



QUARTERLY REPORT FOR SECOND QUARTER OF 2025



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

The Report covers and presents data for NIS Group, comprising NIS j.s.c. Novi Sad and its subsidiaries. If the data pertain only to certain individual subsidiaries or only NIS j.s.c. Novi Sad, it is so noted in the Report. The terms: 'NIS j.s.c. Novi Sad' and 'the Company' denote the parent company NIS j.s.c. Novi Sad, whereas the terms 'NIS' and 'NIS Group' pertain to NIS j.s.c. Novi Sad with its subsidiaries.

The Quarterly Report for Second Quarter of 2025 is compiled in Serbian, English and Russian. In case of any discrepancy, the Serbian version shall be given precedence.

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

Contents

Contents	3
Foreword	4
Management Business report	5
Highlights	5
Group NIS	7
NIS worldwide	9
Risk management	11
Business environment	16
Performance analyses	20
Key performance indicators	23
Securities	41
Corporate Governance	44
Related-Party Transactions	45
Human resources	46
Research and Development	49
Financial Statements	50
Interim Condensed Standalone financial statements (unaudited)	50
Interim Condensed Consolidated financial statements (unaudited)	69
Statement of individuals responsible for the preparation of report	88
Contacts	89
Glossary	90

Foreword

In the first half of 2025, the focus of the NIS Group was on maintaining the stability of the domestic petroleum products market, the regular supply of all types of fuel, as well as on the social stability of its employees. These goals were successfully achieved despite the fact that NIS operates in extremely complex conditions, especially considering that in January 2025 the company was added to the SDN (Specially Designated Nationals) list of the US Department of the Treasury, as part of broader sanctions against the Russian oil sector. The full implementation of sanctions was postponed on four occasions during the first half of 2025, with the strong support of the Government of the Republic of Serbia. In mid-March, NIS also filed a request for delisting from the SDN list and remains committed to this process.

In addition, the financial results of the NIS Group were also affected by lower oil prices compared to the same period last year. Thus, the average value of the Brent crude oil in the period from January to June 2025 was USD 71.7 per barrel, which is 15 percent less compared to the first half of 2024. Also, the results of the NIS Group were influenced by the increase in costs, the creation of stocks of oil and petroleum products in order to ensure the stability of the market, but also the result of HIP-Petrohemija which operated with a loss of RSD 4.7 billion in the first half of the year.

However, in complex circumstances, NIS managed to maintain the EBITDA indicator at a positive level of RSD 10.2 billion, while due to these negative trends, a loss of RSD 3.6 billion was recorded. Significant investments in capital projects in which RSD 12.4 billion was invested were also continued. NIS maintained a positive cash flow of RSD 1.7 billion. The total bank indebtedness decreased by 11 percent compared to the comparable period and it amounts to EUR 516 million.

Oil and gas production in the first half of 2025 amounted to 556 thousand tonnes of oil equivalent, which is three percent less than in the comparable reporting period. The volume of refining crude oil and semi-finished products increased by 20 percent compared to the same period last year, when the Pančevo Oil Refinery underwent a major overhaul, and it amounts to 1.677 million tonnes. The total volume of sales of petroleum products is 1.524 million tonnes, which is eight percent less compared to the same period last year.

During this period, a significant investment was also made in the modernization of the company's logistics infrastructure by purchasing new means of transport for the transport of petroleum products, worth EUR 9.5 million. As regards the wholesale of petroleum products, despite the complex circumstances, NIS has remained a reliable partner to its business associates and is ready to fulfil all contractual obligations.

The development of the project for the construction of solar photovoltaic power plants at the company's facilities was also continued, primarily at gas stations, as well as in the petroleum products warehouse in Novi Sad.

At the session of the General Meeting of NIS j.s.c. Novi Sad held on 20 June 2025, the decision was adopted to pay RSD 4,595,042,072 in the total gross amount to the shareholders as a dividend for 2024.

In addition to its business activities, NIS continued to implement socially responsible programs and projects of importance to the community and young people. A new tender was launched within the social responsibility program titled "Together to the Community" to finance projects in key local governments in which NIS operates. The focus of this year's cycle is to support children, and the company will invest RSD 144.5 million to support public health, preschool and school institutions, as well as the institutions of social protection, culture and sports used by children. Also, NIS has published the Sustainable Development Report for 2024, thus marking a significant anniversary – 15 years of continuous reporting on the results achieved in the field of sustainability in accordance with the internationally recognized GRI (Global Reporting Initiative) standards.

Management Business report

Highlights

January

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

February

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

March

Drilling has been completed of 3 development wells and 1 exploratory well. There was a launch of 2 new oil development wells
Drilling of the first of four wells under the Banatski Dvor project has begun
Implementation of the project for installing express cash registers in retail facilities in accordance with the defined dynamics (a total of 34 petrol stations)

April

Drilling of 5 development wells completed
Three new development oil wells put into operation
Activation of the ID-6 unit / after the completed workover
Modern NIS Firefighting Training Center opened in Novi Sad
The first racing weekend of the Serbian Sports Karting Federation Open Championship was held with the support of G-Drive premium fuels in Jagodina

May

Drilling of 5 development wells and 1 exploratory well was completed
Two new development oil wells and 1 exploratory gas well were put into operation
The Bradarac Maljurevac – Sirakovo gas pipeline was put into operation and the monetization of gas from these fields (Bradarac maljurevac) to Sirakovo was launched by starting the third generator
The construction of the gathering gas pipeline was completed, connecting and putting into operation the wells at the Ada gas field
Activation of the ID-7 drilling plant after the completed workover
The first session of HSE Council of the year was held at the Pančevo Oil Refinery
G-Drive campaign was organised – a discount is given with the aim of: increasing (preserving) retail sales of petroleum products on the domestic market of Serbia, additional marketing activities to support the liquidity of NIS, and to activate and attract new consumers
NIS Group's business results for the first quarter of 2025 presented
NIS participated in the 92nd International Agricultural Fair
NIS's Sustainable Development Report for 2024 was published, marking 15 years of reporting on sustainable operations

June

Drilling of 5 development wells completed

Five new development oil wells (4 directional and 1 horizontal) as well as 1 exploratory gas well commissioned. In the first six months of 2025, a total of 22 development wells and 2 exploratory wells were drilled in Serbia, as well as 2 wells on the Banatski Dvor project, while there was a launch of 22 development and 3 exploratory well

Commissioning of two new Mobile Steam Units (PPU)

The preparation of the training ground for practical testing of knowledge for work at the height and depth at the Elemir training centre completed

Completion of the project for installing express cash registers in retail facilities in accordance with the defined dynamics. The installation of 5 more express cash registers out of a total of 55 remains to be implemented as part of the project of petrol station renovation

Two new tankers for supplying aircraft with aviation fuel, with a capacity of 32,000 and 22,000 litres, have been put into operation at Aero-Service Belgrade

As of 4 June 2025, the Warehouse on Niš was officially put into trial operation.

The 17th regular session of the NIS Shareholders' Assembly was held, at which, among other things, the Decision on the distribution of profit for 2024, the payment of dividends and the determination of the total amount of the Company's retained earnings was adopted and members of the Board of Directors were appointed

The 17th cycle of the social responsibility program "Common Cause Community" dedicated to projects for children was initiated

New vehicles for the transport of petroleum products were purchased - an investment worth EUR 9.5 million

NIS and the Serbian Red Cross established cooperation by signing a Memorandum on strengthening capacity to respond to emergency situations

NIS volunteers marked World Environment Day with an environmental campaign in the area of Fruška Gora National Park

A request has been submitted to OFAC for an extension of the special license that postpones the full application of sanctions beyond 27th June 2025. Based on this Request, OFAC has issued a special license that allows the postponement of the full application of sanctions to NIS and its subsidiaries until 29th July 2025¹

¹ 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.

Group NIS

The NIS Group is one of the largest vertically integrated energy systems in Southeast Europe, whose core activities include exploration, production and refining of crude oil and natural gas, sale and distribution of a wide range of petroleum and gas products and the implementation of energy and petrochemistry projects. The headquarters of NIS and its main assets are located in the Republic of Serbia, while representative offices and subsidiaries have been opened in several more countries in the world, primarily in neighbouring countries. Most valuable resource is a team of about 13,500 employees, including employees in HIP-Petrohemija LLC Pančevo.

NIS aims to create new value for its shareholders, employees and the community, despite the challenging macroeconomic environment, as well as to contribute to energy stability in the markets where it operates. The NIS project portfolio considers the energy transition as a priority in Serbia, and the Company implements projects that, inter alia, contribute to the achievement of the goals of reducing carbon emissions to the Paris Agreement level. NIS Group is committed to improving environmental protection and allocates significant funds for the implementation of environmental projects and projects that contribute to environmental protection. One of NIS' priorities is the area of occupational safety, where the main goal is work processes without injuries and harmful impacts on the environment.

In addition to its business activities, NIS also runs a number of socially responsible projects aimed at improving the life of the community and the improvement of the quality of life of citizens. NIS' efforts in this area are especially focused on young people, who are the bearers of future development.

Business activities

Business activities of the NIS Group are organized within the parent company NIS j.s.c. Novi Sad, into the Exploration and Production Block² and Downstream³, which are supported by the nine Functions in the parent company:

- Finance, Economics, Planning and Accounting Function;
- Strategy and Investments Function;
- Procurement Function;
- Organizational Affairs Function;
- HSE Function;
- Legal and Corporate Affairs Function;
- Corporate Security Function;
- Government Relations and Corporate Communications Function;
- Internal Audit, Risks and Internal Control Function.

Exploration and production Block

Exploration and production

NIS is the only company in Serbia engaged in oil and gas exploration and production. In this business segment, NIS performs the activities of operational support to production, management of oil and gas reserves, management of oil and gas reservoir engineering, and implementation of large-scale projects in the field of exploration and production.

The majority of oil and gas fields owned by NIS are located in Serbia. The company is also involved in exploration works in Romania and Bosnia and Herzegovina. The oldest concession abroad is in Angola, where NIS has been operating since 1985.

The plant for the preparation of natural gas, production of LPG and gasoline, and CO₂ stripping, based in Elemir, near Zrenjanin operates as part of the Exploration and Production Block. An amine unit for processing of natural gas using the high pressure acidgas capture technology is also located in Elemir. This method of gas processing completely prevents carbon dioxide emissions into the atmosphere and, in addition to the business effects, creates significant environmental benefits.

NIS also has a modern training center in Elemir dedicated to, training workers in the oil industry. It is a unique complex equipped with modern equipment in which the training is performed in real conditions, with the

² Exploration and Production and subsidiaries - NTC NIS – Naftagas LLC Novi Sad and Naftagas–Oil Services LLC Novi Sad.

³ Refining Block, Sales and Distribution Block, Energy Block and subsidiaries Naftagas–Technical Services LLC Zrenjanin and HIP-Petrohemija LLC Pančevo

possibility of simulating all the tasks that oil workers encounter in the process of production, preparation and shipment of oil and gas.

As for the exploration and production, the scientific and technological support of the NIS Group is provided by the subsidiary Scientific and Technological Center (NTC) NIS – Naftagas LLC Novi Sad.

Oil Services

NIS has its own service capacities, which fully meet the needs of the Group and provide services to third parties. The Services provide services in the field of exploration and production of oil and gas through geophysical well testing, construction, completion and workover, as well as through conducting special operations and measurements in wells. As part of their portfolio, the Services also provide maintenance of equipment, construction and maintenance of oil and gas systems and facilities. In this business segment, the goal is to strengthen its presence in the international market. For this reason, the priority is to modernize the equipment, ensure the best possible quality of services provided, increase the technical and technological efficiency, and improve work efficiency in NIS and other companies.

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

Downstream

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

Refining

NIS operates the Pančevo Oil Refinery which began its production in 1968, which is today one of the most modern and environmentally most developed processing plants in the region, with a maximum designed capacity of 4.8 million tonnes per year. Since 2009, more than EUR 900 million have been invested in the modernization of the Refinery, with significant funds allocated for environmental protection projects. During 2024, the most complex turnaround in the refinery's history was carried out at this plant, which made a significant step towards increasing the efficiency and reliability of the plant's operation. The Pančevo Oil Refinery produces: motor fuel in accordance with Euro-5 standard, aviation fuel, liquid petroleum gas, petroleum coke, fuel oil, bitumen, propylene, aromatics, primary pyrolysis gasoline and other petroleum products (sulphur and other hydrocarbons).

In 2020, a Bottom of the barrel unit with delayed coking technology was officially commissioned. The project worth more than EUR 300 million enables NIS to increase the output of the most valuable fuels – diesel, gasoline and liquefied petroleum gas and to start the domestic production of petroleum coke. NIS continuously works on the modernization of the Pančevo Oil Refinery and activities for finding additional measures for increasing efficiency and reducing costs, as well as digitization projects, are continuously carried out in the Refinery.

Sales and distribution

NIS operates a network of more than 400 petrol stations in Serbia and the countries of the region. NIS operates the largest retail network in the country, while simultaneously carries out its operations in the neighbouring countries: Bosnia and Herzegovina, Bulgaria and Romania.

NIS is present in the market under two retail brands: NIS Petrol and GAZPROM, with the latter being a premium brand in this segment. The petrol stations of the NIS Group are synonymous with the quality of fuel and non-fuel portfolio, as well as with modern services that meet the consumers' demands. NIS continually invests in the development of its retail network and in improving the quality of its goods and services. One of the priorities includes digital projects that provide consumers with services in line with modern trends, such as fuel payments without going to the payment point, digitalization of loyalty programs, etc.

In addition to the retail sale of finished petroleum products, liquefied petroleum gas and a range of related products, the sales structure of NIS also includes the export and domestic wholesale deliveries of gas and petroleum products. In addition, as separate business direction, NIS is developing apply of aviation fuel, fuel for navigable vessels, and sales of bitumen.

All types of fuel undergo strict and regular laboratory control and meet the highest domestic and international standards.

Energy

This business segment includes the production of electricity and thermal energy from conventional and renewable energy sources, centralized management of the natural gas portfolio for the entire NIS (production and sale of compressed natural gas, sale of natural gas), electricity trade, development and introduction of strategically important energy projects, as well as development and implementation of projects to increase energy efficiency.

The main focus of the Energy Block is expanding the scope of work in the field of electricity production and trade, managing the Company's energy resources, more efficient and profitable operation in TE-TO Pančevo, as well as improving energy efficiency and reliability within the NIS Group. The task of the Energy Block, among other things, is to accelerate the company's energy transition and the process of decarbonization.

The modern combined gas-steam thermal power plant-heating plant Pančevo (TE-TO Pančevo) on natural gas was built and started operating in 2022. The main advantage of TE-TO Pančevo is that natural gas, as a more environmentally friendly fuel, simultaneously produces thermal energy in the form of process steam for the needs of the Pančevo Refinery and electricity.

Since 2013, in oil and gas fields at eight locations in Serbia, NIS has put into operation mini power plants with an installed electrical power of 14.5 MWe. The environmental advantage of these plants is in the production of electricity and thermal energy from gas that was previously not used due to poor quality, large amounts of carbon dioxide and nitrogen, or could not be valorized due to the lack of gas infrastructure. The heat and electricity produced are used for the needs of NIS, but the electricity is also sold on the market. Electricity is also produced at the Jimbolia gas field in Romania, where electricity is sold on the local market.

In 2022, the construction of solar photovoltaic power plants (SPPs) began at NIS gas stations, as well as on the roofs and ground of other company facilities, thereby achieving significant financial savings for NIS and contributing to the reduction of carbon dioxide emissions. As of June 2025, the construction of photovoltaic power plants at 60 petrol stations has been completed and put into operation. At the "Jazak" drinking water plant, a photovoltaic power plant has been put into permanent operation. Rooftop PV plants at the Novi Sad oil derivatives warehouse, at the Arse Teodorovića business facility, as well as on five roofs at the Pančevo Oil Refinery, have been built and put into operation in the mode of supplying internal consumers. The construction of photovoltaic power plants at other NIS facilities continues.

HIP-Petrohemija

In accordance with the Strategic Partnership Agreement between the Republic of Serbia, NIS j.s.c. Novi Sad and HIP-Petrohemija the transaction was closed on June 9, 2023, after which the work on the integration of HIP-Petrohemija into the NIS system began. HIP-Petrohemija is the largest producer of petrochemical products in the Republic of Serbia, and the strategy of further development of HIP-Petrohemija will be based on the modernization of basic production capacities and the construction of new facilities, then on increasing energy efficiency and business efficiency, as well as on the implementation of projects in the field of environmental protection. The key project is the construction of a polypropylene production plant.

