



Naftna industrija Srbije A.D.

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

30 September 2024

This version of the financial statements is a translation from the original, which is prepared in Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original Serbian language version of the document takes precedence over this translation

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

Assets	Note	30 September 2024	31 December 2023
		<i>(unaudited)</i>	
Current assets			
Cash and cash equivalents	4	40,400,523	21,484,271
Short-term financial assets	5	186,036	32,639,879
Trade and other receivables	6	33,655,297	33,432,827
Inventories	7	69,501,702	67,680,808
Current income tax prepayments		8,279,173	7,470,959
Other current assets	8	16,427,151	11,171,402
Assets classified as held for sale		20,346	56,605
Total current assets		168,470,228	173,936,751
Non-current assets			
Property, plant and equipment	9	331,910,240	308,217,345
Right-of-use assets	10	3,972,232	3,728,750
Investment property		1,522,399	1,514,920
Goodwill and other intangible assets		5,814,222	5,406,024
Investments in associates and joint ventures		2,187,950	2,729,005
Trade and other non-current receivables		813,669	669,618
Long-term financial assets		104,799	262,005
Deferred tax assets		3,680,574	3,245,067
Other non-current assets	11	3,243,015	7,001,095
Total non-current assets		353,249,100	332,773,829
Total assets		521,719,328	506,710,580
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	12	8,712,722	11,824,846
Current lease liabilities	17	966,059	924,031
Trade and other payables	13	34,331,997	20,703,916
Other current liabilities	14	12,818,759	14,093,357
Current income tax payable		6,053	-
Other taxes payable	15	16,108,522	12,961,786
Provisions for liabilities and charges		1,247,249	2,712,762
Total current liabilities		74,191,361	63,220,698
Non-current liabilities			
Long-term debt	16	60,141,081	54,612,097
Non-current lease liabilities	17	2,758,874	3,010,984
Other non-current financial liabilities		838,295	838,937
Deferred tax liabilities		3,401	-
Long-term trade and other payables		2,866	2,868
Provisions for liabilities and charges		15,091,580	13,937,343
Total non-current liabilities		78,836,097	72,402,229
Equity			
Share capital		81,530,200	81,530,200
Reserves		725,614	694,603
Retained earnings		286,425,141	288,345,242
Equity attributable to the Company's owners		368,680,955	370,570,045
Non-controlling interest		10,915	517,608
Total equity		368,691,870	371,087,653
Total liabilities and shareholder's equity		521,719,328	506,710,580



Kirill Tyurdeney
Chief Executive Officer
25 October 2024




Anton Cherepanov
Chief Financial Officer

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

NIS Group
Interim Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income
(All amounts are in 000 RSD, unless otherwise stated)

