



2024

**QUARTERLY REPORT  
FOR THIRD QUARTER  
OF 2024**

The Quarterly Report for Third Quarter of 2024 presents a factual overview of NIS Group's activities, development and performance in the third quarter of 2024 and the first nine 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 Third 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 Third 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](http://www.nis.rs).

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## ***Foreword***

In the period from January to September 2024, the NIS Group invested RSD 37.3 billion in capital projects, which is 70 percent more compared to the same period last year. In this way, an ambitious investment cycle was continued, aimed at modernizing NIS in all business segments and laying the foundations for long-term sustainable business. At the same time, the energy transition of the NIS Group was accelerated, primarily through the implementation of the project of the construction of solar photovoltaic power plants at the company's facilities.

The second priority of NIS in the reporting period was the preservation of stability in the domestic market of petroleum products in the conditions of the major overhaul, which was successfully completed in the Pančevo Oil Refinery. This goal was successfully implemented, and the implemented activities further strengthened the competitiveness of NIS processing capacities and created preconditions for further modernization of the refinery. The value of the major overhaul and investment projects in the refinery is estimated more than EUR 95 million.

The major overhaul in the refinery affected the operational and financial results of the NIS Group. Thus, in the first nine months of the current year, 2.5 million tonnes of crude oil and semi-finished products were refined in the Pančevo Refinery, which is 16 percent less than in the comparative period. However, the refining in the third quarter of this year amounted to 1.1 million tonnes, which is 7 percent higher than the result achieved in the period from July to September 2023. In the first nine months of 2024, the total volume of sales and distribution of petroleum products was 2.7 million tonnes, i.e. 9 percent less compared to the same period last year. The volume of oil and gas production amounted to 856.7 thousand conditional tonnes, which is at almost the same level as last year.

As regards financial results, NIS achieved a net profit of RSD 2.7 billion in the third quarter this year, while the total net profit for nine months amounts to RSD 8 billion (75 percent less than in the same period last year). The EBITDA indicator is RSD 34.5 billion, which is a decrease of 39 percent compared to the previous year, while the operating cash flow (OCF) is higher by 85 percent and amounts to RSD 40 billion in the first three quarters of 2024. The calculated liabilities based on the public revenues of the NIS Group in the first nine months of this year amount to almost RSD 192 billion. For the dividend for 2023, the gross amount of RSD 10,478,261,304 was paid to the shareholders. In the rest of this year, NIS will remain committed to improving financial and operational indicators, while continuing to modernize its business.

In addition to its business activities, NIS continued to implement socially responsible projects. A competition was conducted within the "Together for the Community" social responsibility programme to finance projects in key local self-governments in which NIS operates. The goal is to develop projects in the field of renewable energy sources, in which NIS will invest a total of RSD 144.5 million. NIS was also re-elected among the three leading employers in our country, according to the results of the "TalentX" survey carried out by a group of employment sites Poslovi.Infostud, and the competition for the new season of the NIS Energy programme began, through which the company hires young people without work experience.

## Management Business report

### Highlights

#### January

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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

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

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

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#### February

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Preparations for the start of the overhaul of Pančevo Oil Refinery

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

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The beginning of the reconstruction of the Prijepolje petrol station

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

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#### March

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Production at the exploitation field in Bosnia and Herzegovina continued

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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

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

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The new student internship programme "NIS Academy" was launched

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

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

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#### April

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Overhaul in Pančevo Oil Refinery completed

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

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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

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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

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NIS Q1 2024 performance results presented

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NIS established cooperation with the University of Defense

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#### May

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The Industrial Railway Reconstruction Project in Pančevo Oil Refinery is underway

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

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<sup>1</sup>Integrated pollution prevention and control.

## June

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.

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## July

The Scientific and Technical Conference (STC) for young specialists was held

The perspective of "blue" hydrogen production at the Pančevo Oil Refinery was presented at the conference in Turin, dedicated to promoting innovation, research and technical achievements in the field of energy sector transformation

Commencement of operation of PS Prijepolje and PS Žitište after the completion of the total reconstruction

A competition has been announced for the new season of the socially responsible program "Common Cause – Community", the focus of which is investment in the field of renewable energy sources in partner communities

Presented results of the NIS Group's operations in the first half of 2024

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## August

A new oil collection and loading station was constructed and put in operation in the Banat region

The well BD-004 workover project was successfully completed

The competition "Best in Profession" was organized and the winners took part in the final competition in Russia

Within the "Energy of Knowledge" programme, 16 interns from the selected courses of secondary schools in Pančevo were engaged, who would acquire their applied knowledge at the Pančevo Oil Refinery

Commencement of activities on the preparation for the commissioning in the NIS network

Two new cisterns for supplying aircraft with aviation fuel with a capacity of 32,000 liters per cistern were put into operation at the Belgrade Airport

NIS paid more than RSD 10 billion to shareholders in dividends for 2023

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## September

In the first nine months of 2024, 36 development wells and 4 exploratory wells were drilled in Serbia, and 36 development wells and one exploratory well were put into operation in Serbia and two development wells in Romania

The construction works on the installation of the gas compressor were completed; the facility was put into operation in Banat

Technical training service has officially received the status of Publicly Recognized Organizer of Adult Learning Activities (JPOA) issued by the Ministry of Education, Science and Technological Development of the Republic of Serbia, which represents a significant step in the development of technical trainings in the company

Commencement of reconstruction of PS Vrbas 1 and Ada

Action for farmers, who are in possession of an Agricultural Card, and do not have registered areas in the Register of Agricultural Holdings

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NIS, Science and Technology Center of NIS – Naftagas LLC Novi Sad and the Chinese company SINOPEC Petroleum Engineering Corporation signed a Memorandum on Science and Technology Cooperation in Belgrade

Open competition for the fifth season of the “NIS Energy” program, in which NIS employs graduates and master's students from selected faculties in Serbia.

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## ***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 employees<sup>2</sup>. 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 CO<sub>2</sub> 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 60<sup>th</sup> anniversary.

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<sup>2</sup>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 55<sup>th</sup> 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 nine months 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 third quarter of 2024, PVPPs at 44 PS are in operation. At the "Jazak" drinking water plant, PVPP was put into permanent operation. The construction of solar photovoltaic power plants on other NIS facilities will continue.

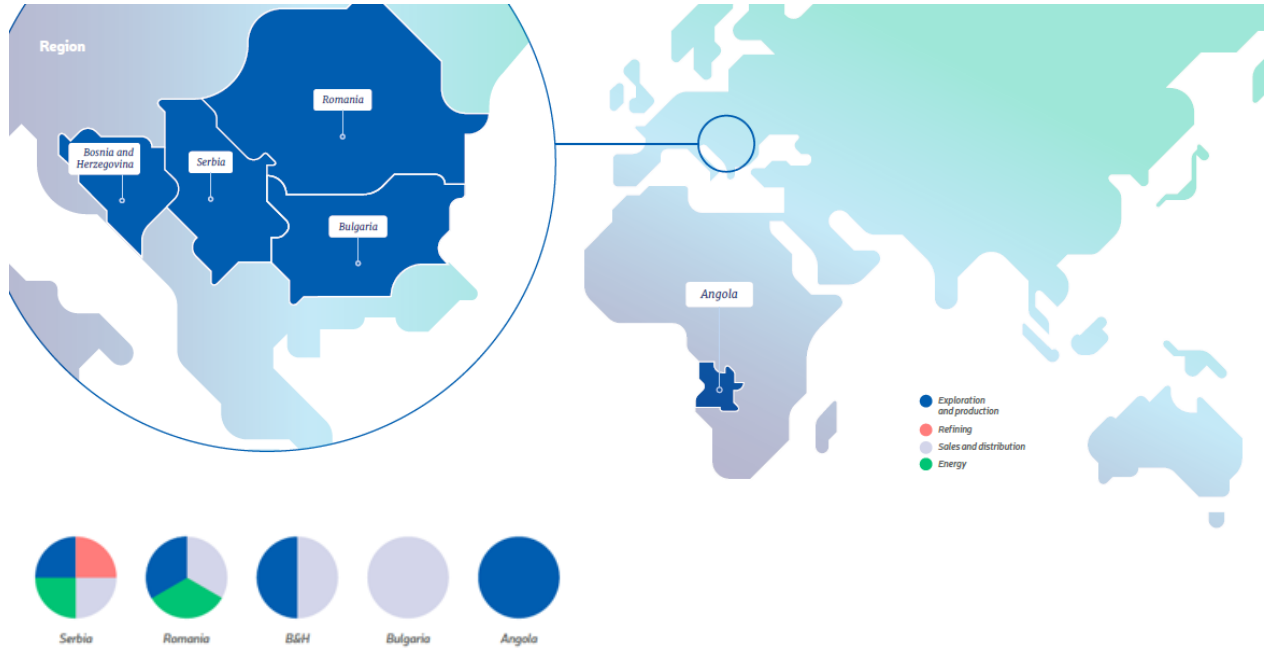
### **HIP-Petrohemija**

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***

<b><i>RISK DESCRIPTION</i></b>	<b><i>RISK MANAGEMENT MEASURES</i></b>
<b><i>Operational risks</i></b>	
<b><i>HSE risks</i></b>	
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.
<b><i>HR risks</i></b>	
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 an additional impact on the Group's operations.

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 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
<b>Credit risks</b>	
<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>
<b>Liquidity risks</b>	
<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>
<b>Commodity-price risks</b>	
<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> <ul style="list-style-type: none"> <li>• annual planning based on multiple scenarios, planned follow-up and timely adjustment of operating plans for crude oil procurement;</li> <li>• regular sessions of Company's Commission in charge of crude oil purchase/sale to discuss all major topics;</li> <li>• Constant, intensive check of new potential suppliers through their procedural verification and according to inquiries and letters of interest submitted to NIS;</li> <li>• 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;</li> <li>• Continuous efforts to optimize processes and strive for the best possible economic effects and indicators;</li> </ul>

- 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 environment***

### ***World<sup>4</sup>***

Almost all analytics companies take an in-depth look at the geopolitics of energy and the lessons to be learned. The Suez Canal, the SUMED pipeline and the Bab el-Mandeb strait in the southern Red Sea are strategic routes for the delivery of oil and natural gas from the Persian Gulf to Europe and North America. The amount of crude oil and oil products flowing through the southern point of the Red Sea decreased by more than 50% in the first eight months of 2024. At the same time, the flow through the Suez Canal and the SUMED pipeline increased to 9.2 million barrels per day in the first eight months of 2024 with an average of 6 million barrels per day in 2023. The Strait of Hormuz is located in this area between Oman and Iran, which is one of the world's most important oil points through which about 20% of the global consumption of oil, derivatives and liquefied natural gas was transported in 2023.

In 2023, Iran had the world's third-largest oil reserves and second-largest natural gas reserves, although international sanctions have limited its production. Saudi Arabia was the world's third-largest producer of crude oil and condensate, the world's largest crude oil exporter, and OPEC's largest crude oil producer in 2023, when its production averaged 9.5 million barrels per day.

Israel is the second largest producer of natural gas in the Eastern Mediterranean region, after Egypt. Israel's natural gas production began to increase in 2013. Sufficient supplies are provided for Israel's growing domestic natural gas needs, as well as for exports to Egypt and Jordan. We should not forget Libya, with 1.2 million barrels of hydrocarbons produced per day.

The situation does not make decisions any easier for OPEC+, which is still holding reduced production in an attempt to boost prices and ensure stability. One cannot rely too much on macroeconomic projections either. In 2024, experts were consistently wrong about the Chinese and US economies – assuming China would recover faster and the US would beat inflation – but demand for oil and gas was not quite as expected. Therefore, the global oil demand growth forecast for 2024 has been slightly revised downwards to around 1.9 mb/d, announced in the October OPEC report. Oil demand in OECD countries is expected to grow by about 0.1 million barrels per day in 2024, and oil demand in non-OECD countries is expected to grow by about 1.8 million barrels per day.

The global oil demand growth forecast for 2025 has also been slightly revised downwards, now at 1.6 million barrels per day. Growth next year is expected to be led by non-OECD demand, which will rise by around 1.5 million bpd, led by contributions from China, the Middle East, Asia (outside China) and India. OECD demand is expected to rise by around 0.1 million barrels per day, with the US making the largest contribution.

The lower-than-expected sales have resulted in refiners in Asia, Europe and the US facing a drop in profitability to multi-year lows. Low refinery margins are another sign of weak consumption and reduced industrial growth, particularly in China, due to slowing economic growth and increasing penetration of electric vehicles. New refineries that came on stream in Africa, the Middle East and Asia further increased the pressure on refinery margins.

At the same time, the gas industry is again on high alert as the International Gas Union warns of a potential global gas shortage by 2030 and calls for increased investment to meet the needs of energy security and sustainability. Gas is currently seen as the best solution for both those concerned about the need for cleaner energy and those concerned about a sufficient and affordable supply. The Gas Union warns that more investments must be made in gas already now. Gas is the ultimate energy solution. In the Union's Global Gas Report 2024, the key message is that current levels of investment in gas supply are insufficient to meet demand trends towards 2030.

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<sup>3</sup>Data 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.

<sup>4</sup>Source: EIA, OPEC, Oil&Gas Journal, IHS, Wood Mackenzie.



## Oil price

Throughout the entire third quarter of 2024, oil prices followed a downward trajectory, decreasing from USD 88.0 at the beginning of the quarter to USD 72.9 per barrel recorded on the last day of September. In the same period last year, the price trend was reversed (rising from USD 75.5 to USD 96.3 per barrel). The highest price of USD 89.1 per barrel recorded on July 5 was 10% lower than the peak price of USD 97.9 per barrel noted during the same period last year, while the average quarterly price was 7.4% lower. Compared to the same period last year, the minimum price was also lower by 6.6% (USD 70.6 vs. USD 75.5 per barrel).

The main reasons cited are slow economic growth and increasing competitive crude oil production from both non-OPEC countries and some OPEC members. In its September monthly report, the organisation noted that the oil market was 80,000 barrels per day lower than the forecast published in the previous report.

When examining prices over the first nine months, both the minimum and maximum prices are also lower than those in the same period last year, with smaller differences: the maximum price is down by 4.7% (USD 93.3 compared to USD 97.9 per barrel), while the minimum is down by 1.6% (USD 70.6 compared to USD 71.7 per barrel). At the same time, the average prices are nearly the same, with this year's average being 0.8% higher (USD 82.7 compared to USD 82.1 per barrel).

The decline in oil prices throughout much of the year has largely been driven by concerns about the strength of the global economy—particularly regarding the Chinese economy. However, in the beginning of October, China moved forward with a stimulus plan aimed at boosting consumption (lower interest rates, issuing special government bonds, and reducing the reserve requirement ratio, which will strengthen the banking system). Other measures to stimulate economic growth are also expected to be announced by China.

The geopolitical situation could also lead to an increase in crude oil prices. Goldman Sachs estimates a rise of up to USD 20 per barrel if there is a permanent decline in Iranian oil production due to a potential escalation of conflict in the Middle East. Analysts from the company emphasize that this projection is based on the assumption that the OPEC+ group will not respond to a potential supply disruption from Iran by increasing production. If major OPEC+ producers (Saudi Arabia and the United Arab Emirates), who have sufficient spare production capacity, increase production to compensate for some of the potential losses from Iran, oil prices could rise by just under USD 10 per barrel. Other investment and financial firms, such as MST Marquee, believe that due to the escalation of conflict in the Middle East (an attack on Iran or stricter sanctions against the country), global energy prices could rise significantly, potentially reaching USD 100 per barrel.

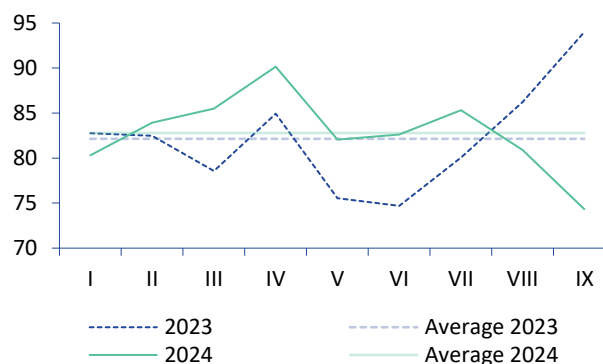
## Macroeconomic trends

The world we live in is going through a period of transition in which the traditional order, which we used to know now, is changing and new spheres of power and influence are being formed. The future brings many challenges: climate change, energy crises, nuclear weapons and incredibly rapid technological advances. Global stability is increasingly complex, which also affects economic projections.