The company is registered in Pančevo, with its production facilities distributed across Pančevo, Elemir near Zrenjanin and Crepaja near Pančevo. The integrated production complex of HIP-Petrohemija is currently able to produce over 600 thousand tons of petrochemical products.

Technical services

Technical Services unit provides maintenance and repair services for facilities and equipment, pipeline construction, installation of oil and gas process systems, as well as certified services for testing and inspection, calibration and metrology, as well as the production of parts and equipment for oil industry and other related industries.

NIS worldwide

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



Risk management

Integrated Risk Management System

Risk management is a continuous and systematic business process which serves to support management decision-making and the achievement of a Company's objectives in a risk exposed environment. Risk represents a negative impact on the Company's objectives in the case of a risky event occurring. In business, the Company is exposed to certain risks which may affect the fulfilment of set objectives, if realised.

The Company has set up its Sector for Risk and Internal Control Monitoring which performs continuous monitoring and control of the risk management process and coordinates and improves this business process. The basic principle underpinning this system is that the responsibility for managing risks is assigned to risk owners; owners of business processes in the Company. Such an approach ensures that the responsibility for risk management and monitoring is identified for all processes of the Company, and that suitable solutions concerning risks and action plans are prepared in order to manage risks at the level of individual business processes and Company as a whole.

In its operations, company is exposed to the following the most important risks:

Nonfinancial risks

<i>RISK DESCRIPTION</i>	<i>RISK MANAGEMENT MEASURES</i>
<i>Operational risks</i>	
<i>HSE risks</i>	
Due to the nature of its activity, the Company is exposed to health, safety and environmental risks.	With a view to protect its members of staff, equipment, facilities and environment, while meeting legal obligations, the Company continuously monitors its operations, workforce, assets, working and living conditions and promptly amends its normative and methodological documents to reflect the changes in the legislation of the Republic of Serbia and ensures compliance with them. The Company timely implements corrective measures introduced in the wake of HSE investigations of incidents, through a system of observations, corporate monitoring and external inspections. Training courses are being conducted with a view to condition employees in HSE disciplines.
<i>HR risks</i>	
Highly qualified personnel is a key prerequisite of efficient operations of the company.	The Company is implementing a broad spectrum of activities aimed at attracting and retaining qualified staff. Some of the measures to attract qualified personnel are: early recruitment programs (cooperation with educational establishments, scholarships), NIS Calling, NIS Energy, Serbia Repatriation. The programs implemented for the retention of employees are: Talent management program, Talent development program, professional training of employees, employee evaluation procedure based on performance and potential – identifying talents and defining the succession plan for key positions in the Company, training for management and introduction of a unique talent management system.
<i>IT risks</i>	
Due to the growing dependence of the Company's business processes on information technology, automation and telecommunications, the Company is exposed to risks of ensuring the expected availability of services and business continuity.	The Company manages these risks through a range of measures, which include IT standards, system monitoring tools, and performs the backup of data and tests the service recovery process. In addition, the Company strives to monitor and implement new technologies and renew equipment in order to increase quality and continuity of service availability.

Information security risks

The Company is exposed to business risks emanating from potential violation of integrity, confidentiality and availability of information.

Protection of information at the Company manifests in a variety of activities that, by adequate handling of the information, have a positive impact on performance by maintaining continuity of business processes and minimising business risks.

The Company's system of information protection is a comprehensive array of rules prescribed by executive and normative-methodological documents, suitable organisational and technical solutions and activities aimed at implementation and control of security measures.

Project risks

A consistent and clear risk management process has been established within the NIS Group for the implementation of investment projects, which is fully aligned with PMI (*Project Management Institute*) standards.

Effective project risk management is reflected by the increase of the probability and impact of positive events, that is, by reducing the likelihood and impact of negative events on the projects, which also enables creating more realistic project management plans and increases the certainty of achieving set project objectives.

A detailed risk management plan is developed within the planning and preparation phase for each investment project. Special attention is paid to identification of risks that are of interest to a particular investment project, analysis of identified risks (qualitative and quantitative analysis), planning of a "response strategy", that is, adequate measures (by defining preventive activities, contingency (corrective) plans and backup action plans), determination of the level of tolerance to identified risks, as well as defining responsible people for the implementation of these measures and people for the review of project risks on a regular basis. All of the above is combined into a Project Risk Register.

Political risks

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

Since listing, the Company has undertaken the following actions:

- January 29, 2025: submitted a request to OFAC for a license to delay the full implementation of sanctions, to enable the normal operation of NIS and its subsidiaries while the company is working on delisting
- February 26, 2025: received a special license delaying the full implementation of sanctions until March 28, 2025.
- March 14, 2025: submitted a delisting petition to OFAC
- March 17, 2025: submitted a request for renewal of the license delaying the full implementation of sanctions pending delisting
- March 28, 2025: received a special license delaying the full implementation of sanctions until April 28, 2025.
- April 21, 2025, a request was submitted to OFAC for an extension of the special license that postpones the full application of sanctions beyond April 28, 2025.
- April 25, 2025, a special license was issued, which allowed the postponement of the full application of sanctions to NIS j.s.c Novi Sad and its subsidiaries until June 27, 2025.
- June 19, 2025, a request was submitted to OFAC for an extension of the special license that postpones the full application of sanctions beyond June 27, 2025.

- June 26, 2025, OFAC issued a special license that allowed for the postponement of the full application of sanctions against NIS j.s.c. Novi Sad and its subsidiaries until July 29, 2025.⁴

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

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

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

Financial risks

RISK DESCRIPTION	RISK MANAGEMENT MEASURES
Credit risks	
It occurs in cash funds, deposits with banks and financial institutions, intercompany loans/loans to third parties, as well as in the sale of oil derivatives with deferred payment.	Credit risk management is established at the level of the NIS Group. With respect to credit limits, banks are ranked according to adopted methodologies applicable to major and other banks, in order to determine the maximum extent of bank exposure of the Company at any given time (through deposits, documentary instruments: bank guarantees, Letters of Credit, etc. issued for the benefit of NIS j.s.c. Novi Sad). With regard to accounts receivable, there is a credit limit methodology in place which serves to define the level of exposure in relation to individual customers, depending on their financial indicators.
Liquidity risks	
Liquidity risk denotes a risk of NIS Group encountering difficulty in meeting its due liabilities. It is the risk of not having suitable funds to finance the NIS Group's business operations.	NIS Group continually monitors liquidity in order to provide sufficient cash to meet its operational, investment and financial performance requirements. For this purpose, the Group continually contracts and secures sufficient lines of credit and security instruments, ensuring that the internally defined maximum loan debt level is not exceeded and that all its obligations under commercial bank arrangements (covenants) are met.
Commodity-price risks	
Due to its core activity, NIS Group is exposed to risks associated with price volatility, specifically the price of crude oil, petroleum and petrochemical products that affects the value of inventories and margins in oil refining and the production of petrochemical products, which further affects the future cash flows.	These risks are partly offset by adjusting petroleum product selling prices to the changes in oil and petroleum product prices. In addition, the following actions are undertaken to reduce a potentially negative effects of this risk on the financial result of the Company: • Annual planning based on multiple scenarios, planned follow-up and timely adjustment of operating plans for crude oil procurement; • Regular sessions of Company's Commission in charge of crude oil purchase/sale to discuss all major topics;

⁴ 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.

- Constant, intensive check of new potential suppliers through their procedural verification and according to inquiries and letters of interest submitted to NIS;
- Maximum effort to ensure a continuous supply of crude oil in restrictive conditions, which have been very evident since the end of the first quarter of 2022, both in the required quantities but also by the type of oil that would correspond to refining plans and planned production/basket of derivatives;
- Continuous efforts to optimize processes and strive for the best possible economic effects and indicators;
- Monitoring market conditions throughout the calendar year and collecting information from foreign companies that are eminent, reliable traders in the European market and beyond, in order to better understand the potential conditions for the implementation and realization of spot purchases.

Foreign Exchange Risks

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

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

Interest Rate Risks

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

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

In order to reduce the uncertainties associated with interest rate risk, when collecting offers from banks for financing, the Company insists on collecting offers with fixed interest rates in

order to compare interest rates with variable and fixed interest rates and make a selection in accordance with the current policy on interest rate related expenditure management. In addition, the analysis of interest rate movements in the financial market is continuously being carried out, as well as analysis of restrictions and possibilities of using interest rate hedging instruments (interest rate swaps, options, etc.).

Business environment⁵

World⁶

Based on data for the first half of the year, OPEC forecasts that oil demand growth will be at 1.29 million barrels per day in 2025 and 1.28 million barrels per day in 2026. They expect demand growth in the Organization for Economic Cooperation and Development (OECD) countries in 2025 to be 0.14 million barrels per day, while growth in non-OECD countries is expected to be 1.16 million barrels per day.

The IEA (*International Energy Agency*), for example, expects lower demand growth in 2025 of just 0.7 million barrels per day. They also expect global oil demand growth to slow in the second half of the year due to weakening economic activity. The agency also expects global investment in oil exploration and production to fall by 6%, the first such decline in a decade, excluding the year of the pandemic-induced downturn. This decline in investment is driven by economic uncertainty, lower demand expectations and lower prices, and is largely the result of a sharp decline in investment in US shale oil and oil sands. According to the IEA, total investment in oil and gas production in 2025 will be just under \$570 billion, a decline of about 4% of this, about 40% will go to slowing the decline in production at existing fields. Investment in natural gas fields is expected to maintain 2024 levels, with a simultaneous increase in investment in new LNG facilities as new projects in the US, Qatar, Canada and elsewhere prepare to start up. Between 2026 and 2028, the global LNG market is expected to see its biggest ever capacity growth, the agency said. And the IEA expects global refinery investment to fall to around \$30 billion in 2025, the lowest level in 10 years.

However, OPEC+ members are considering increasing oil production in July to 411,000 barrels per day and 548,000 barrels per day to meet demand.

The energy transition is facing increasing problems. At a business forum in Warsaw, the US Secretary of Energy called on Central European countries to abandon the EU's official energy and climate policies and join the US in pursuing a policy of "team energy freedom". He said that safe, affordable and reliable energy is abundant, that imposing climate policies makes energy more expensive for citizens, and that natural gas and nuclear power are the two biggest climate solutions for the coming decades.

At the same time, China continues to install solar and wind farms at a record pace, with 1.3 TW of total solar and wind power plants under development, of which 510 GW is under construction.

Germany has installed half of its planned 215 GW of solar power capacity by 2030. According to an analysis by the German Infrastructure Agency on rooftops, balconies and open spaces, more than five million solar power plants are currently in operation with a total capacity of around 107.5 GW, covering around 15% of Germany's electricity needs.

The European Commission has selected 15 projects in five countries for financial support for the production of hydrogen from renewable sources, which should enable the production of around 2.2 million tonnes of green hydrogen over a 10-year period, thereby preventing the emissions of more than 15 million tonnes of CO². The selected projects are required to reach production within five years. The largest projects are in the Netherlands, Finland, Germany and Spain.

⁵ Data sources for the World, Oil price and Macroeconomic trends: reports by IMF, *World Oil*, *Financial Times*, *Bloomberg*, *Reuters*, EU Commission. Wood Mackenzie, IHS, Bloomberg, Reuters, National Oil Committee of Serbia, EU Commission. Data sources for Serbia: NBS reports, newspaper articles. Data sources for Serbia: Report National bank of Serbia, Chamber of commerce and industry of Serbia, articles in newspapers: Danas, Bliz Biznis, NIN.

⁶Source: EIA, OPEC, Oil&Gas Journal, IHS, Wood Mackenzie.

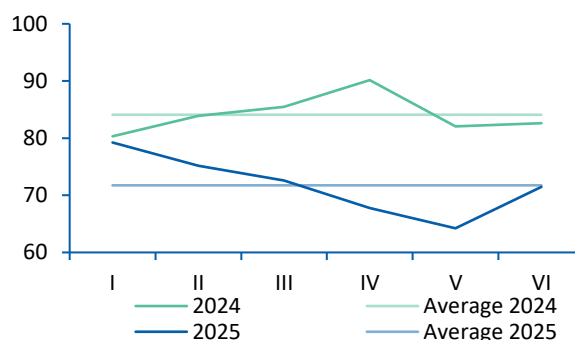
Oil price

During the first nine days of the second quarter of 2025, the price of Brent crude oil fell by almost \$15 per barrel (from \$77.7 to \$62.7) and remained at a level of approximately \$65 per barrel until the beginning of June. After the start of the conflict between Israel and Iran (June 13), the price jumped to over \$80 per barrel but after the established ceasefire it returned to a level below \$70 per barrel.

The highest price in Q2 2025 (\$80.4 per barrel) was recorded in mid-June, and the lowest price (\$61.1 per barrel) in early May. The average price in this period was 20% lower than in the same period last year. When comparing the average prices for the first half of the year, it was 15% lower than the average price in the same period in 2024, while the maximum price for the first half of the year was 11% lower than the same period in the previous year.

Brent Dtd⁷ price trends, \$/bbl

↓ -15%



The decision of OPEC+ members to increase oil production (in May, June and July by 411,000 barrels per day each) further influenced the “settling down” of prices. In early July, OPEC and partners surprised the oil and gas market by announcing that they would further accelerate the “revival” of collective oil production in August. This “good news” for consumers is also causing concern among oil and gas producers, both U.S. and Canadian shale producers and OPEC members themselves.

OPEC+ officials, however, say they are not worried about a price drop, and one reason for their optimism is summer demand.

JP Morgan Research has lowered its Brent crude oil price forecast to \$66 per barrel in 2025 and \$58 per barrel in 2026. UBS also expects Brent crude prices to fall to \$60 to \$65 per barrel after the main summer travel period, when a large excess of motor fuel supplies appears on the market.

Macroeconomic trends

The IMF in its April report states that the global economic system within which most countries have operated for the past 80 years is being “reset” and that the world is entering a new era. Existing rules are being challenged, while new ones have yet to emerge. A series of new tariffs first introduced and then postponed by the US (first introduced against Canada, China and Mexico and against “critical” sectors) has been reinforced by almost universal US tariffs introduced in early April. Most countries have reacted by announcing or even introducing countermeasures. As a result of the uncertainty and unpredictability of policies, and reflecting the complexity and fluidity of the moment, the IMF report contains several scenarios for the global economy.

According to the reference scenario, global growth is expected to be 2.8% this year and 3% next year, a cumulative decrease of about 0.8% compared to the January 2025 report. Growth projections for 2025 have also been reduced for China to 4% and for the euro area to 0.8%. The decrease for the US is slightly larger, with growth in 2025 projected at 1.8% (0.9% less than in January, of which 0.4% is due to tariffs imposed by other countries as a countermeasure to US tariffs). Some analysts believe that the introduction of tariffs and the new tax law are part of the reason for the decline in the value of US Treasury bonds. The OECD also reduced its forecast for US economic growth for this year from 2.2% to 1.6%.

At the same time, the European Central Bank (hereinafter referred to as the ECB) cut its key interest rate to 2.00% in early June, but did not raise its projections for Eurozone GDP growth. Inflation projections have been lowered by 0.3%, with inflation expected to be 2.0% in 2025 and 1.6% in 2026. Analysts attribute the easing in price pressures to a variety of factors, including lower energy prices, a weakening labour market, weak demand, the lingering effects of previous price increases, and the strengthening euro. The euro strengthened by 9.8% against the US dollar in the period January-May 2025, and Goldman Sachs Research expects this trend to continue, with the euro worth \$1.20 in 12 months.

Annual inflation in the Eurozone was 1.9% in May 2025, down from 2.2% in April. Eurostat estimates that

⁷Source: Platts.

unemployment in the Eurozone was 6.3% in May this year and in the EU 5.9% (measured using the International Labour Organization - ILO methodology).

The EU will extend the suspension of countermeasures against the US until August 1 to allow for further negotiations.

The EU and the European Central Bank have begun preparations for the introduction of a digital euro, which should replace credit and debit cards. If all checks pass without problems, the ECB will make a final decision on the launch of the digital euro at the end of the year. If the European Parliament and the governments of all Eurozone member states subsequently give their approval, the first version of the digital euro would be available to citizens by the end of 2028.

Serbia⁸

According to an IMF report published in early July, the first review of the arrangement called the “Policy Coordination Facility with Serbia” has been successfully completed and will last for the next 36 months. The IMF expects that after a brief slowdown in early 2025, Serbia’s real GDP growth will accelerate again in 2026 and 2027: 3% in 2025, 4% in 2026 and 4.5% in 2027.

