NIS A.D. – Naftna industrija Srbije
Novi Sad

Financial Statements and
Independent Auditor's Report

31 December 2024

Novi Sad, 28 February 2025

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company 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 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 the going concern

We draw attention to Note 3.1 in the attached financial statements, which indicates that the Company, 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 Company. Additionally, the designation may trigger secondary sanctions for non-US entities that engage in certain types of transactions with the Company, starting from the date the sanctions are applied. These sanctions, if enforced, may cast significant doubt on the Company's operational activities, cash flows, and its ability to meet obligations to creditors.

The Company'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 Company's operations.

This event indicates the existence of significant uncertainty that may impact the Company'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.

FINEXPERTIZA

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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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 22 to the financial statements. As described in the notes to the financial statements, the Company recognized provisions in the amount of RSD 12,019,862 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 Company 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 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 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 Company 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 Company 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;

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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 (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 Company'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 financial statements does not cover the other information. In connection with our audit of the 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 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 financial statements are prepared are consistent with the financial statements.

Additionally, based on the understanding of the Company'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.

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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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 Company's internal control.

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

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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 Financial Statements (Continued)

- ✓ 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 Company'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 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 Company to cease to continue as a going concern.

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

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 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

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**		**350,197,200**	**329,587,024**
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)	**0003**	**7**	**14,345,079**	**15,216,763**
1. Development investments	0004		8,882,621	10,006,187
2. Concessions, licenses, software and other rights	0005		3,534,996	3,231,197
3. Goodwill	0006		-	-
4. Intangible assets in lease and under development	0007		1,927,462	1,979,379
5. Advances for intangible assets	0008		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)	**0009**		**295,945,676**	**272,188,658**
1. Land and buildings	0010	8a	176,699,610	168,250,886
2. Machinery and equipment	0011	8a	84,670,315	73,685,863
3. Investment property	0012	8c	1,512,766	1,514,651
4. Property, plant and equipment in lease and construction in progress	0013	8a,8b	30,083,812	24,365,059
5. Other property, plant and equipment and investments in leased PP&E	0014	8a	202,543	209,276
6. Advances for PP&E - domestic	0015	8a	2,541,354	3,621,003
7. Advances for PP&E - foreign	0016	8a	235,276	541,920
III. BIOLOGICAL ASSETS	**0017**		**-**	**-**
IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)	**0018**		**39,906,445**	**42,181,603**
1. Investments in legal entities (except those evaluated using the equity method)	0019	9	31,108,375	31,108,323
2. Investments in legal entities evaluated by equity method	0020	10	1,038,800	1,038,800
3. Long-term investments and long-term receivables in parent, subsidiaries and other related parties - domestic	0021	11	2,062,694	1,889,147
4. Long-term investments and long-term receivables in parent, subsidiaries and other related parties- foreign	0022	11	4,222,893	6,659,484
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	12	1,466,998	1,477,284
V. LONG - TERM ACCRUED AND DEFERRED INCOME	**0028**		**-**	**-**
C. DEFFERED TAX ASSETS	**0029**	**13**	**4,278,690**	**3,527,437**
G. CURRENT ASSETS (0031+0037+0038+0044+0048+0057+0058)	**0030**		**173,362,054**	**186,779,123**
I. INVENTORY (0032+0033+0034+0035+0036)	**0031**	**14**	**43,230,623**	**60,067,483**
1. Materials, spare parts and tools	0032		19,174,959	28,747,942
2. Work in progress and finished goods	0033		21,117,623	27,636,379
3. Merchandise	0034		1,744,615	2,943,979
4. Advances for inventory and services - domestic	0035		835,841	463,859
5. Advances for inventory and services - foreign	0036		357,585	275,324

(continued)

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

BALANCE SHEET (continued)

	AOP	Note	31 December 2024	31 December 2023
II. FIXED ASSETS HELD FOR SALE AND BUSINESS TERMINATION	**0037**		**17,915**	**60,090**
III TRADE RECEIVABLES (0039+0040+0041+0042+0043)	**0038**	**15**	**38,989,898**	**44,461,405**
1. Trade receivables - domestic	0039		28,094,037	29,353,436
2. Trade receivables - foreign	0040		798,523	1,332,734
3. Trade receivables - parent, subsidiaries and other related parties - domestic	0041		1,830,623	5,574,445
4. Trade receivables - parent, subsidiaries and other related parties - foreign	0042		8,266,715	8,200,790
5. Other trade receivables	0043		-	-
IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	**0044**	**16**	**11,981,627**	**10,895,067**
1. Other receivables	0045		4,268,904	3,385,888
2. Receivables for overpaid income tax	0046		7,549,680	7,380,049
3. Receivables from overpaid other taxes and contributions	0047		163,043	129,130
VI. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	**0048**	**17**	**29,217,183**	**47,122,344**
1. Short-term loans and investments - parent and subsidiaries	0049		7,566,107	1,034,375
2. Short-term loans and investments – other related parties	0050		-	-
3. Short-term loans and investments - domestic	0051		62,433	63,862
4. Short-term loans and investments - foreign	0052		21,588,643	19,733,211
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		-	26,290,896
VI. CASH AND CASH EQUIVALENTS	**0057**	**18**	**38,821,710**	**16,270,493**
VII. PREPAYMENTS AND ACCRUED INCOME	**0058**	**19**	**11,103,098**	**7,902,241**
D TOTAL ASSETS = OPERATING ASSETS (0001+0002+0029+0030)	**0059**		**527,837,944**	**519,893,584**
E OFF-BALANCE SHEET ASSETS	**0060**	**20**	**186,552,396**	**178,808,690**
A. EQUITY (0402+0403+0404+0405+0406-0407+0408+0411-0412)>= 0	**0401**	**21**	**386,154,558**	**378,320,864**
I. EQUITY	**0402**		**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**		**66,259**	**52,362**
VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	**0407**		**151,698**	**73,330**
VII. RETAINED EARNINGS (0409+0410)	**0408**		**304,709,797**	**296,811,632**
1. Retained earnings from previous years	0409		286,329,219	254,897,004
2. Retained earnings from current year	0410		18,380,578	41,914,628
VIII. NON-CONTROLLING INTEREST	**0411**		**-**	**-**
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**		**84,507,525**	**79,702,902**
I. LONG-TERM PROVISIONS (0417+0418+0419)	**0416**	**22**	**12,652,906**	**11,585,650**
1. Provisions for employee benefits	0417		1,240,381	737,192
2. Provisions for warranty claims	0418		-	-
3. Other long term provisions	0419		11,412,525	10,848,458

(continued)

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

(All amounts are in RSD 000 unless otherwise stated)

BALANCE SHEET (continued)

	AOP	Note	31 December 2024	31 December 2023
II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	**0420**	**23**	**71,854,619**	**68,117,252**
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		44,333,550	40,276,230
5. Long-term loans and finance lease liabilities - foreign	0425		13,507,373	15,795,870
6. Liabilities for issued securities	0426		1,870,637	-
7. Other long-term liabilities	0427		12,143,059	12,045,152
III. LONG-TERM ACCRUED INCOME AND DEFERRED REVENUES	**0428**		**-**	**-**
C. DEFFERED TAX LIABILITIES	**0429**	**13**	**-**	**-**
D. LONG - TERM DEFERRED INCOME AND DONATIONS RECEIVED	**0430**		**-**	**-**
E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	**0431**		**57,175,861**	**61,869,818**
I. SHORT-TERM PROVISIONS	**0432**	**22**	**1,155,490**	**2,624,738**
II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	**0433**	**24**	**11,692,096**	**14,889,366**
1. Short-term loans from parent, subsidiaries and other related parties - domestic	0434		2,387,512	2,786,281
2. Short-term loans from parent, subsidiaries and other related parties - foreign	0435		-	-
3. Short-term loans and borowings from other parties	0436		488,755	522,002
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**		**5,242,137**	**4,817,430**
IV. TRADE PAYABLES (0443+0444+0445+0446+0447+0448)	**0442**	**25**	**16,323,505**	**18,658,813**
1. Trade payables - parent, subsidiaries and other related parties - domestic	0443		6,268,938	7,741,512
2. Trade payables - parent, subsidiaries and other related parties - foreign	0444		47,626	50,989
3. Trade payables - domestic	0445		8,281,677	8,104,925
4. Trade payables - foreign	0446		1,700,296	2,748,942
5. Liabilities on promissory notes	0447		-	-
6. Other operating liabilities	0448		24,968	12,445
V. OTHER SHORT-TERM LIABILITIES (450+451+452)	**0449**	**26**	**18,759,717**	**17,155,121**
1. Other short-term liabitilies	0450		6,562,762	6,342,389
2. Liabilities for VAT and other taxes	0451		12,196,955	10,812,732
3. Profit tax liabilities	0452		-	-
VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS ATTRIBUTABLE TO TERMINATED BUSINESS	**0453**		**-**	**-**
VII. SHORT-TERM ACCRUED EXPENSES	**0454**	**27**	**4,002,916**	**3,724,350**
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		**527,837,944**	**519,893,584**
H. OFF-BALANCE SHEET LIABILITIES	**0457**	**20**	**186,552,396**	**178,808,690**

Novi Sad, 28 February 2025

"НАФТНА ИНДУСТРИЈА СРБИЈЕ" А.Д. НОВИ САД

M.P.