		Three month period ended 30 September		Nine month period ended 30 September	
	Note	2024	2023	2024	2023
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales of petroleum products, oil and gas		99,680,892	101,580,407	287,170,407	271,760,760
Other revenues		6,527,995	15,647,544	17,441,413	32,326,909
Total revenue from sales	3	106,208,887	117,227,951	304,611,820	304,087,669
Purchases of oil, gas and petroleum products		(70,515,270)	(64,316,893)	(202,891,128)	(172,859,159)
Production, manufacturing and cost of other sales	18	(12,672,248)	(14,636,082)	(34,409,700)	(38,216,582)
Selling, general and administrative expenses	19	(8,661,143)	(7,825,253)	(25,486,967)	(22,620,582)
Transportation expenses		(484,003)	(447,527)	(1,292,004)	(1,202,904)
Depreciation, depletion and amortization		(7,180,437)	(6,174,042)	(20,440,273)	(18,579,048)
Taxes other than income tax		(2,391,833)	(2,026,741)	(6,594,495)	(5,772,666)
Exploration expenses		-	(322)	(187)	(322)
Total operating expenses		(101,904,934)	(95,426,860)	(291,114,754)	(259,251,263)
Other income/(expenses), net	20	115,781	(119,328)	360,724	(7,477,218)
Operating profit		4,419,734	21,681,763	13,857,790	37,359,188
Share of gain / loss of associates and joint ventures		16,837	(67,880)	(541,055)	(170,220)
Net foreign exchange loss	21	(160,687)	(138,736)	(616,694)	(349,541)
Finance income	22	507,304	1,041,395	1,469,665	3,713,971
Finance expenses	23	(979,741)	(848,949)	(2,792,436)	(2,450,363)
Total other (expense)/income		(616,287)	(14,170)	(2,480,520)	743,847
Profit before income tax		3,803,447	21,667,593	11,377,270	38,103,035
Current income tax expense		(1,209,023)	(3,783,809)	(3,760,365)	(6,893,010)
Deferred income tax income		120,416	163,352	432,104	560,160
Total income tax		(1,088,607)	(3,620,457)	(3,328,261)	(6,332,850)
Profit for the period		2,714,840	18,047,136	8,049,009	31,770,185
Other comprehensive income/(loss):					
Items that will not be reclassified to profit					
Gain on remeasurements of defined benefit plans		2,458	-	2,458	-
Gain from investments in equity instruments		-	8,431	52	8,276
Revaluation of property, plant and equipment transferred to investment property		3,160	-	3,160	-
Items that may be subsequently reclassified to profit/(loss)					
Currency translation differences		(24,619)	22,009	27,799	84,083
Other comprehensive income/(loss) for the period		(19,001)	30,440	33,469	92,359
Total comprehensive income for the period		2,695,839	18,077,576	8,082,478	31,862,544
Profit/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		2,900,047	18,301,844	8,555,702	32,024,893
- Non-controlling interest		(185,207)	(254,708)	(506,693)	(254,708)
Profit for the period		2,714,840	18,047,136	8,049,009	31,770,185
Total comprehensive income/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		2,881,046	18,332,284	8,589,171	32,117,252
- Non-controlling interest		(185,207)	(254,708)	(506,693)	(254,708)
Total comprehensive income for the period		2,695,839	18,077,576	8,082,478	31,862,544
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		17.79	112.24	52.47	196.40
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

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

NIS Group

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Nine month period ended 30 September 2024 and 2023

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

(unaudited)

Balance as at 1 January 2023

Profit/(loss) for the period

Other comprehensive income

Gain from investments in equity instruments

Currency translation differences

Total comprehensive income/(loss) for the period

Dividend distribution

Disposal of investment in equity instruments

Balance as at 30 September 2023

Equity attributable to the Company's owners				Non-	Total
Share capital	Reserves	Retained earnings	Total	controlling interest	equity
81,530,200	572,221	267,125,162	349,227,583	-	349,227,583
-	-	32,024,893	32,024,893	(254,708)	31,770,185
-	8,276	-	8,276	-	8,276
-	84,083	-	84,083	-	84,083
-	92,359	32,024,893	32,117,252	(254,708)	31,862,544
-	-	(23,364,925)	(23,364,925)	-	(23,364,925)
-	33,846	(33,846)	-	-	-
81,530,200	698,426	275,751,284	357,979,910	(254,708)	357,725,202

(unaudited)

Balance as at 1 January 2024

Profit/(loss) for the period

Other comprehensive income

Gain from investments in equity instruments

Gain on remeasurements of defined benefit plans

Revaluation of property, plant and equipment transferred to investment property

Currency translation differences

Total comprehensive income/(loss) for the period

Dividend distribution

Balance as at 30 September 2024

Equity attributable to the Company's owners				Non-	Total
Share capital	Reserves	Retained earnings	Total	controlling interest	equity
81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653
-	-	8,555,702	8,555,702	(506,693)	8,049,009
-	52	-	52	-	52
-	-	2,458	2,458	-	2,458
-	3,160	-	3,160	-	3,160
-	27,799	-	27,799	-	27,799
-	31,011	8,558,160	8,589,171	(506,693)	8,082,478
-	-	(10,478,261)	(10,478,261)	-	(10,478,261)
81,530,200	725,614	286,425,141	368,680,955	10,915	368,691,870

