NIS A.D. – Naftna industrija Srbije
Novi Sad

Consolidated Financial Statements and Independent Auditor's Report

31 December 2024

Novi Sad, 28 February 2025

Contents

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Opinion

We have audited the consolidated financial statements of NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad (hereinafter: the Company) and its subsidiaries (together hereinafter: the Group) which comprise the consolidated Balance sheet as at December 31, 2024, and the consolidated Income statement, consolidated Statement of other comprehensive income, consolidated Statement of cash flows and consolidated Statement of changes in equity for the year then ended, and Notes to the consolidated financial statements, including a summary of significant accounting policies and other disclosures.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Law on Accounting of the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with the Law on Audit of the Republic of Serbia and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant for auditing consolidated financial statements in the Republic of Serbia and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materially significant uncertainty related to going concern

We draw attention to Note 3.1 in the attached financial statements, which indicates that the Group, after the balance sheet date, was included on the US Treasury Specially Designated Nationals and Blocked Persons (SDN) List, which may have a significant impact on its operations in the future. This classification imposes a ban on transactions by U.S. persons or entities with the Group. Additionally, the designation may trigger secondary sanctions for non-US entities that engage in certain types of transactions with Group, starting from the date the sanctions are applied. These sanctions, if enforced, may cast significant doubt on the Group's operational activities, cash flows, and its ability to meet obligations to creditors.

The Group's management is actively monitoring the situation and taking steps to eliminate or mitigate the potential risks arising from this uncertainty. A temporary delay in sanctions could be a positive signal, but there is still a significant degree of uncertainty regarding future decisions and their effects on the Group's operations.

This event indicates the existence of significant uncertainty that may impact the Group's ability to continue operations in accordance with the going concern principle in the foreseeable future.

Our opinion has not been modified in respect to this matter.

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the section *Materially significant uncertainty related to the going concern*, we identified the following key audit matter:

Estimation of decommissioning and environmental protection provisions

Information on applied accounting policies and estimates of provisions associated with the decommissioning and environmental protection are disclosed in note 2, note 3 and note 20 to the consolidated financial statements. As described in the notes to the consolidated financial statements, the Group recognized provisions in the amount of RSD 12,465,619 thousand.

Provisions for decommissioning and environmental protection require significant management judgment due to numerous assumptions that are influenced by future activities, economic factors, and the legislator environment in which the Group operates. The most significant estimates include the estimate of future costs to settle the present obligation, inflation and discount rates, and exploitation period.

Auditing this area of the consolidated financial statements is a complex process as it requires us to evaluate assumptions for future cost estimates for which there is limited comparative data as decommission of gas and oil infrastructure is an emerging area. The assessment of the mentioned factors affects the determination of the exact amount of provisions, which represents a materially significant item in the consolidated financial statements.

The management performs an annual review of the provisions for the decommission and environmental protection, namely for funds for exploration and evaluation and funds for the production and processing of oil and oil derivatives. The review by the management includes an analysis of changes in legislation in the Republic of Serbia, cost estimates, inflation and discount rates, and maturity of obligations.

Audit approach:

Our audit procedures included an understanding of the legal obligations regarding the decommission and environmental protection, and in accordance with the provisions of the Law on Mining and Geological Research and the Law on Environmental Protection, to which the Group is obliged to, during and after the completion of works on exploitation, recultivation of the land and to prevention of the further spread of pollution caused by the accident, to take remedial measures according to the protection plans at its own expense.

We have also performed the following audit procedures:

- We have performed testing of arithmetic accuracy of the model that the Group have used when calculating provisions;
- We reviewed the status of the wells on a sample basis and compared them with the status within the well fund, which is the foundation for the calculation of provisions;
- We have compared the changes in the status of the wells in the current year to the previous year, since the change in the status of the wells can have a material impact on the calculation of provisions;

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Key Audit Matters (Continued)

- We have tested the completeness of the data, comparing it with other information within the business records and auditing procedures related to real estate, plants and equipment;
- We have assessed the justification of the applied discount rate as one of the assumptions for the calculation of provisions by comparing it with the rate on government bonds of the Republic of Serbia taken over from the National Bank of Serbia;
- We have evaluated and we have gained understanding of the assumptions related to the costs necessary for the liquidation and recultivation of the land;
- We have performed a review of the sensitivity analysis prepared by management for the main assumptions;
- We have gained an understanding of the Group's procedures applied by the management to estimate and record long-term provisions. This included understanding whether there was a legal or contingent obligation to establish a provision.

Other Information

The Management is responsible for the other information. The other information comprises the consolidated Annual business report for the year ended December 31, 2024.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In connection with the consolidated Annual business report, we have also carried out procedures in accordance with the Law on Accounting of the Republic of Serbia. These procedures include consideration of whether the consolidated Annual business report contains the disclosures required by the Law on Accounting of Serbia. Based on the procedures performed during the audit, in our opinion:

- ✓ the consolidated Annual business report was prepared in accordance with the requirements of the Law on Accounting of the Republic of Serbia and
- ✓ the information provided in the consolidated Annual business report for the financial year for which consolidated financial statements are prepared, are consistent with the consolidated financial statements.

Additionally, based on the understanding of the Group's operations and its business environment acquired during the audit, we are required to disclose in the report if we conclude that there is a material misstatement in the consolidated Annual business report. In that sense, there is nothing we need to say in the report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Law on Accounting of the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Continued)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law on Audit of the Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law on Audit of the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ✓ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ✓ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ✓ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- ✓ Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ✓ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belgrade, March 07, 2025

FINEXPERTIZA d.o.o. BEOGRAD

Srđan Božović

The engagement partner on audit project

Licensed auditor

(All amounts are in RSD 000 unless otherwise stated)

CONSOLIDATED BALANCE SHEET

	AOP	Note	31 December 2024	31 December 2023
A. SUBSCRIBED CAPITAL UNPAID	**0001**		**-**	**-**
B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)	**0002**		**355,362,739**	**329,424,052**
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)	**0003**	**7**	**21,289,617**	**21,873,058**
1. Development investments	0004		10,826,761	11,707,933
2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005		3,858,394	3,578,867
3. Goodwill	0006		1,258,852	1,260,808
4. Intangible assets in lease and under development	0007		5,345,610	5,325,450
5. Advances for intangible assets	0008		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)	**0009**		**329,889,070**	**303,225,222**
1. Land and buildings	0010	8a	191,856,822	180,697,284
2. Machinery and equipment	0011	8a	97,163,419	81,846,555
3. Investment property	0012	8b	1,514,935	1,514,920
4. Property, plant and equipment in lease and construction in progress	0013	8a, 8d	36,300,132	32,666,938
5. Other property, plant and equipment and investments in leased PP&E	0014	8a	252,799	268,147
6. Advances for PP&E - domestic	0015	8a	2,535,758	3,368,255
7. Advances for PP&E - foreign	0016	8a	265,205	2,863,123
III. BIOLOGICAL ASSETS	**0017**		-	**-**
IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)	**0018**		**4,184,052**	**4,325,772**
1. Investments in legal entities (except those evaluated using the equity method)	0019		91,816	91,765
2. Investments in legal entities evaluated by equity method	0020	9	2,623,087	2,729,005
3. Long-term investments and long-term receivables in parent, subsidiaries and other related parties - domestic	0021		826,117	669,617
4. Long-term investments and long-term receivables in parent, subsidiaries and other related parties - foreign	0022		-	-
5. Long-term investments - domestic	0023		6,685	8,565
6. Long-term investments - foreign	0024		-	-
7. Long-term financial investments (securities valued at amortized cost)	0025		-	-
8. Purchased own shares	0026		-	-
9. Other long-term financial investments and long-term receivables	0027	10	636,347	826,820
V. LONG - TERM ACCRUED AND DEFERRED INCOME	**0028**		-	**-**
C. DEFFERED TAX ASSETS	**0029**	**11**	**4,102,378**	**3,245,067**
G. CURRENT ASSETS (0031+0037+0038+0044+0048+0057+0058)	**0030**		**147,584,780**	**174,041,470**
I. INVENTORY (0032+0033+0034+0035+0036)	**0031**	**12**	**53,894,616**	**69,307,394**
1. Materials, spare parts and tools	0032		22,634,732	32,499,892
2. Work in progress and finished goods	0033		26,490,525	30,789,008
3. Merchandise	0034		3,061,514	4,392,043
4. Advances for inventory and services - domestic	0035		1,305,117	1,134,412
5. Advances for inventory and services - foreign	0036		402,728	492,039
II. FIXED ASSETS HELD FOR SALE AND BUSINESS TERMINATION	**0037**		**14,430**	**56,605**

(continued)

The accompanying notes on pages 9 to 63 are an integral part of these consolidated financial statements.

(All amounts are in RSD 000 unless otherwise stated)

CONSOLIDATED BALANCE SHEET (continued)

	AOP	Note	31 December 2024	31 December 2023
III TRADE RECEIVABLES (0039+0040+0041+0042+0043)	**0038**	**13**	**32,080,211**	**33,207,906**
1. Trade receivables - domestic	0039		30,512,643	30,997,145
2. Trade receivables - foreign	0040		1,267,444	1,907,675
3. Trade receivables - parent, subsidiaries and other related parties - domestic	0041		51,000	111,515
4. Trade receivables - parent, subsidiaries and other related parties - foreign	0042		249,124	191,571
5. Other trade receivables	0043		-	-
IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	**0044**	**14**	**8,818,937**	**8,847,384**
1. Other receivables	0045		1,055,302	1,242,522
2. Receivables for overpaid income tax	0046		7,595,653	7,470,959
3. Receivables from overpaid other taxes and contributions	0047		167,982	133,903
V. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	**0048**	**15**	**299,134**	**32,697,380**
1. Short-term loans and investments - parent and subsidiaries	0049		-	-
2. Short-term loans and investments - other related parties	0050		20,129	25,835
3. Short-term loans and investments - domestic	0051		64,228	63,862
4. Short-term loans and investments - foreign	0052		-	-
5. Securities evaluted at amortized cost	0053		-	-
6. Financial assets evaluated through profit or loss	0054		-	-
7. Purchased own shares	0055		-	-
8. Other short-term financial investments	0056		214,777	32,607,683
VI. CASH AND CASH EQUIVALENTS	**0057**	**16**	**40,736,335**	**21,484,271**
VII. PREPAYMENTS AND ACCRUED INCOME	**0058**	**17**	**11,741,117**	**8,440,530**
D TOTAL ASSETS = OPERATING ASSETS (0001+0002+0029+0030)	**0059**		**507,049,897**	**506,710,589**
E OFF-BALANCE SHEET ASSETS	**0060**	**18**	**194,714,329**	**184,617,946**
A. EQUITY (0402+0403+0404+0405+0406-0407+0408+0411-0412)>= 0	**0401**	**19**	**370,555,961**	**371,087,653**
I. EQUITY	**0402**	**19.1**	**81,530,200**	**81,530,200**
II. SUBSCRIBED CAPITAL UNPAID	**0403**		**-**	**-**
III. SHARE PREMIUM	**0404**		**-**	**-**
IV. RESERVES	**0405**		**-**	**-**
V. POSITIVE REVALUATION RESERVES AND UNREALIZED PROFITS FROM FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	**0406**		**793,709**	**753,946**
VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	**0407**		**340,023**	**177,975**
VII. RETAINED EARNINGS (0409+0410)	**0408**		**288,572,075**	**288,463,874**
1. Retained earnings from previous years	0409		278,746,859	244,271,358
2. Retained earnings from current year	0410		9,825,216	44,192,516
VIII. NON-CONTROLLING INTEREST	**0411**		**-**	**517,608**
IX. LOSS (0413+0414)	**0412**		**-**	**-**
1. Loss from previous years	0413		-	-
2. Loss from current year	0414		-	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0416+0420+0428)	**0415**		**75,427,142**	**72,402,230**
I. LONG-TERM PROVISIONS (0417+0418+0419)	**0416**	**20**	**14,752,819**	**13,937,343**
1. Provisions for employee benefits	0417		1,720,236	1,266,146
2. Provisions for warranty claims	0418		-	-
3. Other long term provisions	0419		13,032,583	12,671,197

(continued)

CONSOLIDATED BALANCE SHEET (continued)

	AOP	Note	31 December 2024	31 December 2023
II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	**0420**	**21**	**60,674,323**	**58,464,887**
1. Liabilities convertible to equity	0421		-	-
2. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - domestic	0422		-	-
3. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - foreign	0423		-	-
4. Long-term loans and finance lease liabilities - domestic	0424		45,456,751	41,677,200
5. Long-term loans and finance lease liabilities - foreign	0425		13,507,373	15,795,870
6. Liabilities for issued securities	0426		699,178	-
7. Other long-term liabilities	0427		1,011,021	991,817
III. LONG-TERM ACCRUED INCOME AND DEFERRED REVENUES	**0428**		**-**	**-**
C. DEFFERED TAX LIABILITIES	**0429**	**11**	**3,682**	**-**
D. LONG - TERM DEFERRED INCOME AND DONATIONS RECEIVED	**0430**		**-**	**-**
E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	**0431**		**61,063,112**	**63,220,706**
I. SHORT-TERM PROVISIONS	**0432**	**20**	**1,342,054**	**2,712,762**
II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	**0433**	**22**	**9,749,970**	**12,505,285**
1. Short-term loans from parent, subsidiaries and other related parties - domestic	0434		-	-
2. Short-term loans from parent, subsidiaries and other related parties - foreign	0435		-	-
3. Short-term loans and borowings from other parties	0436		934,141	924,202
4. Short-term loans from domestic banks	0437		7,016,799	10,519,898
5. Short-term loans, borowings and liabilities - foreign	0438		1,799,030	1,061,185
6. Liabilities on short-term securities	0439		-	-
7. Liabilities based on financial derivatives	0440		-	-
III. ADVANCES RECEIVED	**0441**		**5,649,106**	**5,206,173**
IV. TRADE PAYABLES (0443+0444+0445+0446+0447+0448)	**0442**	**23**	**17,780,968**	**16,389,168**
1. Trade payables - parent, subsidiaries and other related parties - domestic	0443		511,682	728,736
2. Trade payables - parent, subsidiaries and other related parties - foreign	0444		164,783	110,863
3. Trade payables - domestic	0445		14,512,714	12,228,611
4. Trade payables - foreign	0446		2,551,320	3,289,717
5. Liabilities on promissory notes	0447		-	-
6. Other operating liabilities	0448		40,469	31,241
V. OTHER SHORT-TERM LIABILITIES	**0449**	**24**	**21,341,127**	**21,526,533**
1. Other short-term liabilities	0450		8,441,133	9,814,397
2. Liabilities for VAT and other taxes	0451		12,886,385	11,712,136
3. Profit tax liabilities	0452		13,609	-
VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS ATTRIBUTABLE TO TERMINATED BUSINESS	**0453**		**-**	**-**
VII. SHORT-TERM ACCRUED EXPENSES	**0454**	**25**	**5,199,887**	**4,880,785**
F. LOSS EXCEEDING EQUITY (0415+0429+0430+0431-0059)>=0=(0407+0412-0402-0403-0404-0405-0406-0408-0411)>=0	**0455**		**-**	**-**
G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430-0431-0455)	**0456**		**507,049,897**	**506,710,589**
H. OFF-BALANCE SHEET LIABILITIES	**0457**	**18**	**194,714,329**	**184,617,946**

Novi Sad, 28 February 2025

Kirill Tyurdenev
Chief Executive Officer

M.P.

