QUARTERLY REPORT FOR FIRST QUARTER OF 2025

The Quarterly Report for First Quarter of 2025 presents a factual overview of NIS Group's activities, development and performance in first quarter of 2025.

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 First Quarter of 2025 is compiled in Serbian, English and Russian. In case of any discrepancy, the Serbian version shall be given precedence.

The Quarterly Report for First Quarter of 2025 is available online on the corporate website. For any additional information on NIS Group, visit the corporate website www.nis.rs.

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Foreword

In the first quarter of 2025, NIS operated under exceptionally complex circumstances, particularly after January 10, when the company was added to the SDN list (Specially Designated Nationals) by a decision of the U.S. Department of the Treasury as part of broader sanctions against the Russian oil sector. At the company's request, and with the support of the Government of the Republic of Serbia and other domestic and foreign institutions and companies, the U.S. Department of the Treasury[1] issued special licenses that twice postponed the full enforcement of sanctions against NIS. In mid-March, the company also submitted a request for removal from the SDN list, which is typically a lengthy process.

In such an environment, the priority of the NIS Group was to continue uninterrupted supply of all types of petroleum products to the domestic market and to maintain social stability for its employees. As expected, the NIS Group faced certain business challenges that affected operational and financial results during the reporting period. In addition, the results were influenced by the drop in crude oil prices, with the average price of Brent oil in the first quarter standing at $75.7 per barrel, which is 9% lower than in the same period last year. Nevertheless, the NIS Group closed the reporting period with a positive result of RSD 1.5 billion in net profit, which is 16% lower than the previous year. The EBITDA indicator decreased by 15% and amounted to RSD 8.5 billion. Investments in capital projects continued, amounting to RSD 5.5 billion. Total bank indebtedness was reduced by 3% and amounted to EUR 540.4 million.

Regarding operational results, oil and gas production in the first quarter amounted to 277.5 thousand tonnes of oil equivalent, which is a 4% decrease compared to the same reporting period. Oil and semi-product refining increased by 33% compared to the same period last year, amounting to 853 thousand tonnes. The total volume of petroleum product sales in the first quarter of 2025 was 719 thousand tonnes, a 4% decrease compared to the same period last year. It is important to emphasise that, despite complex circumstances, NIS remains a reliable partner to its business associates and is prepared to meet all contractual obligations regarding wholesale of petroleum products. NIS also continued the modernisation of Petrohemija, where planned plant workovers were carried out as part of efforts to upgrade and improve reliability. Additionally, NIS continued to strengthen its capacity for electricity production from solar energy, making significant progress in building a solar power plant at the Storage of Petroleum Products in Novi Sad. In the Pančevo Oil Refinery, a solar power plant with a total capacity of 610 kWp (550 kW of grid connecting capacity) was commissioned.

During the reporting period, the ownership structure of NIS also changed. At the end of February, the company "Gazprom Neft" transferred a portion of NIS shares to "Gazprom," thereby altering the company's ownership structure. As a result, "Gazprom Neft" now holds a 44.85% stake in NIS, while "Gazprom" owns 11.3%. The Republic of Serbia holds 29.87% of the shares, and the remaining shares are owned by citizens, current and former employees, and other minority shareholders.

Throughout the remainder of the year, NIS will remain committed to the stable operation of the company, regular market supply, financial discipline, and the well-being of employees. Additionally, in cooperation with its partners, NIS will continue to work on getting removed from the SDN list.

[1] On 26 April 2025, the OFAC (Office for Foreign Assets Control) issued third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025.

Management Business report

Highlights

January

Drilling has been completed of 2 development wells
There was a launch of 5 oil wells (4 development and 1 exploration wells)
The construction of the general area of the location is complete and is ready for expanding the Banatski Dvor underground gas storage
Parcel machines project implemented for the Serbian Postal Services
As part of the big prize draw at NIS Petrol and Gazprom gas stations, the main prizes were awarded - three *Hyundai Tucson* cars

February

Drilling has been completed of 2 development wells
There was a launch of 6 oil development wells
Purchase of the new petrol station Majdanpek 2, which is planned to be rebranded ino the NIS brand in the coming period

March

Drilling has been completed of 3 development wells and 1 exploratory well. There was a launch of 2 new oil development wells. In the first quarter of 2025, a total of 7 development wells and 1 exploratory well were drilled in Serbia, while there was a launch of 12 development and 1 exploratory well.
Drilling of the first of four wells under the Banatski Dvor project has begun.
Implementation of the project for installing express cash registers in retail facilities in accordance with the defined dynamics (a total of 34 petrol stations)
NIS has filed a request to be removed from the SDN list. The full implementation of sanctions has been postponed by a new special license from the US Treasury Department[2] until April 28th

[2] On 26 April 2025, the OFAC (Office for Foreign Assets Control) issued third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025.

Group NIS

The NIS Group is one of the largest vertically integrated energy systems in Southeast Europe, whose 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. 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. Most valuable resource is a team of about 13,500 employees, including employees in HIP-Petrohemija LLC Pančevo.

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. 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. One of NIS' priorities is the area of occupational safety, where the main goal is work processes without injuries and harmful impacts on the environment.

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.

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[3] and Downstream[4] , 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_2 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.

[3] Exploration and Production and subsidiaries - NTC NIS – Naftagas LLC Novi Sad, Naftagas–Oil Services LLC Novi Sad and NIS MTO LLC Belgrade.
[4] Refining Block, Sales and Distribution Block, Energy Block and subsidiaries Naftagas–Technical Services LLC Zrenjanin and 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.

In 2024, NIS acquired two new robotic drilling rigs that will bring significant financial and environmental benefits in the oil and gas exploration and production segment. These two plants, named after prominent Serbian scientists “Tesla” and “Pupin”, are worth around EUR 33 million and are one of the largest investments by NIS in the oil services segment in the company's history.

Downstream

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

Refining

NIS operates the Pančevo Oil Refinery which began its production in 1968, which is today 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 900 million have been invested in the modernization of the Refinery, with significant funds allocated for environmental protection projects. During 2024, the most complex turnaround in the refinery's history was carried out at this plant, which made a significant step towards increasing the efficiency and reliability of the plant's operation. 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 activities for finding additional measures for increasing efficiency and reducing costs, as well as digitization projects, are continuously carried out in the Refinery.

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 carries out 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. 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, more efficient and profitable operation in 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 (SPPs) began at NIS gas stations, as well as on the roofs and ground of other company facilities, thereby achieving significant financial savings for NIS and contributing to the reduction of carbon dioxide emissions. As of December 2024, the construction of photovoltaic power plants at 45 petrol stations has been completed and put into operation. At the “Jazak” drinking water plant, a photovoltaic power plant has been put into permanent operation. Rooftop PV plants at the Novi Sad oil derivatives warehouse, at the Arse Teodorovića business facility, as well as on five roofs at the Pančevo Oil Refinery, have been built and put into operation in the mode of supplying internal consumers. The construction of photovoltaic power plants at other NIS facilities continues.

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

In addition to Serbia, NIS also operates in neighboring countries - in Romania and Bosnia and Herzegovina in the field of oil and gas exploration and production, while retail activity is carried out in Bosnia and Herzegovina, Bulgaria, and Romania. Moreover, NIS has expanded its activities in the field of electricity trading to 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

RISK DESCRIPTION	RISK MANAGEMENT MEASURES
Operational risks	
HSE risks	
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.
HR risks	
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

On January 10, 2025, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury placed NIS j.s.c. Novi Sad on the SDN List. At the same time, OFAC issued General License No. 117, delaying the full implementation of sanctions until February 27, 2025.

Since listing, the Company has undertaken the following actions:

- January 29, 2025: submitted a request to OFAC for a license to delay the full implementation of sanctions, to enable the normal operation of NIS and its subsidiaries while the company is working on delisting
- February 27, 2025: received a special license delaying the full implementation of sanctions until March 27, 2025.
- March 14, 2025: submitted a delisting petition to OFAC
- March 17, 2025: submitted a request for renewal of the license delaying the full implementation of sanctions pending delisting
- March 28, 2025: received a special license delaying the full implementation of sanctions until April 28, 2025.

The Company is actively working with OFAC towards delisting. Currently, NIS is pursuing another license to delay the full implementation of sanctions until it is officially removed from the SDN List[5].

Currently the Company 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 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.

[5] On 26 April 2025, the OFAC (Office for Foreign Assets Control) issued third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025.

Financial risks

RISK DESCRIPTION	*RISK MANAGEMENT MEASURES*
Credit risks	
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.	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). 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.
Liquidity risks	
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.	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.
Commodity-price risks	
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.	These risks are partly offset by adjusting petroleum product selling prices to the changes in oil and petroleum product prices. In addition, the following actions are undertaken to reduce a potentially negative effects of this risk on the financial result of the Company: • Annual planning based on multiple scenarios, planned follow-up and timely adjustment of operating plans for crude oil procurement; • Regular sessions of Company's Commission in charge of crude oil purchase/sale to discuss all major topics; • Constant, intensive check of new potential suppliers through their procedural verification and according to inquiries and letters of interest submitted to NIS; • Maximum effort to ensure a continuous supply of crude oil in restrictive conditions, which have been very evident since the end of the first quarter of 2022, both in the required quantities but also by the type of oil that would correspond to refining plans and planned production/basket of derivatives; • Continuous efforts to optimize processes and strive for the best possible economic effects and indicators; • Monitoring market conditions throughout the calendar year and collecting information from foreign companies that are eminent, reliable traders in the European market and beyond, in order to better understand the potential conditions for the implementation and realization of spot purchases.

Foreign Exchange Risks

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

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

Interest Rate Risks

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

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

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

Business environment[6]

World[7]

The introduction of customs duties by the United States has also led to changes in forecasts for oil demand. In early April, OPEC lowered the forecast of crude oil demand growth. This organization expects demand to increase by 1.3 million barrels per day in 2025 and 2026. This figure is 100,000 barrels per day lower than the previous forecast. Despite this decrease, OPEC's projections remain significantly higher than those of other experts. For instance, the US Energy Information Administration (EIA) anticipates a demand increase of 900,000 barrels per day for this year, while Goldman Sachs predicts an increase of only 500,000 barrels per day.

OPEC+ member states began gradually increasing production in April and aim to gradually remove the production limits that have been in place since 2023. Higher quantities of oil could further reduce the price of oil, potentially challenging the cost-effectiveness of hydrocarbon production from shale, particularly as prices approach the threshold of USD 50 per barrel.

The issue of cost-effectiveness is becoming an increasingly significant concern for refineries. According to analysts at Wood Mackenzie, despite rising demand, 101 out of 410 refineries worldwide – representing one-fifth of global refining capacity – are at risk of being shut down within the next decade. In addition to the anticipated peak in demand for oil and petroleum products, high operating costs have a significant impact. A particularly important part of these costs is the CO2 tax in the EU and the UK, but also in Canada. An additional negative impact on the future operation of refineries is investments in decarbonization (capture and storage of CO2, additional investments in energy efficiency and in alternative fuels). Based on the announcements of these countries, Wood Mackenzie expects CO2 prices to be three times above the global average by 2035, potentially rendering the survival of some refineries economically unviable – unless policies change. The EU is particularly affected by refineries in Germany, where the economic situation has reached unprecedented levels of strain. The unstable demand for derivatives, prolonged delays in investments, the influx of cheap diesel imports, complicated ownership structures, and constantly rising climate protection costs make the operation of refineries in the largest EU economy increasingly difficult.

A growing number of analysts believe that hydrocarbons have an "infinite" role and that the demand for oil and the growth of gas use will continue to define the global energy mix in 2050. However, this perspective does not necessarily mean giving up on sustainability and green energy. Leading organizations involved in forecasting currently have different projections for future demand that depend on their internal functioning and shareholder requirements. Therefore, it is necessary to distinguish ideological viewpoints from objective analysis and extrapolation of real data on hydrocarbon demand and create a consensus that is more than a sum and a rough average of projections.

What everyone agrees upon at this point is that new energy sources can replenish fossil fuels but not replace them, and investments in all energy sources are essential to meet global energy demand.

The need to reassess the timelines and objectives of the energy transition was also highlighted at CERAWeek, one of the largest conferences on oil and gas. Saudi Aramco's director emphasized the necessity of investment in fossil fuels to meet global demand. He also highlighted the need to re-evaluate energy transition plans, suggesting that investments in transition elements lacking realistic prospects should be discontinued. "Green" hydrogen is listed as an example of a fuel that is central to the energy transition efforts, but which is still too expensive for widespread commercial use. The EU, for instance, expects to implement only 17% of its hydrogen projects by 2030. Wind farms are also facing increasing criticism and growing pressure to abandon new projects, especially offshore projects. Concerns are rising over the environmental impact, as the seabed in the most desirable locations is becoming increasingly destroyed by turbine foundations, which are also growing larger and further affecting marine animal and plant life.

Other objectives of the energy transition are also being reassessed. In early March this year, the European Commission announced a decision to mitigate the targets for reducing CO_2 emissions in new passenger cars and light commercial vehicles, introducing more flexible objectives. This decision was influenced by factors such as inflation, rising energy prices, geopolitical instability, and pressure from car manufacturers. If the target in 2025

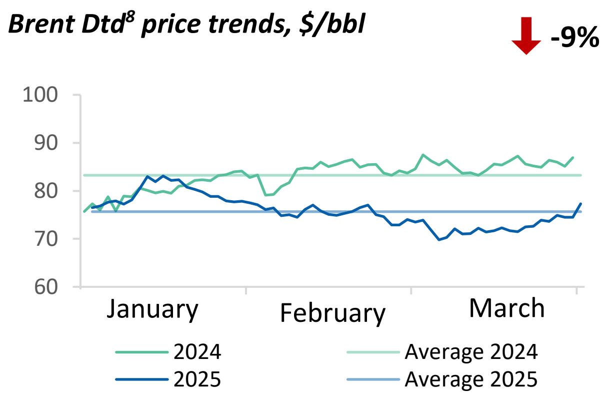
[6]Data sources for the World, Oil price and Macroeconomic trends: reports by IMF, *World Oil*, *Financial Times, Bloomberg, Reuters*, EU Commission. Wood Mackenzie, IHS, Bloomberg, Reuters, National Oil Committee of Serbia, EU Commission. Data sources for Serbia: NBS reports, newspaper articles. Data sources for Serbia: Report National bank of Serbia, Chamber of commerce and industry of Serbia, articles in newspapers: Danas, Bliz Biznis, NIN.

[7]Source: EIA, OPEC, Oil&Gas Journal, IHS, Wood Mackenzie.

is not reached, it is necessary for the three-year average of emissions between 2025 and 2027 to remain within the limits of the target set for 2025.

Oil price

During the first quarter of 2025, the price of Brent crude oil showed relatively small fluctuations from mid - January. After the first fifteen days of January, when the average price stood at US $ 79.7 per barrel, there was a slight decline, resulting in an average price of US $ 75.7 per barrel for the entire first quarter. The highest price in this quarter (US $ 83.1 per barrel), was recorded in January, while the lowest price (US $ 69.8 per barrel) was reached in March. The average price was by 8.9% lower than the average price in the same period in 2024, while the maximum price was lower by 5.1%



The differences compared to the price in the last quarter of 2024, were much smaller. The average price in the first quarter was only 1.3% higher than the average in the previous quarter (US $ 75.7 compared to US $ 74.7 per barrel). So, the differences between the maximum and minimum prices in these two quarters were also modest: maximum price in Q1 of 2025 was by 2.3% higher compared to Q4 of 2024, while the minimum was lower by 2.2 %.

The President of the United States has frequently made clear his goal of reducing energy prices as the part of a broader agenda to tackle chronic inflation in the country. Particular emphasis has been placed on lowering the price of crude oil, given its impact on fuel prices at the filling stations and on transport costs, which, in turn, affect the prices of food, clothing, and other consumer goods. One of the White House advisers stated that the average price of US % 50 per barrel would help contain inflation and lay the groundwork for a healthier economy. Events in early April – notably, a larger – than – expected increase in oil production quotas by OPEC + members (411,000 barrels per day instead of the initially planned 135,000 barrels), along with the reciprocal imposition of customs tariffs between the US and numerous countries – significantly contributed to achieving this goal. The price of oil dropped sharply at the beginning of April, falling from US dollar 77.7 per barrel as recorded on 1 April to US dollar 62.7 per barrel recorded on 9 April 2025.

At the OPEC + ministers' meeting held on 4 April 2025, it was decided to accelerate the planned increase in oil production to 411,000 barrels per day, instead of originally planned 135,000 barrels. This resulted with further sharp decline in oil prices, which were already falling due to the introduction of tariffs by the United States, and the potential escalation of the global trade war. In addition, crude oil reserves in the US rose by 6.2 million barrels, whereas a drop of 2.1 million barrels had been expected. This also impacted the market and influenced oil price projections.

