

PRESENTATION OF NIS GROUP BUSINESS RESULTS IN THE FIRST QUARTER OF 2025

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1. Macroeconomic indicators and important developments

Dear colleagues,

Good day, everyone.

Thank you for coming and joining via the link. The last time we had a presentation was after the end of the third quarter of 2024. In the meantime, we had a lot of external challenges that, unfortunately, also affected our results, which, we can say, are at a good level. We continue to work and develop.

Today, we will present the business results for the first quarter of this year. If you have any questions or need clarification after the presentation, we are here to assist you. We should take into account the uncertainties that occur at the geopolitical level, which have a particular impact on our company's operations.

As I said, I will present the business results for the first quarter of this year, with special reference to the new circumstances that have caused our company to operate under extremely challenging conditions since January 10, when our company was included in the SDN list by the decision of the US Department of Treasury.

Based on the requests we submitted, and with the support of the Government of the Republic of Serbia, special licenses have already postponed the full implementation of US sanctions against NIS three times.

In such conditions, the priority of our company was to continue the regular supply of the domestic market with all types of petroleum products, as well as to preserve the stability of our business and the social stability of our employees.

When it comes to business results, in addition to the complex circumstances stated above, the NIS Group business results were also affected by the decline in the price of crude oil and petroleum products. However, despite this, the NIS Group ended the first quarter of this year with a positive net result.

Imposing sanctions on NIS by the Office for Foreign Assets Control (OFAC)

Here we can see when OFAC imposed sanctions on NIS, how many requests were submitted, and special licenses that were issued on this basis.

On the right, we can see that the last special license that delays the full application of sanctions was obtained on 25 April and is valid until 27 June 2025.

If we take into account the general license, 4 licenses have been issued so far, and as part of this process, we remain committed to the stable operation of the company. In the coming period we will continue with activities aimed at removing our company from the SDN list (that is, on 14 March we submitted a request for delisting) and extending the licenses. This is a very long process, and the decision is made not only by OFAC, but also by the Congress and the US Senate, and it therefore requires more time. The shareholders are actively working to meet the necessary conditions for the company's removal from the sanctions list.

Important events

Regarding important events after the introduction of sanctions, the changes in the company that have happened in the meantime are presented.

On 26 February, there was a change in the ownership structure, so Gazprom's share increased to 11.3%, and at the same time Gazprom Neft's share decreased to 44.85%.

On the left, we can see the current share capital structure and shareholder participation.

There has also been a change in the composition of the Board of Directors, and at the next General Meeting, it will be considered whether there will be additional changes in the composition of the Board of Directors, and there will probably be more changes

Macroeconomic indicators

The next slide is the one with macroeconomic indicators. The slide is displayed a bit differently, as we have incorporated additional data for a more detailed overview. Regarding the price of oil, two graphs are presented. The first compares price movements in the first quarter of this year to the same period last year, while the second shows historical price trends over previous years.

We can see that the average price of Brent oil decreased in the first quarter of 2025, which affects our indicators.

This slide also shows diesel and petrol spreads. We can see their high values in 2022 and 2023, while in 2024 and 2025 there is a decline. They are now somewhere on the average values at which they were 10-15 years ago. This, of course, also affects our results.

On the right side, we can also see the inflation rate, as well as the growth of the minimum and average gross salary in the Republic of Serbia, which of course affects the company's costs.

Exploration and Production Block

The next slide is the slide of the Exploration and Production Block.

In the first quarter, 7 development and 1 exploration wells were drilled in Serbia, and 12 development wells and 1 exploration well were put into operation in Serbia.

We continued with the implementation of geological and exploration projects and increasing the efficiency of geological and technical activities, and we also started working on the Banatski Dvor gas storage expansion project. The project includes the drilling of 4 gas wells and a possible expansion to 8 more, and the Oilfield Services are working as subcontractors.

Downstream

Refining Block

As for the Refining Block, the main goal was to regularly supply the domestic market with all types of petroleum products, so during the first quarter, the Refining Block adjusted its operations to market conditions, but we continue to continuously refine oil and semi-finished products in order to market petroleum products.

The total volume of processing in the first quarter amounted to 853 thousand tonnes.