Anton Cherepanov
Chief Financial Officer

The accompanying notes on pages 9 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

	AOP	Note	Year ended 31 December 2024	2023
A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)	**1001**		**421,713,648**	**433,722,189**
I. INCOME FROM THE SALE OF GOODS (1003+1004)	**1002**	**6**	**117,213,124**	**70,403,187**
1. Income from sale of goods on domestic market	1003		73,057,921	31,884,664
2. Income from sale of goods on foreign market	1004		44,155,203	38,518,523
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1006+1007)	**1005**	**6**	**290,350,538**	**341,238,036**
1. Income from sales of products and services on domestic market	1006		244,421,797	304,534,507
2. Income from sales of products and services on foreign market	1007		45,928,741	36,703,529
III. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	**1008**		**17,495,769**	**14,307,357**
IV. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1009**		**-**	**-**
V. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1010**		**4,828,078**	**2,011,908**
VI. OTHER OPERATING INCOME	**1011**	**6**	**463,971**	**394,457**
VII. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1012**	**26**	**1,018,324**	**9,391,060**
B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	**1013**		**405,183,613**	**375,290,577**
I. COST OF GOODS SOLD	**1014**		**85,944,047**	**43,485,683**
II. COST OF MATERIAL, FUEL AND ENERGY	**1015**	**27**	**217,399,992**	**239,879,654**
III. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	**1016**	**28**	**43,490,678**	**38,486,743**
1. Cost of salaries and fringe benefits	1017		36,377,154	32,111,745
2. Cost of tax and contributions on wages and salaries	1018		5,008,349	4,385,978
3. Other personal expenses	1019		2,105,175	1,989,020
IV. DEPRECIATION, DEPLETION AND AMORTIZATION	**1020**		**27,119,878**	**24,960,531**
V. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1021**	**29**	**53,273**	**809,170**
VI. COST OF PRODUCTION SERVICES	**1022**	**30**	**19,181,009**	**16,294,412**
VII. COST OF PROVISION	**1023**		**1,008,915**	**1,319,055**
VIII. NON-PRODUCTION COSTS	**1024**	**31**	**10,985,821**	**10,055,329**
C. OPERATING GAIN (1001-1013)>=0	**1025**		**16,530,035**	**58,431,612**
D. OPERATING LOSS (1013-1001)>=0	**1026**		**-**	**-**
E. FINANCE INCOME (1028+1029+1030+1031)	**1027**	**32**	**3,156,520**	**6,290,653**
I. FINANCIAL INCOME FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1028**		**154,159**	**950,947**
II. INTEREST INCOME	**1029**		**2,365,440**	**4,698,292**
III. FOREIGN EXCHANGE GAIN	**1030**		**571,365**	**594,210**
IV. OTHER FINANCIAL INCOME	**1031**		**65,556**	**47,204**
F. FINANCE EXPENSES (1033+1034+1035+1036)	**1032**	**33**	**5,621,955**	**5,298,169**
I. FINANCIAL EXPENSE FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1033**		**257,977**	**1,259,768**
II. INTEREST EXPENSE	**1034**		**3,715,482**	**3,243,087**
III. FOREIGN EXCHANGE LOSS	**1035**		**1,532,466**	**647,631**
IV. OTHER FINANCIAL EXPENSE	**1036**		**116,030**	**147,683**
I. PROFIT FROM FINANCING OPERATIONS (1027-1032)>=0	**1037**		**-**	**992,484**
J. LOSS FROM FINANCING OPERATIONS (1032-1027)>=0	**1038**		**2,465,435**	**-**

(continued)

CONSOLIDATED INCOME STATEMENT (continued)

	AOP	Note	Year ended 31 December 2024	2023
K. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1039**	**34**	**130,862**	**161,390**
L. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1040**	**35**	**42,864**	**156,316**
M. OTHER INCOME	**1041**	**36**	**1,461,278**	**1,392,778**
N. OTHER EXPENSE	**1042**	**37**	**1,560,838**	**8,661,232**
O. TOTAL INCOME (1001+1027+1039+1041)	**1043**		**426,462,308**	**441,567,010**
P. TOTAL EXPENSE (1013+1032+1040+1042)	**1044**		**412,409,270**	**389,406,294**
Q. OPERATING PROFIT BEFORE TAX (1043-1044)>=0	**1045**		**14,053,038**	**52,160,716**
R. OPERATING LOSS BEFORE TAX (1044-1043)>=0	**1046**		**-**	**-**
S. POSITIVE NET EFFECT ON RESULTS BASED ON PROFIT FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	**1047**		**-**	**-**
T. NEGATIVE NET EFFECT ON RESULTS BASED ON LOSS FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	**1048**		**-**	**-**
U. PROFIT BEFORE TAX (1045-1046+1047-1048)>=0	**1049**		**14,053,038**	**52,160,716**
V. LOSS BEFORE TAX (1046-1045+1048-1047)>=0	**1050**		**-**	**-**
W. INCOME TAX				
I. CURRENT INCOME TAX	1051	38	4,814,328	8,532,713
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1052	38	283	284
III. DEFERRED TAX INCOME FOR THE PERIOD	1053	38	841,010	564,797
X. PERSONAL INCOME PAID TO EMPLOYER	**1054**		**-**	**-**
Y. NET PROFIT (1049-1050-1051-1052+1053-1054)>=0	**1055**		**10,079,437**	**44,192,516**
Z. NET LOSS (1050-1049+1051-1052-1053+1054)>=0	**1056**		**-**	**-**
I. NET PROFIT ATTRIBUTABLE TO NON-CONTROLING INTEREST	**1057**		**-**	**-**
II. NET PROFIT ATTRIBUTABLE TO PARENT COMPANY	**1058**		**10,844,835**	**44,667,130**
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLING INTEREST	**1059**		**765,398**	**474,614**
IV. NET LOSS ATTRIBUTABLE TO PARENT COMPANY	**1060**		**-**	**-**
V. EARNINGS PER SHARE				
1. Basic earnings per share	1061		0.06	0.27
2. Diluted earnings per share	1062		-	-

The accompanying notes on pages 9 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	AOP	Note	Year ended 31 December 2024	2023
A. NET PROFIT				
I. PROFIT, NET (AOP 1064)	**2001**		**10,079,437**	**44,192,516**
II. LOSS, NET (AOP 1065)	**2002**		**-**	**-**
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
a) Items that will not be reclassified to profit or loss				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003		3,400	-
b) decrease in revaluation reserves	2004		-	-
2. Actuarial gains/(losses) of post employment benefit obligations				
a) gains	2005		-	-
b) losses	2006		175,945	49,477
3. Gains/(losses) arising from a share in the associate's other comprehensive profit or loss				
a) gains	2007		-	-
b) losses	2008		-	-
b) Items that may be subsequently reclassified to profit or loss				
1. Gains/(losses) arising from equity investments				
a) gains	2009		-	-
b) losses	2010		-	-
2. Gains/(losses) from currency translation differences				
a) gains	2011		39,677	80,237
b) losses	2012		-	-
3. Gains/(losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-
4. Gains/(losses) on cash flow hedges				
a) gains	2015		-	-
b) losses	2016		-	-
5. Gains/(losses) from change in value of available-for-sale financial assets				
a) gains	2017		52	8,299
b) losses	2018		-	-
I OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)-(2004+2006+2008+2010+2012+2014+2016+2018)>=0	**2019**		**-**	**39,059**
II OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)-(2003+2005+2007+2009+2011+2013+2015+2017)>=0	**2020**		**132,816**	**-**
III DEFERRED TAX EXPENSE ON OTHER COMPREHENSIVE PROFIT/(LOSS)	**2021**		**-**	**-**
IV DEFERRED TAX INCOME ON OTHER COMPREHENSIVE PROFIT/(LOSS)	**2022**		**-**	**-**
V. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021+2022)>=0	**2023**		**-**	**39,059**
VI. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021-2022)>=0	**2024**		**132,816**	**-**
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2023-2024)>=0	**2025**		**9,946,621**	**44,231,575**
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2024-2023)>=0	**2026**		**-**	**-**
D. TOTAL NET COMPREHENSIVE PROFIT				
(2028+2029)=AOP 2025>=0 or AOP 2026>0	**2027**		**9,946,621**	**44,231,575**
1. Attributable to shareholders	2028		9,946,621	44,231,575
2. Attributable to non-controling interest	2029		-	-

The accompanying notes on pages 9 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	AOP	Note	Year ended 31 December 2024	2023
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 4)	**3001**		**728,049,827**	**708,894,927**
1. Sales and advances received - domestic	3002		603,981,647	600,703,088
2. Sales and advances received - foreign	3003		116,962,605	104,418,905
3. Interest from operating activities	3004		3,238,079	3,378,477
4. Other inflow from operating activities	3005		3,867,496	394,457
II. Cash outflow from operating activities (1 до 8)	**3006**		**667,073,290**	**680,911,308**
1. Payments and prepayments to suppliers - domestic	3007		103,714,429	84,440,360
2. Payments and prepayments to suppliers - foreign	3008		220,571,607	248,643,442
3. Salaries, benefits and other personal expenses	3009		42,335,249	36,290,997
4. Interest paid - domestic	3010		2,677,572	2,137,901
5. Interest paid - foreign	3011		624,741	571,343
6. Income tax paid	3012		4,944,654	29,870,557
7. Payments for other public revenues	3013		292,205,038	278,956,708
8. Other payments from operating activities	3014		-	-
III. Net cash inflow from operating activities (I - II)	**3015**		**60,976,537**	**27,983,619**
IV. Net cash outflow from operating activities (II - I)	**3016**		**-**	**-**
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	**3017**		**31,330,240**	**7,426,296**
1. Sale of shares	3018		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3019		211,748	104,698
3. Other financial investments	3020		31,059,893	7,277,226
4. Interest from investing activities	3021		-	-
5. Dividend received	3022		58,599	44,372
II. Cash outflow from investing activities (1 to 3)	**3023**		**60,517,947**	**74,438,261**
1. Acquisition of subsidiaries or other business	3024		-	-
2. Purchase of intangible assets, property, plant and equipment	3025		60,281,791	43,363,331
3. Other financial investments	3026		236,156	31,074,930
III. Net cash inflow from investing activities (I - II)	**3027**		**-**	**-**
IV. Net cash outflow from investing activities (II - I)	**3028**		**29,187,707**	**67,011,965**
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 7)	**3029**		**12,755,977**	**4,200,401**
1. Increase in share capital	3030		-	-
2. Proceeds from long-term borrowings - domestic	3031	21	12,055,367	3,380,401
3. Proceeds from long-term borrowings - foreign	3032	21	-	-
4. Proceeds from short-term borrowings - domestic	3033	21	-	820,000
5. Proceeds from short-term borrowings - foreign	3034	21	-	-
6. Other long-term liabilities	3035		700,610	-
7. Other short-term liabilities	3036		-	-
II. Cash outflow from financing activities (1 to 8)	**3037**		**24,440,728**	**31,524,024**
1. Purchase of own shares	3038		-	-
2. Repayment of long-term borrowings - domestic	3039	21	10,395,804	2,767,509
3. Repayment of long-term borrowings - foreign	3040	21	1,539,680	3,057,206
4. Repayment of short-term borrowings - domestic	3041	21	820,000	821,099
5. Repayment of short-term borrowings - foreign	3042	21	-	487,328
6. Repayment of other liabilities	3043		-	-
7. Financial lease	3044	21	1,206,983	1,025,957
8. Dividend distribution	3045	19.1	10,478,261	23,364,925
III. Net cash inflow from financing activities (I - II)	**3046**		**-**	**-**
IV Net cash outflow from financing activities (II - I)	**3047**		**11,684,751**	**27,323,623**
D. TOTAL CASH INFLOW (3001+3017+3029)	**3048**		**772,136,044**	**720,521,624**
E. TOTAL CASH OUTFLOW (3006+3023+3037)	**3049**		**752,031,965**	**786,873,593**
F. NET CASH INFLOW (3048-3049)>=0	**3050**		**20,104,079**	**-**
G. NET CASH OUTFLOW (3049-3048)>=0	**3051**		**-**	**66,351,969**
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3052**		**21,484,271**	**88,131,045**
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	**3053**		**60,484**	**30,798**
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	**3054**		**912,499**	**325,603**
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3050-3051+3052+3053-3054)	**3055**	**16**	**40,736,335**	**21,484,271**

The accompanying notes on pages 9 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity components											
		AOP	Share capital	AOP	Rev. reserves and unr. gains and losses	AOP	Retained earnings	AOP	Loss	AOP	Non-controling interest	AOP	Total
1.	**Balance as at 1 January 2023**	**4001**	**81,530,200**	**4037**	**504,425**	**4046**	**267,193,012**	**4055**	**-**	**4064**	**-**	**4073**	**349,227,637**
2.	Adjustments of material errors and changes in accounting policies	4002	-	4038	-	4047	-	4056	-	4065	-	4074	-
3.	**Restated opening balance as at 1 January 2023**	**4003**	**81,530,200**	**4039**	**504,425**	**4048**	**267,193,012**	**4057**	**-**	**4066**	**-**	**4075**	**349,227,637**
4.	Net changes in 2023	4004	-	4040	71,546	4049	21,270,862	4058	-	4067	517,608	4076	21,860,016
5.	**Balance as at 31 December 2023**	**4005**	**81,530,200**	**4041**	**575,971**	**4050**	**288,463,874**	**4059**	**-**	**4068**	**517,608**	**4077**	**371,087,653**
6.	Adjustments of material errors and changes in accounting policies	4006	-	4042	-	4051	-	4060	-	4069	-	4078	-
7.	**Restated opening balance as at 1 January 2024**	**4007**	**81,530,200**	**4043**	**575,971**	**4052**	**288,463,874**	**4061**	**-**	**4070**	**517,608**	**4079**	**371,087,653**
8.	Net changes in 2024	4008	-	4044	(122,285)	4053	108,201	4062	-	4071	(517,608)	4080	(531,692)
9.	**Balance as at 31 December 2024**	**4009**	**81,530,200**	**4045**	**453,686**	**4054**	**288,572,075**	**4063**	**-**	**4072**	**-**	**4081**	**370,555,961**

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.

Information on the Group's structure is provided in Note 41. Information on other related party relationships of the Group is provided in Note 42.

These consolidated financial statements have been approved and authorized for issue by Chief Executive Officer and will be presented to Shareholders' Assembly for approval.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

These consolidated financial statements for the year ended 31 December 2024 were prepared in accordance with the Law on Accounting of the Republic of Serbia which requires full scope of International Financial Reporting Standards (IFRS) to be applied as translated into Serbian and the other regulations issued by the Ministry of Finance of the Republic of Serbia. The translation of IFRS which is confirmed and published by the Ministry of Finance comprises the basic texts of IAS and IFRS as published by the International Accounting Standards Board, including interpretations issued by the International Financial Reporting Interpretations Committee in the form in which they are published and which do not include basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other additional explanatory materials which can be adopted in respect of the standards or interpretations, unless it is explicitly stated that they are integral to the standard or interpretation. Also, the Law on Accounting establishes the dinar (RSD) as the official reporting currency (functional and presentation currency). In addition, the Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

- The financial statements are prepared in the format prescribed by the Ministry of Finance of the Republic of Serbia,
- "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet. Such items do not meet the definition of either an asset or a liability under IFRS.

As a result, the accompanying consolidated financial statements cannot be considered as financial statements prepared in full compliance with IFRS.

The preparation of financial statements in conformity with the Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The 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 3.1. Implication of imposed US Sanctions) and, therefore, this principle should be applied in the preparation of these Consolidated Financial Statements.

At the date of signing Consolidated Financial Statements, crude oil price increased since 31 December 2024 from 74.645 $/barrel to 84.140 $/barrel. Management is monitoring situation on the market and in parallel preparing different scenarios to respond to any major fluctuation of crude oil prices.

2.2. Basis of measurement

These consolidated financial statements are prepared on the historical cost basis, except certain financial assets and liabilities and investment properties measured at fair value.

2.3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and the General Manager Advisory Board. The main indicator for assessing performance of operating segments is EBITDA, which is regularly reported to the chief operating decision-maker. The information on segment assets and liabilities are not regularly provided to the chief operating decision-maker.

