



Naftna industrija Srbije A.D.

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

31 December 2024

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

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Interim Condensed Consolidated Statement of Financial Position

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

Assets	Note	31 December 2024	31 December 2023
		<i>(unaudited)</i>	
Current assets			
Cash and cash equivalents	4	40,736,335	21,484,271
Short-term financial assets	5	244,085	32,639,879
Trade and other receivables	6	32,328,970	33,432,827
Inventories	7	52,186,791	67,680,808
Current income tax prepayments		7,595,653	7,470,959
Other current assets	8	14,401,684	11,171,402
Assets classified as held for sale		14,432	56,605
Total current assets		147,507,950	173,936,751
Non-current assets			
Property, plant and equipment	9	336,961,139	308,217,345
Right-of-use assets	10	3,874,056	3,728,750
Investment property		1,514,935	1,514,920
Goodwill and other intangible assets		6,027,593	5,406,024
Investments in associates and joint ventures		2,623,087	2,729,005
Trade and other non-current receivables		826,117	669,618
Long-term financial assets		105,253	262,005
Deferred tax assets		4,102,378	3,245,067
Other non-current assets	11	3,507,398	7,001,095
Total non-current assets		359,541,956	332,773,829
Total assets		507,049,906	506,710,580
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	12	9,026,680	11,824,846
Current lease liabilities	17	934,141	924,031
Trade and other payables	13	21,969,434	20,703,916
Other current liabilities	14	13,423,380	14,093,357
Current income tax payable		13,609	-
Other taxes payable	15	14,353,823	12,961,786
Provisions for liabilities and charges		1,342,054	2,712,762
Total current liabilities		61,063,121	63,220,698
Non-current liabilities			
Long-term debt	16	57,215,677	54,612,097
Non-current lease liabilities	17	2,620,846	3,010,984
Other non-current financial liabilities		837,800	838,937
Deferred tax liabilities		3,682	-
Long-term trade and other payables		-	2,868
Provisions for liabilities and charges		14,752,819	13,937,343
Total non-current liabilities		75,430,824	72,402,229
Equity			
Share capital		81,530,200	81,530,200
Reserves		741,832	694,603
Retained earnings		288,538,150	288,345,242
Equity attributable to the Company's owners		370,810,182	370,570,045
Non-controlling interest		(254,221)	517,608
Total equity		370,555,961	371,087,653
Total liabilities and shareholder's equity		507,049,906	506,710,580

Kirill Tyurdenev

Chief Executive Officer

31 January 2025

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

Anton Cherepanov
Chief Financial Officer

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

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

	Note	Three month period ended 31 December		Year ended 31 December	
		2024	2023	2024	2023
Sales of petroleum products, oil and gas		97,673,681	92,756,458	384,844,088	364,517,218
Other revenues		5,780,200	15,303,381	23,221,613	47,630,290
Total revenue from sales	3	103,453,881	108,059,839	408,065,701	412,147,508
Purchases of oil, gas and petroleum products		(67,916,399)	(67,468,811)	(270,807,527)	(240,327,970)
Production, manufacturing and cost of other sales	18	(13,148,440)	(16,884,635)	(47,558,140)	(55,101,217)
Selling, general and administrative expenses	19	(9,999,899)	(9,264,267)	(35,486,866)	(31,884,849)
Transportation expenses		(531,720)	(464,862)	(1,823,724)	(1,667,766)
Depreciation, depletion and amortization		(6,679,605)	(6,381,483)	(27,119,878)	(24,960,531)
Taxes other than income tax		(2,246,544)	(2,253,440)	(8,841,039)	(8,026,106)
Exploration expenses		-	(162,986)	(187)	(163,308)
Total operating expenses		(100,522,607)	(102,880,484)	(391,637,361)	(362,131,747)
Other income, net	20	178,966	8,725,525	539,690	1,248,307
Operating profit		3,110,240	13,904,880	16,968,030	51,264,068
Share of gain/(loss) of associates and joint ventures		435,137	32,501	(105,918)	(137,719)
Net foreign exchange gain/(loss)	21	(429,496)	95,047	(1,046,190)	(254,494)
Finance income	22	462,255	904,457	1,931,920	4,618,428
Finance expenses	23	(902,368)	(879,204)	(3,694,804)	(3,329,567)
Total other (expense)/income		(434,472)	152,801	(2,914,992)	896,648
Profit before income tax		2,675,768	14,057,681	14,053,038	52,160,716
Current income tax expense		(1,053,963)	(1,639,703)	(4,814,328)	(8,532,713)
Deferred tax income		408,623	4,353	840,727	564,513
Total income tax		(645,340)	(1,635,350)	(3,973,601)	(7,968,200)
Profit for the period		2,030,428	12,422,331	10,079,437	44,192,516
Other comprehensive income/(loss):					
Items that will not be reclassified to profit/(loss)					
Losses on remeasurements of defined benefit plans		(178,403)	(49,477)	(175,945)	(49,477)
Gain from investments in equity instruments		-	23	52	8,299
Revaluation of property, plant and equipment transferred to investment property		240	-	3,400	-
Items that may be subsequently reclassified to profit					
Currency translation differences		11,878	(3,846)	39,677	80,237
Other comprehensive income / (loss) for the period		(166,285)	(53,300)	(132,816)	39,059
Total comprehensive income for the period		1,864,143	12,369,031	9,946,621	44,231,575
Profit/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		2,289,133	12,642,237	10,844,835	44,667,130
- Non-controlling interest		(258,705)	(219,906)	(765,398)	(474,614)
Profit for the period		2,030,428	12,422,331	10,079,437	44,192,516
Total comprehensive income / (loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		2,129,279	12,587,632	10,718,450	44,704,884
- Non-controlling interest		(265,136)	(218,601)	(771,829)	(473,309)
Total comprehensive income for the period		1,864,143	12,369,031	9,946,621	44,231,575
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		14.04	77.53	66.51	273.93
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