Kirill Tyurdenev
Chief Executive Officer

Anton Cherepanov
Chief Financial Officer

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

INCOME STATEMENT

	AOP	Note	Year ended 31 December 2024	2023
A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)	**1001**		**386,894,807**	**394,916,730**
I. INCOME FROM THE SALE OF GOODS (1003+1004)	**1002**	**6**	**75,498,279**	**32,482,249**
1. Income from sale of goods on domestic market	1003		73,410,631	31,901,438
2. Income from sale of goods on foreign market	1004		2,087,648	580,811
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1006+1007)	**1005**	**6**	**315,055,600**	**358,295,284**
1. Income from sales of products and services on domestic market	1006		263,456,244	312,728,598
2. Income from sales of products and services on foreign market	1007		51,599,356	45,566,686
III. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	**1008**		**2,286,767**	**1,912,698**
IV. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1009**		**-**	**1,735,916**
V. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1010**		**6,518,756**	**-**
VI. OTHER OPERATING INCOME	**1011**	**6**	**447,704**	**436,837**
VII. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1012**	**28**	**125,213**	**53,746**
B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	**1013**		**363,371,652**	**339,798,347**
I. COST OF GOODS SOLD	**1014**		**70,356,252**	**29,541,577**
II. COST OF MATERIAL, FUEL AND ENERGY	**1015**	**29**	**210,536,124**	**233,247,909**
III. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	**1016**	**30**	**22,966,389**	**21,123,506**
1. Cost of salaries and fringe benefits	1017		19,263,808	17,693,178
2. Cost of tax and contributions on wages and salaries	1018		2,525,325	2,331,792
3. Other personal expenses	1019		1,177,256	1,098,536
IV. DEPRECIATION, DEPLETION AND AMORTIZATION	**1020**	**7,8**	**24,232,857**	**22,593,795**
V. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1021**	**31**	**51,324**	**139,927**
VI. COST OF PRODUCTION SERVICES	**1022**	**32**	**19,428,773**	**18,030,811**
VII. COST OF PROVISION	**1023**		**512,459**	**923,808**
VIII. NON-PRODUCTION COSTS	**1024**	**33**	**15,287,474**	**14,197,014**
C. OPERATING GAIN (1001-1013)>=0	**1025**		**23,523,155**	**55,118,383**
D. OPERATING LOSS (1013-1001)>=0	**1026**		**-**	**-**
E. FINANCE INCOME (1028+1029+1030+1031)	**1027**	**34**	**3,731,635**	**6,948,780**
I. FINANCIAL INCOME FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1028**		**941,853**	**2,241,852**
II. INTEREST INCOME	**1029**		**2,237,985**	**4,309,314**
III. FOREIGN EXCHANGE GAIN	**1030**		**486,465**	**350,420**
IV. OTHER FINANCIAL INCOME	**1031**		**65,332**	**47,194**
G. FINANCE EXPENSES (1033+1034+1035+1036)	**1032**	**35**	**5,081,542**	**4,676,470**
I. FINANCIAL EXPENSE FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1033**		**391,350**	**1,154,108**
II. INTEREST EXPENSE	**1034**		**3,530,576**	**3,087,786**
III. FOREIGN EXCHANGE LOSS	**1035**		**1,151,960**	**424,612**
IV. OTHER FINANCIAL EXPENSE	**1036**		**7,656**	**9,964**
I. PROFIT FROM FINANCING OPERATIONS (1027-1032)>=0	**1037**		**-**	**2,272,310**
J. LOSS FROM FINANCING OPERATIONS (1032-1027)>=0	**1038**		**1,349,907**	**-**

(continued)

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**	**36**	**109,555**	**101,080**
L. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1040**	**37**	**37,466**	**82,794**
M. OTHER INCOME	**1041**	**38**	**1,314,112**	**786,254**
N. OTHER EXPENSE	**1042**	**39**	**1,393,267**	**8,435,642**
O. TOTAL INCOME (1001+1027+1039+1041)	**1043**		**392,050,109**	**402,752,844**
P. TOTAL EXPENSE (1013+1032+1040+1042)	**1044**		**369,883,927**	**352,993,253**
Q. OPERATING PROFIT BEFORE TAX (1043-1044)>=0	**1045**		**22,166,182**	**49,759,591**
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**		**22,166,182**	**49,759,591**
V. LOSS BEFORE TAX (1046-1045+1048-1047)>=0	**1050**		**-**	**-**
W. INCOME TAX				
I. CURRENT INCOME TAX	1051	40	4,523,958	8,391,534
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1052	40	-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1053	40	738,354	546,571
X. PERSONAL INCOME PAID TO EMPLOYER	1054		-	-
Y. NET PROFIT (1049-1050-1051-1052+1053-1054)>=0	1055		**18,380,578**	**41,914,628**
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		**-**	**-**
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLING INTEREST	1059		**-**	**-**
IV. NET LOSS ATTRIBUTABLE TO PARENT COMPANY	1060		**-**	**-**
V. EARNINGS PER SHARE			**-**	**-**
1. Basic earnings per share	1061		-	-
2. Diluted earnings per share	1062		-	-

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

(All amounts are in RSD 000 unless otherwise stated)

STATEMENT OF OTHER COMPREHENSIVE INCOME

	AOP	Note	Year ended 31 December 2024	2023
A. NET PROFIT/LOSS				
I. NET PROFIT (AOP 1055)	**2001**		**18,380,578**	**41,914,628**
II. NET LOSS (AOP 1056)	**2002**		**-**	**-**
B. OTHER COMPREHENSIVE PROFIT/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 of revaluation reserves	2003		3,400	-
b) decrease of revaluation reserves	2004		-	-
2. Actuarial gains (losses) of post employmet benefit obligations				
a) gains	2005		-	-
b) losses	2006		72,023	53,255
3. Gains or 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 and losses arising from equity investments				
a) gains	2009		-	-
b) losses	2010		-	-
2. Gains (losses) from currency translation differences				
a) gains	2011		-	-
b) losses	2012		-	-
3. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-
4. Gains (losses) on hedging in a cash flow hedge				
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 GAIN BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)-(2004+2006+2008+2010+2012+2014+2016+2018)>=0	**2019**		**-**	**-**
II OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)-(2003+2005+2007+2009+2011+2013+2015+2017)>=0	**2020**		**68,571**	**44,956**
III DEFERRED TAX EXPENSE ONR 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**		**-**	**-**
VI. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021-2022)>=0	**2024**		**68,571**	**44,956**
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2023-2024)>=0	2025		**18,312,007**	**41,869,672**
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2024-2023)>=0	2026		-	-
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2028+2029)=AOP 2025>=0 or AOP 2026>0	**2027**		-	-
1. Attributable to shareholders	2028		-	-
2. Attributable to non-controling interest	2029		-	-

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

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**		**694,202,046**	**663,228,848**
1. Sales and advances received - domestic	3002		657,387,424	631,066,472
2. Sales and advances received - foreign	3003		33,225,743	28,302,511
3. Interest from operating activities	3004		3,141,175	3,423,030
4. Other inflow from operating activities	3005		447,704	436,835
II. Cash outflow from operating activities (1 до 8)	**3006**		**626,404,426**	**640,503,796**
1. Payments and prepayments to suppliers - domestic	3007		130,722,546	105,747,347
2. Payments and prepayments to suppliers - foreign	3008		198,014,581	223,291,963
3. Salaries, benefits and other personal expenses	3009		22,517,680	19,842,032
4. Interest paid - domestic	3010		2,854,619	2,278,867
5. Interest paid - foreign	3011		624,741	571,343
6. Income tax paid	3012		4,703,104	29,759,942
7. Payments for other public revenues	3013		266,967,155	259,012,302
8. Other payments from operating activities	3014		-	-
III. Net cash inflow from operating activities (I - II)	**3015**		**67,797,620**	**22,725,052**
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**		**48,207,299**	**17,692,662**
1. Sale of shares	3018		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3019		774,284	151,307
3. Other financial investments	3020		47,374,416	17,496,983
4. Interest from investing activities	3021		-	-
5. Dividend received	3022		58,599	44,372
II. Cash outflow from investing activities (1 to 3)	**3023**		**82,279,590**	**78,828,210**
1. Acquisition of subsidiaries or other business	3024		-	5,863,685
2. Purchase of intangible assets, property, plant and equipment	3025		53,606,816	35,905,900
3. Other financial investments	3026		28,672,774	37,058,625
III. Net cash inflow from investing activities (I - II)	**3027**		**-**	**-**
IV. Net cash outflow from investing activities (II - I)	**3028**		**34,072,291**	**61,135,548**
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 7)	**3029**		**38,469,531**	**14,368,904**
1. Increase in share capital	3030		-	-
2. Proceeds from long-term borrowings - domestic	3031	23	12,055,367	2,911,766
3. Proceeds from long-term borrowings - foreign	3032	23	-	468,635
4. Proceeds from short-term borrowings - domestic	3033	23	24,542,554	10,988,503
5. Proceeds from short-term borrowings - foreign	3034		-	-
6. Other long-term liabilities	3035		1,871,610	-
7. Other short-term liabilities	3036		-	-
II. Cash outflow from financing activities (1 to 8)	**3037**		**48,859,970**	**42,547,189**
1. Purchase of own shares	3038		-	-
2. Repayment of long-term borrowings - domestic	3039	23	10,395,806	2,768,255
3. Repayment of long-term borrowings - foreign	3040	23	1,539,679	3,057,206
4. Repayment of short-term borrowings - domestic	3041	23	25,761,322	12,240,277
5. Repayment of short-term borrowings - foreign	3042		-	486,580
6. Repayment of other liabilities	3043		-	-
7. Financial lease	3044	23	684,902	629,946
8. Dividend distribution	3045	21	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**		**10,390,439**	**28,178,285**
D. TOTAL CASH INFLOW (3001+3017+3029)	**3048**		**780,878,876**	**695,290,414**
E. TOTAL CASH OUTFLOW (3006+3023+3037)	**3049**		**757,543,986**	**761,879,195**
F. NET CASH INFLOW (3048-3049)>=0	**3050**		**23,334,890**	**-**
G. NET CASH OUTFLOW (3049-3048)>=0	**3051**		**-**	**66,588,781**
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3052**		**16,270,493**	**83,083,255**
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	**3053**		**51,270**	**17,461**
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	**3054**		**834,943**	**241,442**
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3050-3051+3052+3053-3054)	**3055**	**18**	**38,821,710**	**16,270,493**

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

		Equity components									
		AOP	**Share capital**	**AOP**	**Rev. reserves and unr. gains and losses**	**AOP**	**Retained earnings**	**AOP**	**Loss**	**AOP**	**Total (equals AOP 0401)**
1.	**Balance as at 01 January 2023**	**4001**	**81,530,200**	**4037**	**91,787**	**4046**	**278,194,130**	**4055**	**-**	**4073**	**359,816,117**
2.	Adjustments of material errors and changes in accounting policies	4002	**-**	4038	-	4047	-	4056	-	4074	-
3.	**Restated opening balance as at 1 January 2023**	**4003**	**81,530,200**	**4039**	**91,787**	**4048**	**278,194,130**	**4057**	**-**	**4075**	**359,816,117**
4.	Net changes in 2023	4004	**-**	4040	(112,755)	4049	18,617,502	4058	-	4076	18,504,747
5.	**Balance as at 31 December 2023**	**4001**	**81,530,200**	**4041**	**(20,968)**	**4050**	**296,811,632**	**4059**	**-**	**4077**	**378,320,864**
6.	Adjustments of material errors and changes in accounting policies	4006	-	4042	-	4051	-	4060	-	4078	-
7.	**Restated opening balance as at 01 January 2024**	**4007**	**81,530,200**	**4043**	**(20,968)**	**4052**	**296,811,632**	**4061**	**-**	**4079**	**378,320,864**
8.	Net changes in 2024	4008	**-**	4044	(64,471)	4053	7,898,165	4062	**-**	4080	7,833,694
9.	**Balance as at 31 December 2024**	**4009**	**81,530,200**	**4045**	**(85,439)**	**4054**	**304,709,797**	**4063**	**-**	**4081**	**386,154,558**

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

1. GENERAL INFORMATION

Open Joint Stock Company Naftna Industrija Srbije, Novi Sad (the "Company") is a vertically integrated oil company operating predominantly in Serbia. The Company's principal activities include:

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

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

The Company is an open joint stock company listed on the Belgrade Stock Exchange.