Goldman Sachs revised its oil price forecasts downwards and now presents two scenarios. The first scenario predicts that Brent crude oil will be priced at US $ 62 per barrel by December 2025, and US $ 55 per barrel by December 2026. This forecast is based on two key assumptions: first, that the US economy does not enter recession (considering the tariff situation), and second, that the increase in OPEC + production remains moderate.

The second scenario takes into account a slowdown in global GDP and a sustained base level of supply from OPEC + countries. Under this scenario, the price of Brent crude would fall to US $ 54 per barrel by December 2025 and to US $ 45 by December 2026. In Goldman Sachs' most extreme scenario — involving both a significant global GDP slowdown and an additional increase in OPEC + production — the price of Brent could drop to just under US $ 40 per barrel by the end of 2026.

[8]Source: Platts.

Macroeconomic trends

The introduction of high tariffs, first by the United States, and subsequently reciprocal tariffs by the rest of the world (EU, China, Canada…), has caused significant turmoil on global stock markets. Immediately after the tariffs came into effect, major stock exchange indices in London and across Europe recorded a decline, while yields on short-term German government bonds dropped. Concerns are also growing that additional tariffs may soon be introduced, increasing uncertainty in global markets. Many countries are expected to respond with countermeasures.

The Chairperson of the European Commission stated that “the West as we knew it no longer exists”, and that Europe has to turn to other allies, no longer relying on the U.S.

Following dramatic declines in the U.S. Treasury bond market and the introduction of tariffs, the U.S. President postponed the implementation of new tariffs for 90 days. Although tensions have somewhat eased, the former U.S. Secretary of Treasury attributed the bond sell-off to the loss of confidence in economic policy of the United States.

The new tariffs will also affect American consumers, who are now questioning how long their stock of imported goods will last, and what prices will look like afterwards, with consumer goods being the first to be impacted. All of this also includes the devaluation of the U.S. dollar. Since the new U.S. president took office, the dollar has lost 10% of its value against the euro. This is precisely what makes the current crisis unique: neither U.S. Treasury bonds, nor the US dollar offer a safeguard anymore, which can be seen as a sign that the U.S. dollar is losing its dominance. Although an initial real GDP growth rate of 2.1% in the U.S. was projected for 2025, increased tariffs, stricter immigration policies that limit the labour supply, weaker domestic demand and high interest rates pose risks to the growth of the U.S. economy.

At the same time, in the first three months of 2025, the Chinese economy grew by 5.4% at the annual level. The result exceeded most expectations, but the escalation of the trade “war” with the U.S. casts doubt on whether this trend will continue throughout the year. The tariff “war” is expected to increase pressure on China to introduce additional stimulus measures in order to offset rising costs and support the economy.

According to the forecast of Euromonitor International for the first quarter of 2025, global real GDP growth is expected to remain stable at 3.2% in 2025 and 2026. Global inflation is expected to ease to 4.1% in 2025, and further to slow down to 3.5% in 2026.

In the Eurozone, real GDP growth is expected to accelerate to 1.2% in 2025. Industrial decline and reduced German exports continue to affect the slower growth of economic indicators.

Serbia [9]

The positive trends of growth in macroeconomic indicators from 2024 continued into 2025. Industrial production recorded a year-on-year increase of 0.4% in January (with the manufacturing sector growing by 2.6%). The value of retail trade turnover in January 2025 was 6.7% higher in nominal terms compared to the same month of the previous year. The growth in exports of the manufacturing and processing industry, agricultural products, mining, and services also continued, resulting in a year-on-year increase in the export of goods and services of 4.4% in the first two months of 2025. The budget of the Republic of Serbia recorded a surplus in January.

In January 2025, year-on-year inflation was recorded in the amount of 4.6% in February, and 4.4% in March. The National bank of Serbia (NBS9 expects inflation to remain around the current level until the month of June. The slowdown in inflation will be supported by restrictive monetary conditions, the arrival of new agricultural season, anticipated lower global energy prices, and reduced import inflation. Core inflation continued to exceed overall inflation, remaining unchanged in February, at 5.6%.

The growth of GDP in the first quarter of 2025 was 3.3%, while it stood at 3.9% for the entire year of 2024. According to the NBS projection, GDP growth for this year is expected to reach 4.5%, with growth in the range of 4-5% anticipated for the coming years. All service and production sectors are expected to contribute to GDP growth, assuming and average agricultural season. In its report, the NBS also highlights a contribution from exports, resulting from the start of serial production in the automotive industry and the commissioning of new energy capacities.

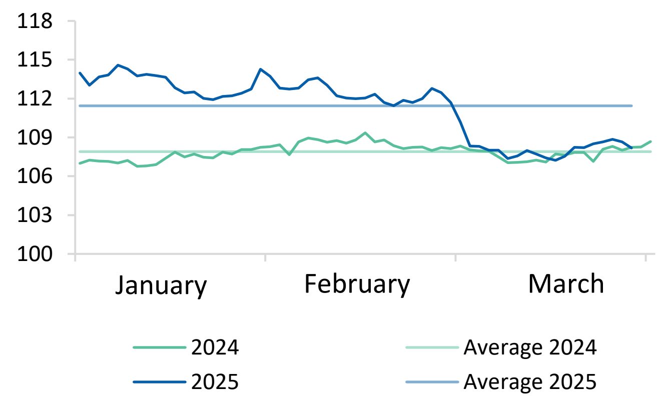
[9]Source: National Bank of Serbia, Republican Bureau of Statistics, Chamber of Commerce Serbia, newspaper articles.

During the first quarter, the National Bank of Serbia (NBS) maintained the key policy rate at the level of 5.75%. The decision remains in force that, for the existing housing loans with variable interest rates, the nominal interest rate cannot exceed 5%, and the same limit of 5% applies to new housing loans with both variable and fixed interest rates. The effective interest rate, which includes all related loan costs, is also capped and at the moment, it cannot exceed 6.65%.

The labour market continues to show growth in formal employment. In the last quarter of 2024, the unemployment rate stood at 8.6%, (marking a year-on-year decrease of 0.5%), while the employment rate increased by 1.1% (year-to-year). Total formal employment in the first two months of 2025 reached 2.37 people, whereby around 1.75 million of individuals were employed in private sector. The growth of employment was recorded in 12 out of 19 sectors, with notable increases in administrative and support service activities, the IT sector and hospitality and food services.

The average gross salary calculated for January 2025 amounted to RSD 148,440, while the average net salary (after taxes and contributions) was RSD 107,476 (EUR 918). When compared with the same month of the previous year, the average gross and net salaries for January 2025 were nominally higher by 12.1%, and in real terms, by 7.2%. In comparison to December 2024, the average gross salary for January 2025, remained nominally at the same level, but was by 0.6%, lower in real terms. The average net salary decreased nominally by 0.8%, and in real terms – by 1.4%. The median net salary for January 2025 amounted to RSD 83,031, meaning that 50% of all employees earned up to this amount.

***Exchange rate trend, USD/RSD*[10]** **+3%**



- Average USD/RSD during the first quarter of 2025 was higher by RSD 3.5, i.e. 3% higher compared to the average exchange rate in the same period of 2024.
- During the first three months of 2025 USD/RSD exchange rate decreased by RSD 4.3 or 4%.
- During the first three months of 2024 USD/RSD exchange rate increased by RSD 2.8 or 3%.

[10]Source: NBS.

Performance analyses

Market share[11]

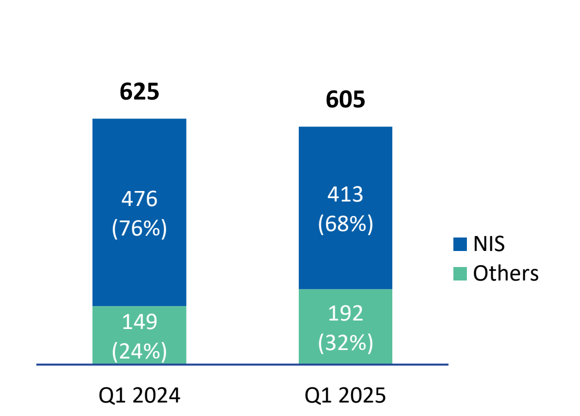
The growth of consumption has been recorded in all countries of the region, while in our country, a decrease in motor fuel consumption was observed in the first quarter.

Market share in the Serbian market

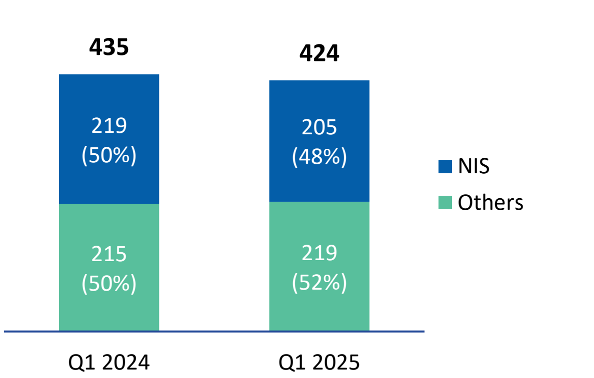
The first quarter of 2025 was characterized by a 3.2% decrease in the consumption of motor fuels in Serbia compared to the same period last year.

The reduction of consumption is primarily due to diesel fuel, particularly the type intended for agricultural use. Last year, the agricultural season experienced changes in its usual patterns due to meteorological conditions and the earlier sowing of nearly all agricultural crops. In 2025, much colder weather delayed sowing. The consumption of petrol is on the rise.

Volume of the RS motor fuels market[12], in thousand tonnes **-3.2%**



Volume of the RS motor fuels[13] retail[14] market, in thousand tonnes **-2.4%**



Retail: In the first three months of 2025, the consumption decreased by 2.4% compared to 2024. The share of NIS is significant. The Regulation stipulated preferential price for supplying the farmers is in force. In addition to deferred consumption of agricultural diesel, transit seasonal traffic had a negative impact on consumption. The supply of transit passengers and freight trucks on the Serbian market is lower due to prices, and due to different dynamics of holidays that partially entered the first quarter last year.

[11]Sources of information on the basis of which projections were created: for Serbia - internal analyses and estimates of the Sales and Distribution Block; for the consumption estimate in Bulgaria and Romania - Stratas Advisors and for Bosnia and Herzegovina - Stratas Advisors and internal estimates. Any possible deviations in percentage amounts and aggregate values in the following graphs are due to rounding.

[12]Data for 3M 2025 is given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

[13]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 3M 2025 are given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

[14] 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 the first quarter of 2025, Bosnia and Herzegovina experienced a slight increase in motor fuel consumption, as well as retail sales, compared to the first quarter of the previous year.

The entry into force of the Law on Internal Trade in the Federation of Bosnia and Herzegovina also enabled self-service fuel filling with an automated payment and control method, which is a significant step forward in the modernization of petrol stations in the Federation of Bosnia and Herzegovina. Thus, drivers are already filling their own fuel at some petrol stations in the Federation of Bosnia and Herzegovina, which was not previously possible. This was prevented by a regulation left in the law from the time of the SFRY.

Nestro Petrol is actively investing in the development of compressed natural gas (CNG) on the Bosnia and Herzegovina market, as part of the implementation of projects that contribute to the achievement of carbon dioxide emission reduction goals in line with European regulations.

Since April last year, regular monitoring of oil and oil products in the Federation of Bosnia and Herzegovina has been suspended, which has raised doubts among some members of the public about the quality of the fuel they use, which can significantly affect safety. The suspension of controls, which the Federal Ministry of Energy, Mining and Industry has prescribed at least once a year by a special regulation, is caused by the legal vacuum that arose after the Council of Ministers of Bosnia and Herzegovina adopted the Decision on the Quality of Liquid Petroleum Products in December 2023, which entered into force in April 2024.

The distribution of regressed diesel fuel has begun throughout the Republic of Srpska, and the distribution is carried out by 58 distributors who have signed an agreement with the Ministry.

NIS has 42 petrol stations in Bosnia and Herzegovina.

NIS's market share in the total motor fuel market in the first quarter of 2025 is 22.5%, while its share in the retail market is 10.4%.

Bulgaria

In the first quarter of 2025, Bulgaria recorded a slight increase in motor fuel sales, as well as retail sales, compared to the same period of the previous year.

The Burgas Oil Refinery in Bulgaria, owned by Lukoil, has been closed since February 26 due to planned overhauls that are carried out every four years. The Burgas Refinery will be put into operation from April 25, and from May 1, it should resume full operation. The last planned repair at the Refinery was carried out in July 2021. Fuel reserves for the country's needs are fully secured.

Energy experts and economists have called on the Bulgarian government to consider purchasing Lukoil's Burgas Refinery, following growing concerns about the potential future ownership of the facility. Official reports indicate interest from companies from Kazakhstan, Azerbaijan, Hungary and Qatar. The Competition Commission will first have to approve the purchase by the new owner. Lukoil is a vertically integrated company, meaning it not only operates the refinery, but is also a wholesaler and operates a network of petrol stations, which gives it significant influence in the market.

Hungary expressed interest in buying Lukoil Bulgaria during a visit to Bulgaria by Hungarian Prime Minister Viktor Orban in late December last year. Lukoil has already sold petrol stations in Hungary, the Czech Republic and Slovakia. Of these, 44 in the Czech Republic went to MOL's Slovak subsidiary, 75 petrol stations in Hungary and 19 in Slovakia to the Hungarian company Norm Benzinkut.

NIS operates a network of 22 petrol stations in Bulgaria, which is 1 petrol station less than in the comparable period of the previous year.

NIS's market share in the total motor fuel market in the first quarter of 2025 was 3.5%, while its share in the retail market was 2.4%.

Romania

In Romania, the motor fuel market and retail sales recorded a slight growth in the first quarter of 2025 compared to the same period last year.

OMV Petrom is starting construction work on a sustainable fuels plant in Petrobras. The new sustainable aviation fuel and renewable diesel unit will have an annual production capacity of 250,000 tons of sustainable fuels, starting in 2028. Through an investment of 750 million euros, OMV Petrom is integrating the production of sustainable fuels together with two green hydrogen units. OMV Petrom thus announces that it is becoming the first major producer of sustainable fuels in Southeastern Europe. In the period from 2022 to 2030, OMV Petrom will direct 35% of its investment budget to projects that support the energy transition in Romania and the region.

Romania has completed the construction of a new cogeneration plant at the Petromidia Refinery, which is now in the operational testing phase. The plant, with a capacity of almost 80 MW, uses Siemens gas turbines and aims to meet the refinery’s entire energy needs, reducing the burden on the national grid.

Romanian fuel distribution company JT Group Oil announced that it has expanded its logistics capacity by 4,000 tons with the purchase and modernization of a bunker tanker for around 3 million euros. The tanker Delta Oil was previously used by Gazprom for bunkering operations in the port of Constanta. The Romanian fuel distribution company transformed the ship into a floating terminal and renamed it JT Danube Terminal.

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

Key performance indicators

Indicator	Unit of measurement	Q1 2025	Q1 2024	Δ[15]
Brent Dtd	$/bbl	**75.7**	83.2	-9%
Sales revenue	RSD billion	**72.3**	86.4	-16%
Net profit (loss)	RSD billion	**1.5**	1.8	-16%
EBITDA[16]	RSD billion	**8.5**	10.0	-15%
OCF	RSD billion	**-6.2**	2.7	decrease
CAPEX[17]	RSD billion	**5.5**	10.5	-47%
Accrued liabilities for taxes and other public revenues [18]	RSD billion	**52.3**	53.7	-2.6%
Total bank indebtedness[19]	EUR million	**540.4**	554.9	-3%
LTIF[20]	number	**1.2**	1.3	-10%

[15]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.

[16]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.

[17]CAPEX amounts are exclusive of VAT.

[18]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.

[19]Total bank indebtedness = Total debt to banks + letters of credit. As at 31 March 2025, this was EUR 540.4 million of total debt to banks, while there was no debt based on letters of credit.

[20]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 March 31, 2025.

Operational indicators

Exploration and production

Key indicators

Indicator	Unit of measurement	Q1 2025	Q1 2024	Δ[21]
Oil and gas output[22]	thousand t.o.e.	**277.5**	289.5	-4%
Domestic oil output[23]	thousand tonnes	**194.3**	203.1	-4%
LTIF[24]	number	**0.0**	0.0	0%
EBITDA	RSD billion	**8.5**	9.9	-13%
CAPEX[25]	RSD billion	**2.7**	5.1	-47%

The main goal in the first quarter of 2025 in the Exploration and production Block was to fulfill the planned production of hydrocarbons, the realization of geological research projects and increase the efficiency of geological and technical activities.

In the first quarter of 2025, a total production volume of oil and gas 265.8 t.o.e. was achieved at reservoirs in Serbia, i.e., including concessions 277.5 t.o.e.

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 first quarter of 2025, 13 new oil wells (12 development wells and 1 exploratory well) were put into operation, with an average increase of 6.2 t/day, or an additional 3.8 thousand tons of oil. Also, in the first quarter of 2025, geological and technical activities were successfully carried out on 39 wells with a satisfactory average increase.