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

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Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Year ended 31 December 2024 and 2023

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

	Equity attributable to the Company's owners				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Total		
<i>(unaudited)</i>						
Balance as at 1 January 2023	81,530,200	572,221	267,125,162	349,227,583	-	349,227,583
Profit for the period	-	-	44,667,130	44,667,130	(474,614)	44,192,516
Other comprehensive income/(loss)						
Gain from investments in equity instruments	-	8,299	-	8,299	-	8,299
Gains/(Losses) on remeasurements of defined benefit plans	-	-	(50,782)	(50,782)	1,305	(49,477)
Currency translation differences	-	80,237	-	80,237	-	80,237
Total comprehensive income/(loss) for the period	-	88,536	44,616,348	44,704,884	(473,309)	44,231,575
Acquisition of subsidiary	-	-	-	-	990,917	990,917
Dividend distribution	-	-	(23,364,925)	(23,364,925)	-	(23,364,925)
Disposal of investment in equity instruments	-	33,846	(33,846)	-	-	-
Other	-	-	2,503	2,503	-	2,503
Balance as at 31 December 2023	81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653

	Equity attributable to the Company's owners				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings	Total		
<i>(unaudited)</i>						
Balance as at 1 January 2024	81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653
Profit/(loss) for the period	-	-	10,844,835	10,844,835	(765,398)	10,079,437
Other comprehensive income/(loss)						
Losses on remeasurements of defined benefit plans	-	-	(169,514)	(169,514)	(6,431)	(175,945)
Gain from investments in equity instruments	-	52	-	52	-	52
Revaluation of property, plant and equipment transferred to investment property	-	3,400	-	3,400	-	3,400
Currency translation differences	-	39,677	-	39,677	-	39,677
Total comprehensive income/(loss) for the year	-	43,129	10,675,321	10,718,450	(771,829)	9,946,621
Dividend distribution	-	-	(10,478,261)	(10,478,261)	-	(10,478,261)
Other	-	4,100	(4,152)	(52)	-	(52)
Balance as at 31 December 2024	81,530,200	741,832	288,538,150	370,810,182	(254,221)	370,555,961

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

NIS Group
Interim Condensed Consolidated Statement of Cash Flows¹

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

	Note	Year ended 31 December	
		2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>
Cash flows from operating activities			
Profit before income tax		14,053,038	52,160,716
Adjustments for:			
Share of loss of associates and joint ventures		105,918	137,719
Finance expenses	23	3,694,804	3,329,567
Finance income	22	(1,931,920)	(4,618,428)
Unrealised foreign exchange (gain)/losses, net		635,167	(217,838)
Depreciation, depletion and amortization		27,119,878	24,960,531
Gain from bargain purchase		-	(8,918,255)
Other non-cash items		22,207	1,449,603
Operating cash flow before changes in working capital		43,699,092	68,283,615
Changes in working capital:			
Trade and other receivables		1,180,535	2,880,679
Inventories		15,840,856	(2,210,875)
Other current assets		(3,288,385)	2,023,025
Trade payables and other current liabilities		7,175,036	(11,354,555)
Other taxes payable		1,378,293	(2,436,945)
Total effect on working capital changes		22,286,335	(11,098,671)
Income taxes paid		(4,944,656)	(29,870,559)
Interest paid		(3,302,313)	(2,709,244)
Interest received		3,238,079	3,378,477
Net cash generated by operating activities		60,976,537	27,983,618
Cash flows from investing activities			
Net cash inflow on acquisition of subsidiaries		-	568,307
Capital expenditures ²		(60,281,791)	(43,363,331)
Proceeds from sale of property, plant and equipment		211,748	104,698
Dividends received		58,599	44,372
Bank deposits proceeds/(repayment), net		30,823,737	(24,351,012)
Other outflow		-	(14,999)
Net cash used in investing activities		(29,187,707)	(67,011,965)
Cash flows from financing activities			
Proceeds from borrowings	12,16	12,055,368	4,200,401
Repayment of borrowings	12,16	(12,755,484)	(7,133,141)
Repayment of lease liabilities	17	(1,206,983)	(1,025,957)
Dividends paid		(10,478,261)	(23,364,925)
Other inflows of cash		700,609	-
Net cash used in financing activities		(11,684,751)	(27,323,622)
Net increase/(decrease) in cash and cash equivalents		20,104,079	(66,351,969)
Effect of foreign exchange on cash and cash equivalents		(852,015)	(294,805)
Cash and cash equivalents as of the beginning of the period		21,484,271	88,131,045
Cash and cash equivalents as of the end of the period	4	40,736,335	21,484,271