These financial statements are separate financial statements of the Company. The Company also prepares consolidated financial statements.

These 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 financial statements for the year ended 31 December 2024 were prepared in accordance with the applicable 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 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Financial Statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, management reviews forecasts of future cash inflows. Based on these reviews, management believes that the Company will be able to continue to operate as a going concern in the foreseeable future (refer to note 3.1. Implication of imposed US Sanctions) and, therefore, this principle should be applied in the preparation of these Financial Statements.

At the date of signing 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 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 financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Serbian dinars (“RSD”), which is the Company’s functional and presentation currency.

(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 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 income statement within ‘finance income or cost’.

2.5. Intangible assets

(a) *Licenses and rights (concessions)*

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.

(b) *Software*

These include primarily the costs of implementation the (SAP) computer software program. Acquired computer 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).

2.6. Oil and Gas properties

(a) *Exploration and evaluation expenditure*

The Company 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.

2.7. Property, plant and equipment

As of the date of establishment, the Company'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 Company 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 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 income statement (notes 38 and 39).

2.8. Leases

The Company 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 Company. 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 Company 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.

2.9. 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.

2.10. 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 income statement as part of income/expenses from valuation of assets (except financial) (note 28 and 31).

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with it will flow to the Company 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.

2.11. 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 Company 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 Company 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 Company's business model for managing the asset and the cash flow characteristics of the asset.

The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company'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 Company 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 Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Company 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 Company 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 Company subsequently measures all equity investments at fair value. Where the Company'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 Company's right to receive payments is established.

(c) *Write-off*

Financial assets are written-off, in whole or in part, when the Company 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 Company may write-off financial assets that are still subject to enforcement activity when the Company 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 Company 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 Company 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 Company 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 Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company 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 Company 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 Company 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 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 OCI as gains less losses on debt instruments at FVOCI.

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

The Company 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 Company 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 Company 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, Company 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.

Company 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

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

Company uses a provision matrix in the calculation of the expected credit losses on trade receivables. Company 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 income statement within selling, general and administrative expenses.

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.

2.12. 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 expense (note 39).

2.13. 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 Company, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

2.14. Share capital

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

2.15. Earnings per share

The Company 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.

2.16. Provisions

Provisions for environmental restoration, asset retirement obligation and legal claims are recognised when: the Company 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 income statement.

2.17. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the 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 Company 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 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.

2.18. Employee benefits

(a) *Pension obligations*

The Company operates a defined contribution pension plan. The Company pays contributions to publicly administered pension insurance plans on a mandatory basis. The Company 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 Company 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 other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries 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 Company recognises a liability and an expense for bonuses and profit-sharing based on an Individual performance assessment. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

At the end of 2023 the Company has made decision to introduce new three-year (2024-2026) program for Company's managers which will be based on the Key Performance Indicators ("KPI") reached during the program (note 22).

2.19. Revenue recognition from contracts with customers

The Company 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 Company 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.

Sales taxes

Revenue does not amount 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 Company'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.

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 authorities and are accounted on a net basis.

(a) *Sales - wholesale*

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

(c) *Sales of electricity*

The Company 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 Company expects to physically deliver factual agreed quantity of electricity revenue is recognized at gross basis in 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 Company 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 27.

(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 Company 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.

2.20. Dividend distribution

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

2.21. 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 financial statements required Management to make estimates and assumptions that effect 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 is 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 Company'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 Financial Statements is provided below.

3.1. Implication of imposed US Sanctions

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

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

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

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

As a result, no adjustment have been recognised in these 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 Company due to sanctions compliance.
3. **Revenue and Profitability**: A reduction in revenue if trade activities are constrained or contracts with international counterparties are terminated.
4. **Operational challenges**: Potential delays or additional costs related to supply chain disruptions and sourcing of critical inputs (crude oil, critical equipment etc.)

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

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

Management of the Company has assessed the Company ability to continue as a going concern and concluded that, at the reporting date, there are no material uncertainties that would cast significant doubt on the Company ability to meet its obligations. However, the evolving situation may materially affect future results and financial 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 Company 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 Company 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 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 Company’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 2,199,056 RSD (2023: 2,040,256 RSD).

3.4. 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 Company 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 Company 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 Company would decrease by about 7.96% for retirement indemnity and 4.96% for jubilee benefit). If pay increased by 1% higher than assumed on an annual basic, than the past service liability (DBO) for the Company would increase by amount 9.29% for the retirement indemnity.

3.5. 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 22) 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 Company'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).

3.6. Contingencies

Certain conditions may exist as of the date of these financial statements are issued that may result in a loss to the Company, 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 Company or unasserted claims that may result in such proceedings, the Company, 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 Company's 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 Company 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 41).

3.7. 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 Company performed stress sensitivity analysis of its impact on recoverability of the Company 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 Company's PPE exceed its carrying value.

The Company 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 Company'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.

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 if the negative trends on the market continue.

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 Financial Statements.

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

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company'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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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

In the normal course of its operations the Company 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 Company 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 Company operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to USD and EUR. Currency risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to manage its currency risk against its functional currency. In order to manage its currency 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. Currency risks arise when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company functional currency.

The Company has borrowings denominated in foreign currency mainly in EUR which predominantly expose Company to the currency translation risk. Currency exposure arising from the borrowings is managed through the participation of the borrowing denominated in functional currency of the Company in the total credit portfolio.

The carrying values (net of allowance) of the Company'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	91,693	-	-	-	91,693
Long-term investments in subsidiaries foreign	-	4,222,893	-	-	4,222,893
Long term loans provided - domestic	-	2,062,694	-	-	2,062,694
LT placements	6,685	-	-	-	6,685
Other long-term investments	293,102	1,167,150	6,746	-	1,466,998
Current					
Trade receivables	29,055,736	9,934,162	-	-	38,989,898
Other receivables	2,157,196	1,932,346	178,845	517	4,268,904
Short term financial investments	7,577,154	21,640,029	-	-	29,217,183
Cash and cash equivalents	25,256,003	13,363,589	93,816	108,302	38,821,710
Financial liabilities					
Non-current					
Long-term liabilities	(7,565)	(71,831,598)	-	(15,456)	(71,854,619)
Current					
Short-term financial liabilities	(2,391,579)	(9,288,151)	-	(12,366)	(11,692,096)
Trade payables	(14,584,538)	(1,635,268)	(69,357)	(34,342)	(16,323,505)
Other short-term liabilities	(6,160,659)	(217,912)	(183,882)	(309)	(6,562,762)
Net exposure	**41,293,228**	**(28,650,066)**	**26,168**	**46,346**	**12,715,676**

As of 31 December 2023

	RSD	EUR	USD	Other	Total
Financial assets					
Non-current					
Financial instrument at FVTOCI	91,641	-	-	-	91,641
Long-term investments in subsidiaries foreign	-	6,659,484	-	-	6,659,484
Long term loans provided - domestic	-	1,889,147	-	-	1,889,147
LT placements	8,565	-	-	-	8,565
Other long-term investments	299,282	1,173,038	4,964	-	1,477,284
Current					
Trade receivables	34,099,023	10,362,382	-	-	44,461,405
Other receivables	127,878	3,089,151	168,013	846	3,385,888
Short term financial investments	27,336,070	19,786,274	-	-	47,122,344
Cash and cash equivalents	14,000,844	2,252,574	323	16,752	16,270,493
Financial liabilities					
Non-current					
Long-term liabilities	(3,369)	(68,103,171)	-	(10,712)	(68,117,252)
Current					
Short-term financial liabilities	(3,620,364)	(11,200,371)	(30,298)	(38,333)	(14,889,366)
Trade payables	(16,442,577)	(1,375,404)	(800,999)	(39,833)	(18,658,813)
Other short-term liabilities	(5,929,791)	(243,066)	(169,426)	(106)	(6,342,389)
Net exposure	**49,967,202**	**(35,709,962)**	**(827,423)**	**(71,386)**	**13,358,431**

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 Company 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 Company's financial instruments 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 for the year and equity would have been 286,501 RSD (2023: 357,100 RSD) higher/lower, mainly as a result of foreign exchange gains/(losses) on translation of EUR – denominated borrowings.

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 523 RSD (2023: 16,548 RSD) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD – denominated accounting payables.

Commodity price risk

The Company's financial performance relates directly to prices of crude oil and petroleum products. The Company 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 Company'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.

Interest rate risk

Borrowings withdrawn at variable interest rates expose the Company 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 Company'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.

Credit risk

The Company 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 Company's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position is as follows:

	31 December 2024	31 December 2023
Financial instrument at FVTOCI	91,693	91,641
Long-term investments in subsidiaries domestic (note 11)	2,062,694	1,889,147
Long-term investments in subsidiaries foreign (note 11)	4,222,893	6,659,484
Long term loans provided - domestic	6,685	8,565
Other long-term investments (note 12)	1,466,998	1,477,284
Trade receivables (note 15)	38,989,898	44,461,405
Other receivables (note 16)	11,981,627	10,895,067
Short term financial investments (note 17)	29,217,183	47,122,344
Cash and cash equivalents (note 18)	38,821,710	16,270,493
Total maximum exposure to credit risk	**126,861,381**	**128,875,430**

Credit risk management. Credit risk is the single largest risk for the Company'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. The Company 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 Company;
- planned sales volume;
- duration of relationship with the Company, including ageing profile, maturity and existence of any financial difficulties.

