, Block Energy and the rest of Downstream. From the first quarter of 2024 CAPEX also includes the CAPEX of HIP-Petrohemija.

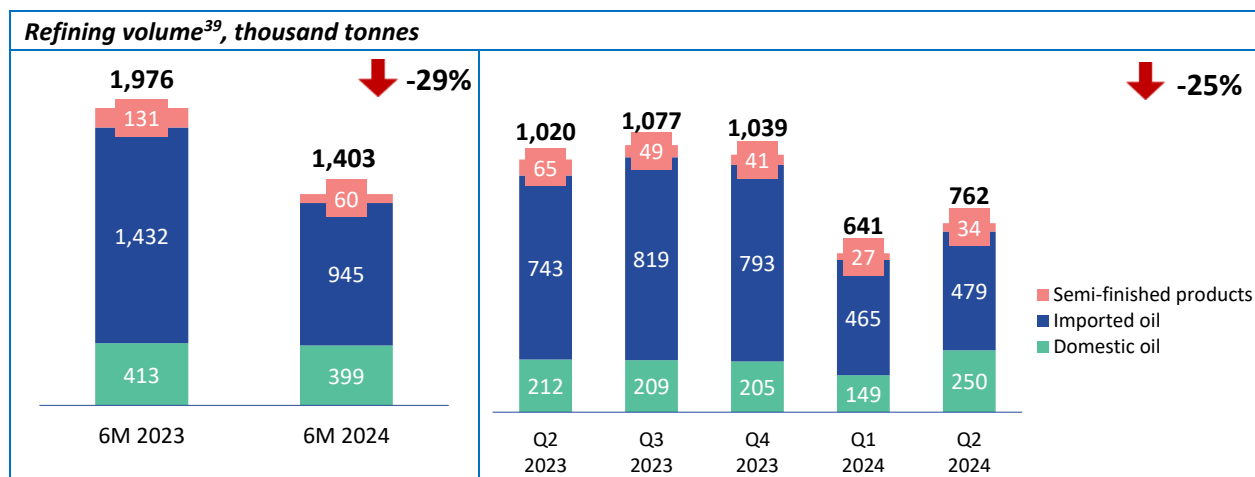
³⁸Lost Time Injury Frequency – The ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of June 30, 2024.

Refining

The focus of the Refining Block during the first half of 2024 was on the overhaul of the Pančevo Oil Refinery process plants. This overhaul is so far the largest one in the history of the Refinery in terms of volume and complexity, given the modernization and increase in the number of production plants. In addition to being specific in terms of its scope, this is the overhaul with the largest budget and the largest number of contractors so far. Additionally, before the overhaul, the focus was on production in order to provide the necessary supplies in order to supply the market with all types of petroleum products.

During the first half of 2024, the Refining Block processed almost 1,403 thousand tonnes of raw materials and achieved an EBITDA financial result of about RSD 2.9 billion.

Refining activities and volume



During the first half of 2024, the Refining Block adjusted its activities to current business conditions, with a focus on the creation of stocks of petroleum products for the orderly supply of the market and on the implementation of the capital overhaul.

After the overhaul, a significant reduction in the risk of equipment failure and shutdown of the plant is expected. In addition, the continuous operation of the plant within the projected operating parameters will be ensured, with the optimal use of the necessary energy sources. The overhaul date was adapted to the requirements of the market and sufficient quantities of petroleum products are provided for the market to be properly supplied with all types of quality products during the shutdown of Pančevo Oil Refinery.

This overhaul was a most complex and most challenging one in the Refinery's history, considering modernisation and higher number of production units. The overhaul and investment projects were worth over EUR 100 million, and, in addition to NIS employees, over 3,000 contractors were engaged. In terms of completed works, the overhaul covered 34 reactors and absorbers, whereat 850 m³ of catalyst was replaced, 245 pressure vessels were repaired, as well as 47 compressors and pumps, 310 heat exchangers, 1,457 pipelines, 243 air coolers, and 16 tube furnaces. As regards activities, most process units underwent scheduled overhauls and investment works, whereat 12 investment projects were executed, including a significant number of investments maintenance projects. The completed works facilitated improvement of operational reliability, industrial safety and energy efficiency in Pančevo Oil Refinery.

The importance of the completed overhaul is evidenced by the visit of Dubravka Đedović Handanović, Minister of Mining and Energy of the Government of the Republic of Serbia, in April. On that occasion, the Minister toured works and talked to our company's managers about overhaul and other current issues related to operation of the refining complex.

³⁹The presented refining volume includes the refining volume of HIP-Petrohemija. Refining volume calculations for Q2 and 6M 2023 are methodologically different than in Q2 and 6M 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

Pančevo Oil Refinery obtained a new integrated permit (IPPC), which is a confirmation of the integrated approach to pollution prevention control, and also includes the obligations of minimizing the consumption of raw materials and energy, preventing or reducing emissions to air, water, and land, and managing waste in a manner that does not endanger human health and the environment.

This permit implies that the production process in the Refinery is largely compliant with the highest domestic and European standards in the field of environmental protection. Considering that this is the most important document that an operator can obtain from the aspect of EP, by receiving this permit, the Pančevo Oil Refinery is also recognized as an important factor in ensuring controlled environmental protection conditions.

The permit is also an obligation of Pančevo Oil Refinery to continue with a responsible management in the implementation of all its activities and significant investments in the field of environmental protection, with the application of the best available techniques. During previous periods, investments in energy efficiency projects had benefits such as the reduction of greenhouse gas emissions.

One of the key investment projects in the company - Industrial Railway Reconstruction Project in Pančevo Oil Refinery is underway. This project covers replacement of complete substructure and superstructure of existing railtracks and construction of five new ones, thus facilitating the full capacity of the switching yard for receipt and dispatch of trains.

The industrial railway in Pančevo Oil Refinery was constructed in 1968, the same year when the refinery was put into operation, and has been operating since. The importance of the Refinery railway lays in the fact that, on an annual basis, using this means of transportation, 14,000 rail cars were dispatched, carrying 750,000 tons of petroleum products. The reasons for launching the reconstruction project include ensuring legal compliance of the technical condition of the industrial railway, then implementation of measures prescribed by the HSE Action Plan, remedying deficiencies in the field of safety, minimising the risk of accidents, and also increasing the permissible axle load of the industrial railway. The main works were started in the first quarter of 2024.

Refining Block continuously implements activities to find new and maximize existing measures to increase efficiency and reduce costs.

In the first half of 2024, the effect of measures for the increase of efficiency was realized in the amount of RSD 0.45 billion. A set of additional (Upside) measures was developed, aimed primarily at savings in energy consumption.

Projects

The implementation of projects aimed at increasing the efficiency and reliability of the Pančevo Oil Refinery is underway:

- “Reconstruction of the FCC plant, construction of the ETBE plant” – the Study on the Environmental Impact Assessment and the Waste Management Plan were completed, and the consent of the Provincial Secretariat in Novi Sad was obtained. The request for construction permit approval for preparation works has been filed with the Provincial Secretariat of Novi Sad.
- “Project for the Replacement of Steam turbines” – the project was approved in its entirety, the Contract on the Delivery of Equipment and Services was implemented, the unit was started up.
- “Project for the Reconstruction of the Industrial Track in Pančevo Oil Refinery” – The project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed, the implementation is ongoing.
- “Project for the Installation of the System for Automatic Dosing and Adding of Markers and Additives to Motor Fuels at the Pančevo Oil Refinery Truck Loading Facility” – the project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed and is in the process of implementation.
- “Project for the Reconstruction of the Fire Protection System at Pančevo Oil Refinery” – The Regional Secretariat in Novi Sad has approved an Environmental Impact Study and a waste management plan. An application has been submitted for the audit committee of the Regional Secretariat to conduct technical control of the conceptual design and the feasibility study.
- “Reconstruction of Laboratory Building” – the excavation and cable removal works are in progress. 90% of furniture has been delivered.

Sales and distribution

Points of Sale⁴⁰ and Logistics

NIS Group owns over 414 active retail sites. Most of them, i.e. 330 retail sites are located in the Republic of Serbia (with 28 of them under GAZPROM brand). As for the countries of the region, NIS owns 42 petrol stations in Bosnia and Herzegovina (32 under GAZPROM brand), 23 petrol stations in Bulgaria (all of them under GAZPROM brand) and 19 petrol stations in Romania (all of them under GAZPROM brand).

Reconstruction of 9 existing petrol stations and new construction/longterm lease of 2 petrol stations is planned in Serbia and the renovation program of 11 PSs under the old Gazprom brand are planned. Work continued on the reconstruction of the Niš warehouse.

Loyalty program and marketing activities

In the first half of 2024, marketing activities were implemented in Serbia with the aim of developing consumer brands, loyalty programs, improving the sale of fuel and additional assortment at petrol stations.

We would highlight the following most important marketing activities, which marked the first half of 2024 in Serbia:

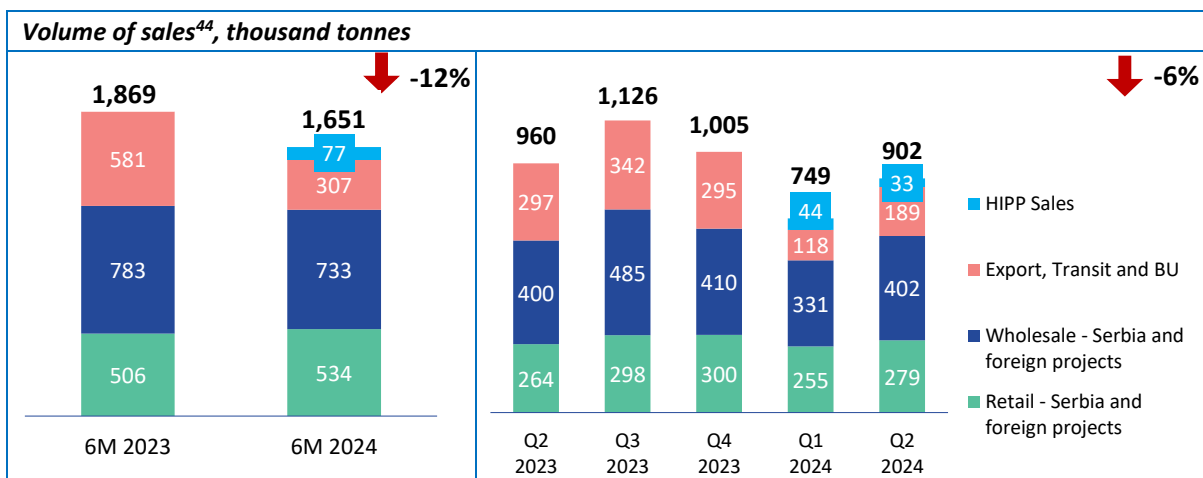
- Drive.Go App – promoted in order to collect new members, increase the number of downloaded applications with the help of a new visual identity with the key message “Pay for fuel in 30 seconds”, which was promoted through POS materials at petrol stations, and the promotion will continue in the following period.
- “On the Road with Us” loyalty programme – the active campaign for the acquisition of new virtual members and the reactivation of existing members continued. The total number of active users in the first half was 812,723, downloaded applications 114,334, and new virtual members in the first six months: 51,003. The redesigned appearance of the mobile application with additional functionalities for users has been published.
- Drive Cafe/Non-fuel segment – promotion of Drive Cafe shop's gastronomic offer through TV, online and PR communication channels with the aim of further promoting and strengthening the brand's image, contributing to the increase in sales of gastronomic products and coffee. A PR event was organised in order to promote our best-selling product from the non-fuel range of products – namely, coffee. The event was attended by influencers and journalists, as well as representatives of the company “Cafe Vergnano” - the producer of Drive Cafe coffee. The event was covered through 28 announcements in online and printed media, while the influencers’ content had a reach of more than 1,000,000 views. In the second quarter, new products were promoted at our petrol stations. Campaigns were implemented on online and POSM communication channels. Constant support to promotions and super offers at petrol stations continued, as well as through additional services – TAG device and laundromats.
- Social networks/partners in creating online content/site: during first half of 2024, 3 new episodes were created within the “On the Road with Us in Serbia” content, where readers of our website and followers on social networks could read detailed recommendations about locations in Serbia that they could visit. In association with the “Used Cars” and Testosteeron filming production we promoted G-Drive fuel, Testosteeron also promoted the karting championship.

⁴⁰As at 30 June 2024.

Volume of sales

In the first half of 2024, the sales reduced by 12% compared to the same period in 2023, bringing the total sales⁴¹ to 1,651 thousand tonnes.