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

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

² CF from investing activities includes VAT in the amount of 7.5 bln RSD (2023: 4.6 bln RSD)

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Notes to the Interim Condensed Consolidated Financial Statements for the year ended 31 December 2024

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

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 based on the going concern principle, which assumes that the Group will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, management reviews forecasts of future cash inflows. Based on these reviews, management believes that the Group will be able to continue to operate as a going concern in the foreseeable future (refer to note 2.3. Implication of imposed US Sanctions) and, therefore, this principle should be applied in the preparation of these Interim Condensed Consolidated Financial Statements.

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

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Notes to the Interim Condensed Consolidated Financial Statements for the year ended
31 December 2024

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

these Interim Condensed Consolidated Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Consolidated Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2023.

In the 2024 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and depreciated to USD (the information on economic environment in the Republic Serbia is detailed in Note 26) 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.

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.

2.3. Implication of imposed US Sanctions

On 10 January 2025 Group was included on the US Treasury Specially Designated Nationals and Blocked Persons (SDN) List. This designation imposes prohibitions on transactions by US persons or entities with Group. Additionally, the designation may trigger secondary sanctions for non-US entities that engage in certain types of transactions with Group starting from sanction issuance date.

Management has conducted an assessment of the potential implications of these sanctions. However, due to the inherent uncertainties surrounding:

- The scope and enforcement of the sanctions,
- Their durations, and
- The evolving geopolitical and economic environment

The full impact of the Group's financial position, operations, and performance remains unclear.

As a result, no adjustment have been recognised in these Interim Condensed Consolidated Financial Statements for the reporting period ended 31 December 2024. This includes any impairments, provisions or changes in estimates related to the sanctions.

Although no adjustments have been made, management has identified the following areas where sanctions could have a material impact in the future:

1. **Financial transactions:** restricted access to US dollar transactions and potential limitations on dealings with international financial institutions.
2. **Business relationship:** Potential disruption to relationship with key suppliers, customers, and partners who may be reluctant to engage with Group due to sanctions compliance.
3. **Revenue and Profitability:** A reduction in revenue if trade activities are constrained or contracts with international counterparties are terminated.
4. **Operational challenges:** Potential delays or additional costs related to supply chain disruptions and sourcing of critical inputs (crude oil, critical equipment etc.)

Management of the Group is actively monitoring these restrictions and is exploring alternative solutions to mitigate any potential adverse effects on its operations and financial performance.

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the year ended
31 December 2024

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

Working group has been formed, involving all key shareholders of the Group, to explore possible solutions aimed at eliminating or reducing the impact of the imposed sanctions while ensuring the long-term sustainability of the Group's operations as priority.

Management of the Group has assessed the Group ability to continue as a going concern and concluded that, at the reporting date, there are no material uncertainties that would cast significant doubt on the Group ability to meet its obligations. However, the evolving situation may materially affect future results and financial position.

3. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the year ended 31 December 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 year ended 31 December 2024 are shown in the table below:

	DWS			Eliminations	Total
	Upstream	Downstream	Petrochemical		
Segment revenue	60,423,522	382,496,197	22,533,987	(57,388,005)	408,065,701
Intersegment	54,251,818	3,136,187	-	(57,388,005)	-
External	6,171,704	379,360,010	22,533,987	-	408,065,701
Adjusted EBITDA (Segment results)	39,958,580	11,673,855	(7,239,884)	-	44,392,551
Depreciation, depletion and amortization	(14,770,001)	(11,604,570)	(745,307)	-	(27,119,878)
Share of loss in associates and joint ventures	-	(105,918)	-	-	(105,918)
Net foreign exchange loss	(456,252)	(567,122)	(22,816)	-	(1,046,190)
Finance (expenses)/income, net	(582,227)	(1,240,111)	59,454	-	(1,762,884)
Income tax	(421,538)	(3,594,467)	42,404	-	(3,973,601)
Segment profit	23,360,123	(5,626,705)	(7,653,981)	-	10,079,437