According to the OPEC report from October, the forecast for the growth of the world economy for 2024 has been reduced to 3%, while the forecast for 2025 remains at 2.9%, as in the previous forecast from September. For the Eurozone, the economic growth forecast for 2024 was also reduced, to 0.8%, while the forecast for 2025 remained

**Brent Dtd<sup>5</sup> price trends, \$/bbl**

↑ +0.8%



<sup>5</sup>Source: Platts.

at 1.2%. Growth projections for India, Brazil and Russia have also been revised, while growth for China is still forecasted at 4.9% for this year and 4.6% for next year.

Inflation can be seen as a positive trend in 2024, which decreases in the EU during 2024 from 2.8% in the first quarter to 2.3% in the third. Inflation fell more than expected in September to 1.8%, the lowest level in more than three years and the first time in three years that it was below the European Central Bank's target (2%). Therefore, the ECB has further reduced borrowing costs for the 20 countries that use the euro as their currency. The reference rate is now 3.25% (instead of 3.25%), which is the third reduction since June this year. Analysts believe that the bank will lower rates in December as well.

In the Regular Economic Report for the Western Balkans published in early October, the World Bank increased its growth forecasts for the Western Balkans. It is expected that the total economic growth of Albania, Bosnia and Herzegovina, North Macedonia, Serbia and Montenegro will amount to 3.3% in 2024, while in 2025 it will reach 3.7%. Economic growth will accelerate moderately during 2025, primarily due to an increase in consumption and investment, and fueled by growth in purchasing power. The World Bank believes that domestic factors continue to favor a moderate acceleration of growth in the Western Balkans. In addition, in the medium term, the gradual recovery of economic activity in the EU is expected to play a key role in boosting exports from this region. However, the report notes that the region remains vulnerable to multiple risks, including slowing global growth, a resurgence in inflation, political uncertainty and extreme weather events.

### Serbia<sup>6</sup>

The Republic of Serbia is about to close the current "stand-by" arrangement with the International Monetary Fund (IMF). In the first two weeks of October, the fourth and last consideration of the implementation of the current standby arrangement between the IMF and the Republic of Serbia, which was concluded in December 2022 for a period of 24 months, was carried out. The IMF praised the progress and pointed out that Serbia's macroeconomic results in 2024 are impressive. It estimates that growth will reach 3.9% in 2024 and will then accelerate to around 4.25% in the following years.

On the basis of this IMF report Standard and Poor's, the credit rating agency, awarded Serbia an investment grade credit rating for the first time in October.

An agreement was reached with the IMF on the economic program and medium-term policies that the IMF will support with the three-year Policy Coordination Instrument (PCI), which is a non-financial, advisory instrument that includes the IMF's monitoring of the economic activities of our country, as well as various economic reforms and fiscal measures. However, economists are divided on whether Serbia needs this kind of new agreement.

Year-on-year inflation in Serbia was 4.3% in August, as well as in July, and monthly inflation was 0.4%. The monthly dynamics of inflation were mostly influenced by the increase in the prices of food and non-alcoholic beverages. The NBS believes that inflation has returned to the target corridor thanks to monetary policy measures and the reduction of energy and food prices. The movement of the prices of oil derivatives decreased (3.4%) is in line with the movement of oil prices on world markets. The index of total industrial production in August 2024 is 100.9 compared to August 2023.

The public debt of Serbia at the end of August this year amounted to 38.07 billion euros, which is 46.4% of GDP, the Ministry of Finance announced. At the end of July, public debt amounted to 38.22 billion euros, or 46.6% of GDP.

In Serbia, in the second quarter of this year, the number of employed people was 2.89 million, which is 48,400 more employed than in the same period last year, while the number of unemployed was 257,800, i.e. 44,800 unemployed less than at the same time in 2023.

The Republic of Serbia is also working to increase the security of energy supply. A feasibility study for the construction of an oil pipeline between Serbia and Hungary is expected to be completed by the end of the year, with the planned completion of the project by 2027. The governments of Serbia and North Macedonia signed a memorandum that provides for the joint construction of a gas pipeline, about 70 kilometers long, which would have an annual capacity

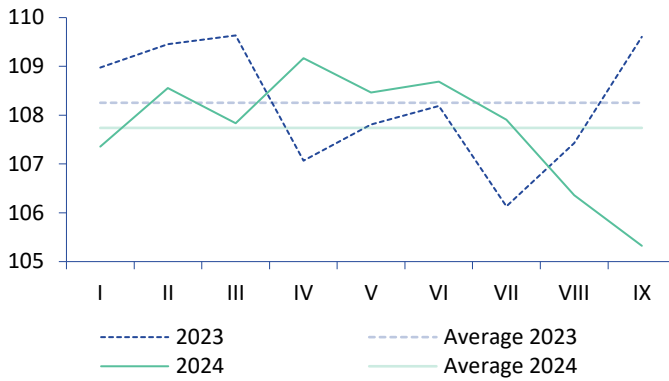
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<sup>6</sup>Source: National Bank of Serbia, Republican Bureau of Statistics, Chamber of Commerce Serbia, newspaper articles.

of approximately 1.2 billion cubic meters of natural gas. Serbia will thus further diversify its sources of supply and get another natural gas supply line from Alexandroupolis in Greece.

**Exchange rate trend, USD/RSD<sup>7</sup>**

↓ -0.5%



- Average USD/RSD in the first nine months of 2024 was lower by RSD 0.5, i.e. 0.5% lower compared to the average exchange rate in the same period of 2023.
- During the first nine months of 2024 USD/RSD exchange rate decreased by RSD 1 or 1%.
- During the first nine months of 2023 USD/RSD exchange rate decreased by RSD 0.6 or 1%.

<sup>7</sup>Source: NBS.

## Performance analyses

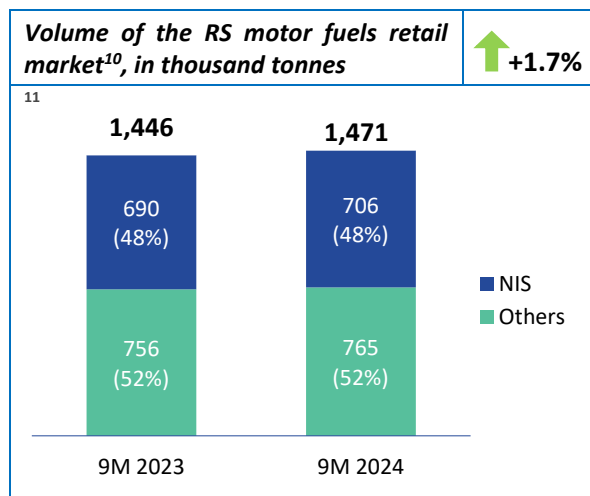
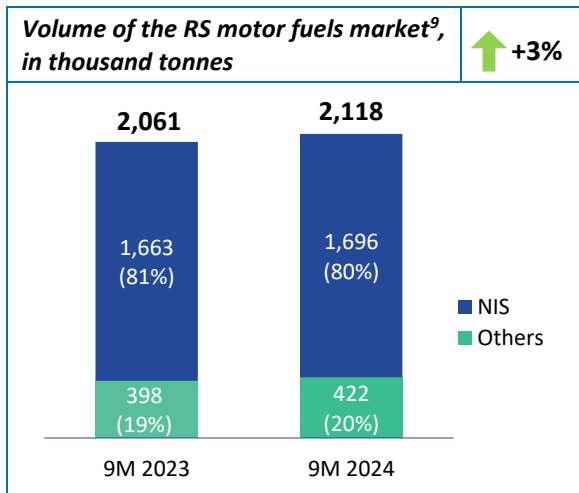
### Market share<sup>8</sup>

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

In the period from January to September 2024, the consumption of petroleum products in Serbia was characterized by an increase of 2.8% regarding the consumption of motor fuels compared to the same period last year.

Intensive infrastructure works, growth in transport and consumption in mining influenced the said growth, especially in the first part of the year. The agricultural season has altered seasonality due to meteorological conditions, long-term droughts and earlier sowing of almost all agricultural crops.



Retail: In the first nine months of 2024, the consumption has grown by 1.7% compared to 2023. The participation of NIS is significant. The preferential price stipulated by the Regulation, for supplying the farmers, is in force. This year, transit seasonal traffic had a lower impact on the retail placement of petroleum products on the Serbian market due to significantly higher prices compared to neighboring markets (traditionally Macedonia and B&H, but also Hungary and Croatia during this year).

In 2024, the NIS Company successfully completed the planned overhaul of the Pančevo Oil Refinery. During the overhaul, NIS ensured the security of the supply of petroleum products to the Serbian market in all sales channels.

<sup>8</sup>Sources 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.

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

<sup>10</sup>The 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 9M 2024 is given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

<sup>11</sup>Other 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, Bosnia and Herzegovina continued the trend of recovery in the consumption of motor fuels, as well as in the retail 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 control of prices of petroleum products and on the development of a new application for smartphones. The digitalization of the system is important, since it contains data on prices and stocks of oil and petroleum products at all petrol stations in the Federation of Bosnia and Herzegovina. Based on these data, the federal agencies and institutions control the correctness of data on the paid fees for petroleum products. The application has more than 250,000 users who can get information on fuel prices at petrol stations at any time.

The completion of works on the complete rehabilitation of the liquid petroleum fuel terminal in Blažuj, with a capacity of 42 million liters, was officially marked. Business Company the “Operator - Terminali Federacije” (OTF), which is the only one authorized to establish and renew stocks of petroleum derivatives on the territory of the Federation of Bosnia and Herzegovina, also marked OTF Day.

On August 23<sup>rd</sup>, the Company Hifa Petrol opened its 57<sup>th</sup> petrol station, in Zenica.

The Association of Employers in the Federation of Bosnia and Herzegovina announced that it supports the adoption of the Rulebook on Mandatory Labeling of Liquid Petroleum Fuels in Bosnia and Herzegovina and arrangement of these issues in accordance with the regulations in the field of foreign trade policy of Bosnia and Herzegovina, related to the standardization and quality of Liquid Petroleum Fuels, but it has been insisted on its amendment and significant involvement of experts and the interested public in the preparation of the final text of the document.

After the abolition of the regulation prohibiting the export of diesel from Serbia, which has significantly hampered the supply of 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 has 41 petrol stations in Bosnia and Herzegovina (and 1 petrol station in DODO regime).

The market share of NIS in the total motor fuel market in the period from January – September 2024 is 24.0%, while the share in the retail market is 11.1%.

### *Bulgaria*

The ban on Russian oil imports affects the Lukoil Neftohim oil refinery, which is 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. The Bulgarian import ban was imposed at the end of 2023, despite a special exemption from European Union sanctions against Russia that would allow Bulgaria to continue to import Russian raw goods until 1<sup>st</sup> October this year.

Lukoil, referring to the bad treatment by the Sofia authorities, has announced its readiness to sell its refinery in Burgas – the largest one in Southeast Europe.

Romp petrol and “UTA Edenred”, the second largest fuel card issuer in Europe, have entered into a partnership within which the UTA users can use Rompetrol's network of stations in Bulgaria, two years after signing the similar partnership in Romania.

In the period from January – September 2024, Bulgaria recorded a recovery in the sales of motor fuels, as well as in retail, regarding the comparative period of the previous year.

In the period from January to September this year, NIS operated a network of 23 petrol stations in Bulgaria.

The market share of NIS in the total motor fuel market in the period from January – September 2024 is 2.0%, while the share in the retail market is 2.2%.

### *Romania*

OMV Petrom is launching an extensive investment and modernization program on the Petrobrazi platform, worth about 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% of Romania's fuel needs. OMV Petrom recently announced a decision to invest approximately EUR 750 million for sustainable aviation fuel (SAF) and for the production plant of renewable diesel (HVO) and for two plants for the production of green hydrogen. Therefore, starting from 2028, the Company will be able to provide up to 250,000 tons of biofuels per year.

The Ministry of Agriculture of Romania has launched a project to reduce the excise taxes on diesel which is used in agriculture. The Law envisages compensating farmers 24% of the price of diesel. The goal is to reduce the impact of unfavorable trends in the agricultural market on farmers, considering that the share of diesel costs is between 40% and 59% of the total amount allocated for crop development.

The Company has announced that the Rompetrol Rafinare Company, a member of the KMG International Group, has introduced two modern reactors into the operational course of the Petromidia refinery, a part of the Vacuum Distillate Hydrofining (HDV) factory, which should reach optimal operational parameters in the shortest possible time. The investment of about \$16 million was carried out as part of the recently completed overhaul. The reactor change is one of the most important projects implemented during the reorganization. The overall of approximately \$85 million has been invested in the modernization projects of the Petromidia refinery, the largest units of its kind in Romania.

In Romania, in the period from January to September 2024, regarding the comparative period of the previous year, the recovery of the motor fuel market, along with its retail sales, was recorded.

NIS has 19 petrol stations in Romania. NIS market share in the total market of motor fuels is 0.4%, while its share in retail market is 0.7%.

## Key performance indicators

Q3 2024	Q3 2023	$\Delta^{12}$	Indicator	Unit of measurement	9M 2024	9M 2023	$\Delta^{13}$
<b>80.2</b>	86.8	-8%	<b>Brent Dtd</b>	\$/bbl	<b>82.8</b>	82.1	+1%
<b>106.2</b>	117.2	-9%	<b>Sales revenue</b>	RSD billion	<b>304.6</b>	304.1	+0.2%
<b>2.7</b>	18.0	-85%	<b>Net profit (loss)</b>	RSD billion	<b>8.0</b>	31.8	-75%
<b>11.7</b>	28.1	-58%	<b>EBITDA<sup>14</sup></b>	RSD billion	<b>34.5</b>	56.5	-39%
<b>30.1</b>	26.4	+14%	<b>OCF</b>	RSD billion	<b>40.0</b>	21.6	+85%
<b>12.9</b>	10.4	+24%	<b>CAPEX<sup>15</sup></b>	RSD billion	<b>37.3</b>	21.9	+70%
<b>73.8</b>	74.7	-1%	<b>Accrued liabilities for taxes and other public revenues<sup>16</sup></b>	RSD billion	<b>191.9</b>	181.7	+6%
<b>585.3</b>	548.1	+7%	<b>Total bank indebtedness<sup>17</sup></b>	EUR million	<b>585.3</b>	548.1	+7%
<b>1.8</b>	1.9	-5%	<b>LTIF<sup>18</sup></b>	number	<b>1.8</b>	1.9	-5%

<sup>12</sup>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.

<sup>13</sup>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.

<sup>14</sup>EBITDA = 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.

<sup>15</sup>CAPEX amounts are exclusive of VAT.

<sup>16</sup>Taxes, 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.

<sup>17</sup>Total bank indebtedness = Total debt to banks + letters of credit. As at 30 September 2024, this was EUR 585.3 million of total debt to banks, while there was no debt based on letters of credit.

<sup>18</sup>Lost 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 September 30, 2024.

## Operational indicators

### Exploration and production

#### Key indicators

Q3 2024	Q3 2023	$\Delta^{19}$	Indicator	Unit of measurement	9M 2024	9M 2023	$\Delta^{20}$
<b>281.6</b>	297.6	-5%	<b>Oil and gas output<sup>21</sup></b>	thousand t.o.e.	<b>856.7</b>	868.1	-1%
<b>198.5</b>	206.3	-4%	<b>Domestic oil output<sup>22</sup></b>	thousand tonnes	<b>600.4</b>	605.9	-1%
<b>1.3</b>	0.6	+103%	<b>LTIF<sup>23</sup></b>	number	<b>1.3</b>	0.6	+103%
<b>9.4</b>	10.2	-8%	<b>EBITDA</b>	RSD billion	<b>29.8</b>	24.7	+20%
<b>6.1</b>	7.1	-15%	<b>CAPEX<sup>24</sup></b>	RSD billion	<b>16.6</b>	16.0	+3%

The main goal in the first nine months 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 third quarter of 2024, a total production volume of oil and gas 270.7 t.o.e. was achieved at reservoirs in Serbia, i.e., including concessions – 281.6 t.o.e, a total of 856.7 t.o.e. in the first nine months 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 third quarter of 2024, 14 new development oil wells were successfully drilled and commissioned in Serbia, whereby the average increase of 7.5 t/day per well was achieved. Since the beginning of 2024, a total of 27.5 thousand tonnes of oil have been obtained from the development drilling.

In the third quarter of 2024, geological and technical activities were successfully carried out in 37 wells with the satisfactory average increase.

