



Naftna industrija Srbije A.D.

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

30 June 2025

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

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NIS Group
Interim Condensed Consolidated Statement of Financial Position
(All amounts are in 000 RSD, unless otherwise stated)

Assets	Note	30 June 2025	31 December 2024
		(unaudited)	
Current assets			
Cash and cash equivalents	4	22,642,835	40,736,335
Short-term financial assets	5	993,532	244,085
Trade and other receivables	6	23,672,843	32,328,970
Inventories	7	65,582,199	52,186,791
Current income tax prepayments		2,647,826	7,595,653
Other current assets	8	12,774,045	14,401,684
Assets classified as held for sale		17,322	14,432
Total current assets		128,330,602	147,507,950
Non-current assets			
Property, plant and equipment	9	336,176,445	336,961,139
Right-of-use assets	10	3,654,699	3,874,056
Investment property		1,514,935	1,514,935
Goodwill and other intangible assets		6,507,145	6,027,593
Investments in joint ventures		3,150,563	2,623,087
Trade and other non-current receivables		835,525	826,117
Long-term financial assets		104,500	105,253
Deferred tax assets		4,540,853	4,102,378
Other non-current assets	11	2,768,340	3,507,398
Total non-current assets		359,253,005	359,541,956
Total assets		487,583,607	507,049,906
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	12	21,969,241	9,026,680
Current lease liabilities	17	972,779	934,141
Trade and other payables	13	22,973,900	21,969,434
Other current liabilities	14	9,067,305	13,423,380
Current income tax payable		10,734	13,609
Other taxes payable	15	12,333,601	14,353,823
Provisions for liabilities and charges		1,129,507	1,342,054
Total current liabilities		68,457,067	61,063,121
Non-current liabilities			
Long-term debt	16	39,422,734	57,215,677
Non-current lease liabilities	17	2,285,160	2,620,846
Other non-current financial liabilities		838,939	837,800
Deferred tax liabilities		3,687	3,682
Provisions for liabilities and charges		13,946,513	14,752,819
Total non-current liabilities		56,497,033	75,430,824
Equity			
Share capital		81,530,200	81,530,200
Reserves		1,016,635	741,832
Retained earnings		280,803,261	288,538,150
Equity attributable to the Company's owners		363,350,096	370,810,182
Non-controlling interest		(720,589)	(254,221)
Total equity		362,629,507	370,555,961
Total liabilities and shareholder's equity		487,583,607	507,049,906


 Kirill Tyurdenov
 Chief Executive Officer
 28 July 2025


 Anton Cherepanov
 Chief Financial Officer

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

NIS Group
Interim Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income
(All amounts are in 000 RSD, unless otherwise stated)

		Three month period ended 30 June		Six month period ended 30 June	
	Note	2025	2024	2025	2024
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of petroleum products, oil and gas		67,575,226	105,981,006	134,390,329	187,489,515
Other revenues		5,938,459	6,030,099	11,426,196	10,913,418
Total revenue from sales	3	73,513,685	112,011,105	145,816,525	198,402,933
Purchases of oil, gas and petroleum products		(48,334,249)	(77,226,078)	(88,947,569)	(132,375,858)
Production, manufacturing and cost of other sales	18	(12,096,723)	(10,773,608)	(24,489,744)	(21,737,452)
Selling, general and administrative expenses	19	(8,762,092)	(8,625,521)	(17,349,229)	(16,825,824)
Transportation expenses		(369,032)	(417,594)	(785,099)	(808,001)
Depreciation, depletion and amortization		(7,481,847)	(6,734,437)	(14,740,739)	(13,259,836)
Taxes other than income tax		(2,280,400)	(2,140,153)	(4,529,905)	(4,202,662)
Exploration expenses		-	-	(10)	(187)
Total operating expenses		(79,324,343)	(105,917,391)	(150,842,295)	(189,209,820)
Other income/(expenses), net	20	(49,804)	63,653	1,240,449	244,943
Operating profit		(5,860,462)	6,157,367	(3,785,321)	9,438,056
Share of profit/(loss) in joint ventures		(48,496)	(444,597)	527,476	(557,892)
Net foreign exchange loss	21	(547,210)	(242,092)	(613,851)	(456,007)
Finance income	22	212,702	351,739	464,739	962,361
Finance expenses	23	(750,825)	(889,676)	(1,575,674)	(1,812,695)
Total other expense		(1,133,829)	(1,224,626)	(1,197,310)	(1,864,233)
Profit/(loss) before income tax		(6,994,291)	4,932,741	(4,982,631)	7,573,823
Current income tax		1,744,595	(1,532,430)	937,941	(2,551,342)
Deferred income tax income		145,799	152,072	438,475	311,688
Total income tax	24	1,890,394	(1,380,358)	1,376,416	(2,239,654)
Profit/(loss) for the period		(5,103,897)	3,552,383	(3,606,215)	5,334,169
Other comprehensive income:					
Items that will not be reclassified to profit					
Gain from investments in equity instruments		-	-	-	52
		-	-	-	52
Items that may be subsequently reclassified to profit					
Currency translation differences		303,647	42,954	274,803	52,418
		303,647	42,954	274,803	52,418
Other comprehensive income for the period		303,647	42,954	274,803	52,470
Total comprehensive income/(loss) for the period		(4,800,250)	3,595,337	(3,331,412)	5,386,639
Profit/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		(4,838,149)	3,785,688	(3,139,847)	5,655,655
- Non-controlling interest		(265,748)	(233,305)	(466,368)	(321,486)
Profit/(loss) for the period		(5,103,897)	3,552,383	(3,606,215)	5,334,169
Total comprehensive income/(loss) attributable to:					
- Shareholders of Naftna Industrija Srbije		(4,534,502)	3,828,642	(2,865,044)	5,708,125
- Non-controlling interest		(265,748)	(233,305)	(466,368)	(321,486)
Total comprehensive income/(loss) for the period		(4,800,250)	3,595,337	(3,331,412)	5,386,639
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		(29.67)	23.22	(19.26)	34.68
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