When it comes to financial indicators, CAPEX for the first quarter of this year was RSD 1.1 billion, while EBITDA was RSD 2.1 billion. *Sales and Distribution Block*

With regard to the Sales and Distribution Block, we continue with the operation and further development of all our petrol stations. In the first quarter of this year, a new petrol station PS Majdanpek 2 was purchased, and its rebranding into the NIS brand and commissioning is planned in the coming period.

As for the share of NIS in the retail market, we have preserved a market share of about 50%, i.e. 48%, while the total volume of retail sales in Serbia in the first quarter amounted to 203 thousand tonnes.

The investments in sales amounted to RSD 1.2 billion, while EBITDA amounted to RSD 2.5 billion.

The implementation of the development projects in Serbia in 2025

The slide shows the development of the retail network in 2025.

As I have already mentioned, one petrol station was purchased, and its rebranding is planned in the upcoming period. Additionally, the reconstruction of five petrol stations in different parts of Serbia is planned for the end of the year.

Energy Block

When it comes to the Energy Block, we continue with green agenda projects, and at the same time with energy efficiency improvement projects.

- The works for photovoltaic power plant (PVPP) at the Petroleum Products Warehouse in Novi Sad were completed during the first quarter, and the process of obtaining documents for the connection of the power plant by the electricity distribution company of Serbia was carried out.

As for the roof PVPP in the Pančevo Oil Refinery, during the first quarter, work was carried out to replace the roof cover on the sixth facility – the last remaining one. We are also currently working on obtaining all permits in order to put the facility into operation.

I would also like to note that the total volume of electricity produced in the first quarter is 34.9 GWh, excluding the volume of electricity from CCPP Pančevo, which amounted to 300 GWh.

The CAPEX is not large, but we continue to develop. And EBITDA is slightly negative. This is due to the methodology, the effects from the sale of electricity are attributed to the results of the Sales and Distribution, Refining, and Upstream Blocks.

Project of the construction of photovoltaic power plants at petrol stations

When it comes to photovoltaic power plants, I note that by the end of last year, over 45 photovoltaic power plants were put into operation, and the plan for this year is to put another 33 into operation and continue with the green agenda.

In the first quarter of this year, 5 PVPP projects were implemented, and the construction of another 28 photovoltaic power plants is underway, which are planned to be put into operation by the end of 2025.

HIP Petrohemija

As for HIP-Petrohemija, in the first quarter, HIPP successfully implemented turnaround activities aimed primarily at increasing the energy efficiency and reliability of the equipment, i.e., most of the works were dedicated to boiler works, which will contribute to the stable operation of HIP in the coming period. We hope to reduce unplanned interruptions, but we are continuing with other projects in order to increase the reliability of HIP operation.

In addition, the implementation of the Polypropylene project is in progress – project activities that do not depend on the preparation of the FEED study and take place according to the established dynamics of works. With regard to the FEED study, it is currently on a break due to the licenses of our subcontractors.

2. HSE Indicators

In the first quarter of this year, there were no major incidents.

Regarding the LTIF indicator, we recorded a decline, which is a better indicator compared to the same period last year.

For the RAR indicator, we can see a growth here, but if we look at the number of RAR incidents, we can see that in the first quarter of this year the number of incidents is higher by 1 compared to the same period last year.

3. Key indicators and position on the market

Key indicators

As for the key indicators, as I have already mentioned, the price of Brent oil in the first quarter of 2025 is 75.7 USD/bbl and it has decreased by 9% compared to the same period last year.

Unfortunately, the price of oil is currently even lower, but futures are already slowly growing and we hope that the price of oil will return to normal. Analytical estimates vary, with some predicting a price recovery to the 90-95 range, while others expect a drop to 60-65 – a significant discrepancy driven by ongoing geopolitical uncertainties.

Regarding sales revenues, this indicator amounted to RSD 72.3 billion this quarter, and it decreased by 16% compared to the same period last year.

The EBITDA indicator amounts to RSD 8.5 billion.

The net profit, as I have already said, is at a positive level and amounts to RSD 1.5 billion.

Operating cash flow was negative and amounted to RSD -6.2 billion, which is a decrease compared to the same period last year.

The CAPEX in the first quarter amounts to RSD 5.5 billion.

Total bank debts amount to EUR 540 million.

HIP Petrohemija: key operational and financial indicators

We show the indicators of HIP Petrohemija separately.