- Retail in Serbia and Foreign Assets – a 5% increase:
 - the growth trend of retail sales in Serbia was noted above all in the agricultural volume – increased demand from farmers
 - the growth of retail sales of foreign assets – the activities of the management and the good weather increased frequency of customers and therefore the increase in sales in the second quarter of this year compared to the same period in 2023, which fully compensated for the drop in sales in Bulgaria that occurred due to the decrease in the number of petrol stations compared to last year
- Wholesale in Serbia and Foreign Assets⁴² – a 13% decrease primarily due to:
 - favorable weather conditions, which at the beginning of the year in Serbia affected the reduced demand for fuel oil. In addition, the shipment of all derivatives was in accordance with the available quantities (overhaul of Pančevo Oil Refinery and overhaul of HIP-Petrohemija).
- Export, transit and BU⁴³:
 - Decrease in transit sales volumes due to methodological changes in presenting primary gasoline sales volumes from NIS to HIP-Petrohemija: the transit sales channel included primary gasoline for the first six months of 2023, as opposed to the first six months of 2024, when this sales volume was excluded due to consolidation (140,000 tons), and the sales of HIP-Petrohemija to third parties of 77,000 tons for 6M 2024 was separated into a separate channel;
 - Aviation fuel sales growth compared to the first 6 months of 2023, due to the increase in traffic of Air Serbia and foreign airlines;
 - Sales growth within the bunkering channel due to increased river traffic activity;
 - Reduction of sales of bitumen and coke due to shipment in accordance with less available quantities as a result of Pančevo Oil Refinery overhaul.

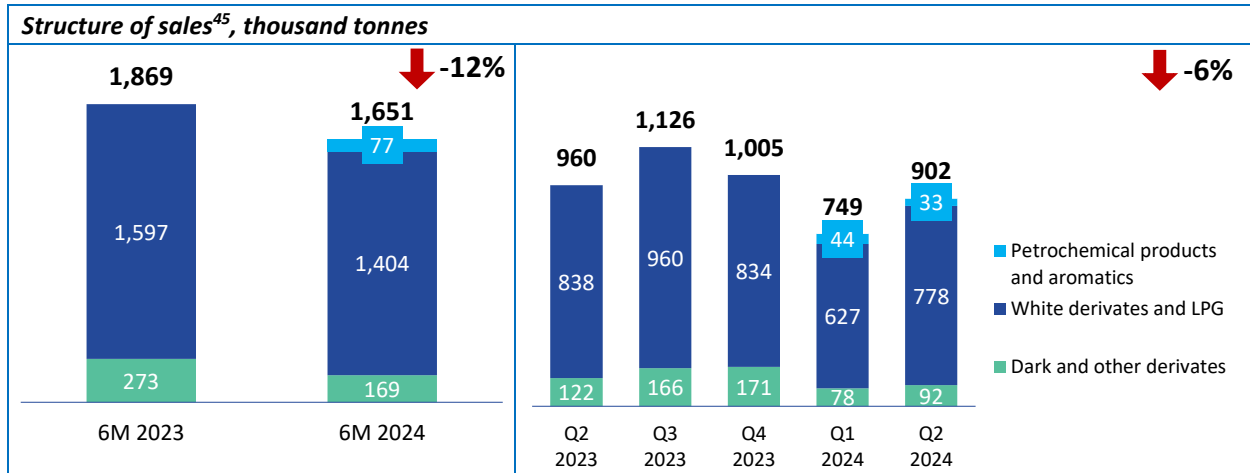


⁴¹The presented volume includes the volume of petrochemical products of HIP-Petrohemija.

⁴²It includes the sale of CNG of the Energy Block and the sale of oils, lubricants and technical fluids of the Downstream Lubricants Production Plant.

⁴³Business unit includes the sale in petroleum products of bitumen, bunker and jet fuels.

⁴⁴The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Sales volume for Q2 and 6M 2023 are methodologically different than in Q2 and 6M 2024 due to the consolidation of HIP-PETROHEMIJA in the second half of 2023.



⁴⁵The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Sales volume for Q2 and 6M 2023 are methodologically different than in Q2 and 6M 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

Energy

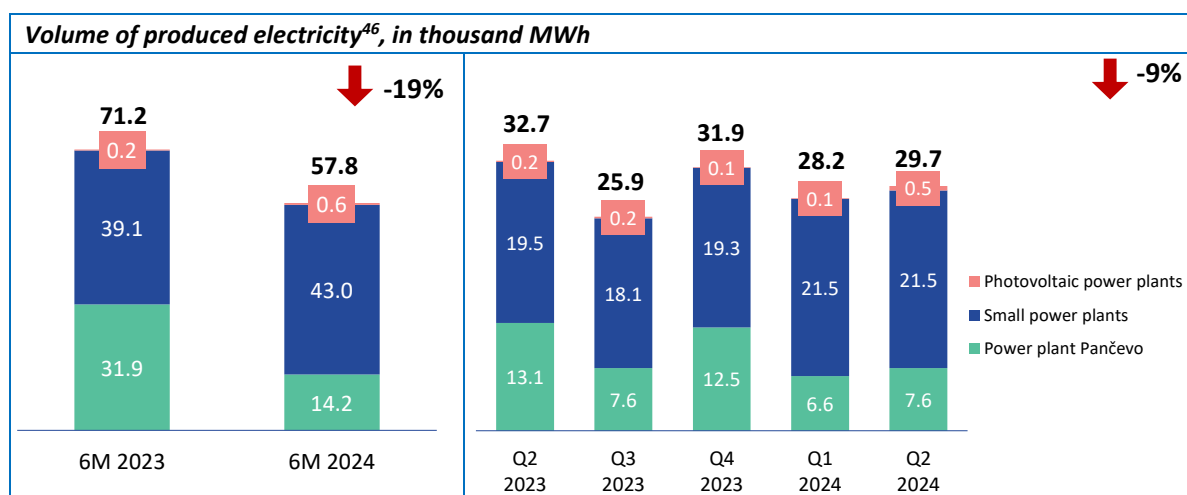
Natural gas

To organize and balance its natural gas portfolio, in the first half of 2024 NIS j.s.c. Novi Sad concluded a contract on the distribution of natural gas for 2024 and contracts on the cession of natural gas storage capacities at the Banatski Dvor underground gas storage for the domestic natural gas for the duration of the repairs at the Pancevo oil refinery with the operator of the Serbian natural gas distribution network. NIS also booked the transport capacities for the 2024/2025 gas year.

Natural gas prices until 1 May 2024 are regulated by the Regulation of the Government of the Republic of Serbia on the temporary measure of limiting the gas price and compensate for differences in the price of natural gas procured from imports and produced in the Republic of Serbia in the event of market disruptions.

Production of electricity

In the second quarter of 2024, the volume of the produced electricity was 29.7 thousand MWh, while in the first six months the volume of the produced electricity was 57.8 thousand MWh.



Electricity trading

NIS j.s.c. Novi Sad currently holds electricity trading licenses in Serbia, Montenegro, Romania, Bosnia and Herzegovina, Slovenia, Hungary and Bulgaria. NIS j.s.c. Novi Sad trades in the electricity exchange in Serbia and in Romania.

Implementation of the Program of Energy Efficiency Measures in NIS j.s.c.

The programme of measures for reducing energy consumption and increasing energy efficiency in the second quarter of 2024 achieved the effect of energy savings of 983 t.o.e. The financial value of the savings amounts to RSD 150.2 million.

An internal energy supervision team was established and a regulatory and methodological framework was prepared. Adaptation and re-engineering of barriers to electrical safety in Blocks and subsidiaries was carried out.

Renewable energy sources

The activities implemented in the second quarter of 2024 are shown below:

- After the release of 15 PVPPs at PSs in 2022, the project passport for the construction of the PVPPs at additional 30 PSs was adopted. By the end of November 2023, the construction of all 30 solar power plants with a total power of 1 MWp was completed. The power plants at 10 PSs were put into operation at the end

⁴⁶The presented volume of produced electricity also includes the electricity produced in Power plant Pancevo, small power plants and photovoltaic power plants. The total volume of electricity produced at PVPP for the period January – June is 620.9 MWh.

of November 2023, 10 power plants were put into operation by the end of March 2024 and 9 more by the end of June 2024. The last one will start working at the end of July.

- The contractor was selected for the construction of the PVPP at Jazak Drinking Water Factory Complex with a total panel power of 620 kWp (370 kWp on the roof and 250 kWp on the ground) in August 2023, the construction was contracted, and the project implementation began. The construction of the roof power plant and the power plant on the ground was completed in December 2023. During March NIS completed functional testing of the power plant and started power generation, and on April 30, the technical commission issued a permit to start production testing. Production testing started in mid June 2024, and at the end of June NIS submitted a request for permanent operation.
- For the project of the construction of the photovoltaic power plant at the petroleum product warehouse in Novi Sad, the contract was signed with the Contractor according to the "turn-key" principle at the end of December 2023 for the construction of the photovoltaic power plant on the ground, with a power of 6.5 MW. A lot of activities were carried out (a contract for the pyrotechnic field inspection service was signed, pull-out testing of bearing piles was completed, the final appearance of the PVPP was designed, photovoltaic panels were delivered to the warehouse in March, the general regulation plan was adopted, etc.) in order to PVPP began operating.
- For the project of the construction of the Roof Photovoltaic Power Plant, with a power of 585 kWp at the petroleum product warehouse in Novi Sad, the contract was signed with the Contractor according to the "turn-key" principle at the end of December 2023 and the implementation of the project began. Design and connection conditions have been granted by Elektro distribucija Srbije. Construction permit was issued. Works started on June 10. Installation of panels and direct-voltage power unit has been completed at one of the facilities.
- For the project of the construction of the solar PVPP on the roof of the NIS business building with a power of 99.9 kWp, the contract was signed with the Contractor according to the "turn-key" principle in October 2023 and the implementation began. Design and connection conditions have been granted by Elektro distribucija Srbije.
- The roof solar photovoltaic power plant in Pančevo Oil Refinery with a power of 600 kWp – In the third quarter of 2023, optimization was carried out in order to reduce the construction costs. In February, the project passport was adopted, the tender procedure was carried out, the contractor was selected, and the construction contract was signed according to the "turn-key" principle in March 2024. The approval of the conceptual solution for panel placement and the development of technical documentation are now in progress. The conditions for design and connection were obtained from the operator.
- Development projects for the construction of solar photovoltaic power plants – Technical and economic studies for the construction of photovoltaic power plants were prepared at selected locations.
 - In February, the project passports were adopted for: Elemir PVPP on the ground 3.3 MWp, Elemir PVPP on the ground 1.2 MWp, Jermenovci PVPP 2.5 MWp, and Smederevo PVPP 2.9 MWp.
 - NIS has submitted initiatives for the development of urban plants of Pladiste, Zrenjanin, and Smederevo. NIS submitted request for the preparation of connection studies for the Jermenovci and Smederevo power units and the request for the issuance of conditions for the prosumer status for the Elemir power plant.
- NIS developed an economic model for the construction of solar units at another 30 of its petrol stations with the total capacity of 1 MWp. Project charter is in progress.
- NIS completed economic and energy studies for the construction of a 5 MWp solar unit at the Elemir synthetic rubber unit of HIP-Petrohemija, part of the NIS Group. HIP-Petrohemija has submitted the request for the issuance of the design and connection conditions for the prosumer status for the Elemir power plant to Elektro distribucija Srbije.

HIP-Petrohemija

Key indicators

Key indicators	Unit of measurement	Q2 2024	6M 2024
Production of petrochemical products	thous. tonnes	35.8	111.5
Refining of primary gasoline	thous. tonnes	54.9	153.9
Petrochemical product sales	thous. tonnes	52.9	113.9
EBITDA	RSD billion	-2.4	-3.2
Net loss	RSD billion	-2.3	-3.2
CAPEX ⁴⁷	RSD billion	0.1	0.6

In the first six months of 2024, the EBITDA indicator was negative and amounted to RSD -3.2 billion.

The net loss for the first six months of 2024 was RSD 3.2 billion.

As regards investments, RSD 0.6 billion was allocated in the first six months of 2024.

Regarding to operational indicators, in the first six months of 2024, the production volume of petrochemical products amounted to 111.5 thousand tons. The refining of virgin naphtha in the first six months amounted to 153.9 thousand tons, while the petrochemical product sales in the first six months of 2024 amounted to 113.9 thousand tons.

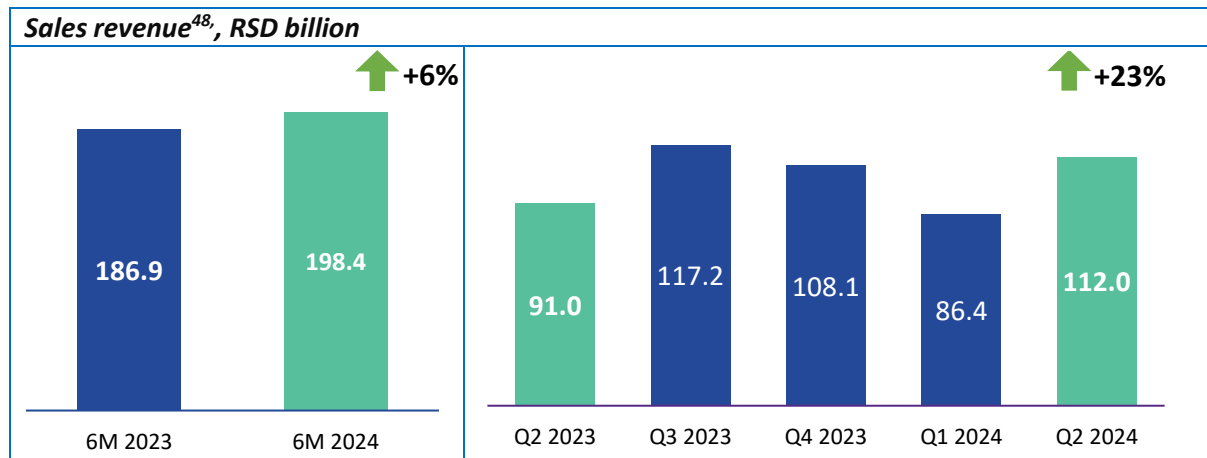
The decline in operational indicators is largely due to the implementation of the capital overhaul within HIP-Petrohemija and due to the impact of the macroeconomic environment.