In 2025, the implementation of RIW technology will continue. In the fourth quarter after the implementation of RIW technology, 10 wells were commissioned and an average increase of 1.3 t/day was achieved on oil field in Vojvodina.

Also, in the first quarter of 2025, 12 wells were put into operation after switching to a new production layer with an average increase of 8.2 t/day, and a total of 7 intensifications were carried out, an increase of 5.1 t/day, while a total of 3 wells were made operational from the inactive fund, with an increase of 1.3 t/day.

When all GTAs completed in the last quarter are taken into account, additional oil production of 11.5 thousand tons was achieved for the first quarter of 2025.

Exploratory drilling and well testing

In the first quarter of 2025, three exploratory wells were tested and one contour-exploratory well was drilled within the Ada gas cluster.

2D/3D seismics

A complex seismological interpretation of the data recorded in the exploration area of Srednji Banat is currently underway, with the aim of strengthening the portfolio with new candidates for exploratory drilling.

License obligations

In accordance with the provisions of the Mining and Geological Exploration Act, the following have been prepared: Reports on the status of reserves and resources of hydrocarbons and groundwater as of 31.12.2024, the Annual Report on the operations of NIS a.d. in the process of exploitation of oil, gas and groundwater for

[21]Any deviations in percentages and aggregate values result from rounding.
[22]Domestic oil ouput includes natural gasoline, whereas gas output takes into account commercial gas output and light condensate.
[23]With natural gasoline.
[24]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 March 31, 2025.
[25]Financing, exclusive of VAT.

2024 and the Annual Operational Plan for the performance of mining works in the process of exploitation for 2025 and submitted to the competent state body.

In February 2025, a Decision was received from the Provincial Secretariat for Energy, Construction and Transport approving the performance of mining works by hydraulic fracturing in the Velebit exploitation field. The mining inspector and competent institutions were notified of the start of mining operations using hydraulic fracturing at the Velebit exploitation field by letter dated March 20, 2025.

In February 2025, the Provincial Secretariat for Energy, Construction and Transport submitted an amendment to the request for issuing a permit for carrying out mining works by hydraulic fracturing in the Palić exploitation field.

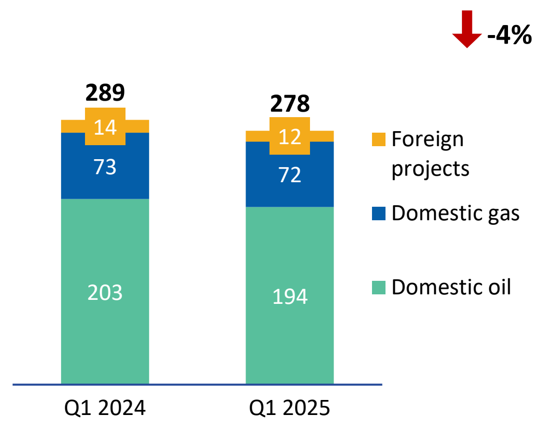
In order to carry out geological exploration of oil and gas in the exploitation fields of NIS a.d. Novi Sad, in the first quarter of 2025, the Provincial Secretariat for Energy, Construction and Transport was notified of the works based on Geological Exploration Projects in the approved exploitation fields of Vojvodina.

In March 2025, based on the prepared Annex 1 of the Geological Research Project for the approved exploratory period May 2023-May 2026, a request was submitted to the Ministry of Mining and Energy for obtaining a Permit for carrying out geological research in the Podunavlje exploratory area.

Oil and gas output

In the first quarter of 2025, the total of 278 thousand t.o.e. of oil and gas was produced, which is 4% less than the same period last year.

Oil and gas output[26] , thousand t.o.e.



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

Downstream

Key indicators

Key indicators	Unit of measure	Q1 2025	Q1 2024	Δ[27]
Volume of refining of crude oil and semi-finished products[28]	thous. tonnes	853.0	640.8	+33%
Total sales volume of petroleum products[29]	thous. tonnes	719.1	748.7	-4%
Retail Serbia	thous. tonnes	203.2	217.6	-7%
Wholesale Serbia[30]	thous. tonnes	245.8	292.7	-16%
Retail Foreign Assets	thous. tonnes	34.2	37.5	-9%
Wholesale Foreign Assets	thous. tonnes	47.5	38.6	+23%
Transit, export and BU[31]	thous. tonnes	149.9	118.1	+27%
Motor fuels sales volumes[32]	**thous. tonnes**	544.4	594.4	-8%
Electricity output[33]	**MWh**	34,853.0	28,169.2	+24%
EBITDA DWS[34]	bln RSD	2.5	3.6	-30%
EBITDA Refining[35]	bln RSD	2.1	2.3	-7%
EBITDA Sales and Distribution[36]	bln RSD	2.5	3.5	-30%
CAPEX DWS[37]	**bln RSD**	2.6	5.1	-49%
CAPEX Refining	bln RSD	1.1	3.9	-72%
CAPEX Sales and distribution	bln RSD	1.2	0.4	+183%
LTIF DWS[38]	**number**	1.2	1.5	-17%
LTIF Refining	number	1.0	2.2	-53%
LTIF Sales and distribution	number	1.5	1.0	+56%

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

[28]The presented refining volume includes the refining volume of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.

[29]The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.

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

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

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

[33]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 – March is 496 MWh.

[34]EBITDA Downstream includes the EBITDA of Block Refining, Block Sales and distribution, Block Energy, rest of Downstream and EBITDA of HIPP.

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

[36]EBITDA of the Sales and Distribution Block.

[37]Financing, excluding VAT. The shown CAPEX Of Downstream includes CAPEX of Refining Block, Sales and distribution Block, Block Energy, HIP-Petrohemija and the rest of Downstream.

[38]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 March 31, 2025.

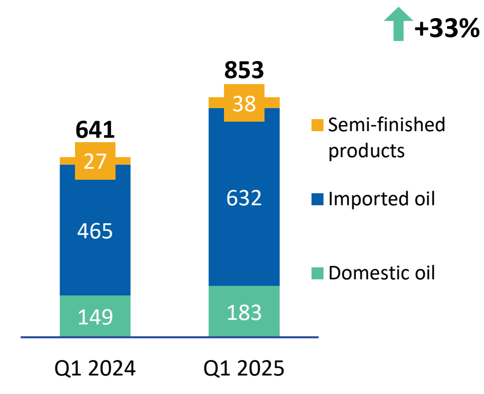
Refining

The first quarter of 2025 in the Refining Block was marked by operations in an unstable business environment, due to NIS's exposure to the US sanctions regime.

During the first quarter of 2025, the Refining Block processed 0.85 million tonnes of raw materials.

Refining activities and volume

Refining volume[39], thousand tonnes



In the context of adapting to changes, and in connection with the US sanctions regime, the Refinery has maintained regular and continuous operation and the market has been supplied with all oil derivatives.

Adjustment to changes in the basket of imported oil for processing, conditioned by movements in the spot market and procurement opportunities in the current circumstances, is continuous.

In order to maximize technical, technological and organizational measures to increase efficiency and reduce costs, the Refining Block developed a set of additional measures to improve business results at the beginning of the year.

As a result of these activities, in the first quarter of 2025, the effect of efficiency measures in the amount of 0.4 billion dinars was achieved.

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” – In December 2024, the decision was made to continue the implementation of the project through several smaller investment projects, all of which will aim at increasing the reliability of the FCC operation, which will enable the production of propylene in the amount sufficient for the selected production capacity of 140,000 t/h of the polypropylene production plant in HIP-Petrohemija.
- “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. Works on the stage B implementation are ongoing.
- “Project for the Installation of the System for Automatic Dosing and Adding of Markers and Additives to Motor Fuels at the Pančevo Oil Refinery Truck Loading Facility” – the project was approved in its entirety, the Contract on the Delivery of Equipment and Services. Construction and installation works are completed and the functional test is being conducted.
- “Project for the Reconstruction of the Fire Protection System at Pančevo Oil Refinery” - Contractors have been selected and contracts for hydraulic and civil engineering works, mechanical and assembly works, and E&I works have been signed. Ordering of equipment and materials and preparation of a work plan are underway.
- “Reconstruction of Laboratory Building” – works on the construction of the foundation are ongoing. Almost the entire furniture was delivered. The development of the construction project is being completed. Construction works have been temporarily suspended due to the request of state authorities to repeat the administrative procedure (location conditions, and in connection with this - construction permit).
- “Replacement of critical rotating equipment in the Processing Unit” - The P&P phase of the project has been approved, the contract for the development of the PTD has been signed, requisitions for the procurement of equipment have been developed, the selection of the equipment supplier and the administrative procedure are underway.

[39]The presented refining volume includes the refining volume of HIP-Petrohemija.

Sales and distribution

Points of Sale[40] and Logistics

NIS Group owns over 413 active retail sites. Most of them, i.e. 330 retail sites are located in the Republic of Serbia. As for the countries of the region, NIS owns 42 petrol stations in Bosnia and Herzegovina, 22 petrol stations in Bulgaria and 19 petrol stations in Romania.

In Serbia, the reconstruction of 5 Petrol stations and the construction/purchase of 1 petrol station – Majdanpek 2 (purchased in February), whose rebranding and start of operation are planned for the following period.

By the end of March, the delivery of new tractors (39 units) and semi-trailers (22 units) for the transport of oil derivatives was completed.

Loyalty program and marketing activities

In first quarter of 2025, marketing activities were carried out in Serbia to develop consumer brands, loyalty programmes, improve fuel sales and the additional assortment at petrol stations.

We would like to highlight the following most important marketing activities that marked period January-March 2025 in Serbia:

- Agro programme – During the first quarter, a promotional campaign was implemented for Agro users who do not have a preferential price by Government Decree (livestock farmers, beekeepers and others who do not have available hectares in E-Agrar) as well as for users who have reached fuel consumption limits at a preferential price. These users could purchase Euro diesel and Opti diesel at a price of 179 dinars per litre, up to a maximum of 500 litres.
- Innovative services – on the occasion of the expansion of the network of Petrol stations with self-service cash registers, where fuel can now be paid for, as well as products from stores and restaurants, the promotion of new cash registers continued. At all Petrol stations where cash registers are being introduced, a campaign of 1 additional bonus point per litre is underway for all WITH US ON THE ROAD card users who pay at a self-service cash register. The campaign is being promoted through a CRM campaign and will last until December 31, 2025. So far, 43 self-service cash registers have been put into operation, and the introduction and promotion will continue throughout the year.
- “On the Road with Us” loyalty programme – The total number of active users in the first quarter of 2025 was 797.456, whereas 15.710 applications were downloaded, and the number of the new virtual members was 11.072. In the first quarter, CRM campaings were implemented with the aim of reactivating inactive program members, increasing the share of branded derivatives, as well as increasing sales of the additional assortment
- Social networks/partners for creating online content/site – In the first quarter of 2025, the series “On the Road with Us” continued and two new episodes were created – Sombor and Šabac. Within the section “Monasteries of Fruška Gora” three episodes were created (Petkovica, Đipša and episode about the Monasteries of Obed and Fenek) and intended for the blog section of the website jazakvoda.rs and the social networks of the “Jazak Voda” brand.

Volume of sales

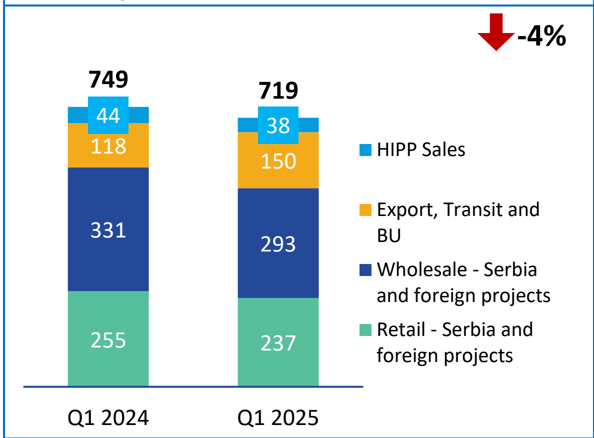
In the first quarter of 2025, the sales reduced by 4% compared to the same period in 2024, bringing the total sales[41] to 719 thousand tonnes.

- Retail in Serbia and Foreign Assets – down 7% due to:
  - The decline in sales in Serbia was caused by a decline in consumption due to the creation of diesel stocks in Q1 2024 by farmers.
  - Decrease in sales to corporate customers due to the termination of cooperation with certain customers due to the announcement of sanctions on NIS in 2025.
  - The decline in sales in assets abroad was caused by the impact of the current geopolitical situation.

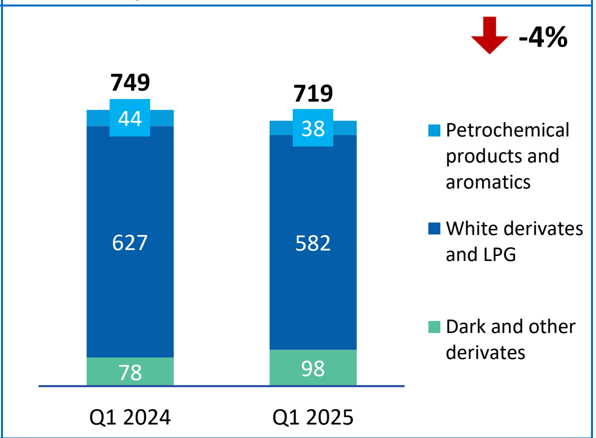
[40] As at 31 March 2025.
[41] The presented volume includes the volume of petrochemical products of HIP-Petrohemija.

- Wholesale in Serbia and Foreign Assets[42] – down 12% due to reduced sales of derivatives because of the termination of contracts by customers due to sanctions on NIS.
- Export, transit and BU[43]:
  - sales in the bunkering channel fell by 25% - further difficulties in doing business with foreign clients due to sanctions on NIS
  - increase in bitumen and coke turnover by 75% - increased sales on the domestic coke market during January this year. Due to the overhaul of the bitumen and coke plant last year, in this period there are now significantly higher available quantities, which were sold to both foreign and domestic customers
  - increase in sales through the export channel by 73% - higher available quantities due to technological surplus
  - NIS' share in the aviation fuel market maintained at 100%, with a 3% increase in aviation fuel sales compared to Q1 2024 due to a change in consumption dynamics

Volume of sales[44], thousand tonnes



Structure of sales[45], thousand tonnes



[42]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.
[43]Business unit includes the sale in petroleum products of bitumen, bunker and jet fuels.
[44]The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.
[45]The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.

Energy

Natural gas

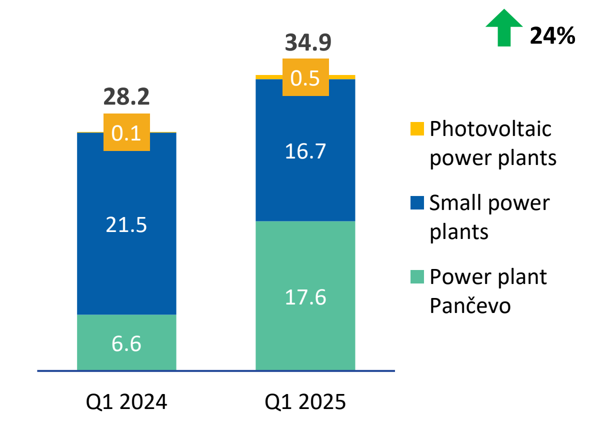
For the purposes of organizing and balancing the natural gas portfolio of NIS j.s.c. Novi Sad, a monthly natural gas transport capacities were leased in accordance with the needs of NIS. An annual Natural Gas Distribution Agreement for 2025 was annexed.

An annual Natural Gas Sales Contract (NTC) for the gas year 2024/2025 has been signed.

Production of electricity

In the first quarter of 2025, the total volume was 34.9 thousand MWh, which is 24% more than the same period last year.

Volume of produced electricity[46], in thousands of MWh



Electricity trading

NIS currently holds electricity trading licenses in Serbia, Montenegro, Romania, Bosnia and Herzegovina, Slovenia, Hungary and Bulgaria.

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 first quarter of 2025 expects the effect of energy savings around 1,750 thousands t.o.e. Expected financial value of the savings amounts to almost RSD 100 million.

Renewable energy sources

The activities implemented in the first quarter of 2025 are shown below:

- A new project for the construction of solar photovoltaic power plants (PVPPs) at 33 more PSs with a total power of 1 MWp was approved. A tender was conducted for the construction according to the turn-key model. The construction was contracted, and the implementation of the project began in November 2024. At the beginning of April, the construction of PVPPs began at petrol stations for which the necessary documents have been issued by the electric power distribution company.
- For the project of the construction of the photovoltaic power plant at the petroleum product warehouse in Novi Sad, a construction permit was obtained for the construction of a photovoltaic power plant on the ground with a power of 6.59 MW in December 2024, when the works were reported and initiated. The construction of the power plant was completed. The process of obtaining documents for the connection of the power plant from the electric power distribution company in underway.
- In December 2024, the rooftop solar photovoltaic power plant at the Pančevo Oil Refinery was put into operation at 5 of the planned 6 facilities with a total power of 400 kWp. The replacement of the roof cover on the sixth facility on which the last part of the power plant is to be installed is in progress.