<u>Trade and Other receivables</u>

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

The Company 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 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, specific 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%	41,140,320	(111,262)	41,029,058
- less than 30 days overdue	1.23%	2,272,588	(28,000)	2,244,588
- 31 to 90 days overdue	2.25%	1,231,653	(27,762)	1,203,891
- 91 to 270 days overdue	2.17%	1,204,456	(26,135)	1,178,321
- over 270 days overdue	73.44%	20,015,077	(14,699,410)	5,315,667
Total trade and other receivables		**65,864,094**	**(14,892,569)**	**50,971,525**

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%	40,486,860	(7,328)	40,479,532
- less than 30 days overdue	0.06%	6,617,171	(3,810)	6,613,361
- 31 to 90 days overdue	0.64%	1,738,360	(11,125)	1,727,235
- 91 to 270 days overdue	2.43%	2,050,090	(49,905)	2,000,185
- over 270 days overdue	76.82%	19,569,173	(15,033,014)	4,536,159
Total trade and other receivables		**70,461,654**	**(15,105,182)**	**55,356,472**

Trade and other receivables over 270 days overdue in amount of 5,315,667 RSD (2023: 4,536,159 RSD) mainly relates to receivables from related parties.

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

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

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

	Trade receivables	Lease receivables	Total
As at 1 January 2023	**4,591,921**	**34,426**	**4,626,347**
Provision for receivables impairment (note 37)	71,950	123	72,073
Unused amounts reversed (note 36)	(32,751)	(3,528)	(36,279)
Receivables written off during the year as uncollectible	(65,646)	(474)	(66,120)
Other	5,432	-	5,432
As at 31 December 2023	**4,570,906**	**30,547**	**4,601,453**
As at 1 January 2024	**4,570,906**	**30,547**	**4,601,453**
Provision for receivables impairment (note 37)	25,799	1,321	27,120
Unused amounts reversed (note 36)	(97,680)	(3,947)	(101,627)
Receivables written off during the year as uncollectible	(125,465)	(94)	(125,559)
As at 31 December 2024	**4,373,560**	**27,827**	**4,401,387**

Expenses that have been provided for or written off are included in fair value measurement loss within the 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 above. 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	**952,681**	**2,244,662**	**7,338,180**	**10,535,523**
Provision for other receivables impairment (note 37)	80	9,662	549	10,291
Unused amounts reversed (note 36)	(382)	(5,171)	(1,659)	(7,212)
Receivables written off during the year as uncollectible and other	1	(33,343)	(22)	(33,364)
Other	-	(1,509)	-	(1,509)
As at 31 December 2023	**952,380**	**2,214,301**	**7,337,048**	**10,503,729**
As at 1 January 2024	**952,380**	**2,214,301**	**7,337,048**	**10,503,729**
Provision for other receivables impairment (note 37)	551	7,893	1,902	10,346
Unused amounts reversed (note 36)	(88)	(1,619)	(1,208)	(2,915)
Receivables written off during the year as uncollectible and other	-	(19,395)	(107)	(19,502)
Other	(1)	(475)	-	(476)
As at 31 December 2024	**952,842**	**2,200,705**	**7,337,635**	**10,491,182**

Other financial assets at amortised cost

Movements on the provision for long-term placements to subsidiaries:

	Total
As at 1 January 2023	**8,092,083**
Remeasurement of expected credit losses	-
Reclassification from non-current to current part	(7,946,133)
Exchange differences	17,070
As at 31 December 2023	**163,020**
As at 1 January 2024	**163,020**
Exchange differences	(221)
As at 31 December 2024	**162,799**

Movements on the provision for short-term placements:

	Short-term financial loans - Domestic	Current portion of long-term placements	Total
As at 1 January 2023	**2,019**	**1,627,000**	**1,629,019**
Remeasurement of expected credit losses	-	-	-
Unused amounts reversed	-	-	-
Reclassification from non-current to current part	-	7,946,133	7,946,133
Exchange differences	-	(29,389)	(29,389)
As at 31 December 2023	**2,019**	**9,543,744**	**9,545,763**
Remeasurement of expected credit losses	-	-	-
Unused amounts reversed	-	-	-
Reclassification from non-current to current part	-	-	-
Exchange differences	-	(12,934)	(12,934)
As at 31 December 2024	**2,019**	**9,530,810**	**9,532,829**

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 18)	2,440,490	12,000,432	24,380,788	**38,821,710**
Deposits with original maturity more than 3 months less than 1 year (note 17)	-	-	-	**-**
As at December 2023				
Cash and cash equivalents (note 18)	4,441,215	4,124,171	7,705,107	**16,270,493**
Deposits with original maturity more than 3 months less than 1 year (note 17)	3,128,640	5,243,556	17,918,700	**26,290,896**

The Company 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 Company's level. The Company's finance function monitors rolling forecasts of the Company'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 time so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company'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 Company over and above the balance required for working capital management is invested as surplus cash in time deposits.

The table below analyses the Company's financial liabilities into relevant maturity groupings at the balance sheet.

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	83,546,715	92,759,105	17,307,916	74,306,024	1,145,165
Trade payables and dividends payable	20,106,903	20,106,903	20,106,903	-	-
	103,653,618	**112,866,008**	**37,414,819**	**74,306,024**	**1,145,165**
As at 31 December 2023					
Financial liabilities	83,006,618	91,820,250	17,558,974	72,476,964	1,784,312
Trade payables and dividends payable	22,442,408	22,442,408	22,442,408	-	-
	105,449,026	**114,262,658**	**40,001,382**	**72,476,964**	**1,784,312**

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

	31 December 2024	**31 December 2023**
Total borrowings (note 23 and 24)	83,546,715	83,006,618
Less: cash and cash equivalents (note 18)	(38,821,710)	(16,270,493)
Net debt	**44,725,005**	**66,736,125**
Adjusted EBITDA	47,955,195	70,507,388
Net debt to adjusted EBITDA ratio at the end of the year	**0.93**	**0.95**

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

There were no changes in the Company'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 Company 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 Company 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 fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

The carrying amount of trade, specific and other receivables 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 financial assets and non-current financial liabilities the fair values are also not significantly different to their carrying amounts.

6. SEGMENT INFORMATION

Presented below is information about the Company's operating segments for the years ended 31 December 2024 and 2023. Operating segments are components are engaged in business activities which may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Company manages its operations in two operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Company operations: exploration, development and production of crude oil and natural gas and oil field services. Downstream segment (refining and marketing) processes crude oil into refined products and purchases, sells and transports crude and refined petroleum products (refining and marketing). Corporate centre and Energy business activities 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 Company's EBITDA. Management believes that EBITDA represents useful means of assessing the performance of the Company's on-going operating activities, as it reflects the Company's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortization, finance income (expenses) net and other non-operating income (expenses). EBITDA is a supplemental non-IFRS financial measure used by management to evaluate operations.

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

	Upstream	**Downstream**	**Eliminations**	**Total**
Segment revenue	57,869,171	388,557,458	(55,425,046)	391,001,583
Intersegment	52,736,119	2,688,927	(55,425,046)	-
External	5,133,052	385,868,531	-	391,001,583
Adjused EBITDA (Segment results)	**37,949,644**	**10,005,551**	**-**	**47,955,195**
Depreciation, depletion and amortization	(12,965,557)	(11,267,300)	-	(24,232,857)
Impairment losses/ Revaluation surpluses (note 28 and 31)	2,715	71,174	-	73,889
Finance expenses, net	(337,598)	(1,012,309)	-	(1,349,907)
Income tax	(329,842)	(3,455,762)	-	(3,785,604)
Segment profit	**24,359,833**	**(5,979,255)**	**-**	**18,380,578**

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	48,442,396	393,667,719	(50,895,745)	391,214,370
Intersegment	48,388,424	2,507,321	(50,895,745)	-
External	53,972	391,160,398	-	391,214,370
Adjused EBITDA (Segment results)	**32,337,898**	**38,169,490**	**-**	**70,507,388**
Depreciation, depletion and amortization	(12,450,152)	(10,143,643)	-	(22,593,795)
Impairment losses/ Revaluation surpluses (note 28 and 31)	(68,461)	(17,720)	-	(86,181)
Finance expenses, net	(195,839)	2,468,149	-	2,272,310
Income tax	-	(7,844,963)	-	(7,844,963)
Segment profit	**19,713,344**	**22,201,284**	**-**	**41,914,628**

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 after allocation of Corporate centre	10,005,551	38,169,490
Corporate centre EBITDA	(9,042,728)	(15,604,457)
Adjusted EBITDA prior allocation of Corporate centre	**19,048,279**	**53,773,947**

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

	Year ended 31 December	
	2024	**2023**
Profit for the year	18,380,578	41,914,628
Income tax expenses	3,785,604	7,844,963
Other expenses	1,393,267	8,435,642
Other income	(1,314,112)	(786,254)
Loss from valuation of assets at fair value through profit and loss	37,466	82,794
Income from valuation of assets at fair value through profit and loss	(109,555)	(101,080)
Finance expense	5,081,542	4,676,470
Finance income	(3,731,635)	(6,948,780)
Depreciation, depletion and amortization	24,232,857	22,593,795
Other non operating expenses / (income), net*	199,183	(7,204,790)
EBITDA	**47,955,195**	**70,507,388**

*Other non-operating expense/(income), net mainly relates to penalties and excess and deficiencies of assets revealed, (for 2023 mainly relates to donations for support projects in the field of education, social and health care, excess and deficiencies of assets revealed, fines, penalties and other). (note 39)

Oil, gas and petroleum products 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	-	5,042,244	5,042,244
Sale of gas	217,712	-	217,712
Wholesale activities	217,712	-	217,712
Sale of petroleum products	318,233,897	48,239,918	366,473,815
Through a retail network	106,235,625	-	106,235,625
Wholesale activities	211,998,272	48,239,918	260,238,190
Lease revenue	352,126	5,746	357,872
Sales of electricity	933,083	-	933,083
Other sales and other operating income	17,572,016	404,841	17,976,857
Total sales and other income	**337,308,834**	**53,692,749**	**391,001,583**

	Year ended 31 December 2023		
	Domestic Market	**Export and international sales**	**Total**
Sale of crude oil	-	-	-
Sale of gas	190,850	-	190,850
Wholesale activities	190,850	-	190,850
Sale of petroleum products	313,480,564	45,740,878	359,221,442
Through a retail network	110,382,013	-	110,382,013
Wholesale activities	203,098,551	45,740,878	248,839,429
Lease revenue	360,760	8,857	369,617
Sales of electricity	15,406,532	-	15,406,532
Other sales and other operating income	15,618,037	407,892	16,025,929
Total sales and other income	**345,056,743**	**46,157,627**	**391,214,370**

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 and other operating income mainly relate to sales of non-fuel products at petrol stations for 12,788,758 RSD (2023: 11,031,630 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	5,042,244	-
Sale of petroleum products (retail and wholesale)		
Bosnia and Herzegovina	21,830,495	20,919,814
Bulgaria	5,715,850	5,028,468
Romania	1,171,245	506,590
All other markets	19,522,328	19,286,007
	48,239,918	45,740,879
Lease revenue	5,746	8,856
Other sales and other operating income	404,841	407,892
	53,692,749	**46,157,627**

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:

	Year ended 31 December	
	2024	**2023**
Sales revenue and other income	587,147,802	564,184,939
Excise duties	(196,146,219)	(172,970,569)
Net sales revenue and other income	**391,001,583**	**391,214,370**

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 Company assessed that for excise duties levied in wholesale it bears no inventory risk nor significant credit risk. In retail sales, the Company 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 Company bears no significant risks in both cases, excise duties are collected on behalf of tax authority and consequently deducted from revenue.