⁴⁷Financing, excluding VAT.

Financial indicators

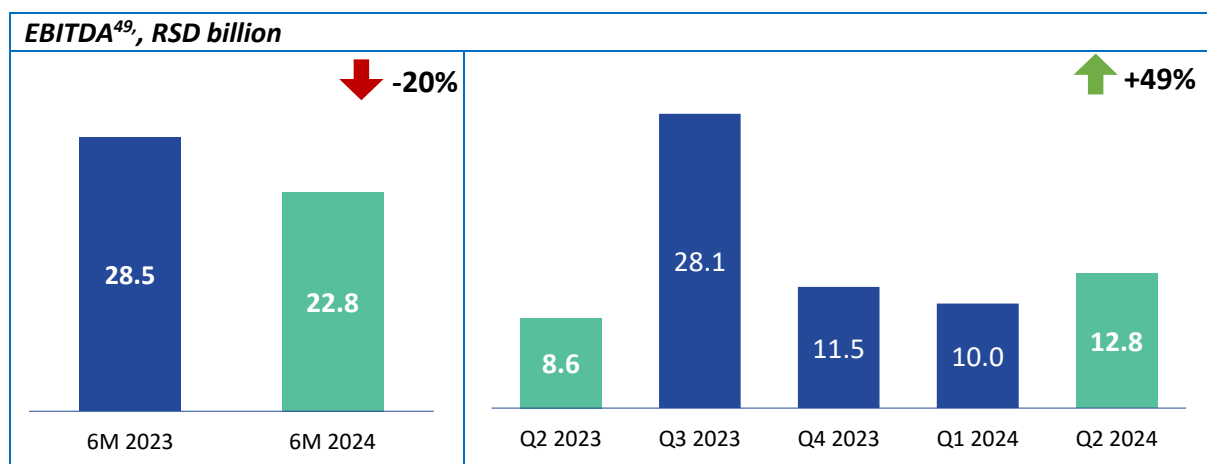
Sales revenues

During the first six months of 2024 sales revenues are 6% higher compared to the previous year, and the total amount of sales revenues is RSD 198.4 billion.



EBITDA

The EBITDA indicator in the first six months of 2024 is 20% lower than the same period last year and amounted to RSD 22.8 billion.



Lower EBITDA in the first six months of 2024 compared to the same period last year is due to the following:

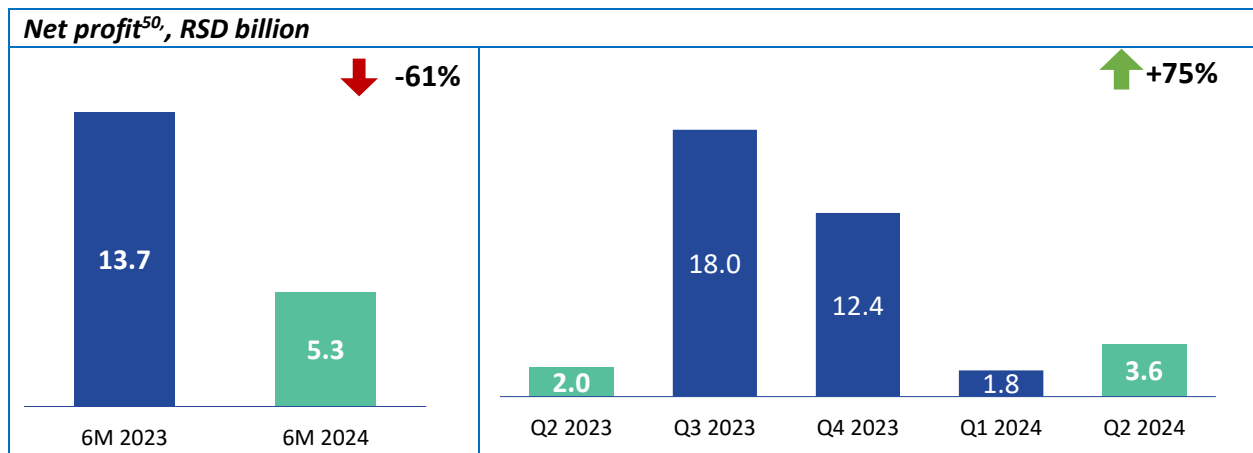
- The impact of lower prices for oil products on the global market partially offset by the impact of cheaper oil reserves;
- The negative impact of capital repairs was partially offset by increased margins on petroleum products;
- Increase in costs compared to the same period last year;
- Negative HIP-Petrohemija result in 2024.

⁴⁸Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

⁴⁹Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

Net profit

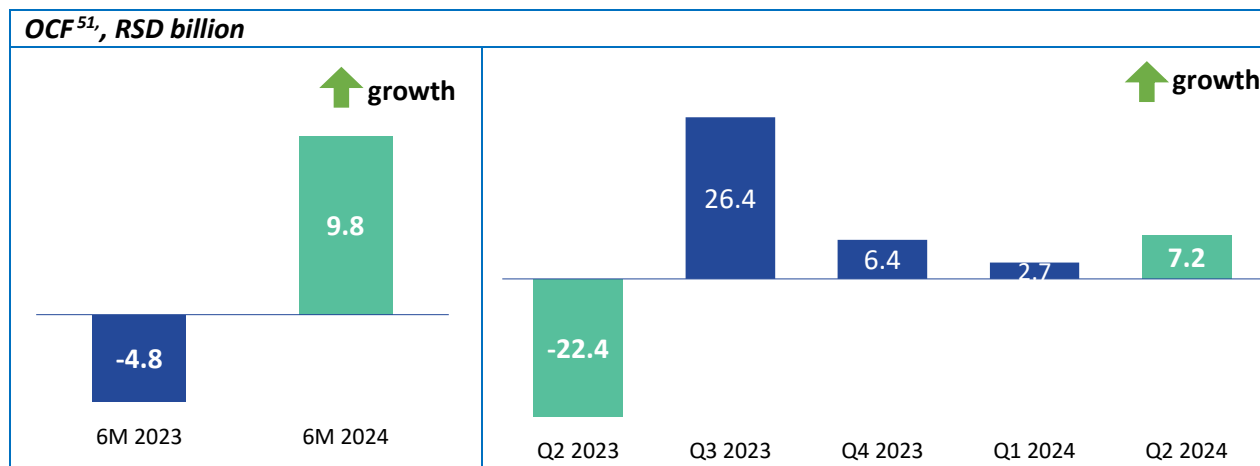
The net profit in the first six months of 2024 amounts to RSD 5.3 billion, which is lower 61% compared to the same period last year.



The lower net profit for the first six months of 2024 compared to the same period last year is a consequence of lower EBITDA and increased depreciation costs and decreased financial profit from interest on deposits.

OCF

In the first half of 2024, the operating cash flow amounts to RSD 9.8 billion, and it is higher compared to the same period last year.



The increase of the OCF indicator in the first half of 2024 was influenced by:

- Higher inflows;
- Lower cash outflows from operating activities.

⁵⁰Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

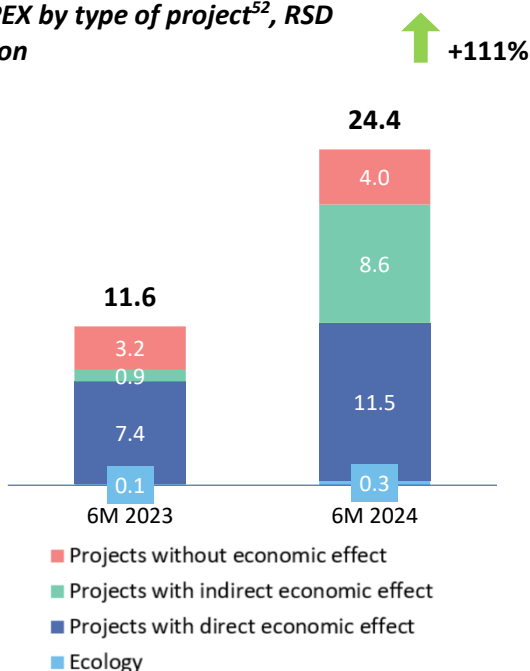
⁵¹Any deviations aggregate values result from rounding.

CAPEX

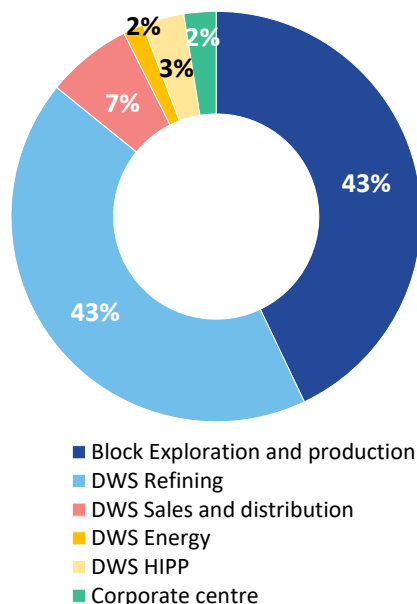
In the first six months of 2024, the main areas of investment were projects aimed at oil and gas production. A significant part of the investment belongs to investments in drilling, followed by oil refining projects, as well as reconstruction, construction and rebranding projects of petrol stations. In addition, NIS invested in projects in the field of energy and services, as well as in a certain number of projects in the corporate center.

In the first six months 2024, RSD 24.4 billion was allocated for investment, while in the same period of the last year, RSD 11.6 billion were allocated.

CAPEX by type of project⁵², RSD billion



Investments by segments



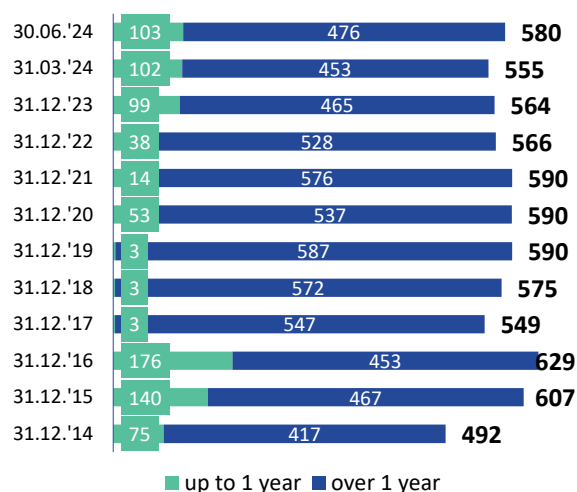
⁵²All amounts are expressed in RSD billion, excluding VAT. Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

Organisation unit	Major projects in the first six months
Exploration and production	<ul style="list-style-type: none"> • drilling of development wells • investing in geological and technical activities • infrastructure projects
Services	<ul style="list-style-type: none"> • procurement of semi-trailer trucks • procurement of automated drilling rigs
Refining	<ul style="list-style-type: none"> • projects aimed at ensuring compliance with legal norms and regulations • investment maintenance projects • environmental projects • capital overhaul in Pančevo Oil Refinery
Sales and distribution	<ul style="list-style-type: none"> • retail network development in Serbia (petrol station construction and reconstruction) • other retail projects in Serbia and the region
Rest of Downstream projects (Energy and Technical services)	<ul style="list-style-type: none"> • energy efficiency and solar projects • technical services projects
Corporate centre	<ul style="list-style-type: none"> • projects related to the maintenance of software solutions and digitalization of the process • projects related to the modernization of the business centers of Novi Sad and Belgrade

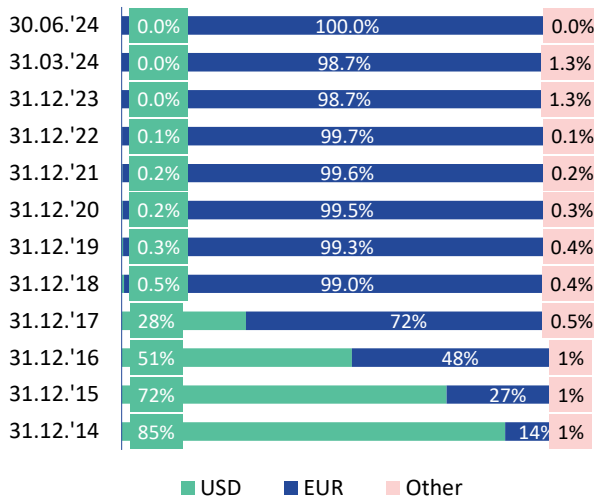
Indebtdness

At the end of the second quarter of 2024, the debt to banks is higher than at the end of 2023 and amounts to EUR 579.6 million. During the second quarter of 2024, loans in the amount of EUR 50.9 million were withdrawn, a loan in the amount of EUR 35.3 million was repaid, of which EUR 31.3 million was regularly repaid and EUR 4.0 million at an early date.