2.4. Foreign currency translation

(a) *Functional and presentation currency*

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Serbian dinars (“RSD”), which is the functional currency of the Company and presentation currency of the Group.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and other monetary assets and liabilities are presented in the consolidated income statement within ‘Finance income or expense’.

(c) *Group’s Companies*

The result and financial position of all Group companies whose functional currency is different from the Group's presentation currency are calculated as follows:

I. assets and liabilities are translated into the RSD using the exchange rate as at reporting date;
II. income and expenses are translated at average exchange rates and all resulting foreign exchange differences are recognized in reserves as separate items in equity.

2.5. Principles of consolidation

The consolidated financial statements include the accounts of subsidiaries in which the Group has control. Control implies rights or exposure to variable returns from the involvement with the investee and the ability to affect those returns through the power over the investee. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns. An investor is exposed, or has the right to variable returns from its involvement with investee when the investor's return from its involvement has the potential to vary as a result of the investee's performance. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date when control commences until the date when control ceases.

In accessing control, Group takes into consideration potential voting rights that are substantive. Investments in entities that the Group does not control, but where it has the ability to exercise significant influence over operating and financial policies, are accounted for under equity method except for investments that meet criteria of joint operations, which are accounted for on the basis of the Group's interest in the assets, liabilities, expenses and revenue of the joint operation. All other investments are classified either as held-to-maturity or as available for sale.

(a) *Joint Operations and Joint Ventures*

A joint operation is a joint arrangement whereby parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Where the Group acts as a joint operator, the Group recognises in relation to its interest in a joint operation:
- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

With regards to joint arrangements, where the Group acts as a joint venturer, the Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

(b) *Transactions Eliminated on Consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) *Non-controlling interests*

In the consolidated financial statements, non-controlling interests in subsidiaries are presented separately from the Group equity as non-controlling interests. Non-controlling interest is measured at fair value or at its proportionate share in the acquiree's net identifiable assets. For each business combination a separate measurement principle is determined.

(d) *Investments in associates*

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associate are accounted for using equity method and are recognised initially at cost. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired.

2.6. Business combinations

The Group accounts for its business combinations according to IFRS 3 Business Combinations. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group and recognised goodwill or a gain from a bargain purchase. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

2.7. Goodwill

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ('bargain purchase') is recognized in profit or loss, after Management identified all assets acquired and all liabilities and contingent liabilities assumed and reviewed the appropriateness of their measurement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in consolidated profit or loss. Transaction costs, that the Group incurs in connection with a business combination are expensed as incurred.

2.8. Intangible assets

(a) *Goodwill*

Goodwill that arises from business combination is included in intangible assets. Subsequently goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed (note 7).

(b) *Licenses and rights*

Separately acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives. (average useful life is 5 years)

Licenses and rights include Oil and Gas Upstream Exploration Rights, which are amortised in accordance with the terms and conditions of the rights.

(c) *Software*

These include primarily the costs of implementation the (SAP) computer software program. Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful lives (not to exceed 8 years).

2.9. Oil and Gas properties

(a) *Exploration and evaluation expenditure*

The Group follows the successful efforts method of accounting for its exploration and evaluation assets.

Acquisition costs include amounts paid for the acquisition of exploration and development licenses.

Exploration and evaluation assets include:
- Costs of topographical, geological, and geophysical studies and rights of access to properties to conduct those studies;
- Costs of carrying and retaining undeveloped properties;
- Bottom hole contribution;
- Dry hole contribution and
- Costs of drilling and equipping exploratory wells.

The costs incurred in finding, acquiring, and developing reserves are capitalised on a 'field by field' basis. On discovery of a commercially-viable mineral reserve, the capitalised costs are allocated to the discovery. If a discovery is not made, the expenditure is charged as an expense. Exploratory drilling costs and dry and bottom hole contributions are temporarily capitalised under the successful effort method and treated as Oil and gas assets within Property, plant and equipment. Costs of topographical, geological, and geophysical studies, rights of access to properties to conduct those studies are temporarily considered as part of oil and gas assets until it is determined that the reserves are proved and are commercially viable.

If no reserves are found, the exploration asset is tested for impairment. If extractable hydrocarbons are found and, subject to further appraisal activity, that may include drilling of further wells, are likely to be developed commercially; then the costs continue to be carried as Oil and gas asset as long as some sufficient/continued progress is being made in assessing the commerciality of the hydrocarbons. All such carried costs are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off.

Other exploration costs are charged to expense when incurred.

An exploration and evaluation asset is no longer classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised, before reclassification.

(b) *Development costs of fixed and intangible assets*

Development costs are incurred to obtain access to proven reserves and to provide facilities for extracting, treating, gathering and storing oil and gas. They include the costs of development wells to produce proven reserves as well as costs of production facilities.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells is capitalized within construction in progress according to its nature. When development is completed, it is transferred to production assets. No depreciation and/or amortisation are charged during development.

(c) *Oil and gas production assets*

Oil and gas production assets comprise exploration and evaluation assets as well as development costs associated with the production of proved reserves.

(d) *Depreciation/amortization*

Oil and gas properties/intangible assets are depleted using the unit-of-production method. The unit-of production rates are based on proved developed reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. Oil and gas volumes are considered produced once they have been measured through meters at custody transfer or sales transaction points at the outlet valve on the field storage tank.

(e) *Impairment – exploration and evaluation assets*

Exploration property leasehold acquisition costs are assessed for impairment when there are indications of impairment. For the purpose of impairment testing, exploration property leasehold acquisition costs subject to impairment testing are grouped with existing cash-generating units (CGUs) of related production fields located in the same geographical region.

(f) *Impairment – proved oil and gas properties and intangible assets*

Proven oil and gas properties and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2.10. Property, plant and equipment

As of the date of establishment, the Group's property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the part that is replaced is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Land and works of art are not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Description	Useful lives
Buildings	10 - 50
Machinery and Equipment:	
- Production equipment	2 - 35
- Furniture	3 - 10
- Vehicles	5 - 25
- Computers	3 - 10
Other PP&E	3 - 20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "Other income/expenses" in the consolidated income statement (notes 36 and 37).

2.11. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12. Investment property

Investment property is a property held to earn rentals or for capital appreciation or both.

Investment property principally comprises of petrol stations and business facilities rented out for a period exceeding one year.

Investment property is carried at fair value. Changes in fair values are recorded in the consolidated income statement as part of "Income/Expense from valuation od assets (except financial)"(note 26 and 29).

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with it will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

2.13. Financial instruments

(a) *Key measurement terms*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place.

Amortized cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*.

(b) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

At initial recognition, the Group measures a financial asset as its fair value plus, in case of a financial assets not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVTPL are expensed in profit and loss.

After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Factors considered by the Group in determining the business model include the purpose and composition of portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented separately.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest (''SPPI''), are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented separately.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

Trade and other receivables. Trade and other receivables are recognized initially at fair value and are subsequently carried at amortized cost using the effective interest method, less provision for impairment. Trade receivables are amounts due from customers for products and merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortized cost using the effective interest method.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognized initially at fair value and subsequently carried at amortized cost using the effective interest method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(c) *Write-off*

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

(d) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

(e) *Modification*

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: significant change in interest rate or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

(f) *Financial assets impairment*

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and recognises Net impairment losses at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the consolidated balance sheet net of the allowance for ECL. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in consolidated statement of OCI as gains less losses on debt instruments at FVOCI.

- General model of impairment of financial assets – three stage model

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Group identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”).

If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

When defining default for the purposes of determining the risk of a default occurring, the Group applies a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls reflects the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately.

Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

- Simplified approach for impairment of receivables and lease receivables

Group applies simplified approach for trade receivables, contract assets and lease receivables and measure the loss allowance at an amount equal to lifetime expected credit losses (“Lifetime ECL”).

Group uses a provision matrix in the calculation of the expected credit losses on trade receivables. Group use historical credit loss experience (adjusted as appropriate on the basis of current observable data to reflect the effects of the current conditions and its forecasts of future conditions) for trade receivables to estimate the 12-month expected credit losses or the lifetime expected credit losses on the financial assets as relevant.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement.

Impairment losses are reversed through profit or loss if the amount of the impairment loss decreases and the decrease can be attributed to an event occurring after the impairment was recognized.

2.14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises cost of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The impairment test of inventories i.e. spare parts due to damage or obsolescence is performed quarterly. Impairment losses are recognized as “Other expenses” (note 37).

2.15. Off-balance sheet assets and liabilities

Off-balance sheet assets/liabilities include: material received from third parties for further processing and other assets not owned by the Group, as well as receivables/payables related to collaterals such as guarantees and other warrants.

2.16. Share capital

The Company is registered as open joint stock company. Ordinary shares are classified as share capital.

2.17. Earnings per share

The Group calculates and discloses the basic earnings per share. Basic earnings per share is calculated by dividing the net income that belongs to shareholders, the owners of ordinary shares of the Company, by the weighted average number of ordinary shares issued during the period.

2.18. Provisions

Provisions for environmental restoration, asset retirement obligation and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as cost of provision and charged to consolidated income statement.

2.19. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the Group operates and generates taxable profit. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.20. Employee benefits

(a) *Pension obligations*

The Group operates a defined contribution pension plan. The Group pays contributions to publicly administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Employee benefits provided by the Collective Agreement*

The Group provides jubilee, retirement and other employee benefit schemes in accordance with the Collective Agreement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in consolidated statement of other comprehensive income in the period in which they arise. These obligations are valued annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Serbian Treasury bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

(c) *Bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing based on an Individual performance assessment. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

At the end of 2023 Group has made decision to introduce new three-year (2024-2026) incentive program for Group managers which will be settle based on the Key Performance Indicators ("KPI") reached during the program (note 20).

2.21. Revenue recognition from contracts with customers

The Group recognizes revenue from sales of crude oil, petroleum products, gas and other products and services when it satisfies a performance obligation and control over goods and services is passed. For the most contracts control over goods or services passes to a customer at point of time and consideration is unconditional because only the passage of time is required before the payment is due.

Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is shown net of returns, rebates and discounts after eliminating sales within the Group.

Sales taxes

Revenue does not amounts collected on behalf of tax authorities – value added taxes (VAT), excise duties and other sales taxes (fee for improvement of energy efficiency).

The accounting for excise duties is based on the Group's assessment whether it is primarily obligated for payment of excise duties or whether it collects the amount from the customer on behalf of the tax authorities. This determination is made based on the analysis of the local regulatory requirements for each country in which the Group operates. Due to complexity and variety in tax legislations, significant judgmenent is applied in the assessment whether excise duties would be accounted on gross or net basis.

Excise duties imposed during the inventory procurement process are included in the transaction price, revenue is determined on a gross basis and paid excise duties are also included in the cost of goods sold. Excise duties incurred in production and sale of products are assessed as part of amounts collected on behalf of tax authorites and are accounted on a net basis.

(a) *Sales - wholesale*

The Group manufactures and sells oil, petrochemical products, liquefied natural gas and energy in the wholesale market. Sales of goods are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume discounts entitled to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales are made with a credit term of less than one year and is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) *Sales – retail*

The Group operates a chain of Petrol Stations. Sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit card. Group offers customer incentives mostly in the form of loyalty programs described under section d).

(c) *Sales of electricity*

The Group sells electricity on a short and long term basis with a contract terms generally accepted in the energy industry (via bilateral forward standardized general EFET agreements). Majority of sales are made on a wholesale market without structured trades.

In accordance with contract terms if Group expects to physically deliver factual agreed quantity of electricity revenue is recognized at gross basis in consolidated financial statements. In general, delivery of electricity represent transfer of a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer over time. Accordingly, delivery of electricity is treated as a single performance obligation to which transaction price is allocated. Revenue is recognized by applying a single measure of progress to the identified single performance obligation.

(d) *Customer loyalty program*

The Group operates a loyalty program where customers accumulate award points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire after the initial transaction. The transaction price is allocated to the goods sold and the award points on the basis of their relative stand-alone selling prices. A contract liability for the award points is recognized at the time of the sale. Contract liabilities arising from customer loyalty program are presented in the note 25.

(e) *Interest income*

Interest income is recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts.

Interest income on debt instruments at FVTPL calculated at nominal interest rate is presented within 'finance income' line in profit or loss.

Fees integral to the effective interest rate include origination fees received or paid by the Group relating to the creation or acquisition of a financial asset, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the amortized cost.

2.22. Leases

The Group leases various offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	25
Buildings	2 - 22
Machinery	3 - 15
Motor vehicles	2 - 10

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.23. Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are approved by the Group's shareholders.

2.24. Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. All other borrowing costs are expensed in the period in which they are incurred.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Preparing consolidated financial statements required Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the reporting period.

Management reviews these estimates and assumptions on a continuous basis, by reference to past experience and other facts that can reasonably be used to assess the book values of assets and liabilities. Adjustments to accounting estimates are recognised in the period in which the estimates are revised if the change affects only that period or in the period of the revision and subsequent periods, if both periods are affected.

In addition to judgments involving estimations, Management also makes other judgments in the process of applying the Group's accounting policies. Actual results may differ from such estimates if different assumptions or circumstances apply.

Information on the effect of macroeconomic factors on the estimates with the greatest impact on the amounts reflected in these Consolidated Financial Statements is provided below.

3.1. 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 consolidated financial statements for the reporting period ended 31 December 2024. This includes any impairments, provisions or changes in estimates related to the sanctions.

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

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

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

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

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

3.2. Estimation of Oil and Gas Reserves

Engineering estimates of oil and gas reserves are inherently uncertain and are subject to future revisions. Effective 1 October 2020, the Group estimates its oil and gas reserves in accordance with the Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Previously the Group estimated its oil and gas reserves in accordance with the rules promulgated by the US Securities and Exchange Commission (SEC).

Proved reserves are defined as the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic conditions. In some cases, substantial new investment in additional wells and related support facilities and equipment will be required to recover such proved reserves. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of underground reserves are subject to change over time as additional information becomes available.

Oil and gas reserves have a direct impact on certain amounts reported in the consolidated financial statements, most notably depreciation, depletion and amortization as well as impairment expenses.

Depreciation rates on oil and gas assets using the units-of-production method for each field are based on proved developed reserves for development costs, and total proved reserves for costs associated with the acquisition of proved properties. Moreover, estimated proved reserves are used to calculate future cash flows from oil and gas properties, which serve as an indicator in determining whether or not property impairment is present.

Detailed disclosure about Oil and gas reserves was not given as these data prescribed by the Group's normative documents are classified as a business secret.

3.3. Useful Lives of Property, Plant and Equipment

Management assesses the useful life of an asset by considering the expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located. Differences between such estimates and actual results may have a material impact on the amount of the carrying values of the property, plant and equipment and may result in adjustments to future depreciation rates and expenses for the year.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2024 would be to increase/decrease it by 2,429,600 RSD (2023: 2,210,441 RSD).

3.4. Impairment of goodwill

Goodwill is tested for impairment annually.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU. The estimated future cash flows include estimation of future costs to produce reserves, future commodity prices, foreign exchange rate, discount rate etc. (note 7).

3.5. Employee benefits

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employee benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to calculate the present value of estimated future cash outflows which are expected to be required to settle the employee benefits obligations. In determining the appropriate discount rate, the Group takes into consideration the interest rates of Serbian Treasury bonds which are denominated in the currency in which pension liabilities will be settled and whose maturity dates approximate the maturity date of the related pension liability.

If the discount rate used to calculate the present value of employee benefit obligations had been 7.40% (rather than 6.40%) per year, the past service liability (DBO) for the whole NIS Group would decreased by about 7.68% for retirement indemnity and 4.83% for jubilee benefit. If pay increased by 1.0% higher than assumed on an annual basic, than the past service liability (DBO) for the whole NIS Group would increase by amount 8.91% for the retirement indemnity. If employee fluctuation rate increase by 1.0% higher than assumed on an annual basis, then the past service liability (DBO) would decrease by about 8.42% for the retirement indemnity and 5.29% for the jubilee benefit.