[46]The presented volume of produced electricity also includes the electricity produced in Power plant Pancevo, small power plants and photovoltaic power plants.

- For the project of construction of solar photovoltaic power plant Smederevo in March, a detailed regulation plan was adopted and the conditions for design and connection by the electric power distribution company were obtained. A tender was conducted for the construction of a solar power plant according to the turn-key model, a contractor was selected, and an introductory meeting was held. Works on the landscaping of the terrain have started.
- For the purposes of the project construction of solar photovoltaic power plant Jermenovci, the Spatial Plan of the Municipality of Plandište was adopted, which prescribes the development of an urban design as an implementation document that will be the basis for obtaining acts for construction.
- Preparations for project implementation of construction of a solar power plant in the Central Warehouse Elemir are underway.

HIP-Petrohemija

Key indicators

Key indicators	Unit of measurement	Q1 2025	Q1 2024	Δ[47]
Production of petrochemical products[48]	thous. tonnes	**52.6**	**75.7**	**-30%**
Refining of primary gasoline[49][50]	thous. tonnes	**66.8**	**99.1**	**-33%**
Petrochemical product sales	thous. tonnes	**57.1**	**60.9**	**-6%**
EBITDA	RSD billion	**(1.8)**	**(0.8)**	**decrease**
Net profit (loss)	RSD billion	**(2.0)**	**(0.9)**	**decrease**
CAPEX[51]	RSD billion	**0.11**	**0.5**	**-0.8%**

In the first quarter of 2025, the EBITDA indicator was negative and amounted to -1.8 billion RSD, and also recorded a decline compared to the same period of the previous year. In the first quarter of 2024, EBITDA was negative and amounted to RSD -0.8 billion.

The net result for the first quarter of 2025 was RSD -2.0 billion, which represents a decrease compared to the same comparative period of the previous year.

As regards investments, 0.1 billion RSD was allocated in the first quarter of 2025, which is 78% less less than in the same period last year.

Regarding to operational indicators, in the first quarter of 2025, the production volume of petrochemical products amounted to 52.6 thousand tons, which is the decrease compared to the same period of the previous year.

The refining of virgin naphtha in the fourth quarter amounted to 66.8 thousand tons, which is the increase of 33% compared to the same period of the previous year.

The sales of petrochemical products in the first quarter of 2025 recorded the decrease of 6% when compared to the same comparative period last year. The total volume of petrohemical products in the first quarter amounted to 57.1 thousand tons.

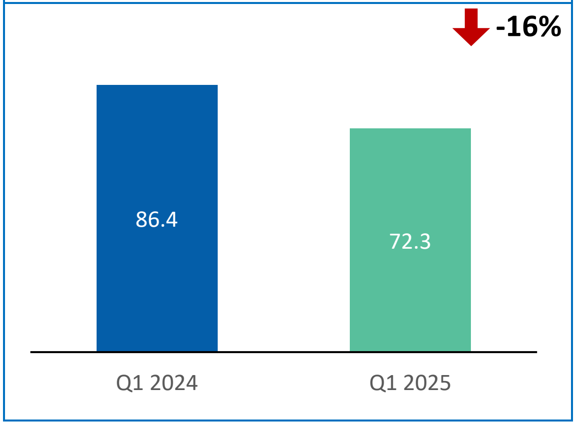
[47]Any deviations in percentages and aggregate values result from rounding.
[48]In 2024, the manner of disclosing the petrochemical production changed to net production, and the petrochemical production data for Q1 2024 were changed accordingly
[49]Refining of straight-run gasoline includes both straight-run gasoline and debutanized gasoline
[50]In 2024, the manner of disclosing the virgin naphtha processing changed, and the virgin naphtha processing data for Q1 2024 were changed accordingly.
[51]Financing, excluding VAT.

Financial indicators

Sales revenues

During the first quarter of 2025 sales revenues are 16% lower compared to the previous year, and the total amount of sales revenues is RSD 72.3 billion.

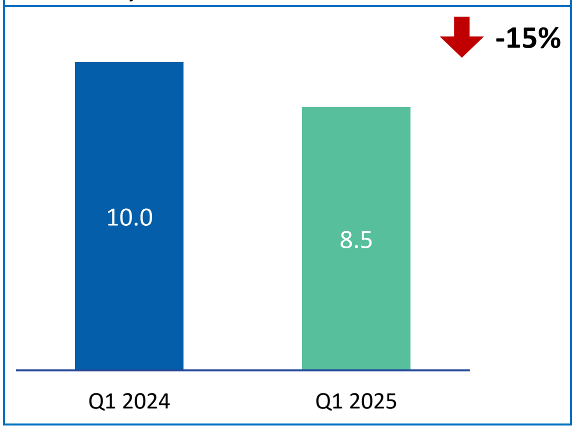
Sales revenue[52], RSD billion



EBITDA

The EBITDA indicator in the first quarter of 2025 is 15% lower than the same period last year and amounted to RSD 8.5 billion.

EBITDA[53], RSD billion



The decrease in EBITDA in the first quarter of 2025 is due to the following:

- Impact of the drop in the price of oil and petroleum products on the world market, partially compensated by the positive effect of the exchange rate and impact of the "cheaper" stocks
- Decline in the volume of oil and gas production compared to the comparative period last year
- Deterioration in the volume of refining of oil and petroleum products compensated by the positive effect of not having major overhaul in Q1 2025
- Increase in costs compared to the comparative period

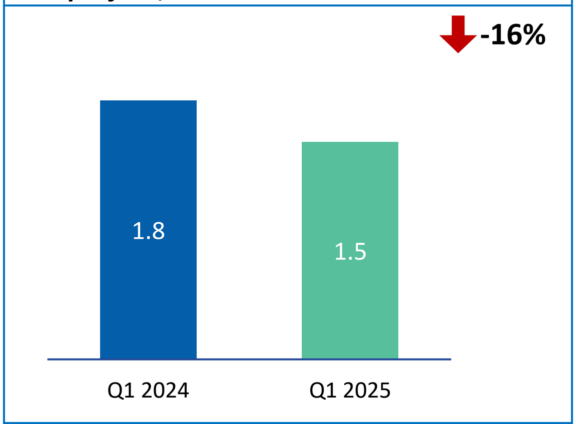
[52] Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

[53] 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 quarter of 2025 amounts to RSD 1.5 billion, which is 16% lower compared to the same period last year.

Net profit[54], RSD billion

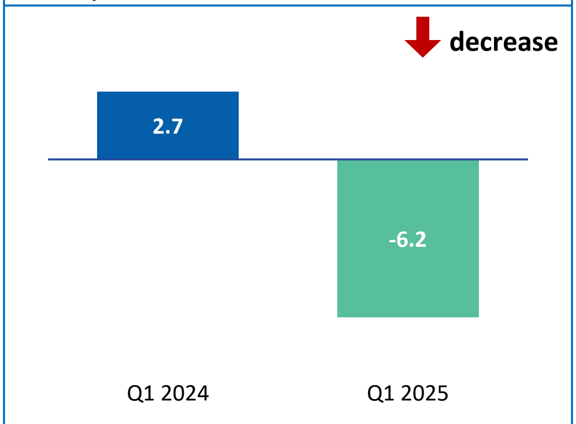


Decline in net profit indicators for Q1 2025 compared to Q1 2024 was influenced by decrease in EBITDA indicators, higher depreciation costs and lower financial income from interest rates on financial investments, partially compensated by higher income from share and other income and costs that do not affect EBITDA.

OCF

At the end of the first quarter of 2025, the operating cash flow amounts to RSD -6.24 billion, and it is lower compared to the same period last year.

OCF[55], RSD billion



The decline of the OCF indicator in the first quarter of 2025 was influenced by:

- Higher payments due to the increased volume of crude oil procurement to maintain the inventory level that is necessary for the Company's operational stability.
- Lower inflows.

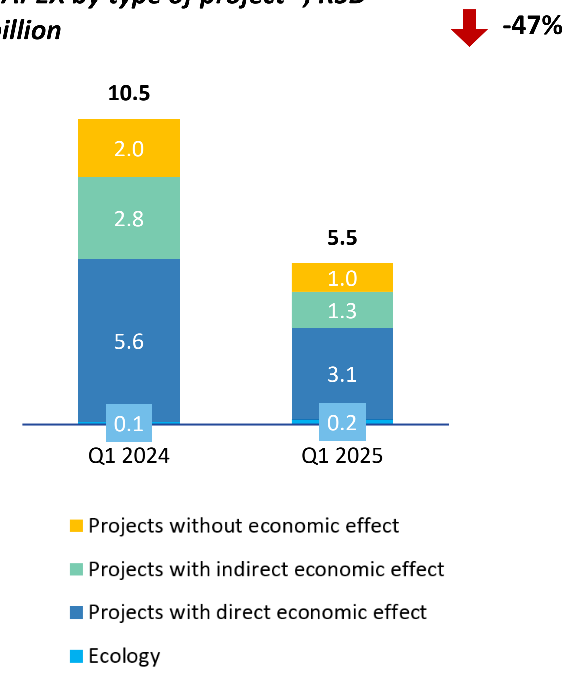
[54] Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.
[55] Any deviations aggregate values result from rounding.

CAPEX

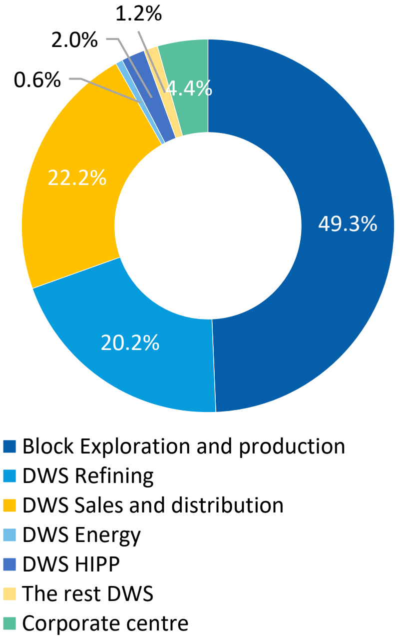
In the first quarter of 2025, the main areas of investment were projects aimed at oil and gas production. A significant part of the investment belongs to investments in drilling, followed by oil refining projects, as well as reconstruction, construction and rebranding projects of petrol stations. In 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 quarter 2025, RSD 5.5 billion was allocated for investment, while in the same period of the last year, RSD 10.5 billion were allocated.

CAPEX by type of project[56], RSD billion



Investments by segments



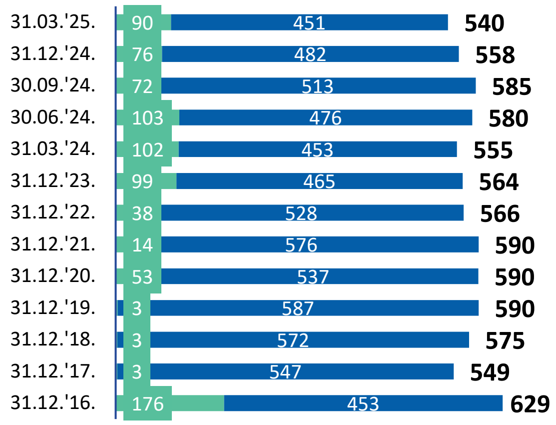
[56] All amounts are expressed in RSD billion, excluding VAT. Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

Organisation unit	Major projects in the first quarter of 2025
Exploration and production	• drilling of development wells • investing in geological and technical activities • infrastructure projects
Services	• procurement of combined wireline rigs with crane
Refining	• projects aimed at ensuring compliance with legal norms and regulations • investment maintenance projects • environmental projects • reconstruction of industrial railway track
Sales and distribution	• purchase of the new petrol station Majdanpek 2, which is planned to be rebranded ino the NIS brand in the coming period • procurement of a fleet of transport vehicles • parcel machines project implemented for the Serbian Postal Services
Rest of Downstream projects (Energy and Technical services, HIPP)	• energy efficiency and solar projects • technical services projects • activities during the planned shutdown of HIPP • construction of the polypropylene plant
Corporate centre	• projects related to maintenance of software solutions and process digitalisation • development and implementation of NISDoc HSE projects

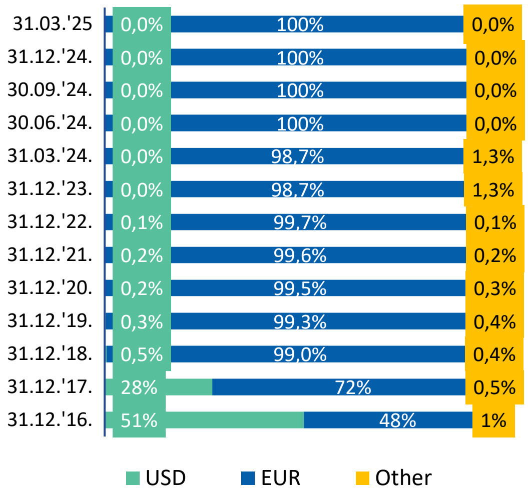
Debt based on bank loans

At the end of the first quarter of 2025, the debt to banks is lower than at the end of 2024 and amounts to EUR 540.4 million. During the first quarter of 2025, a loan in the amount of EUR 17.6 million was repaid, of which EUR 8.4 million was regularly repaid and EUR 9.2 million at an early date.

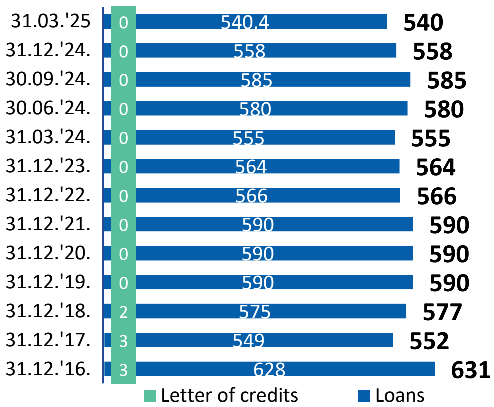
Total bank debt trends with maturity structure[57], EUR million



Total bank debt structure, by currency, in %



Total bank indebtedness[58], EUR million



[57] Any deviations in aggregate values result from rounding.

[58] In addition to the bank debt and Letters of Credit as at 31 March 2025, NIS j.s.c. Novi Sad holds issued bank guarantees in the amount of EUR 28.9 million, corporate guarantees in the amount of EUR 187.0 million and financial leasing in the amount of EUR 29.7 million. Any deviations in aggregate values result from rounding.

Taxes and Other Public Revenue[59]

NIS j.s.c. Novi Sad	Q1 2025	Q1 2024	%[60]
Social insurance contributions paid by employer	0.65	0.60	+7%
Energy efficiency fee[61]	0.09	0.09	-5%
Corporate tax	0.76	0.93	-18%
Value-added tax	5.34	7.42	-28%
Excise duties	38.67	37.18	+4%
Commodity reserves fee	1.53	1.62	-5%
Customs duties	0.42	0.36	+18%
Royalty	0.47	0.43	+8.3%
Other taxes	0.50	0.47	+6.0%
Total	**48.42**	**49.11**	**-1%**
NIS subsidiaries in Serbia[62]			
Social insurance contributions paid by employer	0.62	0.55	+12%
Corporate tax	0.04	0.09	-57%
Value-added tax	0.64	0.70	-7.6%
Excise duties	0.00	0.00	N/A
Customs duties	0.00	0.019	-88%
Royalty	0.00	0.00	N/A
Other taxes	0.05	0.051	+6%
Total	**1.35**	**1.40**	**-4%**
Total NIS j.s.c. Novi Sad with subsidiaries in Serbia	**49.78**	**50.5**	**-1%**
NIS regional subsidiaries and Angola			
Social insurance contributions paid by employer	0.001	0.00	-72%
Energy efficiency fee	0.005	0.001	growth
Corporate tax	0.006	0.004	+38%
Value-added tax	0.146	0.173	-16%
Excise duties	1.925	1.839	+5%
Customs duties	0.693	1.269	-45%
Royalty	0.005	0.027	-80%
Other taxes	0.033	0.033	0%
Total	2.81	**3.35**	-16%
Deferred taxes (total for Group)	-0.29	-0.16	+83%
Total NIS Group[63]	**52.30**	**53.7**	**-3%**

Accrued liabilities for public revenues for NIS j.s.c. Novi Sad with its subsidiaries in Serbia in the the first quarter of 2025 amounts RSD 49.78 billion.

The amount of accrued liabilities for public revenues for NIS Group in the first quarter of 2025 totalled RSD 52.30 billion, which is an decrease of 3% on the same period in 2024.