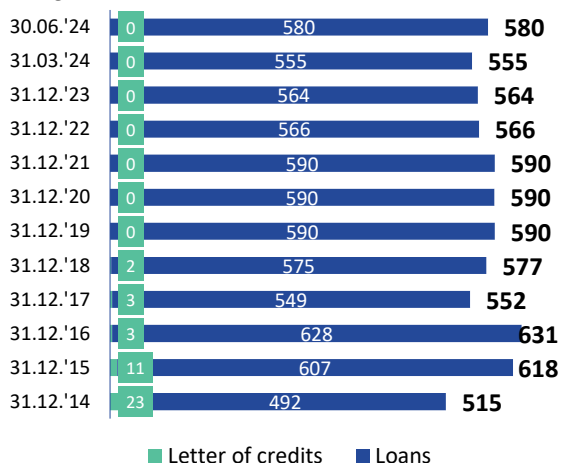
Total bank debt trends with maturity structure⁵³, EUR million



Total bank debt structure, by currency, in %



Total bank indebtedness⁵⁴, EUR million



⁵³Any deviations in aggregate values result from rounding.

⁵⁴In addition to the bank debt and Letters of Credit as at 30 June 2024, NIS j.s.c. Novi Sad holds issued bank guarantees in the amount of EUR 34.7 million, letters of intent EUR 0.1 million, corporate guarantees in the amount of EUR 316.5 million and financial leasing in the amount of EUR 33.6 million. Any deviations in aggregate values result from rounding.

Taxes and Other Public Revenue⁵⁵

NIS j.s.c. Novi Sad	6M 2024	6M 2023	%⁵⁶
Social insurance contributions paid by employer	1.24	1.10	+13%
Energy efficiency fee ⁵⁷	0.20	0.21	-4%
Corporate tax	2.37	3.05	-22%
Value-added tax	16.12	16.35	-1%
Excise duties	82.55	72.65	+14%
Commodity reserves fee	3.45	3.58	-4%
Customs duties	0.74	0.05	growth
Royalty	0.877	0.878	-0.1%
Other taxes	0.80	0.81	-2%
Total	108.34	98.68	+10%
NIS subsidiaries in Serbia⁵⁸			
Social insurance contributions paid by employer	1.14	0.81	+41%
Corporate tax	0.17	0.05	growth
Value-added tax	1.38	1.02	+35%
Excise duties	0.00	0.00	n/a
Customs duties	0.028	0.029	-3%
Royalty	0.00	0.00	n/a
Other taxes	0.09	0.06	+54%
Total	2.81	1.97	+43%
Total NIS j.s.c. Novi Sad with subsidiaries in Serbia	111.15	100.65	+10%
NIS regional subsidiaries and Angola			
Social insurance contributions paid by employer	0.008	0.009	-9%
Energy efficiency fee	0.00	0.01	-76%
Corporate tax	0.0102	0.0096	+7%
Value-added tax	0.39	0.30	+32%
Excise duties	3.87	3.63	+7%
Customs duties	2.88	2.66	+8%
Royalty	0.04	0.03	+45%
Other taxes	0.06	0.07	-8%
Total	7.26	6.71	+8%
Deferred taxes (total for Group)	-0.30	-0.40	+24%
Total NIS Group⁵⁹	118.11	106.97	+10%

Accrued liabilities for public revenues for NIS j.s.c. Novi Sad with its subsidiaries in Serbia in the the first six months of 2024 amounts RSD 111.15 billion, which is an increase of 10% on the same period in 2023.

The amount of accrued liabilities for public revenues for NIS Group in the first six months of 2024 totalled RSD 118.11 billion, which is an increase of 10% on the same period in 2023.

⁵⁵In RSD billion.

⁵⁶Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

⁵⁷Calculated from 1 July 2019.

⁵⁸Naftagas – Oil Services LLC Novi Sad, Naftagas – Technical Services LLC Zrenjanin, Naftagas – Transport LLC Novi Sad, NTC NIS – Naftagas LLC Novi Sad, NIS Petrol a.d. Belgrade and HIP-Petrohemija LLC Pančevo.

⁵⁹Including taxes and other liabilities for public revenues for subsidiaries in the region, corporate tax in Angola and deferred taxes.

Securities

Share Capital Structure

NIS j.s.c. Novi Sad share capital is RSD 81.53 billion and is divided into a total of 163,060,400 shares with a nominal value of RSD 500. All issued shares are ordinary shares, vesting their holders with the following rights:

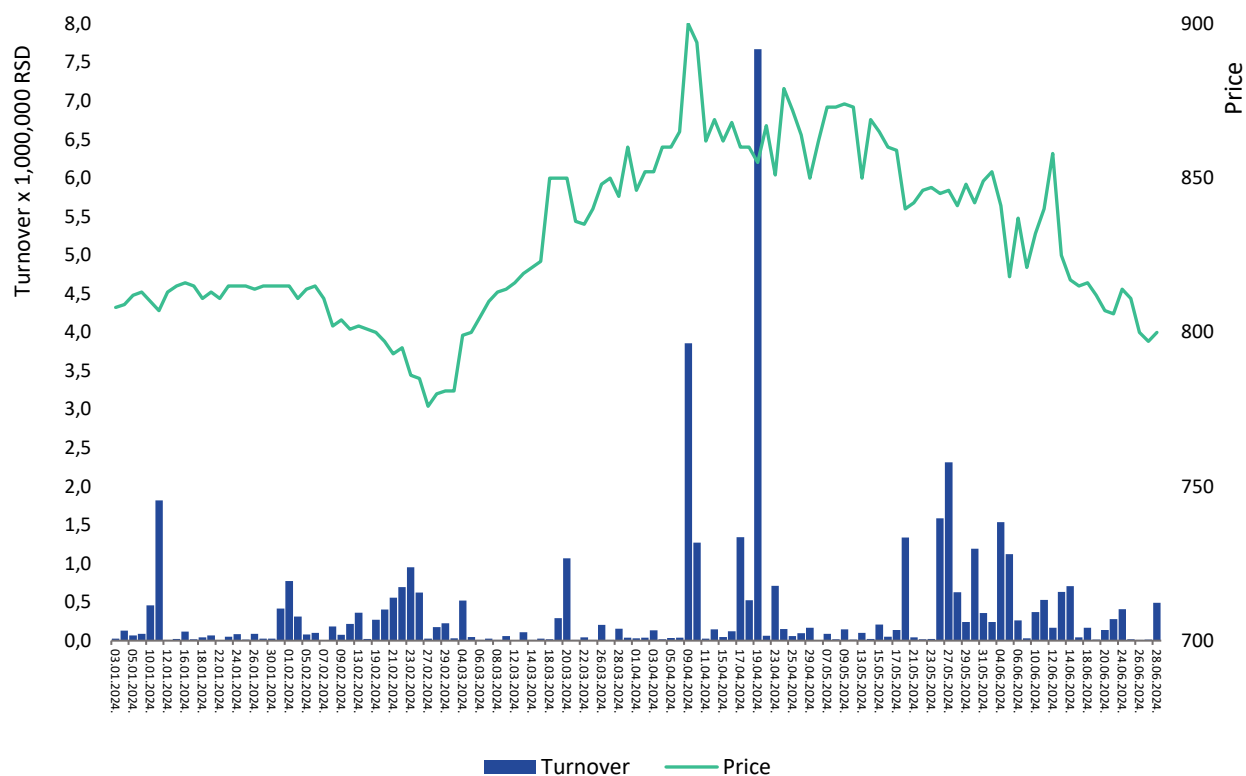
- right to participate and vote at the assembly meetings, according to one-share-one-vote rule;
- right to receive dividends in compliance with applicable legislation;
- right to participate in the distribution of the company assets remaining after liquidation or of a bankrupt's estate in compliance with the bankruptcy law;
- preemptive right to buy ordinary shares of a new issue and other financial instruments tradable for ordinary shares, of a new issue and
- other rights in accordance with the Company Law and corporate documents.

All securities issued by the Company are included in trading on a regulated market.

Share trading and indicators per share

NIS j.s.c. Novi Sad shares are listed in the Prime Listing of the Belgrade Stock Exchange.

Price and turnover trends in the first six months of 2024



During the first six months of 2024 the Company did not acquire any treasury shares.

Overview of trading in NIS j.s.c. Novi Sad shares at Belgrade Stock Exchange in the first six months of 2024	
Last price (June 30, 2024)	800 RSD
High (April 10, 2024)	900 RSD
Low (June 14, 2024)	751 RSD
Total turnover, RSD	446,150,962 RSD
Total turnover, number of shares	531,070
Total number of transactions, number of transactions	2,323
Market capitalization as at June 30, 2024, in RSD	130,448,320,000
<i>EPS</i>	60.55
Consolidated <i>EPS</i>	34.68
<i>P/E</i> ratio	13.21
Consolidated <i>P/E</i> ratio	23.07
Book value as at June 30, 2024	2,316.4
Consolidated book value as at June 30, 2024	2,244.5
<i>P/BV</i> ratio	0.35
Consolidated <i>P/BV</i> ratio	0.36

Dividends

NIS j.s.c. Novi Sad dividend policy is based on a balanced approach, which takes into account the necessity to retain earnings for the purposes of future investment, the rate of return on invested capital and the amount for dividend payment. The long-term dividend policy stipulates a minimum of 15% of net profit is to be paid to shareholders in dividends.

When deciding on profit distribution and dividend payment, the corporate management takes into consideration a number of factors, including the financial standing, investment plans, loan repayment obligations, the macroeconomic environment and legislation. Each of these factors, either individually or combined, if significant, may affect the proposed dividend payment.

On 27 June 2024, the Shareholders' Assembly of NIS j.s.c. Novi Sad has adopted the Decision on distribution of profit for 2023, dividend payment and determining the total amount of retained profit of NIS j.s.c. Novi Sad. This decision determines that the dividends will be paid to the shareholders in cash, in the gross amount of RSD 10,478,261,304, or RSD 64.26 per share. The shareholders registered in the Central Securities Depository and Clearing House as legal owners of NIS j.s.c. Novi Sad shares on the Record date (Dividend Day) i.e. on 17 June 2024 entitle to dividend payment.

	<i>Net profit (loss), RSD bn⁶⁰</i>	<i>Total amount of dividend, RSD bn</i>	<i>Payment ratio</i>	<i>Earnings per share, RSD</i>	<i>Dividend per share, gross, RSD</i>	<i>Share price as at 31 December, RSD</i>	<i>Shareholders' dividend yield, in %⁶¹</i>
2009	(4.4)	0.0	-	-	0	-	-
2010	16.5 ⁶²	0.0	-	101.1	0	475	-
2011	40.6 ⁶³	0.0	-	249	0	605	-
2012	49.5	12.4	25%	303.3	75.83	736	10.3
2013	52.3	13.1	25%	320.9	80.22	927	8.7
2014	30.6	7.6	25%	187.4	46.85	775	6.0
2015	16.1	4.0	25%	98.8	24.69	600	4.1
2016	16.1	4.0	25%	98.6	24.66	740	3.3
2017	27.8	6.9	25%	170.43	42.61	724	5.9
2018	26.1	6.5	25%	159.86	39.97	690	5.8
2019	17.7	4.4	25%	108.55	27.14	749	3.6
2020	(5.9)	1.0	-	(36.24)	6.14	644	1.0
2021	23.1	5.8	25%	141.85	35.46	620	5.7
2022	93.5	23.4	25%	573.14	143.29	675	21.2
2023	41.9	10.5	25%	257.05	64.26	812	7.9

⁶⁰ Net profit of NIS j.s.c. Novi Sad.

⁶¹ Calculated as the ratio of gross dividend to share price at the end of the year for which the dividend is paid.

⁶² Net profit used for coverage of accumulated losses.

⁶³ Net profit used for coverage of accumulated losses.

Corporate Governance

Corporate Governance System

The Company has established a one-tier governance system, where the Board of Directors has the central role in the corporate governance. The Board of Directors is responsible for the implementation of the objectives and the achievement of results, while the shareholders exercise their rights and control primarily through the Shareholders' Assembly.

The provisions of the Articles of Association fully and clearly differentiate between the scope of work of the Board of Directors and the scope of work of the Shareholders' Assembly, the CEO of the Company and the bodies set up by the corporate governance bodies.

Shareholders' Assembly and Shareholders' Rights

As the highest authority of the Company, the Shareholders' Assembly is made up of all shareholders. All NIS j.s.c. Novi Sad shares are ordinary shares that give their owners the same rights, wherein one share carries one vote.

Board of directors

The Board of Directors has a central role in corporate governance. It is collectively responsible for the long-term success of the Company, for setting main business objectives and identifying the company's further courses of development, as well as for identifying and controlling the effectiveness of the corporate business strategy.