7. INTANGIBLE ASSETS

	Development investments	Concessions, patents, licenses, software and other rights	Other intangibles	Intangible assets under development	Total
At 1 January 2023					
Cost	17,787,257	11,032,863	1,284,857	1,473,121	31,578,098
Accumulated amortisation and impairment	(6,956,323)	(8,642,284)	(200,475)	(63,665)	(15,862,747)
Net book amount	**10,830,934**	**2,390,579**	**1,084,382**	**1,409,456**	**15,715,351**
Year ended 31 December 2023					
Additions	427,548	256,889	19,106	569,922	1,273,465
Depreciation	(1,252,295)	(498,014)	(20,968)	-	(1,771,277)
Disposals and write-off	-	(995)	-	-	(995)
Other transfer	-	1,646	(1,428)	1	219
Closing net book amount	**10,006,187**	**2,150,105**	**1,081,092**	**1,979,379**	**15,216,763**
As at 31 December 2023					
Cost	18,209,844	11,276,330	1,302,523	1,979,379	32,768,076
Accumulated amortization and impairment	(8,203,657)	(9,126,225)	(221,431)	-	(17,551,313)
Net book amount	**10,006,187**	**2,150,105**	**1,081,092**	**1,979,379**	**15,216,763**
At 1 January 2024					
Cost	18,209,844	11,276,330	1,302,523	1,979,379	32,768,076
Accumulated amortization and impairment	(8,203,657)	(9,126,225)	(221,431)	-	(17,551,313)
Net book amount	**10,006,187**	**2,150,105**	**1,081,092**	**1,979,379**	**15,216,763**
Year ended 31 December 2024					
Additions	146,248	832,978	25,771	(51,009)	953,988
Depreciation	(1,269,814)	(521,629)	(24,299)	-	(1,815,742)
Impairment charge (note 28 and 31)	-	(8,806)	-	(908)	(9,714)
Disposals and write-off	-	(216)	-	-	(216)
Closing net book amount	**8,882,621**	**2,452,432**	**1,082,564**	**1,927,462**	**14,345,079**
As at 31 December 2024					
Cost	18,356,092	12,084,339	1,306,706	1,928,370	33,675,507
Accumulated amortization and impairment	(9,473,471)	(9,631,907)	(224,142)	(908)	(19,330,428)
Net book amount	**8,882,621**	**2,452,432**	**1,082,564**	**1,927,462**	**14,345,079**

Intangible assets under development as at 31 December 2024 amounting to 1,927,462 RSD (31 December 2023: 1,979,379 RSD) mostly relate to investments in explorations (unproved reserves) in the amount of 1,234,303 RSD (31 December 2023: 1,196,344 RSD).

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	10,423,471	259,174,345	167,389,337	15,405,954	82,660	543,535	1,063,325	454,082,627
Accumulated depreciation and impairment	(292,232)	(104,897,262)	(89,071,695)	(3,094,272)	(1,114)	(403,907)	(21,395)	(197,781,877)
Net book amount	**10,131,239**	**154,277,083**	**78,317,642**	**12,311,682**	**81,546**	**139,628**	**1,041,930**	**256,300,750**
Year ended 31 December 2023								
Additions	18,302	14,858,660	4,537,099	9,536,661	-	2,811	6,686,875	35,640,408
Changes in decommissioning obligations (note 22)	-	290,351	-	-	-	-	-	290,351
Impairment effect, net (note 28 and 31)	-	-	-	(133,295)	-	-	32	(133,263)
Depreciation	-	(11,476,825)	(8,911,029)	-	-	(14,709)	-	(20,402,563)
Transfer to assets held for sale	(31,539)	-	-	-	-	-	-	(31,539)
Transfer from/(to) investment property	(9,338)	15,140	-	-	-	-	-	5,802
Disposals and write-off	(865)	(36,924)	(42,496)	(163,235)	-	-	-	(243,520)
Other transfers and closing advances for PPE	-	215,602	(215,353)	5,173	1	(1)	(3,565,914)	(3,560,492)
Closing net book amount	**10,107,799**	**158,143,087**	**73,685,863**	**21,556,986**	**81,547**	**127,729**	**4,162,923**	**267,865,934**
At 31 December 2023								
Cost	10,400,031	273,843,067	169,629,727	23,363,366	82,660	542,554	4,184,286	482,045,691
Accumulated depreciation and impairment	(292,232)	(115,699,980)	(95,943,864)	(1,806,380)	(1,113)	(414,825)	(21,363)	(214,179,757)
Net book amount	**10,107,799**	**158,143,087**	**73,685,863**	**21,556,986**	**81,547**	**127,729**	**4,162,923**	**267,865,934**
At 1 January 2024								
Cost	10,400,031	273,843,067	169,629,727	23,363,366	82,660	542,554	4,184,286	482,045,691
Accumulated depreciation and impairment	(292,232)	(115,699,980)	(95,943,864)	(1,806,380)	(1,113)	(414,825)	(21,363)	(214,179,757)
Net book amount	**10,107,799**	**158,143,087**	**73,685,863**	**21,556,986**	**81,547**	**127,729**	**4,162,923**	**267,865,934**
Year ended 31 December 2024								
Additions	36,420	21,078,320	20,223,401	5,946,384	704	158	6,397,006	53,682,393
Changes in decommissioning obligations (note 22)	-	479,676	-	-	-	-	-	479,676
Impairment effect, net (note 28 and 31)	(1,335)	(1,587)	-	63,011	-	-	(12,623)	47,466
Depreciation	-	(12,842,700)	(9,132,833)	-	-	(15,022)	-	(21,990,555)
Transfer from/(to) assets held for sale	12,924	(814)	(57)	(85,111)	-	-	-	(73,058)
Transfer to investment property	(8,532)	(1,900)	-	-	-	-	-	(10,432)
Disposals and write-off	(11,290)	(288,859)	(105,217)	(186)	(15)	-	-	(405,567)
Other transfers and closing advances for PPE	2,813	(4,412)	(842)	(219,730)	-	7,442	(7,770,676)	(7,985,405)
Closing net book amount	**10,138,799**	**166,560,811**	**84,670,315**	**27,261,354**	**82,236**	**120,307**	**2,776,630**	**291,610,452**
At 31 December 2024								
Cost	10,424,275	294,306,334	188,538,210	27,468,765	83,349	549,155	2,810,616	524,180,704
Accumulated depreciation and impairment	(285,476)	(127,745,523)	(103,867,895)	(207,411)	(1,113)	(428,848)	(33,986)	(232,570,252)
Net book amount	**10,138,799**	**166,560,811**	**84,670,315**	**27,261,354**	**82,236**	**120,307**	**2,776,630**	**291,610,452**

In 2024, the Company 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: 61,023 RSD).

Of the total amount of activations in 2024 in the amount of 47,285,387 RSD, the most significant part refers to activation on oil&gas properties in the amount of 16,510,657 RSD. In 2023 the amount of 28,953,533 RSD, the most significant part refers to to activation on oil&gas properties in the amount of 16,196,962 RSD.

As at 31 December 2024, the Company assessed impairment indicators of cash generating units ("CGU") – refer to note 3.7 for details. In addition, Company has assessed and recognized impairment gains in amount of 47,466 RSD (2023: impairment losses 133,263 RSD) 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.

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

b) Right of use assets

	Land	Property	Plant and equipment	Vehicles	Other	Total
As at 1 January 2023	**-**	**842,721**	**224,723**	**1,759,082**	**-**	**2,826,526**
Additions	2,542	110,783	135,670	325,279	-	574,274
Depreciation	(1,116)	(97,860)	(81,654)	(239,325)	-	(419,955)
Transfers	-	-	5,000	(6,994)	1,994	-
Disposal	-	(55,247)	(110,112)	(5,419)	-	(170,778)
Impairement (note 28 and 31)	-	-	-	-	(1,994)	(1,994)
As at 31 December 2023	**1,426**	**800,397**	**173,627**	**1,832,623**	**-**	**2,808,073**
As at 1 January 2024	**1,426**	**800,397**	**173,627**	**1,832,623**	**-**	**2,808,073**
Additions	13,793	194,522	128,253	304,572	-	641,140
Depreciation	(3,121)	(109,237)	(80,939)	(233,263)	-	(426,560)
Disposal	-	-	(1,548)	(198,647)	-	(200,195)
As at 31 December 2024	**12,098**	**885,682**	**219,393**	**1,705,285**	**-**	**2,822,458**

c) 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	**1,514,651**	**1,605,254**
Fair value gain / (loss) (note 28 and 31)	(2,991)	(160)
Transfers from/(to) PPE	10,432	(5,802)
Other transfer	40	(18,579)
Disposals	(9,366)	(66,062)
As at 31 December	**1,512,766**	**1,514,651**

As at 31 December 2024, investment properties amounting to 1,512,766 RSD (31 December 2023: 1,514,651 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 Company'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.

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	-	921,271	-
− Gas stations	-	-	591,495
Total	**-**	**921,271**	**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	-	920,882	-
− Gas stations	-	-	593,769
Total	**-**	**920,882**	**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 Company 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:		
Fair value income	-	-
Other	-	-
Total increase in fair value measurement, assets	-	-
Assets as at 31 December	**591,495**	**593,769**

d) 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 2.6).