In the third quarter of 2024, after the application of the RIW technology, 10 wells were commissioned and the average increase of 1.7 t/day was achieved.

In the third quarter of 2024, 8 wells were commissioned after the transition to the new production layer whereby the average increase of 4.0 t/day per well was achieved. Beside, totally 15 intensifications were made, with the increase of 1.5 t/day, while totally 4 wells from the idle well stock were enabled for operation, with the increase of 4.5 t/day.

#### Exploratory drilling and well testing

In the third quarter of 2024, the drilling of 1 oil and 1 gas well was completed. Testing of the oil well is ongoing, while testing of the gas well is expected in October. By the end of the year, it is planned to start drilling 3 more gas wells. Additional testing of old wells is also planned.

<sup>19</sup>Any deviations in percentages and aggregate values result from rounding.

<sup>20</sup>Any deviations in percentages and aggregate values result from rounding.

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

<sup>22</sup>With natural gasoline.

<sup>23</sup>Lost 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 September 30, 2024.

<sup>24</sup>Financing, 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 third quarter, NIS prepared Annex 1 to the geological exploration project and submitted a request for permission to carry out work under this annex to the Provincial Secretariat for Energy, Construction and Transport.

During the first nine 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;
- One request for permission to carry out work at the North Banat production field was submitted in March of this year;
- One request for permission to extract oil and dissolved gas at the operating Middle Banat production gas field was submitted in the second quarter.

### ***Projects abroad***

Key events in Romania in the third quarter in 2024:

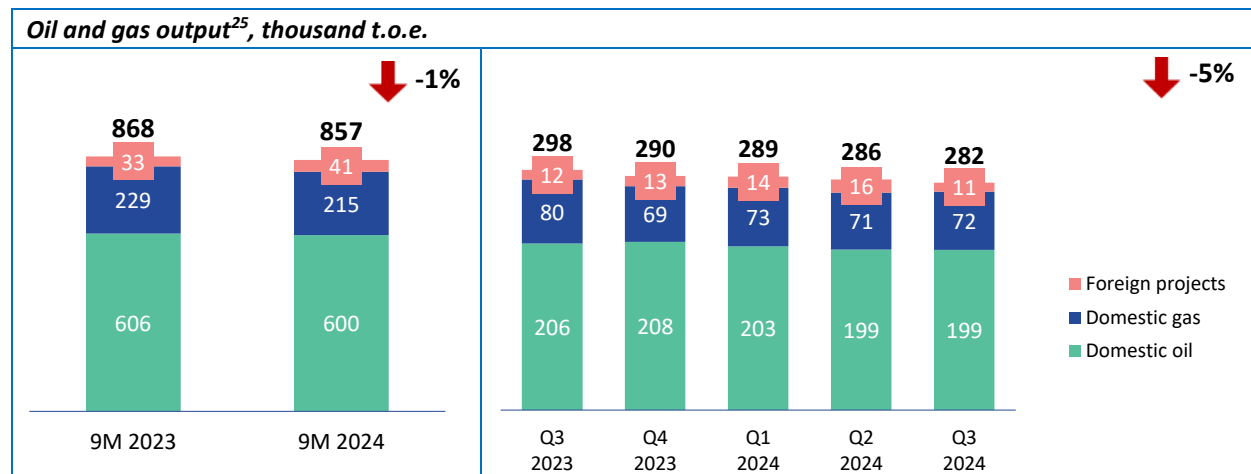
- Teremia North Project:
  - ✓ Regarding gas infrastructure:
    - the construction permit for gas infrastructure on the north location was obtained;
    - the construction permit for the connector pipeline between the north and the south location was obtained;
  - ✓ As part of the interaction with NAMR, during the third quarter of 2024, a permit was obtained for the extension of gas burning from the Teremija 1006 well during testing until the end of the year.

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

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

### Oil and gas output

In the first nine months of 2024, the total of 856.7 thousand t.o.e. of oil and gas was produced, which is 1% less than the same period last year.



<sup>25</sup>Any deviations in percentages and aggregate values result from rounding.

## Downstream

## Key indicators

Q3 2024	Q3 2023	$\Delta^{26}$	Key indicators	Unit of measure	9M 2024	9M 2023	$\Delta^{27}$
1,136.1	1,063.1	+7%	<b>Volume of refining of crude oil and semi-finished products<sup>28</sup></b>	thous. tonnes	<b>2,539.4</b>	3,039.2	-16%
<b>1,042.5</b>	1,087.1	-4%	<b>Total sales volume of petroleum products<sup>29</sup></b>	thous. tonnes	<b>2,693.3</b>	2,956.5	-9%
<b>244.8</b>	253.5	-3%	<i>Retail Serbia</i>	thous. tonnes	<b>700.9</b>	684.7	+2%
<b>402.5</b>	422.0	-5%	<i>Wholesale Serbia<sup>30</sup></i>	thous. tonnes	<b>1,056.6</b>	1,106.5	-5%
<b>44.0</b>	44.7	-2%	<i>Retail Foreign Assets</i>	thous. tonnes	<b>121.7</b>	119.5	+2%
<b>62.8</b>	60.0	+5%	<i>Wholesale Foreign Assets</i>	thous. tonnes	<b>141.6</b>	158.4	-11%
<b>231.4</b>	244.2	-5%	<i>Transit, export and BU<sup>31</sup></i>	thous. tonnes	<b>538.6</b>	824.8	-35%
<b>803.6</b>	823.0	-2%	<b>Motor fuels sales volumes<sup>32</sup></b>	thous. tonnes	<b>2,114.7</b>	2,145.2	-1%
<b>30.6</b>	25.9	+18%	<b>Electricity output<sup>33</sup></b>	thous. MWh	<b>88.4</b>	97.1	-9%
<b>2.6</b>	19.4	-87%	<b>EBITDA DWS<sup>34</sup></b>	bln RSD	<b>9.8</b>	43.2	-77%
<b>-3.4</b>	15.7	-122%	<i>EBITDA Refining<sup>35</sup></i>	bln RSD	<b>-0.5</b>	27.4	-102%
<b>7.0</b>	8.1	-14%	<i>EBITDA Sales and Distribution<sup>36</sup></i>	bln RSD	<b>15.4</b>	17.8	-14%
<b>6.6</b>	3.0	+121%	<b>CAPEX DWS<sup>37</sup></b>	bln RSD	<b>19.9</b>	5.4	growth
<b>4.4</b>	0.6	growth	<i>CAPEX Refining</i>	bln RSD	<b>14.9</b>	1.5	growth
<b>1.1</b>	1.9	-41%	<i>CAPEX Sales and distribution</i>	bln RSD	<b>2.8</b>	3.2	-14%
<b>1.7</b>	2.0	-13%	<b>LTIF DWS<sup>38</sup></b>	number	<b>1.7</b>	2.0	-13%
<b>1.3</b>	1.5	-14%	<i>LTIF Refining</i>	number	<b>1.3</b>	1.5	-14%
<b>2.0</b>	2.4	-18%	<i>LTIF Sales and distribution</i>	number	<b>2.0</b>	2.4	-18%

<sup>26</sup>Any deviations in percentages and aggregate values result from rounding.

<sup>27</sup>Any deviations in percentages and aggregate values result from rounding.

<sup>28</sup>The presented refining volume includes the refining volume of HIP-Petrohemija. Refining volume for 9M 2023 is methodologically different than in 9M 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

<sup>29</sup>The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Comparative data for 2023 in this Quarterly report is different than the data presented in the Quarterly report for Q3 2023 due to the consolidation of HIP-Petrohemija in the second half of 2023 (data from the Quarterly report for Q3 2023 are shown without consolidation of HIP-Petrohemija).

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

<sup>31</sup>Business unit includes the sale of bitumen, bunkering and aviation fuel channels.

<sup>32</sup>Total motor fuels sales volumes in Serbia and in foreign assets.

<sup>33</sup>The 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 – September is 1,824.2 MWh.

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

<sup>35</sup>EBITDA of the Refining Block includes the Energy Plant in Pančevo Refinery.

<sup>36</sup>EBITDA of the Sales and Distribution Block.

<sup>37</sup>Financing, 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.

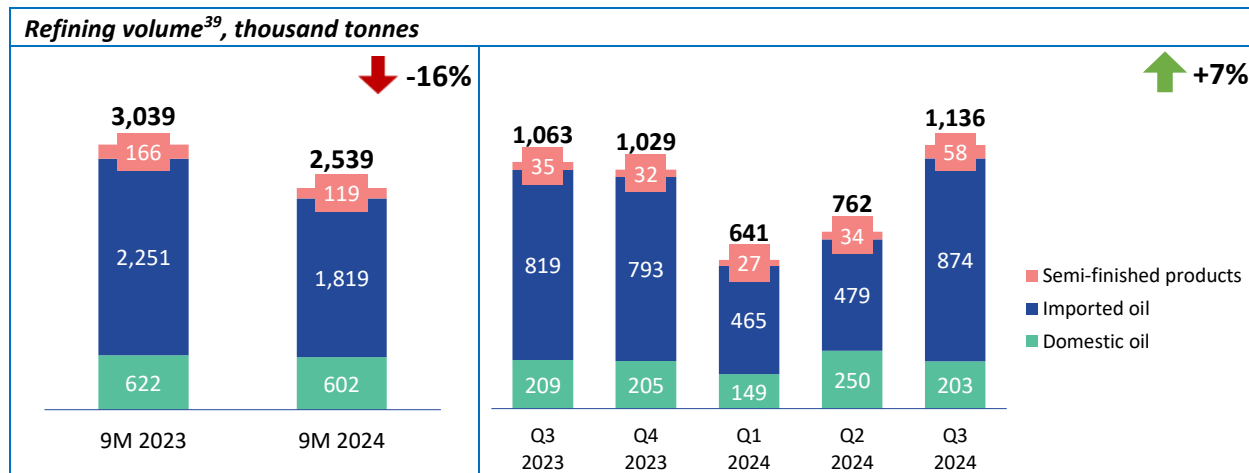
<sup>38</sup>Lost Time Injury Frequency – The ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of September 30,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

## Refining

The focus of the Refining Block during the first nine months of 2024, for the most part, 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. Before the overhaul, the company amped up production of petroleum products to create the necessary reserves for an uninterrupted supply to the market.

During the first nine months of 2024, the Refining Block processed 2,539 thousand tonnes of raw materials.

### Refining activities and volume



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 95 million, and, in addition to NIS employees, over 2,000 contractors were engaged. In terms of completed works, the overhaul covered 34 reactors and absorbers, whereat 850 m<sup>3</sup> 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.

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.

<sup>39</sup>The presented refining volume includes the refining volume of HIP-Petrohemija. Refining volume calculations for 9M 2023 are methodologically different than in 9M 2024 due to the consolidation of HIP-Petrohemija in the second half of 2023.

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.

The perspective of “blue” hydrogen production at the Pančevo Oil Refinery was presented at the conference in Turin, held in July, dedicated to promoting innovation, research and technical achievements in the field of energy sector transformation at the “SPE Europe Energy Conference & Exhibition”. The result of the project would have a significant positive impact on the environment by reducing the carbon footprint of the refinery, with the monetization of low-carbon fuels such as blue hydrogen.

Also, this year, the interns in the Pančevo Oil Refinery are students who have just completed the selected courses of the “Pančevo” High School of Mechanical Engineering, “23. maj” Technical High School and “Nikola Tesla” Electrical Engineering High School. Strategic cooperation several years long is made with these schools in Pančevo through the “Energy of Knowledge” programme. 16 interns will acquire knowledge at the Pančevo Oil Refinery and will further improve their business skills through various training courses.

The City of Pančevo and the Pančevo Oil Refinery continued their partnership several years long by implementing a new project under the “Together for the Community” programme. This time, the support was given to the reconstruction and arrangement of the entrance hall of the “Jovan Bandur” Music School in Pančevo.

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

In the first nine months of 2024, the effect of measures for the increase of efficiency was realized in the amount of RSD 0.97 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. In July, the consent for the Construction Permit for Preparatory Works was obtained from the Provincial Secretariat in Novi Sad. At the beginning of September, the meeting of the Supervisory Board of the project was held. The further strategy for the implementation of activities in 2024 was agreed.

- “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 equipment was installed and commissioned in May 2024.
- “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 stage A was implemented in June 2024.
- “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. In September, the preliminary report of the BC NS on the preliminary design with the feasibility study was submitted. Contractors were selected and contracts were signed for hydro construction and construction works, mechanical installation works and E&I works.
- “Reconstruction of Laboratory Building” – works on the construction of the foundation are ongoing. Almost the entire furniture was delivered.
- “Replacement of the Cyclone on the DC-2302 Regenerator of the FCC Plant” – works were fully completed during the major overhaul and the equipment was put into operation.
- “Reconstruction of the N2 Substation” – works were fully completed during the major overhaul and the equipment was put into operation.

## **Sales and distribution**

### **Points of Sale<sup>40</sup> and Logistics**

NIS Group owns over 409 active retail sites. Most of them, i.e. 325 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 PSs and purchase and rebranding of 1 PS and renovation program of 11 PSs in Gazprom brand is planned in Serbia. The works on the reconstruction of the Niš Warehouse are in the final phase.

### **Loyalty program and marketing activities**

In the first nine months 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 nine months 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, through online channels, 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 nine months was 904,454, downloaded applications 235,849, and new virtual members in the first nine months: 116,352. 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 and in the third 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 nine months of 2024, 7 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.

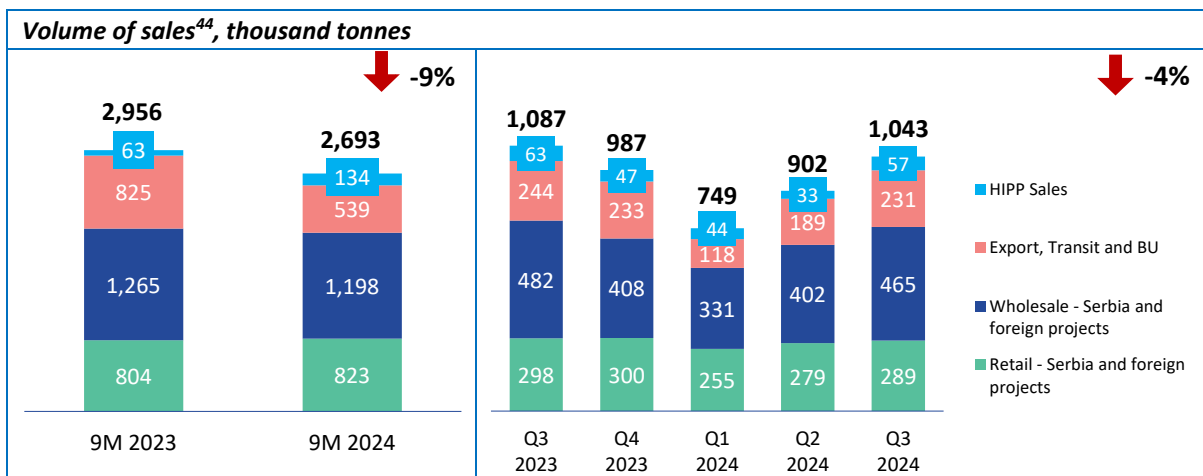
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<sup>40</sup>As at 30 September 2024.

### Volume of sales

In the first nine months of 2024, the sales reduced by 9% compared to the same period in 2023, bringing the total sales<sup>41</sup> to 2,693 thousand tonnes.

- Retail in Serbia and Foreign Assets – a 2% increase:
  - Retail growth in Serbia – the growth in retail sales is due to increased demand in the agricultural segment in the first half of 2024 and an increase in sales to private customers as a result of measures taken by the management. In the third quarter, there was a decrease in agricultural consumption due to poor harvest;
  - Retail growth in foreign assets – growth in retail sales abroad: increased sales activity due to good weather and management strategy in Bosnia ensured a significant YoY increase in sales in the first three quarters, which sets off lower sales in Bulgaria caused by the unavailability of one petrol station, and the impact of the geopolitical situation in Romania.
- Wholesale in Serbia and Foreign Assets<sup>42</sup> – a 5% 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 BU<sup>43</sup>:
  - 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 (sales to HIP-Petrohemija and third parties) 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 9 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.