Total amount of fees paid to BoD members in the first six months of 2024, net in RSD	
Members od BoD	138,200,306 RSD

Board of Directors' Committees

In order to complete its obligations more efficiently, the Board of Directors founded 3 permanent committees as advisory and professional bodies, which support its work, especially in terms of consideration of the questions under its jurisdiction, preparation and supervision of implementation of the decisions and acts adopted by BoD, as well as conduction of certain expert activities necessary for the Board of Directors. The Board of Directors has formed the following Committees:

- Audit Committee,
- Remuneration Committee,
- Nomination Committee.

The Board of Directors will appoint new members of its Committees and, is necessary, establish new regular or ad hoc committees to support the activities of the Board.

Shareholders' Assembly Board

The Shareholders' Assembly Board for the Supervision of Operations and the Procedure for Reporting to Company Shareholders (hereinafter 'The Shareholders' Assembly Board') is a body of advisors and experts providing assistance to the Shareholder's Assembly with respect to its activities and consideration of issues within its scope of competence. Members of the Shareholders' Assembly Board report to the Shareholders' Assembly, which appoints them and relieves them of duty.

Chief executive officer

The Board of Directors appoints one of its executive members to act as the Chief Executive Officer. The CEO coordinates the activities of the executive members of the Board of Directors and organizes the Company's activities. In addition to this, the CEO performs daily management activities and is authorized to decide on matters which do not fall under the competence of the Shareholders' Assembly and the Board of Directors. The Chief Executive Officer is a legal representative of NIS j.s.c. Novi Sad.

Advisory Board of the CEO

The Advisory Board of the CEO is a professional body that helps the CEO in his activities and in the consideration of matters within his responsibilities. The members of the Advisory Board were determined by the Decision of CEO, and they include Deputy CEO - Director of the Exploration and Production Block, First Deputy CEO - Director of the Downstream, Directors of the Refining and the Energy Blocks, Directors of Functions, Director HIP-Petrohemija LLC Pančevo, and Director of Naftagas-Oilfield Services LLC Novi Sad. In addition to the competencies related to the management of the Company's operations, the Advisory Board deals with the issues of strategy and development policy, the basis of which is set by the Shareholders' Assembly and the Board of Directors of the Company.

Related-Party Transactions

In the first six months of 2024 the Group entered into business transactions with its related parties. An outline of related-party transactions is part of the Notes to the Financial Statements⁶⁴.

⁶⁴Information on related party transactions can be found on page 86 under note number 27 of the Consolidated Financial Statements.

Human resources

As one of the best employers in Serbia, NIS strives to constantly adapt to the labour market, employees' expectations and the needs of the business. The greatest effort was invested in the stability of the company as an employer, programs focused on the recruitment and development of the young, new models of motivation, learning, development and promotion of respectful corporate culture.

NIS' HR strategy, new company values, and employer value proposition (diversity and inclusion initiative, employer brand strategy and learning and development strategy) have produced a large number of HR projects and initiatives. They will improve the experience of both candidates and employees of NIS, starting from recruitment to rewarding, remuneration and benefits, development and promotion.

NIS' long-term goal is to strengthen employee engagement and improve HR practices to offer the best possible employee experience. For this reason, NIS has continued to invest in employee engagement in 2024 and has initiated the implementation of various activities based on the results of the latest employee engagement survey and our company's strategic plans. Company continued with the implementation of and upgraded the Engagement Academy Program, which aims to develop highly dedicated and motivated teams through the active role of senior and middle management in our Company and from last year also lower management. NIS has restarted the "First-Time Managers" Programme, within which, through several education modules helped colleagues who have just taken on managerial functions to be as better managers and leaders as possible.

NIS also strives to digitize our HR processes and thus provide faster and more efficient support to our employees. In this regard, it has been implemented the digital platform and thus connected key HR processes. Company also introduced a digital assistant, a chatbot, which provides employees with answers to the basic HR questions.

NIS continued the implementation of the agenda for young talents in 2024. As early in the year as January, Company started new, fourth season of the NIS Energy programme for 25 young people, who will start their career at NIS through a one-year mentoring programme, with the goal of employment after the programme. In the same way, NIS finished the third season of the programme, and out of 27 participants, 25 colleagues continued their careers, and preparations are underway for the fifth season, which will start in January 2025.

Starting from 2023 all universities in the country have included a 90-hour internship in their curricula. This is why our company has created a new programme seeking to meet this requirement – NIS Academy, an internship programme for final year students of 9 faculties with which company has strategic cooperation. This programme helps faculties to provide students with a quality internship that is mandatory, students' first encounter with us as an employer, and our company an even larger number of young people in the recruitment pool for key positions. The programme was attended by 65 students, and the programme includes various activities – onboarding, career consulting, CV creation and interview simulations, field visits and expert lectures, soft skills training, as well as team work on a case study. Thirteen students of NIS Academy continued their careers at NIS and are now part of NIS Calling, the eighth season of internship for students.

The eighth season of NIS Calling internship started in July for 44 interns, and more than 1,000 candidates applied for the competition.

The second season of the internship programme for young operators has also ended, of which Company employed more than 50%, and the plan is to start the third season in cooperation with high schools in the second quarter of 2024, and on August 15, the new season starts for over 30 high school graduates, in Refining Block, STC and HIP-Petrohemija.

In the first quarter, NIS also had a large number of activities with faculties and student organizations, and had the opportunity to present NIS as an employer to more than 2,000 students through more than 15 projects. Some of the most important are Days of the Faculty of Mechanical Engineering, KONSEK 24, BEST Case Study - Belgrade Days of Engineers, Case Study Show and others.

All these activities were recognized by young people, so in the first quarter Company was voted as the number 1 employer leader for young people by the vote of 3,500 young people. The Youth Speak Voice survey was conducted

again this year by the student organization AIESEC, and this year we took first place for the first time (the previous 2 years we were third and second).

In addition, in March and April, Infostud's biennial labour market survey was conducted. NIS is ranked the second most desirable company, next to Coca Cola HBC that took the first place and BOSCH occupying the third place.

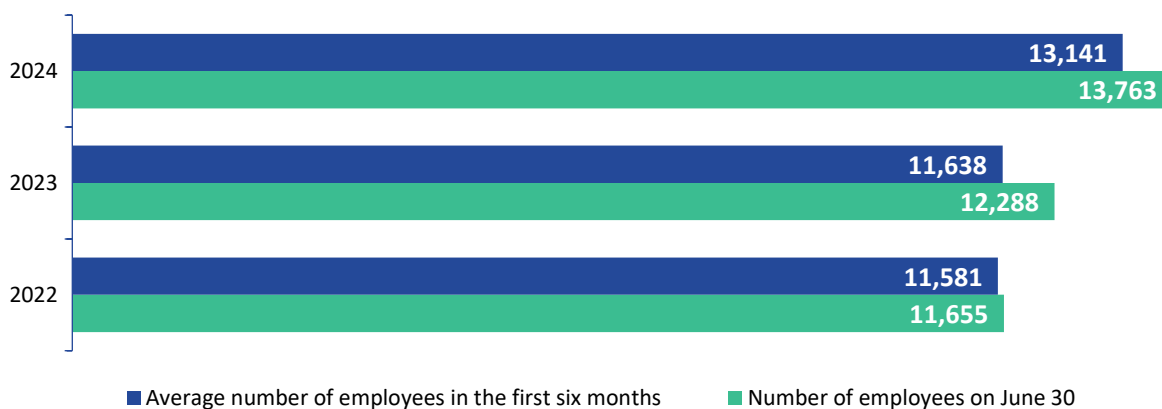
At the beginning of 2024, research of the external labour market was conducted, focused on key target groups of NIS, as the first step of setting up a new Employer Branding strategy. In June, the EB strategy for the period 2024 – 2027 was defined, with the aim of NIS internally and externally working on strengthening its desirability – among employees and job applicants. The strategy is based on 3 key strengths of the employer – security, people, and knowledge, and a plan of initiatives for the implementation of the strategy has been created.

In order to bring NIS as an employer closer to potential candidates on the labour market, activities on social networks and digital channels continued, and two campaigns were launched. Additionally, a campaign was implemented to attract candidates for the summer season at petrol stations, with over 1,300 applicants in a month. A campaign was also conducted to attract candidates for the position of Tower Worker, with 20 colleagues successfully employed.

Employee Number⁶⁵ and Structure

Organisational unit	Number of employees on:	
	06/30/2024	06/30/2023
NIS j.s.c. Novi Sad	5,307	5,278
Exploration and Production Block	1,101	1,081
Downstream	2,620	2,569
Refining Block	1,016	990
Sales and Distribution Block	1,390	1,389
Energy Block	47	46
The rest of Downstream ⁶⁶	167	144
Corporate Centre	1,582	1,624
Representative and Branch Offices	4	4
Local subsidiaries	7,825⁶⁷	6,396
Subsidiaries abroad	631	614
TOTAL⁶⁸:	13,763	12,288

Headcount trend⁶⁹



⁶⁵The number of employees does not include employees hired through the Contract of Services. On June 30, 2024 within the NIS a. d. In Novi Sad, we have 107 employees hired through the Contract of Services. Additionally, the headcount does not include employees engaged through staff leasing agencies. As of 30 June 2024, in HIP-Petrohemija LLC Pančevo, there were 15 employees engaged through staff leasing agencies

⁶⁶The rest of the Downstream includes: Office of Downstream Director, Production and Commercial Operations Planning, Optimization, and Analysis Department, Metrology Sector, Group for Administration and Documentation Support, Feedstock Supply and Blending Department and Center for the development of refining and petrochemicals.

⁶⁷The total headcount of subsidiaries in the country as of 30 June 2024, including HIP Petrohemija, whereas the headcount as of 30 June 2023 was exclusive of this subsidiary. The number of employees in the company HIP-Petrohemija LLC on June 30 2023 is 1,287, including agency employees.

⁶⁸Employees with shared working hours are shown as whole units in the associated Company.

⁶⁹The average number of employees does not include employees who are on maternity leave, employees who have been on sick leave for more than 30 days, and employees who have inactive status of employment, but it includes employees who left the company in the observed period and new employees proportionately to the number of days spent at the position.

Employment terminations

In the first six months of 2024, a total of 585 employees⁷⁰ left NIS j.s.c: 94 employees retired, 42 employees left NIS after termination of employment by mutual consent, while the employment of 449 people was terminated on other grounds (cancellation of employment contract, employment termination by the employee and redundancy).

Basis of employment termination in the first six months of 2024	NIS j.s.c Novi Sad⁷¹	Subsidiaries
Retirement	41	53
Termination by mutual consent	8	34
Other	95	354
Total	144	441

⁷⁰The data includes employment terminations for HIP-Petrohemija LLC Pancevo.

⁷¹Including representative offices and branches. Of the total number of terminations, there is no terminations account for the representative offices and branches.

Research and Development

In all segments of its business, NIS is dedicated to continuous technological development and introduction of innovations into business.

STC NIS Naftagas LLC Novi Sad, as a subsidiary in which NIS j.s.c. has a 100% share, provides scientific-technical and innovation support to the parent company in the field of oil and gas exploration and production. The research and development activity within STC has a dual role: coordinating and performing scientific and research works.

Implementation and development of new technologies, scientific and research activities and increasing the efficiency of exploration, production and refining of oil and gas, remain in the focus of attention for the STC management and employees.

During the second quarter of 2024 in the field of geological and research works, geology, reservoir engineering and production in Serbia the following activities were carried out:

- The STC continues working on the Middle Banat project;
- Four new exploration wells were drilled and provided great results for further development;
- In order to properly plan production drilling and well interventions, we have updated the geological models for 3 oil and gas fields. For the same needs, the existing geological-hydrodynamic models for 4 oil and gas fields were updated;
- In the field of oil and gas production technology, and in order to optimize production, an oil field model was created, and laboratory tests of new methods during exploitation were also carried out;
- In the area of geothermal energy, in some areas, the implementation of a geological model and a hydrodynamic model was completed, and recommendations were given for the optimal operation of geothermal wells. We are currently choosing locations for further analysis.

STC continues to be actively involved in the development and implementation of new technologies to improve the Company's efficiency.

Work continues on the evaluation of the potential for CO₂ storage in Serbia according to the ISO methodology.

For the NIS Refinery in Pančevo, an employee of NTC proposed the use of an electricity generator that runs on a mixture of hydrogen and natural gas, which will enable larger production of electricity and thermal energy.

We started systematic work with the innovation environment in Serbia. The goal of the work is the development of partnerships with innovative companies, technology parks, universities for the joint implementation of innovative projects.

Construction of the foundations of the new facility of the STC Downstream Laboratory in the Oil Refinery in Pančevo is underway in accordance with the investment project "Laboratory building in Oil Refinery in Pančevo".

The accreditation body of Serbia during March 2024 at the locations of Novi Sad, Surčin and Pančevo completed an unscheduled assessment of the Laboratory's competence for the new four-year accreditation cycle. During the evaluation and certification of the required test methods, the Accreditation Body of Serbia did not find any non-conformities.