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

NIS Group
Interim Condensed Consolidated Statement of Cash Flows¹

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

	Note	Nine month period ended 30 September	
		2024	2023
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit before income tax		11,377,270	38,103,035
Adjustments for:			
Share of loss of associates and joint ventures		541,055	170,220
Finance expenses	23	2,792,436	2,450,363
Finance income	22	(1,469,665)	(3,713,971)
Unrealised foreign exchange (gain)/losses, net		839,762	(854,449)
Depreciation, depletion and amortization		20,440,273	18,579,048
Other non-cash items		193,475	704,968
Operating cash flow before changes in working capital		34,714,606	55,439,214
Changes in working capital:			
Trade and other receivables		(116,904)	(1,126,619)
Inventories		(1,529,776)	6,558,562
Other current assets		(5,649,101)	(1,393,583)
Trade payables and other current liabilities		13,507,638	(17,407,335)
Other taxes payable		3,146,086	3,889,232
Total effect on working capital changes		9,357,943	(9,479,743)
Income taxes paid		(4,570,070)	(25,477,690)
Interest paid		(2,379,337)	(1,927,445)
Interest received		2,838,877	3,029,187
		(4,110,530)	(24,375,948)
Net cash generated by operating activities		39,962,019	21,583,523
Cash flows from investing activities			
Net cash inflow on acquisition of subsidiaries		-	568,307
Capital expenditures ²		(42,423,053)	(24,310,852)
Proceeds from sale of property, plant and equipment		111,623	69,483
Bank deposits (proceeds)/repayment, net		31,059,893	(24,353,824)
Other outflow		(161,714)	(14,999)
Net cash used in investing activities		(11,413,251)	(48,041,885)
Cash flows from financing activities			
Proceeds from borrowings	12,16	12,055,367	820,000
Repayment of borrowings	12,16	(9,565,902)	(5,614,589)
Repayment of lease liabilities	17	(898,433)	(744,118)
Dividends paid		(10,478,261)	(23,364,925)
Net cash used in financing activities		(8,887,229)	(28,903,632)
Net increase/(decrease) in cash and cash equivalents		19,661,539	(55,361,994)
Effect of foreign exchange on cash and cash equivalents		(745,287)	(214,222)
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	40,400,523	32,554,829

¹ Group policy is to present cash flow inclusive of related VAT.

² CF from investing activities includes VAT in the amount of 5.43 bln RSD (2023: 2.77 bln RSD)

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

1. GENERAL INFORMATION

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

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

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

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

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

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

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

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

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024

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

to that during the third quarter 2024 the Group didn't review the critical accounting estimates which are used by the Group in the Interim Condensed Consolidated Financial Statements preparation and which are assessed based on oil prices forecasts, inflation and market borrowing rate. In particular as of 30 September 2024 the Group didn't review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing.

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

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

2.2. Changes in significant accounting policies

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

3. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the nine month period ended 30 September 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 nine month period ended 30 September 2024 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	42,551,395	306,143,048	(44,082,623)	304,611,820
Intersegment	41,699,577	2,383,046	(44,082,623)	-
External	851,818	303,760,002	-	304,611,820
Adjusted EBITDA (Segment results)	29,754,666	4,741,281	-	34,495,947
Depreciation, depletion and amortization	(11,177,645)	(9,262,628)	-	(20,440,273)
Share of loss of associates and joint ventures	-	(541,055)	-	(541,055)
Net foreign exchange loss	(108,239)	(508,455)	-	(616,694)
Finance expenses, net	(432,994)	(889,777)	-	(1,322,771)
Income tax	(180,999)	(3,147,262)	-	(3,328,261)
Segment profit/(loss)	17,544,478	(9,495,469)	-	8,049,009

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024

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

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	36,411,547	304,506,054	(36,829,932)	304,087,669
Intersegment	35,857,296	972,636	(36,829,932)	-
External	554,251	303,533,418	-	304,087,669
Adjusted EBITDA (Segment results)	24,718,622	31,796,544	-	56,515,166
Depreciation, depletion and amortization	(10,608,328)	(7,970,720)	-	(18,579,048)
Share of loss in associates and joint ventures	-	(170,220)	-	(170,220)
Net foreign exchange loss	(241,971)	(107,570)	-	(349,541)
Finance income (expenses), net	(303,613)	1,567,221	-	1,263,608
Income tax	(70,516)	(6,262,334)	-	(6,332,850)
Segment profit	13,289,437	18,480,748	-	31,770,185