[59]In RSD billion.
[60]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.
[61]Calculated from 1 July 2019.
[62]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.
[63]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 shares 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.

Overview of trading in NIS j.s.c. Novi Sad shares at Belgrade Stock Exchange in the first quarter (from 8 to 14 January) of 2025	
Last price (January 14, 2025)	718 RSD
High (January 9, 2025)	790 RSD
Low (January 14, 2025)	703 RSD
Total turnover, RSD	21,558,132 RSD
Total turnover, number of shares	28,262
Total number of transactions, number of transactions	142
EPS	10.42
Consolidated *EPS*	13.98
P/E ratio	N/A
Consolidated P/E ratio	N/A
Book value as at March 31, 2025	2,382.1
Consolidated book value as at March 31, 2025	2,281.5
P/BV ratio	N/A
Consolidated P/BV ratio	N/A

During the first quarter of 2025, the Company did not acquire its own shares.

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.

	Net profit (loss), RSD bn[64]	Total amount of dividend, RSD bn	Payment ratio	Earnings per share, RSD	Dividend per share, gross, RSD	Share price as at 31 December, RSD	Shareholders' dividend yield, in %[65]
2009	(4.4)	0.0	-	-	0	-	-
2010	16.5[66]	0.0	-	101.1	0	475	-
2011	40.6[67]	0.0	-	249	0	605	-
2012	49.5	12.4	25%	303.3	75.83	736	10.3
2013	52.3	13.1	25%	320.9	80.22	927	8.7
2014	30.6	7.6	25%	187.4	46.85	775	6.0
2015	16.1	4.0	25%	98.8	24.69	600	4.1
2016	16.1	4.0	25%	98.6	24.66	740	3.3
2017	27.8	6.9	25%	170.43	42.61	724	5.9
2018	26.1	6.5	25%	159. 86	39.97	690	5.8
2019	17.7	4.4	25%	108.55	27.14	749	3.6
2020	(5.9)	1.0	-	(36.24)	6.14	644	1.0
2021	23.1	5.8	25%	141.85	35.46	620	5.7
2022	93.5	23.4	25%	573.14	143.29	675	21.2
2023	41.9	10.5	25%	257.05	64.26	812	7.9

[64] Net profit of NIS j.s.c. Novi Sad.
[65] Calculated as the ratio of gross dividend to share price at the end of the year for which the dividend is paid.
[66]Net profit used for coverage of accumulated losses.
[67]Net profit used for coverage of accumulated losses.

Bonds

Bonds are financial instruments, i.e. debt securities issued by the state, company or other legal entities in order to raise certain financial resources. On the basis of the bond, the bond issuer undertakes to return a certain amount of money to the investor and pay interest for a defined period of time.

The legal holder of bonds issued by NIS has the following rights:

- the right to payment of the principal upon maturity,
- the right to payment of interest,
- in the event of the Company's delay in paying the coupon or principal, the right to payment of the value of the due coupon or principal together with default interest calculated for the period of delay in dinars at the rate of the statutory default interest rate valid in the Republic of Serbia on the date of calculation of the default interest
- the right to dispose of the bonds and the right to transfer ownership of the bonds to third parties without restrictions in accordance with applicable regulations.

Basic information about bonds of NIS j.s.c. Novi Sad	
Nominal value	*RSD 10,000*
CFI code	*DBFUFR*
ISIN no.	*RSNISHD82111*
Bond issue designation	I (first) issue
Posting date to proprietary accounts	December 20, 2024
Due date	5 years or 1,825 days
Due date	December 19, 2029
Interest rate	Fixed interest rate of 6.50% per annum and quarterly payment of an interest coupon star_ng from the issuance date.
Method of calcula_on of interest	The formula for calcula_ng the amount of interest for the interest period is as follows: K = Nk x pk x 0.25 where the following le.ers shall have the following meanings: K: the amount of quarterly interest to be paid pk: the amount of the interest rate on an annual basis Nk: EUR equivalent of the nominal value of an individual bond at the middle exchange rate of the NBS on the date of issuance.

In the first quarter of 2025, the first coupon payment was made, based on the first issue of corporate bonds of the Company.

Corporate Governance

Corporate Governance System

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

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

Shareholders' Assembly and Shareholders' Rights

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

Board of directors

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

Total amount of fees paid to BoD members in the first quarter of 2024, net in RSD	
Members od BoD	64,600,428 RSD

Board of Directors' Committees

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

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

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

Shareholders' Assembly Board

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

Chief executive officer

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

Advisory Board of the CEO

The Advisory Board of the CEO is a professional body that helps the CEO in his activities and in the consideration of matters within his responsibilities. The members of the Advisory Board were determined by the Decision of CEO, and they include First Deputy CEO - Director of the Downstream, Deputy CEO - Director of the Exploration and Production Block, 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 quarter of 2025 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[68].

[68]Information on related party transactions can be found on page 80 under note number 27 of the Consolidated Financial Statements.

Human resources

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

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

NIS' long-term goal is to strengthen employee engagement and improve HR practices to offer the best possible employee experience. For this reason, NIS has continued to invest in employee engagement in 2025 and has initiated the implementation of various activities based on the results of the latest employee engagement survey and 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 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, the Company 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 part of the employer branding strategy, in addition to the already existing 6 projects within it (participation in improving the content of the company's social media posts for the period after the sanctions are lifted, support in defining the promotion and creation of the "reputation management" segment within the curriculum for training for managers, a learning program for a large number of employees called "365 days of knowledge", improvement of the marketing system within the recruitment process, creation of a formal system of activities and supporting materials and brochures for the first working days of new employees in our company), 3 additional projects were launched: a new visual and communication display of materials and activities for employer branding, revision of existing internship programs for young people, improvement of the internal labor market system.

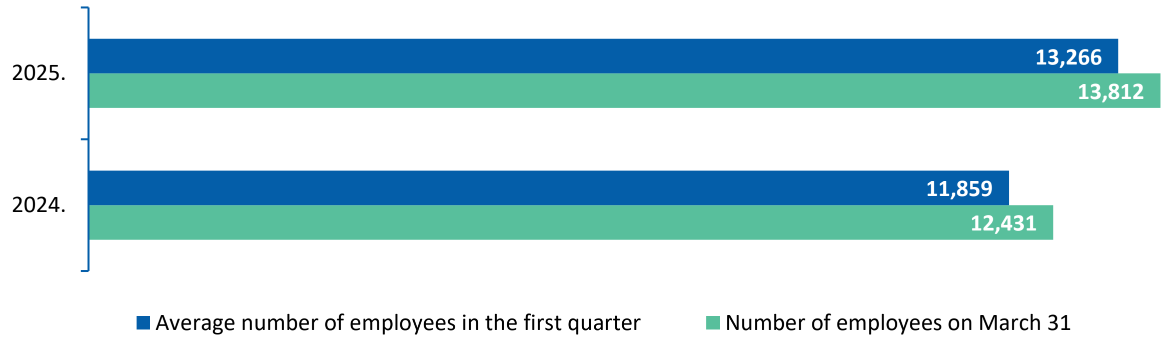
In January, we started a new, fifth season of the NIS Energy program for 25 young people, who began their careers at NIS through a one-year mentoring program, with the goal of employment after the program. At the same time, we finished the fourth season of the program, and out of 24 participants, 19 colleagues continued their careers in NIS. The third season of the internship program for young operators has also been completed, of whom we have hired more than 50%, and the fourth season of the program is currently being planned. A new, ninth season of the NIS Calling program for 35 young people is also being planned. While an internship program for young people with disabilities is currently underway.

Due to the expected increased traffic at gas stations during the summer season, a promotional marketing campaign has been planned with the aim of finding an additional 160 seasonal workers, starting in April.

Employee Number[69] and Structure

	Total number of employees as at:	
Organisational unit	**03/31/2025**	**03/31/2024**
NIS j.s.c. Novi Sad	**5,348**	**5,408**
Exploration and Production Block	1,120	1,089
Downstream	2,626	2,633
Refining Block	1,010	1,018
Sales and Distribution Block	1,405	1,402
Energy Block	48	47
The rest of Downstream[70]	163	166
Corporate Centre	1,600	1,682
Representative and Branch Offices	2	4
Local subsidaries	**7,877**	**6,400[71]**
Subsidaries abroad	**587**	**623**
TOTAL[72]:	**13,812**	**12,431**

Headcount trend[73]



[69] The number of employees does not include employees hired through the Contract of Services. On March 31, 2025 within the NIS a. d. In Novi Sad, we have 84 employees hired through the Contract of Services.

[70] 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.

[71] The total number of employees in subsidiaries within the country as of 31 March 2025, includes HIP-Petrohemija, whereas as of 31 March 2024, this subsidiary was not included in the total head count. The number of employees in HIP-Petrohemija d.o.o. as of 31 March 2024, was 1,249, including agency staff.

[72] Employees with shared working hours are shown as whole units in the associated Company.

[73] 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. The average number of employees for Q1 2024 does not include HIP Petrohemija. The average number of employees in HIP Petrohemija d.o.o. Pančevo for Q1 2024 is 1,227.

Employment terminations

In the first quarter of 2025, a total of 286 employees left NIS j.s.c: 70 employees retired, 17 employees left NIS after termination of employment by mutual consent, while the employment of 199 people was terminated on other grounds (cancellation of employment contract, employment termination by the employee and redundancy).

Basis of employment termination in the first quarter of 2025	NIS j.s.c Novi Sad[74]	Subsidiaries
Retirement	24	46
Termination by mutual consent	3	14
Other	42	157
Total	**69**	**217**

[74]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 first quarter of 2025 in the field of geological and research works, geology, reservoir engineering and production in Serbia the following activities were carried out:

- Continued work on the “Central Banat” and “Northern Banat” projects. Numerous potential locations have been identified in the Central Banat area. They are being assessed and ranked.
- One exploratory well was drilled. Based on the data obtained, a reassessment of reserves is being carried out.
- A drilling rating for new wells was prepared for 2025.
- In order to determine the optimal producing drilling and geological-technical activities, 8 geological-hydrodynamic models are underway for domestic projects.
- An analytical calculation tool for calculating base production was prepared. Base production was calculated for the three top deposits of the Company.
- In the field of oil and gas production technology, the operation and efficiency of Information Management Systems were analyzed. Based on the results of the analysis, annual OPEX savings were achieved.

Work continues on identifying and evaluating technologies to address the challenges of Upstream technology. This work assesses the economic impact of more than 15 technologies. Opportunities for cooperation in technological development with the Downstream sector are being actively explored. Current projects include waste oil recycling and assessing the potential for solar panels at Downstream sites.

3D geological and hydrodynamic models are being created to assess the potential for CO_2 storage. In addition, an assessment of the feasibility of a pilot project for the decarbonisation of the Pančevo refinery is underway.

Work with the innovative environment in Serbia continues. A meeting was recently held to discuss current issues in the field of new technology development with the Faculty of Mining and Geology, and an assessment of cooperation opportunities is currently underway.

The survey of the Kikinda field, using an unmanned aerial vehicle, of the existing state of the well stock and above-ground infrastructure is nearing completion. Upon completion, surveying will continue in other fields.

A Working Group has been formed to develop a Program for Increasing Efficiency and Developing the Downstream Laboratory with Process Automation in the Refining Block and Sales and Distribution Block. Workshops have been launched according to defined tasks by groups/topics/stakeholders/users.

The implementation of projects for the replacement of obsolete laboratory equipment for 2025 has been launched in accordance with the evaluation and classification of equipment according to criticality at the locations (Pančevo, Novi Sad, Belgrade and Niš) and according to the requirements of testing methods defined in the mandatory standards for petroleum products supplied to the market of the Republic of Serbia.

Financial Statements[75]

Interim Condensed Standalone financial statements (unaudited)

Interim Condensed Statement of Financial Position

Assets	Note	31 March 2025 *(unaudited)*	31 December 2024 *(unaudited)*
Current assets			
Cash and cash equivalents	4	21,485,205	38,821,710
Short-term financial assets	5	38,135,315	32,871,239
Trade and other receivables	6	34,245,959	39,377,979
Inventories	7	56,464,184	42,037,198
Current income tax prepayments		-	7,549,680
Other current assets	8	13,548,064	12,610,817
Assets classified as held for sale		17,915	17,915
Total current assets		**163,896,642**	**173,286,538**
Non-current assets			
Property, plant and equipment	9	299,665,830	299,210,788
Right-of-use assets	10	2,768,194	2,822,458
Investment property		1,512,766	1,512,766
Intangible assets		4,083,583	3,968,112
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		31,016,682	31,016,682
Long-term financial assets	11	6,871,830	7,228,512
Deferred tax assets		4,555,629	4,278,690
Other non-current assets	12	2,923,150	3,474,598
Total non-current assets		**354,436,464**	**354,551,406**
Total assets		**518,333,106**	**527,837,944**
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	13	12,954,956	11,426,713
Current lease liabilities	18	525,300	488,755
Trade and other payables	14	18,789,170	20,440,011
Other current liabilities	15	5,534,280	10,525,538
Current income tax payable		208,607	-
Other taxes payable	16	9,808,393	13,139,353
Provisions for liabilities and charges		1,028,931	1,155,490
Total current liabilities		**48,849,637**	**57,175,860**
Non-current liabilities			
Long-term debt	17	54,593,281	58,216,807
Non-current lease liabilities	18	1,400,539	1,497,645
Other non-current financial liabilities	19	12,190,901	12,140,168
Provisions for liabilities and charges		12,864,833	12,652,906
Total non-current liabilities		**81,049,554**	**84,507,526**
Equity			
Share capital		81,530,200	81,530,200
Reserves		41,960	41,960
Retained earnings		306,861,755	304,582,398
Total equity		**388,433,915**	**386,154,558**
Total liabilities and shareholder's equity		**518,333,106**	**527,837,944**

in 000 RSD

[75] 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 31 March 2025 *(unaudited)*	2024 *(unaudited)*
Sales of petroleum products, oil and gas		63,119,533	78,294,411
Other revenues		4,730,730	4,108,491
Total revenue from sales	3	**67,850,263**	**82,402,902**
Purchases of oil, gas and petroleum products		(38,525,434)	(54,355,590)
Production, manufacturing and cost of other sales	20	(9,908,675)	(8,736,599)
Selling, general and administrative expenses	21	(7,849,614)	(7,291,725)
Transportation expenses		(395,372)	(328,276)
Depreciation, depletion and amortization		(6,572,384)	(5,768,549)
Taxes other than income tax		(1,521,153)	(1,380,184)
Exploration expenses		(10)	(187)
Total operating expenses		**(64,772,642)**	**(77,861,110)**
Other income, net	22	143,043	87,164
Operating profit		**3,220,664**	**4,628,956**
Net foreign exchange loss	23	(125,723)	(142,961)
Finance income	24	534,629	722,482
Finance expenses	25	(863,952)	(925,379)
Total other expense		**(455,046)**	**(345,858)**
Profit before income tax		**2,765,618**	**4,283,098**
Current income tax		(763,200)	(928,372)
Deferred tax income		276,939	138,370
Total income tax		**(486,261)**	**(790,002)**
Profit for the period		**2,279,357**	**3,493,096**
Other comprehensive income:			
Items that will not be reclassified to profit			
Gain from investments in equity instruments		-	52
Other comprehensive income for the period		**-**	**52**
Total comprehensive income for the period		**2,279,357**	**3,493,148**
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		13.98	21.42
Weighted average number of ordinary shares in issue (in millions)		163	163

in 000 RSD

Interim Condensed Statement of Changes in Shareholders' Equity

Three month period ended 31 March 2025 and 2024

(unaudited)	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2024	**81,530,200**	**34,408**	**296,756,256**	**378,320,864**
Profit for the period	-	-	3,493,096	3,493,096
Other comprehensive income				
Gain from investments in equity instruments	-	52	-	52
Total comprehensive income for the period	**-**	**52**	**3,493,096**	**3,493,148**
Balance as at 31 March 2024	**81,530,200**	**34,460**	**300,249,352**	**381,814,012**

(unaudited)	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2025	**81,530,200**	**41,960**	**304,582,398**	**386,154,558**
Profit for the period	-	-	2,279,357	2,279,357
Other comprehensive income				
Gain from investments in equity instruments	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**2,279,357**	**2,279,357**
Balance as at 31 March 2025	**81,530,200**	**41,960**	**306,861,755**	**388,433,915**

in 000 RSD

Interim Condensed Statement of Cash Flows[76]

	Note	Three month period ended 31 March 2025 (unaudited)	2024 (unaudited)
Cash flows from operating activities			
Profit before income tax		**2,765,618**	**4,283,098**
Adjustments for:			
Finance expenses	25	863,952	925,379
Finance income	24	(534,629)	(722,482)
Unrealised foreign exchange losses, net		133,989	158,236
Depreciation, depletion and amortization		6,572,384	5,768,549
Other non-cash items		179,120	68,496
Operating cash flow before changes in working capital		**9,980,434**	**10,481,276**
Changes in working capital:			
Trade and other receivables		5,120,456	5,853,152
Inventories		(14,467,101)	5,057,796
Other current assets		(989,142)	(3,641,051)
Trade payables and other current liabilities		(7,376,033)	(5,002,342)
Other taxes payable		3,669,041	(1,491,064)
Total effect on working capital changes		**(14,042,779)**	**776,491**
Income taxes paid		-	(4,386,321)
Interest paid		(688,292)	(745,406)
Interest received		402,063	1,749,986
Net cash (used)/generated by operating activities		**(4,348,574)**	**7,876,026**
Cash flows from investing activities			
Loans issued		(9,966,296)	(4,149,015)
Loan proceeds received		5,293,162	2,771,282
Capital expenditures[77]		(5,845,246)	(10,446,758)
Proceeds from sale of property, plant and equipment		36,637	64,448
Bank deposits proceeds		-	25,000,000
Net cash (used)/generated in investing activities		**(10,481,743)**	**13,239,957**
Cash flows from financing activities			
Proceeds from borrowings	13,17	2,954,212	6,562,518
Repayment of borrowings	13,17	(5,248,696)	(5,780,595)
Repayment of lease liabilities	18	(148,092)	(190,720)
Net cash (used)/generated in financing activities		**(2,442,576)**	**591,203**
Net (decrease) / increase in cash and cash equivalents		(17,272,893)	21,707,186
Effect of foreign exchange on cash and cash equivalents		(63,612)	(136,598)
Cash and cash equivalents as of the beginning of the period		**38,821,710**	**16,270,493**
Cash and cash equivalents as of the end of the period	**4**	**21,485,205**	**37,841,081**

in 000 RSD

[76] Company's policy is to present cash flow inclusive of related VAT.
[77] CF from investing activities includes VAT in the amount of 0.7 bln RSD (2024: 1.3 bln RSD)

Notes to the Interim Condensed Standalone Financial Statements[78]

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 based on the going concern principle, which assumes that the Company 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 Company 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 Financial Statements.