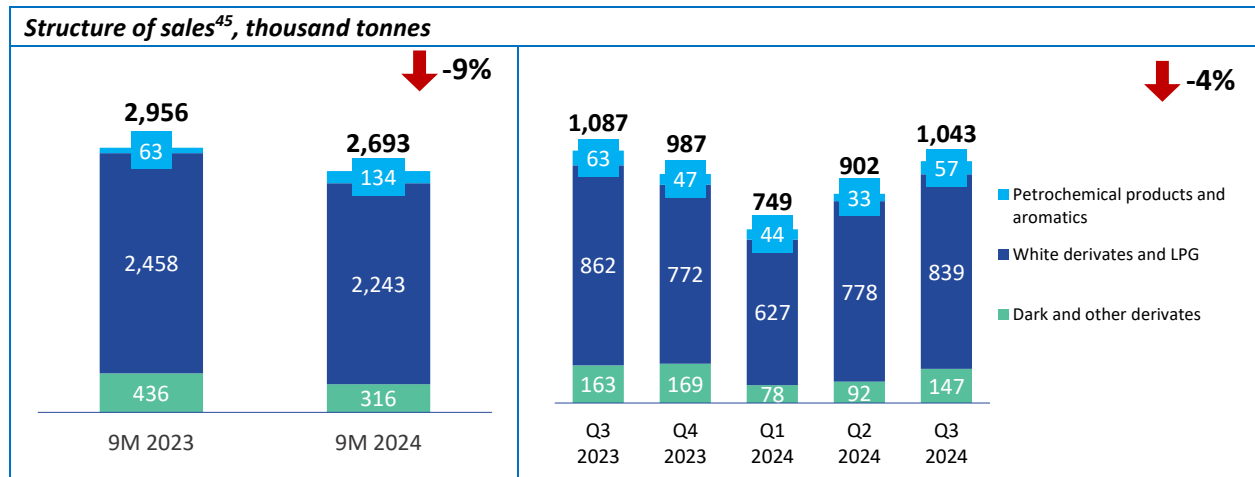
<sup>41</sup>The presented volume includes the volume of petrochemical products of HIP-Petrohemija.

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

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

<sup>44</sup>The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Comparative data for 2023 in this Quarterly report is different than the data presented in the Quarterly report for Q3 2023 due to the consolidation of HIP-Petrohemija in the second half of 2023 (data from the Quarterly report for Q3 2023 are shown without consolidation of HIP-Petrohemija).





<sup>45</sup>The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding. Comparative data for 2023 in this Quarterly report is different than the data presented in the Quarterly report for Q3 2023 due to the consolidation of HIP-Petrohemija in the second half of 2023 (data from the Quarterly report for Q3 2023 are shown without consolidation of HIP-Petrohemija).

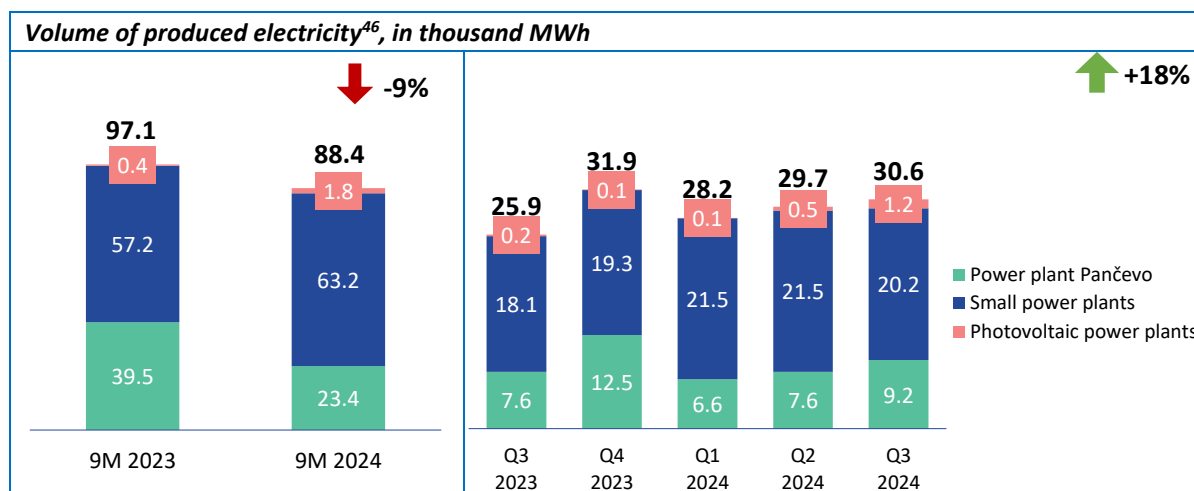
## Energy

### Natural gas

In order to organize and balance its natural gas portfolio, in the third quarter of 2024, NIS j.s.c. Novi Sad signed an agreement on the transportation of natural gas for the 2024/2025 gas year with the operator of the natural gas transmission system.

### Production of electricity

In the third quarter of 2024, the volume of the produced electricity was 30.6 thousand MWh, while in the first nine months the volume of the produced electricity was 88.4 thousand MWh.



### Electricity trading

NIS j.s.c. Novi Sad currently holds electricity trading licenses in Serbia, Montenegro, Romania, Bosnia and Hercegovina, 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 third quarter of 2024 achieved the effect of energy savings of 5,940 t.o.e. The financial value of the savings amounts to RSD 332.1 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 third quarter of 2024 are shown below:

- After the release of 15 PVPPs at PSs in 2022, NIS implemented another project to build PVPPs at additional 30 PSs. By the end of November 2023, the construction of all 30 solar power plants with a total power of 1 MWp was completed. Commissioning was carried out in stages: 10 PVPPs at the end of November 2023, 10 at the end of March 2024, and 9 at the end of June. The last PVPP was commissioned in November.
- The process of developing solar generation at the company's petrol stations continues: an economic model for installing solar power plants with a total capacity of 1 MW at 30 more petrol stations has been prepared. A tender for turnkey construction without an approved budget was held and the winner selected. The project passport has been agreed and is pending approval by the Downstream Investment Committee.

<sup>46</sup>The 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 – September is 1,824.2 MWh.

- The construction of a solar power plant with a total panel capacity of 620 kW at the Jazak drinking water plant (370 kWp on the roof and 250 kWp on the ground) was completed in December 2023. During March NIS completed functional testing of the power plant and started power generation. After receiving the operating permit on September 25, the state enterprise Elektro distribucija Srbije commissioned the power plant.
- At the end of December 2023, NIS signed a contract for the turnkey construction of a ground-based solar photovoltaic power plant with a capacity of 6.5 MW at the Novi Sad oil depot, a turnkey construction contract was signed at the end of December 2023 and a contract with a contractor for a pyrotechnic inspection of the field in January 2024. The general regulation plan was approved, and design requirements were received. Preparatory work is currently underway (pyrotechnic inspection of the site, pull-out tests of load-bearing piles and design of the solar power plant have been completed, solar panels, electrical equipment and load-bearing structures have been ordered, piles and fasteners are being installed).
- At the end of December 2023, NIS signed a contract for the installation of a rooftop solar power plant with a capacity of 585 kW at the Novi Sad oil depot. The construction was completed, and on July 31, the power plant was put into operation to supply electricity for auxiliary consumption of the oil depot.
- In October, NIS signed a contract for the installation of a 99.9 kW solar power plant on the roof of the company's head office building. Construction was completed, and on July 24, the power plant was put into operation to supply electricity for auxiliary consumption.
- NIS signed a contract for the installation of a 600 kW rooftop solar power plant at the Pančevo Oil Refinery in March 2024. A building permit has been received, and work is underway.
- 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.
  - A draft detailed regulation plan and an analysis of connection points have been prepared for the Smederevo solar power plant construction project.
- 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	Q3 2024	9M 2024
Production of petrochemical products	thous. tonnes	<b>97.2</b>	<b>208.7</b>
Refining of primary gasoline	thous. tonnes	<b>126.1</b>	<b>280.1</b>
Petrochemical product sales	thous. tonnes	<b>91.0</b>	<b>204.9</b>
EBITDA	RSD billion	<b>-1.7</b>	<b>-4.9</b>
Net loss	RSD billion	<b>-1.9</b>	<b>-5.1</b>
CAPEX <sup>47</sup>	RSD billion	<b>0.6</b>	<b>1.2</b>

In the first nine months of 2024, the EBITDA indicator was negative and amounted to RSD -4.9 billion.

The net loss for the first nine months of 2024 was RSD 5.1 billion.

As regards investments, RSD 1.2 billion was allocated in the first nine months of 2024.

Regarding to operational indicators, in the first nine months of 2024, the production volume of petrochemical products amounted to 208.7 thousand tons. The refining of virgin naphtha in the first nine months amounted to 280.1 thousand tons, while the petrochemical product sales in the first nine months of 2024 amounted to 204.9 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.

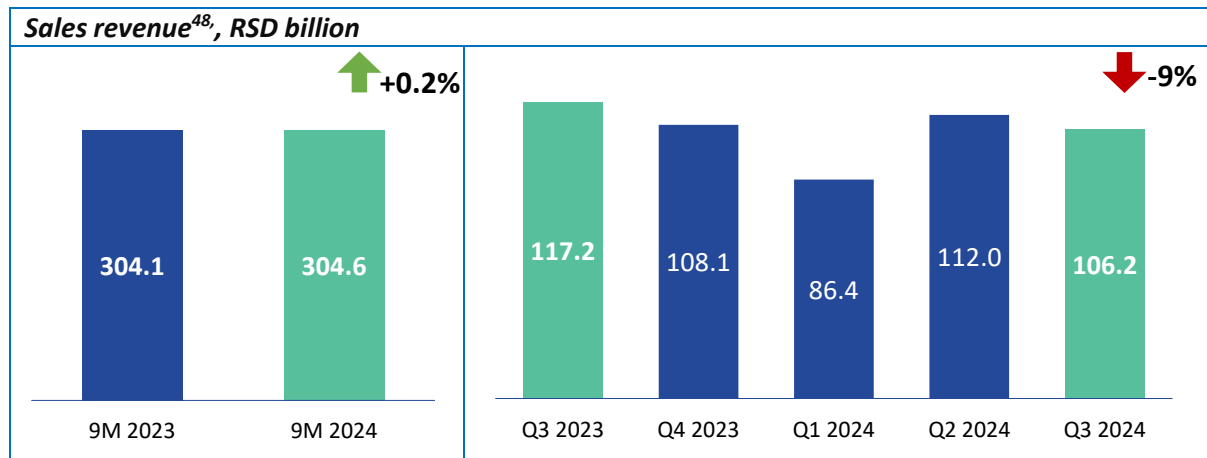
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<sup>47</sup>Financing, excluding VAT.

## Financial indicators

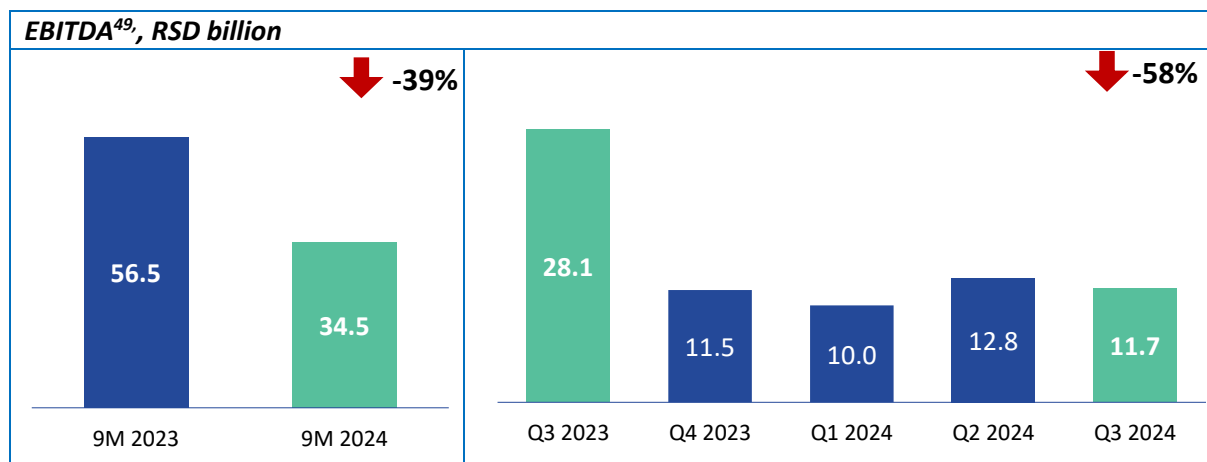
### Sales revenues

During the first nine months of 2024 sales revenues are at almost the same level as in the same period previous year, and the total amount of sales revenues is RSD 304.6 billion.



### EBITDA

The EBITDA indicator in the first nine months of 2024 is 39% lower than the same period last year and amounted to RSD 34.5 billion.



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

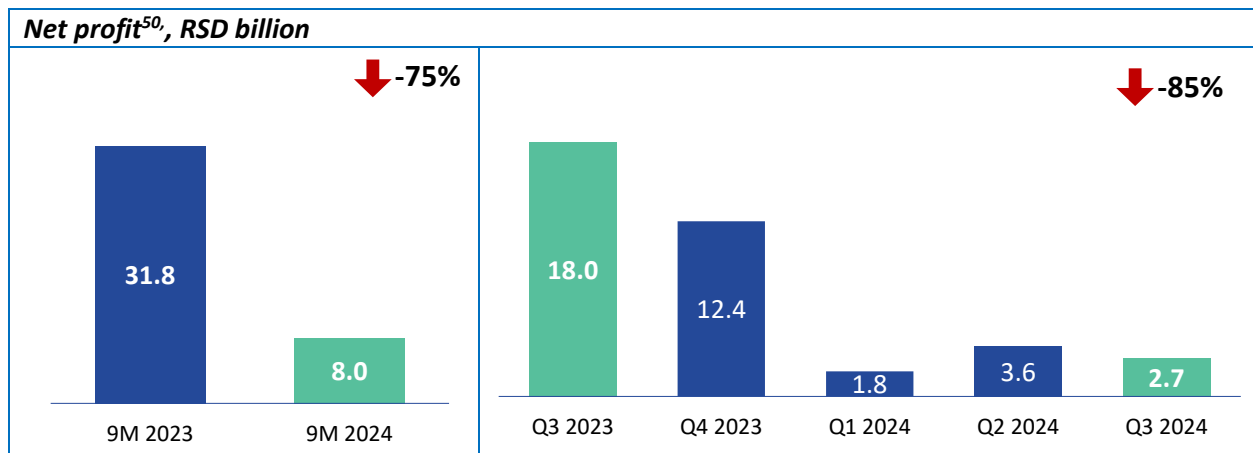
- The impact of lower prices for oil products on the global market;
- Impact of high-priced oil reserves;
- The negative impact of capital overhaul;
- Increase in costs compared to the same period last year;
- Negative HIP-Petrohemija result in 2024.

<sup>48</sup>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.

<sup>49</sup>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.

### Net profit

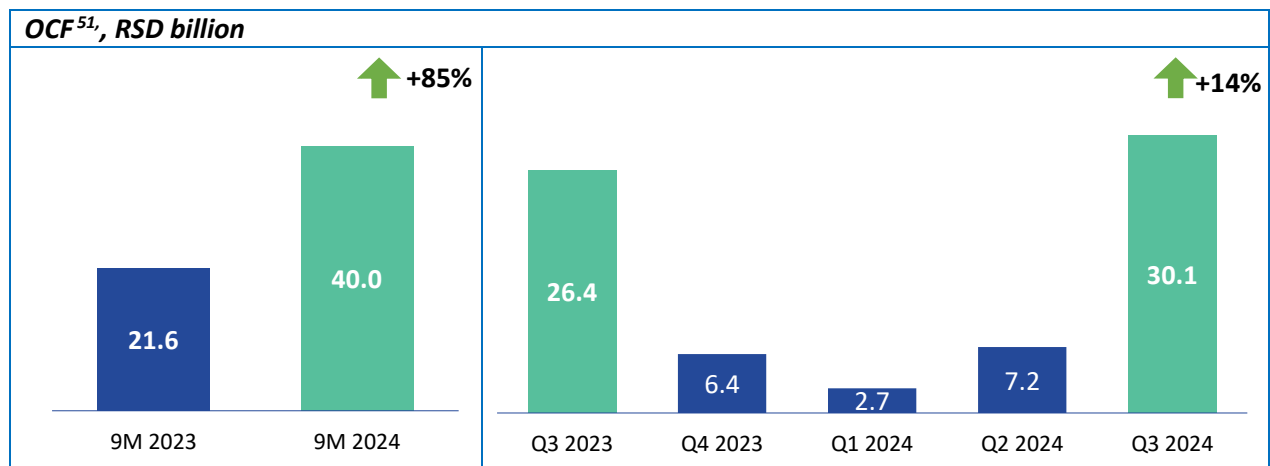
The net profit in the first nine months of 2024 amounts to RSD 8.0 billion, which is lower 75% compared to the same period last year.