The document also contains a Program Statement signed by representatives of the Government of the Republic of Serbia at the end of June as an overview of the measures that will be implemented in the next 36 months: an increase in electricity prices and road tolls, the introduction of a new toll for trucks on regional roads, an increase in the employment quota in the public sector. At the same time, a “special fiscal rule” will limit the total amount of public sector wages so that they can only grow as much as the economy grows. Pensions will also be increased exclusively according to the automatic formula defined in the Law on Pension and Disability Insurance.

The fiscal deficit will not be able to exceed 3% of GDP during 2025-2027, and during 2028-2029, a deficit of no more than 2.5% of GDP will be targeted. The NBS has also committed to maintaining a restrictive monetary policy until inflation is permanently stabilized around the target value of 3%.

Year-on-year overall inflation was 3.8% in May, and core inflation was 4.6%. However, the NBS estimates that in the coming months, year-on-year inflation will likely temporarily increase and fluctuate around the upper limit of the permitted deviation from the target due to the increase in oil prices due to the increase in world oil prices during June and the expected effects of weather disasters on food prices.

Serbia's public debt at the end of May this year was 38.8 billion euros and amounted to 44% of GDP. Of the total debt, the state owes 27.2 billion euros to foreign countries, and 11.5 billion euros to domestic creditors. In May, the public debt was increased by the issuance of dinar bonds by 15 billion dinars and loans of 10.5 billion dinars. 19.4 billion of the matured debt was repaid.

In the period January–May 2025, the year-on-year growth in industrial production was 2.5%. The launch of production of a new electric car at FCA Srbija d.o.o., Kragujevac contributed to this growth by more than a third. The extent to which car production will become widespread and whether it can significantly affect the increase in economic activity and goods exports is still uncertain. Another uncertainty and possible impact on this year's industrial activity comes from the sanctions imposed on NIS. It is necessary to reach a permanent solution as soon as possible, in order to fully stabilize production, which is important not only for Serbia but also for the region.

Serbia's total foreign trade in goods in the period January-May 2025 amounted to 31.2 billion euros and was 10.9% higher than in the same period last year. The year-on-year growth in exports of goods was significantly higher than the growth in imports of goods (17.3% versus 6.8%).

Formal employment in May increased by 0.6% year-on-year (to 2.37 million people), mostly due to the growth in employment in the private sector of 0.8% (to 1.76 million people), which means that employment is 0.2% higher year-on-year at the level of the first five months of 2025. Year-on-year employment growth was present in 12 out of 19 activities, with the highest in administrative and support service activities, in the IT sector and in accommodation and food services. The unemployment rate in the first quarter of 2025 was 9.1% (-0.3% year-on-year).

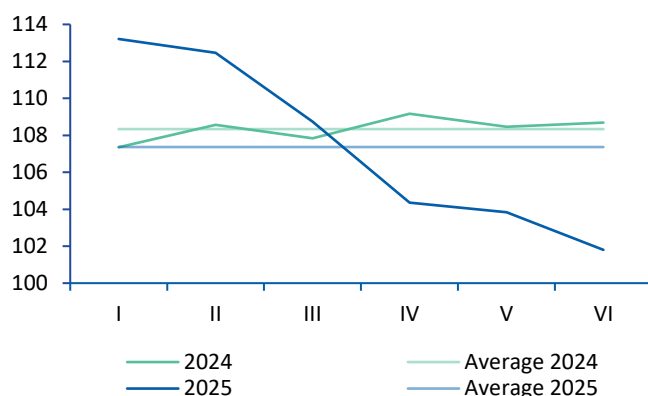
⁸Source: National Bank of Serbia, Republican Bureau of Statistics, Chamber of Commerce Serbia, newspaper articles.

Serbia is facing significant demographic challenges, and the mismatch between supply and demand in the labour market is increasing.

The average salary (gross) calculated for April 2025 was 150,777 dinars, while the average salary without taxes and contributions (net) was 109,272 dinars. Compared to the same month of the previous year, average gross and net salaries for April 2025 were nominally higher by 13.1%, and in real terms by 8.7%. The growth in gross and net wages in the period January-April 2025, compared to the same period last year, was 11.7% nominally, or 7.0% in real terms. The median net wage for April 2025 was 83,974 dinars, which means that 50% of employees earned an income up to the stated amount.

Exchange rate trend, USD/RSD⁹

↓ -1%



- Average USD/RSD in first six months of 2025 was lower by RSD 1, i.e. 1% lower compared to the average exchange rate in the same period of 2024.
- During the first six months of 2025 USD/RSD exchange rate decreased by RSD 12.6 or 11%.
- During the first six months of 2024 USD/RSD exchange rate increased by RSD 3.7 or 3%.

⁹Source: National Bank of Serbia

Performance analyses

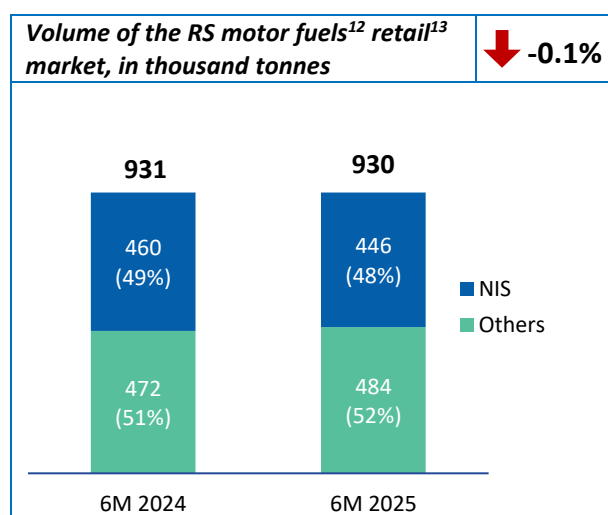
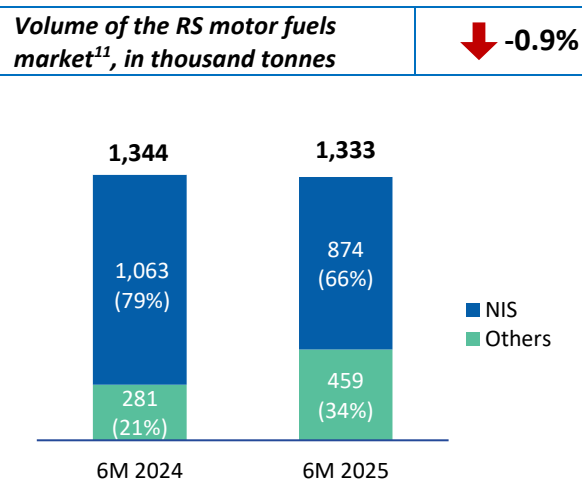
Market share¹⁰

Lower growth of consumption has been recorded in all countries of the region, while in our country, a decrease in motor fuel consumption was observed in the first half of 2025.

Market share in the Serbian market

The first half of 2025 was characterized by a 0.9% decrease in the consumption of motor fuels in Serbia compared to the same period last year.

The increase in gasoline consumption was mitigated by the decrease in sales of motor fuels in Serbia, while sales of diesel fuels and LPG were decreasing. The decrease in consumption is primarily due to diesel fuel, mainly due to the high base in the previous year when the purchase of agrodiesel was particularly significant in the first half of the year due to the introduction of the limit on agrocards. The decrease is also recorded in sales of LPG due to the reduction in the vehicle fleet and substitution with CNG.



Retail: In the first six months of 2025, the consumption is almost at the same level compared to the same period of 2024. The share of NIS is significant. The Regulation stipulated preferential price for supplying the farmers is in force.

¹⁰Sources of information on the basis of which projections were created: for Serbia - internal analyses and estimates of the Sales and Distribution Block; for the consumption estimate in Bulgaria and Romania - Stratas Advisors and for Bosnia and Herzegovina - Stratas Advisors and internal estimates. Any possible deviations in percentage amounts and aggregate values in the following graphs are due to rounding.

¹¹Data for 6M 2025 is given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

¹²The sales of NIS and other competitors include motor fuels (auto-gas, CNG – motor fuel, motor gasoline and diesel). LPG cylinders are not included. Data for 6M 2025 are given on the basis of estimates. Any deviations in percentages and aggregate values result from rounding.

¹³Other retail of other market participants is supplied from the wholesale of NIS and other participants of the Serbian wholesale market.

Market share in Bosnia and Herzegovina, Bulgaria and Romania

Bosnia and Herzegovina

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

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

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

The proposal of the new Law on Petroleum Products in the Federation of Bosnia and Herzegovina was submitted to the Government of the Federation of Bosnia and Herzegovina for consideration, which should more precisely regulate the issue of quality control of fuels, additives, expansion of the scope of monitoring, as well as adoption of a new rulebook that would enable comprehensive quality control of liquid petroleum fuels.

The Logistics Consortium of Bosnia and Herzegovina has launched an initiative to enable the refund of excise duty on diesel used for international road transport. Transport companies in Bosnia and Herzegovina currently bear the full excise duty burden, while competitors in the EU and the region have a refund of excise duty in their home countries. The refund of excise duty is the standard policy of fiscal relief in international transport in Europe. The initiative refers to amendments to the Law on Excise Duties and the Law on VAT.

Hifa Petrol is the new lessor of the aviation fuels warehouse at the Tuzla International Airport, thus taking over the fuel supply business from Hifa Oil. The public tender was announced on 15 April, and the contract was concluded on 29 April and entered into force immediately, with a term of four years.

NIS has 42 petrol stations in Bosnia and Herzegovina.

NIS's market share in the total motor fuel market in the first half of 2025 is 24.5%, while its share in the retail market is 11.0%.

Bulgaria

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

The Burgas Oil Refinery in Bulgaria, owned by Lukoil, has been closed since February 26 due to planned overhauls that are carried out every four years. The last planned repair at the Refinery was carried out in July 2021. Fuel reserves for the country's needs are fully secured.

Energy experts and economists have called on the Bulgarian government to consider purchasing Lukoil's Burgas Refinery. Official reports indicate interest from companies from Kazakhstan, Azerbaijan, Hungary and Qatar. Lukoil is a vertically integrated company, meaning it not only operates the refinery, but is also a wholesaler and operates a network of petrol stations, which gives it significant influence in the market.

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

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

NIS's market share in the total motor fuel market in the first half of 2025 was 2.6%, while its share in the retail market was 1.9%.

Romania

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

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

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

Romanian fuel distribution company JT Group Oil announced that it has expanded its logistics capacity by 4,000 tons with the purchase and modernization of a bunker tanker.

NIS has 19 petrol stations in Romania. NIS's market share in the total motor fuel market is 0.4%, while its share in the retail market is 0.6%.

Key performance indicators

Q2 2025	Q2 2024	Δ^{14}	Indicator	Unit of measurement	6M 2025	6M 2024	Δ^{15}
67.8	84.9	-20%	Brent Dtd	\$/bbl	71.7	84.1	-15%
73.5	112.0	-34%	Sales revenue	RSD billion	145.8	198.4	-27%
-5.1	3.6	decrease	Net result (loss/profit)	RSD billion	-3.6	5.3	decrease
1.7	12.8	-87%	EBITDA ¹⁶	RSD billion	10.2	22.8	-55%
7.9	7.2	+11%	OCF	RSD billion	1.7	9.8	-83%
6.9	13.9	-51%	CAPEX ¹⁷	RSD billion	12.4	24.4	-49%
52.4	64.4	-19%	Accrued liabilities for taxes and other public revenues ¹⁸	RSD billion	104.7	118.1	-11%
515.6	579.6	-11%	Total bank indebtedness ¹⁹	EUR million	515.6	579.6	-11%
1.8	1.6	+7%	LTIF ²⁰	number	1.8	1.6	+7%

¹⁴Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

¹⁵Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

¹⁶EBITDA = Sales revenues (exclusive of excise duties) – costs of inventories (oil, petroleum products and other products) – operating expenses (OPEX) – other costs that may be controlled by the management.

¹⁷CAPEX amounts are exclusive of VAT.

¹⁸Taxes, fees, charges and other public revenue calculated for the reporting period. The overview is inclusive of the liabilities of NIS for taxes and other public revenue in Serbia and other countries of operation.

¹⁹Total bank indebtedness = Total debt to banks + letters of credit. As at 30 June 2025, this was EUR 515.6 million of total debt to banks, while there was no debt based on letters of credit.

²⁰Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of June 30, 2025.

Operational indicators

Exploration and production

Key indicators

Q2 2025	Q2 2024	Δ^{21}	Indicator	Unit of measurement	6M 2025	6M 2024	Δ^{22}
278.4	285.6	-3%	Oil and gas output ²³	thousand t.o.e.	556.0	575.1	-3%
192.9	198.8	-3%	Domestic oil output ²⁴	thousand tonnes	387.2	401.9	-4%
0.0	2.0	decrease	LTIF ²⁵	number	0.0	2.0	decrease
6.3	10.5	-40%	EBITDA	RSD billion	14.9	20.4	-27%
4.2	5.4	-21%	CAPEX ²⁶	RSD billion	6.9	10.5	-34%

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

In the second quarter of 2025, a total production volume of oil and gas 267.1 t.o.e. was achieved at reservoirs in Serbia, i.e., including concessions 278.4 t.o.e.

In the field of geology and deposit development, the emphasis is on maintaining the high quality of the performed geological and technological activities aimed at increasing oil and gas production.

Geological exploration and field engineering

In the second quarter of 2025, 10 new oil wells were put into operation, with an average increase of 11.5 t/day, or an additional 4.0 thousand tons of oil. Within the framework of the aforementioned wells, in the Velebit field, in June, 1 horizontal well was successfully drilled, which was put into operation). In the past quarter, 2 new exploratory gas wells were also put into operation.

In the Iđoš oil field, in the second quarter, 3 reentry wells were put into operation, with an average increment of 11.2 t/day.

Also, in the second quarter of 2025, geological and technical activities were successfully carried out on 43 wells with a satisfactory average increment.

In 2025, the implementation of RIW technology will continue. In the second quarter after the implementation of RIW technology, 13 wells were commissioned and an average increase of 0.7 t/day was achieved on oil field in Vojvodina.

Also, in the second quarter of 2025, 9 wells were put into operation after switching to a new production layer with an average increase of 4.4 t/day, and a total of 15 intensifications were carried out, an increase of 3.1 t/day, while a total of 5 wells were made operational from the inactive fund, with an increase of 3.0 t/day.

When all GTAs completed in the second quarter are taken into account, additional oil production of 10.2 thousand tons was achieved.

Exploratory drilling and well testing

In the second quarter of 2025, three exploratory wells were tested and one contour-exploratory well was drilled.

2D/3D seismics

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

²¹Any deviations in percentages and aggregate values result from rounding.

²²Any deviations in percentages and aggregate values result from rounding.

²³Domestic oil output includes natural gasoline, whereas gas output takes into account commercial gas output and light condensate.

²⁴With natural gasoline.

²⁵Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The data refers for the Exploration and production Block. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of June 30, 2025.

²⁶Financing, exclusive of VAT.

License obligations

In accordance with the provisions of the Mining and Geological Exploration Act, the following have been prepared: Reports on the status of reserves and resources of hydrocarbons and groundwater as of 31.12.2024, the Annual Report on the operations of NIS a.d. in the process of exploitation of oil, gas and groundwater for 2024 and the Annual Operational Plan for the performance of mining works in the process of exploitation for 2025 and submitted to the competent state body.

In the second quarter, a request was submitted to the Provincial Secretariat for Energy, Construction and Transport, for the issuance of a permit to continue conducting geological research in the Northern banat exploration area (according to Annex 2 of the Project), which issued the requested permit in the second quarter.

In the second quarter, amendments to the request for the issuance of a permit for conducting mining works according to the Major Mining Project (hereinafter referred to as MMP) in Elemir and "Turija Sever" exploitation fields were submitted to the Provincial Secretariat for Energy, Construction and Transport. For the Kelebija exploitation field, a request has been submitted to the Provincial Secretariat for Energy, Construction and Transport, for issuing a permit to carry out mining works under the Supplemental Mining Project (hereinafter referred to as SMP), and for the Velebit exploitation field, a request has been submitted for performing a technical inspection of mining facilities and issuing a permit for the use of those facilities built under the MMP.