In the first quarter of 2025, the production of petrochemical products and refining is 30% lower, mainly due to the suspension of HIP, i.e. the repair of the furnace and the project of increasing reliability. The current estimate is that the production and processing indicators will be higher by the end of the year.

Unfortunately, macroeconomic conditions, i.e. the prices of petrochemical products are at a low level and this affects the company's results. The EBITDA is negative and amounts to RSD -1.8 billion, while net profit for the first quarter amounts to RSD -2.0 billion.

These are mainly indicators of most petrochemical factories. According to the current assessment of analysts, a return to the normal cycle is expected in 2026 and 2027. Some factories are also planning to close, which should help balance supply and demand, eventually leading to a normalization of prices. However, we have no expectations for significant changes this year.

Motor fuel market trends

As for the trends of the motor fuel market, we see that the growth of consumption has been recorded in all countries of the region, while in our country in the first quarter there was a noticeable decline in the consumption of motor fuels. The reasons are the slowdown in economic growth, as well as worse weather conditions in the first quarter compared to the same period last year, so this also affected the total consumption of motor fuels.

Market share – Serbia

In the first quarter of 2025, the consumption of petroleum products in Serbia decreased by 3%.

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

Motor fuel retail market

As for the retail market, we also see a 2% decrease compared to the same period in 2024.

The following had a negative impact on consumption:

- deferred consumption of agricultural diesel
- seasonal transit traffic
- the supply of transit passengers and freight trucks on the Serbian market is lower due to prices, which also significantly affect whether they are more favourable or not compared to other countries.

Market share in the region

As for the region, in Bosnia and Herzegovina, the number of petrol stations is 42. The market share in the total market for this quarter stands at 22.5%, remaining unchanged, while the retail market share has declined to 10.4%.

As for Romania, 19 PSs are still operating. The market share in the total market is 0.4%, while the share in the retail market is 0.7%.

As for Bulgaria, 22 PSs operated in the first quarter. The market share in the total market is at the level of 3.5%, while the share in the retail market is slightly lower compared to the same period last year and amounts to 2.4%.

4. Operational Indicators

Exploration and Production Block

As for the Exploration and Production Block, a total of 278 thousand tonnes were produced, which is by 4% less compared to the first quarter of last year.

Continuous production of hydrocarbons with the implementation of geological and exploration projects is ensured. We are working on the expansion of the Banatski Dvor underground gas storage: in the first quarter, we prepared the drilling locations and initiated the drilling of the first of four wells. I have received confirmation that drilling has commenced on the remaining wells as well.

Refining Block

Regarding the operational indicators for the Refining Block in the first quarter of 2025, the volume of refining amounts to 853 thousand tonnes of oil and semi-finished products, which represents an increase of 33% compared to the same period last year.

The increase in the volume of refining in the year is actually the result of the implementation of the turnaround last year, when the volume of refining was lower. This year, there was no turnaround, so we continue with the continuous refining and supply of petroleum products.

Sales and Distribution Block

In the first quarter of this year, the turnover decreased by 4% compared to the same period last year.

5. Financial indicators

Regarding the financial indicators, in the first quarter of 2025, EBITDA amounted to RSD 8.5 billion, which is 15% less compared to the same period last year, mostly as a result of the decline in oil prices. The second factor that affected was the increase in the volume of oil refining compared to the previous year due to the absence of the turnaround, which gives an overall positive result if we do not count the factors of the impact of market prices of oil and petroleum products.

Net profit

As for the net profit, we completed the first quarter at a positive level and it amounts to RSD 1.5 billion. There is no significant difference compared to the same period last year.

The decrease in the net profit indicator in the first quarter of 2025 compared to the same period in 2024 was influenced by:

- the decline in the EBITDA indicator
- higher depreciation costs due to investments made both this year and last year
- lower financial income from interest reduction on the market

Operating cash flow (OCF)

Regarding the operating cash flow, at the end of the first quarter of 2025, it was negative and amounted to RSD -6.2 billion, which represents a decline compared to the same period last year.