The lower net profit for the first nine months of 2024 compared to the same period last year is a consequence of lower EBITDA, an increase in depreciation costs and a decrease in financial profit from interest on deposits.

### OCF

In the first nine months of 2024, the operating cash flow amounts to RSD 40 billion, and it is higher compared to the same period last year.



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

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

<sup>50</sup>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.

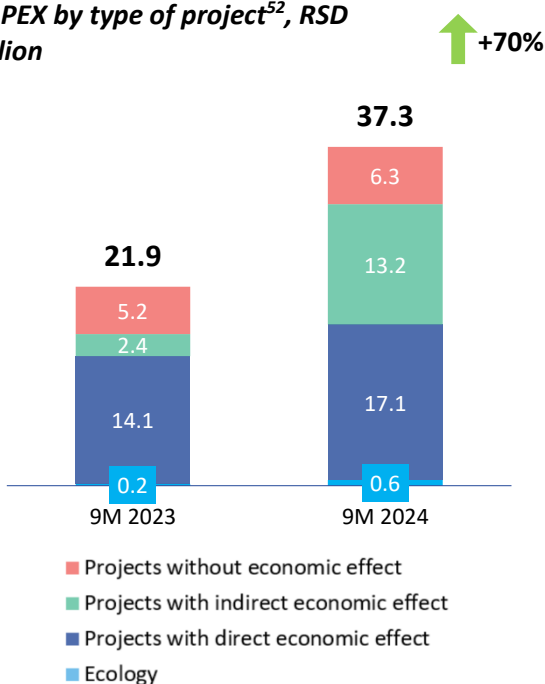
<sup>51</sup>Any deviations aggregate values result from rounding.

### CAPEX

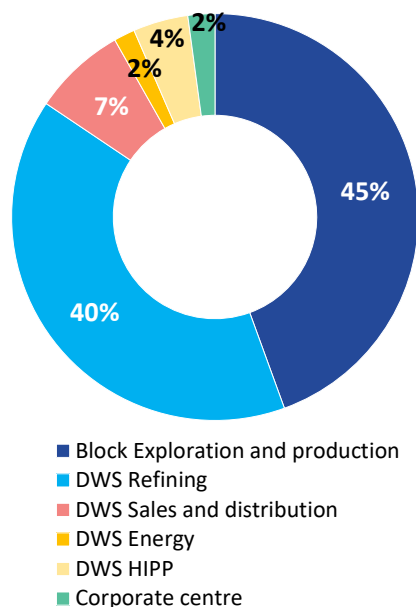
In the first nine months of 2024, the main areas of investment were projects aimed at oil and gas production. A significant part of the investment belongs to investments in drilling, followed by oil refining projects, as well as reconstruction, construction and rebranding projects of petrol stations. 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 nine months 2024, RSD 37.3 billion was allocated for investment, while in the same period of the last year, RSD 21.9 billion were allocated.

**CAPEX by type of project<sup>52</sup>, RSD billion**



**Investments by segments**



<sup>52</sup>All 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.

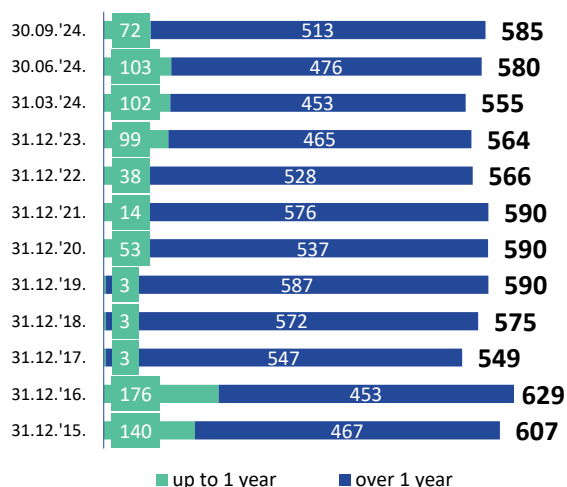
Organisation unit	Major projects in the first nine months
<b>Exploration and production</b>	<ul style="list-style-type: none"> <li>• drilling of development wells</li> <li>• investing in geological and technical activities</li> <li>• infrastructure projects</li> </ul>
<b>Services</b>	<ul style="list-style-type: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



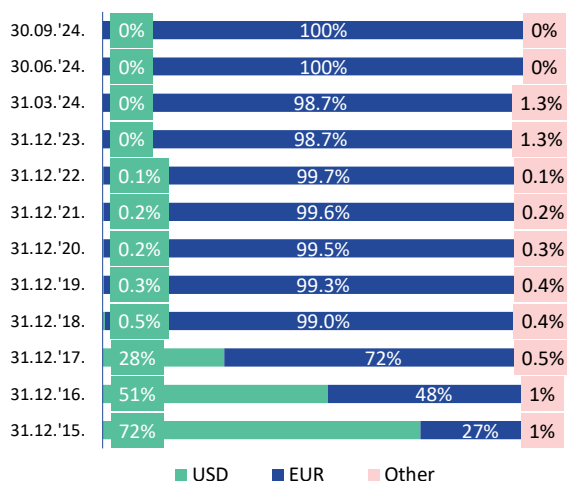
### Indebtdness

At the end of the third quarter of 2024, the debt to banks is higher than at the end of 2023 and amounts to EUR 585.3 million. In the first nine months of 2024, loans in the amount of EUR 103 million were withdrawn, a loan in the amount of EUR 81.7 million was repaid, of which EUR 77.7 million was regularly repaid and EUR 4 million at an early date.

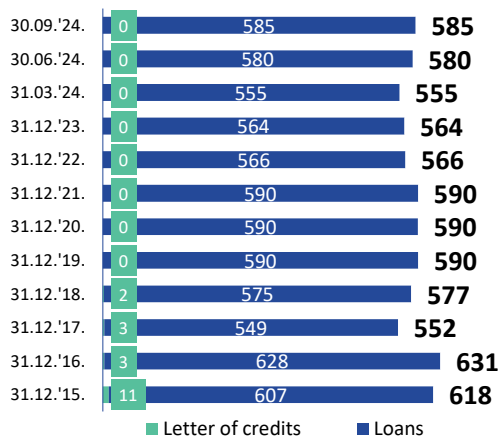
**Total bank debt trends with maturity structure<sup>53</sup>, EUR million**



**Total bank debt structure, by currency, in %**



**Total bank indebtedness<sup>54</sup>, EUR million**



<sup>53</sup>Any deviations in aggregate values result from rounding.

<sup>54</sup>In addition to the bank debt and Letters of Credit as at 30 September 2024, NIS j.s.c. Novi Sad holds issued bank guarantees in the amount of EUR 29 million, corporate guarantees in the amount of EUR 316.5 million and financial leasing in the amount of EUR 31.8 million. Any deviations in aggregate values result from rounding.

*Taxes and Other Public Revenue<sup>55</sup>*

<b>NIS j.s.c. Novi Sad</b>	<b>9M 2024</b>	<b>9M 2023</b>	<b>%<sup>56</sup></b>
Social insurance contributions paid by employer	1.87	1.67	+12%
Energy efficiency fee <sup>57</sup>	0.32	0.33	-3%
Corporate tax	3.46	6.77	-49%
Value-added tax	23.97	30.64	-22%
Excise duties	136.47	119.48	+14%
Commodity reserves fee	5.59	5.75	-3%
Customs duties	1.43	0.06	growth
Royalty	1.34	1.30	+3%
Other taxes	1.16	1.16	0.2%
<b>Total</b>	<b>175.60</b>	<b>167.16</b>	<b>+5%</b>
<b>NIS subsidiaries in Serbia<sup>58</sup></b>			
Social insurance contributions paid by employer	1.75	1.33	+32%
Corporate tax	0.27	0.11	+147%
Value-added tax	2.20	1.86	+18%
Excise duties	0.00	0.00	n/a
Customs duties	0.06	0.04	+53%
Royalty	0.00	0.00	n/a
Other taxes	0.15	0.11	+36%
<b>Total</b>	<b>4.42</b>	<b>3.44</b>	<b>+28%</b>
<b>Total NIS j.s.c. Novi Sad with subsidiaries in Serbia</b>	<b>180.02</b>	<b>170.60</b>	<b>+6%</b>
<b>NIS regional subsidiaries and Angola</b>			
Social insurance contributions paid by employer	0.014	0.01	-7%
Energy efficiency fee	0.0142	0.01	+2%
Corporate tax	0.033	0.02	+99%
Value-added tax	0.52	0.53	-3%
Excise duties	6.48	6.25	+4%
Customs duties	5.14	4.74	+8%
Royalty	0.05	0.04	+32%
Other taxes	0.09	0.08	+10%
<b>Total</b>	<b>12.35</b>	<b>11.69</b>	<b>+6%</b>
Deferred taxes (total for Group)	-0.43	-0.60	-28%
<b>Total NIS Group<sup>59</sup></b>	<b>191.93</b>	<b>181.69</b>	<b>+6%</b>

Accrued liabilities for public revenues for NIS j.s.c. Novi Sad with its subsidiaries in Serbia in the the first nine months of 2024 amounts RSD 180.0 billion, which is an increase of 6% on the same period in 2023.

The amount of accrued liabilities for public revenues for NIS Group in the first nine months of 2024 totalled RSD 191.9 billion, which is an increase of 6% on the same period in 2023.

<sup>55</sup>In RSD billion.

<sup>56</sup>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.

<sup>57</sup>Calculated from 1 July 2019.

<sup>58</sup>Naftagas – 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.

<sup>59</sup>Including 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:

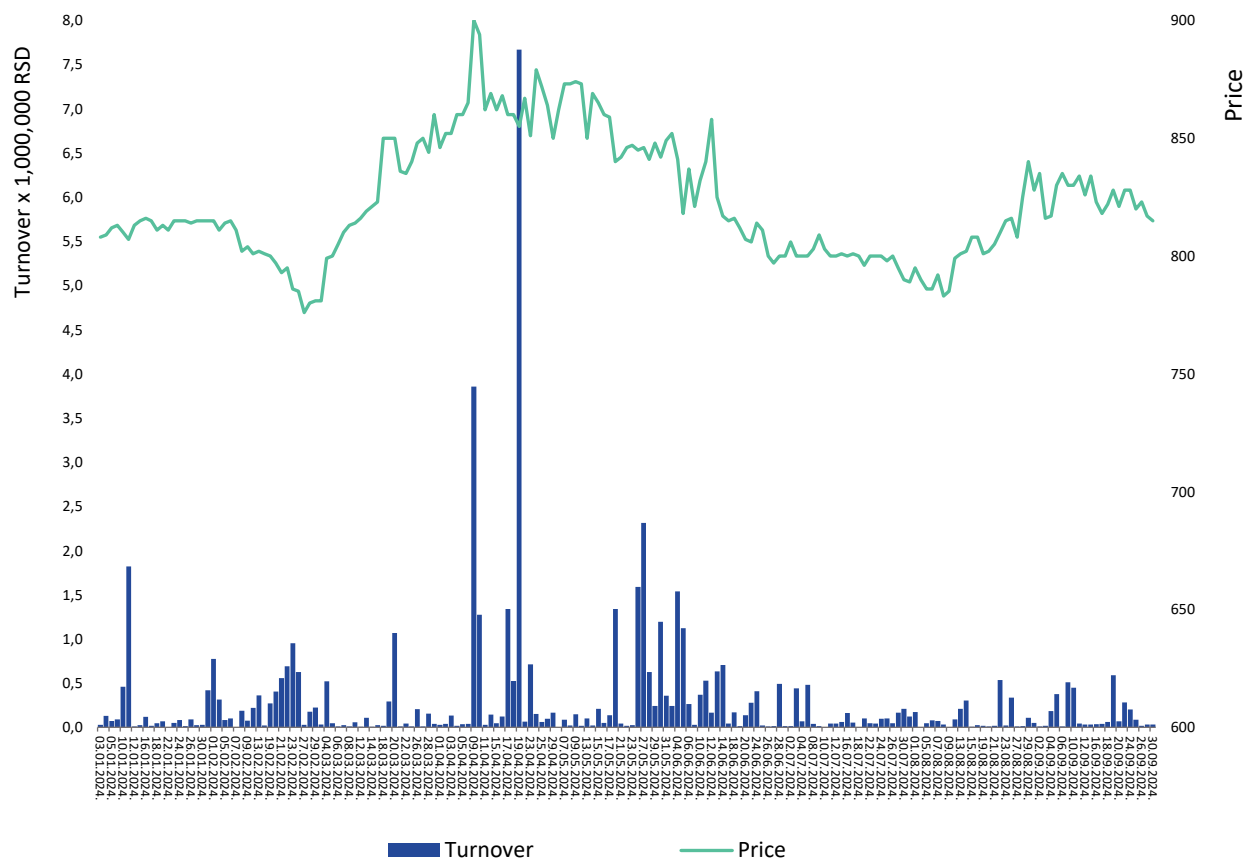
- right to participate and vote at the assembly meetings, according to one-share-one-vote rule;
- right to receive dividends in compliance with applicable legislation;
- right to participate in the distribution of the company assets remaining after liquidation or of a bankrupt's estate in compliance 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 Belgrade.

#### Price and turnover trends in the first nine months of 2024



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

<b>Overview of trading in NIS j.s.c. Novi Sad shares at Belgrade Stock Exchange in the first nine months of 2024</b>	
Last price (September 30, 2024)	815 RSD
High (April 10, 2024)	900 RSD
Low (June 14, 2024)	751 RSD
Total turnover, RSD	522,496,989 RSD
Total turnover, number of shares	625,073
Total number of transactions, number of transactions	3,305
Market capitalization as at September 30, 2024, in RSD	130,611,380,400
<i>EPS</i>	25.58
Consolidated <i>EPS</i>	17.79
<i>P/E ratio</i>	31.32
Consolidated <i>P/E ratio</i>	45.04
Book value as at September 30, 2024	2,342.1
Consolidated book value as at September 30, 2024	2,261.1
<i>P/BV ratio</i>	0.34
Consolidated <i>P/BV ratio</i>	0.35

## 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. The dividend for 2023 was paid to shareholders on August 28, 2024.

	<i>Net profit (loss), RSD bn<sup>60</sup></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 %<sup>61</sup></i>
<b>2009</b>	(4.4)	0.0	-	-	0	-	-
<b>2010</b>	16.5 <sup>62</sup>	0.0	-	101.1	0	475	-
<b>2011</b>	40.6 <sup>63</sup>	0.0	-	249	0	605	-
<b>2012</b>	49.5	12.4	25%	303.3	75.83	736	10.3
<b>2013</b>	52.3	13.1	25%	320.9	80.22	927	8.7
<b>2014</b>	30.6	7.6	25%	187.4	46.85	775	6.0
<b>2015</b>	16.1	4.0	25%	98.8	24.69	600	4.1
<b>2016</b>	16.1	4.0	25%	98.6	24.66	740	3.3
<b>2017</b>	27.8	6.9	25%	170.43	42.61	724	5.9
<b>2018</b>	26.1	6.5	25%	159.86	39.97	690	5.8
<b>2019</b>	17.7	4.4	25%	108.55	27.14	749	3.6
<b>2020</b>	(5.9)	1.0	-	(36.24)	6.14	644	1.0
<b>2021</b>	23.1	5.8	25%	141.85	35.46	620	5.7
<b>2022</b>	93.5	23.4	25%	573.14	143.29	675	21.2
<b>2023</b>	41.9	10.5	25%	257.05	64.26	812	7.9

<sup>60</sup> Net profit of NIS j.s.c. Novi Sad.

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

<sup>62</sup> Net profit used for coverage of accumulated losses.

<sup>63</sup> 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.

<b>Total amount of fees paid to BoD members in the first nine months of 2024, net in RSD</b>	
<b>Members od BoD</b>	<b>204,263,572 RSD</b>

### ***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 nine 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 Statements<sup>64</sup>.

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<sup>64</sup>Information on related party transactions can be found on page 87 under note number 26 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.

Recognising the need to reduce bureaucracy in all processes, at the beginning of 2024 we launched the "Debureaucratisation" project at NIS, aimed at reducing documentation, shortening steps, and automating and digitalising processes throughout all parts of the company. 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.