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the year ended 31 December 2024

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

Reportable segment results for the year ended 31 December 2023 are shown in the table below:

	DWS				Total
	Upstream	Downstream	Petrochemical	Eliminations	
Segment revenue	51,106,744	402,142,109	12,058,423	(53,159,768)	412,147,508
Intersegment	50,179,631	2,980,137	-	(53,159,768)	-
External	927,113	399,161,972	12,058,423	-	412,147,508
Adjusted EBITDA (Segment results)	34,150,299	38,791,513	(4,890,320)	-	68,051,492
Depreciation, depletion and amortization	(14,345,495)	(10,504,115)	(110,921)	-	(24,960,531)
Share of loss in associates and joint ventures	-	(137,719)	-	-	(137,719)
Net foreign exchange loss	(86,755)	(158,866)	(8,873)	-	(254,494)
Finance (expenses) income, net	(414,697)	1,439,613	263,945	-	1,288,861
Income tax	(13,304)	(7,954,896)	-	-	(7,968,200)
Segment profit	18,946,894	29,991,762	(4,746,140)	-	44,192,516

Adjusted EBITDA for the three month period and year ended 31 December 2024 and 2023 is reconciled below:

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Profit for the period	2,030,428	12,422,331	10,079,437	44,192,516
Income tax	645,340	1,635,350	3,973,601	7,968,200
Finance expenses	902,368	879,204	3,694,804	3,329,567
Finance income	(462,255)	(904,457)	(1,931,920)	(4,618,428)
Depreciation, depletion and amortization	6,679,605	6,381,483	27,119,878	24,960,531
Share of (profit)/loss of associates and joint ventures	(435,137)	(32,501)	105,918	137,719
Net foreign exchange (gain)/loss	429,496	(95,047)	1,046,190	254,494
Other income, net	(178,966)	(8,725,525)	(539,690)	(1,248,307)
Other non-operating expense/(income), net*	285,725	(24,512)	844,333	(6,924,800)
Adjusted EBITDA	9,896,604	11,536,326	44,392,551	68,051,492

*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:

	Year ended 31 December	
	2024	2023
Sale of crude oil	5,368,026	-
Sale of gas	191,771	171,880
<i>Wholesale activities</i>	191,771	171,880
Sale of petroleum products	356,876,855	364,345,338
<i>Through a retail network</i>	123,243,400	128,471,691
<i>Wholesale activities</i>	233,633,455	235,873,647
Sales of petrochemical products	22,407,436	11,934,525
Sale of electricity	1,042,327	15,529,018
Lease revenue	359,802	368,495
Other sales	21,819,484	19,798,252
Total sales	408,065,701	412,147,508

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Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 16,114,987 RSD (2023: 14,077,617 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

	31 December 2024	31 December 2023
Cash in bank and in hand	10,853,600	11,739,845
Deposits with original maturity of less than three months	29,878,687	9,734,451
Cash held on escrow account	252	4,729
Cash equivalents	3,796	5,246
	40,736,335	21,484,271

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

5. SHORT-TERM FINANCIAL ASSETS

	31 December 2024	31 December 2023
Short-term loans	31,328	34,215
Deposits with original maturity more than 3 months less than 1 year	214,937	32,607,844
<i>Less impairment loss provision</i>	(2,180)	(2,180)
	244,085	32,639,879

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

6. TRADE AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables	39,722,066	41,108,308
Other receivables	92,455	86,077
<i>Less impairment provision for trade receivables</i>	(7,457,724)	(7,730,975)
<i>Less impairment provision for other receivables</i>	(27,827)	(30,583)
	32,328,970	33,432,827

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

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

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

7. INVENTORIES

	31 December 2024	31 December 2023
Crude oil	20,006,952	32,398,731
Petroleum products	25,577,057	29,073,971
Materials and supplies	10,035,547	10,338,729
Other	1,697,901	1,622,606
<i>Less impairment provision</i>	(5,130,666)	(5,753,229)
	52,186,791	67,680,808

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8. OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid	1,868,542	1,801,551
VAT receivables	380,208	667,468
Deferred VAT	4,115,321	3,450,155
Prepaid expenses	491,889	334,025
Prepaid custom duties	76,332	68,247
Prepaid excise	6,724,022	4,305,367
Other current assets	8,262,099	8,074,069
<i>Less impairment provision</i>	<i>(7,516,729)</i>	<i>(7,529,480)</i>
	14,401,684	11,171,402