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, 2025, 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 2024, 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 2024.

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

In the 2025 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and appreciated to USD (the information on economic environment in the Republic Serbia is detailed in Note 27) due to geopolitical situation. Due to that during the first quarter of 2025 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 31 March 2025 the Company didn't review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing. Under current conditions it turned out to be impossible to evaluate how long the volatility will remain and at what level the key financial indicators will ultimately stabilise. The Company continues monitoring the development of macroeconomic situation and emergence of possibility to make evaluation of the indicators mentioned above with reasonable certainty.

The results in these Interim Condensed Financial Statements for the three month period ended 31 March 2025 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 2024.

2.3. Implication of imposed US Sanctions

On 10 January 2025 Company 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 Company. Additionally, the designation may trigger secondary sanctions for non-US entities that engage in certain types of transactions with Company 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 Company's financial position, operations, and performance remains unclear.

As a result, no adjustment have been recognised in these Interim Condensed Financial Statements for the reporting period ended 31 March 2025. 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 Company 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 Company is actively monitoring these restrictions and is exploring alternative solutions to mitigate any potential adverse effects on its operations and financial performance.

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

Management of the Company has assessed the Company 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 Company ability to meet its obligations. However, the evolving situation may materially affect future results and financial positions.

On 26 February 2025, the OFAC (Office for Foreign Assets Control) issued a specific license (Licence No. MUL-2025-1335128-1) that postpones the full implementation of sanctions until 28 March 2025.

On 28 March 2025, the OFAC (Office for Foreign Assets Control) issued second specific license (Licence No. MUL-2025-1355297-1) that postpones the full implementation of sanctions until 28 April 2025.

On 26 April 2025, the OFAC (Office for Foreign Assets Control) issued third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025.

This license allows U.S. persons, as well as other individuals, to engage in business activities with NIS or its operational subsidiaries both on domestic and international level, which primarily includes transactions necessary for the uninterrupted and regular maintenance of business operations, contracts, and other agreements involving NIS or its operational subsidiaries.

On 14 March 2025, a request for de-listing was submitted to OFAC, requesting the removal of NIS from the SDN List (OFAC designation: RUSSIA-EO14024-40179).

NIS continues to communicate with OFAC and takes necessary actions to ensure that NIS is fully removed from the U.S. SDN (Specially Designated Nationals) list.

3. SEGMENT INFORMATION

Presented below is information about the Company’s operating segments for the three month period ended 31 March 2025 and 2024. 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 three month period ended 31 March 2025 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	12,329,320	68,529,597	(13,008,654)	67,850,263
Intersegment	12,312,411	696,243	(13,008,654)	-
External	16,909	67,833,354	-	67,850,263
Adjusted EBITDA (Segment results)	**8,419,383**	**1,357,973**	**-**	**9,777,356**
Depreciation, depletion and amortization	(3,380,494)	(3,191,890)	-	(6,572,384)
Net foreign exchange gain/(loss)	4,370	(130,093)	-	(125,723)
Finance expenses, net	(31,880)	(297,443)	-	(329,323)
Income tax	-	(486,261)	-	(486,261)
Segment profit/(loss)	5,016,762	(2,737,405)	-	2,279,357

Reportable segment results for the three month period ended 31 March 2024 are shown in the table below:

	Upstream	Downstream	Eliminations	Total
Segment revenue	13,100,209	83,063,443	(13,760,750)	82,402,902
Intersegment	13,085,032	675,718	(13,760,750)	-
External	15,177	82,387,725	-	82,402,902
Adjusted EBITDA (Segment results)	**9,418,461**	**1,036,237**	**-**	**10,454,698**
Depreciation, depletion and amortization	(3,242,394)	(2,526,155)	-	(5,768,549)
Net foreign exchange loss	(85,042)	(57,919)	-	(142,961)
Finance expenses, net	(30,559)	(172,338)	-	(202,897)
Income tax	-	(790,002)	-	(790,002)
Segment profit/(loss)	6,186,551	(2,693,455)	-	3,493,096

Adjusted EBITDA for the three month period ended 31 March 2025 and 2024 is reconciled below:

	Three month period ended 31 March	
	2025	2024
Profit for the period	2,279,357	3,493,096
Income tax	486,261	790,002
Finance expenses	863,952	925,379
Finance income	(534,629)	(722,482)
Depreciation, depletion and amortization	6,572,384	5,768,549
Net foreign exchange loss	125,723	142,961
Other income, net	(143,043)	(87,164)
Other non-operating expense, net	127,351	144,357
Adjusted EBITDA	**9,777,356**	**10,454,698**

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

	Three month period ended 31 March	
	2025	2024
Sale of gas	67,417	70,807
Wholesale activities	67,417	70,807
Sale of petroleum products	63,052,116	78,223,604
Through a retail network	21,904,371	24,762,263
Wholesale activities	41,147,745	53,461,341
Sale of electricity	118,911	225,489
Lease revenue	84,124	86,452
Other sales	4,527,695	3,796,550
Total sales	**67,850,263**	**82,402,902**

Other sales mainly relate to sales of non-fuel products at petrol stations for 2,911,849 RSD (2024: 2,708,703 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 March 2025	31 December 2024
Cash in bank and in hand	2,123,849	9,955,372
Deposits with original maturity of less than three months	19,356,630	28,862,541
Cash equivalents	4,726	3,797
	21,485,205	**38,821,710**

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

5. SHORT-TERM FINANCIAL ASSETS

	31 March 2025	31 December 2024
Short-term loans	12,288,018	7,601,578
Current portion of long-term investments (note 11)	35,747,149	35,152,987
Less impairment loss provision	(9,899,852)	(9,883,326)
	38,135,315	**32,871,239**

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

6. TRADE AND OTHER RECEIVABLES

	31 March 2025	31 December 2024
Trade receivables	41,364,902	46,483,687
Other receivables	96,056	98,729
Less credit loss allowance for trade receivables	(7,186,377)	(7,176,610)
Less credit loss allowance for other receivables	(28,622)	(27,827)
	34,245,959	**39,377,979**

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

	31 March 2025	31 December 2024
Crude oil	28,870,540	19,942,889
Petroleum products	24,801,380	19,295,703
Materials and supplies	5,724,567	5,771,208
Other	1,379,134	1,353,517
Less impairment provision	(4,311,437)	(4,326,119)
	56,464,184	**42,037,198**

8. OTHER CURRENT ASSETS

	31 March 2025	31 December 2024
Advances paid	720,618	1,341,449
Deferred VAT	2,217,684	3,599,608
Prepaid expenses	469,059	460,521
Prepaid custom duties	73,951	75,447
Prepaid excise	9,397,089	6,683,336
Other current assets	8,154,585	7,936,113
Less impairment provision	(7,484,922)	(7,485,657)
	13,548,064	**12,610,817**

Deferred VAT as at 31 March 2025 amounting to 2,217,684 RSD (31 December 2024: 3,599,608 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 March 2025 amounting to 9,397,089 RSD (31 December 2024: 6,683,336 RSD) relates to the excise paid for finished products stored in non-excise warehouse.

Other current assets mainly relate to claims in dispute, which are impaired.

9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2025						
Cost	248,033,301	181,088,848	66,121,557	17,227,220	28,956,223	541,427,149
Depreciation and impairment	(110,269,454)	(86,230,092)	(35,478,947)	(10,030,457)	(207,411)	(242,216,361)
Net book value	**137,763,847**	**94,858,756**	**30,642,610**	**7,196,763**	**28,748,812**	**299,210,788**
Period ended 31 March 2025						
Additions	4,910,855	455,826	1,787,797	73,401	(468,850)	6,759,029
Changes in decommissioning obligations	82,685	-	-	-	-	82,685
Depreciation	(3,341,439)	(2,295,943)	(565,658)	(116,674)	-	(6,319,714)
Disposals and write-off	(2,926)	(8)	(71)	(5)	(10)	(3,020)
Other transfers	143	(1,302)	(17,295)	17,874	(63,358)	(63,938)
	139,413,165	**93,017,329**	**31,847,383**	**7,171,359**	**28,216,594**	**299,665,830**
As at 31 March 2025						
Cost	252,872,682	181,473,889	67,763,716	17,338,064	28,423,700	547,872,051
Depreciation and impairment	(113,459,517)	(88,456,560)	(35,916,333)	(10,166,705)	(207,106)	(248,206,221)
Net book value	**139,413,165**	**93,017,329**	**31,847,383**	**7,171,359**	**28,216,594**	**299,665,830**

10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the three month period ended 31 March 2025 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2025	**12,099**	**885,682**	**219,392**	**1,705,285**	**2,822,458**
Additions	-	-	37,417	1,037	38,454
Depreciation	(974)	(27,926)	(26,249)	(55,866)	(111,015)
Disposals	-	-	-	(5,100)	(5,100)
Effect of contract modifications and changes in estimates	-	-	23,397	-	23,397
As at 31 March 2025	**11,125**	**857,756**	**253,957**	**1,645,356**	**2,768,194**

11. LONG-TERM FINANCIAL ASSETS

	31 March 2025	31 December 2024
LT loans issued	41,837,981	41,601,373
Financial assets at FVTPL	839,201	837,800
Other LT placements	20,583	25,060
Available for sale financial assets	124,315	124,315
Less Current portion of LT loans issued (note 5)	(35,747,149)	(35,152,987)
Less provision of LT financial assets	(203,101)	(207,049)
	6,871,830	**7,228,512**

12. OTHER NON-CURRENT ASSETS

	31 March 2025	31 December 2024
Advances paid for PPE	2,247,934	2,810,616
Prepaid expenses	68,829	75,517
Other assets	906,225	901,105
Less allowance for other assets	(265,852)	(278,654)
Less allowance for advances paid	(33,986)	(33,986)
	2,923,150	**3,474,598**

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

	31 March 2025	31 December 2024
Short-term loans	2,159,402	2,387,513
Interest liabilities	297,076	223,371
Current portion of long-term loans (note 17)	10,498,478	8,815,829
	12,954,956	**11,426,713**

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

	Three month period ended 31 March	
	2025	2024
Short-term loans at 1 January	**2,387,513**	**3,606,281**
Proceeds	2,954,212	6,562,518
Repayment	(3,187,400)	(4,715,048)
Non-cash transactions	4,478	-
Foreign exchange difference (note 23)	599	-
Short-term loans at 31 March	**2,159,402**	**5,453,751**

14. TRADE AND OTHER PAYABLES

	31 March 2025	31 December 2024
Trade payables	14,992,388	16,627,827
Dividends payable	3,783,398	3,783,398
Other accounts payable	13,384	28,786
	18,789,170	**20,440,011**

15. OTHER CURRENT LIABILITIES

	31 March 2025	31 December 2024
Contract liabilities arising from contracts with customers:		
- Advances received	2,757,623	5,055,703
- Customer loyalty	960,239	949,116
- Deferred income	46,815	55,648
Payables to employees	1,573,529	4,263,714
Other current non-financial liabilities	196,074	201,357
	5,534,280	**10,525,538**

Revenue in the amount of 3,877,482 RSD (31 March 2024: 4,108,584 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2025, of which 3,571,593 RSD (31 March 2024: 3,888,039 RSD) related to advances and 305,889 RSD (31 March 2024: 220,545 RSD) to customer loyalty programme.

16. OTHER TAXES PAYABLE

	31 March 2025	31 December 2024
Mineral extraction tax	465,066	438,324
VAT	1,764,783	2,594,634
Excise tax	6,616,359	8,463,280
Contribution for State commodity reserves	267,773	348,084
Custom duties	106,246	73,717
Energy efficiency fee	28,236	39,876
Other taxes	559,930	1,181,438
	9,808,393	**13,139,353**

17. LONG-TERM DEBT

	31 March 2025	31 December 2024
Bank loans	63,215,718	65,159,107
Other Long-term borrowings	1,876,041	1,873,529
Less Current portion (note 13)	(10,498,478)	(8,815,829)
	54,593,281	**58,216,807**

Movements on the Company's bank loans are as follows:

	Three month period ended 31 March	
	2025	2024
As at 1 January	**65,159,107**	**65,223,168**
Repayment	(2,061,296)	(1,065,547)
Non-cash transactions	10,173	4,074
Foreign exchange difference (note 23)	107,734	(18,028)
As at 31 March	**63,215,718**	**64,143,667**

Bank loans

	31 March 2025	31 December 2024
Domestic	47,880,664	49,852,704
Foreign	15,335,054	15,306,403
	63,215,718	65,159,107
Current portion of long-term debt	(10,498,478)	(8,815,829)
	52,717,240	**56,343,278**

The maturity of bank loans was as follows:

	31 March 2025	31 December 2024
Between 1 and 2 years	29,271,193	30,987,592
Between 2 and 5 years	22,947,428	24,567,096
Over 5 years	498,619	788,590
	52,717,240	**56,343,278**

The carrying amounts of bank loans in the amount of 63,215,718 RSD (31 December 2024: 65,159,107 RSD) are denominated in EUR.

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 31 March 2025 and 31 December 2024, respectively.

Other long-term borrowings in the amount of 1,876,041 RSD (31 December 2024: 1,873,529 RSD) mainly relate to the corporate bonds.

18. LEASE LIABILITIES

	31 March 2025	31 December 2024
Non-current lease liabilities	1,400,539	1,497,645
Current lease liabilities	525,300	488,755
	1,925,839	**1,986,400**

Amounts recognized in profit and loss:

	Three month period ended 31 March	
	2025	2024
Interest expense (included in finance cost) (note 25)	19,427	26,525
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	1,633	26,674
Expense relating to leases of low value assets that are not shown above as short-term leases	280	2,587
Expense relating to variable lease payments not included in lease liabilities	308,852	303,063

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

	Three month period ended 31 March	
	2025	2024
As at 1 January	**1,986,400**	**2,132,016**
Repayment	(148,092)	(190,720)
Non-cash transactions	79,085	382,849
Foreign exchange difference (note 23)	8,446	(1,253)
As at 31 March	**1,925,839**	**2,322,892**

19. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities in the amount of 12,190,901 RSD (2024: 12,140,168 RSD) represents deferred consideration in the amount of 839,201 RSD (2024: 837,800 RSD) for O&G exploration project and liabilities for additional capital contribution associated with the new plant construction program in the amount of 11,351,700 RSD (2024: 11,302,368 RSD).

20. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended 31 March	
	2025	2024
Employee costs	1,157,528	964,866
Materials and supplies (other than O&G and petroleum products)	328,219	321,163
Repair and maintenance services	1,416,607	1,081,772
Electricity for resale	23,257	25,372
Electricity and utilities	2,779,436	2,575,780
Safety and security expense	288,399	100,078
Transportation services for production	391,631	399,784
Other	3,523,598	3,267,784
	9,908,675	**8,736,599**

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

Other expenses mainly relate to cost of other goods that have been sold at the petrol stations in the amount of 2,458,620 RSD (2024: 2,296,372 RSD).