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Profit for the period	2,714,840	18,047,136	8,049,009	31,770,185
Income tax	1,088,607	3,620,457	3,328,261	6,332,850
Finance expenses	979,741	848,949	2,792,436	2,450,363
Finance income	(507,304)	(1,041,395)	(1,469,665)	(3,713,971)
Depreciation, depletion and amortization	7,180,437	6,174,042	20,440,273	18,579,048
Share of gain/(loss) of associates and joint ventures	(16,837)	67,880	541,055	170,220
Net foreign exchange loss	160,687	138,736	616,694	349,541
Other expenses/(income), net	(115,781)	119,328	(360,724)	7,477,218
Other non-operating expense/(income), net*	230,998	76,205	558,608	(6,900,288)
Adjusted EBITDA	11,715,388	28,051,338	34,495,947	56,515,166

*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:

	Nine month period ended 30 September	
	2024	2023
Sale of crude oil	265,671	-
Sale of gas	157,906	129,916
Wholesale activities	157,906	129,916
Sale of petroleum products	270,484,599	271,630,844
Through a retail network	93,511,290	93,726,358
Wholesale activities	176,973,309	177,904,486
Sale of petrochemical products	16,262,231	-
Sale of electricity	761,086	11,187,834
Lease revenue	271,145	282,327
Other sales	16,409,182	20,856,748
Total sales	304,611,820	304,087,669

Other sales in 2024 mainly relate to sales of non-fuel products at petrol stations in the amount of 12,196,731 RSD (2023: sales of non-fuel products at petrol stations 10,474,015 RSD and sales of petrochemical products 6,580,329 RSD).

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

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)***4. CASH AND CASH EQUIVALENTS**

	30 September 2024	31 December 2023
Cash in bank and in hand	17,748,068	11,739,845
Deposits with original maturity of less than three months	22,648,464	9,734,451
Cash held on escrow account	252	4,729
Cash equivalents	3,739	5,246
	40,400,523	21,484,271

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

5. SHORT-TERM FINANCIAL ASSETS

	30 September 2024	31 December 2023
Short-term loans	32,917	34,215
Deposits with original maturity more than 3 months less than 1 year	155,299	32,607,844
<i>Less impairment loss provision</i>	(2,180)	(2,180)
	186,036	32,639,879

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

6. TRADE AND OTHER RECEIVABLES

	30 September 2024	31 December 2023
Trade receivables	41,129,951	41,111,337
Other receivables	85,696	83,048
<i>Less credit loss allowance for trade receivables</i>	(7,532,827)	(7,730,975)
<i>Less credit loss allowance for other receivables</i>	(27,523)	(30,583)
	33,655,297	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 September 2024	31 December 2023
Crude oil	32,395,008	32,398,731
Gas	102,269	-
Petroleum products	30,806,360	29,073,971
Materials and supplies	10,081,617	10,338,729
Other	1,451,608	1,622,606
<i>Less impairment provision</i>	(5,335,160)	(5,753,229)
	69,501,702	67,680,808

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)***8. OTHER CURRENT ASSETS**

	30 September 2024	31 December 2023
Advances paid	2,883,042	1,801,551
VAT receivables	597,493	667,468
Deferred VAT	4,742,484	3,450,155
Prepaid expenses	576,639	334,025
Prepaid custom duties	76,645	68,247
Prepaid excise	6,831,675	4,305,367
Other current assets	8,246,854	8,074,069
<i>Less impairment provision</i>	<i>(7,527,681)</i>	<i>(7,529,480)</i>
	16,427,151	11,171,402

Deferred VAT as at 30 September 2024 amounting to 4,742,484 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 September 2024 amounting to 6,831,675 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.