Deferred VAT as at 31 December 2024 amounting to 4,115,321 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 31 December 2024 amounting to 6,724,022 RSD (31 December 2023: 4,305,367 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

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9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2024						
Cost	252,630,090	175,629,205	78,033,327	18,056,185	36,977,722	561,326,529
Depreciation and impairment	(110,571,668)	(87,506,665)	(41,309,913)	(10,475,958)	(3,244,980)	(253,109,184)
Net book value	142,058,422	88,122,540	36,723,414	7,580,227	33,732,742	308,217,345
Period ended 31 December 2024						
Additions	24,273,215	18,485,610	7,277,357	804,038	3,488,875	54,329,095
Changes in decommissioning obligations	662,734	-	-	-	-	662,734
Impairment effect, net	-	-	-	(2,922)	176,119	173,197
Depreciation	(14,057,728)	(8,901,654)	(2,357,406)	(441,521)	-	(25,758,309)
Transfer to intangible assets	-	-	-	-	(280)	(280)
Transfer (to)/from investment property	(13)	-	2,313	(12,732)	-	(10,432)
Transfer to non-current assets held for sale	-	-	-	12,052	(200,000)	(187,948)
Disposals and write-off	(35,634)	(36,289)	(71,299)	(16,622)	(1,069)	(160,913)
Other transfers	(1,641)	(4,204)	19,616	(8,780)	(264,056)	(259,065)
Translation differences	(7,880)	-	(17,106)	-	(19,299)	(44,285)
	152,891,475	97,666,003	41,576,889	7,913,740	36,913,032	336,961,139
As at 31 December 2024						
Cost	277,691,675	194,333,472	84,541,594	18,249,989	37,716,023	612,532,753
Depreciation and impairment	(124,800,200)	(96,667,469)	(42,964,705)	(10,336,249)	(802,991)	(275,571,614)
Net book value	152,891,475	97,666,003	41,576,889	7,913,740	36,913,032	336,961,139

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10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the year ended 31 December 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	166,604	206,573	759,104	1,146,075
Depreciation	(10,111)	(241,263)	(150,835)	(373,027)	(775,236)
Transfers	-	(5,963)	-	-	(5,963)
Disposals	-	-	(1,548)	(216,925)	(218,473)
Foreign currency translation	(242)	(774)	(48)	(33)	(1,097)
As at 31 December 2024	112,221	1,263,250	283,430	2,215,155	3,874,056

11. OTHER NON-CURRENT ASSETS

	31 December 2024	31 December 2023
Advances paid for PPE	3,033,702	6,749,277
Prepaid expenses	76,833	104,566
Other assets	911,737	952,700
<i>Less allowance of other assets</i>	(282,135)	(287,549)
<i>Less allowance for advances paid</i>	(232,739)	(517,899)
	3,507,398	7,001,095

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

	31 December 2024	31 December 2023
Short-term loans	-	820,000
Interest payables	210,851	243,592
Other Short-term financial liabilities	-	171
Current portion of long-term loans (note 16)	8,815,829	10,761,083
	9,026,680	11,824,846

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

	Year ended 31 December	
	2024	2023
Short-term loans at 1 January	820,000	1,308,145
Proceeds	-	820,000
Repayment	(820,000)	(1,307,509)
Foreign exchange difference (note 21)	-	(636)
Short-term loans at 31 December	-	820,000

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13. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade payables	18,141,740	16,880,398
Dividends payable	3,783,398	3,783,595
Other accounts payable	44,296	39,923
	21,969,434	20,703,916

14. OTHER CURRENT LIABILITIES

	31 December 2024	31 December 2023
Contract liabilities arising from contracts with customers:		
- Advances received	5,462,225	5,136,000
- Customer loyalty	1,032,331	926,279
- Deferred income	115,376	88,916
Payables to employees	6,517,437	6,008,721
Other current non-financial liabilities	296,011	1,933,441
	13,423,380	14,093,357

Revenue in the amount of 5,326,324 RSD was recognized in the current reporting period (31 December 2023: 8,004,503 RSD) related to the contract liabilities as at 1 January 2024, of which 4,586,279 RSD (31 December 2023: 7,473,198 RSD) related to advances and 650,045 RSD (31 December 2023: 531,305 RSD) to customer loyalty programme.