In order to conduct geological exploration of oil and gas in the exploitation fields of NIS a.d. Novi Sad, in the second quarter of 2025, the Provincial Secretariat for Energy, Construction and Transport was notified of the works based on the Geological Exploration Project in the exploitation fields of Boka, Velebit and Idoš.

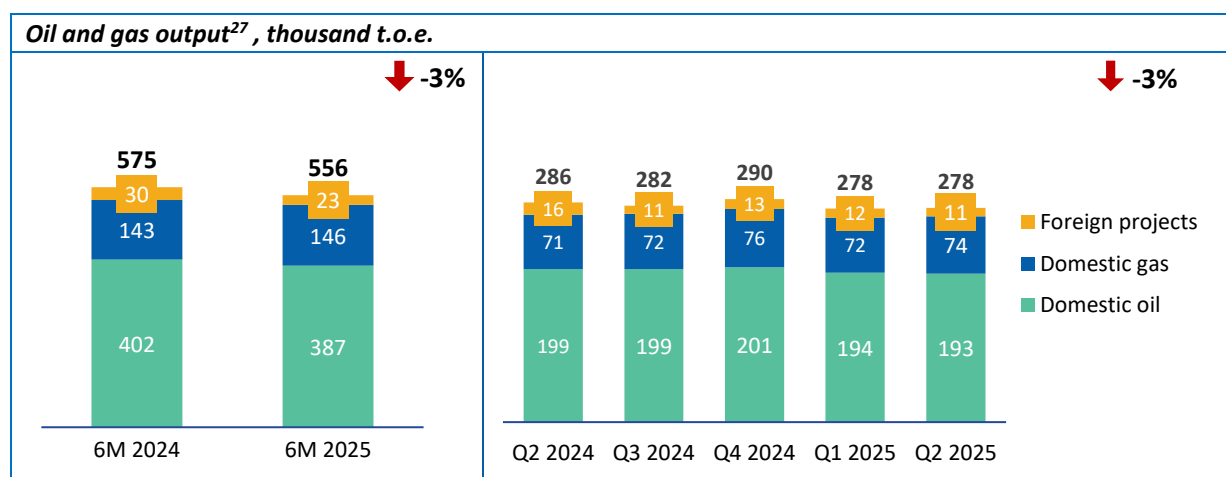
In the second quarter, the Provincial Secretariat for Energy, Construction and Transport received final reports on the geological exploration conducted in the exploitation fields of Kikinda West and Kikinda and annual reports on the geological exploration conducted in the exploitation fields of Velebit and Boka.

In the second quarter of 2025, the Ministry of Mining and Energy issued approval for the continuation of geological exploration works in the Podunavlje exploration area (according to Annex 1 of the project).

The Ministry of Mining and Energy has been submitted an annual report on the results of geological exploration in the Podunavlje exploration area (for the second exploration year).

Oil and gas output

In the first six months of 2025, the total of 556 thousand t.o.e. of oil and gas was produced, which is 3% less than the same period last year.



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

Downstream

Key indicators

Q2 2025	Q2 2024	Δ^{28}	Key indicators	Unit of measure	6M 2025	6M 2024	Δ^{29}
824.1	762.5	+8%	Volume of refining of crude oil and semi-finished products ³⁰	thous. tonnes	1,677.1	1,403.3	+20%
805.3	902.1	-11%	Total sales volume of petroleum products ³¹	thous. tonnes	1,524.4	1,650.8	-8%
239.3	238.5	+0.4%	Retail Serbia	thous. tonnes	442.6	456.0	-3%
236.7	361.4	-35%	Wholesale Serbia ³²	thous. tonnes	482.4	654.1	-26%
37.5	40.1	-7%	Retail Foreign Assets	thous. tonnes	71.7	77.6	-7.7%
55.4	40.2	+38%	Wholesale Foreign Assets	thous. tonnes	102.9	78.7	+31%
195.9	189.1	+4%	Transit, export and BU ³³	thous. tonnes	345.8	307.2	+13%
650.1	716.7	-9%	Motor fuels sales volumes ³⁴	thous. tonnes	1,194.5	1,311.1	-9%
26.0	29.7	-12%	Electricity output ³⁵	thous. MWh	60.8	57.8	+5%
-3.9	3.7	decrease	EBITDA DWS ³⁶	bln RSD	-1.4	7.3	-120%
-2.8	0.6	decrease	EBITDA Refining ³⁷	bln RSD	-0.7	2.9	-124%
1.2	4.8	-76%	EBITDA Sales and Distribution ³⁸	bln RSD	3.6	8.3	-56%
2.6	8.5	-70%	CAPEX DWS ³⁹	bln RSD	5.1	13.6	-62%
0.9	6.5	-86%	CAPEX Refining	bln RSD	2.0	10.5	-81%
1.0	1.2	-15%	CAPEX Sales and distribution	bln RSD	2.3	1.6	+37%
1.2	1.8	-33%	LTIF DWS ⁴⁰	number	1.2	1.8	-33%
1.0	1.6	-38%	LTIF Refining	number	1.0	1.6	-38%
1.5	2.1	-29%	LTIF Sales and distribution	number	1.5	2.1	-29%

²⁸Any deviations in percentages and aggregate values result from rounding.

²⁹Any deviations in percentages and aggregate values result from rounding.

³⁰The presented refining volume includes the refining volume of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.

³¹The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.

³²Includes the sale of CNG of the Energy Block and the sale of oils and lubricants to the Lubricant Production Plant.

³³Business unit includes the sale of bitumen, bunkering and aviation fuel channels.

³⁴Total motor fuels sales volumes in Serbia and in foreign assets.

³⁵The volume of electricity produced includes the electricity produced by Power plant Pančevo, small power plants and photovoltaic power plants. The total volume of electricity produced at PVPP for the period January – June is 1,858.8 MWh.

³⁶EBITDA Downstream includes the EBITDA of Block Refining, Block Sales and distribution, Block Energy, rest of Downstream and EBITDA of HIPP.

³⁷EBITDA of the Refining Block includes the Energy Plant in Pančevo Refinery.

³⁸EBITDA of the Sales and Distribution Block.

³⁹Financing, excluding VAT. The shown CAPEX Of Downstream includes CAPEX of Refining Block, Sales and distribution Block, Block Energy, HIP-Petrohemija and the rest of Downstream.

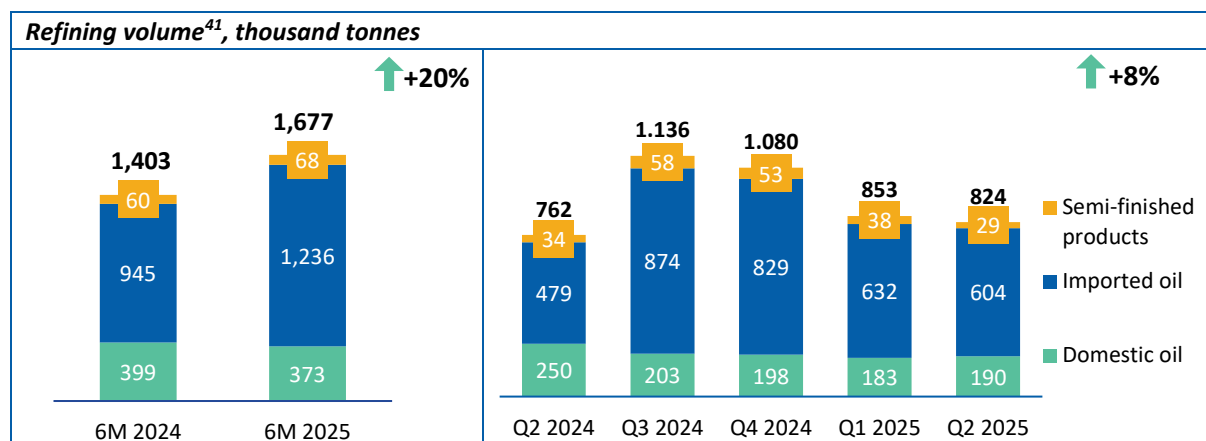
⁴⁰Lost Time Injury Frequency – The ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of June 30, 2025.

Refining

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

During the first half of 2025, the Refining Block processed 1.68 million tonnes of raw materials.

Refining activities and volume



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

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

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

As a result of these activities, in the first half of 2025, the effect of efficiency measures in the amount of 0.523 billion dinars was achieved.

The first session of HSE Council of the year was held at the Pančevo Oil Refinery. This session, in addition to current HSE topics, was also dedicated to key projects of the Refining and Downstream Blocks. The HSE performance in our company and the positive dynamics of improving HSE KPIs since the beginning of 2025 were presented. Among the key topics was equipment reliability - one of the priorities of our company in 2025.

Projects

The implementation of projects aimed at increasing the efficiency and reliability of the Pančevo Oil Refinery is underway:

- “Project for the Reconstruction of the Industrial Track in Pančevo Oil Refinery” – The project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed, the implementation is ongoing. Project stage A was implemented in June 2024. Works on the stage B implementation are ongoing.
- “Project for the Installation of the System for Automatic Dosing and Adding of Markers and Additives to Motor Fuels at the Pančevo Oil Refinery Truck Loading Facility” – the project was approved in its entirety, the Contract on the Delivery of Equipment and Services. Construction and installation works have been completed.
- “Project for the Reconstruction of the Fire Protection System at Pančevo Oil Refinery” - The project passport was revised due to changes in the scope, schedule and budget of the project. The contract annexes are being negotiated with the selected contractors for hydro-construction, civil engineering, mechanical-assembly and E&I works in accordance with the new scope and dynamics of the work. All major equipment and materials have been ordered. The work is being carried out at several locations

⁴¹The presented refining volume includes the refining volume of HIP-Petrohemija.

in the Pančevo Oil Refinery in accordance with the new scope and dynamics of the work and in accordance with the Building Permit.

- "Replacement of critical rotating equipment in the Processing Unit" - The planning and preparation phase of the project has been completed. The selection of the Bidder for the delivery of critical rotating equipment is underway, as is the tender for the selection of the General Contractor who will procure the necessary material and install the equipment during the operation.
- "Replacement of tubes on the BA-2201 furnace" - A project was implemented, which aims to increase the level of reliability and safety of the equipment, as well as save energy consumption. This project was carried out at the Vacuum Distillation Plant (S-2200). The BA-2201 furnace is a key equipment for the operation of the S-2200 series, which is part of the Vacuum Distillation Plant. This project was extremely important and challenging, both due to the preparation of the conditions for the implementation and the scope of the work itself, and because of the key role that the BA-2201 furnace plays in the processing process.

Sales and distribution

Points of Sale⁴² and Logistics

NIS Group owns 411 active retail sites. Most of them, i.e. 328 retail sites are located in the Republic of Serbia. As for the countries of the region, NIS owns 42 petrol stations in Bosnia and Herzegovina, 22 petrol stations in Bulgaria and 19 petrol stations in Romania.

In Serbia, the reconstruction of 5 Petrol stations and the construction/purchase of 1 petrol station – Majdanpek 2 (purchased in February), whose rebranding is in progress is planned for 2025.

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

At the beginning of June, the Warehouse in Niš was officially put into trial operation.

Loyalty program and marketing activities

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

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

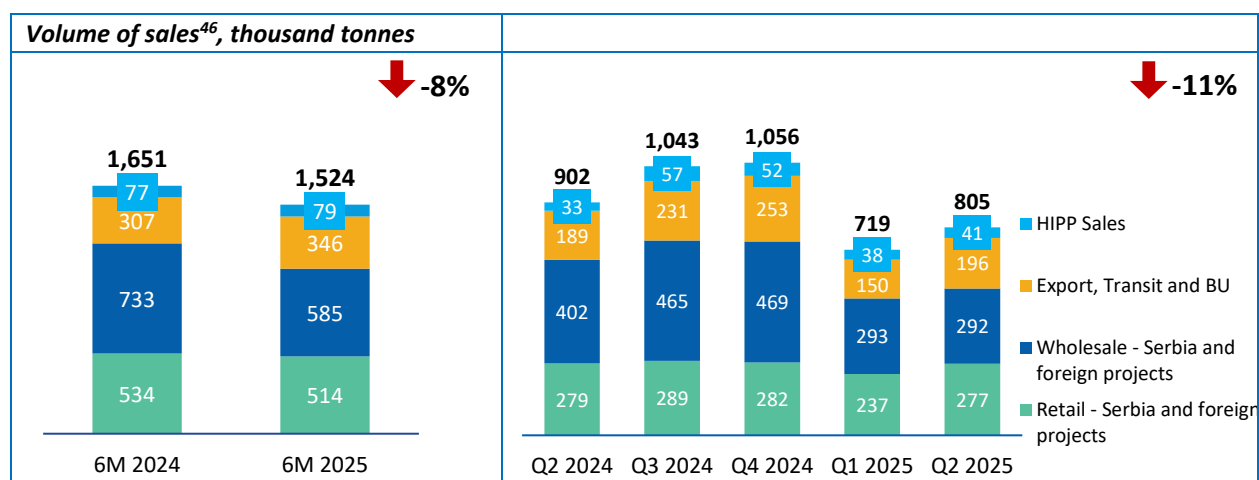
- Fuels – in the second quarter, the promotion campaign of G-Drive fuels was implemented– the discount of 10 RSD per litre, in the period from 1 May – 15 June through the following communication channels: POS materials, CRM campaign, website, stories in the “On the Road with Us” mobile application. In the second quarter, three racing weekends of the 2025 Karting Championship were held with the support of G-Drive premium fuels, through BTL, POS materials, media and social networks.
- Agro programme - in the second quarter, several promotional activities were implemented for Agro users who do not have a preferential price by Government Decree (livestock farmers, beekeepers and others who do not have available hectares in E-Agrar), for users who have reached fuel consumption limits at a preferential price, but also for all other users. In May, Agro program participated in the 92nd International Agricultural Fair in Novi Sad, where a promotion of a new electronic method of registration in the program was implemented.
- Innovative services – in connection with the expansion of the network of petrol stations with self-service cash registers, where it is now possible to pay for fuel, as well as products from stores and restaurants, the promotion of new cash registers continued. At all PSs where cash registers are being introduced, a campaign is underway to give 1 additional bonus point per litre for all users of „On the Road with Us” card who pay at a self-service cash register. So far, 50 self-service cash registers have been put into operation, and the introduction and promotion of this new service continues throughout the year.
- Loyalty program „On the Road with Us” – The total number of active users in Q2 2025 was 783,962, the approximate number of downloaded applications was 15,710, and new virtual members: 11,072. In the first quarter, CRM campaigns were implemented with the aim of reactivating inactive program members, increasing the share of branded derivatives, as well as increasing sales of the complementary assortment segment.
- Social networks / partners for creating online content / website – In the second quarter of 2025, the series “On the Road with Us through Serbia” continued and three new episodes were created – Arandjelovac, Jastrebac and the Stara Planina. Within the “Monasteries of Fruška Gora” section, intended for the blog section of the jazakvoda.rs website and social networks of the “Jazak water” brand, three episodes were created, in cooperation with the author of the “Historical Entertainment” profile, Aleksandar Bogdanović.

⁴²As at 30 June 2025.

Volume of sales

In the first half of 2025, the sales reduced by 8% compared to the same period in 2024, bringing the total sales⁴³ to 1,524 thousand tonnes.

- Retail in Serbia and Foreign Assets – down 4% due to:
 - The decline in sales in Serbia was caused by a decline in consumption due to the creation of diesel stocks by farmers due to the announcement of a limit on quantities per hectare in 2024,
 - Decrease in sales to corporate customers due to the termination of cooperation with certain customers due to the announcement of sanctions on NIS in 2025,
 - The decline in sales in foreign assets was caused by the impact of the current geopolitical situation.
- Wholesale in Serbia and Foreign Assets⁴⁴ – down 20% due to:
 - reduced sales of derivatives due to sanctions on NIS.
- Export, transit and BU⁴⁵:
 - Decrease in transit traffic volume by 23% due to the decrease in demand for fuel oil and the drop in propylene,
 - Increase of the sales of aviation fuel by 8% compared with the first 6 months of 2024, due to changes in consumption dynamics by domestic airlines,
 - A 18% decrease in sales within the bunkering channel due to the additional difficulty of operating with foreign clients, caused by the termination of contracts with certain clients due to sanctions against NIS,
 - A 24% increase in the turnover of bitumen and coke on the domestic market compared to the first six months of 2024, primarily due to the increase in the turnover of coke following the last year's refinery overhaul, which amounted to 57%, which could eventually compensate for the 10% decline in the turnover of bitumen, caused by the composition of the oil basket that was not adequate for the production of bitumen in May.