Financial Statements⁷²

Standalone financial statements (unaudited)

Interim Condensed Statement of Financial Position

Assets	Note	30 June 2024	31 December 2023
Current assets		<i>(unaudited)</i>	
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
Total current assets		188,494,897	186,674,562
Non-current assets			
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
Total non-current assets		347,444,628	333,219,025
Total assets		535,939,525	519,893,587
Liabilities and shareholder's equity			
Current liabilities			
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
Total current liabilities		76,708,145	61,869,823
Non-current liabilities			
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
Total non-current liabilities		81,516,144	79,702,900
Equity			
Share capital		81,530,200	81,530,200
Reserves		34,460	34,408
Retained earnings		296,150,576	296,756,256
Total equity		377,715,236	378,320,864
Total liabilities and shareholder's equity		535,939,525	519,893,587

in 000 RSD

⁷²The financial statements, standalone and consolidated, have not been audited.

Interim Condensed Statement of Profit and Loss and Other Comprehensive Income

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>	2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>
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
Total revenue from sales	3	105,811,632	86,310,643	188,214,534	176,843,743
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)	-
Total operating expenses		(97,997,738)	(76,990,554)	(175,858,848)	(153,498,063)
Other income (expenses), net	22	426,710	(6,987,717)	513,874	(7,143,383)
Operating profit		8,240,604	2,332,372	12,869,560	16,202,297
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)
Total other (expenses) / income		(560,814)	1,138,094	(906,672)	1,846,371
Profit before income tax		7,679,790	3,470,466	11,962,888	18,048,668
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
Total income tax		(1,300,305)	(432,806)	(2,090,307)	(2,669,811)
Profit for the period		6,379,485	3,037,660	9,872,581	15,378,857
Other comprehensive gain / (loss):					
Items that will not be reclassified to profit /(loss)					
Losses on remeasurements of defined benefit plans		-	-	-	-
Gain / (loss) from investments in equity instruments		-	(155)	52	(155)
Other comprehensive gain / (loss) for the period		-	(155)	52	(155)
Total comprehensive income for the period		6,379,485	3,037,505	9,872,633	15,378,702
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

in 000 RSD

Interim Condensed Statement of Changes in Shareholders' Equity

Six month period ended 30 June 2024 and 2023

<i>(unaudited)</i>	Note	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2023		81,530,200	93,904	278,192,015	359,816,119
Profit for the period		-	-	15,378,857	15,378,857
Other comprehensive loss					
Loss from investments in equity instruments		-	(155)	-	(155)
Total comprehensive income (loss) for the period		-	(155)	15,378,857	15,378,702
Dividend distribution	14	-	-	(23,364,925)	(23,364,925)
Balance as at 30 June 2023		81,530,200	93,749	270,205,947	351,829,896

<i>(unaudited)</i>		Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2024		81,530,200	34,408	296,756,256	378,320,864
Profit for the period		-	-	9,872,581	9,872,581
Other comprehensive income					
Gain from investments in equity instruments		-	52	-	52
Total comprehensive income for the period		-	52	9,872,581	9,872,633
Dividend distribution	14	-	-	(10,478,261)	(10,478,261)
Balance as at 30 June 2024		81,530,200	34,460	296,150,576	377,715,236

in 000 RSD

Interim Condensed Statement of Cash Flows⁷³

	Note	Six month period ended	
		2024	30 June 2023
		<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from operating activities			
Profit before income tax		11,962,888	18,048,668
Adjustments for:			
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
Operating cash flow before changes in working capital		24,627,183	27,959,073
Changes in working capital:			
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)
Total effect on working capital changes		(4,717,943)	(11,530,305)
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
Net cash generated / (used) by operating activities		16,037,713	(3,594,931)
Cash flows from investing activities			
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 ⁷⁴		(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)
Net cash (used) in investing activities		(1,962,866)	(42,820,661)
Cash flows from financing activities			
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)
Net cash generated / (used) in financing activities		2,738,563	(5,922,694)
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)
Cash and cash equivalents as of the beginning of the period		16,270,493	83,083,255
Cash and cash equivalents as of the end of the period	4	32,767,920	30,611,737

in 000 RSD

⁷³ Company's policy is to present cash flow inclusive of related VAT.

⁷⁴ CF from investing activities includes VAT in the amount of 2.9 bln RSD (2023: 1.33 bln RSD)

Notes to the Standalone Financial Statements⁷⁵

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 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 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, 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

⁷⁵ All amounts are in 000 RSD, unless otherwise stated.

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:

	Upstream	Downstream	Eliminations	Total
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
Adjusted EBITDA (Segment results)	19,523,637	4,907,740	-	24,431,377
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

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

	Upstream	Downstream	Eliminations	Total
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
Adjusted EBITDA (Segment results)	13,926,836	13,832,259	-	27,759,095
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:

	Three month period ended		Six month period ended	
	2024	30 June 2023	2024	30 June 2023
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)
Adjusted EBITDA	13,976,679	7,967,156	24,431,377	27,759,095

*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:

	Six month period ended	
	2024	30 June 2023
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
Total sales	188,214,534	176,843,743

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.

4. CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
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
	32,767,920	16,270,493

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

5. SHORT-TERM FINANCIAL ASSETS

	30 June 2024	31 December 2023
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>	(9,886,206)	(9,896,736)
	27,603,491	50,017,699

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

6. TRADE AND OTHER RECEIVABLES

	30 June 2024	31 December 2023
Trade receivables	54,435,506	52,053,320
Other receivables	102,179	95,494
<i>Less credit loss allowance for trade receivables</i>	(7,251,553)	(7,386,577)
<i>Less credit loss allowance for other receivables</i>	(29,752)	(30,583)
	47,256,380	44,731,654

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

	30 June 2024	31 December 2023
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>	(4,360,861)	(4,396,527)
	59,544,597	59,328,301

8. OTHER CURRENT ASSETS

	30 June 2024	31 December 2023
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>
	11,902,267	8,886,275

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.

9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2024						
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 30 June 2024						
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)
	135,152,962	97,537,473	26,028,538	6,979,559	26,525,829	292,224,361
As at 30 June 2024						
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)
Net book value	135,152,962	97,537,473	26,028,538	6,979,559	26,525,829	292,224,361

(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
As at 1 January 2024	1,426	800,397	173,626	1,832,624	2,808,073
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)
As at 30 June 2024	14,043	911,684	194,362	1,783,444	2,903,533

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
<i>Less Current portion of LT loans issued (note 5)</i>	(33,993,482)	(32,578,321)
<i>Less provision of LT financial assets</i>	(207,097)	(213,799)
	8,436,717	9,494,126

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
<i>Less allowance for other assets</i>	(284,538)	(284,068)
<i>Less allowance for advances paid</i>	(22,524)	(21,363)
	2,692,460	4,899,484

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
	16,439,048	14,623,831

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

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

14. TRADE AND OTHER PAYABLES

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

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

	30 June 2024	31 December 2023
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
	7,693,972	9,652,270

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

	30 June 2024	31 December 2023
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
	14,958,178	11,579,451

17. LONG-TERM DEBT

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

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

	Six month period ended	
	2024	30 June 2023
Long-term loans at 1 January	65,223,168	67,738,184
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)
Long-term loans at 30 June	67,804,934	63,977,353

(a) *Bank loans*

	30 June 2024	31 December 2023
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)
	55,720,236	54,462,085

The maturity of bank loans was as follows:

	30 June 2024	31 December 2023
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
	55,720,236	54,462,085

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

	30 June 2024	31 December 2023
USD	-	30,298
EUR	67,804,934	65,163,377
JPY	-	29,493
	67,804,934	65,223,168

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

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

Amounts recognized in profit and loss:

	Six month period ended	
	2024	30 June 2023
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:

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

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

	Three month period ended		Six month period ended	
	2024	30 June 2023	2024	30 June 2023
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
	8,990,376	10,344,461	17,726,975	23,325,413

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

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
	8,005,604	7,049,462	15,297,329	13,752,236

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)
	426,710	(6,987,717)	513,874	(7,143,383)

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)
	(153,662)	(61,355)	(296,623)	(109,752)

24. FINANCE INCOME

	Three month period ended		Six month period ended	
	30 June		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
	534,428	2,025,785	1,256,910	3,559,285

25. FINANCE EXPENSES

	Three month period ended		Six month period ended	
	30 June		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)
	941,580	826,336	1,866,959	1,603,162

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 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:

	Joint ventures, associates and parent's subsidiaries and		
As at 30 June 2024	Subsidiaries	Parent company	associates
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)	-	-
	55,119,512	(644,893)	(3,682,683)
As at 31 December 2023	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries and associates
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)	-	-
	56,839,777	-	465,775

For the six month period ended 30 June 2024 and 30 June 2023 the following transaction occurred with related parties:

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Six month period ended 30 June 2024			
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)
	11,272,681	-	(1,864,451)

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Six month period ended 30 June 2023			
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
	5,146,003	(3,446)	8,592,161

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.

Consolidated financial statements (unaudited)
Interim Condensed Consolidated Statement of Financial Position

Assets	Note	30 June 2024 (unaudited)	31 December 2023
Current assets			
Cash and cash equivalents	4	35,495,119	21,484,271
Short-term financial assets	5	190,375	32,639,879
Trade and other receivables	6	38,350,637	33,432,827
Inventories	7	69,109,434	67,680,808
Current income tax prepayments		9,445,747	7,470,959
Other current assets	8	14,597,063	11,171,402
Assets classified as held for sale		20,400	56,605
Total current assets		167,208,775	173,936,751
Non-current assets			
Property, plant and equipment	9	328,266,051	308,217,345
Right-of-use assets	10	4,076,342	3,728,750
Investment property		1,508,408	1,514,920
Goodwill and other intangible assets		5,845,473	5,406,024
Investments in associates and joint ventures		2,171,114	2,729,005
Trade and other non-current receivables		813,425	669,618
Long-term financial assets		105,078	262,005
Deferred tax assets		3,560,158	3,245,067
Other non-current assets	11	3,690,228	7,001,095
Total non-current assets		350,036,277	332,773,829
Total assets		517,245,052	506,710,580
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	12	12,335,425	11,824,846
Current lease liabilities	17	1,017,252	924,031
Trade and other payables	13	33,546,629	20,703,916
Other current liabilities	14	12,310,812	14,093,357
Current income tax payable		8	-
Other taxes payable	15	16,265,013	12,961,786
Provisions for liabilities and charges		1,274,548	2,712,762
Total current liabilities		76,749,687	63,220,698
Non-current liabilities			
Long-term debt	16	55,881,588	54,612,097
Non-current lease liabilities	17	2,912,931	3,010,984
Other non-current financial liabilities		838,044	838,937
Deferred tax liabilities		3,400	-
Long-term trade and other payables		2,865	2,868
Provisions for liabilities and charges		14,860,506	13,937,343
Total non-current liabilities		74,499,334	72,402,229
Equity			
Share capital		81,530,200	81,530,200
Reserves		747,073	694,603
Retained earnings		283,522,636	288,345,242
Equity attributable to the Company's owners		365,799,909	370,570,045
Non-controlling interest		196,122	517,608
Total equity		365,996,031	371,087,653
Total liabilities and shareholder's equity		517,245,052	506,710,580

in 000 RSD

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

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2024	2023	2024	2023
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales of petroleum products, oil and gas		105,981,006	83,819,614	187,489,515	170,180,353
Other revenues		6,030,099	7,164,932	10,913,418	16,679,365
Total revenue from sales	3	112,011,105	90,984,546	198,402,933	186,859,718
Purchases of oil, gas and petroleum products		(77,226,078)	(55,141,030)	(132,375,858)	(108,542,266)
Production, manufacturing and cost of other sales	18	(10,773,608)	(10,496,958)	(21,737,452)	(23,580,500)
Selling, general and administrative expenses	19	(8,625,521)	(7,476,809)	(16,825,824)	(14,795,329)
Transportation expenses		(417,594)	(374,804)	(808,001)	(755,377)
Depreciation, depletion and amortization		(6,734,437)	(6,128,511)	(13,259,836)	(12,405,006)
Taxes other than income tax		(2,140,153)	(1,893,169)	(4,202,662)	(3,745,925)
Exploration expenses		-	-	(187)	-
Total operating expenses		(105,917,391)	(81,511,281)	(189,209,820)	(163,824,403)
Other income/(expenses), net	20	63,653	(7,093,172)	244,943	(7,357,890)
Operating profit		6,157,367	2,380,093	9,438,056	15,677,425
Share of loss of associates and joint ventures		(444,597)	(223,475)	(557,892)	(102,340)
Net foreign exchange loss	21	(242,092)	(163,897)	(456,007)	(210,805)
Finance income	22	351,739	1,283,461	962,361	2,672,576
Finance expenses	23	(889,676)	(830,402)	(1,812,695)	(1,601,414)
Total other (expense)/income		(1,224,626)	65,687	(1,864,233)	758,017
Profit before income tax		4,932,741	2,445,780	7,573,823	16,435,442
Current income tax expense		(1,532,430)	(579,194)	(2,551,342)	(3,109,201)
Deferred income tax income		152,072	163,019	311,688	396,808
Total income tax		(1,380,358)	(416,175)	(2,239,654)	(2,712,393)
Profit for the period		3,552,383	2,029,605	5,334,169	13,723,049
Other comprehensive income/(loss):					
Items that will not be reclassified to profit/(loss)					
Gain/(loss) from investments in equity instruments		-	(155)	52	(155)
Items that may be subsequently reclassified to profit					
Currency translation differences		42,954	46,645	52,418	62,074
Other comprehensive income for the period		42,954	46,490	52,470	61,919
Total comprehensive income for the period		3,595,337	2,076,095	5,386,639	13,784,968
Profit/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		3,785,688	2,029,605	5,655,655	13,723,049
- Non-controlling interest		(233,305)	-	(321,486)	-
Profit for the period		3,552,383	2,029,605	5,334,169	13,723,049
Total comprehensive income/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		3,828,642	2,076,095	5,708,125	13,784,968
- Non-controlling interest		(233,305)	-	(321,486)	-
Total comprehensive income for the period		3,595,337	2,076,095	5,386,639	13,784,968
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		23.22	12.45	34.68	84.16
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

in 000 RSD

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Six month period ended 30 June 2024 and 2023