15. OTHER TAXES PAYABLE

	31 December 2024	31 December 2023
Mineral extraction tax	445,228	483,058
VAT	2,913,503	1,771,559
Excise tax	8,614,381	8,264,105
Contribution for State commodity reserves	348,237	625,507
Custom duties	86,287	61,075
Energy efficiency fee	45,956	73,968
Other taxes	1,900,231	1,682,514
	14,353,823	12,961,786

16. LONG-TERM DEBT

	31 December 2024	31 December 2023
Bank loans	65,159,107	65,223,168
Other long-term borrowings	872,399	150,012
Less Current portion (note 12)	(8,815,829)	(10,761,083)
	57,215,677	54,612,097

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Movements on the Group's liabilities from bank loans are as follows:

	Year ended	
	31 December	
	2024	2023
Long-term loans at 1 January	65,223,168	67,738,184
Proceeds	12,055,368	3,380,401
Repayment	(11,935,484)	(5,825,632)
Non-cash transactions	(95,469)	20,343
Foreign exchange difference (note 21)	(88,476)	(90,128)
Long-term loans at 31 December	65,159,107	65,223,168

Bank loans

	31 December	31 December
	2024	2023
Domestic	49,852,704	48,366,114
Foreign	15,306,403	16,857,054
	65,159,107	65,223,168
Current portion of long-term loans	(8,815,829)	(10,761,083)
	56,343,278	54,462,085

The maturity of bank loans was as follows:

	31 December	31 December
	2024	2023
Between 1 and 2 years	30,987,592	7,632,523
Between 2 and 5 years	24,567,096	45,494,977
Over 5 years	788,590	1,334,585
	56,343,278	54,462,085

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

	31 December	31 December
	2024	2023
USD	-	30,298
EUR	65,159,107	65,163,377
JPY	-	29,493
	65,159,107	65,223,168

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

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

In November 2024 the Group raised funds from the Serbian financial market by successfully placing its corporate bonds. The corporate bonds are denominated in euro, with a fixed annual interest rate of 6,5%, maturity of five years and quarterly interest rate payment to the owner.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the year ended 31 December 2024***(All amounts are in 000 RSD, unless otherwise stated)***17. LEASE LIABILITIES**

	31 December 2024	31 December 2023
Non-current lease liabilities	2,620,846	3,010,984
Current lease liabilities	934,141	924,031
	3,554,987	3,935,015

Amounts recognized in profit and loss:

	Year ended 31 December 2024	2023
Interest expense (included in finance cost) (note 23)	167,022	160,516
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	165,546	103,413
Expense relating to leases of low value assets that are not shown above as short-term leases	102,859	51,477
Expense relating to variable lease payments not included in lease liabilities	2,592,014	2,304,661

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

	Year ended 31 December 2024	2023
As at 1 January	3,935,015	3,149,589
Repayment	(1,206,983)	(1,025,957)
Company incoming to consolidation	-	883,328
Non-cash transactions	836,184	938,612
Foreign exchange difference (note 21)	(9,229)	(10,557)
As at 31 December	3,554,987	3,935,015

18. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Employee costs	3,778,142	3,981,195	14,217,546	12,373,188
Materials and supplies (other than O&G and petroleum products)	1,127,012	969,650	3,851,850	3,479,421
Repair and maintenance services	1,720,935	1,425,658	6,284,848	4,084,089
Electricity for resale	49,728	4,003,938	123,600	14,121,674
Electricity and utilities	4,421,213	4,475,873	16,752,922	13,224,738
Safety and security expense	247,009	158,507	495,188	532,093
Transportation services for production	163,727	212,503	648,773	769,863
Other	1,640,674	1,657,311	5,183,413	6,516,151
	13,148,440	16,884,635	47,558,140	55,101,217

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

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the year ended 31 December 2024***(All amounts are in 000 RSD, unless otherwise stated)***19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Employee costs	6,349,775	5,971,650	23,372,832	20,709,654
Commission and agency fees	184,787	176,663	734,801	741,677
Legal, audit and consulting services	371,223	365,845	982,637	944,291
Current repair cost	515,427	392,834	1,576,475	1,351,598
Costs on advertising and marketing	226,967	96,800	531,798	373,572
Rent expense	23,974	11,477	127,773	60,157
Business trips expense	147,460	110,633	434,813	309,100
Safety and security expense	396,289	297,341	1,267,296	986,916
Insurance expense	39,515	22,930	144,896	101,102
Transportation and storage	85,093	67,153	314,607	247,642
Allowance for doubtful accounts	(34,388)	17,745	(326,724)	39,582
Other	1,693,777	1,733,196	6,325,662	6,019,558
	9,999,899	9,264,267	35,486,866	31,884,849

20. OTHER INCOME, NET

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Penalties	130,812	40,056	562,544	176,798
Provisions (legal, environmental, etc.)	(91,473)	10,377	(489,470)	(282,569)
Impairment of non-financial assets	182,980	(109,332)	160,492	(135,289)
Gain from write-off of accounts payable	18,850	53,826	275,137	59,344
ARO - Change in estimate	87,194	42,185	87,194	47,378
Charity and social payments	(172,073)	(177,751)	(197,078)	(7,248,576)
Gain from bargain purchase	-	8,918,255	-	8,918,255
Other	22,676	(52,091)	140,871	(287,034)
	178,966	8,725,525	539,690	1,248,307

Charity and social payments amounting to 197,078 RSD (2023: 7,248,576 RSD) mainly relate to donations for support projects in the field of education, social and health care.