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

NIS Group

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Six month period ended 30 June 2025 and 2024

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

(unaudited)

Balance as at 1 January 2024

Profit/(loss) for the period

Other comprehensive income

Gain from investments in equity instruments

Currency translation differences

Total comprehensive income/(loss) for the period

Dividend distribution

Balance as at 30 June 2024

Equity attributable to the Company's owners						Non-	Total
Share capital	Reserves	Retained earnings	Total	controlling interest	equity		
81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653		
-	-	5,655,655	5,655,655	(321,486)	5,334,169		
-	52	-	52	-	52		
-	52,418	-	52,418	-	52,418		
-	52,470	5,655,655	5,708,125	(321,486)	5,386,639		
-	-	(10,478,261)	(10,478,261)	-	(10,478,261)		
81,530,200	747,073	283,522,636	365,799,909	196,122	365,996,031		

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(unaudited)

Balance as at 1 January 2025

Loss for the period

Other comprehensive income

Currency translation differences

Total comprehensive income/(loss) for the period

Dividend distribution

Balance as at 30 June 2025

Equity attributable to the Company's owners						Non-	Total
Share capital	Reserves	Retained earnings	Total	controlling interest	equity		
81,530,200	741,832	288,538,150	370,810,182	(254,221)	370,555,961		
-	-	(3,139,847)	(3,139,847)	(466,368)	(3,606,215)		
-	274,803	-	274,803	-	274,803		
-	274,803	(3,139,847)	(2,865,044)	(466,368)	(3,331,412)		
-	-	(4,595,042)	(4,595,042)	-	(4,595,042)		
81,530,200	1,016,635	280,803,261	363,350,096	(720,589)	362,629,507		

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NIS Group
Interim Condensed Consolidated Statement of Cash Flows¹

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

		Six month period ended 30 June	
Note		2025	2024
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit/(loss) before income tax		(4,982,631)	7,573,823
Adjustments for:			
Share of profit/(loss) in joint ventures		(527,476)	557,892
Finance expenses	23	1,575,674	1,812,695
Finance income	22	(464,739)	(962,361)
Unrealised foreign exchange loss, net		428,999	459,614
Depreciation, depletion and amortization		14,740,739	13,259,836
Other non-cash items		(769,618)	2,557
Operating cash flow before changes in working capital		10,000,948	22,704,056
Changes in working capital:			
Trade and other receivables		8,680,127	(4,843,794)
Inventories		(13,437,420)	(1,091,753)
Other current assets		1,542,099	(3,514,184)
Trade payables and other current liabilities		(3,524,602)	(3,095,068)
Other taxes payable		393,535	3,302,655
Total effect on working capital changes		(6,346,261)	(9,242,144)
Income taxes paid		(1,111,425)	(4,538,962)
Interest paid		(1,369,653)	(1,554,202)
Interest received		529,398	2,476,247
		(1,951,680)	(3,616,917)
Net cash generated by operating activities		1,703,007	9,844,995
Cash flows from investing activities			
Capital expenditures ²		(13,944,442)	(27,704,738)
Proceeds from sale of property, plant and equipment		530,398	104,589
Bank deposits proceeds/(repayment), net		(752,711)	31,059,893
Other outflow		-	(161,733)
Net cash (used in)/generated by investing activities		(14,166,755)	3,298,011
Cash flows from financing activities			
Proceeds from borrowings		12,16 -	5,958,328
Repayment of borrowings		12,16 (4,969,660)	(4,136,116)
Repayment of lease liabilities		17 (507,830)	(616,397)
Net cash (used in)/generated by financing activities		(5,477,490)	1,205,815
Net increase/(decrease) in cash and cash equivalents		(17,941,238)	14,348,821
Effect of foreign exchange on cash and cash equivalents		(152,262)	(337,973)
Cash and cash equivalents as of the beginning of the period		40,736,335	21,484,271
Cash and cash equivalents as of the end of the period		4 22,642,835	35,495,119