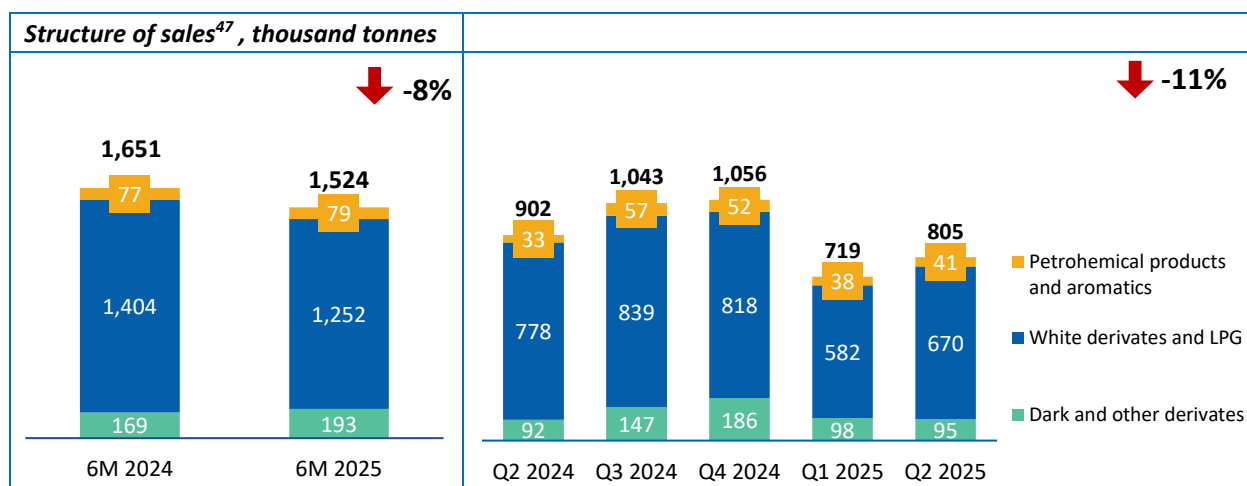


⁴³The presented volume includes the volume of petrochemical products of HIP-Petrohemija.

⁴⁴It includes the sale of CNG of the Energy Block and the sale of oils, lubricants and technical fluids of the Downstream Lubricants Production Plant.

⁴⁵Business unit includes the sale in petroleum products of bitumen, bunker and jet fuels.

⁴⁶ The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.



⁴⁷ The presented volume includes the volume of petrochemical products of HIP-Petrohemija. Any deviations in percentages and aggregate values result from rounding.

Energy

Natural gas

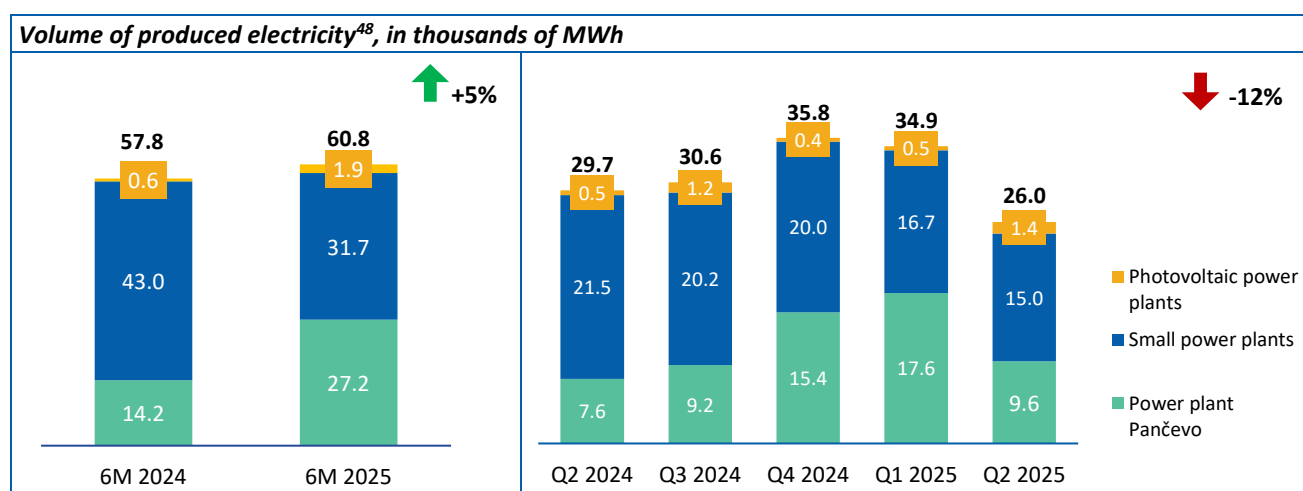
For the purposes of organizing and balancing the natural gas portfolio of NIS j.s.c. Novi Sad, a monthly natural gas transport capacities were leased in accordance with the needs of NIS. Activities on contracting the transport of natural gas for NIS for the 2025/2026 gas year have started.

Production of electricity

In the second quarter of 2025, the total volume was 26 thousand MWh, which is 12% less than the same period last year. Small power plants produced 30% less than in the second quarter last year.

In the first half of 2025, electricity production amounted to 60.8 thousand MWh, which is 5% more compared to the same period in 2024.

Production on solar panels amounted to 1.9 thousand MWh for six months in 2025, which is three times more compared to the same period in 2024, when production amounted to 0.6 thousand MWh.



Electricity trading

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

Implementation of the Program of Energy Efficiency Measures in NIS j.s.c. Novi Sad

The programme of measures for reducing energy consumption and increasing energy efficiency in the second quarter of 2025 expects the effect of energy savings around 2,136 thousands t.o.e. Expected financial value of the savings amounts to almost RSD 130 million.

Renewable energy sources

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

- A new project for the construction of solar photovoltaic power plants (PVPPs) at 33 more PSs with a total power of 1 MWp was approved. A tender was conducted for the construction according to the turn-key model. The construction was contracted, and the implementation of the project began in November 2024. At the beginning of April, the construction began and by the end of June, 15 photovoltaic power plants were commissioned.
- For the project of the construction of the photovoltaic power plant at the petroleum product warehouse in Novi Sad, a construction permit was obtained for the construction of a photovoltaic power plant on the ground with a power of 6.8 MWp in December 2024, when the works were reported and initiated. The construction of the power plant was completed. The process of obtaining documents for the connection of the power plant from the electric power distribution company is underway.
- In December 2024, the rooftop solar photovoltaic power plant at the Pančevo Oil Refinery was put into operation at 5 of the planned 6 facilities with a total power of 400 kWp. The replacement of the roof cover on the sixth facility on which the last part of the power plant is to be installed is completed.

⁴⁸ The presented volume of produced electricity also includes the electricity produced in Power plant Pancevo, small power plants and photovoltaic power plants.

- For the project of the construction of photovoltaic power plant Smederevo in March, a detailed regulation plan was adopted and the conditions for design and connection by the electric power distribution company were obtained. A tender was conducted for the construction of a solar power plant according to the turn-key model, a contractor was selected, and a contract is being signed. Works on the site preparation have been completed. The tender for the procurement of the service of the construction of Battery Energy Storage Systems (BESS) according to the turn-key model was published in the middle of May.
- Preparations for project implementation of construction of a solar power plant in the Central Warehouse Elemir are underway.

HIP-Petrohemija**Key indicators**

Q2 2025	Q2 2024	Δ^{49}	Key indicators	Unit of measurement	6M 2025	6M 2024	Δ^{50}
74.5	35.8	+108%	Production of petrochemical products	thous. tonnes	127.1	111.5	+14%
95.3	54.9	+74%	Refining of primary gasoline⁵¹	thous. tonnes	162.2	153.9	+5%
64.8	52.9	+22%	Petrochemical product sales	thous. tonnes	122.0	113.9	+7%
-2.3	-2.4	growth	EBITDA	RSD billion	-4.1	-3.2	decrease
-2.7	-2.3	decrease	Net result	RSD billion	-4.7	-3.2	decrease
0.4	0.1	growth	CAPEX⁵²	RSD billion	0.5	0.6	-19%

In the first six months of 2025, the EBITDA indicator was negative and amounted to -4.1 billion RSD, and also recorded a decline compared to the same period of the previous year. In the first six months of 2024, EBITDA was negative and amounted to RSD -3.2 billion.

The net result for the first six months of 2025 was RSD -4.7 billion, which represents a decrease compared to the same comparative period of the previous year.

As regards investments, 0.5 billion RSD was allocated in the first six months of 2025, which is 19% less than in the same period last year.

Regarding to operational indicators, in the first six months of 2025, the production volume of petrochemical products amounted to 127.1 thousand tons, which is the increase compared to the same period of the previous year.

The refining of virgin naphtha in the first six months amounted to 162.2 thousand tons, which is the increase of 5% compared to the same period of the previous year.

The sales of petrochemical products in the first six months of 2025 recorded the growth of 7% when compared to the same comparative period last year. The total volume of petrochemical products in the first six months amounted to 121.9 thousand tons.

⁴⁹ Any deviations in percentages and aggregate values result from rounding.

⁵⁰ Any deviations in percentages and aggregate values result from rounding.

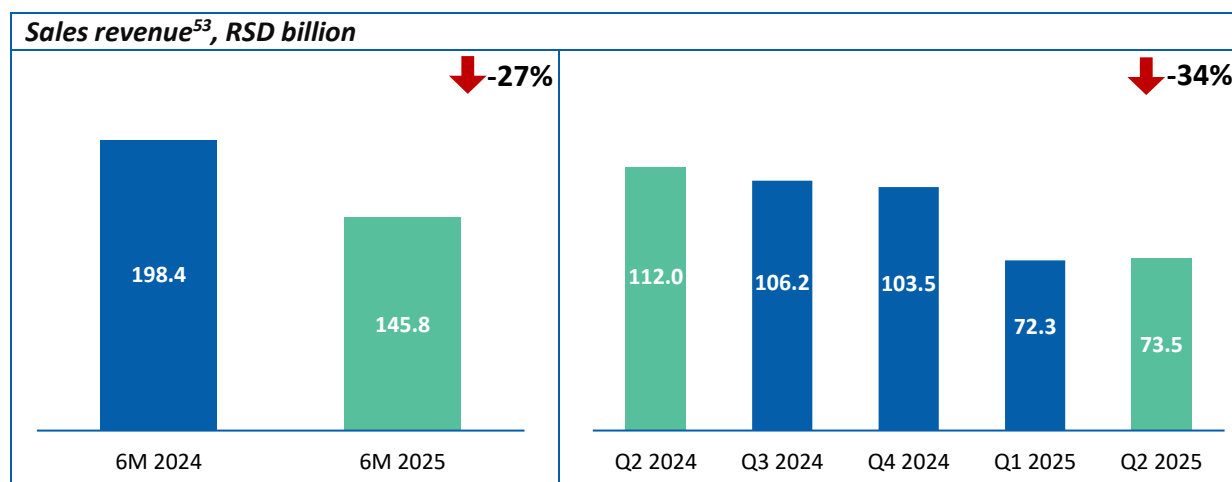
⁵¹ Refining of straight-run gasoline includes both straight-run gasoline and debutanized gasoline

⁵² Financing, excluding VAT.

Financial indicators

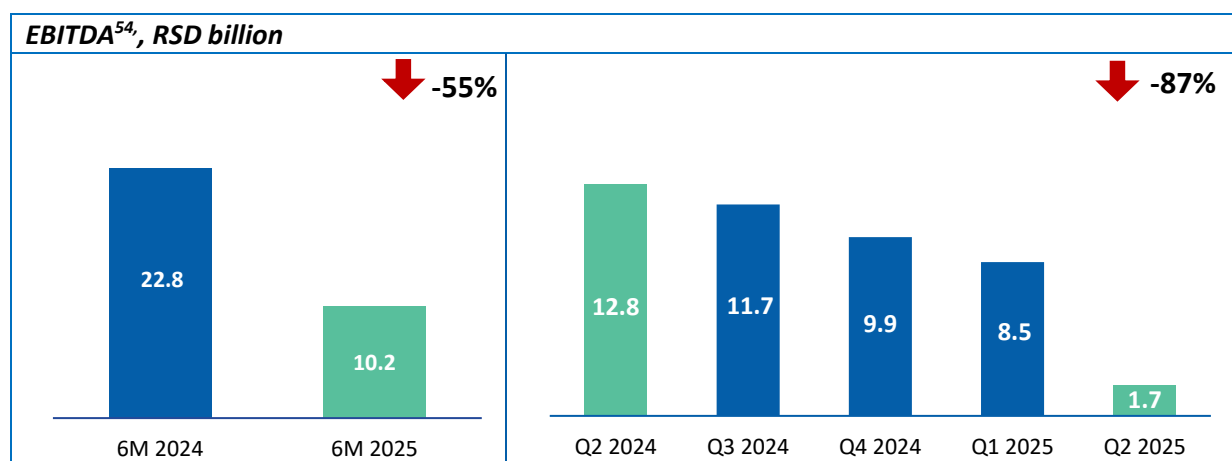
Sales revenues

During the first six months of 2025 sales revenues are 27% lower compared to the previous year, and the total amount of sales revenues is RSD 145.8 billion.



EBITDA

The EBITDA indicator in the first six months of 2025 is 55% lower than the same period last year and amounted to RSD 10.2 billion.



The decrease in EBITDA in the first six months of 2025 is a consequence of:

- The impact of the crude oil and its products price drop on the world market
- The impact of the „expensive“ stock⁵⁵
- Decrease in the volume of oil and gas production compared to the comparable period last year
- Deterioration of the margin and reduction in the volume of oil and oil derivatives processing mainly due to sanctions, compensated by the positive effect of the absence of capital overhaul in 2025
- Cost growth compared to the comparative period.

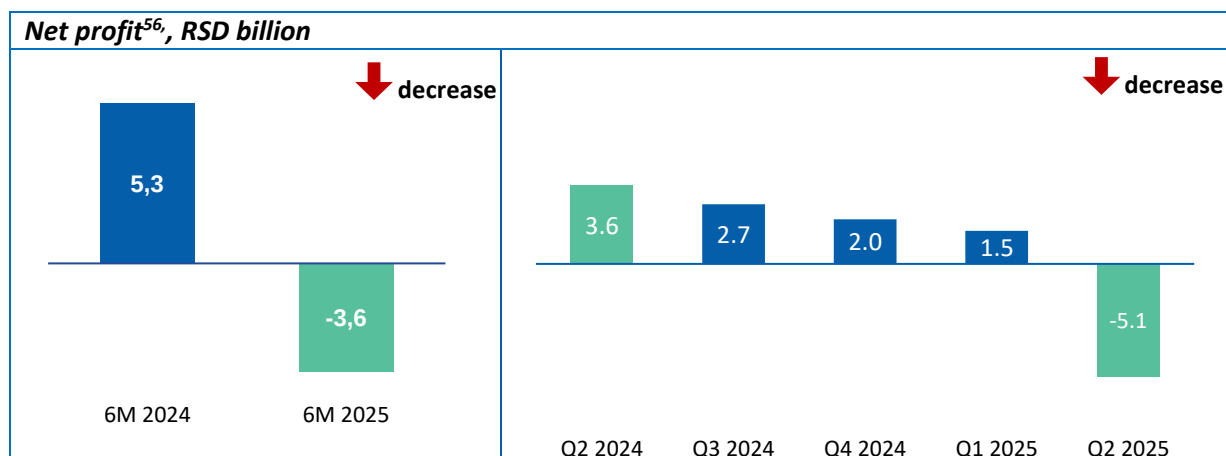
⁵³ Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

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

⁵⁵ More than RSD 5 billion.