	Capitalised exploration and evaluation expenditure	Capitalised development expenditure	Total - asset under construction (exploration and development expenditure)	Production assets	Other business and corporate assets	Total
As at 1 January 2023						
Cost	3,525,268	5,349,443	8,874,711	215,586,310	25,934	224,486,955
Depreciation and impairment	(77,594)	(34,739)	(112,333)	(86,096,477)	(20,353)	(86,229,163)
Net book amount	**3,447,674**	**5,314,704**	**8,762,378**	**129,489,833**	**5,581**	**138,257,792**
Year ended 31 December 2023						
Additions	1,231,782	1,441,698	2,673,480	16,196,962	-	18,870,442
Changes in decomisioning obligations	-	-	-	290,237	-	290,237
Impairment	(74,169)	(47,986)	(122,155)	-	-	(122,155)
Depreciation and depletion	-	-	-	(12,310,595)	-	(12,310,595)
Transfer from investment property	-	-	-	136	-	136
Other transfer	(2,916)	34,839	31,923	(71)	(45)	31,807
Disposals and write-off	-	(163,308)	(163,308)	(36,059)	-	(199,367)
	4,602,371	**6,579,947**	**11,182,318**	**133,630,443**	**5,536**	**144,818,297**
As at 31 December 2023						
Cost	4,754,134	6,613,024	11,367,158	231,482,615	25,889	242,875,662
Depreciation and impairment	(151,763)	(33,077)	(184,840)	(97,852,172)	(20,353)	(98,057,365)
Net book amount	**4,602,371**	**6,579,947**	**11,182,318**	**133,630,443**	**5,536**	**144,818,297**
Year ended 31 December 2024						
Additions	1,712,950	2,230,637	3,943,587	16,510,657	-	20,454,244
Changes in decomisioning obligations	-	-	-	479,398	-	479,398
Depreciation and depletion	-	-	-	(12,833,413)	-	(12,833,413)
Transfer to investment property	-	-	-	(13)	-	(13)
Other transfer	485	(14,212)	(13,727)	7,072	(94)	(6,749)
Disposals and write-off	-	(187)	(187)	(30,297)	(15)	(30,499)
	6,315,806	**8,796,185**	**15,111,991**	**137,763,847**	**5,427**	**152,881,265**
As at 31 December 2024						
Cost	6,467,569	8,829,262	15,296,831	248,033,301	25,780	263,355,912
Depreciation and impairment	(151,763)	(33,077)	(184,840)	(110,269,454)	(20,353)	(110,474,647)
Net book amount	**6,315,806**	**8,796,185**	**15,111,991**	**137,763,847**	**5,427**	**152,881,265**

9. INVESTMENTS IN SUBSIDIARY

	31 December 2024	31 December 2023
Investments in subsidiaries:		
- In shares	3,457,576	3,457,576
- In stakes	40,303,566	40,303,566
	43,761,142	43,761,142
Less: Provision	(12,744,460)	(12,744,460)
	31,016,682	**31,016,682**
Other financial assets available for sales	91,693	91,641
	31,108,375	**31,108,323**

In the previous year, the Company completed 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 Company acquired control of HIP Petrohemija, increasing its shareholding from 20.86% to 90%. As part of the transaction, the Company 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 9,909,172 RSD, with the bargain purchased aquired in the amount of 8,918,255 RSD.The details of this transaction were disclosed in the prior year's financial statements, including its impact on the Company's financial position and performance.

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

10. INVESTMENTS IN JOINT VENTURES

The carrying value of the investments in associates and joint ventures as of 31 December 2024 and 2023 is presented below:

		Ownership percentage	31 December 2024	31 December 2023
Gazprom Energoholding Serbia d.o.o. Novi Sad	Joint venture	49%	1,038,800	1,038,800
			1,038,800	**1,038,800**

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

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

<u>Gazprom Energoholding Serbia d.o.o. Belgrade</u>

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 as of 31 December 2024 and 2023 and for the years ended 31 December 2024 and 2023 is presented in the table below:

	Gazprom Energoholding Serbia
31 December 2024	
Current assets	2,506,687
Non-current assets	21,979,523
Current liabilities	5,747,971
Non-current liabilities	14,894,183
Revenue	15,095,928
Loss for the year	(113,078)
31 December 2023	
Current assets	2,612,304
Non-current assets	22,614,890
Current liabilities	5,047,973
Non-current liabilities	16,220,251
Revenue	14,604,254
Loss for the year	(179,466)

11. LONG-TERM INVESTMENTS IN PARENT AND SUBSIDIARIES

	31 December 2024	31 December 2023
LT loans - Subsidiaries - Domestic	2,062,694	1,889,147
LT loans - Subsidiaries - Foreign	4,385,692	6,822,504
	6,448,386	8,711,651
Less: Impairment	(162,799)	(163,020)
	6,285,587	**8,548,631**

Long-term loans to subsidiaries denominated in RSD relate to:

	Currency	31 December 2024	31 December 2023
Domestic			
NIS Petrol a.d. Belgrade, Serbia	EUR	2,062,694	1,889,147
		2,062,694	1,889,147
Foreign			
NIS Petrol e.o.o.d. Sofija, Bulgaria	EUR	-	-
NIS Petrol SRL, Bucharest, Romania	EUR	3,892,516	6,270,070
NIS Petrol d.o.o. Banja Luka, BiH	EUR	-	-
Jadran - Naftagas d.o.o. Banja Luka, BiH	EUR	493,176	552,434
		4,385,692	6,822,504
		6,448,386	**8,711,651**

12. OTHER LONG-TERM FINANCIAL INVESTMENTS

	31 December 2024	31 December 2023
Other LT investments	260,553	260,159
LT loans given to employees	647,358	662,316
Other LT investments at FV	837,800	838,937
Less: Impairment	(278,713)	(284,128)
	1,466,998	**1,477,284**

Loans to employees as at 31 December 2024 amounting to 647,358 RSD (31 December 2023: 662,316 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 278,713 RSD.

Other long-term investments at fair value in the amount of 837,800 RSD (31 December 2023: 838,937 RSD) are recognised in accordance with agreement for O&G exploration project.

13. DEFERRED TAX ASSETS AND LIABILITIES

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

	Assets	Liabilities	Net
As at December 31 2024			
Provisions	705,806	-	705,806
Property, plant and equipment	3,519,278	-	3,519,278
Impairment losses	61,010	-	61,010
Fair value gains	3,955	-	3,955
Revaluation reserve	-	(11,359)	(11,359)
	4,290,049	**(11,359)**	**4,278,690**
As at December 31 2023			
Provisions	834,108	-	834,108
Property, plant and equipment	2,628,687	-	2,628,687
Impairment losses	72,236	-	72,236
Fair value gains	4,004	-	4,004
Revaluation reserve	-	(11,598)	(11,598)
	3,539,035	**(11,598)**	**3,527,437**

Movements in temporary differences during the period:

	As at December 31 2023	Recognised in profit or loss	Recognised in other comprehensive income	Other	As at December 31 2024
Provisions	834,108	(141,011)	12,710	(1)	705,806
Property, plant and equipment	2,628,687	890,589	-	2	3,519,278
Impairment losses	72,236	(11,224)	-	(2)	61,010
Fair value gains	4,004	-	(50)	1	3,955
Revaluation reserve	(11,598)	-	239	-	(11,359)
Total	**3,527,437**	**738,354**	**12,899**	**-**	**4,278,690**

	As at December 31 2022	Recognised in profit or loss	Recognised in other comprehensive income	Other	As at December 31 2023
Provisions	704,723	119,989	9,398	(2)	834,108
Property, plant and equipment	1,916,114	712,570	-	3	2,628,687
Impairment losses	367,129	(294,893)	-	-	72,236
Fair value gains	10,327	(6,346)	23	-	4,004
Revaluation reserve	(26,848)	15,251	-	(1)	(11,598)
Total	**2,971,445**	**546,571**	**9,421**	**-**	**3,527,437**

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

14. INVENTORY

	31 December 2024	31 December 2023
Materials, spare parts and tools	23,496,351	33,137,985
Work in progress	5,524,212	6,910,854
Finished goods	15,593,411	20,725,525
Goods for sale	1,749,342	2,950,462
Advances	1,341,448	887,650
Less: impairment of inventory	(4,326,119)	(4,396,526)
Less: impairment of advances	(148,022)	(148,467)
	43,230,623	**60,067,483**

Movement on inventory provision is as follows:

	Impairment of inventories	Impairment of Advances	Total
Balance as of 1 January 2023	**4,456,030**	**148,487**	**4,604,517**
Provision for inventories and advances (note 31)	-	-	-
Unused amounts reversed (note 28)	(53,694)	(20)	(53,714)
Write-off and other	(5,810)	-	(5,810)
Balance as of 31 December 2023	**4,396,526**	**148,467**	**4,544,993**
Provision for inventories and advances (note 31)	-	93	93
Unused amounts reversed (note 28)	(40,067)	(538)	(40,605)
Write-off and other	(30,340)	-	(30,340)
Balance as of 31 December 2024	**4,326,119**	**148,022**	**4,474,141**

15. TRADE RECEIVABLES

	31 December 2024	31 December 2023
Parents and subsidiaries - domestic	1,783,650	5,464,592
Parents and subsidiaries - foreign	8,266,715	8,200,790
Other related parties - domestic	50,484	144,184
Trade receivables domestic – third parties	32,466,980	33,838,606
Trade receivables foreign – third parties	823,456	1,414,686
	43,391,285	**49,062,858**
Less: Impairment	(4,401,387)	(4,601,453)
	38,989,898	**44,461,405**

16. OTHER RECEIVABLES

	31 December 2024	31 December 2023
Receivables from specific operations	1,312,690	1,201,401
Interest receivables	5,945,423	5,194,740
Receivables from employees	23,431	22,309
Other receivables	7,477,918	7,470,526
Income tax prepayment	7,549,680	7,380,049
Prepaid taxes and contributions	163,667	129,771
Less: Impairment	(10,491,182)	(10,503,729)
	11,981,627	**10,895,067**

17. SHORT-TERM FINANCIAL INVESTMENTS

	31 December 2024	31 December 2023
ST loans and placements - Parent and subsidiaries	7,566,107	1,034,375
ST loans and placements - Domestic	2,019	2,019
Current portion of LT placements - Parent and subsidiaries	31,119,453	29,276,955
Other ST financial placements	62,433	63,862
Deposits with original maturity more than 3 months less than 1 year	-	26,290,896
Less: Impairment-subsidiaries	(9,530,810)	(9,543,744)
Less: Impairment-third parties	(2,019)	(2,019)
	29,217,183	**47,122,344**

Short-term loans and current portion of long-term placements to subsidiaries denominated in RSD relate to:

	Currency	31 December 2024	31 December 2023
Domestic			
NIS Petrol a.d. Belgrade, Serbia	RSD	-	84,206
Naftagas-Naftni servisi d.o.o. Novi Sad, Serbia	RSD	2,485,108	950,169
HIP Petrohemija d.o.o. Pančevo, Serbia	RSD	5,080,999	-
		7,566,107	1,034,375
Foreign			
NIS Petrol e.o.o.d. Sofija, Bulgaria	EUR	10,562,818	10,577,153
NIS Petrol SRL, Bucharest, Romania	EUR	14,883,673	12,667,623
NIS Petrol d.o.o. Banja Luka, BiH	EUR	3,991,716	4,407,241
Jadran - Naftagas d.o.o. Banja Luka, BiH	EUR	1,681,246	1,624,938
		31,119,453	29,276,955
		38,685,560	**30,311,330**

18. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in bank and in hand	9,905,260	8,091,792
Deposits with original maturity of less than three months	28,912,653	8,173,457
Cash equivalents	3,797	5,244
	38,821,710	**16,270,493**

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 Company, and earn interest at the respective short-term deposit rates.The fair value of cash and cash equivalents approximates their carrying value.