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

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

² CF from investing activities includes VAT in the amount of 1.61 bln RSD (2024: 3.53 bln RSD)

1. GENERAL INFORMATION

Open Joint Stock Company Naftna Industrija Srbije (the "Company") and its subsidiaries (together refer to as the "Group") is a vertically integrated oil company operating predominantly in Serbia. The Group's principal activities include:

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

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

The Company is a public joint stock company listed on the Belgrade Stock Exchange.

These Interim Condensed Consolidated Financial Statements have been approved and authorized for issue by Chief Executive Officer and will be presented to Board of Directors for approval.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

The Group maintains its books and records in accordance with accounting and taxation principles and practices mandated by legislation in the countries in which it operates (primarily Serbian). The accompanying Interim Condensed Consolidated Financial Statements were primarily derived from the Group's statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards (IFRS).

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

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard **IAS 34 Interim Financial Reporting**. IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

Quarterly financial reports are prepared in accordance with the requirements of the Law on the Capital Market and the Rulebook on Reporting of Public Companies.

The amendments to existing standards, which became effective on January 1, 2025, did not have a material impact on the condensed Interim Consolidated Financial Statements.

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

The Group does not disclose information which would substantially duplicate the disclosures contained in its audited Consolidated Financial Statements for 2024, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Group believes that the disclosures in

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

these Interim Condensed Consolidated Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Consolidated Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2024.

In the 2025 the volatility at commodity and financial markets is seen rising while the RSD remained stable relative to EUR and appreciated to USD (the information on economic environment in the Republic Serbia is detailed in Note 26) due to geopolitical situation. Under current conditions it turned out to be impossible to evaluate how long the volatility will remain and at what level the key financial indicators will ultimately stabilise. Due to that during the first half 2025 the Group didn't review the critical accounting estimates which are used by the Group in the Interim Condensed Consolidated Financial Statements preparation and which are assessed based on oil prices forecasts, inflation and market borrowing rate. In particular as of 30 June 2025 the Group didn't review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing.

The Group continues monitoring the development of macroeconomic situation and emergence of possibility to make evaluation of the indicators mentioned above with reasonable certainty.

The Group as a whole is not subject to significant seasonal fluctuations.

2.2. Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Consolidated Financial Statements are consistent with those applied during the preparation of Consolidated Financial Statements as of and for the year ended 31 December 2024.

2.3. Implication of imposed US Sanctions

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

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

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

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

As a result, no adjustment have been recognised in these Interim Condensed Consolidated Financial Statements for the reporting period ended 30 June 2025. This includes any impairments, provisions or changes in estimates related to the sanctions.

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

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

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

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025

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

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

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

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

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

On 25 April 2025, OFAC (Office for Foreign Assets Control) issued a third specific license (Licence No. MUL-2025-1355297-2) that postpones the full implementation of sanctions until 27 June 2025.

On 26 June 2025, OFAC (Office for Foreign Assets Control) issued fourth specific license (Licence No. MUL-2025-1355297-3) that postpones the full implementation of sanctions until 29 July 2025.

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

On 14 March 2025, de-listing petition was submitted to OFAC, requesting the removal of NIS from the SDN List (OFAC Case ID: RUSSIA-EO14024-40179).

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

3. SEGMENT INFORMATION

Presented below is information about the Group's operating segments for the six month period ended 30 June 2025 and 2024. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Group manages its operations in 2 operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Group operations: exploration, development and production of crude oil and natural gas and oil field services. Downstream segment (refining and marketing) processes crude oil into refined products and purchases, sells and transports crude and refined petroleum products. Corporate centre, Energy business activities and petrochemical production are presented within the Downstream segment.