As the activities from the previous employer branding strategy were implemented and the success indicators were measured, a new strategy was created for the period 2024 – 2027. To achieve a unified direction, the agenda has been aligned with all organisational units that are relevant to its fulfillment.

With the aim of improving the quality and efficiency of the selection process for candidates at gas stations, a video was created that provides all essential information about working conditions. The video is shown to candidates during the selection process. Additionally, through the appropriate selection of recruitment channels, the hiring request for 19 new positions of tower workers was successfully carried out.

The third season of the internship program for operators has started, playing a key role in bringing in young workforce to replace operators who are retiring or being promoted. Due to the program's recognition in addressing business needs, this season, in addition to Refining, the Science and Technology Center and HIP Petrohemija are also participating in the program. This year's season includes 27 interns.

As for the student program, the 8<sup>th</sup> season of the NIS Calling internship program is nearing its completion. Based on evaluations at the end of the program, all 44 interns expressed a desire to continue their careers at NIS.

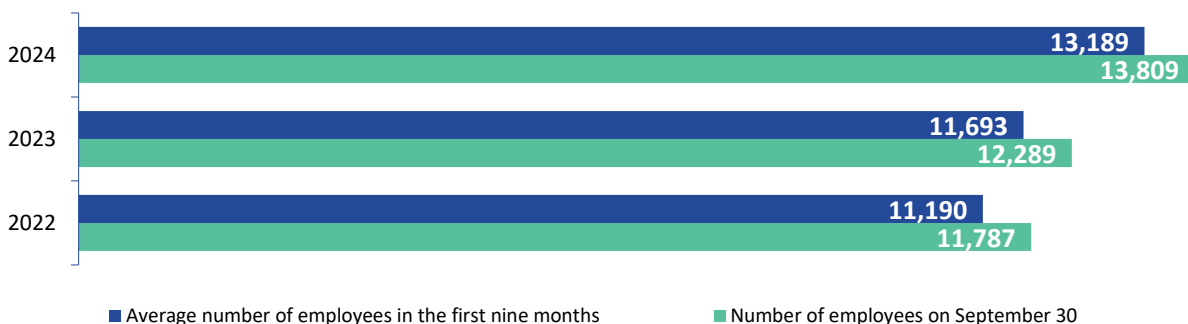
For graduate students, the process of organising the 5th season of the one-year NIS Energy mentoring program has been launched, with the aim of offering employment after completion. In third quarter we've started employer branding campaign to attract suitable candidates, and within the first 10 of the 30 days of the campaign, 400 applications have been received, out of the planned 600. Also, Additionally, there were underway for a large conference for over 400 candidates with the appropriate profile for this program, where they will have the opportunity to hear speakers on topics important to young people.



## Employee Number<sup>65</sup> and Structure

Organisational unit	Number of employees on:	
	09/30/2024	09/30/2023
<b>NIS j.s.c. Novi Sad</b>	<b>5,312</b>	<b>5,299</b>
Exploration and Production Block	1,109	1,075
Downstream	2,615	2,593
Refining Block	1,010	995
Sales and Distribution Block	1,393	1,386
Energy Block	48	46
The rest of Downstream <sup>66</sup>	164	166
Corporate Centre	1,584	1,627
Representative and Branch Offices	4	4
<b>Local subsidiaries</b>	<b>7,870<sup>67</sup></b>	<b>6,360</b>
<b>Subsidiaries abroad</b>	<b>627</b>	<b>630</b>
<b>TOTAL<sup>68</sup>:</b>	<b>13,809</b>	<b>12,289</b>

## Headcount trend<sup>69</sup>



<sup>65</sup>The number of employees does not include employees hired through the Contract of Services. On September 30, 2024 within the NIS j.s.c. Novi Sad, we have 91 employees hired through the Contract of Services. Additionally, the headcount does not include employees engaged through staff leasing agencies. As of 30 September 2024, in HIP-Petrohemija LLC Pančevo, there were 12 employees engaged through staff leasing agencies.

<sup>66</sup>The 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.

<sup>67</sup> The total headcount of subsidiaries in the country as of 30 September 2024, including HIP-Petrohemija, whereas the headcount as of 30 September 2023 was exclusive of this subsidiary. The number of employees in the company HIP-Petrohemija LLC on June 30 2023 is 1,318, including agency employees.

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

<sup>69</sup>The 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 nine months of 2024, a total of 902 employees<sup>70</sup> left NIS j.s.c: 135 employees retired, 63 employees left NIS after termination of employment by mutual consent, while the employment of 704 people was terminated on other grounds (cancellation of employment contract, employment termination by the employee and redundancy).

<b>Basis of employment termination in the first nine months of 2024</b>	<b>NIS j.s.c Novi Sad<sup>71</sup></b>	<b>Subsidiaries</b>
Retirement	57	78
Termination by mutual consent	13	50
Other	152	552
<b>Total</b>	<b>222</b>	<b>680</b>

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<sup>70</sup>The data includes employment terminations for HIP-Petrohemija LLC Pancevo.

<sup>71</sup>Including 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 third 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 works on the “Srednji Banat” project started;
- The first stage of the Drmljan Depression zonal project was completed (the conceptual model was presented);
- Based on the results of drilling in the Ada field, a reassessment of the resource base was made;
- Activities were carried out to prepare new studies on reserves for oil and gas fields (one study on the newly discovered oil reservoir and another study on the additional verification the remaining reserves). Three studies were completed and sent to the Commission for the Establishment and Verification of Reserves of the Provincial Secretariat for Energy, and two studies are in the process of preparation;
- Two 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 4 oil and gas field. For the same needs, the existing geological-hydrodynamic models for 5 oil and gas fields were updated;
- In the field of oil and gas production technology, and in order to optimize production, an oil field integrated model was created, and laboratory tests of new methods during exploitation were also carried out. The operation of using the new reagent on 2 wells was completed;
- As one of the directions of the development of the geothermal energy portfolio, the locations suitable from the aspect of diversification of thermal energy supply at NIS infrastructure facilities are being considered. For this purpose, based on the temperature regimes of the thermal energy supply system of the gathering stations, two localities were designated.

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 CO<sub>2</sub> 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 Statements<sup>72</sup>

### Standalone financial statements (unaudited)

#### Interim Condensed Statement of Financial Position

Assets	Note	30 September 2024	31 December 2023
<b>Current assets</b>		<i>(unaudited)</i>	
Cash and cash equivalents	4	38,405,721	16,270,493
Short-term financial assets	5	31,093,760	50,017,699
Trade and other receivables	6	41,644,067	44,731,654
Inventories	7	58,809,234	59,328,301
Current income tax prepayments		8,293,789	7,380,049
Other current assets	8	13,680,576	8,886,275
Assets classified as held for sale		23,827	60,091
<b>Total current assets</b>		<b>191,950,974</b>	<b>186,674,562</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	294,356,542	275,083,369
Right-of-use assets	10	2,832,968	2,808,073
Investment property		1,522,131	1,514,651
Intangible assets		3,775,139	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	7,845,004	9,494,126
Deferred tax assets		3,898,291	3,527,437
Other non-current assets	12	3,214,605	4,899,484
<b>Total non-current assets</b>		<b>349,500,162</b>	<b>333,219,025</b>
<b>Total assets</b>		<b>541,451,136</b>	<b>519,893,587</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>			
Short-term debt and current portion of long-term debt	13	11,371,073	14,623,831
Current lease liabilities	18	491,330	522,002
Trade and other payables	14	37,856,231	22,867,531
Other current liabilities	15	8,045,223	9,652,270
Other taxes payable	16	14,702,867	11,579,451
Provisions for liabilities and charges		1,158,465	2,624,738
<b>Total current liabilities</b>		<b>73,625,189</b>	<b>61,869,823</b>
<b>Non-current liabilities</b>			
Long-term debt	17	59,976,642	54,465,457
Non-current lease liabilities	18	1,536,820	1,610,014
Other non-current financial liabilities	19	12,117,888	12,038,912
Long-term trade and other payables		2,866	2,868
Provisions for liabilities and charges		12,294,851	11,585,649
<b>Total non-current liabilities</b>		<b>85,929,067</b>	<b>79,702,900</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		37,620	34,408
Retained earnings		300,329,060	296,756,256
<b>Total equity</b>		<b>381,896,880</b>	<b>378,320,864</b>
<b>Total liabilities and shareholder's equity</b>		<b>541,451,136</b>	<b>519,893,587</b>

in 000 RSD

<sup>72</sup>The 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 September		Nine month period ended 30 September	
		2024	2023	2024	2023
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales of petroleum products, oil and gas		98,788,268	104,241,644	277,778,900	266,062,577
Other revenues		5,261,362	8,002,183	14,485,264	23,024,993
<b>Total revenue from sales</b>	<b>3</b>	<b>104,049,630</b>	<b>112,243,827</b>	<b>292,264,164</b>	<b>289,087,570</b>
Purchases of oil, gas and petroleum products		(71,959,029)	(62,843,257)	(199,460,318)	(164,482,647)
Production, manufacturing and cost of other sales	20	(9,896,511)	(11,860,000)	(27,623,486)	(35,185,413)
Selling, general and administrative expenses	21	(8,241,275)	(7,237,248)	(23,538,604)	(20,989,484)
Transportation expenses		(476,010)	(426,864)	(1,201,627)	(1,147,761)
Depreciation, depletion and amortization		(6,436,181)	(5,579,558)	(18,233,688)	(16,919,777)
Taxes other than income tax		(1,484,633)	(1,373,701)	(4,294,577)	(4,093,609)
Exploration expenses		-	(322)	(187)	(322)
<b>Total operating expenses</b>		<b>(98,493,639)</b>	<b>(89,320,950)</b>	<b>(274,352,487)</b>	<b>(242,819,013)</b>
Other income/(expenses), net	22	184,231	(16,964)	698,105	(7,160,347)
<b>Operating profit</b>		<b>5,740,222</b>	<b>22,905,913</b>	<b>18,609,782</b>	<b>39,108,210</b>
Net foreign exchange gain/(loss)	23	(289,112)	5,274	(585,735)	(104,478)
Finance income	24	736,043	1,017,657	1,992,953	4,576,942
Finance expenses	25	(1,003,682)	(848,514)	(2,870,641)	(2,451,676)
<b>Total other (expenses) / income</b>		<b>(556,751)</b>	<b>174,417</b>	<b>(1,463,423)</b>	<b>2,020,788</b>
<b>Profit before income tax</b>		<b>5,183,471</b>	<b>23,080,330</b>	<b>17,146,359</b>	<b>41,128,998</b>
Current income tax		(1,107,776)	(3,717,059)	(3,474,085)	(6,767,837)
Deferred tax income		94,851	159,983	370,853	540,950
<b>Total income tax</b>		<b>(1,012,925)</b>	<b>(3,557,076)</b>	<b>(3,103,232)</b>	<b>(6,226,887)</b>
<b>Profit for the period</b>		<b>4,170,546</b>	<b>19,523,254</b>	<b>14,043,127</b>	<b>34,902,111</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit</b>					
Gain on remeasurements of defined benefit plans		7,938	-	7,938	-
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	-
<b>Other comprehensive income for the period</b>		<b>11,098</b>	<b>8,431</b>	<b>11,150</b>	<b>8,276</b>
<b>Total comprehensive income for the period</b>		<b>4,181,644</b>	<b>19,531,685</b>	<b>14,054,277</b>	<b>34,910,387</b>
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		25.58	119.73	86.12	214.04
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

Nine month period ended 30 September 2024 and 2023

<i>(unaudited)</i>	Note	Share capital	Reserves	Retained earnings	Total
<b>Balance as at 1 January 2023</b>		<b>81,530,200</b>	<b>93,904</b>	<b>278,192,015</b>	<b>359,816,119</b>
Profit for the period		-	-	34,902,111	34,902,111
<b>Other comprehensive gain</b>					
Gain from investments in equity instruments		-	8,276	-	8,276
<b>Total comprehensive income for the period</b>		-	<b>8,276</b>	<b>34,902,111</b>	<b>34,910,387</b>
Dividend distribution		-	-	(23,364,925)	(23,364,925)
Disposal of investment in equity instrument		-	33,877	(33,877)	-
Internal transfer		-	(94,715)	94,715	-
<b>Balance as at 30 September 2023</b>		<b>81,530,200</b>	<b>41,342</b>	<b>289,790,039</b>	<b>371,361,581</b>

<i>(unaudited)</i>		Share capital	Reserves	Retained earnings	Total
<b>Balance as at 1 January 2024</b>		<b>81,530,200</b>	<b>34,408</b>	<b>296,756,256</b>	<b>378,320,864</b>
Profit for the period		-	-	14,043,127	14,043,127
<b>Other comprehensive income</b>					
Gain on remeasurements of defined benefit plans		-	-	7,938	7,938
Gain from investments in equity instruments		-	52	-	52
Revaluation of property, plant and equipment transferred to investment property		-	3,160	-	3,160
<b>Total comprehensive income for the period</b>		-	<b>3,212</b>	<b>14,051,065</b>	<b>14,054,277</b>
Dividend distribution		-	-	(10,478,261)	(10,478,261)
<b>Balance as at 30 September 2024</b>		<b>81,530,200</b>	<b>37,620</b>	<b>300,329,060</b>	<b>381,896,880</b>

*in 000 RSD*

Interim Condensed Statement of Cash Flows<sup>73</sup>

	Note	Nine month period ended 30 September	
		2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>17,146,359</b>	<b>41,128,998</b>
<b>Adjustments for:</b>			
Finance expenses	25	2,870,641	2,451,676
Finance income	24	(1,992,953)	(4,576,942)
Unrealised foreign exchange gain/(losses), net		586,820	(384,013)
Depreciation, depletion and amortization		18,233,688	16,919,777
Other non-cash items		146,813	322,816
<b>Operating cash flow before changes in working capital</b>		<b>36,991,368</b>	<b>55,862,312</b>
<b>Changes in working capital:</b>			
Trade and other receivables		3,161,820	(4,418,976)
Inventories		416,496	6,739,874
Other current assets		(4,685,740)	(1,577,234)
Trade payables and other current liabilities		13,160,240	(16,366,879)
Other taxes payable		3,123,417	3,563,726
<b>Total effect on working capital changes</b>		<b>15,176,233</b>	<b>(12,059,489)</b>
Income taxes paid		(4,386,321)	(25,373,621)
Interest paid		(2,524,118)	(2,031,143)
Interest received		2,620,650	3,022,600
<b>Net cash generated by operating activities</b>		<b>47,877,812</b>	<b>19,420,659</b>
<b>Cash flows from investing activities</b>			
Net cash outflow on acquisition of subsidiaries		-	(5,863,685)
Loans issued		(18,107,418)	(9,346,067)
Loan proceeds received		12,849,629	7,760,912
Capital expenditures <sup>74</sup>		(36,816,437)	(19,623,043)
Proceeds from sale of property, plant and equipment		676,173	110,568
Bank deposits proceeds / (repayment), net		25,000,000	(19,000,000)
Other inflows		-	8,430
<b>Net cash used in investing activities</b>		<b>(16,398,053)</b>	<b>(45,952,885)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	13,17	31,899,636	7,611,892
Repayment of borrowings	13,17	(29,548,187)	(13,874,926)
Repayment of lease liabilities	18	(528,875)	(477,098)
Dividends paid		(10,478,261)	(23,364,925)
<b>Net cash used in financing activities</b>		<b>(8,655,687)</b>	<b>(30,105,057)</b>
Net (decrease) / increase in cash and cash equivalents		22,824,072	(56,637,283)
Effect of foreign exchange on cash and cash equivalents		(688,844)	(170,062)
<b>Cash and cash equivalents as of the beginning of the period</b>		<b>16,270,493</b>	<b>83,083,255</b>
<b>Cash and cash equivalents as of the end of the period</b>	<b>4</b>	<b>38,405,721</b>	<b>26,275,910</b>

in 000 RSD

<sup>73</sup> Company's policy is to present cash flow inclusive of related VAT.

<sup>74</sup> CF from investing activities includes VAT in the amount of 4.3 bln RSD (2023: 2.5 bln RSD)

## Notes to the Standalone Financial Statements<sup>75</sup>

### 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 nine months 2024 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and USD (the information on economic environment in the Republic Serbia is detailed in Note 27) due to geopolitical situation. Due to that during the third quarter of 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 September 2024 the Company didn’t review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing Under current conditions it turned out to be impossible

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<sup>75</sup> All amounts are in 000 RSD, unless otherwise stated.