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 31 March	
	2025	2024
Employee costs	3,611,274	3,461,991
Commission and agency fees	1,452,686	1,315,135
Legal, audit and consulting services	360,199	336,307
Current repair cost	377,268	307,112
Costs on advertising and marketing	70,161	69,957
Electricity and utilities	285,656	304,750
Rent expense	1,571	30,005
Business trips expense	32,300	56,526
Safety and security expense	246,959	218,258
Insurance expense	28,057	28,435
Transportation and storage	97,923	59,385
Allowance for doubtful accounts	12,010	(11,360)
Other	1,273,550	1,115,224
	7,849,614	**7,291,725**

Other expenses in the amount of 1,273,550 RSD (2024: 1,115,224 RSD) mainly relate to bank charges, IT services, telecommunication services and other services.

22. OTHER INCOME, NET

	Three month period ended 31 March	
	2025	2024
Penalties	59,147	123,621
Provisions	(12,313)	(10,551)
Impairment of non financial assets	-	(33)
Charity and social payments	(9,409)	(6,141)
Other	105,618	(19,732)
	143,043	**87,164**

23. NET FOREIGN EXCHANGE LOSS

	Three month period ended 31 March	
	2025	2024
Foreign exchange gain/(loss) on financing activities including:		
- foreign exchange gain (note 13,17,18,19)	14,072	36,847
- foreign exchange loss (note 13,17,18,19)	(153,552)	(14,346)
Net foreign exchange gain/loss on operating activities	13,757	(165,462)
	(125,723)	**(142,961)**

24. FINANCE INCOME

	Three month period ended 31 March	
	2025	2024
Interest on bank deposits	245,747	520,312
Interest income on loans issued	288,882	202,170
	534,629	**722,482**

25. FINANCE EXPENSES

	Three month period ended 31 March	
	2025	2024
Interest expense	773,475	866,002
Losses on restructuring of borrowings	10,173	4,075
Decommissioning provision: unwinding of the present value discount	34,328	34,683
Provision of trade and other non-current receivables: discount	24,707	8,933
Revaluation of equity investment at fair value - expense	29,763	29,452
Less: amounts capitalised on qualifying assets	(8,494)	(17,766)
	863,952	**925,379**

Interest expense includes expenses on lease liabilities in amount of 19,427 RSD for the three months ended 31 March 2025 (26,525 RSD for the three months ended 31 March 2024, 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 2024. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 31 March 2025 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 31 March 2025.

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.

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

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 352,883 RSD (31 December 2024: 373,479 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 31 March 2025 the Company has entered into contracts to purchase property, plant and equipment for 3,795,165 RSD (31 December 2024: 4,852,949 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 three month period ended 31 March 2025 and in the same period in 2024, 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 31 March 2025 and 31 December 2024 the outstanding balances, net of impairment, with related parties were as follows:

As at 31 March 2025	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries and associates
Short-term financial assets	38,135,315	-	-
Trade and other receivables	12,416,564	-	26,211
Other current assets	1,276	-	36,549
Right-of-use assets	94,141	-	-
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	31,016,682	-	-
Long-term financial assets	6,766,961	-	-
Other non-current assets	24,050	-	-
Trade and other payables	(5,873,564)	-	(754,951)
Other current liabilities	(47,871)	-	(266)
Short-term debt	(2,170,801)	-	-
Current lease liabilities	(7,272)	-	-
Long-term debt	(1,173,418)	-	-
Non-current lease liabilities	(90,887)	-	-
Other non-current financial liabilities	(11,351,700)	-	-
	67,739,476	**-**	**346,343**

As at 31 December 2024	**Subsidiaries**	**Parent company**	**Joint ventures, associates and parent's subsidiaries and associates**
Short-term financial assets	32,871,239	-	-
Trade and other receivables	10,213,376	-	50,532
Other current assets	1,919	-	540,205
Right-of-use assets	95,917	-	-
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	31,016,682	-	-
Long-term financial assets	7,123,387	-	-
Other non-current assets	39,898	-	-
Trade and other payables	(5,773,742)	-	(542,822)
Other current liabilities	(56,815)	-	(389)
Short-term debt	(2,400,033)	-	-
Current lease liabilities	(7,574)	-	-
Long-term debt	(1,171,459)	-	-
Non-current lease liabilities	(92,279)	-	-
Other non-current financial liabilities	(11,302,368)	-	-
	60,558,148	**-**	**1,086,326**

For the three month period ended 31 March 2025 and 31 March 2024 the following transaction occurred with related parties:

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Three month period ended 31 March 2025			
Revenues from sales of products and services	11,590,855	-	51,440
Expenses based on procurement of products and services	(5,073,242)	-	(960,131)
Other income, net	170,033	-	2,828
	6,687,646	**-**	**(905,863)**

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Three month period ended 31 March 2024			
Revenues from sales of products and services	11,004,495	-	76,719
Expenses based on procurement of products and services	(4,651,104)	-	(1,182,887)
Other income/(expenses), net	124,472	-	(201)
	6,477,863	**-**	**(1,106,369)**

Transactions with subsidiaries in Romania and Bulgaria

The companies are 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, including assessing potential complete or partial sale of asset/equity, closure, or other exit mechanisms.

A comprehensive review, which has been underway since last year and remains ongoing, is being conducted to ensure that any decision taken will align with long-term strategic goals and shareholder interests. The outcome of these considerations will be disclosed as part of the regular reporting in the coming periods, depending on the final decisions taken.

29. EVENTS AFTER THE REPORTING DATE

On 26 April 2025, the OFAC (Office for Foreign Assets Control) issued third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025 (note 2.3.).

There are no other material events after the reporting date.

Subsequent events occurring after 31 March 2025 were evaluated through 28 April 2025, the date these Interim Condensed Financial Statements were authorised for issue.

Consolidated financial statements (unaudited)

Interim Condensed Consolidated Statement of Financial Position

Assets	Note	31 March 2025	31 December 2024
		(unaudited)	
Current assets			
Cash and cash equivalents	4	23,944,479	40,736,335
Short-term financial assets	5	2,252,959	244,085
Trade and other receivables	6	23,793,477	32,328,970
Inventories	7	67,322,829	52,186,791
Current income tax prepayments		776	7,595,653
Other current assets	8	15,464,820	14,401,684
Assets classified as held for sale		14,430	14,432
Total current assets		**132,793,770**	**147,507,950**
Non-current assets			
Property, plant and equipment	9	337,324,412	336,961,139
Right-of-use assets	10	3,806,356	3,874,056
Investment property		1,514,935	1,514,935
Goodwill and other intangible assets		6,118,502	6,027,593
Investments in joint ventures		3,199,059	2,623,087
Trade and other non-current receivables		827,497	826,117
Long-term financial assets		104,997	105,253
Deferred tax assets		4,395,054	4,102,378
Other non-current assets	11	2,982,775	3,507,398
Total non-current assets		**360,273,587**	**359,541,956**
Total assets		**493,067,357**	**507,049,906**
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	12	10,784,156	9,026,680
Current lease liabilities	17	997,758	934,141
Trade and other payables	13	19,317,733	21,969,434
Other current liabilities	14	7,257,083	13,423,380
Current income tax payable		178,110	13,609
Other taxes payable	15	10,605,455	14,353,823
Provisions for liabilities and charges		1,179,476	1,342,054
Total current liabilities		**50,319,771**	**61,063,121**
Non-current liabilities			
Long-term debt	16	53,596,455	57,215,677
Non-current lease liabilities	17	2,478,671	2,620,846
Other non-current financial liabilities		839,201	837,800
Deferred tax liabilities		3,688	3,682
Provisions for liabilities and charges		13,804,772	14,752,819
Total non-current liabilities		**70,722,787**	**75,430,824**
Equity			
Share capital		81,530,200	81,530,200
Reserves		712,988	741,832
Retained earnings		290,236,452	288,538,150
Equity attributable to the Company's owners		**372,479,640**	**370,810,182**
Non-controlling interest		(454,841)	(254,221)
Total equity		**372,024,799**	**370,555,961**
Total liabilities and shareholder's equity		**493,067,357**	**507,049,906**

in 000 RSD

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

	Note	Three month period ended 31 March 2025	2024
		(unaudited)	*(unaudited)*
Sales of petroleum products, oil and gas		66,815,103	81,508,509
Other revenues		5,487,737	4,883,319
Total revenue from sales	3	**72,302,840**	**86,391,828**
Purchases of oil, gas and petroleum products		(40,613,320)	(55,149,780)
Production, manufacturing and cost of other sales	18	(12,393,021)	(10,963,844)
Selling, general and administrative expenses	19	(8,587,137)	(8,200,303)
Transportation expenses		(416,067)	(390,407)
Depreciation, depletion and amortization		(7,258,892)	(6,525,399)
Taxes other than income tax		(2,249,505)	(2,062,509)
Exploration expenses		(10)	(187)
Total operating expenses		**(71,517,952)**	**(83,292,429)**
Other income, net	20	1,290,253	181,290
Operating profit		**2,075,141**	**3,280,689**
Share of profit/(loss) in joint ventures		575,972	(113,295)
Net foreign exchange loss	21	(66,641)	(213,915)
Finance income	22	252,037	610,622
Finance expenses	23	(824,849)	(923,019)
Total other expense		**(63,481)**	**(639,607)**
Profit before income tax		**2,011,660**	**2,641,082**
Current income tax expense		(806,654)	(1,018,912)
Deferred tax income		292,676	159,616
Total income tax		**(513,978)**	**(859,296)**
Profit for the period		**1,497,682**	**1,781,786**
Other comprehensive income/(loss):			
Items that will not be reclassified to profit			
Gain from investments in equity instruments		-	52
			52
Items that may be subsequently reclassified to profit/(loss)			
Currency translation differences		(28,844)	9,464
		(28,844)	9,464
Other comprehensive income/(loss) for the period		**(28,844)**	**9,516**
Total comprehensive income for the period		**1,468,838**	**1,791,302**
Profit/(loss) attributable to:			
- Shareholders of Naftna Industrija Srbije		1,698,302	1,869,967
- Non-controlling interest		(200,620)	(88,181)
Profit for the period		**1,497,682**	**1,781,786**
Total comprehensive income/(loss) attributable to:			
- Shareholders of Naftna Industrija Srbije		1,669,458	1,879,483
- Non-controlling interest		(200,620)	(88,181)
Total comprehensive income for the period		**1,468,838**	**1,791,302**
Earnings per share attributable to shareholders of Naftna Industrija Srbije			
Basic earnings (RSD per share)		10.42	11.47
Weighted average number of ordinary shares in issue (in millions)		163	163

in 000 RSD

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Three month period ended 31 March 2025 and 2024

	Equity attributable to the Company's owners					
(unaudited)	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
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	-	-	1,869,967	1,869,967	(88,181)	1,781,786
Other comprehensive income						
Gain from investments in equity instruments	-	52	-	52	-	52
Currency translation differences	-	9,464	-	9,464	-	9,464
Total comprehensive income/(loss) for the period	-	9,516	1,869,967	1,879,483	(88,181)	1,791,302
Balance as at 31 March 2024	81,530,200	704,119	290,215,209	372,449,528	429,427	372,878,955

in 000 RSD

	Equity attributable to the Company's owners					
(unaudited)	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2025	81,530,200	741,832	288,538,150	370,810,182	(254,221)	370,555,961
Profit/(loss) for the period	-	-	1,698,302	1,698,302	(200,620)	1,497,682
Other comprehensive loss						
Currency translation differences	-	(28,844)	-	(28,844)	-	(28,844)
Total comprehensive income/(loss) for the period	-	(28,844)	1,698,302	1,669,458	(200,620)	1,468,838
Balance as at 31 March 2025	81,530,200	712,988	290,236,452	372,479,640	(454,841)	372,024,799

in 000 RSD

Interim Condensed Consolidated Statement of Cash Flows[79]

	Note	Three month period ended 31 March 2025	2024
		(unaudited)	*(unaudited)*
Cash flows from operating activities			
Profit before income tax		**2,011,660**	**2,641,082**
Adjustments for:			
Share of profit/(loss) in joint ventures		(575,972)	113,295
Finance expenses	23	824,849	923,019
Finance income	22	(252,037)	(610,622)
Unrealised foreign exchange loss, net		135,687	147,915
Depreciation, depletion and amortization		7,258,892	6,525,399
Other non-cash items		(987,394)	(357,949)
Operating cash flow before changes in working capital		**8,415,685**	**9,382,139**
Changes in working capital:			
Trade and other receivables		8,514,559	2,975,397
Inventories		(15,147,074)	2,943,540
Other current assets		(1,123,136)	(4,025,578)
Trade payables and other current liabilities		(9,767,636)	(3,994,458)
Other taxes payable		3,260,545	(1,528,610)
Total effect on working capital changes		**(14,262,742)**	**(3,629,709)**
Income taxes paid		(51,269)	(4,425,622)
Interest paid		(639,844)	(705,041)
Interest received		300,549	2,062,424
Net cash generated by operating activities		**(6,237,621)**	**2,684,191**
Cash flows from investing activities			
Capital expenditures[80]		(6,180,625)	(11,789,080)
Proceeds from sale of property, plant and equipment		14,457	67,767
Bank deposits proceeds/(repayment), net		(2,007,450)	31,000,001
Other outflow		-	(161,733)
Net cash (used)/generated in investing activities		**(8,173,618)**	**19,116,955**
Cash flows from financing activities			
Repayment of borrowings	12,16	(2,061,297)	(1,065,548)
Repayment of lease liabilities	17	(238,220)	(293,815)
Net cash used in financing activities		**(2,299,517)**	**(1,359,363)**
Net increase/(decrease) in cash and cash equivalents		(16,710,756)	20,441,783
Effect of foreign exchange on cash and cash equivalents		(81,100)	(149,685)
Cash and cash equivalents as of the beginning of the period		**40,736,335**	**21,484,271**
Cash and cash equivalents as of the end of the period	**4**	**23,944,479**	**41,776,369**

in 000 RSD

[79] Group policy is to present cash flow inclusive of related VAT.
[80] CF from investing activities includes VAT in the amount of 0.7 bln RSD (2024: 1.4 bln RSD)

Notes to the Interim Condensed Consolidated Financial Statements[81]

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, 2025, 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 2024, 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

[81] All amounts are in 000 RSD, unless otherwise stated.

if these Interim Condensed Consolidated Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2024.

In the 2025 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and appreciated to 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 fist quarter 2025 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 31 March 2025 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 2024.

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 March 2025. 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.

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.

On 26 February 2025, the OFAC (Office for Foreign Assets Control) issued a specific license (Licence No. MUL-2025-1335128-1) that postpones the full implementation of sanctions until 28 March 2025.

On 28 March 2025, the OFAC (Office for Foreign Assets Control) issued a second specific license (Licence No. MUL-2025-1355297-1) that postpones the full implementation of sanctions until 28 April 2025.

On 26 April 2025, the OFAC (Office for Foreign Assets Control) issued a third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025.

This license allows U.S. persons, as well as other individuals, to engage in business activities with NIS or its operational subsidiaries both on domestic and international level, which primarily includes transactions necessary for the uninterrupted and regular maintenance of business operations, contracts, and other agreements involving NIS or its operational subsidiaries.

On 14 March 2025, a request for de-listing was submitted to OFAC, requesting the removal of NIS from the SDN List (OFAC designation: RUSSIA-EO14024-40179).

NIS continues to communicate with OFAC and takes necessary actions to ensure that NIS is fully removed from the U.S. SDN (Specially Designated Nationals) list.

3. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the three month period ended 31 March 2025 and 2024. 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 three month period ended 31 March 2025 are shown in the table below:

		DWS			
	Upstream	Downstream	Petrochemical	Eliminations	Total
Segment revenue	12,713,974	68,205,561	4,705,935	(13,322,630)	72,302,840
Intersegment	12,546,060	776,570	-	(13,322,630)	-
External	167,914	67,428,991	4,705,935	-	72,302,840
Adjusted EBITDA (Segment results)	**8,525,568**	**1,764,433**	**(1,771,701)**	**-**	**8,518,300**
Depreciation, depletion and amortization	(3,804,620)	(3,290,151)	(164,121)	-	(7,258,892)
Share of profit in joint ventures	-	575,972	-	-	575,972
Net foreign exchange gain/(loss)	41,335	(103,456)	(4,520)	-	(66,641)
Finance expenses, net	(140,342)	(431,365)	(1,105)	-	(572,812)
Income tax	6,499	(524,305)	3,828	-	(513,978)
Segment profit/(loss)	5,466,066	(1,962,184)	(2,006,200)	-	1,497,682

Reportable segment results for the three month period ended 31 March 2024 are shown in the table below:

	Upstream	DWS Downstream	Petrochemical	Eliminations	Total
Segment revenue	13,696,891	81,794,564	5,170,821	(14,270,448)	86,391,828
Intersegment	13,507,266	763,182	-	(14,270,448)	-
External	189,625	81,031,382	5,170,821	-	86,391,828
Adjusted EBITDA (Segment results)	**9,850,574**	**917,720**	**(794,796)**	-	**9,973,498**
Depreciation, depletion and amortization	(3,745,198)	(2,604,934)	(175,267)	-	(6,525,399)
Share of loss in joint ventures	-	(113,295)	-	-	(113,295)
Net foreign exchange loss	(160,295)	(53,463)	(157)	-	(213,915)
Finance (expenses)/income, net	(122,465)	(247,397)	57,465	-	(312,397)
Income tax	(58,550)	(816,289)	15,543	-	(859,296)
Segment profit/(loss)	5,642,097	(2,978,499)	(881,812)	-	1,781,786

Adjusted EBITDA for the three month period ended 31 March 2025 and 2024 is reconciled below:

	Three month period ended 31 March 2025	2024
Profit for the period	1,497,682	1,781,786
Income tax	513,978	859,296
Finance expenses	824,849	923,019
Finance income	(252,037)	(610,622)
Depreciation, depletion and amortization	7,258,892	6,525,399
Share of (profit)/loss in joint ventures	(575,972)	113,295
Net foreign exchange loss	66,641	213,915
Other income, net	(1,290,253)	(181,290)
Other non-operating expense, net	474,520	348,700
Adjusted EBITDA	**8,518,300**	**9,973,498**

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

	Three month period ended 31 March 2025	2024
Sale of crude oil	66,684	65,891
Sale of gas	51,252	54,512
Wholesale activities	51,252	54,512
Sale of petroleum products	62,013,489	76,316,028
Through a retail network	25,421,727	28,874,913
Wholesale activities	36,591,762	47,441,115
Sale of petrochemical products	4,683,678	5,072,078
Sale of electricity	130,886	244,062
Lease revenue	79,239	81,066
Other sales	5,277,612	4,558,191
Total sales	**72,302,840**	**86,391,828**

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 3,657,442 RSD (2024: 3,471,652 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 March 2025	31 December 2024
Cash in bank and in hand	3,114,752	10,853,600
Deposits with original maturity of less than three months	20,823,581	29,878,687
Cash held on escrow account	1,423	252
Cash equivalents	4,723	3,796
	23,944,479	**40,736,335**

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

5. SHORT-TERM FINANCIAL ASSETS

	31 March 2025	31 December 2024
Short-term loans	32,070	31,328
Deposits with original maturity more than 3 months less than 1 year	2,223,069	214,937
Less impairment loss provision	(2,180)	(2,180)
	2,252,959	**244,085**

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

6. TRADE AND OTHER RECEIVABLES

	31 March 2025	31 December 2024
Trade receivables	31,212,694	39,722,066
Other receivables	83,443	92,455
Less impairment provision for trade receivables	(7,474,003)	(7,457,724)
Less impairment provision for other receivables	(28,657)	(27,827)
	23,793,477	**32,328,970**

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 March 2025	31 December 2024
Crude oil	28,982,573	20,006,952
Petroleum products	32,375,649	25,577,057
Materials and supplies	9,340,029	10,035,547
Other	1,705,394	1,697,901
Less impairment provision	(5,080,816)	(5,130,666)
	67,322,829	52,186,791

8. OTHER CURRENT ASSETS

	31 March 2025	31 December 2024
Advances paid	1,409,797	1,868,542
VAT receivables	334,496	380,208
Deferred VAT	2,660,504	4,115,321
Prepaid expenses	561,904	491,889
Prepaid custom duties	74,759	76,332
Prepaid excise	9,424,818	6,724,022
Other current assets	8,510,660	8,262,099
Less impairment provision	(7,512,118)	(7,516,729)
	15,464,820	14,401,684

Deferred VAT as at 31 March 2025 amounting to 2,660,504 RSD (31 December 2024: 4,115,321 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 March 2025 amounting to 9,424,818 RSD (31 December 2024: 6,724,022 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2025						
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**
Period ended 31 March 2025						
Additions	5,178,385	493,452	1,789,903	73,401	(297,010)	7,238,131
Changes in decommissioning obligations	82,685	-	-	-	-	82,685
Depreciation	(3,637,715)	(2,454,762)	(692,945)	(127,275)	-	(6,912,697)
Transfer to intangible assets	-	-	-	-	(611)	(611)
Disposals and write-off	(2,928)	(8)	(15,392)	(5)	(10)	(18,343)
Other transfers	135	(722)	(17,296)	17,874	(61,975)	(61,984)
Translation differences	9,066	-	17,603	-	9,423	36,092
	154,521,103	**95,703,963**	**42,658,762**	**7,877,735**	**36,562,849**	**337,324,412**
As at 31 March 2025						
Cost	282,910,476	194,771,980	86,046,925	18,361,162	37,350,152	619,440,695
Depreciation and impairment	(128,389,373)	(99,068,017)	(43,388,163)	(10,483,427)	(787,303)	(282,116,283)
Net book value	**154,521,103**	**95,703,963**	**42,658,762**	**7,877,735**	**36,562,849**	**337,324,412**

10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets for the three months ended 31 March 2025 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2025	112,221	1,263,250	283,430	2,215,155	3,874,056
Additions	-	61,642	45,664	13,087	120,393
Depreciation	(2,721)	(60,194)	(31,677)	(96,933)	(191,525)
Transfers	-	-	296	(296)	-
Disposals	-	(7,408)	-	(12,759)	(20,167)
Effect of contract modifications and changes in estimates	-	-	23,397	(771)	22,626
Foreign currency translation	138	810	-	25	973
As at 31 March 2025	109,638	1,258,100	321,110	2,117,508	3,806,356

11. OTHER NON-CURRENT ASSETS

	31 March 2025	31 December 2024
Advances paid for PPE	2,496,349	3,033,702
Prepaid expenses	70,008	76,833
Other assets	918,499	911,737
Less allowance of other assets	(269,333)	(282,135)
Less allowance for advances paid	(232,748)	(232,739)
	2,982,775	**3,507,398**

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

	31 March 2025	31 December 2024
Interest payables	285,678	210,851
Current portion of long-term loans (note 16)	10,498,478	8,815,829
	10,784,156	**9,026,680**

13. TRADE AND OTHER PAYABLES

	31 March 2025	31 December 2024
Trade payables	15,496,484	18,141,740
Dividends payable	3,783,398	3,783,398
Other accounts payable	37,851	44,296
	19,317,733	21,969,434

14. OTHER CURRENT LIABILITIES

	31 March 2025	31 December 2024
Contract liabilities arising from contracts with customers:		
- Advances received	3,228,782	5,462,225
- Customer loyalty	1,042,652	1,032,331
- Deferred income	100,584	115,376
Payables to employees	2,640,251	6,517,437
Other current non-financial liabilities	244,814	296,011
	7,257,083	13,423,380

Revenue in the amount of 4,291,009 RSD was recognized in the current reporting period (31 March 2024: 4,489,572 RSD) related to the contract liabilities as at 1 January 2025, of which 3,954,690 RSD (31 March 2024: 4,241,400 RSD) related to advances and 336,319 RSD (31 March 2024: 223,066 RSD) to customer loyalty programme.

15. OTHER TAXES PAYABLE

	31 March 2025	31 December 2024
Mineral extraction tax	470,202	445,228
VAT	2,118,982	2,913,503
Excise tax	6,748,272	8,614,381
Contribution for State commodity reserves	267,773	348,237
Custom duties	131,881	86,287
Energy efficiency fee	33,330	45,956
Other taxes	835,015	1,900,231
	10,605,455	14,353,823

16. LONG-TERM DEBT

	31 March 2025	31 December 2024
Bank loans	63,215,718	65,159,107
Other long-term borrowings	879,215	872,399
Less Current portion (note 12)	(10,498,478)	(8,815,829)
	53,596,455	**57,215,677**

Other long-term borrowings in the amount of 879,215 RSD (31 December 2024: 872,399 RSD) mainly relate to the corporate bonds.

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

	Three month period ended 31 March	
	2025	2024
Long-term loans at 1 January	**65,159,107**	**65,223,168**
Repayment	(2,061,297)	(1,065,548)
Non-cash transactions	10,174	4,075
Foreign exchange difference (note 21)	107,734	(18,028)
Long-term loans at 31 March	**63,215,718**	**64,143,667**

Bank loans

	31 March 2025	31 December 2024
Domestic	47,880,664	49,852,704
Foreign	15,335,054	15,306,403
	63,215,718	65,159,107
Current portion of long-term loans	(10,498,478)	(8,815,829)
	52,717,240	**56,343,278**

The maturity of bank loans was as follows:

	31 March 2025	31 December 2023
Between 1 and 2 years	29,271,193	30,987,592
Between 2 and 5 years	22,947,428	24,567,096
Over 5 years	498,619	788,590
	52,717,240	**56,343,278**

The carrying amounts of bank loans in the amount of 63,215,718 RSD (31 December 2024: 65,159,107 RSD) are denominated in EUR.

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 March 2025 and 31 December 2024, respectively.

17. LEASE LIABILITIES

	31 March 2025	31 December 2024
Non-current lease liabilities	2,478,671	2,620,846
Current lease liabilities	997,758	934,141
	3,476,429	**3,554,987**

Amounts recognized in profit and loss:

	Three month period ended 31 March 2025	2024
Interest expense (included in finance cost) (note 23)	37,998	43,190
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	27,750	49,871
Expense relating to leases of low value assets that are not shown above as short-term leases	16,426	24,487
Expense relating to variable lease payments not included in lease liabilities	617,851	602,215

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

	Three month period ended 31 March 2025	2024
As at 1 January	**3,554,987**	**3,935,015**
Repayment	(238,220)	(293,815)
Non-cash transactions	148,612	428,124
Foreign exchange difference (note 21)	11,050	(1,597)
As at 31 March	**3,476,429**	**4,067,727**

18. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended 31 March 2025	2024
Employee costs	3,633,271	3,182,259
Materials and supplies (other than O&G and petroleum products)	953,768	932,439
Repair and maintenance services	1,146,720	1,067,942
Electricity for resale	23,605	25,398
Electricity and utilities	4,345,837	4,570,396
Safety and security expense	268,062	24,862
Transportation services for production	174,658	168,343
Other	1,847,100	992,205
	12,393,021	**10,963,844**

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

19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 31 March 2025	2024
Employee costs	5,729,498	5,459,681
Commission and agency fees	199,120	180,871
Legal, audit and consulting services	235,441	176,164
Current repair cost	388,823	323,457
Costs on advertising and marketing	77,586	77,765
Electricity and utilities	336,837	355,624
Rent expense	11,084	39,250
Business trips expense	47,166	71,336
Safety and security expense	286,115	254,308
Insurance expense	31,795	36,705
Transportation and storage	66,111	83,420
Allowance for doubtful accounts	14,552	(15,406)
Other	1,163,009	1,157,128
	8,587,137	**8,200,303**

Other expenses in the amount of 1,163,009 RSD (2024: 1,157,128 RSD) mainly relate to bank charges, IT services, telecommunication services and other services.

20. OTHER INCOME, NET

	Three month period ended 31 March 2025	2024
Penalties	(29,351)	127,516
(Charge)/release of provisions (legal, environmental, etc.), net	1,165,194	(122,267)
Impairment of non-financial assets	-	(33)
Gain from write-off of accounts payable	2,101	149,237
Charity and social payments	(9,499)	(6,411)
Other	161,808	33,248
	1,290,253	**181,290**

Release of provision mainly relates to a legal assessment, supported by external counsel, indicating that the obligation, originally recognised in prior years, is no longer expected to be settled.

21. NET FOREIGN EXCHANGE LOSS

	Three month period ended 31 March 2025	2024
Foreign exchange gain/(loss) on financing activities including:		
foreign exchange gain (note 12, 16 and 17)	30,226	51,274
foreign exchange loss (note 12, 16 and 17)	(149,010)	(31,649)
Net foreign exchange gain/(loss) on operating activities	52,143	(233,540)
	(66,641)	**(213,915)**

22. FINANCE INCOME

	Three month period ended 31 March 2025	2024
Interest on bank deposits	248,440	608,311
Interest income on loans issued	3,597	2,311
	252,037	**610,622**

23. FINANCE EXPENSES

	Three month period ended 31 March	
	2025	2024
Interest expense	794,060	901,581
Losses on restructuring of borrowings	10,173	4,075
Decommissioning provision: unwinding of the present value discount	35,835	35,255
Provision of trade and other non-current receivables: discount	(6,725)	1,304
Less: amounts capitalised on qualifying assets	(8,494)	(19,196)
	824,849	**923,019**

Interest expense includes expenses on lease liabilities in the amount of 37,998 RSD for the three months ended 31 March 2025 (43,190 RSD for the three months ended 31 March 2024 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 2024. There were no transfers between the levels of the fair value hierarchy during 2025.

As of 31 March 2025 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 31 March 2025.

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.

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 365,155 RSD (31 December 2024: 385,751 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 March 2025 the Group has entered into contracts to purchase property, plant and equipment 3,795,165 RSD (31 December 2024: 4,852,949 RSD).

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

26. GROUP STRUCTURE

Material subsidiaries

The consolidated financial statements of below listed subsidiaries are consolidated as at 31 March 2025 and 31 December 2024:

Subsidiary	Country of incorporation	Nature of Business	Share % 31-Mar 2025	Share % 31-Dec 2024
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

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, including assessing potential complete or partial sale of asset/equity, closure, or other exit mechanisms.

A comprehensive review, which has been underway since last year and remains ongoing, is being conducted to ensure that any decision taken will align with long-term strategic goals and shareholder interests. The outcome of these considerations will be disclosed as part of the regular reporting in the coming periods, depending on the final decisions taken.

27. RELATED PARTY TRANSACTIONS

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

In the three month period ended 31 March 2025 and in the same period in 2024, 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.

As at 31 March 2025 and 31 December 2024 the outstanding balances, presented net of impairment, with related parties were as follows:

	Parent company	Parent's subsidiaries and associates	Joint venture
As at 31 March 2025			
Short-term financial assets	-	30,050	-
Trade and other receivables	-	14,176	27,317
Investments in joint venture	-	-	3,199,059
Trade and other non-current receivables	-	-	827,498
Other current assets	-	36,550	-
Trade and other payables	-	(14,716)	(746,259)
Other current liabilities	-	(117)	(267)
	-	**65,943**	**3,307,348**
As at 31 December 2024			
Short-term financial assets	-	29,309	-
Trade and other receivables	-	262,268	51,017
Investments in joint venture	-	-	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**

For the three month period ended 31 March 2025 and 2024 the following transaction occurred with related parties:

	Parent	Parent's subsidiaries and associates	Joint venture
Three month period ended 31 March 2025			
Revenues from sales of products and services	-	47,647	52,480
Expenses based on procurement of products and services	-	(124,847)	(843,127)
Other income, net	-	856	2,829
	-	**(76,344)**	**(787,818)**
Three month period ended 31 March 2024			
Revenues from sales of products and services	-	470	76,503
Expenses based on procurement of products and services	-	(148,621)	(1,035,820)
Other income/(expenses), net	-	926	(17,231)
	-	**(147,225)**	**(976,548)**

28. EVENTS AFTER THE REPORTING DATE

On 26 April 2025, the OFAC (Office for Foreign Assets Control) issued a third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025 (note 2.3.).

There are no other material events after the reporting date.

Subsequent events occurring after 31 March 2025 were evaluated through 28 April 2025, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

Statement of individuals responsible for the preparation of report

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

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

Anton Cherepanov

Deputy CEO,
Head of Function for Finance, Economics, Planning and Accounting
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Glossary

Abbreviation	Meaning
3D	Three-dimensional
2D	Two-dimensioal
a.d.o.	Insurance joint stock company
B&H	Bosnia and Herzegovina
bn	billion
BoD	Board of Directors
BV	Book Value
CAPEX	Capital Expenditures
CCPP	Combined-Cycle Power Plant
CNG	Compressed natural gas
CO_2	Carbon Dioxide
DWS	Downstream
EBITDA	Earnings before interest, Taxes, depreciation and amortisation
EPS	Earnings per share
EU	European Union
EUR	Euro
HR	Human Resources
HSE	Health, Safety and the Environment
IRMS	Integrated Risk Management System
IT	Information Technology
j.s.c. or JSC	Joint Stock Company
LLC or llc	Limited Liability Company
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency
m^2	Square meter
m^3	Cubic meter
MW	Megawatt, SI unit of electricity
OCF	Operating Cash Flow
OPEC	Organization of the Petroleum Exporting Countries
OPEX	Operational Expenditure
P/BV	Price/Book Value
P/E	Price/EPS
RSD	Serbian Dinar
SNNP	Sa nama na putu cart (On the road with us card)
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