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

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

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025
(All amounts are in 000 RSD, unless otherwise stated)

Reportable segment results for the six month period ended 30 June 2025 are shown in the table below:

	DWS				Total
	Upstream	Downstream	Petrochemical	Eliminations	
Segment revenue	23,713,397	137,538,287	9,290,760	(24,725,919)	145,816,525
Intersegment	23,130,600	1,595,319	-	(24,725,919)	-
External	582,797	135,942,968	9,290,760	-	145,816,525
Adjusted EBITDA (Segment results)	14,859,143	(595,876)	(4,071,653)	-	10,191,614
Depreciation, depletion and amortization	(7,675,755)	(6,663,581)	(401,403)	-	(14,740,739)
Share of profit in joint ventures	-	527,476	-	-	527,476
Net foreign exchange loss	(248,517)	(357,342)	(7,992)	-	(613,851)
Finance expenses, net	(289,177)	(820,140)	(1,618)	-	(1,110,935)
Income tax	(8,219)	1,417,251	(32,616)	-	1,376,416
Segment profit/(loss)	7,478,727	(6,421,265)	(4,663,677)	-	(3,606,215)

Reportable segment results for the six month period ended 30 June 2024 are shown in the table below:

	DWS				Total
	Upstream	Downstream	Petrochemical	Eliminations	
Segment revenue	28,579,616	189,948,601	9,423,685	(29,548,969)	198,402,933
Intersegment	28,017,332	1,531,637	-	(29,548,969)	-
External	562,284	188,416,964	9,423,685	-	198,402,933
Adjusted EBITDA (Segment results)	20,351,206	5,645,380	(3,216,027)	-	22,780,559
Depreciation, depletion and amortization	(7,426,763)	(5,500,542)	(332,531)	-	(13,259,836)
Share of loss in joint ventures	-	(557,892)	-	-	(557,892)
Net foreign exchange loss	(219,293)	(226,762)	(9,952)	-	(456,007)
Finance income/(expenses), net	(270,523)	(668,755)	88,944	-	(850,334)
Income tax	(112,972)	(2,150,931)	24,249	-	(2,239,654)
Segment profit/(loss)	12,102,048	(3,553,014)	(3,214,865)	-	5,334,169

Adjusted EBITDA for the three and six month period ended 30 June 2025 and 2024 is reconciled below:

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Profit/(loss) for the period	(5,103,897)	3,552,383	(3,606,215)	5,334,169
Income tax	(1,890,394)	1,380,358	(1,376,416)	2,239,654
Finance expenses	750,825	889,676	1,575,674	1,812,695
Finance income	(212,702)	(351,739)	(464,739)	(962,361)
Depreciation, depletion and amortization	7,481,847	6,734,437	14,740,739	13,259,836
Share of profit/(loss) in joint ventures	48,496	444,597	(527,476)	557,892
Net foreign exchange loss	547,210	242,092	613,851	456,007
Other expenses/(income), net	49,804	(63,653)	(1,240,449)	(244,943)
Other non-operating expense/(income), net	2,125	(21,090)	476,645	327,610
Adjusted EBITDA	1,673,314	12,807,061	10,191,614	22,780,559

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025**

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

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

	Six month period ended 30 June	
	2025	2024
Sale of crude oil	71,736	265,671
Sale of gas	78,543	133,701
<i>Wholesale activities</i>	78,543	133,701
Sale of petroleum products	124,986,268	177,779,980
<i>Through a retail network</i>	52,045,885	61,331,112
<i>Wholesale activities</i>	72,940,383	116,448,868
Sale of petrochemical products	9,253,782	9,310,163
Sale of electricity	271,649	485,528
Lease revenue	194,278	172,970
Other sales	10,960,269	10,254,920
Total sales	145,816,525	198,402,933

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 7,842,517 RSD (2024: 7,534,290 RSD).

All performance obligations related to customers are satisfied at point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation.

4. CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
Cash in bank and in hand	13,356,754	10,853,600
Deposits with original maturity of less than three months	9,280,954	29,878,687
Cash held on escrow account	-	252
Cash equivalents	5,127	3,796
	22,642,835	40,736,335

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

5. SHORT-TERM FINANCIAL ASSETS

	30 June 2025	31 December 2024
Short-term loans	37,152	31,328
Deposits with original maturity more than 3 months less than 1 year	958,560	214,937
<i>Less impairment loss provision</i>	(2,180)	(2,180)
	993,532	244,085

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

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025***(All amounts are in 000 RSD, unless otherwise stated)***6. TRADE AND OTHER RECEIVABLES**

	30 June 2025	31 December 2024
Trade receivables	30,964,779	39,722,066
Other receivables	81,049	92,455
<i>Less impairment provision for trade receivables</i>	<i>(7,344,276)</i>	<i>(7,457,724)</i>
<i>Less impairment provision for other receivables</i>	<i>(28,709)</i>	<i>(27,827)</i>
	23,672,843	32,328,970

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

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

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

7. INVENTORIES

	30 June 2025	31 December 2024
Crude oil	32,892,983	20,006,952
Petroleum products	26,832,104	25,577,057
Materials and supplies	9,214,803	10,035,547
Other	1,704,491	1,697,901
<i>Less impairment provision</i>	<i>(5,062,182)</i>	<i>(5,130,666)</i>
	65,582,199	52,186,791

8. OTHER CURRENT ASSETS

	30 June 2025	31 December 2024
Advances paid	1,286,842	1,868,542
VAT receivables	356,227	380,208
Deferred VAT	1,451,285	4,115,321
Prepaid expenses	439,278	491,889
Prepaid custom duties	74,799	76,332
Prepaid excise	8,242,676	6,724,022
Other current assets	8,430,961	8,262,099
<i>Less impairment provision</i>	<i>(7,508,023)</i>	<i>(7,516,729)</i>
	12,774,045	14,401,684

Deferred VAT as at 30 June 2025 amounting to 1,451,285 RSD (31 December 2024: 4,115,321 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 30 June 2025 amounting to 8,242,676 RSD (31 December 2024: 6,724,022 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025
(All amounts are in 000 RSD, unless otherwise stated)
9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2025						
Cost	277,691,675	194,333,472	84,541,594	18,249,989	37,716,023	612,532,753
Depreciation and impairment	(124,800,200)	(96,667,469)	(42,964,705)	(10,336,249)	(802,991)	(275,571,614)
Net book value	152,891,475	97,666,003	41,576,889	7,913,740	36,913,032	336,961,139
Period ended 30 June 2025						
Additions	9,403,653	1,338,170	4,307,334	224,453	(1,782,296)	13,491,314
Changes in decommissioning obligations	129,415	-	-	-	-	129,415
Depreciation	(7,343,041)	(5,075,553)	(1,361,272)	(252,599)	-	(14,032,465)
Impairment	-	-	-	-	(30,888)	(30,888)
Transfer to intangible assets	-	-	-	-	(703)	(703)
Transfer to non-current assets held for sale	-	-	(2,986)	-	-	(2,986)
Disposals and write-off	(3,273)	(9,395)	(33,636)	(83)	(10)	(46,397)
Other transfers	275	(840)	(12,692)	17,684	(67,049)	(62,622)
Translation differences	(95,080)	-	(29,584)	-	(104,698)	(229,362)
	154,983,424	93,918,385	44,444,053	7,903,195	34,927,388	336,176,445
As at 30 June 2025						
Cost	287,068,874	195,629,996	88,665,730	18,376,130	35,672,746	625,413,476
Depreciation and impairment	(132,085,450)	(101,711,611)	(44,221,677)	(10,472,935)	(745,358)	(289,237,031)
Net book value	154,983,424	93,918,385	44,444,053	7,903,195	34,927,388	336,176,445

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025***(All amounts are in 000 RSD, unless otherwise stated)***10. RIGHT-OF-USE ASSETS**

Movements in right-of-use assets for the six months ended 30 June 2025 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2025	112,221	1,263,250	283,430	2,215,155	3,874,056
Additions	-	63,152	64,054	9,102	136,308
Depreciation	(5,424)	(117,260)	(59,163)	(183,236)	(365,083)
Transfers	-	-	293	(293)	-
Disposals	-	(7,396)	-	(14,300)	(21,696)
Effect of contract modifications and changes in estimates	-	9,974	23,397	(770)	32,601
Foreign currency translation	(1,943)	462	3	(9)	(1,487)
As at 30 June 2025	104,854	1,212,182	312,014	2,025,649	3,654,699

11. OTHER NON-CURRENT ASSETS

	30 June 2025	31 December 2024
Advances paid for PPE	2,258,598	3,033,702
Prepaid expenses	64,942	76,833
Other assets	929,531	911,737
Less allowance of other assets	(272,378)	(282,135)
Less allowance for advances paid	(212,353)	(232,739)
	2,768,340	3,507,398

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

	30 June 2025	31 December 2024
Interest payables	211,689	210,851
Current portion of long-term loans (note 16)	21,757,552	8,815,829
	21,969,241	9,026,680

13. TRADE AND OTHER PAYABLES

	30 June 2025	31 December 2024
Trade payables	12,850,532	18,141,740
Dividends payable	8,378,415	3,783,398
Other accounts payable	1,744,953	44,296
	22,973,900	21,969,434

Dividend payable declared for the year ended 31 December 2024, amounted to 4,595,042 RSD or 28.18 RSD per share (31 December 2023: 10,478,261 RSD or 64.26 RSD per share) were approved on the General Assembly Meeting held on 20 June 2025.