19. PREPAYMENTS AND ACCRUED INCOME

	31 December 2024	31 December 2023
Deferred input VAT	3,599,608	3,017,260
Prepaid expenses	421,816	261,241
Accrued revenue	38,709	45,913
Prepaid excise duty	6,610,439	4,210,375
Housing loans and other prepayments	432,526	367,452
	11,103,098	**7,902,241**

Deferred input VAT as at 31 December 2024 amounting to 3,599,608 RSD (31 December 2023: 3,017,260 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 6,610,439 RSD (31 December 2023: 4,210,375 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.

20. OFF-BALANCE SHEET ASSETS AND LIABILITIES

	31 December 2024	31 December 2023
Issued warranties and bills of exchange	107,949,227	122,894,818
Received warranties and bills of exchange	42,053,432	22,567,551
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	17,557,514	15,774,911
Assets for oil fields liquidation	1,361,966	1,361,966
Mortgages and pladges recived	4,617,140	3,672,927
Other off-balance sheet assets and liabilities	751,414	678,245
	186,552,396	**178,808,690**

21. SHARE CAPITAL

Share capital represents share capital of the Company, which is listed on Belgrade Stock Exchange. Par value per share is RSD 500.

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	18,380,578	41,914,628
Weighted average number of ordinary shares	163,060,400	163,060,400
Earnings per share (in RSD)	**112.72**	**257.05**

The Company 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.

22. 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 provisions	Total
As at 1 January 2023	**10,787,041**	**488,060**	**770,889**	**644,158**	**359,826**	**13,049,974**
Charged to the income statement	165,801	-	21,808	852,375	34,599	1,074,583
New obligation incurred and change in estimates (note 8)	290,351	-	-	-	-	290,351
Release of provision (note 38)	(62,404)	(331)	-	-	-	(62,735)
Actuarial loss charged to other comprehensive income	-	-	62,655	-	-	62,655
Settlement	(52,495)	(36,442)	(53,753)	-	(61,750)	(204,440)
As at 31 December 2023	**11,128,294**	**451,287**	**801,599**	**1,496,533**	**332,675**	**14,210,388**
As at 1 January 2024	**11,128,294**	**451,287**	**801,599**	**1,496,533**	**332,675**	**14,210,388**
Charged to the income statement	151,029	-	137,968	303,850	70,642	663,489
New obligation incurred and change in estimates (note 8)	479,676	-	-	-	-	479,676
Release of provision (note 38)	(87,194)	-	-	-	-	(87,194)
Actuarial loss charged to other comprehensive income	-	-	84,733	-	-	84,733
Settlement	(25,422)	(77,808)	(78,298)	(1,300,106)	(61,083)	(1,542,717)
Other	-	-	-	-	21	21
As at 31 December 2024	**11,646,383**	**373,479**	**946,002**	**500,277**	**342,255**	**13,808,396**

Analysis of total provisions:

	31 December 2024	31 December 2023
Non-current	12,652,906	11,585,650
Current	1,155,490	2,624,738
	13,808,396	**14,210,388**

(a) *Decommissioning*

The Company'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 Company has to comply with environmental protection regulations. At the reporting date Company recorded provision for environmental protection of 373,479 RSD (31 December 2023: 451,287 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 Company started setting-up a long-term incentive program for Company 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 the total amount of RSD 500,277 thousand (2023: 1,496,533 RSD).

(d) *Legal claims provisions*

As at 31 December 2024, the Company assessed the probability of negative outcomes of legal procedures, as well as the amounts of probable losses. The Company charged provision for litigation amounting to 70,642 RSD (charged to provision in 2023: 34,599 RSD) for proceedings which were assessed to have negative outcome. The Company estimated that the outcome of all legal 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	651,561	550,343
Jubilee awards	294,441	251,256
	946,002	**801,599**

The principal actuarial assumptions used were as follows:

	31 December 2024	31 December 2023
Discount rate	6.29%	7.78%
Future salary increases	5.67%	6.46%
Future average years of service	18.39	18.42

	Retirement allowances	Jubilee awards	Total
Balances as at 1 January 2023	**521,896**	**248,993**	**770,889**
Benefits paid directly	(33,536)	(20,217)	(53,753)
Actuarial losses charged to other comprehensive income	62,655	-	62,655
Debited to the income statement	(672)	22,480	21,808
Balances as at 31 December 2023	**550,343**	**251,256**	**801,599**
Benefits paid directly	(56,131)	(22,167)	(78,298)
Actuarial losses charged to other comprehensive income	84,733	-	84,733
Debited to the income statement	72,616	65,352	137,968
Balances as at 31 December 2024	**651,561**	**294,441**	**946,002**

The amounts recognized in the Income Statement are as follows:

	Year ended 31 December 2024	2023
Current service cost	45,585	44,134
Past service cost	58,680	45,895
Interest cost	10,804	8,551
Curtailment (gain)/loss	14,298	(20,097)
Actuarial (gain)/loss (jubilee awards)	8,601	(56,675)
	137,968	**21,808**

23. LONG-TERM LIABILITIES

	31 December 2024	31 December 2023
Bank loans	65,159,107	65,223,168
Lease liabilities	1,986,400	2,132,016
Other non-current financial liabilities	12,140,168	12,038,912
Other long-term borowings	1,873,528	6,241
	81,159,203	79,400,337
Less Current portion (note 24)	(9,304,584)	(11,283,085)
	71,854,619	**68,117,252**

Movements on the Company's liabilities from bank loans and lease liabilities are as follows:

	Long-term loans	Short-term loans	Lease	Total
As at 1 January 2023	**67,738,184**	**5,345,098**	**2,295,379**	**75,378,661**
Proceeds	3,380,401	10,988,503	-	14,368,904
Repayment	(5,825,461)	(12,726,857)	(629,946)	(19,182,264)
Non-cash transactions	20,343	-	470,686	491,029
Foreign exchange difference	(90,299)	(463)	(4,103)	(94,865)
As at 31 December 2023	**65,223,168**	**3,606,281**	**2,132,016**	**70,961,465**
As at 1 January 2024	**65,223,168**	**3,606,281**	**2,132,016**	**70,961,465**
Proceeds	12,055,367	24,542,554	-	36,597,921
Repayment	(11,935,485)	(25,761,322)	(684,902)	(38,381,709)
Non-cash transactions	(95,467)	(1)	545,633	450,165
Foreign exchange difference	(88,476)	-	(6,347)	(94,823)
As at 31 December 2024	**65,159,107**	**2,387,512**	**1,986,400**	**69,533,019**

a) Bank loans

	31 December 2024	31 December 2023
Domestic	49,852,704	48,366,113
Foreign	15,306,403	16,857,055
	65,159,107	65,223,168
Current portion of long-term loans	(8,815,829)	(10,761,083)
	56,343,278	**54,462,085**

The maturity of 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	1,334,586
	56,343,278	**54,462,085**

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

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

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

The loan agreements contain financial covenants that require the Company's ratio of indebtedness to EBITDA (note 5). The Company 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
Current portion of lease liabilities	488,755	522,002
Non-current finance lease liabilities	1,497,645	1,610,014
	1,986,400	**2,132,016**

Amounts recognized in profit and loss:

	2024	2023
Interest expense (included in finance cost)	95,416	92,725
Expense relating to short-term leases (note 32)	74,883	4,313
Expense relating to leases of low value assets that are not shown above as short-term leases (note 32)	11,521	10,226
Expense relating to variable lease payments not included in lease liabilities (note 32)	1,264,305	1,197,918

c) Other non-current financial liabilities

Other non-current financial liabilities in the amount of 12,140,168 RSD (2023: 12,038,912 RSD) represents deferred consideration in the amount of 837,800 RSD (2023: 838,937 RSD) for O&G exploration project and liabilities for additional capital contribution associated with the new plant construction program in the amount of 11,302,368 RSD (2023: 11,199,975 RSD).

d) Other long-term borowings

Other long-term borrowings in the amount of 1,873,528 RSD mainly relates to corporate bonds issued. In November 2024, the Company raised funds from the Serbian financial market by, successfully placing its corporate bonds. The corporate bonds are denominated in euro, with a fixed annual interest rate of 6,5%, maturity of five years and quarterly interest rate payment to the owner

24. SHORT-TERM FINANCE LIABILITIES

	31 December 2024	31 December 2023
ST loans - Parent and subsidiaries	2,387,512	2,786,281
ST loans – Domestic	-	820,000
Current portion of long-term liablities (note 23)	8,815,829	10,761,083
Current portion of long-term financial lease (note 23)	488,755	522,002
	11,692,096	**14,889,366**

25. TRADE PAYABLES

	31 December 2024	31 December 2023
Trade payables – parents and subsidiaries	5,773,742	7,017,865
Trade payables – other related parties	542,822	774,636
Trade payables - domestic	8,281,677	8,104,925
Trade payables - foreign	1,700,296	2,748,942
Trade payables - other	24,968	12,445
	16,323,505	**18,658,813**

26. OTHER SHORT-TERM LIABILITIES

	31 December 2024	31 December 2023
Specific liabilities	208,813	235,319
Liabilities for unpaid wages and salaries, gross	1,453,367	1,292,623
Interest liabilities	227,461	260,381
Dividends payable	3,783,398	3,783,595
Other payables to employees	799,826	685,669
VAT	2,313,587	984,454
Excise tax	8,458,168	7,923,810
Contribution for buffer stocks	348,084	617,524
Energy efficiency fee	39,876	72,511
Other taxes payables	1,037,240	1,214,433
Other current liabilities	89,897	84,802
	18,759,717	**17,155,121**

27. ACCRUED EXPENSES

Accrued expenses as at 31 December 2024 amounting to 4,002,916 RSD (31 December 2023: 3,724,350 RSD) mainly relate to accrued employee bonuses of 2,070,055 RSD (31 December 2023: 2,111,085 RSD), and contract liabilities arising from contracts with customers related to customer loyalty programme in amount 949,116 RSD (31 December 2023: 843,176 RSD).