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 nine month period ended 30 September 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 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 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 nine month period ended 30 September 2024 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	40,528,448	294,277,139	(42,541,423)	292,264,164
Intersegment	40,482,137	2,059,286	(42,541,423)	-
External	46,311	292,217,853	-	292,264,164
<b>Adjusted EBITDA (Segment results)</b>	<b>28,531,136</b>	<b>8,125,000</b>	-	<b>36,656,136</b>
Depreciation, depletion and amortization	(9,752,501)	(8,481,187)	-	(18,233,688)
Net foreign exchange loss	(113,408)	(472,327)	-	(585,735)
Finance expenses, net	(113,355)	(764,333)	-	(877,688)
Income tax	(14,703)	(3,088,529)	-	(3,103,232)
Segment profit / (loss)	18,359,875	(4,316,748)	-	14,043,127

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	35,329,357	289,844,475	(36,086,262)	289,087,570
Intersegment	35,289,019	797,243	(36,086,262)	-
External	40,338	289,047,232	-	289,087,570
<b>Adjusted EBITDA (Segment results)</b>	<b>23,615,318</b>	<b>32,726,418</b>	-	<b>56,341,736</b>
Depreciation, depletion and amortization	(9,261,463)	(7,658,314)	-	(16,919,777)
Net foreign exchange loss	(69,882)	(34,596)	-	(104,478)
Finance income (expenses), net	(123,521)	2,248,787	-	2,125,266
Income tax	-	(6,226,887)	-	(6,226,887)
Segment profit	14,159,436	20,742,675	-	34,902,111

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	4,170,546	19,523,254	14,043,127	34,902,111
Income tax	1,012,925	3,557,076	3,103,232	6,226,887
Finance expenses	1,003,682	848,514	2,870,641	2,451,676
Finance income	(736,043)	(1,017,657)	(1,992,953)	(4,576,942)
Depreciation, depletion and amortization	6,436,181	5,579,558	18,233,688	16,919,777
Net foreign exchange loss/(gain)	289,112	(5,274)	585,735	104,478
Other expenses/(income), net	(184,231)	16,964	(698,105)	7,160,347
Other non-operating expense/(income), net*	232,587	80,206	510,771	(6,846,598)
<b>Adjusted EBITDA</b>	<b>12,224,759</b>	<b>28,582,641</b>	<b>36,656,136</b>	<b>56,341,736</b>

\*Other non-operating expense/(income), net mainly relates to penalties and excess and deficiencies of assets revealed, (for 2023 mainly relates to donations for support projects in the field of education, social and health care, excess and deficiencies of assets revealed, fines, penalties and other). (note 22)

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

	Nine month period ended 30 September	
	2024	2023
Sale of gas	171,046	139,165
<i>Wholesale activities</i>	171,046	139,165
Sale of petroleum products	277,607,854	265,923,412
<i>Through a retail network</i>	80,327,841	80,410,567
<i>Wholesale activities</i>	197,280,013	185,512,845
Sale of electricity	686,762	11,091,913
Lease revenue	264,825	274,936
Other sales	13,533,677	11,658,144
<b>Total sales</b>	<b>292,264,164</b>	<b>289,087,570</b>

Other sales mainly relate to sales of non-fuel products at petrol stations for 9,639,611 RSD (2023: 8,156,028 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 September 2024	31 December 2023
Cash in bank and in hand	16,551,983	8,265,248
Deposits with original maturity of less than three months	21,850,000	8,000,000
Cash equivalents	3,738	5,245
	<b>38,405,721</b>	<b>16,270,493</b>

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	6,450,256	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)	34,532,665	32,578,321
<i>Less impairment loss provision</i>	(9,889,161)	(9,896,736)
	<b>31,093,760</b>	<b>50,017,699</b>

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	48,789,364	52,053,320
Other receivables	86,866	95,494
<i>Less credit loss allowance for trade receivables</i>	(7,204,640)	(7,386,577)
<i>Less credit loss allowance for other receivables</i>	(27,523)	(30,583)
	<b>41,644,067</b>	<b>44,731,654</b>

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

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

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

#### 7. INVENTORIES

	30 September 2024	31 December 2023
Crude oil	32,376,210	32,326,837
Gas	102,269	-
Petroleum products	23,894,925	24,875,824
Materials and supplies	5,648,806	5,230,211
Other	1,141,987	1,291,956
<i>Less impairment provision</i>	(4,354,963)	(4,396,527)
	<b>58,809,234</b>	<b>59,328,301</b>

**8. OTHER CURRENT ASSETS**

	30 September 2024	31 December 2023
Advances paid	2,172,714	887,650
Deferred VAT	3,696,028	3,017,260
Prepaid expenses	508,329	307,150
Prepaid custom duties	75,360	67,649
Prepaid excise	6,794,919	4,267,660
Other current assets	7,919,846	7,824,421
<i>Less impairment provision</i>	(7,486,620)	(7,485,515)
	<b>13,680,576</b>	<b>8,886,275</b>

Deferred VAT as at 30 September 2024 amounting to 3,696,028 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 September 2024 amounting to 6,794,919 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
<b>As at 1 January 2024</b>						
Cost	231,482,614	164,584,606	59,556,609	17,297,562	24,718,845	497,640,236
Depreciation and impairment	(97,852,172)	(78,620,068)	(34,081,293)	(10,196,954)	(1,806,380)	(222,556,867)
<b>Net book value</b>	<b>133,630,442</b>	<b>85,964,538</b>	<b>25,475,316</b>	<b>7,100,608</b>	<b>22,912,465</b>	<b>275,083,369</b>
<b>Period ended 30 September 2024</b>						
Additions	11,463,445	16,513,869	2,434,499	459,759	5,899,425	36,770,997
Changes in decommissioning obligations	220,577	-	-	-	-	220,577
Impairment	-	-	-	(2,922)	(4,954)	(7,876)
Depreciation	(9,651,395)	(5,970,485)	(1,503,262)	(344,715)	-	(17,469,857)
Transfer from non-current assets held for sale	-	-	-	11,935	-	11,935
Transfer from / (to) investment property	(13)	-	2,313	(12,731)	-	(10,431)
Disposals and write-off	(15,804)	(6,538)	(57,778)	(15,865)	(187)	(96,172)
Other transfers	6,465	(4,669)	10,151	(255,355)	97,408	(146,000)
	<b>135,653,717</b>	<b>96,496,715</b>	<b>26,361,239</b>	<b>6,940,714</b>	<b>28,904,157</b>	<b>294,356,542</b>
<b>As at 30 September 2024</b>						
Cost	242,893,546	180,990,781	61,615,297	17,029,323	30,715,491	533,244,438
Depreciation and impairment	(107,239,829)	(84,494,066)	(35,254,058)	(10,088,609)	(1,811,334)	(238,887,896)
<b>Net book value</b>	<b>135,653,717</b>	<b>96,496,715</b>	<b>26,361,239</b>	<b>6,940,714</b>	<b>28,904,157</b>	<b>294,356,542</b>

## 10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the nine months ended 30 September 2024 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
<b>As at 1 January 2024</b>	<b>1,426</b>	<b>800,397</b>	<b>173,626</b>	<b>1,832,624</b>	<b>2,808,073</b>
Additions	13,794	168,148	94,022	272,631	548,595
Depreciation	(2,149)	(85,455)	(59,361)	(176,540)	(323,505)
Disposals	-	-	(1,548)	(198,647)	(200,195)
<b>As at 30 September 2024</b>	<b>13,071</b>	<b>883,090</b>	<b>206,739</b>	<b>1,730,068</b>	<b>2,832,968</b>

## 11. LONG-TERM FINANCIAL ASSETS

	30 September 2024	31 December 2023
LT loans issued	41,597,598	41,289,971
Financial assets at FVTPL	838,295	838,937
Other LT placements	24,605	28,655
Available for sale financial assets	124,316	128,683
<i>Less Current portion of LT loans issued (note 5)</i>	<i>(34,532,665)</i>	<i>(32,578,321)</i>
<i>Less provision of LT financial assets</i>	<i>(207,145)</i>	<i>(213,799)</i>
	<b>7,845,004</b>	<b>9,494,126</b>

## 12. OTHER NON-CURRENT ASSETS

	30 September 2024	31 December 2023
Advances paid for PPE	2,559,179	4,184,286
Prepaid expenses	79,984	104,566
Other assets	897,344	916,063
<i>Less allowance for other assets</i>	<i>(287,916)</i>	<i>(284,068)</i>
<i>Less allowance for advances paid</i>	<i>(33,986)</i>	<i>(21,363)</i>
	<b>3,214,605</b>	<b>4,899,484</b>

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

	30 September 2024	31 December 2023
Short-term loans	2,648,262	3,606,281
Interest liabilities	317,669	256,467
Current portion of long-term loans (note 17)	8,405,142	10,761,083
	<b>11,371,073</b>	<b>14,623,831</b>

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

	Nine month period ended 30 September	
	2024	2023
<b>Short-term loans at 1 January</b>	<b>3,606,281</b>	<b>5,345,097</b>
Proceeds	19,844,268	7,611,892
Repayment	(20,802,287)	(9,568,018)
Foreign exchange difference (note 23)	-	(464)
<b>Short-term loans at 30 September</b>	<b>2,648,262</b>	<b>3,388,507</b>

**14. TRADE AND OTHER PAYABLES**

	30 September 2024	31 December 2023
Trade payables	34,063,878	19,062,793
Dividends payable	3,783,422	3,783,595
Other accounts payable	8,931	21,143
	<b>37,856,231</b>	<b>22,867,531</b>

As at 30 September 2024 trade payables amounting to 34,063,878 RSD (31 December 2023: 19,062,793 RSD) mainly relate to payables for crude oil in the amount of 13,559,853 RSD (31 December 2023: 0 RSD).

**15. OTHER CURRENT LIABILITIES**

	30 September 2024	31 December 2023
Contract liabilities arising from contracts with customers:		
– Advances received	3,517,492	4,747,256
– Customer loyalty	954,657	843,176
– Deferred income	50,181	45,170
Payables to employees	3,296,405	3,931,046
Other current non-financial liabilities	226,488	85,622
	<b>8,045,223</b>	<b>9,652,270</b>

Revenue in the amount of 4,733,792 RSD (30 September 2023: 7,763,911 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2024, of which 4,242,124 RSD (30 September 2023: 7,356,947 RSD) related to advances and 491,668 RSD (30 September 2023: 406,964 RSD) to customer loyalty programme.

**16. OTHER TAXES PAYABLE**

	30 September 2024	31 December 2023
Mineral extraction tax	449,581	471,143
VAT	3,562,981	1,202,951
Excise tax	9,069,223	8,121,033
Contribution for State commodity reserves	355,328	625,507
Custom duties	84,740	28,928
Energy efficiency fee	38,841	72,972
Other taxes	1,142,173	1,056,917
	<b>14,702,867</b>	<b>11,579,451</b>

**17. LONG-TERM DEBT**

	30 September 2024	31 December 2023
Bank loans	68,378,781	65,223,168
Other Long-term borrowings	3,003	3,372
<i>Less Current portion (note 13)</i>	<i>(8,405,142)</i>	<i>(10,761,083)</i>
	<b>59,976,642</b>	<b>54,465,457</b>

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

	Nine month period ended	
	2024	30 September 2023
<b>Long-term loans at 1 January</b>	<b>65,223,168</b>	<b>67,738,184</b>
Proceeds	12,055,368	-
Repayment	(8,745,900)	(4,306,908)
Non-cash transactions	(106,155)	15,945
Foreign exchange difference (note 23)	(47,700)	(75,400)
<b>Long-term loans at 30 September</b>	<b>68,378,781</b>	<b>63,371,821</b>

*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)
	<b>59,973,639</b>	<b>54,462,085</b>

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
	<b>59,973,639</b>	<b>54,462,085</b>

The carrying amounts of bank 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
	<b>68,378,781</b>	<b>65,223,168</b>

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

The loan agreements contain financial covenants that require the Company's ratio of Indebtedness to EBITDA. Management believes the Company is in compliance with these covenants as of 30 September 2024 and 31 December 2023, respectively.

**18. LEASE LIABILITIES**

	30 September 2024	31 December 2023
Non-current lease liabilities	1,536,820	1,610,014
Current lease liabilities	491,330	522,002
	<b>2,028,150</b>	<b>2,132,016</b>



Amounts recognized in profit and loss:

	Nine month period ended 30 September	
	2024	2023
Interest expense (included in finance cost) (note 25)	73,978	70,252
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	66,971	2,700
Expense relating to leases of low value assets that are not shown above as short-term leases	7,326	7,912
Expense relating to variable lease payments not included in lease liabilities	935,137	885,540

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

	Nine month period ended 30 September	
	2024	2023
<b>As at 1 January</b>	<b>2,132,016</b>	<b>2,295,379</b>
Repayment	(528,875)	(477,098)
Non-cash transactions	428,580	177,427
Foreign exchange difference (note 23)	(3,571)	(6,808)
<b>As at 30 September</b>	<b>2,028,150</b>	<b>1,988,900</b>

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

Other non-current financial liabilities in the amount of 12,117,888 RSD (2023: 12,038,912 RSD) represents deferred consideration in the amount of 838,295 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 11,279,593 RSD (2023: 11,199,975 RSD).

#### 20. 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	1,131,252	1,024,717	3,206,312	3,004,707
Materials and supplies (other than O&G and petroleum products)	338,920	317,630	899,245	910,862
Repair and maintenance services	1,411,257	1,267,852	3,817,966	3,896,513
Electricity for resale	35,425	3,309,935	72,212	10,115,102
Electricity and utilities	2,213,533	1,798,288	6,731,594	6,010,652
Safety and security expense	231,492	163,898	457,774	439,999
Transportation services for production	378,437	340,744	1,176,691	1,005,534
Other	4,156,195	3,636,936	11,261,692	9,802,044
	<b>9,896,511</b>	<b>11,860,000</b>	<b>27,623,486</b>	<b>35,185,413</b>

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

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Employee costs	3,686,130	3,326,735	10,945,979	9,807,544
Commission and agency fees	1,421,963	1,306,743	4,107,114	3,738,277
Legal, audit and consulting services	559,398	374,335	1,295,741	1,121,952
Current repair cost	367,413	323,862	1,028,363	914,038
Costs on advertising and marketing	100,628	93,544	275,487	245,533
Rent expense	19,885	5,814	77,609	14,267
Business trips expense	98,071	83,193	241,988	174,931
Safety and security expense	271,127	212,691	742,274	636,505
Insurance expense	28,468	28,520	78,207	74,679
Transportation and storage	85,462	55,200	241,438	153,413
Allowance for doubtful accounts	(20,094)	1,752	(28,966)	10,227
Other	1,622,824	1,424,859	4,533,370	4,098,118
	<b>8,241,275</b>	<b>7,237,248</b>	<b>23,538,604</b>	<b>20,989,484</b>

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Penalties	151,479	34,958	421,678	130,213
Provisions	(32,567)	461	(55,472)	(31,307)
Impairment (reversal) of non financial assets	(14,720)	(13,105)	(21,274)	(26,106)
Charity and social payments	(7,054)	(3,665)	(24,735)	(7,070,405)
Others	87,093	(35,613)	377,908	(162,742)
	<b>184,231</b>	<b>(16,964)</b>	<b>698,105</b>	<b>(7,160,347)</b>

Charity and social payments amounting to 24,735 RSD (2023: 7,070,405 RSD) mainly relate to donations for support projects in the field of education, social and health care.