<i>(unaudited)</i>	Note	Equity attributable to the Company's owners					Non-controlling interest	Total equity
		Share capital	Reserves	Retained earnings	Total			
Balance as at 1 January 2023		81,530,200	572,221	267,125,162	349,227,583	-	349,227,583	
Profit for the period		-	-	13,723,049	13,723,049	-	13,723,049	
Other comprehensive income/(loss)						-		
Loss from investments in equity instruments		-	(155)	-	(155)	-	(155)	
Currency translation differences		-	62,074	-	62,074	-	62,074	
Total comprehensive income for the period		-	61,919	13,723,049	13,784,968	-	13,784,968	
Dividend distribution	13	-	-	(23,364,925)	(23,364,925)	-	(23,364,925)	
Balance as at 30 June 2023		81,530,200	634,140	257,483,286	339,647,626	-	339,647,626	

<i>(unaudited)</i>	Note	Equity attributable to the Company's owners					Non-controlling interest	Total equity
		Share capital	Reserves	Retained earnings	Total			
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		-	-	5,655,655	5,655,655	(321,486)	5,334,169	
Other comprehensive income						-		
Gain from investments in equity instruments		-	52	-	52	-	52	
Currency translation differences		-	52,418	-	52,418	-	52,418	
Total comprehensive income/(loss) for the period		-	52,470	5,655,655	5,708,125	(321,486)	5,386,639	
Dividend distribution	13	-	-	(10,478,261)	(10,478,261)	-	(10,478,261)	
Balance as at 30 June 2024		81,530,200	747,073	283,522,636	365,799,909	196,122	365,996,031	

in 000 RSD

Interim Condensed Consolidated Statement of Cash Flows⁷⁶

	Note	Six month period ended	
		2024	30 June 2023
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before income tax		7,573,823	16,435,442
Adjustments for:			
Share of profit of associates and joint ventures		557,892	102,340
Finance expenses	23	1,812,695	1,601,414
Finance income	22	(962,361)	(2,672,576)
Unrealised foreign exchange (gain)/losses, net		459,614	(1,019,978)
Depreciation, depletion and amortization		13,259,836	12,405,006
Other non-cash items		2,557	366,614
Operating cash flow before changes in working capital		22,704,056	27,218,262
Changes in working capital:			
Trade and other receivables		(4,843,794)	6,407,737
Inventories		(1,091,753)	(2,284,833)
Other current assets		(3,514,184)	(1,706,363)
Trade payables and other current liabilities		(3,095,068)	(11,962,421)
Other taxes payable		3,302,655	(2,395,568)
Total effect on working capital changes		(9,242,144)	(11,941,448)
Income taxes paid		(4,538,962)	(21,085,859)
Interest paid		(1,554,202)	(1,260,054)
Interest received		2,476,247	2,287,462
		(3,616,917)	(20,058,451)
Net cash (used in)/generated by operating activities		9,844,995	(4,781,637)
Cash flows from investing activities			
Net cash inflow on acquisition of subsidiaries		-	568,307
Capital expenditures ⁷⁷		(27,704,738)	(12,788,981)
Proceeds from sale of property, plant and equipment		104,589	55,186
Bank deposits (proceeds)/repayment, net		31,059,893	(30,880,050)
Other inflow/(outflow)		(161,733)	10
Net cash (used in)/generated by investing activities		3,298,011	(43,045,528)
Cash flows from financing activities			
Proceeds from borrowings	12,16	5,958,328	820,000
Repayment of borrowings	12,16	(4,136,116)	(5,019,737)
Repayment of lease liabilities	17	(616,397)	(489,477)
Net cash (used in)/generated financing activities		1,205,815	(4,689,214)
Net increase/(decrease) in cash and cash equivalents		14,348,821	(52,516,379)
Effect of foreign exchange on cash and cash equivalents		(337,973)	(170,769)
Cash and cash equivalents as of the beginning of the period		21,484,271	88,131,045
Cash and cash equivalents as of the end of the period	4	35,495,119	35,443,897

in 000 RSD

⁷⁶ Group policy is to present cash flow inclusive of related VAT.

⁷⁷ CF from investing activities includes VAT in the amount of 3.53 bln RSD (2023: 1.46 bln RSD)

Notes to the Consolidated Financial Statements⁷⁸

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

2.3. 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 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 ultimately stabilise. Due to that during the first half 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,

⁷⁸ All amounts are in 000 RSD, unless otherwise stated.

inflation and market borrowing rate. In particular as of 30 June 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.

2.4. 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 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 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 six month period ended 30 June 2024 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	28,579,616	199,372,286	(29,548,969)	198,402,933
Intersegment	28,017,332	1,531,637	(29,548,969)	-
External	562,284	197,840,649	-	198,402,933
Adjusted EBITDA (Segment results)	20,351,206	2,429,353	-	22,780,559
Depreciation, depletion and amortization	(7,426,763)	(5,833,073)	-	(13,259,836)
Share of loss in associates and joint ventures	-	(557,892)	-	(557,892)
Net foreign exchange loss	(219,293)	(236,714)	-	(456,007)
Finance expenses, net	(270,523)	(579,811)	-	(850,334)
Income tax	(112,972)	(2,126,682)	-	(2,239,654)
Segment profit/(loss)	12,102,048	(6,767,879)	-	5,334,169

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	22,494,877	187,109,468	(22,744,627)	186,859,718
Intersegment	22,104,293	640,334	(22,744,627)	-
External	390,584	186,469,134	-	186,859,718
Adjusted EBITDA (Segment results)	14,535,122	13,928,706	-	28,463,828
Depreciation, depletion and amortization	(6,996,059)	(5,408,947)	-	(12,405,006)
Share of profit of associates and joint ventures	-	(102,340)	-	(102,340)
Net foreign exchange loss	(92,527)	(118,278)	-	(210,805)
Finance income (expenses), net	(190,869)	1,262,031	-	1,071,162
Income tax	(21,749)	(2,690,644)	-	(2,712,393)
Segment profit	7,103,062	6,619,987	-	13,723,049

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

	Three month period ended		Six month period ended	
	2024	30 June 2023	2024	30 June 2023
Profit for the period	3,552,383	2,029,605	5,334,169	13,723,049
Income tax	1,380,358	416,175	2,239,654	2,712,393
Finance expenses	889,676	830,402	1,812,695	1,601,414
Finance income	(351,739)	(1,283,461)	(962,361)	(2,672,576)
Depreciation, depletion and amortization	6,734,437	6,128,511	13,259,836	12,405,006
Share of loss of associates and joint ventures	444,597	223,475	557,892	102,340
Net foreign exchange loss	242,092	163,897	456,007	210,805
Other expenses/(income), net	(63,653)	7,093,172	(244,943)	7,357,890
Other non-operating expense/(income), net*	(21,090)	(7,017,071)	327,610	(6,976,493)
Adjusted EBITDA	12,807,061	8,584,705	22,780,559	28,463,828

*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 20)

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

	Six month period ended	
	2024	30 June 2023
Sale of crude oil	265,671	-
Sale of gas	133,701	91,087
<i>Wholesale activities</i>	133,701	91,087
Sale of petroleum products	177,779,980	170,089,266
<i>Through a retail network</i>	61,331,112	58,070,647
<i>Wholesale activities</i>	116,448,868	112,018,619
Sale of petrochemical products	9,310,163	-
Sale of electricity	485,528	7,527,339
Lease revenue	172,970	177,595
Other sales	10,254,920	8,974,431
Total sales	198,402,933	186,859,718

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 7,534,290 RSD (2023: 6,395,016 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.

4. CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Cash in bank and in hand	12,116,450	11,739,845
Deposits with original maturity of less than three months	23,372,686	9,734,451
Cash held on escrow account	252	4,729
Cash equivalents	5,731	5,246
	35,495,119	21,484,271

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

5. SHORT-TERM FINANCIAL ASSETS

	30 June 2024	31 December 2023
Short-term loans	37,303	34,215
Deposits with original maturity more than 3 months less than 1 year	155,252	32,607,844
<i>Less impairment loss provision</i>	(2,180)	(2,180)
	190,375	32,639,879

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

6. TRADE AND OTHER RECEIVABLES

	30 June 2024	31 December 2023
Trade receivables	45,873,830	41,111,337
Other receivables	86,476	83,048
<i>Less credit loss allowance for trade receivables</i>	(7,579,917)	(7,730,975)
<i>Less credit loss allowance for other receivables</i>	(29,752)	(30,583)
	38,350,637	33,432,827

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

	30 June 2024	31 December 2023
Crude oil	33,849,851	32,398,731
Gas	195,642	-
Petroleum products	28,814,329	29,073,971
Materials and supplies	10,064,851	10,338,729
Other	1,500,237	1,622,606
<i>Less impairment provision</i>	(5,315,476)	(5,753,229)
	69,109,434	67,680,808

8. OTHER CURRENT ASSETS

	30 June 2024	31 December 2023
Advances paid	3,376,576	1,801,551
VAT receivables	662,557	667,468
Deferred VAT	5,332,958	3,450,155
Prepaid expenses	706,895	334,025
Prepaid custom duties	78,780	68,247
Prepaid excise	3,911,511	4,305,367
Other current assets	8,054,971	8,074,069
<i>Less impairment provision</i>	<i>(7,527,185)</i>	<i>(7,529,480)</i>
	14,597,063	11,171,402

Deferred VAT as at 30 June 2024 amounting to 5,332,958 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 30 June 2024 amounting to 3,911,511 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.

9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2024						
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)
Net book value	142,058,422	88,122,540	36,723,414	7,580,227	33,732,742	308,217,345
Period ended 30 June 2024						
Additions	9,651,410	16,043,330	1,616,279	374,783	4,502,247	32,188,049
Changes in decommissioning obligations	337,359	-	-	-	-	337,359
Impairment	-	-	-	-	(5,021)	(5,021)
Depreciation	(7,090,794)	(3,979,249)	(1,245,384)	(243,980)	-	(12,559,407)
Transfer from investment property	-	-	6,565	-	-	6,565
Transfer from non-current assets held for sale	-	-	-	11,935	-	11,935
Disposals and write-off	(15,811)	(3,489)	(52,907)	(15,865)	(187)	(88,259)
Other transfers	6,372	(4,746)	9,392	(11,017)	206,414	206,415
Translation differences	(11,803)	-	(15,919)	-	(21,208)	(48,930)
	144,935,155	100,178,386	37,041,440	7,696,083	38,414,987	328,266,051
As at 30 June 2024						
Cost	262,563,934	192,139,944	79,248,109	17,970,228	41,117,009	593,039,224
Depreciation and impairment	(117,628,779)	(91,961,558)	(42,206,669)	(10,274,145)	(2,702,022)	(264,773,173)
Net book value	144,935,155	100,178,386	37,041,440	7,696,083	38,414,987	328,266,051

10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets the six months ended 30 June 2024 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2024	108,780	1,344,646	229,288	2,046,036	3,728,750
Additions	13,794	140,232	127,840	670,476	952,342
Depreciation	(4,673)	(122,139)	(73,414)	(179,395)	(379,621)
Transfers	-	(5,963)	-	-	(5,963)
Disposals	-	-	(1,549)	(216,581)	(218,130)
Foreign currency translation	(308)	(635)	(64)	(29)	(1,036)
As at 30 June 2024	117,593	1,356,141	282,101	2,320,507	4,076,342

11. OTHER NON-CURRENT ASSETS

	30 June 2024	31 December 2023
Advances paid for PPE	3,394,895	6,749,277
Prepaid expenses	90,046	104,566
Other assets	909,444	952,700
<i>Less allowance of other assets</i>	(288,018)	(287,549)
<i>Less allowance for advances paid</i>	(416,139)	(517,899)
	3,690,228	7,001,095

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

	30 June 2024	31 December 2023
Short-term loans	-	820,000
Interest liabilities	250,727	243,592
Other short-term financial liabilities	-	171
Current portion of long-term loans (note 16)	12,084,698	10,761,083
	12,335,425	11,824,846

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

	Six month period ended	
	30 June 2024	30 June 2023
Short-term loans at 1 January	820,000	1,308,145
Proceeds	-	820,000
Repayment	(820,000)	(1,308,427)
Foreign exchange difference (note 21)	-	282
Short-term loans at 30 June	-	820,000

13. TRADE AND OTHER PAYABLES

	30 June 2024	31 December 2023
Trade payables	19,233,485	16,880,398
Dividends payable	14,261,722	3,783,595
Other accounts payable	51,422	39,923
	33,546,629	20,703,916

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.