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Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024
(All amounts are in 000 RSD, unless otherwise stated)
9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
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 September 2024						
Additions	17,312,102	17,516,527	2,521,096	461,561	4,928,446	42,739,732
Changes in decommissioning obligations	375,042	-	-	-	-	375,042
Impairment	-	(6,031)	-	(2,922)	(137)	(9,090)
Depreciation	(10,644,906)	(6,500,909)	(1,870,954)	(364,634)	-	(19,381,403)
Transfer to intangible assets	-	-	-	-	(280)	(280)
Transfer to / from investment property	(13)	-	2,313	(12,731)	-	(10,431)
Transfer from non-current assets held for sale	-	-	-	11,935	-	11,935
Disposals and write-off	(20,605)	(7,520)	(59,964)	(16,042)	(187)	(104,318)
Other transfers	(1,981)	(4,669)	18,598	(8,788)	98,217	101,377
Translation differences	(5,476)	-	(10,542)	-	(13,651)	(29,669)
	149,072,585	99,119,938	37,323,961	7,648,606	38,745,150	331,910,240
As at 30 September 2024						
Cost	270,507,750	193,734,922	80,051,444	18,035,421	41,226,047	603,555,584
Depreciation and impairment	(121,435,165)	(94,614,984)	(42,727,483)	(10,386,815)	(2,480,897)	(271,645,344)
Net book value	149,072,585	99,119,938	37,323,961	7,648,606	38,745,150	331,910,240

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024

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

10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets the nine months ended 30 September 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	140,005	167,797	724,490	1,046,086
Depreciation	(7,393)	(183,886)	(111,349)	(275,179)	(577,807)
Transfers	-	(5,963)	-	-	(5,963)
Disposals	-	-	(1,548)	(216,581)	(218,129)
Foreign currency translation	(177)	(468)	(37)	(23)	(705)
As at 30 September 2024	115,004	1,294,334	284,151	2,278,743	3,972,232

11. OTHER NON-CURRENT ASSETS

	30 September 2024	31 December 2023
Advances paid for PPE	2,832,724	6,749,277
Prepaid expenses	81,443	104,566
Other assets	906,346	952,700
Less allowance of other assets	(291,398)	(287,549)
Less allowance for advances paid	(286,100)	(517,899)
	3,243,015	7,001,095

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

	30 September 2024	31 December 2023
Short-term loans	-	820,000
Interest liabilities	307,580	243,592
Other short-term financial liabilities	-	171
Current portion of long-term loans (note 16)	8,405,142	10,761,083
	8,712,722	11,824,846

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

	Nine month period ended 30 September	
	2024	2023
Short-term loans at 1 January	820,000	1,308,145
Proceeds	-	820,000
Repayment	(820,000)	(1,307,680)
Foreign exchange difference (note 21)	-	(465)
Short-term loans at 30 September	-	820,000

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)***13. TRADE AND OTHER PAYABLES**

	30 September 2024	31 December 2023
Trade payables	30,507,846	16,880,398
Dividends payable	3,783,422	3,783,595
Other accounts payable	40,729	39,923
	34,331,997	20,703,916

As at 30 September 2024 trade payables amounting to 30,507,846 RSD (31 December 2023: 16,880,398 RSD) mainly relate to payables for crude oil in the amount of 13,559,853 RSD (31 December 2023: 0 RSD).

14. OTHER CURRENT LIABILITIES

	30 September 2024	31 December 2023
Contract liabilities arising from contracts with customers:		
- Advances received	4,036,735	5,136,000
- Customer loyalty	1,061,289	926,279
- Deferred income	106,739	88,916
Payables to employees	5,577,197	6,008,721
Other current non-financial liabilities	2,036,799	1,933,441
	12,818,759	14,093,357

Revenue in the amount of 5,127,589 RSD was recognized in the current reporting period (30 September 2023: 7,904,932 RSD) related to the contract liabilities as at 1 January 2024, of which 4,581,981 RSD (30 September 2023: 7,438,994 RSD) related to advances and 545,608 RSD (30 September 2023: 465,938 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 1,761,689 RSD (31 December 2023: 1,794,373 RSD) .