The decline in the OCF indicator was largely influenced by higher payments based on the higher volume of crude oil procurement that we had in the first quarter, i.e., compared to the comparative quarter of last year, we purchased 375 thousand tonnes of crude oil more in quantity for the establishment and maintenance of the level of inventories necessary for the stability of the company's operations. Additionally, we had higher crude oil payments for about EUR 200 million compared to the first quarter of last year. This is one of the biggest factors that influenced the result. On the other hand, we have formed inventories in order to have a stable supply of the market, and the overall risk of shortages is covered. At the moment, we have quite large stocks of petroleum products for over 40 days, and the same number of days for oil refining, which covers a total period of two or three months and that we do not procure anything. The minister has expressed support for this initiative, and the ministry is firmly insisting that we maintain this level of inventories.

Realization of CF

The total net cash flow amounts to RSD -16.7 billion, but this does not create a great risk because we entered the year with a large cash position. We have reduced this cash position at the expense of increased stocks of petroleum products. It can be seen here that we are still working on the investment program. Investments amount to RSD -6.0 billion and some small changes in loans and placement of long-term deposits.

CAPEX

Regarding investments, in the first quarter of 2025, RSD 5.5 billion were allocated for financing investments (excluding VAT), which is much less compared to the same period last year. The difference is not so significant, since we had a turnaround for which over EUR 80 million was allocated, as well as investments in projects during it (which is another EUR 50 million). Therefore, this reduction is actually not that great. We will continue with the implementation of important projects.

On the right side, we can see projects by priorities by Blocks for this year, 2025.

- As for the Exploration and Production Block, GTA and drilling activities are continued. The projects Banatsko Novo Miloševo and Srpska Crnja are being completed. We are just waiting for the connection permission. The HMUN Velebit, cEOR (chemical enhanced oil recovery) project, continues, which in the coming years can provide a large, additional volume of produced oil, i.e. this would reduce the natural decline in the volume of oil production.
- As for the Refining Block, the project of reconstruction of the railway track is being completed. Last week, we visited the project together with the CEO. We expect all the works of this project to be completed by the end of this year, because most of the works for the project have already been completed, and only small repairs remain.

- As for the fire protection project in RNP, this project continues, which is very important for the reliability of the entire refinery. The implementation of the temporary hazardous waste warehouse project in Pančevo refinery is underway, built in accordance with the law and environmental requirements. We are working on the implementation of the project Key Rotary Equipment Replacement at RNP, in order to increase the reliability of the refinery and ensure technological independence. The reconstruction of the laboratory building in RNP is also underway.
- With regard to the Sales and Distribution Block, we continue with the reconstruction of petrol stations, the project Petroleum Products Warehouse Reconstruction in Niš is being completed. That is, the project has been completed, obtaining a work permit is underway and certain types of testing of the entire warehouse are being conducted. When we obtain the work permit, we will go to the market with full work capacity. We are also continuing with the reconstruction of the oil storage facility in Novi Sad, where a tender procedure for equipment is underway.
- As for the Energy Block, we continue with the green agenda, with the construction of PVPPs on the roofs of PSs, i.e., we continue with the construction of the PVPP on the ground of the Petroleum Products Warehouse Novi Sad.
- When it comes to HIP, we continue with the implementation of the polypropylene project in HIP. The implementation of projects to increase the reliability of HIP is underway, which is perhaps the most important project. These reliability-increase projects must be prepared in order to be implemented next year as part of the turnaround of HIP.

6. Achievable level of potential on the EBITDA indicator

The total effect of realization of the achievable level of potential in the first quarter of 2025 on the EBITDA indicator amounts to RSD 0.6 billion.

7. Indebtedness, comparative analysis, and conclusion

Indebtedness

In terms of indebtedness to banks, the total debt is at the same level and amounts to RSD 540 million at the end of the first quarter. Furthermore, in the first quarter of 2025, the payment of the first coupon was made on the basis of the first issue of corporate bonds of the Company.

Comparative analysis

With regard to the comparative analysis, the indicators for the year 2024 are presented. The EBITDA/margin indicator for NIS is 11%. When it comes to the share of light products, NIS is the first in the region. When it comes to our costs on UPSTREAM, that's where we keep the middle ground, around 12 USD/boe.

Conclusion

We are facing extremely complex macroeconomic conditions and geopolitical uncertainty that is currently happening throughout the world. Our business operations are complex due to the introduction of sanctions by the USA and our addition to the SDN list. We, as management, together with our shareholders, work on our removal from the list.

Our task is to preserve the stability of the domestic petroleum products market, as well as to preserve the stability of the company's operations and the social stability of its employees.