Net profit

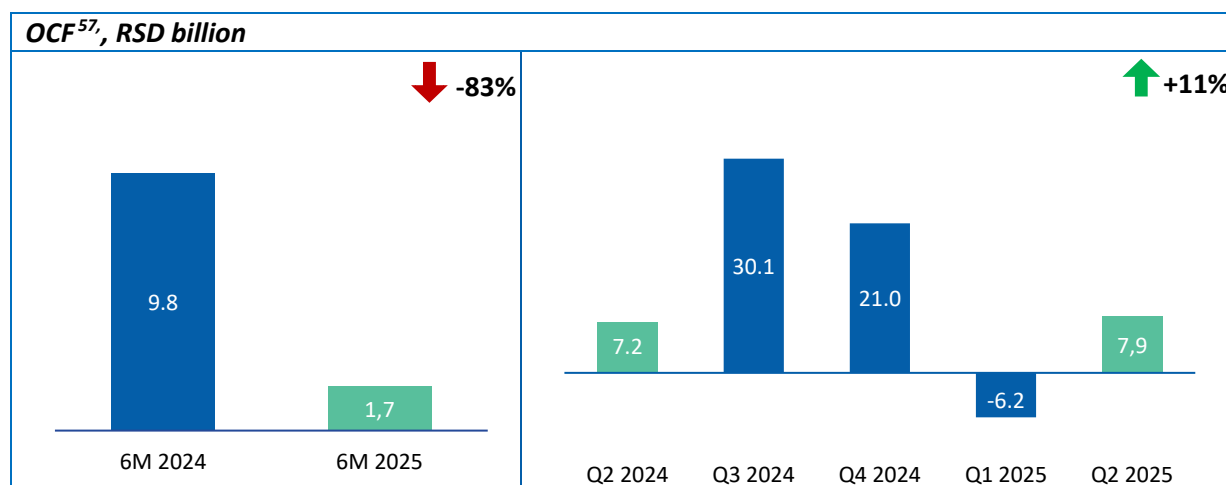
In the first six months of 2025, the net result is negative and amounts to RSD -3.6 billion, which is decrease compared to the same period last year.



Decline in net profit indicator for 6M 2025 compared to 6M 2024 was influenced by decrease in EBITDA indicator (mostly due to the high cost of reserves and the decrease in petroleum product prices in the global market), higher depreciation costs, higher income from the share in net profit of joint ventures and higher costs from exchange gains/losses.

OCF

At the end of the first half of 2025, the operating cash flow amounts to RSD 1.7 billion, and it is lower compared to the same period last year.



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

- Higher payments due to the increased volume of crude oil procurement to maintain the inventory level that is necessary for the Company's operational stability and ensuring energy stability in the Republic of Serbia
- Lower payments based on the procurement of derivatives
- Lower inflows.

⁵⁶ Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

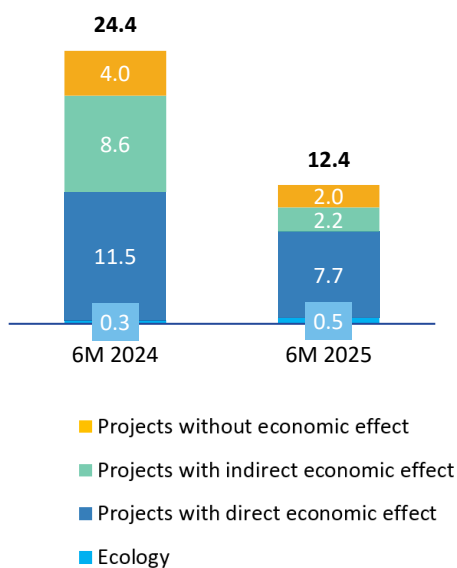
⁵⁷ Any deviations aggregate values result from rounding.

CAPEX

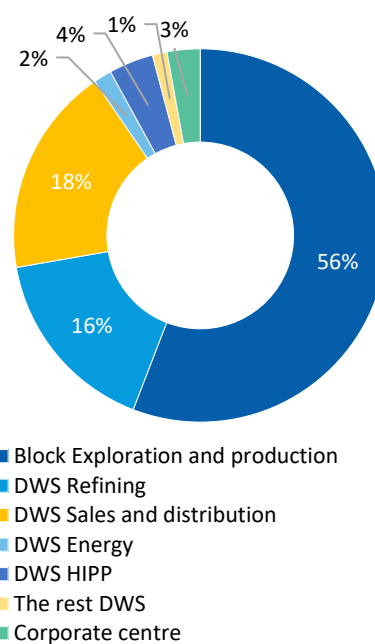
In the second quarter of 2025, the main areas of investment were projects aimed at oil and gas production. A significant part of the investment belongs to investments in drilling, followed by oil refining projects, as well as reconstruction, construction and rebranding projects of petrol stations. In addition, NIS invested in projects in the field of energy and services, as well as in a certain number of projects in the corporate center.

In the first six months of 2025, RSD 12.4 billion was allocated for investment, while in the same period of the last year, RSD 24.4 billion were allocated.

CAPEX by type of project⁵⁸, RSD billion



Investments by segments

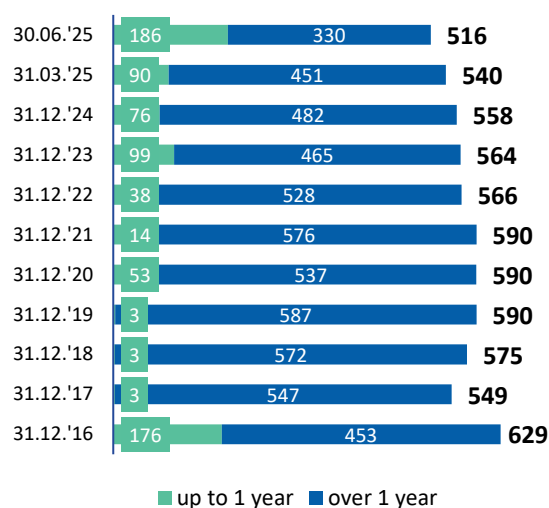
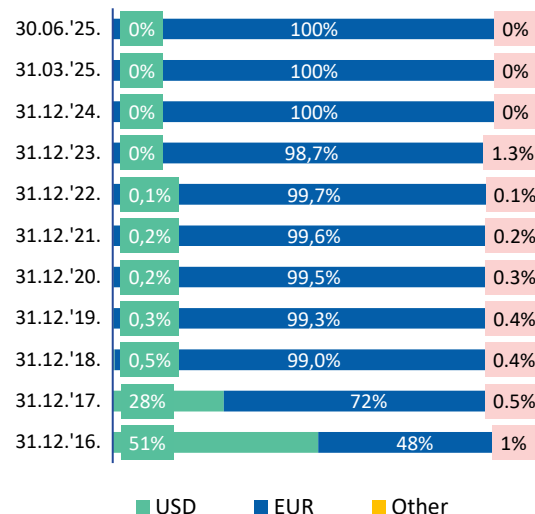
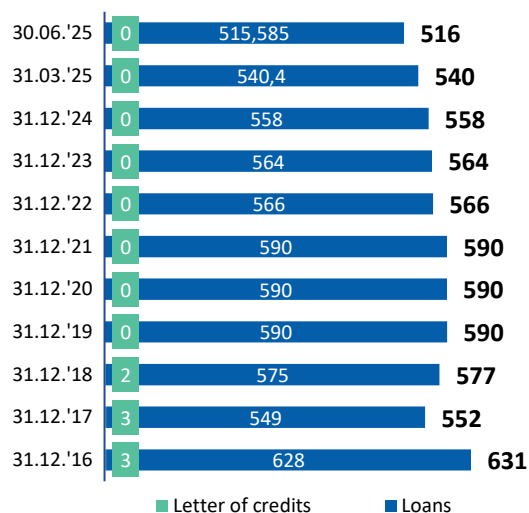


⁵⁸ All amounts are expressed in RSD billion, excluding VAT. Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

Organisation unit	Major projects in the second quarter of 2025
Exploration and production	• drilling of development wells • investing in geological and technical activities • infrastructure projects
Services	• procurement of 2 fire extinguishers for transport
Refining	• projects aimed at ensuring compliance with legal norms and regulations • investment maintenance projects • environmental projects • reconstruction of the fire protection system • reconstruction of the industrial track
Sales and distribution	• reconstruction of the Niš warehouse • procurement of a fleet of transport vehicles • vehicles for supplying aircraft with fuel
Rest of Downstream projects (Energy and Technical services, HIPP)	• solar photovoltaic projects • technical services projects • activities during the planned shutdown of HIPP
Corporate centre	• projects related to maintenance of software solutions and process digitalisation • development and implementation of NISDoc

Debt based on bank loans

At the end of the first half of 2025, the debt to banks is lower than at the end of 2024 and amounts to EUR 515.6 million. During the first six months of 2025, a loan in the amount of EUR 42.4 million was repaid, of which EUR 33.2 million was regularly repaid and EUR 9.2 million at an early date.

Total bank debt trends with maturity structure⁵⁹, EUR million**Total bank debt structure, by currency, in %****Total bank indebtedness⁶⁰, EUR million**

⁵⁹ Any deviations in aggregate values result from rounding.

⁶⁰ In addition to the bank debt and Letters of Credit as at 30 June 2025, NIS j.s.c. Novi Sad holds issued bank guarantees in the amount of EUR 27.8 million, letter of intent in amount of EUR 0.03 million, corporate guarantees in the amount of EUR 187.0 million and financial leasing in the amount of EUR 27.8 million. Any deviations in aggregate values result from rounding.

Taxes and Other Public Revenue⁶¹

NIS j.s.c. Novi Sad	6M 2025	6M 2024	%⁶²
Social insurance contributions paid by employer	1.31	1.24	+6%
Energy efficiency fee	0.17	0.20	-12%
Corporate tax	-0.95	2.37	decrease
Value-added tax	12.69	16.12	-21%
Excise duties	77.56	82.55	-6%
Commodity reserves fee	3.03	3.45	-12%
Customs duties	0.77	0.74	+4%
Royalty	0.92	0.88	+5%
Other taxes	0.88	0.80	+10%
Total	96.39	108.34	-11%
NIS subsidiaries in Serbia⁶³			
Social insurance contributions paid by employer	1.26	1.14	+10%
Corporate tax	0.00	0.17	decrease
Value-added tax	1.15	1.38	-17%
Excise duties	0.00	0.00	n/a
Customs duties	0.00	0.03	-91%
Royalty	0.00	0.00	n/a
Other taxes	0.11	0.09	+22%
Total	2.53	2.81	-10%
Total NIS j.s.c. Novi Sad with subsidiaries in Serbia	98.92	111.15	-11%
NIS regional subsidiaries and Angola			
Social insurance contributions paid by employer	0.006	0.008	-18%
Energy efficiency fee	0.005	0.00	+90%
Corporate tax	0.014	0.01	+32%
Value-added tax	0.300	0.39	-24%
Excise duties	4.234	3.87	+9%
Customs duties	1.509	2.88	-48%
Royalty	0.012	0.04	-72%
Other taxes	0.091	0.06	+52%
Total	6.17	7.26	-15%
Deferred taxes (total for Group)	-0.44	-0.30	decrease
Total NIS Group⁶⁴	104.65	118.11	-11%

Accrued liabilities for public revenues for NIS j.s.c. Novi Sad with its subsidiaries in Serbia in the the first six months of 2025 amounts RSD 98.92 billion.

The amount of accrued liabilities for public revenues for NIS Group in the first six months of 2025 totalled RSD 104.65 billion, which is an decrease of 11% on the same period in 2024.

⁶¹ In RSD billion.

⁶² Any deviations in percentages and aggregate values result from rounding. The displayed percentages of change were obtained based on values that were not rounded to billions of RSD.

⁶³ Naftagas – Oil Services LLC Novi Sad, Naftagas – Technical Services LLC Zrenjanin, NIS MTO LLC Belgrade, NTC NIS – Naftagas LLC Novi Sad, NIS Petrol a.d. Belgrade and HIP-Petrohemija LLC Pančevo.

⁶⁴ Including taxes and other liabilities for public revenues for subsidiaries in the region, corporate tax in Angola and deferred taxes.

Securities

Share Capital Structure

NIS j.s.c. Novi Sad share capital is RSD 81.53 billion and is divided into a total of 163,060,400 shares with a nominal value of RSD 500. All issued shares are ordinary shares, vesting their holders with the following rights:

- right to participate and vote at the assembly meetings, according to one-share-one-vote rule;
- right to receive dividends in compliance with applicable legislation;
- right to participate in the distribution of the company assets remaining after liquidation or of a bankrupt's estate in compliance with the bankruptcy law;
- preemptive right to buy ordinary shares of a new issue and other financial instruments tradable for ordinary shares, of a new issue and
- other rights in accordance with the Company Law and corporate documents.

All shares issued by the Company are included in trading on a regulated market.

Share trading and indicators per share

NIS j.s.c. Novi Sad shares are listed in the Prime Listing of the Belgrade Stock Exchange⁶⁵.

Overview of trading in NIS j.s.c. Novi Sad shares at Belgrade Stock Exchange in the first six months (from 8 to 14 January) of 2025	
Last price (January 14, 2025)	718 RSD
High (January 9, 2025)	790 RSD
Low (January 14, 2025)	703 RSD
Total turnover, RSD	21,558,132 RSD
Total turnover, number of shares	28,262
Total number of transactions, number of transactions	142
EPS	4.28
Consolidated EPS	-19.26
P/E ratio	n/a
Consolidated P/E ratio	n/a
Book value as at June 30, 2025	2,344.3
Consolidated book value as at June 30, 2025	2,223.9
P/BV ratio	n/a
Consolidated P/BV ratio	n/a

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

⁶⁵ By decision of the Belgrade Stock Exchange, and at the request of the Securities Commission, trading in shares of NIS j.s.c. Novi Sad was temporarily suspended on 14 January 2025. Based on the decision of the Securities Commission, the Belgrade Stock Exchange issued a decision on January 21, 2025, to extend the temporary suspension of share trading. The suspension will remain in effect until the underlying reasons are no longer present.

Dividends

NIS j.s.c. Novi Sad dividend policy is based on a balanced approach, which takes into account the necessity to retain earnings for the purposes of future investment, the rate of return on invested capital and the amount for dividend payment. The long-term dividend policy stipulates a minimum of 15% of net profit is to be paid to shareholders in dividends.

When deciding on profit distribution and dividend payment, the corporate management takes into consideration a number of factors, including the financial standing, investment plans, loan repayment obligations, the macroeconomic environment and legislation. Each of these factors, either individually or combined, if significant, may affect the proposed dividend payment.

On 20 June 2025, the Shareholders' Assembly of NIS j.s.c. Novi Sad has adopted the Decision on distribution of profit for 2024, dividend payment and determining the total amount of retained profit of NIS j.s.c. Novi Sad. This decision determines that the dividends will be paid to the shareholders in cash, in the gross amount of RSD 4,595,042,072, or RSD 28.18 per share. The shareholders registered in the Central Securities Depository and Clearing House as legal owners of NIS j.s.c. Novi Sad shares on the Record date (Dividend Day) i.e. on 10 June 2025 entitle to dividend payment.

Additionally, given the fact that NIS began the process of being removed from OFAC's SDN list in March, the same session also adopted a decision not to pay dividends to persons on the SDN list.

	<i>Net profit (loss), RSD bn⁶⁶</i>	<i>Total amount of dividend, RSD bn</i>	<i>Payment ratio</i>	<i>Earnings per share, RSD</i>	<i>Dividend per share, gross, RSD</i>	<i>Share price as at 31 December, RSD</i>	<i>Shareholder s' dividend yield, in %⁶⁷</i>
2009	(4.4)	0.0	-	-	0	-	-
2010	16.5 ⁶⁸	0.0	-	101.1	0	475	-
2011	40.6 ⁶⁹	0.0	-	249	0	605	-
2012	49.5	12.4	25%	303.3	75.83	736	10.3
2013	52.3	13.1	25%	320.9	80.22	927	8.7
2014	30.6	7.6	25%	187.4	46.85	775	6.0
2015	16.1	4.0	25%	98.8	24.69	600	4.1
2016	16.1	4.0	25%	98.6	24.66	740	3.3
2017	27.8	6.9	25%	170.43	42.61	724	5.9
2018	26.1	6.5	25%	159.86	39.97	690	5.8
2019	17.7	4.4	25%	108.55	27.14	749	3.6
2020	(5.9)	1.0	-	(36.24)	6.14	644	1.0
2021	23.1	5.8	25%	141.85	35.46	620	5.7
2022	93.5	23.4	25%	573.14	143.29	675	21.2
2023	41.9	10.5	25%	257.05	64.26	812	7.9
2024	18.4	4.6	25%	112.72	28.18	754	3.7

⁶⁶ Net profit of NIS j.s.c. Novi Sad.

⁶⁷ Calculated as the ratio of gross dividend to share price at the end of the year for which the dividend is paid.

⁶⁸ Net profit used for coverage of accumulated losses.

⁶⁹ Net profit used for coverage of accumulated losses.