14. OTHER CURRENT LIABILITIES

	30 June 2025	31 December 2024
Contract liabilities arising from contracts with customers:		
- Advances received	4,131,894	5,462,225
- Customer loyalty	1,128,905	1,032,331
- Deferred income	110,849	115,376
Payables to employees	3,456,871	6,517,437
Other current non-financial liabilities	238,786	296,011
	9,067,305	13,423,380

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025***(All amounts are in 000 RSD, unless otherwise stated)*

Revenue in the amount of 4,841,977 RSD was recognized in the current reporting period (30 June 2024: 4,961,300 RSD) related to the contract liabilities as at 1 January 2025, of which 4,352,061 RSD (30 June 2024: 4,554,107 RSD) related to advances and 489,916 RSD (30 June 2024: 407,193 RSD) to customer loyalty programme.

15. OTHER TAXES PAYABLE

	30 June 2025	31 December 2024
Mineral extraction tax	471,746	445,228
VAT	3,615,245	2,913,503
Excise tax	6,940,983	8,614,381
Contribution for State commodity reserves	260,722	348,237
Custom duties	125,959	86,287
Energy efficiency fee	29,926	45,956
Other taxes	889,020	1,900,231
	12,333,601	14,353,823

16. LONG-TERM DEBT

	30 June 2025	31 December 2024
Bank loans	60,295,577	65,159,107
Other long-term borrowings	884,709	872,399
Less Current portion (note 12)	(21,757,552)	(8,815,829)
	39,422,734	57,215,677

Other long-term borrowings in the amount of 884,709 RSD (31 December 2024: 872,399 RSD) mainly relate to the corporate bonds.

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

	Six month period ended 30 June	
	2025	2024
Long-term loans at 1 January	65,159,107	65,223,168
Proceeds	-	5,958,328
Repayment	(4,969,660)	(3,316,116)
Non-cash transactions	17,792	7,930
Foreign exchange difference (note 21)	88,338	(68,376)
Long-term loans at 30 June	60,295,577	67,804,934

Bank loans

	30 June 2025	31 December 2024
Total bank loans	60,295,577	65,159,107
Current portion	(21,757,552)	(8,815,829)
	38,538,025	56,343,278

The maturity of bank loans was as follows:

	30 June 2025	31 December 2023
Between 1 and 2 years	17,755,404	30,987,592
Between 2 and 5 years	20,411,011	24,567,096
Over 5 years	371,610	788,590
	38,538,025	56,343,278

The carrying amounts of bank loans in the amount of 60,295,577 RSD (31 December 2024: 65,159,107 RSD) are denominated in EUR.

NIS Group

Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025

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

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

The loan agreements contain financial covenants that require the Group's ratio of Consolidated Indebtedness to Consolidated EBITDA. Management believes the Group is in compliance with these covenants as of 30 June 2025 and 31 December 2024, respectively.

17. LEASE LIABILITIES

	30 June 2025	31 December 2024
Non-current lease liabilities	2,285,160	2,620,846
Current lease liabilities	972,779	934,141
	3,257,939	3,554,987

Amounts recognized in profit and loss:

	Six month period ended 30 June	
	2025	2024
Interest expense (included in finance cost) (note 23)	73,579	85,603
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	59,858	92,332
Expense relating to leases of low value assets that are not shown above as short-term leases	35,643	52,190
Expense relating to variable lease payments not included in lease liabilities	1,226,135	1,267,213

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

	Six month period ended 30 June	
	2025	2024
As at 1 January	3,554,987	3,935,015
Repayment	(507,830)	(616,397)
Non-cash transactions	204,076	615,520
Foreign exchange difference (note 21)	6,706	(3,955)
As at 30 June	3,257,939	3,930,183

18. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Employee costs	3,834,388	3,626,627	7,467,659	6,808,886
Materials and supplies (other than O&G and petroleum products)	1,005,810	844,542	1,959,578	1,776,981
Repair and maintenance services	1,040,082	2,124,783	2,186,802	3,192,725
Electricity for resale	21,680	11,663	45,285	37,061
Electricity and utilities	3,806,623	3,572,016	8,152,460	8,142,412
Safety and security expense	174,887	63,130	442,949	87,992
Transportation services for production	187,960	173,787	362,618	342,130
Other	2,025,293	357,060	3,872,393	1,349,265
	12,096,723	10,773,608	24,489,744	21,737,452

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

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025
(All amounts are in 000 RSD, unless otherwise stated)
19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Employee costs	5,951,324	5,782,070	11,680,822	11,241,751
Commission and agency fees	193,982	180,362	393,102	361,233
Legal, audit and consulting services	225,222	210,337	460,663	386,501
Current repair cost	425,519	365,352	814,342	688,809
Costs on advertising and marketing	97,292	113,081	174,878	190,846
Electricity and utilities	209,287	201,953	546,124	557,577
Rent expense	18,187	34,042	29,271	73,292
Business trips expense	34,111	101,368	81,277	172,704
Safety and security expense	311,663	293,520	597,778	547,828
Insurance expense	18,759	35,794	50,554	72,499
Transportation and storage	60,396	80,946	126,507	164,366
Allowance for doubtful accounts	(71,946)	(114,995)	(57,394)	(130,401)
Other	1,288,296	1,341,691	2,451,305	2,498,819
	8,762,092	8,625,521	17,349,229	16,825,824

Other expenses in the amount of 2,451,305 RSD (2024: 2,498,819 RSD) mainly relate to bank charges, IT services, telecommunication services and other services.

20. OTHER INCOME/(EXPENSE), NET

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Penalties	64,397	149,709	35,046	277,225
(Charge)/release of provisions (legal, environmental, etc.), net	(8,216)	(131,922)	1,156,978	(254,189)
Impairment of non-financial assets	(75,493)	(6,588)	(75,493)	(6,621)
Gain from write-off of accounts payable	1,276	60,307	3,377	209,544
Charity and social payments	(1,144)	(11,839)	(10,643)	(18,250)
Other	(30,624)	3,986	131,184	37,234
	(49,804)	63,653	1,240,449	244,943

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

21. NET FOREIGN EXCHANGE LOSS

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Foreign exchange gain/(loss) on financing activities including:				
- foreign exchange gain (note 16 and 17)	104,121	55,975	134,347	107,249
- foreign exchange loss (note 16 and 17)	(80,381)	(3,269)	(229,391)	(34,918)
Net foreign exchange loss on operating activities	(570,950)	(294,798)	(518,807)	(528,338)
	(547,210)	(242,092)	(613,851)	(456,007)

22. FINANCE INCOME

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Interest on bank deposits	209,497	349,033	457,937	957,344
Interest income on loans issued	3,205	2,706	6,802	5,017
	212,702	351,739	464,739	962,361

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025***(All amounts are in 000 RSD, unless otherwise stated)***23. FINANCE EXPENSES**

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Interest expense	729,687	853,064	1,523,747	1,754,645
Losses on restructuring of borrowings	7,619	3,855	17,792	7,930
Decommissioning provision: unwinding of the present value discount	36,204	39,660	72,039	74,915
Provision of trade and other non-current receivables: discount	(22,685)	14,393	(29,410)	15,697
Less: amounts capitalised on qualifying assets	-	(21,296)	(8,494)	(40,492)
	750,825	889,676	1,575,674	1,812,695

Interest expense includes expenses on lease liabilities in the amount of 73,579 RSD for the six months ended 30 June 2025 (85,603 RSD for the six months ended 30 June 2024 accordingly) (Note 17).

24. INCOME TAX

In the first half of 2025, NIS applied tax consolidation for the 2024 tax year, following approval by the tax authorities. This was done in accordance with Serbian tax legislation, which allows a group of related legal entities—where one company directly or indirectly holds at least 75% ownership in the others—to be treated as a single taxpayer for corporate income tax purposes. All entities within the group must be tax residents of the Republic of Serbia, and once approved, the consolidation is valid for a period of five years.

As a result of the tax consolidation, the Group was able to utilize accumulated tax losses of certain subsidiaries to offset the consolidated taxable base, leading to a significant tax credit. This tax benefit, relating to the previous tax year (2024), was recognized in the current financial year (2025) upon receipt of the final tax assessment. The effect of this tax benefit has been accounted for in accordance with IAS 12 – Income Taxes and is reflected in the income tax expense line item in the consolidated statement of profit and loss.