3.6. Decommissioning and environmental protection provision

Management makes provision for the future costs of decommissioning oil and gas production facilities, wells, pipelines, and related support equipment and for site restoration based on the best estimates of future costs and economic lives of the oil and gas assets. Estimating future asset retirement obligations is complex and requires management to make estimates and judgments with respect to removal obligations that will occur many years in the future.

Changes in the measurement of existing obligations can result from changes in estimated timing, future costs or discount rates used in valuation.

The amount recognised as a provision (note 20) is the best estimate of the expenditures required to settle the present obligation at the reporting date based on current legislation in each jurisdiction where the Group's operating assets are located, and is also subject to change because of revisions and changes in laws and regulations and their interpretation. As a result of the subjectivity of these provisions there is uncertainty regarding both the amount and estimated timing of such costs.

If the discount rate used to calculate the present value of decommissioning obligations had been 7.40% (rather than 6.40%) per year, the present liability would have decreased by approx. 784,144 RSD (31 December 2023: 7.68% (rather than 6.68%) per year the present liability would have decreased by approx. 835,469 RSD).

3.7. Contingencies

Certain conditions may exist as of the date of these consolidated financial statements are issued that may result in a loss to the Group, but one that will only be realised when one or more future events occur or fail to occur. Management makes an assessment of such contingent liabilities that is based on assumptions and is a matter of judgement. In assessing loss contingencies relating to legal or tax proceedings that involve the Group or unasserted claims that may result in such proceedings, the Group, after consultation with legal and tax advisors, evaluates the perceived merits of any legal or tax proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Group's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. If loss contingencies cannot be reasonably estimated, management recognises the loss when information becomes available that allows a reasonable estimation to be made. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee is disclosed. However, in some instances in which disclosure is not otherwise required, the Group may disclose contingent liabilities of an unusual nature which, in the judgment of Management and its legal counsel, may be of interest to shareholders or others (note 40).

3.8. Recoverability of carrying amount of Property, Plant and Equipment

In the line with changes in the crude oil price on the world market, management of the Group performed stress sensitivity analysis of its impact on recoverability of the Group PPE and overall business performance. Based on the currently available information and crude oil price forecast obtained from a reputable firm management believe that at reporting date recoverable amount of Group's PPE exceed its carrying value.

The Group assessed crude oil price volatility as main impairment indicator. If the actual crude oil price would decrease for 10$/barrel below the forecasted crude oil prices, sensitivity analysis shows that the recoverable amount is still above the carrying value of Group's PPE by 86.1 bln RSD (31 December 2023: 92.2 bln RSD).

Oil prices are based on the available forecasts from globally recognized research institutions.

Management will continue to monitor the crude oil price fluctuation and its influence on business performance in order to adequately take measure to mitigate impact.

4. APPLICATION OF AMENDMENTS TO THE EXISTING STANDARDS

The amendments to existing standards, which became effective on January 1, 2024, did not have a material impact on the 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 Consolidated Financial Statements, when they become effective. The Group does not expect the amendments to existing standards to have a material impact on the 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.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance and finance control department within the Company's Function for Economics, Finance, Planning and Accounting (further "FEPA") which under the policies approved by the Group identifies and evaluates financial risks in close co-operation with the Group's operating units.

In the normal course of its operations the Group has exposure to the following financial risks:

a) market risk (including currency risk, interest rate risk and commodity price risk);
b) credit risk and
c) liquidity risk.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates (c) commodity price, all of which are exposed to general and specific market movements. Management analyse and monitoring risk that may be accepted, however, the use of this approach does not prevent losses in the event of more significant market movements.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to manage its foreign exchange risk against its functional currency. In order to manage its foreign exchange risk arising from future transactions and recognised assets and liabilities, responsible persons in the finance department within the FEPA negotiate the best possible exchange rates for the purchase of foreign currency to be contracted on a daily basis based on the exchange rate applicable on the day the purchase is made. Foreign exchange risks arise when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group functional currency.

The Group has borrowings denominated in foreign currency mainly in EUR which predominantly expose Group to the foreign currency translation risk.

The carrying values (net of allowance) of the Group's financial instruments by currencies they are denominated are as follows:

As of 31 December 2024	**RSD**	**EUR**	**USD**	**Other**	**Total**
Financial assets					
Non-current					
Financial instrument at FVTOCI	91,816	-	-	-	91,816
Long term receivables		826,117			826,117
LT loans issued	6,685	-	-	-	6,685
Other long-term financial investments and receivables	299,462	330,139	6,746	-	636,347
Current assets					
Trade receivables	27,842,828	1,960,023	175,781	2,101,579	32,080,211
Other receivables	455,752	111,180	176,114	312,256	1,055,302
Short term financial investments	12,842	206,334	-	79,958	299,134
Cash and cash equivalents	25,423,558	13,277,199	94,144	1,941,434	40,736,335
Financial liabilities					
Non-current					
Long-term liabilities	(8,292)	(60,196,280)	-	(469,751)	(60,674,323)
Current liabilies					
Short-term financial liabilities	(8,171)	(9,625,715)	-	(116,084)	(9,749,970)
Trade payables	(11,542,379)	(2,399,951)	(155,945)	(3,682,693)	(17,780,968)
Other short-term liabilities	(7,827,519)	(215,968)	(224,428)	(173,218)	(8,441,133)
Net exposure	**34,746,582**	**(55,726,922)**	**72,412**	**(6,519)**	**(20,914,447)**

As of 31 December 2023

	RSD	EUR	USD	Other	Total
Financial assets					
Non-current					
Financial instrument at FVTOCI	91,765	-	-	-	91,765
Long term receivables	-	669,617	-	-	669,617
LT placements	8,565	-	-	-	8,565
Other long-term financial investments and receivables	332,436	489,420	4,964	-	826,820
Current					
Trade receivables	29,028,568	2,576,956	184,873	1,417,509	33,207,906
Other receivables	562,513	109,129	165,649	405,231	1,242,522
Short term financial investments	32,515,563	96,072	-	85,745	32,697,380
Cash and cash equivalents	14,107,046	4,707,499	11,743	2,657,983	21,484,271
Financial liabilities					
Non-current					
Long-term liabilities	(3,370)	(57,983,936)	-	(477,581)	(58,464,887)
Current					
Short-term financial liabilities	(838,339)	(11,404,482)	(30,298)	(232,166)	(12,505,285)
Trade payables	(12,426,696)	(1,869,835)	(834,576)	(1,258,061)	(16,389,168)
Other short-term liabilities	(7,420,785)	(243,117)	(1,964,383)	(186,112)	(9,814,397)
Net exposure	**55,957,266**	**(62,852,677)**	**(2,462,028)**	**2,412,548**	**(6,944,891)**

The following exchange rates applied during the period:

	Reporting date spot rate	
	31 December 2024	31 December 2023
EUR	117.0149	117.1737
USD	112.4386	105.8671

Sensitivity analysis

The Group has chosen to provide information about market and potential exposure to hypothetical gain / (loss) from its use of financial instruments through sensitivity analysis disclosures.

The sensitivity analysis below reflects the hypothetical effect on the Group's consolidated financial statements and the resulting hypothetical gains/losses that would occur assuming change in closing exchange rates and no changes in the portfolio of investments and other variables at the reporting dates.

As at 31 December 2024, if the currency had strengthened/weaken by 1% against the EUR with all other variables held constant, pre-tax profit and equity for the year would have been 557,269 RSD (2023: 628,527 RSD) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings and account payables.

As at 31 December 2024, if the currency had strengthened/weaken by 2% against the USD with all other variables held constant, pre-tax profit and equity for the year would have been 1,448 RSD (2023: 49,241 RSD) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD – denominated accounting payables.

Interest rate risk

Borrowings withdrawn at variable interest rates expose the Group to cash flow interest rate risk. Depending on the levels of net debt at any given period of time, any change in the base interest rates (Euribor) has a proportionate impact on the Group’s results. If interest rates on foreign currency denominated borrowings, with floating interest rate, had been 1% higher/lower with all other variables held constant, pre-tax profit and equity for 2024 would have been 407,226 RSD (2023: 343,848 RSD) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Commodity price risk

The Group's financial performance relates directly to prices for crude oil and petroleum products. The Group is unable to fully control the prices of its products, which depend on the balance of supply and demand on global and domestic markets for crude oil and petroleum products, and on the actions of supervisory agencies.

The Group's planning system calculates different scenarious for key performance facors depending on global oil prices. This approach enables Management to adjust cost by reducing or rescheduling investment programs and other mechanisms. Such activities help to decrease risk to an acceptable level.

Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the consolidated balance sheet is as follows:

	Year end 31 December	
	2024	**2023**
Financial instrument at FVTOCI	91,816	91,765
Long-term receivables	826,117	669,617
Other long-term investments (note 10)	636,347	826,820
Long-term loans issued	6,685	8,565
Trade receivables (note 13)	32,080,211	33,207,906
Other receivables (note 14)	8,818,937	8,847,384
Short-term financial investments (note 15)	299,134	32,697,380
Cash and cash equivalents (note 16)	40,736,335	21,484,271
Total maximum exposure to credit risk	**83,495,582**	**97,833,708**

Credit risk management. Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

*Limits. T*he Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Credit limit is established for each customer individually as maximum amount of credit risk taking into account a number of characteristics, such as:

- financial statements of the counterparty;
- scoring Serbian Business Register Agency, NIS and/or D&B reports;
- amount of registered pledges;
- data on customer's account blockade;
- history of relationships with the Group;
- planned sales volume;
- duration of relationship with the Group, including ageing profile, maturity and existence of any financial difficulties.

Trade and Other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected loss allowance.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 2024 and 60 months before 1 January 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted with forward-looking information on macroeconomic factors as no correlation were identified that significantly affect ability of the customers to settle the receivables.

The credit loss allowance for trade, sprecific and other receivables is determined according to provision matrix presented in the table below.

At 31 December 2024 the provision matrix is based on the number of days that an asset is past due:

	Loss rate	Gross carrying amount	Lifetime ECL	Total trade and other receivables
Trade and other receivables				
- current	0.27%	37,187,967	(100,573)	37,087,394
- less than 30 days overdue	1.23%	1,265,866	(15,596)	1,250,270
- 31 to 90 days overdue	2.25%	944,660	(21,293)	923,367
- 91 to 270 days overdue	2.17%	984,740	(21,368)	963,372
- over 271 days overdue	95.61%	15,357,497	(14,682,752)	674,745
Total trade and other receivables		**55,740,730**	**(14,841,582)**	**40,899,148**

At 31 December 2023 the provision matrix is based on the number of days that an asset is past due:

	Loss rate	Gross carrying amount	Lifetime ECL	Total trade and other receivables
Trade and other receivables				
- current	0.02%	38,601,582	(6,987)	38,594,595
- less than 30 days overdue	0.06%	1,850,830	(1,066)	1,849,764
- 31 to 90 days overdue	0.64%	846,998	(5,420)	841,578
- 91 to 270 days overdue	2.43%	292,544	(7,121)	285,423
- over 271 days overdue	96.89%	15,579,275	(15,095,345)	483,930
Total trade and other receivables		**57,171,229**	**(15,115,939)**	**42,055,290**

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.

Movements on the Group's provision for impairment of trade and lease receivables are as follows:

	Trade receivables	Lease receivables	Total
As at 1 January 2023	**4,736,003**	**34,426**	**4,770,429**
Provision for receivables impairment (note 35)	140,628	123	140,751
Unused amounts reversed (note 34)	(93,052)	(3,528)	(96,580)
Receivables written off during the year as uncollectible	(65,646)	(474)	(66,120)
Other	255,706	-	255,706
As at 31 December 2023	**4,973,639**	**30,547**	**5,004,186**
As at 1 January 2024	**4,973,639**	**30,547**	**5,004,186**
Provision for receivables impairment (note 35)	28,531	1,321	29,852
Unused amounts reversed (note 34)	(116,809)	(3,947)	(120,756)
Receivables written off during the year as uncollectible	(171,414)	(94)	(171,508)
Other	(229)	-	(229)
As at 31 December 2024	**4,713,718**	**27,827**	**4,741,545**

Expenses that have been provided for or written off are included in fair value measurement loss within the consolidated income statement. Amounts charged to the allowance account are generally written off where there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for other receivables:

	Receivables from specific operations	Interest receivables	Other receivables	Total
As at 1 January 2023	**748,202**	**1,892,881**	**7,352,521**	**9,993,604**
Provision for other receivables impairment (note 35)	1,986	9,762	3,388	15,136
Unused amounts reversed (note 34)	(382)	(5,180)	(1,659)	(7,221)
Receivables written off during the year as uncollectible	-	(33,361)	(278)	(33,639)
Other	1,058	142,406	409	143,873
As at 31 December 2023	**750,864**	**2,006,508**	**7,354,381**	**10,111,753**
As at 1 January 2024	**750,864**	**2,006,508**	**7,354,381**	**10,111,753**
Provision for other receivables impairment (note 35)	1,507	8,317	3,188	13,012
Unused amounts reversed (note 34)	(88)	(3,659)	(1,347)	(5,094)
Receivables written off during the year as uncollectible	-	(19,492)	(170)	(19,662)
Other	(17)	66	(21)	28
As at 31 December 2024	**752,266**	**1,991,740**	**7,356,031**	**10,100,037**

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	BBB and higher	Less than BBB	Without rating	Total
As at December 2024				
Cash and cash equivalents (note 16)	4,009,229	12,023,518	24,703,588	**40,736,335**
Deposits with original maturity more than 3 months less than 1 year (note 15)	59,829	-	155,108	**214,937**
As at December 2023				
Cash and cash equivalents (note 16)	8,674,679	4,188,851	8,620,741	**21,484,271**
Deposits with original maturity more than 3 months less than 1 year (note 15)	9,385,677	5,243,556	17,978,611	**32,607,844**
Deposits with original maturity more than 1 year (note 10)	-	-	155,319	**155,319**

The Group uses lifetime expected credit loss approach to measure expected credit losses for most of its financial assets.

As of 31 December 2024 and 2023 no significant credit loss allowance for impairment in respect of these assets was recognized.

Liquidity risk

Cash flow forecasting is performed as aggregated at the Group's level. The Group's finance function monitors rolling forecasts of the Group's liquidity requirements to ensure It has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the Group over and above balance required for working capital management are invested as surplus cash in time deposits.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December 2024	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 - 5 years**	**Over 5 years**
Financial liabilities	70,424,293	80,065,839	14,539,202	63,916,039	1,610,598
Trade payables and dividends	21,564,366	21,564,366	21,564,366	-	-
	91,988,659	**101,630,205**	**36,103,568**	**63,916,039**	**1,610,598**
As at 31 December 2023					
Financial liabilities	70,970,172	79,381,283	15,089,355	61,555,296	2,736,632
Trade payables and dividends	20,172,763	20,172,763	20,172,763	-	-
	91,142,935	**99,554,046**	**35,262,118**	**61,555,296**	**2,736,632**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, revise its investment program, attract new or repay existing loans or sell certain non-core assets.

On the Group level capital is monitored on the basis of the net debt to EBITDA ratio. Net debt to EBITDA is calculated as net debt divided by EBITDA. Net debt is calculated as total debt, which includes long and short term loans, less cash and cash equivalents and short term deposits. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortisation, other finance income (expenses) net, other non-operating income (expenses).

The Group's net debt to EBITDA ratios at the end of the reporting periods were as follows:

	31 December 2024	**31 December 2023**
Total borrowings (notes 21 and 22)	70,424,293	70,970,172
Less: cash and cash equivalents (note 16)	(40,736,335)	(21,484,271)
Net debt	**29,687,958**	**49,485,901**
Adjusted EBITDA	44,392,551	68,051,492
Net debt to adjusted EBITDA ratio at the end of the year	**0.67**	**0.73**

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

There were no changes in the Group's approach to capital management during the year.