Bonds

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

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

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

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

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

Corporate Governance

Corporate Governance System

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

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

Shareholders' Assembly and Shareholders' Rights

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

Board of directors

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

Total amount of fees paid to BoD members in the first six months of 2025, net in RSD	
Members od BoD	135,007,923 RSD

Board of Directors' Committees

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

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

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

Shareholders' Assembly Board

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

Chief executive officer

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

Advisory Board of the CEO

The Advisory Board of the CEO is a professional body that helps the CEO in his activities and in the consideration of matters within his responsibilities. The members of the Advisory Board were determined by the Decision of CEO, and they include: the Director of Directorate for Downstream Coordination, the Directors of Refining and Energy Blocks, the Director of HIP-Petrohemija LLC Pančevo, the Deputy CEO – Director of Exploration and Production Block, the Director of Naftagas-Oilfield Services LLC Novi Sad, as well as the directors of NIS Functions. In addition to the competencies related to the management of the Company's operations, the Advisory Board deals with the issues of strategy and development policy, the basis of which is set by the Shareholders' Assembly and the Board of Directors of the Company.

Related-Party Transactions

In the first six months of 2025 the Group entered into business transactions with its related parties. An outline of related-party transactions is part of the Notes to the Financial Statements⁷⁰.

⁷⁰ Information on related party transactions can be found on page 86 under note number 28 of the Consolidated Financial Statements.

Human resources

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

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

NIS' long-term goal is to strengthen employee engagement and improve HR practices to offer the best possible employee experience. For this reason, NIS has continued to invest in employee engagement in 2025 and has initiated the implementation of various activities based on the results of the latest employee engagement survey and company's strategic plans. Company continued with the implementation of and upgraded the Engagement Academy Program, which aims to develop highly dedicated and motivated teams through the active role of senior and middle management in Company and from last year also lower management. NIS has restarted the "First-Time Managers" Programme, within which, through several education modules helped colleagues who have just taken on managerial functions to be as better managers and leaders as possible.

Recognising the need to reduce bureaucracy in all processes, at the beginning of 2024, the Company launched the "Debureaucratisation" project at NIS, aimed at reducing documentation, shortening steps, and automating and digitalising processes throughout all parts of the company. NIS also strives to digitize our HR processes and thus provide faster and more efficient support to our employees. In this regard, it has been implemented the digital platform and thus connected key HR processes. Company also introduced a digital assistant, a chatbot, which provides employees with answers to the basic HR questions.

As part of the young talent development agenda, the fifth season of the NIS Energy mentoring program is currently underway, involving 25 participants. After three months, the program received an average satisfaction rating of 8.7 out of 10 from its participants. At the same time, the internship program for individuals with disabilities has been successfully completed and was awarded the highest possible rating by its participants. In addition, promotional activities for the fourth season of the internship program for secondary school operators in Pančevo were successfully carried out. These included guided tours of key company facilities such as the Pančevo Oil Refinery, the Science and Technology Centre, and HIP-Petrohemija. For the 33 planned internship positions, a total of 65 applications have been received so far. Meanwhile, preparations are underway for the promotional campaign for the upcoming ninth season of the NIS Calling Program, which will engage 35 young participants. Finally, according to the results of the regular annual survey on young people's perceptions of the company, NIS continues to be ranked as the most desirable employer among youth.

As in previous years, the increased demand for petrol station staffing during the summer season prompted the launch of a targeted employer branding campaign. This campaign included visits to secondary schools in Čačak and Čajetina, along with active participation in the employment fair hosted by the National Employment Service. During all these activities, more than 800 candidate CVs were collected.

Employee Number ⁷¹ and Structure

Organisational unit	Total number of employees as at:	
	06/30/2025	06/30/2024
NIS j.s.c. Novi Sad	5,314	5,307
Exploration and Production Block	1,110	1,101
Downstream	2,621	2,620
Refining Block	1,007	1,016
Sales and Distribution Block	1,406	1,390
Energy Block	47	47
The rest of Downstream ⁷²	161	167
Corporate Centre	1,581	1,582
Representative and Branch Offices	2	4
Local subsidiaries	8,001	7,825
Subsidiaries abroad	586	631
TOTAL⁷³:	13,901	13,763

Headcount trend⁷⁴

⁷¹ The number of employees does not include employees hired through the Contract of Services. On June 30, 2025 within the NIS a. d. In Novi Sad, we have 83 employees hired through the Contract of Services.

⁷² The rest of the Downstream includes: Office of Downstream Director, Production and Commercial Operations Planning, Optimization, and Analysis Department, Metrology Sector, Group for Administration and Documentation Support, Feedstock Supply and Blending Department and Center for the development of refining and petrochemicals.

⁷³ Employees with shared working hours are shown as whole units in the associated Company.

⁷⁴ The average number of employees does not include employees who are on maternity leave, employees who have been on sick leave for more than 30 days, and employees who have inactive status of employment, but it includes employees who left the company in the observed period and new employees proportionately to the number of days spent at the position.

Employment terminations

In the first six months of 2025, a total of 583 employees left NIS j.s.c: 122 employees retired, 35 employees left NIS after termination of employment by mutual consent, while the employment of 426 people was terminated on other grounds (cancellation of employment contract, employment termination by the employee and redundancy).

Basis of employment termination in the first six months of 2025	NIS j.s.c Novi Sad ⁷⁵	Subsidiaries
Retirement	47	75
Termination by mutual consent	3	32
Other	95	331
Total	145	438

⁷⁵ Including representative offices and branches. Of the total number of terminations, there is no terminations account for the representative offices and branches.

Research and Development

In all segments of its business, NIS is dedicated to continuous technological development and introduction of innovations into business.

STC NIS Naftagas LLC Novi Sad, as a subsidiary in which NIS j.s.c. has a 100% share, provides scientific-technical and innovation support to the parent company in the field of oil and gas exploration and production. The research and development activity within STC has a dual role: coordinating and performing scientific and research works.

Implementation and development of new technologies, scientific and research activities and increasing the efficiency of exploration, production and refining of oil and gas, remain in the focus of attention for the STC management and employees.

During the second quarter of 2025 in the field of geological and research works, geology, reservoir engineering and production in Serbia the following activities were carried out:

- Operations continued on the zonal projects "North" and "South". According to the results of the work carried out, prospective sites have been identified. The hydrocarbon potential is being assessed and a business study is being drafted.
- A reassessment of the resource base has been completed and a variant of the development of the Utrine-Ada-BPS gas cluster has been prepared.
- Research was conducted together with foreign experts to optimize the costs of drilling wells intended for the exploration and production of unconventional reserves. The design value of the wells was significantly reduced, which increased the potential profitability of unconventional reserves.
- NTC is the technological support centre for the "Banatski Dvor" project for the underground section. As part of the project, projects for drilling and equipping wells have been prepared. Work has begun on the interpretation and analysis of data from the wells.
- A geological-hydrodynamic model was created for the Velebit field.

Work continues on finding new technologies for Upstream. Economic assessments have been prepared for 8 technologies, 7 technologies have shown positive economic effects and will be proposed for implementation. More than 10 hypotheses on technologies for implementation in Downstream have been prepared. Initial discussions have been held, proposals are being elaborated in detail. An analysis of 10 upstream technological challenges has been conducted, the scope and impact of the challenges have been assessed, and work on finding technologies to solve the challenges has begun.

Geological and hydrodynamic models and CO² storage have been completed. Injection modelling has been conducted. A review of CO² capture technologies has been conducted. An economic assessment of the project and discussion of the next steps in the assessment are underway.

Discussions are ongoing with the Mining and Geological College on a joint search for technology and analysis of challenges. After the proposals are elaborated in detail, a decision on joint work will be made.

The survey of the Kikinda field, using an unmanned aerial vehicle, of the existing state of the well stock and above-ground infrastructure has been completed. Surveying has continued at the Elemir Operational Field.

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

During the new accreditation cycle, the Downstream Laboratory demonstrated its competence through supervisory assessment for 279 methods of testing crude oil, gasoline, diesel fuel, jet fuel, aviation gasolines, liquid petroleum gas, wastewater and industrial water, bitumen, petroleum coke, and lubricants. In the assessment at four laboratory locations (Pančevo, Novi Sad, Belgrade and Niš), the Accreditation Body of Serbia did not identify any non-conformities or concerns.

Financial Statements⁷⁶***Interim Condensed Standalone financial statements (unaudited)******Interim Condensed Statement of Financial Position***

Assets	Note	30 June 2025 (unaudited)	31 December 2024 (unaudited)
Current assets			
Cash and cash equivalents	4	19,559,541	38,821,710
Short-term financial assets	5	36,581,544	32,871,239
Trade and other receivables	6	39,153,865	39,377,979
Inventories	7	54,980,696	42,037,198
Current income tax prepayments		2,443,208	7,549,680
Other current assets	8	11,092,012	12,610,817
Assets classified as held for sale		20,816	17,915
Total current assets		163,831,682	173,286,538
Non-current assets			
Property, plant and equipment	9	299,049,922	299,210,788
Right-of-use assets	10	2,690,820	2,822,458
Investment property		1,512,766	1,512,766
Intangible assets		4,283,516	3,968,112
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		31,016,682	31,016,682
Long-term financial assets	11	6,471,818	7,228,512
Deferred tax assets		4,786,378	4,278,690
Other non-current assets	12	2,703,162	3,474,598
Total non-current assets		353,553,864	354,551,406
Total assets		517,385,546	527,837,944
Liabilities and shareholder's equity			
Current liabilities			
Short-term debt and current portion of long-term debt	13	24,339,828	11,426,713
Current lease liabilities	18	475,023	488,755
Trade and other payables	14	23,668,102	20,440,011
Other current liabilities	15	7,094,945	10,525,538
Other taxes payable	16	11,607,853	13,139,353
Provisions for liabilities and charges		1,020,148	1,155,490
Total current liabilities		68,205,899	57,175,860
Non-current liabilities			
Long-term debt	17	40,413,486	58,216,807
Non-current lease liabilities	18	1,297,296	1,497,645
Other non-current financial liabilities	19	12,216,820	12,140,168
Provisions for liabilities and charges		12,995,189	12,652,906
Total non-current liabilities		66,922,791	84,507,526
Equity			
Share capital		81,530,200	81,530,200
Reserves		41,960	41,960
Retained earnings		300,684,696	304,582,398
Total equity		382,256,856	386,154,558
Total liabilities and shareholder's equity		517,385,546	527,837,944

in 000 RSD

⁷⁶ The financial statements, standalone and consolidated, have not been audited.

Interim Condensed Statement of Profit and Loss and Other Comprehensive Income

	Note	Three month period ended 30 June		Six month period ended 30 June	
		2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)
Sales of petroleum products, oil and gas		63,005,056	100,696,221	126,124,589	178,990,632
Other revenues		5,165,471	5,115,411	9,896,201	9,223,902
Total revenue from sales	3	68,170,527	105,811,632	136,020,790	188,214,534
Purchases of oil, gas and petroleum products		(45,048,337)	(73,145,699)	(83,573,771)	(127,501,289)
Production, manufacturing and cost of other sales	20	(9,107,502)	(8,990,376)	(19,016,177)	(17,726,975)
Selling, general and administrative expenses	21	(8,608,289)	(8,005,604)	(16,457,903)	(15,297,329)
Transportation expenses		(350,528)	(397,341)	(745,900)	(725,617)
Depreciation, depletion and amortization		(6,699,581)	(6,028,958)	(13,271,965)	(11,797,507)
Taxes other than income tax		(1,525,894)	(1,429,760)	(3,047,047)	(2,809,944)
Exploration expenses		-	-	(10)	(187)
Total operating expenses		(71,340,131)	(97,997,738)	(136,112,773)	(175,858,848)
Other (expenses)/income, net	22	(10,255)	426,710	132,788	513,874
Operating (loss)/profit		(3,179,859)	8,240,604	40,805	12,869,560
Net foreign exchange loss	23	(53,172)	(153,662)	(178,895)	(296,623)
Finance income	24	496,022	534,428	1,030,651	1,256,910
Finance expenses	25	(790,249)	(941,580)	(1,654,201)	(1,866,959)
Total other expenses		(347,399)	(560,814)	(802,445)	(906,672)
Profit/(loss) before income tax		(3,527,258)	7,679,790	(761,640)	11,962,888
Current income tax		1,714,491	(1,437,937)	951,291	(2,366,309)
Deferred tax income		230,750	137,632	507,689	276,002
Total income tax	26	1,945,241	(1,300,305)	1,458,980	(2,090,307)
Profit/(loss) for the period		(1,582,017)	6,379,485	697,340	9,872,581
Other comprehensive income:					
Items that will not be reclassified to profit					
Losses on remeasurements of defined benefit plans		-	-	-	-
Gain from investments in equity instruments		-	-	-	52
Other comprehensive income for the period		-	-	-	52
Total comprehensive (expenses)/income for the period		(1,582,017)	6,379,485	697,340	9,872,633
Earnings per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		(9.70)	39.12	4.28	60.55
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

in 000 RSD

Interim Condensed Statement of Changes in Shareholders' Equity

Six month period ended 30 June 2025 and 2024

<i>(unaudited)</i>	Note	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2024		81,530,200	34,408	296,756,256	378,320,864
Profit for the period		-	-	9,872,581	9,872,581
Other comprehensive income					
Gain from investments in equity instruments		-	52	-	52
Total comprehensive income for the period		-	52	9,872,581	9,872,633
Dividend distribution	14	-	-	(10,478,261)	(10,478,261)
Balance as at 30 June 2024		81,530,200	34,460	296,150,576	377,715,236

In 000 RSD

<i>(unaudited)</i>		Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2025		81,530,200	41,960	304,582,398	386,154,558
Profit for the period		-	-	697,340	697,340
Other comprehensive income					
Gain from investments in equity instruments		-	-	-	-
Total comprehensive income for the period		-	-	697,340	697,340
Dividend distribution	14	-	-	(4,595,042)	(4,595,042)
Balance as at 30 June 2025		81,530,200	41,960	300,684,696	382,256,856

In 000 RSD

Interim Condensed Statement of Cash Flows⁷⁷

		Six month period ended 30 June	
	Note	2025 (unaudited)	2024 (unaudited)
Cash flows from operating activities			
Profit/(loss) before income tax		(761,640)	11,962,888
Adjustments for:			
Finance expenses	25	1,654,201	1,866,959
Finance income	24	(1,030,651)	(1,256,910)
Unrealised foreign exchange losses, net		146,587	300,597
Depreciation, depletion and amortization		13,271,965	11,797,507
Other non-cash items		402,216	(43,858)
Operating cash flow before changes in working capital		13,682,678	24,627,183
Changes in working capital:			
Trade and other receivables		253,729	(2,482,091)
Inventories		(13,034,096)	(276,852)
Other current assets		1,444,041	(2,962,464)
Trade payables and other current liabilities		(5,348,023)	(2,375,265)
Other taxes payable		5,468,500	3,378,729
Total effect on working capital changes		(11,215,849)	(4,717,943)
Income taxes paid		(927,760)	(4,386,321)
Interest paid		(1,464,016)	(1,659,529)
Interest received		800,058	2,174,323
Net cash generated by operating activities		875,111	16,037,713
Cash flows from investing activities			
Loans issued		(15,382,188)	(8,863,930)
Loan proceeds received		12,767,257	6,351,386
Capital expenditures ⁷⁸		(12,686,352)	(24,546,720)
Proceeds from sale of property, plant and equipment		628,037	96,398
Bank deposits proceeds, net		-	25,000,000
Net cash used in investing activities		(14,673,246)	(1,962,866)
Cash flows from financing activities			
Proceeds from borrowings	13,17	4,644,725	20,262,995
Repayment of borrowings	13,17	(9,642,810)	(17,140,690)
Repayment of lease liabilities	18	(344,905)	(383,742)
Net cash generated by/(used in) financing activities		(5,342,990)	2,738,563
Net (decrease) / increase in cash and cash equivalents		(19,141,125)	16,813,410
Effect of foreign exchange on cash and cash equivalents		(121,044)	(315,983)
Cash and cash equivalents as of the beginning of the period		38,821,710	16,270,493
Cash and cash equivalents as of the end of the period	4	19,559,541	32,767,920

in 000 RSD

⁷⁷ Company's policy is to present cash flow inclusive of related VAT.⁷⁸ CF from investing activities includes VAT in the amount of 1.5 bln RSD (2024: 2.9 bln RSD)

Notes to the Interim Condensed Standalone Financial Statements⁷⁹

1. GENERAL INFORMATION

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

- Exploration, production and development of crude oil and gas,
- Production of refined petroleum products,
- Petroleum products and gas trading and
- Electricity generation and trading.
- Other activities primarily include sales of other goods, works and services.