15. OTHER TAXES PAYABLE

	30 September 2024	31 December 2023
Mineral extraction tax	465,498	483,058
VAT	3,934,985	1,771,559
Excise tax	9,221,168	8,264,105
Contribution for State commodity reserves	355,445	625,507
Custom duties	120,551	61,075
Energy efficiency fee	42,523	73,968
Other taxes	1,968,352	1,682,514
	16,108,522	12,961,786

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)***16. LONG-TERM DEBT**

	30 September 2024	31 December 2023
Bank loans	68,378,781	65,223,168
Other long-term borrowings	167,442	150,012
Less Current portion (note 12)	(8,405,142)	(10,761,083)
	60,141,081	54,612,097

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

	Nine month period ended 30 September	
	2024	2023
Long-term loans at 1 January	65,223,168	67,738,184
Proceeds	12,055,367	-
Repayment	(8,745,902)	(4,306,909)
Non-cash transactions	(106,152)	15,946
Foreign exchange difference (note 21)	(47,700)	(75,400)
Long-term loans at 30 September	68,378,781	63,371,821

Bank loans

	30 September 2024	31 December 2023
Domestic	52,160,163	48,366,114
Foreign	16,218,618	16,857,054
	68,378,781	65,223,168
Current portion of long-term loans	(8,405,142)	(10,761,083)
	59,973,639	54,462,085

The maturity of bank loans was as follows:

	30 September 2024	31 December 2023
Between 1 and 2 years	31,738,004	7,632,523
Between 2 and 5 years	27,319,802	45,494,977
Over 5 years	915,833	1,334,585
	59,973,639	54,462,085

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

	30 September 2024	31 December 2023
USD	-	30,298
EUR	68,378,781	65,163,377
JPY	-	29,493
	68,378,781	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 September 2024 and 31 December 2023, respectively.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)***17. LEASE LIABILITIES**

	30 September 2024	31 December 2023
Non-current lease liabilities	2,758,874	3,010,984
Current lease liabilities	966,059	924,031
	3,724,933	3,935,015

Amounts recognized in profit and loss:

	Nine month period ended 30 September	
	2024	2023
Interest expense (included in finance cost) (note 23)	126,674	113,878
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	141,579	84,917
Expense relating to leases of low value assets that are not shown above as short-term leases	75,197	39,060
Expense relating to variable lease payments not included in lease liabilities	1,848,114	1,708,361

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

	Nine month period ended 30 September	
	2024	2023
As at 1 January	3,935,015	3,149,589
Repayment	(898,433)	(744,118)
Company incoming to consolidation	-	883,328
Non-cash transactions	693,872	547,374
Foreign exchange difference (note 21)	(5,521)	(12,860)
As at 30 September	3,724,933	3,823,313

18. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Employee costs	3,630,518	3,205,304	10,439,404	8,391,993
Materials and supplies (other than O&G and petroleum products)	947,857	960,505	2,724,838	2,509,771
Repair and maintenance services	1,371,188	1,117,788	4,563,913	2,658,431
Electricity for resale	36,811	3,310,747	73,872	10,117,736
Electricity and utilities	4,189,297	3,816,672	12,331,709	8,748,865
Safety and security expense	160,187	96,254	248,179	373,586
Transportation services for production	142,916	250,795	485,046	557,360
Other	2,193,474	1,878,017	3,542,739	4,858,840
	12,672,248	14,636,082	34,409,700	38,216,582

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

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)***19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Employee costs	5,781,306	5,091,244	17,023,057	14,738,004
Commission and agency fees	188,781	178,369	550,014	565,014
Legal, audit and consulting services	224,913	189,244	611,414	578,446
Current repair cost	372,239	333,934	1,061,048	958,764
Costs on advertising and marketing	113,985	104,394	304,831	276,772
Rent expense	30,507	12,925	103,799	48,680
Business trips expense	114,649	93,171	287,353	198,467
Safety and security expense	323,179	229,662	871,007	689,575
Insurance expense	32,882	29,539	105,381	78,172
Transportation and storage	65,148	67,182	229,514	180,489
Allowance for doubtful accounts	(161,935)	17,235	(292,336)	21,837
Other	1,575,489	1,478,354	4,631,885	4,286,362
	8,661,143	7,825,253	25,486,967	22,620,582

20. OTHER INCOME/(EXPENSES), NET

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Penalties	154,507	37,168	431,732	136,742
Provisions (legal, environmental, etc.)	(143,808)	(90,668)	(397,997)	(292,946)
Impairment (reversal) of non-financial assets	(15,867)	(12,955)	(22,488)	(25,957)
Gain from write-off of accounts payable	46,743	761	256,287	5,518
ARO - Change in estimate	-	5,193	-	5,193
Charity and social payments	(6,755)	(3,845)	(25,005)	(7,070,825)
Other	80,961	(54,982)	118,195	(234,943)
	115,781	(119,328)	360,724	(7,477,218)

Charity and social payments amounting to 25,005 RSD (2023: 7,070,825 RSD) mainly relate to donations for support projects in the field of education, social and health care.