Revenue in the amount of 4,831,194 RSD (31 December 2023: 7,874,028 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2024, of which 4,243,270 RSD (31 December 2023: 7,407,671 RSD) related to advances and 587,924 RSD (31 December 2023: 466,357 RSD) to customer loyalty programme.

28. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December 2024	2023
Release of impairment:		
- PPE (note 8)	85.111	32
- Inventory	40,067	53,694
- Other property	35	20
	125,213	**53,746**

29. COST OF MATERIAL FUEL AND ENERGY

	Year ended 31 December	
	2024	2023
Costs of raw materials	199,038,259	222,182,720
Overheads and other costs	89,713	285,023
Fuel and energy cost	10,768,790	10,206,906
Other	639,362	573,260
	210,536,124	**233,247,909**

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

	Year ended 31 December	
	2024	2023
Wages and salaries (gross)	19,263,808	17,693,178
Taxes and contributions on wages and salaries paid by employer	2,525,325	2,331,792
Cost of service agreement	223,192	132,172
Cost of other personal wages	29,875	23,288
Fees paid to board of directors and general assembly board	141,340	159,567
Termination costs	21,561	3,105
Cost of service organizations	4,865	3,741
Other personal expenses	756,423	776,663
	22,966,389	**21,123,506**

31. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December	
	2024	2023
Impairment:		
- IA	9,714	-
- PPE (note 8)	37,645	135,289
- Investment property	2,991	160
- Other property	974	4,478
	51,324	**139,927**

32. COST OF PRODUCTION SERVICES

	Year ended 31 December	
	2024	2023
Cost of production services	3,052,041	3,055,105
Transportation services	3,955,771	3,767,547
Maintenance	7,309,869	6,897,981
Rental costs (note 23)	1,350,709	1,212,457
Fairs	5,609	8,786
Advertising costs	1,153,047	928,919
Exploration expenses	30,404	266,078
Cost of other services	2,571,323	1,893,938
	19,428,773	**18,030,811**

33. NON-PRODUCTION COSTS

	Year ended 31 December 2024	2023
Costs of non-production services	4,281,899	3,644,747
Representation costs	171,573	120,107
Insurance premium	576,200	568,459
Bank charges	647,849	589,310
Cost of taxes	1,267,484	1,245,452
Mineral extraction tax	1,782,172	1,778,247
Franchisor commission	5,809,647	5,502,997
Other non-production expenses	750,650	747,695
	15,287,474	**14,197,014**

Cost of non-production services for the year ended 31 December 2024 amounting to 4,281,899 RSD (2023: 3,644,747 RSD), mostly relate to project management costs of 1,792,682 RSD (2023: 1,545,271 RSD), security costs of 1,032,374 RSD (2023: 767,395 RSD) and consulting service costs of 217,675 RSD (2023: 203,878 RSD).

34. FINANCE INCOME

	Year ended 31 December 2024	2023
Finance income - related parties:		
- foreign exchange differences	36,217	917,461
- modification gain	-	46,217
- revaluation of equity investment at fair value	-	517,395
- other finance income	905,635	760,780
Interest income	2,113,315	4,309,314
Modification Gain	95,469	-
Unwinding of present value discount - income	29,201	-
Foreign exchange gains	486,465	350,420
Other finance income	65,333	47,193
	3,731,635	**6,948,780**

35. FINANCE EXPENSE

	Year ended 31 December 2024	2023
Finance expenses – related parties:		
- foreign exchange differences	92,548	963,264
- other finance expense	298,802	190,844
Interest expenses	3,378,155	2,914,129
Amortization of long-term liabilities	151,029	150,775
Interest expenses on bonds issued - third parties	1,392	-
Amortisation expense – discount of receivables	-	2,445
Modification Loss (third parties)	-	20,437
Foreign exchange losses	1,151,960	424,612
Other finance expense	7,656	9,964
	5,081,542	**4,676,470**

36. 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	5,013	57,589
Income from valuation:		
- trade receivables (note 5)	101,627	36,279
- specific receivables (note 5)	88	382
- other receivables (note 5)	2,827	6,830
	109,555	**101,080**

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

	Year ended 31 December	
	2024	2023
Impairment of LT financial investments and other AFS securities	-	430
Loss from valuation:		
- trade receivables (note 5)	27,120	72,073
- specific receivables (note 5)	551	80
- other receivables (note 5)	9,795	10,211
	37,466	**82,794**

38. OTHER INCOME

	Year ended 31 December	
	2024	2023
Gains on disposal – PPE	491,704	42,321
Gains on disposal – materials	38,327	20,007
Surpluses from stock count	554,750	467,380
Payables written off	13,531	56,381
Release of long-term provisions (note 22)	87,194	62,735
Penalty interest	99,278	68,709
Other income	29,328	68,721
	1,314,112	**786,254**

39. OTHER EXPENSES

	Year ended 31 December	
	2024	2023
Loss on disposal – PPE	106,207	49,093
Loss on disposal – materials	58,560	64,092
Shortages from stock count	640,997	610,287
Write-off receivables	6,221	6,302
Write-off inventories	183,362	137,352
Charity and social payments	196,808	7,247,557
Other expenses	201,112	320,959
	1,393,267	**8,435,642**

Charity and social payments amounting to 196,808 RSD (2023: 7,247,557 RSD) mainly relate to donations for support projects in the field of education, social and health care.

40. INCOME TAXES

Components of income tax expense:

	Year ended 31 December	
	2024	**2023**
Income tax for the year	4,523,958	8,391,534
Deferred income tax for the period		
Origination and reversal of temporary differences (note 13)	(738,354)	(546,571)
	3,785,604	**7,844,963**

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

	Year ended 31 December	
	2024	**2023**
Profit (loss) before tax	**22,166,182**	**49,759,591**
Tax calculated at domestic tax rates – 15%	3,324,927	7,463,939
Tax effect on:		
Revenues exempt from taxation	(28,390)	(47,609)
Expenses not deductible for tax purposes		
- Tax paid in abroad	329,842	-
- Other expenses not deductable	159,225	447,095
Other tax effects for reconciliation between accounting profit and tax expense	-	(18,462)
	3,785,604	**7,844,963**
The weighted average effective income tax rate	17.08%	15.77%

41. 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. Frequent changes and tightening of sanctions may have and additional impact on the Company's operations.

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

The Company has established internal procedures to ensure compliance with the sanctions requirements in the course of its business activities. The purpose is to eliminate risks and potential negative consequences for the Company that could result from a violation of requirements and restrictions imposed by international sanctions.

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

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Company 's management recognised an environmental provision in the amount of 373,479 RSD (31 December 2023: 451,287 RSD).

The Company's Management believes that cash outflows related to provision will not be significantly higher than the ones already provided for. However, it is possible that these costs will increase significantly in the future, should the legislation become more restrictive.

Taxes

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

Capital commitments

As of 31 December 2024 the Company has entered into contracts to purchase property, plant and equipment for 4,852,949 RSD (31 December 2023: 2,861,058 RSD).

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

42. RELATED PARTIES TRANSACTIONS

For the purpose of these 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 Company 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 were as follows:

	Subsidiary	Parent	Entities under common control and associates
As at 31 December 2024			
Right of use assets	95,917	-	-
Investments in subsidiaries, associates and joint ventures	31,016,682	-	1,038,800
Long-term loans	6,285,587	-	-
Other long-term investments	837,800	-	-
Advances for inventory and services	402	-	540,205
Trade receivables	10,046,854	-	50,484
Other receivables	3,884,526	-	51
Short-term investments	29,154,750	-	-
Long-term liabilities	(12,566,106)	-	-
Short-term financial liabilities	(2,395,086)	-	-
Advances received	(56,815)	-	(389)
Trade payables	(5,773,742)	-	(542,822)
Other short-term liabilities	(12,521)	-	(1)
	60,518,248	**-**	**1,086,328**

	Subsidiary	Parent	Entities under common control and associates
As at 31 December 2023			
Right of use assets	75,408	-	-
Investments in subsidiaries, associates and joint ventures	31,016,682	-	1,038,800
Long-term loans	8,548,631	-	-
Other long-term investments	838,937	-	-
Advances for inventory and services	713	-	16,553
Trade receivables	13,661,872	-	113,363
Other receivables	3,035,561	-	25
Short-term investments	20,767,586	-	-
Long-term liabilities	(11,272,870)	-	-
Short-term financial liabilities	(2,792,310)	-	-
Advances received	(98,543)	-	(442)
Trade payables	(7,017,865)	-	(774,636)
Other short-term liabilities	(12,872)	-	(1)
	56,750,930	**-**	**393,662**

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

	Subsidiary	Parent	Entities under common control and associates
Year ended 31 December 2024			
Revenues from sales of products and services	53,454,486	-	279,211
Expenses based on procurement of products and services	(23,271,146)	-	(3,576,553)
Other expenses	628,722	-	(338)
	30,812,062	**-**	**(3,297,680)**

	Subsidiary	Parent	Entities under common control and associates
Year ended 31 December 2023			
Revenues from sales of products and services	35,605,124	-	16,076,612
Expenses based on procurement of products and services	(16,883,568)	(5,218)	(15,998,947)
Other expenses	1,216,686	-	(40,779)
	19,938,242	**(5,218)**	**36,886**

Transactions with subsidiaries in Romania and Bulgaria

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

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

1. **Potential for Further Development**: This includes exploring opportunities to improve operational efficiency and identification of further business opportunities for development to address local market challenges.

2. **Exit Strategy**: In parallel, management is also considering the possibility of exiting these markets 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 long-term strategic goals and shareholder interests. The outcome of these considerations will be disclosed as part of the regular reporting in the coming periods, depending on the final decisions taken.

Main balances and transactions with state and mayor state owned companies*:*

	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**
As at 31 December 2024		
Operating income	-	11,358,258
Operating expenses	-	(122,989)
	-	**11,235,269**
As at 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 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 Company 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 Company reconciled account receivables and payables with the customers and the suppliers before preparing financial statements. The total amount of unreconciled account receivables amounts to 34,810 RSD (6 customers) which is 0.09% of the total amount of trade receivables. The total amount of unreconciled account payables amounts to 218,920 RSD (50 suppliers) which is 1.34% of the total amount of trade payables.

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 company'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, 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 Financial Statements, the Company is unable to fully assess all potential financial and operational consequences of this event due to its complexity and the ongoing development of the situation.

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

b. Change in the ownership stake

• In February 2025, Gazprom Neft reduced its ownership stake in the Company to 44.85%.

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

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