The fair value of financial instruments traded in an active market (such as available for sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying amount of trade and other receivables, other current assets and trade and other payable due to their short-term nature is considered to be the same as their fair value. For the majority of the non-current receivables and non-current payables the fair values are also not significantly different to their carrying amounts.

6. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the years ended 31 December 2024 and 2023. Operating segments are components that engaged 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 (refining and marketing). Corporate centre and Energy business activities expenses are presented within the Downstream segment.

Eliminations and other adjustments section encompasses elimination of inter-segment sales and related unrealized profits, mainly from the sale of crude oil and products, and other adjustments. Intersegment revenues are based upon estimated market prices.

EBITDA represents the Group's EBITDA. Management believes that EBITDA represents useful means of assessing the performance of the Group's on-going operating activities, as it reflects the Group's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortization, finance income (expenses) net and other non-operating income (expenses). EBITDA is a supplemental non-IFRS financial measure used by management to evaluate operations.

Reportable segment results for the year ended 31 December 2024 are shown in the table below:

		DWS			
	Upstream	**Downstream**	**Petrochemical**	**Eliminations**	**Total**
Segment revenue	60,423,522	382,458,129	22,533,987	(57,388,005)	408,027,633
Intersegment	54,251,818	3,136,187	-	(57,388,005)	-
External	6,171,704	379,321,942	22,533,987	-	408,027,633
Adjusted EBITDA (Segment results)	**39,958,580**	**11,673,855**	**(7,239,884)**	**-**	**44,392,551**
Depreciation, depletion and amortization	(14,770,001)	(11,604,570)	(745,307)	-	(27,119,878)
Share of loss in joint ventures	-	(105,918)	-	-	(105,918)
Finance (expenses)/income, net	(582,753)	(1,790,924)	14,160	-	(2,359,517)
Income tax	(421,538)	(3,594,467)	42,404	-	(3,973,601)
Segment profit	23,360,123	(5,626,705)	(7,653,981)	-	10,079,437

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

		DWS			
	Upstream	**Downstream**	**Petrochemical**	**Eliminations**	**Total**
Segment revenue	51,106,744	402,030,281	12,058,423	(53,159,768)	412,035,680
Intersegment	50,179,631	2,980,137	-	(53,159,768)	-
External	927,113	399,050,144	12,058,423	-	412,035,680
Adjusted EBITDA (Segment results)	**34,150,299**	**38,791,513**	**(4,890,320)**	**-**	**68,051,492**
Depreciation, depletion and amortization	(14,345,495)	(10,504,115)	(110,921)	-	(24,960,531)
Gain from bargain purchase	-	8,918,255	-	-	8,918,255
Share of loss in associates and joint ventures	-	(137,719)	-	-	(137,719)
Finance (expenses)/income, net	(405,616)	1,280,747	255,072	-	1,130,203
Income tax	(13,304)	(7,954,896)	-	-	(7,968,200)
Segment profit	18,946,894	29,991,762	(4,746,140)	-	44,192,516

Adjusted EBITDA for the downstream segment includes Corporate centre EBITDA in the negative amount of 9,042,728 RSD for the year ended 31 December 2024 (31 December 2023: negative EBITDA in the amount of 15,604,457 RSD). Adjusted EBITDA for Downstream segment prior allocation of Corporate centre EBITDA is presented in the following table:

	Year ended 31 December 2024	2023
Adjusted EBITDA for the Downstream segment after allocation of Corporate centre	4,433,971	33,901,193
Corporate centre EBITDA	(9,042,728)	(15,604,457)
Adjusted EBITDA prior allocation of Corporate centre	**13,476,699**	**49,505,650**

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

	Year ended 31 December 2024	2023
Profit for the year	10,079,437	44,192,516
Income tax	3,973,601	7,968,200
Other expenses	1,560,838	8,661,232
Other income	(1,461,278)	(1,392,778)
Losses from valuation of assets at fair value through profit and loss	42,864	156,316
Income from valuation of assets at fair value through profit and loss	(130,862)	(161,390)
Finance expense	5,621,955	5,298,169
Finance income	(3,156,520)	(6,290,653)
Depreciation, depletion and amortization	27,119,878	24,960,531
Other non-operating (income)/expenses, net*	742,638	(15,340,651)
EBITDA	**44,392,551**	**68,051,492**

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

Oil, gas and petroleum products sales, sales of electricity, lease revenue and other sales comprise the following (based on the country of customer incorporation):

	Year ended 31 December 2024		
	Domestic market	**Export and international sales**	**Total**
Sale of crude oil	-	5,368,026	5,368,026
Sale of gas	182,983	8,788	191,771
Wholesale activities	182,983	8,788	191,771
Sale of petroleum products	291,268,645	65,607,973	356,876,618
Through a retail network	106,235,625	17,007,775	123,243,400
Wholesale activities	185,033,020	48,600,198	233,633,218
Sales of petrochemical products	8,124,591	14,282,845	22,407,436
Sales of electricity	933,084	109,243	1,042,327
Lease revenue	303,116	56,686	359,802
Other sales and other operating income	17,029,737	4,751,916	21,781,653
Total sales and other income	**317,842,156**	**90,185,477**	**408,027,633**

	Year ended 31 December 2023		
	Domestic market	**Export and international sales**	**Total**
Sale of crude oil	-	-	-
Sale of gas	159,320	12,560	171,880
Wholesale activities	159,320	12,560	171,880
Sale of petroleum products	302,150,163	62,156,561	364,306,724
Through a retail network	110,382,013	18,089,678	128,471,691
Wholesale activities	191,768,150	44,066,883	235,835,033
Sales of petrochemical products	3,605,123	8,329,402	11,934,525
Sales of electricity	15,406,533	122,485	15,529,018
Lease revenue	310,654	57,841	368,495
Other sales and other operating income	15,096,829	4,628,209	19,725,038
Total sales and other income	**336,728,622**	**75,307,058**	**412,035,680**

Revenue from one customer amounted to 25,139,992 RSD (2023: 25,983,119 RSD), arise from sale of petroleum products attributable to wholesale activities within Downstream segment.

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

The Group is domiciled in the Republic of Serbia. The result of its revenue from external customers in the Republic of Serbia is 317,842,156 RSD (2023: 336,728,622 RSD), and the total of revenue from external customer from other countries is 90,185,477 RSD (2023: 75,307,058 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.

The breakdown of the major component of the total revenue from external customers from other countries is disclosed below:

	Year ended 31 December 2024	2023
Sale of crude oil	5,368,026	-
Sale of gas	8,788	12,560
Sale of petroleum products (retail and wholesale)		
Bosnia and Herzegovina	32,739,769	28,939,958
Bulgaria	8,018,311	8,552,855
Romania	5,327,434	5,377,527
All other markets	19,522,459	19,286,221
	65,607,973	62,156,561
Sales of petrochemical products	14,282,845	8,329,402
Sales of electricity	109,243	122,485
Lease revenue	56,686	57,841
Other sales and other operating income	4,751,916	4,628,209
	90,185,477	**75,307,058**

Revenues from the individual countries included in all other markets are not material.

Presentation of excise duties

The following table presents sales revenue earned and related calculated excise duties for 2024 and 2023:

	2024	2023
Sales revenue and other income	606,166,250	587,297,104
Excise duties	(198,138,617)	(175,261,424)
Net sales revenue and other income	**408,027,633**	**412,035,680**

In the Republic of Serbia excise duties become payable when products subject of excise duties exit from excise warehouse. This incurs when the goods are loaded for transport either for direct sales to customers (wholesale) or for transport to own retail network. Calculated excise duties are payable in 15 days. The Group assessed that for excise duties levied in wholesale it bears no inventory risk nor significant credit risk. In retail sales, the Group estimates that average turnover of inventories approximates payment period for excise duties, and that there are no significant inventory or credit risk. Accordingly, since the Group bears no significant risks in both cases, excise duties are collected on behalf of tax authority and consequently deducted from revenue.

Non-current assets, other than financial instruments, deferred income tax assets, investments in joint venture and other non-current assets (there are no employment benefit assets and rights arising under insurance contracts), by country:

	31 December 2024	31 December 2023
Serbia	322,775,711	292,669,732
Romania	12,788,439	13,049,599
Bosnia and Herzegovina	7,263,604	7,455,480
Bulgaria	5,549,969	5,692,212
Other	-	16
	348,377,723	**318,867,039**

7. INTANGIBLE ASSETS

	Development investments	Concessions, patents, licenses, software and other rights	Goodwill	Other intangibles	Intangible assets under development	Total
At 1 January 2023						
Cost	20,160,174	12,133,953	1,263,760	1,574,316	4,826,534	39,958,737
Accumulated amortization and impairment	(7,367,721)	(9,616,901)	-	(461,208)	(63,665)	(17,509,495)
Net book amount	**12,792,453**	**2,517,052**	**1,263,760**	**1,113,108**	**4,762,869**	**22,449,242**
Year ended 31 December 2023						
Additions	430,703	497,704	-	41,713	577,001	1,547,121
Amortization	(1,502,427)	(546,125)	-	(43,617)	-	(2,092,169)
Transfer to PP&E (note 8)	-	-	-	-	(765)	(765)
Disposals and write-off	-	(995)	-	-	-	(995)
Other transfers	(1)	1,645	-	(1,429)	(1)	214
Translation differences	(12,795)	(184)	(2,952)	(5)	(13,654)	(29,590)
Closing net book amount	**11,707,933**	**2,469,097**	**1,260,808**	**1,109,770**	**5,325,450**	**21,873,058**
As at 31 December 2023						
Cost	20,569,506	12,620,296	1,260,808	1,614,257	5,325,450	41,390,317
Accumulated amortization and impairment	(8,861,573)	(10,151,199)	-	(504,487)	-	(19,517,259)
Net book amount	**11,707,933**	**2,469,097**	**1,260,808**	**1,109,770**	**5,325,450**	**21,873,058**
At 1 January 2024						
Cost	20,569,506	12,620,296	1,260,808	1,614,257	5,325,450	41,390,317
Accumulated amortization and impairment	(8,861,573)	(10,151,199)	-	(504,487)	-	(19,517,259)
Net book amount	**11,707,933**	**2,469,097**	**1,260,808**	**1,109,770**	**5,325,450**	**21,873,058**
Year ended 31 December 2024						
Additions	568,471	859,288	-	33,520	44,155	1,505,434
Impairment (note 29)	-	(8,806)	-	-	(908)	(9,714)
Amortization	(1,445,846)	(570,996)	-	(31,804)	-	(2,048,646)
Transfer from PP&E (note 8)	-	-	-	-	280	280
Disposals and write-off	-	(216)	-	-	-	(216)
Other transfers	-	(1,339)	-	(1)	(16,952)	(18,292)
Translation differences	(3,797)	(119)	(1,956)	-	(6,415)	(12,287)
Closing net book amount	**10,826,761**	**2,746,909**	**1,258,852**	**1,111,485**	**5,345,610**	**21,289,617**
As at 31 December 2024						
Cost	21,132,497	13,455,192	1,258,852	1,625,824	5,346,518	42,818,883
Accumulated amortization and impairment	(10,305,736)	(10,708,283)	-	(514,339)	(908)	(21,529,266)
Net book amount	**10,826,761**	**2,746,909**	**1,258,852**	**1,111,485**	**5,345,610**	**21,289,617**

Intangible assets under development as at 31 December 2024 amounting to 5,345,610 RSD (31 December 2023: 5,325,450 RSD) mostly relate to investments in explorations (unproved reserves) in the amount of 4,165,318 RSD (31 December 2023: 4,374,285 RSD).

Impairment test for goodwill

Goodwill is monitored by the management on an individual CGU basis and geographic location. The recoverable amount of each CGUs has been determined based on higher of value-in-use and fair value less cost to disposed calculations. These calculations use after-tax cash flow projections based on financial budgets approved by management covering a five-year period.

The average key assumptions used in value-in use calculations:

	2024	2023
Average gross margin	15.6%	15.6%
Growth rate	1%	1%
Price/sales ratio	0.77	0.77
Discount rate		
- Romania market	8.06%	9.70%
- Bulgaria market	7.44%	8.90%
- Bosnia and Herzegovina market	13.22%	13.60%

Management determined the budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are after-tax and reflect specific risks relation to the relevant CGU. The following is a summary of goodwill allocation:

	Opening balance	Addition	Impairment	Translation differences	Closing balance
2024					
Bosnia and Herzegovina	480,669	-	-	(653)	480,016
Romania	266,769	-	-	(606)	266,163
Bulgaria	513,370	-	-	(697)	512,673
	1,260,808	**-**	**-**	**(1,956)**	**1,258,852**
2023					
Bosnia and Herzegovina	481,266	-	-	(597)	480,669
Romania	268,484	-	-	(1,715)	266,769
Bulgaria	514,010	-	-	(640)	513,370
	1,263,760	**-**	**-**	**(2,952)**	**1,260,808**

Impairment test in Bosnia, Romania and Bulgaria shows that the recoverable amount calculated based on higher of value-in-use and fair value less cost to disposed exceeds carrying value.

The value-in-use impairment test using the method based on after-tax cash flow projections showed that all countries with the current level of the discount rate are sensitive to asset impairment, which is why the determination of fair value less cost to disposed was used to determine the recoverable amount.

For calculation of fair value less cost to disposed, a P/S ratio of 0.77 was used based on publicly available data and the internal database of renowned external consultants. The impairment test for the market of Bosnia and Herzegovina is the least sensitive to the change of the P/S indicator, where the fair value less cost to disposed is below the current value of the corresponding asset when this indicator is lower than 0.41, for the market of Romania and Bulgaria below 0.77.