21. NET FOREIGN EXCHANGE GAIN/(LOSS)

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Foreign exchange gain/(loss) on financing activities including:				
- foreign exchange gain (note 12, 16 and 17)	117,837	81,180	368,983	365,233
- foreign exchange loss (note 12, 16 and 17)	(73,353)	(68,584)	(271,278)	(263,912)
Net foreign exchange gain/(loss) on operating activities	(473,980)	82,451	(1,143,895)	(355,815)
	(429,496)	95,047	(1,046,190)	(254,494)

22. FINANCE INCOME

	Three month period ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
Interest on bank deposits	422,883	857,761	1,766,480	4,563,096
Interest income on loans issued	3,100	2,324	11,372	10,960
Dividend income	58,599	44,372	58,599	44,372
Gains on restructuring of borrowings	(22,327)	-	95,469	-
	462,255	904,457	1,931,920	4,618,428

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23. FINANCE EXPENSES

	Three month period ended		Year ended	
	31 December		31 December	
	2024	2023	2024	2023
Interest expense	906,953	914,231	3,628,856	3,213,860
Losses on restructuring of borrowings	(11,643)	4,406	-	20,438
Decommissioning provision: unwinding of the present value discount	41,498	42,296	155,628	154,128
Provision of trade and other non-current receivables: discount	(18,267)	(63,245)	(9,345)	7,299
<i>Less: amounts capitalised on qualifying assets</i>	<i>(16,173)</i>	<i>(18,484)</i>	<i>(80,335)</i>	<i>(66,158)</i>
	902,368	879,204	3,694,804	3,329,567

Interest expense includes expenses on lease liabilities in the amount of 167,022 RSD for the year ended 31 December 2024 (160,516 RSD for the year ended 31 December 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 31 December 2024 the carrying value of financial assets approximates their fair value.

25. BUSINESS COMBINATIONS

In the previous year, the Group completed a business combination involving the acquisition of HIP Petrohemija doo Pančevo. This acquisition was carried out in accordance with the Strategic Partnership Agreement signed on December 24, 2021, between the Government of the Republic of Serbia, NIS a.d. Novi Sad, and HIP Petrohemija doo Pančevo. On June 9, 2023, the Group acquired control of HIP Petrohemija, increasing its shareholding from 20.86% to 90%. As part of the transaction, the Group committed to an additional capital increase of 17,591,055 RSD (150 million EUR), which will be allocated to the construction of a polypropylene production plant with an annual capacity of at least 140,000 tons over the next six years. Total identifiable net assets at fair value acquired in the acquisition amounted to RSD 9,909,172, with the bargain purchased acquired in the amount of RSD 8,918,255. The details of this transaction were disclosed in the prior year's financial statements, including its impact on the Group's financial position and performance.

In the current year, no business combinations were undertaken. This absence reflects the Group's focus on the integration of previously acquired businesses and the continued development of its operations.

26. CONTINGENCIES AND COMMITMENTS

Taxes

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2024.

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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. It is not possible to determine how long this increased volatility will last. A number of sanctions have been announced to restrict Russian entities operations and in such a situation, this could further impact the Group operations.

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

The management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to 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 385,751 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 31 December 2024 the Group has entered into contracts to purchase property, plant and equipment 4,852,949 RSD (31 December 2023: 2,861,058 RSD) and drilling and exploration works estimated to 89.43 USD million (31 December 2023: 89.78 USD million).

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

27. GROUP STRUCTURE

Material subsidiaries

The consolidated financial statements of below listed subsidiaries are consolidated as at 31 December 2024 and 31 December 2023:

Subsidiary	Country of incorporation	Nature of Business	Share %	
			31-Dec 2024	31-Dec 2023
NIS Petrol d.o.o., Banja Luka	Bosnia and Herzegovina	Trade	100	100
NIS Petrol e.o.o.d., Sofija	Bulgaria	Trade	100	100
NIS Petrol SRL, Bucharest	Romania	Trade	100	100
NIS Petrol a.d., Belgrade	Serbia	Other	100	100
Naftagas-Naftni servisi d.o.o., Novi Sad	Serbia	O&G activity	100	100
NTC NIS-Naftagas d.o.o., Novi Sad	Serbia	O&G activity	100	100
Naftagas-Tehnicki servisi d.o.o., Zrenjanin	Serbia	O&G activity	100	100
NIS MTO d.o.o., Belgrade	Serbia	Other	100	100
G Petrol d.o.o. Sarajevo	Bosnia and Herzegovina	Trade	100	100
Jadran - Naftagas d.o.o., Banja Luka	Bosnia and Herzegovina	O&G activity	100	100
HIP Petrohemija d.o.o., Pančevo	Serbia	Petrochemical	90	90

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The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The immediate and ultimate holding company of the Group is PJSC Gazprom. In relation to the company Gazprom, NIS is a member of the Gazprom Group on the grounds that legal entities (included in one group of entities), by virtue of their joint participation, have more than fifty percent of the total number of votes attributable to voting shares in the authorized capital of the Company.