Effect of current income tax and the adjustment in respect of prior year are presented in the table below:

	Six month period ended 30 June	
	2025	2024
Current income tax expense	(730,226)	(2,551,342)
Effect of tax consolidation (2024)	1,668,167	-
Deferred income tax	438,475	311,688
Total income tax	1,376,416	(2,239,654)

25. FAIR VALUE MEASUREMENT

The following assets are measured at fair value in the Interim Condensed Consolidated Financial Statements: investment properties, financial investments classified as available for sale and other non-current financial asset and liabilities. The valuation techniques and inputs used in fair value measurements are on the same basis as disclosed in the Consolidated Financial Statements as of 31 December 2024. There were no transfers between the levels of the fair value hierarchy during 2025.

As of 30 June 2025 the carrying value of financial assets approximates their fair value.

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025

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

26. CONTINGENCIES AND COMMITMENTS

Taxes

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 30 June 2025.

Economic environment in the Republic of Serbia

The exacerbation of geopolitical situation as a result of further developments of the situation with Ukraine led to amplified volatility at commodity and financial markets. It is not possible to determine how long this increased volatility will last.

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

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

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 356,554 RSD (31 December 2024: 385,751 RSD).

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

Capital commitments

As of 30 June 2025 the Group has entered into contracts to purchase property, plant and equipment 3,620,715 RSD (31 December 2024: 4,852,949 RSD).

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

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025***(All amounts are in 000 RSD, unless otherwise stated)***27. GROUP STRUCTURE**

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

Operations in Bulgaria and Romania

The Group is 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.

Considering the aforementioned in June 2025, Board of Directors passed a decision to convert the total outstanding receivables, including subordinated and financial loans as well as commercial receivables, into the share capital of the subsidiary NIS Petrol Bulgaria. The conversion procedure has been initiated.

In addition, Board of Directors has approved the sale of the subsidiary NIS Petrol Bulgaria, subject to the terms of the offer and the satisfaction of defined conditions precedent. The transaction relates to the disposal of the Company's full equity interest in the subsidiary. Further details will be disclosed once the outcome becomes sufficiently certain.

At the date of authorization of these financial statements, the conditions precedent had not yet been fulfilled.

28. RELATED PARTY TRANSACTIONS

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

In the six month period ended 30 June 2025 and in the same period in 2024, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

As at 30 June 2025 and 31 December 2024 the outstanding balances, presented net of impairment, with related parties were as follows:

	Parent company	Parent's subsidiaries and associates	Joint venture
As at 30 June 2025			
Short-term financial assets	-	35,133	-
Trade and other receivables	-	178,171	19,439
Investments in joint venture	-	-	3,150,563
Trade and other non-current receivables	-	-	835,525
Other current assets	-	26,921	-
Trade and other payables	-	(14,420)	(470,656)
Other current liabilities	-	(344,848)	(101)
	-	(119,043)	3,534,770
As at 31 December 2024			
Short-term financial assets	-	29,309	-
Trade and other receivables	-	262,268	51,017
Investments in joint venture	-	-	2,623,087
Trade and other non-current receivables	-	-	826,117
Other current assets	-	70,492	469,713
Trade and other payables	-	(166,304)	(510,158)
Other current liabilities	-	(117)	(389)
	-	195,648	3,459,387

NIS Group**Notes to the Interim Condensed Consolidated Financial Statements for the six month period ended 30 June 2025***(All amounts are in 000 RSD, unless otherwise stated)*

For the six month period ended 30 June 2025 and 2024 the following transaction occurred with related parties:

	Parent	Parent's subsidiaries and associates	Joint venture
Six month period ended 30 June 2025			
Revenues from sales of products and services	-	437,710	90,067
Expenses based on procurement of products and services	-	(161,353)	(1,129,822)
Other income, net	-	1,828	1,640
	-	278,185	(1,038,115)
Six month period ended 30 June 2024			
Revenues from sales of products and services	-	72,107	121,941
Expenses based on procurement of products and services	-	(381,621)	(1,608,803)
Other income/(expenses), net	-	1,827	(17,249)
	-	(307,687)	(1,504,111)

29. EVENTS AFTER THE REPORTING DATE

On 28 July 2025, OFAC (Office for Foreign Assets Control) issued a specific license (Licence No. MUL-2025-1355297-4) that postpones the full implementation of sanctions until 27 August 2025.

There are no other material events after the reporting date.

Subsequent events occurring after 30 June 2025 were evaluated through 28 July 2025, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

NIS Group
Notes to the Interim Condensed Consolidated Financial Statements for the six month
period ended 30 June 2025

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

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