The management considers the average fuel gross margin as a part of the overall average gross margin to be the key assumption which affects the sensitivity of value in use calculation. The following table shows sensitivity of this calculation against the change in this assumption by showing how much the average fuel gross margin should decrease in order for value in use to be equal to the carrying amount of tested assets:

	2024		2023	
	Used assumption on average gross fuel margin	Change in pp	Used assumption on average gross fuel margin	Change in pp
Romania market	18.7%	+3.2pp	15.5%	-1.1pp
Bulgaria market	19.2%	+3.0pp	16.2%	-0.4pp
Bosnia and Herzegovina market	17.3%	+2.1pp	15.2%	+0.1pp

8. PROPERTY, PLANT AND EQUIPMENT

a) *Property, plant and equipment carried at cost*

	Land	Buildings	Machinery and equipment	Construction in Progress	Other PP&E	Investments in leased PP&E	Advances to suppliers	Total
At 1 January 2023								
Cost	17,056,211	269,382,451	187,471,805	20,115,586	95,086	604,777	1,208,348	495,934,264
Accumulated depreciation and impairment	(340,333)	(110,221,522)	(102,059,678)	(3,097,502)	(1,114)	(435,971)	(26,761)	(216,182,881)
Net book amount	**16,715,878**	**159,160,929**	**85,412,127**	**17,018,084**	**93,972**	**168,806**	**1,181,587**	**279,751,383**
Year ended 31 December 2023								
Additions	139,087	14,792,291	6,350,587	12,642,354	-	26,775	8,862,911	42,814,005
Acquisitions through business combinations	507,101	695,129	658,691	37,591	-	-	-	1,898,512
Changes in decommissioning obligations	-	290,351	-	-	-	-	-	290,351
Impairment effect, net (note 26 and 29)	-	-	-	(133,295)	-	-	32	(133,263)
Depreciation	-	(11,784,965)	(10,298,110)	-	-	(21,331)	-	(22,104,406)
Transfer from intangible assets (note 7)	-	-	-	765	-	-	-	765
Transfer (to)/from investment property (note 8b)	(9,338)	15,139	-	-	-	-	-	5,801
Transfer to non-current assets held for sale	(31,539)	-	(6,497)	-	-	-	-	(38,036)
Disposals and write-off	(14,375)	(44,599)	(49,131)	(188,776)	(48)	-	-	(296,929)
Other transfers and closing of advances paid	-	302,583	(218,416)	(412,794)	1	(2)	(3,813,083)	(4,141,711)
Translation differences	(13,101)	(23,287)	(2,696)	(25,741)	-	(26)	(69)	(64,920)
Closing net book amount	**17,293,713**	**163,403,571**	**81,846,555**	**28,938,188**	**93,925**	**174,222**	**6,231,378**	**297,981,552**
At 31 December 2023								
Cost	17,633,974	287,304,340	197,904,758	32,183,168	95,038	627,681	6,749,276	542,498,235
Accumulated depreciation and impairment	(340,261)	(123,900,769)	(116,058,203)	(3,244,980)	(1,113)	(453,459)	(517,898)	(244,516,683)
Net book amount	**17,293,713**	**163,403,571**	**81,846,555**	**28,938,188**	**93,925**	**174,222**	**6,231,378**	**297,981,552**
At 1 January 2024								
Cost	17,633,974	287,304,340	197,904,758	32,183,168	95,038	627,681	6,749,276	542,498,235
Accumulated depreciation and impairment	(340,261)	(123,900,769)	(116,058,203)	(3,244,980)	(1,113)	(453,459)	(517,898)	(244,516,683)
Net book amount	**17,293,713**	**163,403,571**	**81,846,555**	**28,938,188**	**93,925**	**174,222**	**6,231,378**	**297,981,552**
Year ended 31 December 2024								
Additions	36,420	23,716,491	26,517,158	3,800,632	706	974	7,300,119	61,372,500
Changes in decommissioning obligations	-	662,734	-	-	-	-	-	662,734
Impairment effect, net (note 26 and 29)	(1,335)	(1,587)	-	176,119	-	-	231,794	404,991
Depreciation	-	(13,148,916)	(11,123,179)	-	-	(23,901)	-	(24,295,996)
Transfer to intangible assets (note 7)	-	-	-	(280)	-	-	-	(280)
Transfer to investment property (note 8b)	(8,532)	(1,900)	-	-	-	-	-	(10,432)
Transfer (to)/from non-current assets held for sale	12,924	(814)	(57)	(200,000)	-	-	-	(187,947)
Disposals and write-off	(2,023)	(80,539)	(76,749)	(1,069)	(532)	-	-	(160,912)
Other transfers and closing of advances paid	2,812	(6,332)	1,063	(274,799)	-	7,445	(10,962,324)	(11,232,135)
Translation differences	(9,568)	(10,297)	(1,372)	(12,715)	-	(40)	(4)	(33,996)
Closing net book amount	**17,324,411**	**174,532,411**	**97,163,419**	**32,426,076**	**94,099**	**158,700**	**2,800,963**	**324,500,079**
At 31 December 2024								
Cost	17,657,849	311,286,927	223,795,724	33,229,067	95,212	635,012	3,033,702	589,733,493
Accumulated depreciation and impairment	(333,438)	(136,754,516)	(126,632,305)	(802,991)	(1,113)	(476,312)	(232,739)	(265,233,414)
Net book amount	**17,324,411**	**174,532,411**	**97,163,419**	**32,426,076**	**94,099**	**158,700**	**2,800,963**	**324,500,079**

In 2024, The Group capitalised borrowing costs directly attributable to the acquisition, construction and production of qualifying asset, as part of its cost amounting to 80,335 RSD (2023: 66,158 RSD).

Of the total amount of activations in 2024 in the amount of 50,266,273 RSD, the most significant part refers to activation on oil&gas properties in the amount of 24,273,215 RSD. In 2023 the amount of 21,308,740 RSD, the most significant part refers to to activation on oil&gas properties in the amount of 17,216,199 RSD.

The management of the Group assesses at each reporting date whether there is an indication that the recoverable amount of property, plant and equipment fell below its book value.

As at 31 December 2024, the Group assessed impairment indicators of cash generating units (“CGU”) – refer to note 3.8 for details. In addition, Group has assessed and recognized gains from reversal of impairment gains in the net amount of 173,197 RSD (2023: loss in the amount of 133,295 RSD). The gain arises from the sale of previously impaired assets, while the loss pertains to for the asset which has disposed due to obsolete, physically damage or for assets under constructions for which exist indication that expected recoverable amounts would not recover carrying value of the assets.

b) Investment property – carried at fair value

Investment properties are valued at the reporting date at fair value representing the investment property market value.

Movements on the account were as follows:

	2024	2023
As at 1 January	**1,514,920**	**1,531,705**
Fair value loss (note 29)	(2,991)	-
Transfer (from)/to PP&E carried at cost (note 8a)	10,432	(5,801)
Other transfer	(7,426)	(10,984)
As at 31 December	**1,514,935**	**1,514,920**

As at 31 December 2024, investment properties amounting to 1,514,935 RSD (31 December 2023: 1,514,920 RSD) mainly relate to the petrol stations and business facilities that have been rented out under long-term lease agreements, and are valued at fair value as at the reporting date.

Fair value of investment properties

Valuation of the Group’s investment properties comprised of rented petrol stations and other business facilities was performed to determine the fair value as at 31 December 2024 and 2023. The revaluation gain was credited to income from assets valuation (note 26).

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value measurements at 31 December 2024 using:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Land and buildings			
− Shops and other facilities for rents	-	923,440	-
− Gas stations	-	-	591,495
Total	**-**	**923,440**	**591,495**

Fair value measurements at 31 December 2023 using:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Land and buildings			
− Shops and other facilities for rents	-	921,151	-
− Gas stations	-	-	593,769
Total	**-**	**921,151**	**593,769**

Valuation techniques used to derive level 2 fair values

Level 2 fair values of shops, apartments and other properties for rent have been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

Fair value measurements using significant unobservable inputs (Level 3)

Level 3 fair values of gas stations have been derived using value-in-use approach where fair value of gas station is determined as the present value of future net benefits which will belong to the Group based on long-term rental contracts. The most significant input into this valuation approach is rental price per gas station.

The key assumptions used for value-in-use calculations:

	2024	2023
Long term growth rate	0%	0%
Discount rate	9.21%	10.65%

Reconciliation of changes in fair value measurement, assets categorised within Level 3 of the fair value hierarchy:

	2024	2023
Assets as at 1 January	**593,769**	**585,138**
Transfer from/to PPE	(2,274)	8,631
Changes in fair value measurement:		
Gains recognised in profit or loss, fair value measurement	-	-
Other	-	-
Total increase in fair value measurement, assets	-	-
Assets as at 31 December	**591,495**	**593,769**

c) Oil and gas production assets

Oil and gas production assets comprise of aggregated exploration and evaluation assets and development expenditures associated with the production of proved reserves (note 2.9).

	Capitalised exploration and evaluation expenditure	Capitalised development expenditure	Total asset under construction	Production assets	Other business and corporate assets	Total
As at 1 January 2023						
Cost	10,724,715	6,167,892	16,892,607	235,638,513	57,889	252,589,009
Depreciation and impairment	(120,508)	(34,768)	(155,276)	(97,472,486)	(29,389)	(97,657,151)
Net book amount	**10,604,207**	**6,133,124**	**16,737,331**	**138,166,027**	**28,500**	**154,931,858**
Year ended 31 December 2023						
Additions	2,525,111	1,511,664	4,036,775	17,216,199	5,463	21,258,437
Changes in decommissioning obligations	-	-	-	290,237	-	290,237
Impairment (note 29)	(74,169)	(47,986)	(122,155)	-	-	(122,155)
Depreciation and depletion	-	-	-	(13,616,185)	(3,826)	(13,620,011)
Transfer from investment property	-	-	-	136	-	136
Transfer to non-current assets held for sale	-	-	-	(6,497)	-	(6,497)
Disposals and write-off	-	(163,308)	(163,308)	(37,696)	(48)	(201,052)
Other transfers	(9,103)	48,472	39,369	72,553	(46)	111,876
Translation differences	(36,893)	(2,216)	(39,109)	(26,352)	-	(65,461)
	13,009,153	**7,479,750**	**20,488,903**	**142,058,422**	**30,043**	**162,577,368**
As at 31 December 2023						
Cost	13,205,102	7,512,827	20,717,929	252,630,090	63,258	273,411,277
Depreciation and impairment	(195,949)	(33,077)	(229,026)	(110,571,668)	(33,215)	(110,833,909)
Net book amount	**13,009,153**	**7,479,750**	**20,488,903**	**142,058,422**	**30,043**	**162,577,368**
At 1 January 2024						
Cost	13,205,102	7,512,827	20,717,929	252,630,090	63,258	273,411,277
Depreciation and impairment	(195,949)	(33,077)	(229,026)	(110,571,668)	(33,215)	(110,833,909)
Net book amount	**13,009,153**	**7,479,750**	**20,488,903**	**142,058,422**	**30,043**	**162,577,368**
Year ended 31 December 2024						
Additions	(843,955)	2,251,853	1,407,898	24,273,215	-	25,681,113
Changes in decommissioning obligations	-	-	-	662,734	-	662,734
Depreciation and depletion	-	-	-	(14,057,728)	(2,540)	(14,060,268)
Transfer to investment property	-	-	-	(13)	-	(13)
Disposals and write-off	-	(187)	(187)	(35,634)	(532)	(36,353)
Other transfers	(2,664)	3,999	1,335	(1,641)	(94)	(400)
Translation differences	(17,628)	(1,432)	(19,060)	(7,880)	-	(26,940)
	12,144,906	**9,733,983**	**21,878,889**	**152,891,475**	**26,877**	**174,797,241**
As at 31 December 2024						
Cost	12,342,168	9,767,060	22,109,228	277,691,675	62,632	299,863,535
Depreciation and impairment	(197,262)	(33,077)	(230,339)	(124,800,200)	(35,755)	(125,066,294)
Net book amount	**12,144,906**	**9,733,983**	**21,878,889**	**152,891,475**	**26,877**	**174,797,241**

Exploration investment in Romania in amount of 1,792,913 RSD is currently in the phase of Evaluation of research results and confirmation of these results by the National Agency for Mineral Resources was not received until the end of 2024, but was transferred to 2025. When assessing the status of this investment as at 31 December 2024 impairment indicators were analysed by observing this whole exploration area allowed in accordance with IFRS 6. Based on the analysis performed as at 31 December 2024 the Group assessed that there were no indicators of impairment and is continuing to assess the possibility of commercial production on the field. Once National Agency for Mineral Resources confirms results impairment indicators will be reassessed.

d) Right of use assets

	Land	Property	Plant and equipment	Vehicles	Other	Total
As at 1 January 2023	**115,093**	**1,459,371**	**276,644**	**1,844,718**	**-**	**3,695,826**
Additions	2,542	154,343	213,308	549,768	-	919,961
Depreciation	(8,577)	(268,002)	(155,144)	(332,233)	-	(763,956)
Transfers	-	-	5,000	(6,994)	1,994	-
Disposals	-	3	(110,235)	(9,153)	-	(119,385)
Impairment (note 29)	-	-	-	-	(1,994)	(1,994)
Translation differences	(278)	(1,069)	(285)	(70)	-	(1,702)
As at 31 December 2023	**108,780**	**1,344,646**	**229,288**	**2,046,036**	**-**	**3,728,750**
As at 1 January 2024	**108,780**	**1,344,646**	**229,288**	**2,046,036**	**-**	**3,728,750**
Additions	13,794	166,604	206,573	759,104	-	1,146,075
Depreciation	(10,111)	(241,263)	(150,835)	(373,027)	-	(775,236)
Transfers	-	(5,963)	-	-	-	(5,963)
Disposals	-	-	(1,548)	(216,925)	-	(218,473)
Translation differences	(242)	(774)	(48)	(33)	-	(1,097)
As at 31 December 2024	**112,221**	**1,263,250**	**283,430**	**2,215,155**	**-**	**3,874,056**

9. INVESTMENTS IN JOINT VENTURE

The carrying values of the investments in joint ventures as of 31 December, 2024 and 2023 are summarised below:

		Ownership percentage	31 December 2024	31 December 2023
NIS MET Energowind d.o.o. Belgrade	Joint venture	50%	746,727	797,238
Gazprom Energoholding Serbia d.o.o. Belgrade	Joint venture	49%	1,876,360	1,931,767
Total investments			**2,623,087**	**2,729,005**

The principal place of business of joint ventures disclosed above is the Republic of Serbia.

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself.

NIS MET Energowind d.o.o. Belgrade

In 2013 the Group acquired 50% of interest in a joint venture Energowind d.o.o. which was intended to be used as a vehicle for operation of future wind farm ‘’Plandište’’ with total capacity of 102 MW. During March 2019, MET Renewables AG acquired from third parties 50% of share in the project and became a joint partner on the project that has been renamed to NIS MET Energowind d.o.o. Beograd.

As of the date of issuance of these Consolidated Financial Statements, the project is in the development and optimization phase. A comprehensive analysis of potential development opportunities is being conducted, taking into account the current geopolitical circumstances. The company has obtained license approval, with the project scheduled for completion by 2027, and the possibility of a one-year extension.

NIS MET Energowind d.o.o. is a private company and there is no available quoted market price.

Gazprom Energoholding Serbia d.o.o. Belgrade

In 2015 holding company has been established to operate Thermal and Heating Power Plant "TE-TO" Pančevo with a projected capacity of 208 MW. In October 2017 the contract for development was signed on a "turnkey" basis. At this moment provides thermal energy – technological steam to the Oil Refinery in Pančevo, while electricity is sold to Elektroprivreda Srbije JSC Belgrade and transferred into electricity transmission system of Serbia.

The summarised financial information for the joint ventures is presented in the table below:

	NIS MET Energowind	Gazprom Energoholding Serbia
31 December 2024		
Current assets	30,137	2,506,687
Non-current assets	3,722,072	21,979,523
Current liabilities	1,853,550	5,747,971
Non-current liabilities	-	14,894,183
Revenue	18,740	15,095,928
Loss for the year	(101,022)	(113,078)
31 December 2023		
Current assets	120,106	2,612,304
Non-current assets	3,725,436	22,614,890
Current liabilities	1,845,831	5,047,973
Non-current liabilities	-	16,220,251
Revenue	9,623	14,604,254
Loss for the year	(99,561)	(179,466)

10. OTHER LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES

	31 December 2024	31 December 2023
Deposits with original maturity more than 1 year	-	155,319
Other long-term financial investments	260,558	260,165
LT loans given to employees	657,983	698,946
Less provision	(282,194)	(287,610)
	636,347	**826,820**

Loans to employees as at 31 December 2024 amounting to 657,983 RSD (31 December 2023: 698,946 RSD) represent interest-free loans or loans at the interest rate of 0.5% and 1.5% given to employees for housing purposes, and are repaid through monthly instalments. These loans are impaired in amount of 282,194 RSD (31 December 2023: 287,610 RSD).

11. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities in the Consolidated Financial Statements are attributable to the following:

	Assets	Liabilities	Net
As at December 31, 2024			
Provisions	705,815	-	705,815
Property, plant and equipment	3,519,272	(179,997)	3,339,275
Impairment losses	61,012	-	61,012
Fair value gains	3,956	-	3,956
Revaluation reserve	-	(11,362)	(11,362)
	4,290,055	**(191,359)**	**4,098,696**
As at December 31, 2023			
Provisions	834,113	-	834,113
Property, plant and equipment	2,628,687	(282,373)	2,346,314
Impairment losses	72,236	-	72,236
Fair value gains	4,005	-	4,005
Revaluation reserve	-	(11,601)	(11,601)
	3,539,041	**(293,974)**	**3,245,067**

Movements in temporary differences during the period:

	As at December 31, 2023	Recognised in profit or loss	Recognised in other comprehensive income	Effects of subsidiary acquisition	Other	As at December 31, 2024
Provisions	834,113	(141,011)	12,710	-	3	705,815
Property, plant and equipment	2,346,314	992,962	-	-	(1)	3,339,275
Impairment losses	72,236	(11,224)	-	-	-	61,012
Fair value gains	4,005	-	(49)	-	-	3,956
Revaluation reserve	(11,601)	-	239	-	-	(11,362)
Total	**3,245,067**	**840,727**	**12,900**	**-**	**2**	**4,098,696**

	As at December 31, 2022	Recognised in profit or loss	Recognised in other comprehensive income	Effects of subsidiary acquisition	Other	As at December 31, 2023
Provisions	704,723	119,989	9,398	-	3	834,113
Property, plant and equipment	1,698,562	743,295	-	(95,548)	5	2,346,314
Impairment losses	367,129	(294,893)	-	-	-	72,236
Fair value gains	10,327	(6,353)	31	-	-	4,005
Revaluation reserve	(14,075)	2,475	-	-	(1)	(11,601)
Total	**2,766,666**	**564,513**	**9,429**	**(95,548)**	**7**	**3,245,067**

The recognition of deferred tax assets was based on a five-year business plan of the Group and the actual results achieved to date which have given the management strong indications that the income tax credits carried forward will be utilised.

12. INVENTORY

	31 December 2024	31 December 2023
Materials, spare parts and tools	27,760,671	38,246,639
Work in progress	6,994,014	7,638,856
Finished goods	19,496,511	23,150,152
Goods for sale	3,066,241	4,398,526
Advances	1,868,543	1,801,550
Less: impairment of inventory	(5,130,666)	(5,753,230)
Less: impairment of advances	(160,698)	(175,099)
	53,894,616	**69,307,394**

Movement on inventory provision is as follows:

	Impairment of inventories	Impairment of Advances	Total
Balance as of 1 January 2023	**4,513,662**	**148,529**	**4,662,191**
Company incoming to consolidation	1,080,053	26,989	1,107,042
Provision for inventories and advances (note 29)	646,688	13,766	660,454
Unused amounts reversed (note 26)	(472,753)	(14,185)	(486,938)
Other	(14,420)	-	(14,420)
Balance as of 31 December 2023	**5,753,230**	**175,099**	**5,928,329**
Provision for inventories and advances (note 29)	-	146	146
Unused amounts reversed (note 26)	(561,720)	(14,435)	(576,155)
Writte off during the year	(71,355)	-	(71,355)
Other	10,511	(112)	10,399
Balance as of 31 December 2024	**5,130,666**	**160,698**	**5,291,364**

13. TRADE RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables - other related parties - domestic	51,000	142,336
Trade receivables - other related parties - foreign	249,124	191,571
Trade receivables domestic – third parties	35,203,570	35,859,921
Trade receivables foreign – third parties	1,318,062	2,018,264
	36,821,756	38,212,092
Less: Impairment	(4,741,545)	(5,004,186)
	32,080,211	**33,207,906**

14. OTHER SHORT-TERM RECEIVABLES

	31 December 2024	31 December 2023
Receivables from specific operations	968,429	950,186
Interest receivables	2,029,910	2,035,894
Receivables from employees	35,261	70,394
Other receivables	380,208	667,468
Income tax prepayment	7,738,035	7,626,816
Prepaid taxes and contributions	7,595,653	7,470,959
Receivables for VAT	171,478	137,420
Less: Impairment	(10,100,037)	(10,111,753)
	8,818,937	**8,847,384**

15. SHORT-TERM FINANCIAL INVESTMENTS

	31 December 2024	31 December 2023
Deposits with original maturity more than 3 months less than 1 year	214,937	32,607,844
Other short-term financial assets	84,197	89,536
	299,134	**32,697,380**

Deposits with original maturity more than 3 months less than 1 year earn interest at the respective short-term deposit rates. The fair value of short-term financial assets approximates their carrying value.

16. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in bank and in hand	10,853,599	11,739,845
Deposits with original maturity of less than three months	29,878,687	9,734,451
Cash with restriction	252	4,729
Cash equivalents	3,797	5,246
	40,736,335	**21,484,271**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits with original maturity of less than three months are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.The fair value of cash and cash equivalents approximates their carrying value.

17. PREPAYMENTS AND ACCRUED INCOME

	31 December 2024	31 December 2023
Deferred input VAT	4,115,321	3,450,138
Prepaid expenses	453,185	288,116
Prepaid excise duty	6,651,125	4,247,860
Housing loans and other prepayments	521,486	454,416
	11,741,117	**8,440,530**

Deferred input VAT as at 31 December 2024 amounting to 4,115,321 RSD (31 December 2023: 3,450,138 RSD) represents VAT claimed on invoices received and accounted for in the current period, whilst inputs will be allowed in the following accounting period.

Prepaid excise duty as at 31 December 2024 amounting to 6,651,125 RSD (31 December 2023: 4,247,860 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.

18. OFF-BALANCE SHEET ASSETS AND LIABILITIES

	31 December 2024	31 December 2023
Issued warranties and bills of exchange	107,967,248	124,606,180
Received warranties and bills of exchange	47,093,558	26,498,912
Properties in ex-Republics of Yugoslavia	5,358,146	5,358,178
Receivables from companies from ex-Yugoslavia	6,903,557	6,500,094
Third party merchandise in warehouses	20,656,672	15,936,565
Assets for oil fields liquidation	1,361,966	1,361,966
Mortgages and pladges received	4,617,140	3,672,927
Other off-balance sheet assets and liabilities	756,042	683,124
	194,714,329	**184,617,946**

19. EQUITY

		Equity attributable to the Company's owners					
	Note	**Share capital**	**Rev. reserves and unr. gains and losses**	**Retained earnings (losses)**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2023		**81,530,200**	**504,425**	**267,193,012**	**349,227,637**	**-**	**349,227,637**
Profit/(loss) for the period		-	-	44,667,130	44,667,130	(474,614)	44,192,516
Other comprehensive income/(loss)							
Remeasurements of post-employment benefit obligations	20	-	(50,782)	-	(50,782)	1,305	(49,477)
Gain from investments in equity instruments		-	8,299	-	8,299	-	8,299
Currency translation differences		-	80,237	-	80,237	-	80,237
Total comprehensive income/(loss) for the year		**-**	**37,754**	**44,667,130**	**44,704,884**	**(473,309)**	**44,231,575**
Acquisition of subsidiary		-	-	-	-	990,917	990,917
Dividend distribution	19.1	-	-	(23,364,925)	(23,364,925)	-	(23,364,925)
Disposal of investments in equity instruments		-	33,846	(33,846)	-	-	-
Other		-	(54)	2,503	2,449	-	2,449
Balance as at 31 December 2023		**81,530,200**	**575,971**	**288,463,874**	**370,570,045**	**517,608**	**371,087,653**

		Equity attributable to the Company's owners					
	Note	**Share capital**	**Rev. reserves and unr. gains and losses**	**Retained earnings (losses)**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2024		**81,530,200**	**575,971**	**288,463,874**	**370,570,045**	**517,608**	**371,087,653**
Profit/(loss) for the period		-	-	10,844,835	10,844,835	(765,398)	10,079,437
Other comprehensive income/(loss)							
Remeasurements of post-employment benefit obligations	20	-	(169,514)	-	(169,514)	(6,431)	(175,945)
Gain from investments in equity instruments		-	52	-	52	-	52
Revaluation of property, plant and equipment transferred to investment property			3,400	-	3,400	-	3,400
Currency translation differences		-	39,677	-	39,677	-	39,677
Total comprehensive income/(loss) for the year		**-**	**(126,385)**	**10,844,835**	**10,718,450**	**(771,829)**	**9,946,621**
Dividend distribution	19.1	-	-	(10,478,261)	(10,478,261)	-	(10,478,261)
Other		-	4,100	(4,152)	(52)	-	(52)
Balance as at 31 December 2024		**81,530,200**	**453,686**	**288,826,296**	**370,810,182**	**(254,221)**	**370,555,961**

19.1. SHARE CAPITAL

Share capital represents share capital of the Company, which is listed on Belgrade Stock Exchange. Par value per share is 500 RSD. Share capital as of 31 December 2024 and 31 December 2023 comprise of 163,060,400 ordinary shares.

Dividend declared for the year ended 31 December 2023, amounted to 10,478,261 RSD or 64.26 RSD per share (31 December 2022: 23,364,925 RSD or 143.29 RSD per share) were approved on the General Assembly Meeting held on 27 June 2024 and paid on 28 August 2024.

Calculation of basic earnings per share is disclosed in the following table:

	Year ended 31 December 2024	2023
Profit attributable to the ordinary equity holder of the parent entity	10,844,835	44,667,130
Weighted average number of ordinary shares	163,060,400	163,060,400
Earnings per share (in RSD)	**66.51**	**273.93**

The Group does not have any convertible instruments, options or warrants accordingly, diluted earnings per share is equal to the basic earnings per share as stated in the table above.

20. LONG – TERM PROVISIONS

Movements on the long-term provisions were as follow:

	Decommi-ssioning	Environmental protection	Employees benefits provision	Long-term incentive program	Legal claims and other provisions	Total
As at 1 January 2023	**11,031,673**	**508,332**	**1,084,587**	**674,173**	**3,529,360**	**16,828,125**
Company incoming to consolidation	-	-	715,833	-	111,937	827,770
Charged to the income statement	169,154	7,268	61,381	852,375	383,005	1,473,183
New obligation incurred and change in estimates	290,351	-	-	-	-	290,351
Release of provision (note 36)	(62,404)	(12,603)	(379,749)	(30,015)	(95,101)	(579,872)
Actuarial loss charged to other comprehensive income	-	-	56,338	-	-	56,338
Settlement	(52,503)	(36,441)	(171,840)	-	(134,289)	(395,073)
Other	(1,583)	(1)	(10)	-	(1,849,123)	(1,850,717)
As at 31 December 2023	**11,374,688**	**466,555**	**1,366,540**	**1,496,533**	**1,945,789**	**16,650,105**
As at 1 January 2024	**11,374,688**	**466,555**	**1,366,540**	**1,496,533**	**1,945,789**	**16,650,105**
Charged to the income statement	155,628	-	202,800	303,851	502,264	1,164,543
New obligation incurred and change in estimates	662,734	-	-	-	-	662,734
Release of provision (note 36)	(87,194)	(2,995)	-	-	(9,799)	(99,988)
Actuarial loss charged to other comprehensive income	-	-	188,656	-	-	188,656
Settlement	(25,422)	(77,809)	(207,555)	(1,300,107)	(969,373)	(2,580,266)
Other	(566)	-	(22)	-	109,677	109,089
As at 31 December 2024	**12,079,868**	**385,751**	**1,550,419**	**500,277**	**1,578,558**	**16,094,873**

Analysis of total provisions:

	31 December 2024	31 December 2023
Non-current	14,752,819	13,937,343
Current	1,342,054	2,712,762
	16,094,873	**16,650,105**

(a) *Decommissioning*

The Group's Management estimates future cash outflows for restoration of natural resources (land) on oil and gas wells based on previous experience in similar projects.

(b) *Environmental protection*

The Group has to comply with environmental protection regulations. At the reporting date Group recorded provision for environmental protection of 385,751 RSD (31 December 2023: 466,555 RSD) based on the management assessment of necessary costs for cleaning up sites and remediation of polluted facilities.

(c) *Long-term incentive program*

In 2011, the Group started setting-up a long-term incentive program for Group managers. Following the program's approval, cash incentives were paid out based on the Key Performance Indicators ("KPI") reached over the past three-year periods. As at 31 December 2024 the management made an assessment of present value of liabilities related to new three-year employee incentives (2024-2026) in amount of 500,277 RSD (2023: 1,496,533 RSD).

(d) *Legal claims and other provisions*

As at 31 December 2024, the Group assessed the probability of negative outcomes of legal procedures, as well as the amounts of probable losses. The Group charged provision for litigation amounting to 502,264 RSD (2023: 383,005 RSD) for proceedings which were assessed to have negative outcome. The most significant amount of increase of provision relates to the reservation based on the potential compensation for non-fulfillment of contractual obligations for the O&G minimum work programs that Group obliged on current research projects. The Group estimated that the outcome of all legal and other proceedings would not lead to material losses exceeding the amount of provision as at 31 December 2024.

(e) *Provision for employee benefits*

Employee benefits:

	31 December 2024	31 December 2023
Retirement allowances	1,111,245	938,794
Jubilee awards	439,174	427,746
	1,550,419	**1,366,540**

The principal actuarial assumptions used were as follows:

	31 December 2024	31 December 2023
Discount rate	6.40%	7.78%
Future salary increases	6.29%	6.46%
Future average years of service	18.39	18.42

	Retirement allowances	Jubilee awards	Total
Balances as at 1 January 2023	**768,865**	**315,722**	**1,084,587**
Benefits paid directly	(124,376)	(47,464)	(171,840)
Company incoming to consolidation	260,361	455,472	715,833
Actuarial loss charged to other comprehensive income	56,338	-	56,338
Debited to profit or loss	(22,384)	(295,984)	(318,368)
Translation reserves	(10)	-	(10)
Balances as at 31 December 2023	**938,794**	**427,746**	**1,366,540**
Benefits paid directly	(150,959)	(56,596)	(207,555)
Actuarial loss charged to other comprehensive income	188,656	-	188,656
Debited to profit or loss	134,776	68,024	202,800
Translation reserves	(22)	-	(22)
Balances as at 31 December 2024	**1,111,245**	**439,174**	**1,550,419**

The amounts recognized in the consolidated income statement are as follows:

	Year ended 31 December 2024	2023
Current service cost	75,201	46,379
Interest cost	93,333	85,156
Curtailment (gain)/loss	(5,120)	85,333
Actuarial (gain)/loss (jubilee awards)	435	(104,856)
Amortisation of past service cost	38,951	(430,380)
	202,800	**(318,368)**

21. LONG-TERM LIABILITIES

	31 December 2024	31 December 2023
Bank loans	65,159,107	65,223,169
Lease liabilities	3,554,987	3,935,015
Other non-current financial liabilities	837,800	838,937
Other long-term borrowings	872,399	152,880
	70,424,293	**70,150,001**
Less: Current portion (note 22)	(9,749,970)	(11,685,114)
	60,674,323	**58,464,887**

Movements on the Group’s liabilities from bank loans and lease activities are as follows:

	Long-term loans	Short-term loans	Finance lease	Total
As at 1 January 2023	**67,738,184**	**1,308,145**	**3,149,589**	**72,195,918**
Proceeds	3,380,401	820,000	-	4,200,401
Repayment	(5,824,715)	(1,308,427)	(1,025,957)	(8,159,099)
Company incoming to consolidation	-	-	883,328	883,328
Non-cash transactions	20,345	-	938,612	958,957
Foreign exchange difference	(91,046)	282	(10,557)	(101,321)
As at 31 December 2023	**65,223,169**	**820,000**	**3,935,015**	**69,978,184**
As at 1 January 2024	**65,223,169**	**820,000**	**3,935,015**	**69,978,184**
Proceeds	12,055,367	-	-	12,055,367
Repayment	(11,935,484)	(820,000)	(1,206,983)	(13,962,467)
Non-cash transactions	(95,469)	-	836,184	740,715
Foreign exchange difference	(88,476)	-	(9,229)	(97,705)
As at 31 December 2024	**65,159,107**	**-**	**3,554,987**	**68,714,094**

a) Bank loans

	31 December 2024	31 December 2023
Domestic	49,852,704	48,366,114
Foreign	15,306,403	16,857,055
	65,159,107	65,223,169
Current portion of long-term loans	(8,815,829)	(10,761,083)
	56,343,278	**54,462,086**

The maturity of non-current loans was as follows:

	31 December 2024	31 December 2023
Between 1 and 2 years	30,987,592	7,632,523
Between 2 and 5 years	24,567,096	45,494,976
Over 5 years	788,590	1,334,587
	56,343,278	**54,462,086**

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

	31 December 2024	31 December 2023
USD	-	30,298
EUR	65,159,107	65,163,377
JPY	-	29,494
	65,159,107	**65,223,169**

The Group repays loans in accordance with agreed dynamics, i.e. determined annuity plans. The Group has 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 (note 5). The Group is in compliance with these covenants as of 31 December 2024 and 31 December 2023 respectively.

b) Lease liabilities

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

Amounts recognized in profit and loss:

	31 December 2024	31 December 2023
Interest expense (included in finance cost) (note 33)	167,022	160,516
Expense relating to short-term leases (note 30)	165,546	103,413
Expense relating to leases of low value assets that are not shown above as short-term leases (note 30)	102,859	51,477
Expense relating to variable lease payments not included in lease liabilities (note 30)	2,592,014	2,304,661

c) Other non-current financial liabilities

As at 31 December 2024 other non-current financial liabilities in the amount of 837,800 RSD (2023: 838,937 RSD) represents deferred consideration for O&G exploration.

d) Other long-term borrowings

Other long-term borrowings in the amount of 872,399 RSD mainly relates to corporate bonds issued. In November 2024 Group raise funds from the Serbian financial market, successfully placed corporate bonds. The corporate bonds are denominated in euro, with fix anual interest rate of 6,5%, maturity date of five years and quarterly interest cupone rate payment to the owner.