21. NET FOREIGN EXCHANGE LOSS

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Foreign exchange gain/(loss) on financing activities including:				
- foreign exchange gain (note 12, 16 and 17)	143,897	71,737	251,146	284,053
- foreign exchange loss (note 12, 16 and 17)	(163,007)	(82,082)	(197,925)	(195,328)
Net foreign exchange loss on operating activities	(141,577)	(128,391)	(669,915)	(438,266)
	(160,687)	(138,736)	(616,694)	(349,541)

22. FINANCE INCOME

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Interest on bank deposits	386,253	1,037,799	1,343,597	3,705,335
Interest income on loans issued	3,255	3,596	8,272	8,636
Gains on restructuring of borrowings	117,796	-	117,796	-
	507,304	1,041,395	1,469,665	3,713,971

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)***23. FINANCE EXPENSES**

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Interest expense	967,258	820,544	2,721,903	2,299,629
Losses on restructuring of borrowings	3,713	4,821	11,643	16,032
Decommissioning provision: unwinding of the present value discount	39,215	38,705	114,130	111,832
Provision of trade and other non-current receivables: discount	(6,775)	1,584	8,922	70,544
<i>Less: amounts capitalised on qualifying assets</i>	<i>(23,670)</i>	<i>(16,705)</i>	<i>(64,162)</i>	<i>(47,674)</i>
	979,741	848,949	2,792,436	2,450,363

Interest expense includes expenses on lease liabilities in the amount of 126,674 RSD for the nine months ended 30 September 2024 (113,878 RSD for the nine months ended 30 September 2023 accordingly) (Note 17).

24. FAIR VALUE MEASUREMENT

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

As of 30 September 2024 the carrying value of financial assets approximates their fair value.

25. CONTINGENCIES AND COMMITMENTS*Taxes*

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 30 September 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.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)**Environmental protection*

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 440,752 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 September 2024 the Group has entered into contracts to purchase property, plant and equipment 5,036,727 RSD (31 December 2023: 2,861,058 RSD) and drilling and exploration works estimated to 89.77 USD million (31 December 2022: 89.78 USD million).

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

26. RELATED PARTY TRANSACTIONS

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

In the nine month period ended 30 September 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 September 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 September 2024			
Short-term financial assets	-	30,898	-
Trade and other receivables	-	180,162	13,434
Investments in joint venture and associates	-	-	2,187,950
Trade and other non-current receivables	-	-	813,669
Other current assets	-	30,734	1,349,991
Trade and other payables	-	(86,564)	(305,946)
Other current liabilities	-	(117)	(412)
	-	155,113	4,058,686
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

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024***(All amounts are in 000 RSD, unless otherwise stated)*

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

	Parent	Parent's subsidiaries and associates	Associates and joint venture
Nine month period ended 30 September 2024			
Revenues from sales of products and services	-	158,502	197,685
Expenses based on procurement of products and services	-	(625,411)	(2,070,514)
Other income/(expenses), net	-	2,827	(17,283)
	-	(464,082)	(1,890,112)
Nine month period ended 30 September 2023			
Revenues from sales of products and services	-	565,890	15,522,746
Expenses based on procurement of products and services	(5,218)	(1,252,694)	(10,232,798)
Other income/(expenses), net	-	(44,647)	1,575
	(5,218)	(731,451)	5,291,523

27. EVENTS AFTER THE REPORTING DATE

There are no material events after the reporting date.

Subsequent events occurring after 30 September 2024 were evaluated through 25 October 2024, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the nine month period ended 30 September 2024**

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

NIS Group**Contact Information**

The Group's office is:

Narodnog Fronta 12,
21000 Novi Sad,
Republic of Serbia

Telephone: (+ 381 21) 481 1111

e-mail: office@nis.rs

www.nis.rs

Investor relations

e-mail: investor.relations@nis.rs