**23. NET FOREIGN EXCHANGE GAIN (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 13,17,18,19)	36,579	10,677	171,169	151,871
– foreign exchange loss (note 13,17,18,19)	(58,954)	(22,443)	(110,928)	(69,199)
Net foreign exchange gain/(loss) on operating activities	(266,737)	17,040	(645,976)	(187,150)
	<b>(289,112)</b>	<b>5,274</b>	<b>(585,735)</b>	<b>(104,478)</b>

## 24. FINANCE INCOME

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Interest on bank deposits	381,933	838,335	1,230,581	3,446,852
Gains on restructuring of borrowings	117,796	5,777	117,796	17,340
Revaluation of equity investment at fair value - income	-	(29,298)	-	546,770
Interest income on loans issued	236,314	202,843	644,576	565,980
	<b>736,043</b>	<b>1,017,657</b>	<b>1,992,953</b>	<b>4,576,942</b>

## 25. FINANCE EXPENSES

	Three month period ended 30 September		Nine month period ended 30 September	
	2024	2023	2024	2023
Interest expense	930,689	819,742	2,643,059	2,299,764
Losses on restructuring of borrowings	3,713	4,821	11,643	16,032
Decommissioning provision: unwinding of the present value discount	37,790	37,865	111,019	109,318
Provision of trade and other non-current receivables: discount	23,979	1,583	76,142	70,544
Revaluation of equity investment at fair value - expense	29,607	-	88,588	-
Less: amounts capitalised on qualifying assets	(22,096)	(15,497)	(59,810)	(43,982)
	<b>1,003,682</b>	<b>848,514</b>	<b>2,870,641</b>	<b>2,451,676</b>

Interest expense includes expenses on lease liabilities in amount of 73,978 RSD for the nine months ended 30 September 2024 (70,252 RSD for the nine months ended 30 September 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 September 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 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 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 428,480 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 September 2024 the Company has entered into contracts to purchase property, plant and equipment for 5,036,727 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 nine month period ended 30 September 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 September 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 September 2024	Subsidiaries	Parent company associates
Short-term financial assets	31,093,760	-
Trade and other receivables	11,075,643	10,171
Other current assets	1,784	1,380,728
Right of use assets	97,693	-
Investments accounted for using equity method	-	1,038,800
Investments in subsidiaries	31,016,682	-
Long-term financial assets	7,740,333	-
Other non-current assets	60,337	-
Trade and other payables	(8,225,434)	(347,111)
Other current liabilities	(23,596)	(412)
Short-term debt	(2,658,351)	-
Current lease liabilities	(7,082)	-
Non-current lease liabilities	(93,866)	-
Other non-current financial liabilities	(11,279,593)	-
	<b>58,798,310</b>	<b>2,082,176</b>
As at 31 December 2023	Subsidiaries	Parent company 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)	-
	<b>56,839,777</b>	<b>465,775</b>

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

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
<b>Nine month period ended 30 September 2024</b>			
Revenues from sales of products and services	38,431,559	-	194,700
Expenses based on procurement of products and services	(16,759,208)	-	(2,671,444)
Other income (expenses), net	415,881	-	(253)
	<b>22,088,232</b>	<b>-</b>	<b>(2,476,997)</b>

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
<b>Nine month period ended 30 September 2023</b>			
Revenues from sales of products and services	26,273,534	-	15,946,053
Expenses based on procurement of products and services	(11,479,320)	(5,218)	(11,452,093)
Other income (expenses), net	1,038,676	-	(39,599)
	<b>15,832,890</b>	<b>(5,218)</b>	<b>4,454,361</b>

## 29. EVENTS AFTER THE REPORTING DATE

Subsequent events occurring after 30 September 2024 were evaluated through 25 October 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 September 2024 (unaudited)	31 December 2023
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>168,470,228</b>	<b>173,936,751</b>
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>353,249,100</b>	<b>332,773,829</b>
<b>Total assets</b>		<b>521,719,328</b>	<b>506,710,580</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>			
Short-term debt and current portion of long-term debt	12	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
<b>Total current liabilities</b>		<b>74,191,361</b>	<b>63,220,698</b>
<b>Non-current liabilities</b>			
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
<b>Total non-current liabilities</b>		<b>78,836,097</b>	<b>72,402,229</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		725,614	694,603
Retained earnings		286,425,141	288,345,242
<b>Equity attributable to the Company's owners</b>		<b>368,680,955</b>	<b>370,570,045</b>
Non-controlling interest		10,915	517,608
<b>Total equity</b>		<b>368,691,870</b>	<b>371,087,653</b>
<b>Total liabilities and shareholder's equity</b>		<b>521,719,328</b>	<b>506,710,580</b>

in 000 RSD

**Consolidated Statement of Profit and Loss and Other Comprehensive Income**

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		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
<b>Total revenue from sales</b>	3	<b>106,208,887</b>	<b>117,227,951</b>	<b>304,611,820</b>	<b>304,087,669</b>
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)
<b>Total operating expenses</b>		<b>(101,904,934)</b>	<b>(95,426,860)</b>	<b>(291,114,754)</b>	<b>(259,251,263)</b>
Other income/(expenses), net	20	115,781	(119,328)	360,724	(7,477,218)
<b>Operating profit</b>		<b>4,419,734</b>	<b>21,681,763</b>	<b>13,857,790</b>	<b>37,359,188</b>
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)
<b>Total other (expense)/income</b>		<b>(616,287)</b>	<b>(14,170)</b>	<b>(2,480,520)</b>	<b>743,847</b>
<b>Profit before income tax</b>		<b>3,803,447</b>	<b>21,667,593</b>	<b>11,377,270</b>	<b>38,103,035</b>
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
<b>Total income tax</b>		<b>(1,088,607)</b>	<b>(3,620,457)</b>	<b>(3,328,261)</b>	<b>(6,332,850)</b>
<b>Profit for the period</b>		<b>2,714,840</b>	<b>18,047,136</b>	<b>8,049,009</b>	<b>31,770,185</b>
<b>Other comprehensive income/(loss):</b>					
<b>Items that will not be reclassified to profit</b>					
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	-
<b>Items that may be subsequently reclassified to profit/ (loss)</b>					
Currency translation differences		(24,619)	22,009	27,799	84,083
<b>Other comprehensive income/(loss) for the period</b>		<b>(19,001)</b>	<b>30,440</b>	<b>33,469</b>	<b>92,359</b>
<b>Total comprehensive income for the period</b>		<b>2,695,839</b>	<b>18,077,576</b>	<b>8,082,478</b>	<b>31,862,544</b>
<b>Profit/(loss) attributable to:</b>					
- 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)
<b>Profit for the period</b>		<b>2,714,840</b>	<b>18,047,136</b>	<b>8,049,009</b>	<b>31,770,185</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
- 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)
<b>Total comprehensive income for the period</b>		<b>2,695,839</b>	<b>18,077,576</b>	<b>8,082,478</b>	<b>31,862,544</b>
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

in 000 RSD



### Consolidated Statement of Changes in Shareholders' Equity

Nine month period ended 30 September 2024 and 2023

	Equity attributable to the Company's owners				Non-controlling interest	Total equity	
	(unaudited)	Share capital	Reserves	Retained earnings			Total
<b>Balance as at 1 January 2023</b>		<b>81,530,200</b>	<b>572,221</b>	<b>267,125,162</b>	<b>349,227,583</b>	-	<b>349,227,583</b>
Profit/(loss) for the period		-	-	32,024,893	32,024,893	(254,708)	31,770,185
Other comprehensive income						-	
Gain from investments in equity instruments		-	8,276	-	8,276	-	8,276
Currency translation differences		-	84,083	-	84,083	-	84,083
<b>Total comprehensive income/(loss) for the period</b>		-	<b>92,359</b>	<b>32,024,893</b>	<b>32,117,252</b>	<b>(254,708)</b>	<b>31,862,544</b>
Dividend distribution		-	-	(23,364,925)	(23,364,925)	-	(23,364,925)
Disposal of investment in equity instruments		-	33,846	(33,846)	-	-	-
<b>Balance as at 30 September 2023</b>		<b>81,530,200</b>	<b>698,426</b>	<b>275,751,284</b>	<b>357,979,910</b>	<b>(254,708)</b>	<b>357,725,202</b>

	Equity attributable to the Company's owners				Non-controlling interest	Total equity	
	(unaudited)	Share capital	Reserves	Retained earnings			Total
<b>Balance as at 1 January 2024</b>		<b>81,530,200</b>	<b>694,603</b>	<b>288,345,242</b>	<b>370,570,045</b>	<b>517,608</b>	<b>371,087,653</b>
Profit/(loss) for the period		-	-	8,555,702	8,555,702	(506,693)	8,049,009
Other comprehensive income						-	
Gain from investments in equity instruments		-	52	-	52	-	52
Gain on remeasurements of defined benefit plans		-	-	2,458	2,458	-	2,458
Revaluation of property, plant and equipment transferred to investment property		-	3,160	-	3,160	-	3,160
Currency translation differences		-	27,799	-	27,799	-	27,799
<b>Total comprehensive income/(loss) for the period</b>		-	<b>31,011</b>	<b>8,558,160</b>	<b>8,589,171</b>	<b>(506,693)</b>	<b>8,082,478</b>
Dividend distribution		-	-	(10,478,261)	(10,478,261)	-	(10,478,261)
<b>Balance as at 30 September 2024</b>		<b>81,530,200</b>	<b>725,614</b>	<b>286,425,141</b>	<b>368,680,955</b>	<b>10,915</b>	<b>368,691,870</b>

in 000 RSD

**Consolidated Statement of Cash Flows<sup>76</sup>**

	Note	Nine month period ended	
		2024	30 September 2023
		(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>11,377,270</b>	<b>38,103,035</b>
<b>Adjustments for:</b>			
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
<b>Operating cash flow before changes in working capital</b>		<b>34,714,606</b>	<b>55,439,214</b>
<b>Changes in working capital:</b>			
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
<b>Total effect on working capital changes</b>		<b>9,357,943</b>	<b>(9,479,743)</b>
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
		<b>(4,110,530)</b>	<b>(24,375,948)</b>
<b>Net cash generated by operating activities</b>		<b>39,962,019</b>	<b>21,583,523</b>
<b>Cash flows from investing activities</b>			
Net cash inflow on acquisition of subsidiaries		-	568,307
Capital expenditures <sup>77</sup>		(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)
<b>Net cash used in investing activities</b>		<b>(11,413,251)</b>	<b>(48,041,885)</b>
<b>Cash flows from financing activities</b>			
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)
<b>Net cash used in financing activities</b>		<b>(8,887,229)</b>	<b>(28,903,632)</b>
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)
<b>Cash and cash equivalents as of the beginning of the period</b>		<b>21,484,271</b>	<b>88,131,045</b>
<b>Cash and cash equivalents as of the end of the period</b>	<b>4</b>	<b>40,400,523</b>	<b>32,554,829</b>

in 000 RSD

<sup>76</sup> Group policy is to present cash flow inclusive of related VAT.

<sup>77</sup> CF from investing activities includes VAT in the amount of 5.43 bln RSD (2023: 2.77 bln RSD)

## *Notes to the Consolidated Financial Statements*<sup>78</sup>

### **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.

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<sup>78</sup> All amounts are in 000 RSD, unless otherwise stated.

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 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
<b>Adjusted EBITDA (Segment results)</b>	<b>29,754,666</b>	<b>4,741,281</b>	<b>-</b>	<b>34,495,947</b>
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

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
<b>Adjusted EBITDA (Segment results)</b>	<b>24,718,622</b>	<b>31,796,544</b>	<b>-</b>	<b>56,515,166</b>
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)
<b>Adjusted EBITDA</b>	<b>11,715,388</b>	<b>28,051,338</b>	<b>34,495,947</b>	<b>56,515,166</b>

\*Other non-operating expense/(income), net mainly relates to penalties and excess and deficiencies of assets revealed (for 2023 mainly relates to donations for support projects in the field of education, social and health care, excess and deficiencies of assets revealed, fines, penalties and other). (note 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
<i>Wholesale activities</i>	157,906	129,916
Sale of petroleum products	270,484,599	271,630,844
<i>Through a retail network</i>	93,511,290	93,726,358
<i>Wholesale activities</i>	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
<b>Total sales</b>	<b>304,611,820</b>	<b>304,087,669</b>

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.

#### 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
	<b>40,400,523</b>	<b>21,484,271</b>

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)
	<b>186,036</b>	<b>32,639,879</b>

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)
	<b>33,655,297</b>	<b>33,432,827</b>

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

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

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

## 7. INVENTORIES

	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)
	<b>69,501,702</b>	<b>67,680,808</b>

## 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>	(7,527,681)	(7,529,480)
	<b>16,427,151</b>	<b>11,171,402</b>

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.

**9. PROPERTY, PLANT AND EQUIPMENT**

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
<b>As at 1 January 2024</b>						
Cost	252,630,090	175,629,205	78,033,327	18,056,185	36,977,722	561,326,529
Depreciation and impairment	(110,571,668)	(87,506,665)	(41,309,913)	(10,475,958)	(3,244,980)	(253,109,184)
<b>Net book value</b>	<b>142,058,422</b>	<b>88,122,540</b>	<b>36,723,414</b>	<b>7,580,227</b>	<b>33,732,742</b>	<b>308,217,345</b>
<b>Period ended 30 September 2024</b>						
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)
	<b>149,072,585</b>	<b>99,119,938</b>	<b>37,323,961</b>	<b>7,648,606</b>	<b>38,745,150</b>	<b>331,910,240</b>
<b>As at 30 September 2024</b>						
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)
<b>Net book value</b>	<b>149,072,585</b>	<b>99,119,938</b>	<b>37,323,961</b>	<b>7,648,606</b>	<b>38,745,150</b>	<b>331,910,240</b>



## 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
<i>Less allowance of other assets</i>	(291,398)	(287,549)
<i>Less allowance for advances paid</i>	(286,100)	(517,899)
	<b>3,243,015</b>	<b>7,001,095</b>

## 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
	<b>8,712,722</b>	<b>11,824,846</b>

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

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

### 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
	<b>34,331,997</b>	<b>20,703,916</b>

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
	<b>12,818,759</b>	<b>14,093,357</b>

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
	<b>16,108,522</b>	<b>12,961,786</b>

## 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
<i>Less Current portion (note 12)</i>	<i>(8,405,142)</i>	<i>(10,761,083)</i>
	<b>60,141,081</b>	<b>54,612,097</b>

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

	Nine month period ended 30 September	
	2024	2023
<b>Long-term loans at 1 January</b>	<b>65,223,168</b>	<b>67,738,184</b>
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)
<b>Long-term loans at 30 September</b>	<b>68,378,781</b>	<b>63,371,821</b>

### 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)
	<b>59,973,639</b>	<b>54,462,085</b>

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
	<b>59,973,639</b>	<b>54,462,085</b>

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
	<b>68,378,781</b>	<b>65,223,168</b>

The Group repays loans in accordance with agreed dynamics, i.e. determined annuity plans. The Group has both fixed and floating interest rates with the creditors. Floating interest rates are connected with Euribor. 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.

#### 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
	<b>3,724,933</b>	<b>3,935,015</b>

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
<b>As at 1 January</b>	<b>3,935,015</b>	<b>3,149,589</b>
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)
<b>As at 30 September</b>	<b>3,724,933</b>	<b>3,823,313</b>

#### 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
	<b>12,672,248</b>	<b>14,636,082</b>	<b>34,409,700</b>	<b>38,216,582</b>

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

**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
	<b>8,661,143</b>	<b>7,825,253</b>	<b>25,486,967</b>	<b>22,620,582</b>

**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)
	<b>115,781</b>	<b>(119,328)</b>	<b>360,724</b>	<b>(7,477,218)</b>

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)
	<b>(160,687)</b>	<b>(138,736)</b>	<b>(616,694)</b>	<b>(349,541)</b>

## 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	-
	<b>507,304</b>	<b>1,041,395</b>	<b>1,469,665</b>	<b>3,713,971</b>

## 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
Less: amounts capitalised on qualifying assets	(23,670)	(16,705)	(64,162)	(47,674)
	<b>979,741</b>	<b>848,949</b>	<b>2,792,436</b>	<b>2,450,363</b>

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.

#### *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
<b>As at 30 September 2024</b>			
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)
	-	<b>155,113</b>	<b>4,058,686</b>
<b>As at 31 December 2023</b>			
Short-term financial assets	-	32,196	-
Trade and other receivables	-	231,618	84,568
Investments in joint venture and associates	-	-	2,729,005
Trade and other non-current receivables	-	-	669,618
Other current assets	-	16,917	-
Other non-current assets	-	72,113	-
Trade and other payables	-	(172,009)	(667,586)
Other current liabilities	-	(127)	(433)
	-	<b>180,708</b>	<b>2,815,172</b>

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
<b>Nine month period ended 30 September 2024</b>			
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)
	-	<b>(464,082)</b>	<b>(1,890,112)</b>
<b>Nine month period ended 30 September 2023</b>			
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
	<b>(5,218)</b>	<b>(731,451)</b>	<b>5,291,523</b>

## 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.



## 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



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Deputy CEO,  
Head of Function for Finance, Economics,  
Planning and Accounting  
NIS j.s.c. Novi Sad

Branko Mitrović



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Head of Multifunctional Shared Service  
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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 <sub>2</sub>	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 <sup>2</sup>	Square meter
m <sup>3</sup>	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.