14. OTHER CURRENT LIABILITIES

	30 June 2024	31 December 2023
Contract liabilities arising from contracts with customers:		
Advances received	4,092,777	5,136,000
Customer loyalty	1,029,781	926,279
Deferred income	106,510	88,916
Payables to employees	4,961,221	6,008,721
Other current non-financial liabilities	2,120,523	1,933,441
	12,310,812	14,093,357

Revenue in the amount of 4,567,523 RSD was recognized in the current reporting period (30 June 2023: 6,853,640 RSD) related to the contract liabilities as at 1 January 2024, of which 4,202,440 RSD (30 June 2023: 6,500,666 RSD) related to advances and 365,083 RSD (30 June 2023: 352,974 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 1,850,047 RSD (31 December 2023: 1,828,202 RSD) .

15. OTHER TAXES PAYABLE

	30 June 2024	31 December 2023
Mineral extraction tax	471,553	483,058
VAT	4,326,620	1,771,559
Excise tax	8,792,699	8,264,105
Contribution for State commodity reserves	615,026	625,507
Custom duties	147,528	61,075
Energy efficiency fee	65,628	73,968
Other taxes	1,845,959	1,682,514
	16,265,013	12,961,786

16. LONG-TERM DEBT

	30 June 2024	31 December 2023
Bank loans	67,804,934	65,223,168
Other long-term borrowings	161,352	150,012
Less Current portion (note 12)	(12,084,698)	(10,761,083)
	55,881,588	54,612,097

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

	Six month period ended	
	2024	30 June 2023
Long-term loans at 1 January	65,223,168	67,738,184
Proceeds	5,958,328	-
Repayment	(3,316,116)	(3,711,310)
Non-cash transactions	7,930	39,874
Foreign exchange difference (note 21)	(68,376)	(89,391)
Long-term loans at 30 June	67,804,934	63,977,357

(b) *Bank loans*

	30 June 2024	31 December 2023
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)
	55,720,236	54,462,085

The maturity of bank loans was as follows:

	30 June 2024	31 December 2023
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
	55,720,236	54,462,085

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

	30 June 2024	31 December 2023
USD	-	30,298
EUR	67,804,934	65,163,377
JPY	-	29,493
	67,804,934	65,223,168

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. 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 30 June 2024 and 31 December 2023, respectively.

17. LEASE LIABILITIES

	30 June 2024	31 December 2023
Non-current lease liabilities	2,912,931	3,010,984
Current lease liabilities	1,017,252	924,031
	3,930,183	3,935,015

Amounts recognized in profit and loss:

	Six month period ended	
	2024	30 June 2023
Interest expense (included in finance cost) (note 23)	85,603	61,766
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	92,332	45,332
Expense relating to leases of low value assets that are not shown above as short-term leases	52,190	35,019
Expense relating to variable lease payments not included in lease liabilities	1,267,213	1,153,267

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

	Six month period ended	
	2024	30 June 2023
As at 1 January	3,935,015	3,149,589
Repayment	(616,397)	(489,477)
Company incoming to consolidation	-	883,328
Non-cash transactions	615,520	261,990
Foreign exchange difference (note 21)	(3,955)	(9,961)
As at 30 June	3,930,183	3,795,469

18. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended		Six month period ended	
	2024	30 June 2023	2024	30 June 2023
Employee costs	3,626,627	2,682,092	6,808,886	5,186,689
Materials and supplies (other than O&G and petroleum products)	844,542	780,900	1,776,981	1,549,266
Repair and maintenance services	2,124,783	819,907	3,192,725	1,540,643
Electricity for resale	11,663	1,900,526	37,061	6,806,989
Electricity and utilities	3,572,016	2,281,833	8,142,412	4,932,193
Safety and security expense	63,130	134,444	87,992	277,332
Transportation services for production	173,787	150,802	342,130	306,565
Other	357,060	1,746,454	1,349,265	2,980,823
	10,773,608	10,496,958	21,737,452	23,580,500

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

19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended		Six month period ended	
	2024	30 June 2023	2024	30 June 2023
Employee costs	5,782,070	4,878,178	11,241,751	9,646,760
Commission and agency fees	180,362	178,737	361,233	386,645
Legal, audit and consulting services	210,337	173,450	386,501	389,202
Current repair cost	365,352	312,614	688,809	624,830
Costs on advertising and marketing	113,081	121,177	190,846	172,378
Rent expense	34,042	19,775	73,292	35,755
Business trips expense	101,368	68,412	172,704	105,296
Safety and security expense	293,520	225,903	547,828	459,913
Insurance expense	35,794	21,669	72,499	48,633
Transportation and storage	80,946	58,796	164,366	113,307
Allowance for doubtful accounts	(114,995)	(792)	(130,401)	4,602
Other	1,543,644	1,418,890	3,056,396	2,808,008
	8,625,521	7,476,809	16,825,824	14,795,329

21. OTHER INCOME/(EXPENSES), NET

	Three month period ended		Six month period ended	
	30 June		30 June	
	2024	2023	2024	2023
Penalties	149,709	44,969	277,225	99,574
Provisions (legal, environmental, etc.)	(131,922)	(101,218)	(254,189)	(202,278)
Impairment (reversal) of non-financial assets	(6,588)	(5,484)	(6,621)	(13,002)
Gain from write-off of accounts payable	60,307	3,428	209,544	4,757
Charity and social payments	(11,839)	(7,047,444)	(18,250)	(7,066,980)
Other	3,986	12,577	37,234	(179,961)
	63,653	(7,093,172)	244,943	(7,357,890)

Charity and social payments amounting to 18,250 RSD (2023: 7,066,980 RSD) mainly relate to donations for support projects in the field of education, social and health care.

22. NET FOREIGN EXCHANGE LOSS

	Three month period ended		Six month period ended	
	30 June		30 June	
	2024	2023	2024	2023
Foreign exchange gain/(loss) on financing activities including:				
foreign exchange gain (note 12, 16 and 17)	55,975	159,436	107,249	212,316
foreign exchange loss (note 12, 16 and 17)	(3,269)	(83,944)	(34,918)	(113,246)
Net foreign exchange loss on operating activities	(294,798)	(239,389)	(528,338)	(309,875)
	(242,092)	(163,897)	(456,007)	(210,805)

23. FINANCE INCOME

	Three month period ended		Six month period ended	
	30 June		30 June	
	2024	2023	2024	2023
Interest on bank deposits	349,033	1,281,100	957,344	2,667,536
Interest income on loans issued	2,706	2,361	5,017	5,040
	351,739	1,283,461	962,361	2,672,576

24. FINANCE EXPENSES

	Three month period ended		Six month period ended	
	30 June		30 June	
	2024	2023	2024	2023
Interest expense	853,064	777,709	1,754,645	1,479,086
Losses on restructuring of borrowings	3,855	5,315	7,930	11,211
Decommissioning provision: unwinding of the present value discount	39,660	36,772	74,915	73,127
Provision of trade and other non-current receivables: discount	14,393	28,949	15,697	68,960
Less: amounts capitalised on qualifying assets	(21,296)	(18,343)	(40,492)	(30,970)
	889,676	830,402	1,812,695	1,601,414

Interest expense includes expenses on lease liabilities in the amount of 85,603 RSD for the six months ended 30 June 2024 (61,766 RSD for the six months ended 30 June 2023 accordingly) (Note 17).

25. 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 30 June 2024 the carrying value of financial assets approximates their fair value.

26. 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 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 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 451,844 RSD (31 December 2023: 466,555 RSD).

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 30 June 2024 the Group has entered into contracts to purchase property, plant and equipment 2,353,686 RSD (31 December 2023: 2,861,058 RSD) and drilling and exploration works estimated to 89.94 USD million (31 December 2022: 89.78 USD million).

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

27. 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 six month period ended 30 June 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 30 June 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
As at 30 June 2024			
Short-term financial assets	-	35,284	-
Trade and other receivables	-	282,484	52,619
Investments in joint venture and associates	-	-	2,171,113
Trade and other non-current receivables	-	-	813,425
Other current assets	-	31,110	805,356
Trade and other payables	(644,893)	(5,353,047)	(309,016)
Other current liabilities	-	(117)	(388)
	(644,893)	(5,004,286)	3,533,109
As at 31 December 2023			
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)
	-	180,708	2,815,172

For the six month period ended 30 June 2024 and 2023 the following transaction occurred with related parties:

	Parent	Parent's subsidiaries and associates	Associates and joint venture
Six month period ended 30 June 2024			
Revenues from sales of products and services	-	72,107	121,941
Expenses based on procurement of products and services	-	(381,621)	(1,608,803)
Other income/(expenses), net	-	1,827	(17,249)
	-	(307,687)	(1,504,111)
Six month period ended 30 June 2023			
Revenues from sales of products and services	-	436,060	15,435,349
Expenses based on procurement of products and services	(3,446)	(789,076)	(6,935,625)
Other income/(expenses), net	-	(45,026)	1,333
	(3,446)	(398,042)	8,501,057

28. EVENTS AFTER THE REPORTING DATE

There are no material events after the reporting date.

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

Statement of individuals responsible for the preparation of report

We hereby declare that, to the best of our knowledge, the quarterly report has been prepared in accordance with applicable accounting standards and that it provides a true and objective overview of data on assets, liabilities, profits and losses, revenues and expenditures, the financial position of the Company, including all companies included in the group with which it forms an economic entity, and that the quarterly management report contains an objective overview of the information required in accordance with the Law on the Capital Market.

The financial statements, which are an integral part of the Quarterly Report, have not been audited.

Anton Cherepanov



Deputy CEO,
Head of Function for Finance, Economics,
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Glossary

Abbreviation	Meaning
3D	Three-dimensional
2D	Two-dimensional
a.d.o.	Insurance joint stock company
B&H	Bosnia and Herzegovina
bn	billion
BoD	Board of Directors
BV	Book Value
CAPEX	Capital Expenditures
CCPP	Combined-Cycle Power Plant
CNG	Compressed natural gas
CO ₂	Carbon Dioxide
DWS	Downstream
EBITDA	Earnings before interest, Taxes, depreciation and amortisation
e.o.o.d.	Solely owned limited liability company (in Bulgaria)
EPS	Earnings per share
ETBE	Ethyl tertiary-butyl ether
EU	European Union
EUR	Euro
FED	The Federal Reserve System
HiPACT	High Pressure Acid Gas Capture Technology
HR	Human Resources
HSE	Health, Safety and the Environment
IRMS	Integrated Risk Management System
ISCC	International Sustainability & Carbon Certification
IT	Information Technology
j.s.c. or JSC	Joint Stock Company
km	kilometre
LLC or llc	Limited Liability Company
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency
m ²	Square meter
m ³	Cubic meter
MW	Megawatt, SI unit of electricity
OECD	The Organization for Economic Cooperation and Development
OCF	Operating Cash Flow
OPEC	Organization of the Petroleum Exporting Countries
OPEX	Operational Expenditure
PJSC	Public Joint Stock Company
POS	Point of sale
P/BV	Price/Book Value
P/E	Price/EPS
RSD	Serbian Dinar
SNNP	Sa nama na putu cart (On the road with us card)
s.r.l.	Limited liability company (in Romania)
STC	Scientific and Technological Centre
t.o.e.	Tonnes of oil equivalent
USD	US dollar
USD/bbl	US dollars per barrel
VAT	Value Added Tax

The Report contains statements on uncertain future events. Statements on uncertain future events involve statements which are not historical facts, statements with regard to the NIS Group's intentions, beliefs or current expectations related to, inter alia, the NIS Group's business results, financial standing and liquidity, prospects, growth, strategies and industrial sectors in which the NIS Group does business. For the reason that they relate to the events and depend on the circumstances which may or may not realize in the future, statements on uncertain future events by their nature involve risks and uncertainty, including, but without limitation to risks and uncertainties that the NIS Group has identified in other publicly available documents. NIS Group hereby warns that there are no guarantees that the statements on uncertain future events will be realized in the future and that actual business results, financial standing and liquidity, as well as the development of the industrial sector in which the NIS Group does business, may considerably differ from the ones represented or assumed by statements on uncertain future events. In addition, even if the NIS Group's business results, its financial standing and liquidity, and the development of the industrial sector in which the NIS Group does business happen to comply with the statements on uncertain future events contained herein, the results and development are not indicative of the results and development in upcoming periods. The information contained herein has been presented on the date of the Report and may be changed without prior announcement.