22. SHORT-TERM FINANCE LIABILITIES

	31 December 2024	31 December 2023
Short-term loans - domestic	-	820,000
Current portion of long-term loans (note 21)	8,815,829	10,761,083
Current portion of lease liabilities (note 21)	934,141	924,031
Other short-term financial liabilities	-	171
	9,749,970	**12,505,285**

23. TRADE PAYABLES

	31 December 2024	31 December 2023
Trade payables – other related parties	676,465	839,599
Trade payables - domestic	14,512,714	12,228,611
Trade payables - foreign	2,551,320	3,289,717
Trade payables - other	40,469	31,241
	17,780,968	**16,389,168**

24. OTHER SHORT-TERM LIABILITIES

	31 December 2024	31 December 2023
Specific liabilities	258,947	331,038
Liabilities for unpaid wages and salaries, gross	2,527,256	2,256,409
Interest liabilities	214,943	247,688
Dividends payable	3,783,398	3,783,595
Other payables to employees	1,465,516	1,272,621
VAT	2,624,817	1,530,268
Excise tax	8,609,345	8,059,685
Contribution for buffer stocks	348,237	617,524
Energy efficiency fee	45,956	73,508
Income tax	13,609	-
Other taxes payables	1,257,829	1,430,698
Other current liabilities	191,274	1,923,499
	21,341,127	**21,526,533**

25. ACCRUED EXPENSES

Accrued expenses as at 31 December 2024 amounting to 5,151,684 RSD (31 December 2023: 4,833,588 RSD) mainly relate to accrued employee bonuses of 2,772,247 RSD (31 December 2023: 2,844,890 RSD) and contract liabilities arising from contracts with customers related to customer loyalty 1,032,331 RSD (31 December 2023: 926,279 RSD).

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

26. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December	
	2024	**2023**
Gain on bargain purchase (note 39)	-	8,918,255
Release of impairment:		
Relase of impairment – PPE (note 8)	200,000	32
Relase of impairment – Inventory (note 12)	561,720	472,753
Relase of impairment – Other	256,604	20
	1,018,324	**9,391,060**

27. COST OF MATERIAL, FUEL AND ENERGY

	Year ended 31 December	
	2024	**2023**
Costs of raw materials	197,144,081	222,719,629
Overheads and other costs	226,725	362,483
Fuel and energy cost	18,540,574	15,159,281
Other	1,488,612	1,638,261
	217,399,992	**239,879,654**

28. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES

	Year ended 31 December	
	2024	**2023**
Wages and salaries (gross)	36,377,155	32,111,745
Taxes and contributions on wages and salaries paid by employer	5,008,349	4,385,978
Cost of service agreement	243,291	152,673
Cost of other personal wages	60,596	40,300
Fees paid to board of directors and general assembly board	143,867	162,567
Termination costs	24,138	14,682
Cost of service organization	26,458	158,288
Other personal expenses	1,606,824	1,460,510
	43,490,678	**38,486,743**

29. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December	
	2024	2023
Impairment - intangible assets (note 7)	9,714	-
Impairment - PPE (note 8)	39,427	135,289
Impairment – investment property (note 8b)	2,991	-
Impairment - inventory (note 12)	-	646,688
Impairment - other	1,141	27,193
	53,273	**809,170**

30. COST OF PRODUCTION SERVICES

	Year ended 31 December	
	2024	2023
Cost of production services	2,894,878	2,699,228
Transportation services	3,175,605	3,141,497
Maintenance	6,978,915	5,155,930
Rental costs (note 21)	2,860,419	2,459,551
Fairs	8,038	9,134
Advertising costs	1,236,106	998,752
Exploration expenses	30,425	267,288
Cost of other services	1,996,623	1,563,032
	19,181,009	**16,294,412**

31. NON-PRODUCTION COSTS

	Year ended 31 December	
	2024	2023
Costs of non-production services	4,097,222	3,442,145
Representation costs	189,038	134,834
Insurance premium	747,001	689,725
Bank charges	776,506	717,055
Cost of taxes	1,608,848	1,559,694
Mineral extraction tax	1,842,816	1,833,103
Other non-production expenses	1,724,390	1,678,773
	10,985,821	**10,055,329**

Costs of non-production services for the year ended 31 December 2024 amounting to 4,097,222 RSD (2023: 3,442,145 RSD) mainly relate to security cost of 1,344,121 RSD (2023: 920,982 RSD); project management costs of 612,170 RSD (2023: 573,102 RSD) and consulting service costs of 264,722 RSD (2023: 219,575 RSD).

32. FINANCE INCOME

	Year ended 31 December	
	2024	2023
Finance income - related parties:		
- foreign exchange differences	154,159	950,947
Interest income	2,240,770	4,698,292
Modification Gain	95,469	-
Unwinding of present value discount - income	29,201	-
Foreign exchange gains	571,365	594,210
Other finance income	65,556	47,204
	3,156,520	**6,290,653**

33. FINANCE EXPENSE

	Year ended 31 December	
	2024	2023
Finance expenses – related parties:		
- foreign exchange differences	239,248	1,152,020
- other finance expense	18,729	107,748
Interest expenses	3,540,404	3,066,076
Amortisation expense – discount of receivables	19,450	2,445
Decommissioning provision: unwinding of the present value discount	155,628	154,128
Loss on restructuring of borrowings	-	20,438
Foreign exchange losses	1,532,466	647,631
Other finance expenses	116,030	147,683
	5,621,955	**5,298,169**

34. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Year ended 31 December	
	2024	2023
Reversal of impairment of LT financial investments	5,012	57,589
Income from valuation:		
- trade receivables (note 5)	120,756	96,580
- receivables from specific operations (note 5)	88	382
- other receivables (note 5)	5,006	6,839
	130,862	**161,390**

35. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Year ended 31 December	
	2024	2023
Impairment of impairment of LT financial investments	-	429
Allowance provision expense:		
- trade receivables (note 5)	29,852	140,751
- receivables from specific operations (note 5)	1,507	1,986
- other receivables (note 5)	1,208	2,935
- other (note 5)	10,297	10,215
	42,864	**156,316**

36. OTHER INCOME

	Year ended 31 December	
	2024	2023
Gains on disposal - PPE	137,228	42,871
Gains on disposal - materials	68,268	20,928
Surpluses from stock count	697,343	517,018
Payables written off	29,069	62,678
Release of long-term provisions (note 20)	99,988	579,872
Penalty interest	126,349	88,096
Other income	303,033	81,315
	1,461,278	**1,392,778**

37. OTHER EXPENSES

	Year ended 31 December	
	2024	2023
Loss on disposal - PPE	115,455	70,216
Loss on disposal - material	76,591	135,536
Shortages from stock count	729,579	684,272
Write-off receivables	9,695	22,460
Write-off inventories	214,900	171,504
Charity and social payments	197,077	7,248,576
Other expenses	217,541	328,668
	1,560,838	**8,661,232**

Charity and social payments amounting to 197,077 RSD (2023: 7,248,576 RSD) mainly relate to donations for support projects in the field of education, social and health care.

38. INCOME TAXES

Components of income tax expense:

	Year ended 31 December	
	2024	2023
Income tax for the year	4,814,328	8,532,713
Deferred income tax for the period (note 11)		
Origination and reversal of temporary differences	(840,727)	(564,513)
	3,973,601	**7,968,200**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group's profits as follows:

	Year ended 31 December	
	2024	2023
Profit before income tax	**14,053,038**	**52,160,716**
Tax expense at applicable domestic tax rate (15%)	2,107,956	7,824,107
Effect of unrecognized tax losses and tax rates in foreign jurisdictions	300,841	322,860
Tax effects of:		
- Revenues exempt from taxation	(64,923)	(1,398,172)
- Tax paid abroad	329,842	-
- Other expenses not deductible	195,576	558,610
- Tax losses for which no deferred income tax asset was recognised (utilized recognised tax credit), net	1,105,130	679,338
- Other tax effects for reconciliation between accounting profit and tax expense	(821)	(18,543)
	3,973,601	**7,968,200**
The weighted average effective tax rate	28.28%	15.28%

39. BUSINESS COMBINATIONS

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

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

40. COMMITMENTS AND CONTINGENT LIABILITIES

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. The average cost of Oil prices during 2024 was US $ 80.76 per barrel which is 2% less from the same period in 2023 that resulted in introduction of short-term restrictions on the sale prices of refinery products by the Government of the Republic of Serbia. It is not possible to determine how long this increased volatility will last. A number of sanctions have been announced to restrict Russian entities operations and in such a situation, this could further impact the Group operations.

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

The management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and the management's current expectations and estimates could differ from actual results.

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 385,751 RSD (31 December 2023: 466,555 RSD) (note 20).

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.

Taxes

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

Capital commitments

As of 31 December 2024 the Group has entered into contracts to purchase property, plant and equipment for 4,852,949 RSD (31 December 2023: 2,861,058 RSD) and drilling and exploration works estimated to 89.43 USD million (31 December 2023: 89.78 USD million).

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

41. GROUP STRUCTURE

Material subsidiaries

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

Subsidiary	Country of incorporation	Nature of business	Share % 31-Dec 2024	Share % 31-Dec 2023
NIS Petrol d.o.o., Banja Luka	Bosnia and Herzegovina	Trade	100	100
NIS Petrol e.o.o.d., Sofija	Bulgaria	Trade	100	100
NIS Petrol SRL, Bucharest	Romania	Trade	100	100
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
NIS Petrol a.d., 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 if the challenges persist or worsen, including assessing potential complete or partial sale of asset, closure, or other exit mechanisms.

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

42. RELATED PARTIES TRANSACTIONS

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

In the year ended 31 December 2024 and in the same period in 2023, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

As of 31 December 2024 and 31 December 2023 the outstanding balances with related parties other than state and state own companies were as follows:

	Parent	Parent's subsidiaries and associates	Joint venture
As at 31 December 2024			
Investments in joint ventures	-	-	2,623,087
Long-term reseivables	-	-	826,117
Advances for inventory and services	-	70,492	469,713
Trade receivables	-	249,158	50,966
Other receivables	-	22,237	51
Short-term investments	-	20,129	-
Advances received	-	(118)	(389)
Trade payables	-	(166,304)	(510,161)
	-	**195,594**	**3,459,384**
As at 31 December 2023			
Advances for PP&E	-	72,113	-
Investments in joint ventures	-	-	2,729,005
Long-term reseivables	-	-	669,617
Advances for inventory and services	-	16,552	-
Trade receivables	-	218,543	84,543
Other receivables	-	19,799	25
Short-term investments	-	25,835	-
Advances received	-	(127)	(433)
Trade payables	-	(172,010)	(667,589)
	-	**180,705**	**2,815,168**

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

	Parent	Parent's subsidiaries and associates	Associates and Joint venture
Year ended 31 December 2024			
Revenues from sales of products and services	-	293,244	283,562
Expenses based on procurement of products and services	-	(907,615)	(2,788,722)
Other (expenses)/income	-	3,834	(124,986)
	-	**(610,537)**	**(2,630,146)**
Year ended 31 December 2023			
Revenues from sales of products and services	-	753,874	15,627,031
Expenses based on procurement of products and services	(5,218)	(1,493,155)	(14,611,811)
Other expenses	-	(43,650)	(61,936)
	(5,218)	**(782,931)**	**953,284**

Main balances and transactions with state and state owned companies are shown below:

	Entities under common control and associates	Other
As at 31 December 2024		
Trade and other receivables (gross)	-	987,154
Advances paid	-	592
Trade and other payables	-	(639,118)
Other current liabilities	-	(24)
	-	**348,604**
As at 31 December 2023		
Trade and other receivables (gross)	-	967,842
Advances paid	-	445
Trade and other payables	-	(517,071)
Other current liabilities	-	24
	-	**451,240**

	Entities under common control and associates	Other
Year ended 31 December 2024		
Operating income	-	11,358,258
Operating expenses	-	(122,989)
	-	**11,235,269**
Year ended 31 December 2023		
Operating income	15,329,411	11,388,815
Operating expenses	(172,776)	(256,434)
	15,156,635	**11,132,381**

Transactions with state and state owned companies controlled entities mainly relates to sales of petroleum products based on the price lists in force and terms that would be available to third parties. For the period of first six months of 2023 transaction with HIP Petrohemija are included in Associates and joint venture in related party transactions.

Transactions with Key Management Personnel

In the year ended 31 December 2024 and 2023 the Group recognized 1,287,663 RSD and 1,063,808 RSD, respectively, as compensation for key management personnel (Chief Executive Officer, members of the Board of Directors and Advisory Board and Corporate Secretary). Key management remuneration includes salaries, bonuses and other contributions.

43. RECONCILIATION OF RECEIVABLES AND PAYABLES

In accordance with The Accounting Law, the Group reconciled account receivables and payables with the customers and the suppliers before preparing financial statements. There are no material unconfirmed receivables or payables in the Group.

44. EVENTS AFTER THE REPORTING DATE

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

- On 10 January 2025, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury announced on its Specially Designated Nationals and Blocked Persons List (SDN List) that, as part of measures taken by OFAC under Executive Order 14024 and Executive Order 13662, the company NIS a.d. Novi Sad was added to the SDN List.

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

- On 14 January 2025, the Belgrade Stock Exchange decided to impose a temporary suspension of trading in NIS a.d. Novi Sad shares, which will remain in effect until the resolution of the situation, by order of the Securities Commission, the suspension of trading and transfer of ownership will remain in effect until the reasons that led to the suspension cease to exist.

- On 29 January 2025, NIS officially filed an application with OFAC - Request for Specific License, or Amended General Licenses, Authorizing Activities Described in General Licenses 26A, 117, 118, and 119, and Request for Specific or General License Authorizing Maintenance of Operations, Contracts, and Other Agreements. Application, aside from the requests related to OFAC licenses, also contains an explicit request to OFAC to issue a statement providing non-U.S. persons with assurances that they will not risk being targeted with sanctions for engaging in, or facilitating, any transactions authorized in response to the application.

- On February 26, 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 March 28, 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. 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.

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

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

b. Change in the ownership stake

- In February 2025, Gazprom Neft reduced its ownership stake in NIS a.d. to 44.85%.

All events occurring after the reporting date from 31 December 2024 to 28 February 2025, when these consolidated financial statements were approved, have been taken into account.

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