Operations in Bulgaria and Romania

The Group is currently facing significant challenges in its operations in Bulgaria (DWS operations) and Romania (DWS and UPS operations), which are affecting the overall performance and future prospects in these markets. As a result, management is considering both the possibility of further development and the option of exit from these markets.

Given the current circumstances, the company is analysing the following options:

1. **Potential for Further Development:** This includes exploring opportunities to improve operational efficiency and identification of further business opportunities for development to address local market challenges.
2. **Exit Strategy:** In parallel, management is also considering the possibility of exiting these markets if the challenges persist or worsen, including assessing potential complete or partial sale of asset, closure, or other exit mechanisms.

A comprehensive review is ongoing to ensure that any decision taken will align with the Group long-term strategic goals and shareholder interests. The outcome of these considerations will be disclosed as part of the Group regular reporting in the coming periods, depending on the final decisions taken.

28. 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 year ended 31 December 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 supply/delivery of crude oil, petroleum products and energy.

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the year ended 31 December 2024***(All amounts are in 000 RSD, unless otherwise stated)*

As at 31 December 2024 and 31 December 2023 the outstanding balances, presented net of impairment, with related parties were as follows:

	Parent company	Parent's subsidiaries and associates	Associates and joint venture
As at 31 December 2024			
Short-term financial assets	-	29,309	-
Trade and other receivables	-	262,268	51,017
Investments in joint venture and associates	-	-	2,623,087
Trade and other non-current receivables	-	-	826,117
Other current assets	-	70,492	469,713
Trade and other payables	-	(166,304)	(510,158)
Other current liabilities	-	(117)	(389)
	-	195,648	3,459,387
As at 31 December 2023			
Short-term financial assets	-	32,196	-
Trade and other receivables	-	231,618	84,568
Investments in joint venture and associates	-	-	2,729,005
Trade and other non-current receivables	-	-	669,618
Other current assets	-	16,917	-
Other non-current assets	-	72,113	-
Trade and other payables	-	(172,009)	(667,586)
Other current liabilities	-	(127)	(433)
	-	180,708	2,815,172

For the year ended 31 December 2024 and 2023 the following transaction occurred with related parties:

	Parent	Parent's subsidiaries and associates	Associates and joint venture
Year ended 31 December 2024			
Revenues from sales of products and services	-	293,246	283,561
Expenses based on procurement of products and services	-	(907,617)	(2,788,722)
Other income/(expenses),net	-	3,834	(19,067)
	-	(610,537)	(2,524,228)
Year ended 31 December 2023			
Revenues from sales of products and services	-	753,874	15,627,031
Expenses based on procurement of products and services	(5,218)	(1,493,155)	(14,611,811)
Other expenses, net	-	(43,650)	(61,936)
	(5,218)	(782,931)	953,284

29. EVENTS AFTER THE REPORTING DATE

Introduction of Sanctions by the United States of America (USA) on NIS a.d. Novi Sad

- On January 10, 2025, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury announced on its Specially Designated Nationals and Blocked Persons List (SDN List) that, as part of measures taken by OFAC under Section 11 of Executive Order 14024, dated April 15, 2021, related to the energy sector of the Russian Federation, the company NIS a.d. Novi Sad was added to the SDN List. This action places Naftna Industrija Srbije at risk of secondary sanctions if it conducts transactions with Gazprom Neft.

This listing represents a significant event after the balance sheet date, which may have a material impact on the company's operations.

- On January 14, 2025, the Belgrade Stock Exchange decided to impose a temporary suspension of trading in NIS a.d. Novi Sad shares, which will remain in effect until the resolution of the situation.

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As of the date of approval of these consolidated financial statements, the company is unable to fully assess all potential financial and operational consequences of this event due to its complexity and the ongoing development of the situation.

The company's management is conducting daily assessments of the impact of the sanctions on operations and is taking all necessary measures to ensure the sustainable operation of the Group.

All events occurring after the reporting date, from 31 December 2024 to 31 January 2025, when these Interim Condensed Consolidated Financial Statements were approved, have been taken into account.

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

NIS Group
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