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

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

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

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

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

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

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

The Company does not disclose information, which would substantially duplicate the disclosures contained in its audited Financial Statements for 2024, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Company believes that the disclosures in these Interim Condensed Financial Statements are adequate to make the information presented not misleading if these Interim Financial Statements are read in conjunction with the Company's Financial Statements for 2024.

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 28) due to geopolitical situation. Due to that during the first half 2025 the Company didn't review the critical

⁷⁹ All amounts are in 000 RSD, unless otherwise stated.

accounting estimates which are used by the Company in the Interim Condensed 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 Company didn't review estimation of the recoverable amount of the non-current assets that is determined for the purpose of the impairment testing. Under current conditions it turned out to be impossible to evaluate how long the volatility will remain and at what level the key financial indicators will ultimately stabilise. The Company continues monitoring the development of macroeconomic situation and emergence of possibility to make evaluation of the indicators mentioned above with reasonable certainty.

The results in these Interim Condensed Financial Statements for the three and six month period ended 30 June 2025 are not necessarily indicative of the Company's results expected for the full year.

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

2.2. Changes in significant accounting policies

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

2.3. Implication of imposed US Sanctions

On 10 January 2025 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 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 duration, 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 adjustments have been recognised in these Interim Condensed 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 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.

A 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.

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

On 26 February 2025, 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 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 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, a 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 Company'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 Company manages its operations in 2 operating segments: Upstream and Downstream.

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

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

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

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	22,957,941	136,976,929	(23,914,080)	136,020,790
Intersegment	22,549,090	1,364,990	(23,914,080)	-
External	408,851	135,611,939	-	136,020,790
Adjusted EBITDA (Segment results)	14,475,512	(1,145,324)	-	13,330,188
Depreciation, depletion and amortization	(6,799,156)	(6,472,809)	-	(13,271,965)
Net foreign exchange loss	(3,223)	(175,672)	-	(178,895)
Finance expenses, net	(63,366)	(560,184)	-	(623,550)
Income tax	-	1,458,980	-	1,458,980
Segment profit/(loss)	7,617,395	(6,920,055)	-	697,340

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	27,425,670	189,524,421	(28,735,557)	188,214,534
Intersegment	27,398,225	1,337,332	(28,735,557)	-
External	27,445	188,187,089	-	188,214,534
Adjusted EBITDA (Segment results)	19,523,637	4,907,740	-	24,431,377
Depreciation, depletion and amortization	(6,476,108)	(5,321,399)	-	(11,797,507)
Net foreign exchange loss	(98,243)	(198,380)	-	(296,623)
Finance expenses, net	(76,132)	(533,917)	-	(610,049)
Income tax	-	(2,090,307)	-	(2,090,307)
Segment profit / (loss)	12,970,429	(3,097,848)	-	9,872,581

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	(1,582,017)	6,379,485	697,340	9,872,581
Income tax	(1,945,241)	1,300,305	(1,458,980)	2,090,307
Finance expenses	790,249	941,580	1,654,201	1,866,959
Finance income	(496,022)	(534,428)	(1,030,651)	(1,256,910)
Depreciation, depletion and amortization	6,699,581	6,028,958	13,271,965	11,797,507
Net foreign exchange loss	53,172	153,662	178,895	296,623
Other expenses/(income), net	10,255	(426,710)	(132,788)	(513,874)
Other non-operating expense, net	22,855	133,827	150,206	278,184
Adjusted EBITDA	3,552,832	13,976,679	13,330,188	24,431,377

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

	Six month period ended 30 June	
	2025	2024
Sale of gas	97,179	148,337
<i>Wholesale activities</i>	97,179	148,337
Sale of petroleum products	126,027,410	178,842,295
<i>Through a retail network</i>	45,086,457	52,769,338
<i>Wholesale activities</i>	80,940,953	126,072,957
Sale of electricity	259,866	444,476
Lease revenue	203,510	174,849
Other sales	9,432,825	8,604,577
Total sales	136,020,790	188,214,534

Other sales mainly relate to sales of non-fuel products at petrol stations for 6,256,319 RSD (2024: 5,952,206 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	10,354,414	9,955,372
Deposits with original maturity of less than three months	9,200,000	28,862,541
Cash equivalents	5,127	3,797
	19,559,541	38,821,710

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	10,341,787	7,601,578
Current portion of long-term investments (note 11)	36,136,519	35,152,987
<i>Less impairment loss provision</i>	(9,896,762)	(9,883,326)
	36,581,544	32,871,239

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

6. TRADE AND OTHER RECEIVABLES

	30 June 2025	31 December 2024
Trade receivables	46,147,976	46,483,687
Other receivables	94,614	98,729
<i>Less credit loss allowance for trade receivables</i>	(7,060,051)	(7,176,610)
<i>Less credit loss allowance for other receivables</i>	(28,674)	(27,827)
	39,153,865	39,377,979

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

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

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

7. INVENTORIES

	30 June 2025	31 December 2024
Crude oil	32,803,036	19,942,889
Petroleum products	19,483,219	19,295,703
Materials and supplies	5,643,964	5,771,208
Other	1,358,594	1,353,517
<i>Less impairment provision</i>	(4,308,117)	(4,326,119)
	54,980,696	42,037,198

8. OTHER CURRENT ASSETS

	30 June 2025	31 December 2024
Advances paid	662,186	1,341,449
Deferred VAT	1,179,700	3,599,608
Prepaid expenses	357,058	460,521
Prepaid custom duties	73,276	75,447
Prepaid excise	8,211,092	6,683,336
Other current assets	8,089,991	7,936,113
<i>Less impairment provision</i>	(7,481,291)	(7,485,657)
	11,092,012	12,610,817

Deferred VAT as at 30 June 2025 amounting to 1,179,700 RSD (31 December 2024: 3,599,608 RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 30 June 2025 amounting to 8,211,092 RSD (31 December 2024: 6,683,336 RSD) relates to the excise paid for finished products stored in non-excise warehouse.

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

9. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
As at 1 January 2025						
Cost	248,033,301	181,088,848	66,121,557	17,227,220	28,956,223	541,427,149
Depreciation and impairment	(110,269,454)	(86,230,092)	(35,478,947)	(10,030,457)	(207,411)	(242,216,361)
Net book value	137,763,847	94,858,756	30,642,610	7,196,763	28,748,812	299,210,788
Period ended 30 June 2025						
Additions	8,854,653	676,401	4,243,786	217,978	(1,421,698)	12,571,120
Changes in decommissioning obligations	129,415	-	-	-	-	129,415
Impairment, net	-	-	-	-	(30,888)	(30,888)
Depreciation	(6,720,754)	(4,684,755)	(1,112,443)	(231,332)	-	(12,749,284)
Transfer to non-current assets held for sale	-	-	(2,986)	-	-	(2,986)
Disposals and write-off	(2,934)	(9,395)	(863)	(83)	(10)	(13,285)
Other transfers	275	(1,419)	(13,085)	17,684	(68,413)	(64,958)
	140,024,502	90,839,588	33,757,019	7,201,010	27,227,803	299,049,922
As at 30 June 2025						
Cost	256,779,827	181,645,288	70,456,900	17,346,556	27,465,797	553,694,368
Depreciation and impairment	(116,755,325)	(90,805,700)	(36,699,881)	(10,145,546)	(237,994)	(254,644,446)
Net book value	140,024,502	90,839,588	33,757,019	7,201,010	27,227,803	299,049,922

10. RIGHT-OF-USE ASSETS

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

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2025	12,099	885,682	219,392	1,705,285	2,822,458
Additions	-	-	54,089	6,383	60,472
Depreciation	(1,946)	(56,671)	(48,115)	(101,097)	(207,829)
Disposals	-	-	-	(17,652)	(17,652)
Effect of contract modifications and changes in estimates	-	9,974	23,397	-	33,371
As at 30 June 2025	10,153	838,985	248,763	1,592,919	2,690,820

11. LONG-TERM FINANCIAL ASSETS

	30 June 2025	31 December 2024
LT loans issued	41,828,047	41,601,373
Financial assets at FVTPL	838,939	837,800
Other LT placements	20,086	25,060
Available for sale financial assets	124,315	124,315
<i>Less Current portion of LT loans issued (note 5)</i>	(36,136,519)	(35,152,987)
<i>Less provision of LT financial assets</i>	(203,050)	(207,049)
	6,471,818	7,228,512

12. OTHER NON-CURRENT ASSETS

	30 June 2025	31 December 2024
Advances paid for PPE	2,026,073	2,810,616
Prepaid expenses	63,873	75,517
Other assets	916,099	901,105
<i>Less allowance for other assets</i>	(268,897)	(278,654)
<i>Less allowance for advances paid</i>	(33,986)	(33,986)
	2,703,162	3,474,598

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

	30 June 2025	31 December 2024
Short-term loans	2,359,087	2,387,513
Interest liabilities	223,189	223,371
Current portion of long-term loans (note 17)	21,757,552	8,815,829
	24,339,828	11,426,713

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

	Six month period ended 30 June	
	2025	2024
Short-term loans at 1 January	2,387,513	3,606,281
Proceeds	4,644,725	14,304,667
Repayment	(4,673,151)	(13,824,576)
Short-term loans at 30 June	2,359,087	4,086,372

14. TRADE AND OTHER PAYABLES

	30 June 2025	31 December 2024
Trade payables	15,248,531	16,627,827
Dividends payable	8,378,415	3,783,398
Other accounts payable	41,156	28,786
	23,668,102	20,440,011

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.

15. OTHER CURRENT LIABILITIES

	30 June 2025	31 December 2024
Contract liabilities arising from contracts with customers:		
- Advances received	3,733,597	5,055,703
- Customer loyalty	1,046,551	949,116
- Deferred income	52,229	55,648
Payables to employees	2,071,991	4,263,714
Other current non-financial liabilities	190,577	201,357
	7,094,945	10,525,538

Revenue in the amount of 4,416,803 RSD (30 June 2024: 4,567,523 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2025, of which 3,975,437 RSD (30 June 2024: 4,202,440 RSD) related to advances and 441,366 RSD (30 June 2024: 365,083 RSD) to customer loyalty programme.

16. OTHER TAXES PAYABLE

	30 June 2025	31 December 2024
Mineral extraction tax	466,176	438,324
VAT	3,328,783	2,594,634
Excise tax	6,821,757	8,463,280
Contribution for State commodity reserves	260,722	348,084
Custom duties	104,295	73,717
Energy efficiency fee	28,631	39,876
Other taxes	597,489	1,181,438
	11,607,853	13,139,353

17. LONG-TERM DEBT

	30 June 2025	31 December 2024
Bank loans	60,295,577	65,159,107
Other Long-term borrowings	1,875,461	1,873,529
Less Current portion (note 13)	(21,757,552)	(8,815,829)
	40,413,486	58,216,807

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

	Six month period ended 30 June	
	2025	2024
As at 1 January	65,159,107	65,223,168
Proceeds	-	5,958,328
Repayment	(4,969,659)	(3,316,114)
Non-cash transactions	17,791	7,928
Foreign exchange difference (note 23)	88,338	(68,376)
As 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 2024
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.

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

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

Other long-term borrowings in the amount of 1,875,461 RSD (31 December 2024: 1,873,529 RSD) mainly relate to the corporate bonds.

18. LEASE LIABILITIES

	30 June 2025	31 December 2024
Non-current lease liabilities	1,297,296	1,497,645
Current lease liabilities	475,023	488,755
	1,772,319	1,986,400

Amounts recognized in profit and loss:

	Six month period ended 30 June	
	2025	2024
Interest expense (included in finance cost) (note 25)	36,922	51,121
Expense relating to short-term leases and other lease contracts excluded from IFRS 16	3,193	49,971
Expense relating to leases of low value assets that are not shown above as short-term leases	2,301	5,187
Expense relating to variable lease payments not included in lease liabilities	606,598	614,481

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

	Six month period ended 30 June	
	2025	2024
As at 1 January	1,986,400	2,132,016
Repayment	(344,905)	(383,742)
Non-cash transactions	122,956	369,929
Foreign exchange difference (note 23)	7,868	(1,770)
As at 30 June	1,772,319	2,116,433

19. OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities in the amount of 12,216,820 RSD (2024: 12,140,168 RSD) represents deferred consideration in the amount of 838,939 RSD (2024: 837,800 RSD) for O&G exploration project and liabilities for additional capital contribution associated with the new plant construction program in the amount of 11,377,881 RSD (2024: 11,302,368 RSD).

20. 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	1,173,820	1,110,194	2,331,348	2,075,060
Materials and supplies (other than O&G and petroleum products)	299,225	239,162	627,444	560,325
Repair and maintenance services	1,399,990	1,324,937	2,816,597	2,406,709
Electricity for resale	21,696	11,415	44,953	36,787
Electricity and utilities	1,892,203	1,942,281	4,671,639	4,518,061
Safety and security expense	134,314	126,204	422,713	226,282
Transportation services for production	378,978	398,470	770,609	798,254
Other	3,807,276	3,837,713	7,330,874	7,105,497
	9,107,502	8,990,376	19,016,177	17,726,975

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

Other expenses mainly relate to cost of other goods that have been sold at the petrol stations in the amount of 5,190,804 RSD (2024: 4,963,657 RSD).

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Employee costs	3,751,229	3,797,858	7,362,503	7,259,849
Commission and agency fees	1,528,868	1,370,016	2,981,554	2,685,151
Legal, audit and consulting services	517,775	400,036	877,974	736,343
Current repair cost	427,889	353,838	805,157	660,950
Costs on advertising and marketing	89,447	104,902	159,608	174,859
Electricity and utilities	174,608	169,764	460,264	474,514
Rent expense	8,784	27,719	10,355	57,724
Business trips expense	28,229	87,391	60,529	143,917
Safety and security expense	294,763	252,889	541,722	471,147
Insurance expense	13,451	21,304	41,508	49,739
Transportation and storage	96,981	96,591	194,904	155,976
Allowance for doubtful accounts	(48,533)	2,488	(36,523)	(8,872)
Other	1,724,798	1,320,808	2,998,348	2,436,032
	8,608,289	8,005,604	16,457,903	15,297,329

Other expenses in the amount of 2,998,348 RSD (2024: 2,436,032 RSD) mainly relate to bank charges, IT services, telecommunication services and other services.

22. OTHER EXPENSES / INCOME, NET

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Penalties	63,512	146,578	122,659	270,199
Provisions	(5,955)	(12,354)	(18,268)	(22,905)
Impairment of non financial assets	(75,493)	(6,521)	(75,493)	(6,554)
Charity and social payments	(845)	(11,540)	(10,254)	(17,681)
Others	8,526	310,547	114,144	290,815
	(10,255)	426,710	132,788	513,874

23. 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 17,18,19)	118,442	97,743	132,514	134,590
- foreign exchange loss (note 17,18,19)	(94,763)	(37,628)	(248,315)	(51,974)
Net foreign exchange loss on operating activities	(76,851)	(213,777)	(63,094)	(379,239)
	(53,172)	(153,662)	(178,895)	(296,623)

24. FINANCE INCOME

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Interest on bank deposits	207,876	328,336	453,623	848,648
Interest income on loans issued	288,146	206,092	577,028	408,262
	496,022	534,428	1,030,651	1,256,910

25. FINANCE EXPENSES

	Three month period ended 30 June		Six month period ended 30 June	
	2025	2024	2025	2024
Interest expense	708,845	846,368	1,482,320	1,712,370
Losses on restructuring of borrowings	7,619	3,855	17,792	7,930
Decommissioning provision: unwinding of the present value discount	34,767	38,546	69,095	73,229
Provision of trade and other non-current receivables: discount	9,177	43,230	33,884	52,163
Revaluation of equity investment at fair value - expense	29,841	29,529	59,604	58,981
Less: amounts capitalised on qualifying assets	-	(19,948)	(8,494)	(37,714)
	790,249	941,580	1,654,201	1,866,959

Interest expense includes expenses on lease liabilities in amount of 36,922 RSD for the six months ended 30 June 2025 (51,121 RSD for the six months ended 30 June 2024, accordingly) (note 18).

26. INCOME TAXES

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 Company 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 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 effect	(601,549)	(2,366,309)
Effect of tax consolidation (2024)	1,552,840	-
Deferred income tax	507,689	276,002
Total income tax	1,458,980	(2,090,307)

27. FAIR VALUE MEASUREMENT

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

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

28. CONTINGENCIES AND COMMITMENTS

Taxes

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

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

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Company's management recognised an environmental provision in the amount of 344,282 RSD (31 December 2024: 373,479 RSD).

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

Capital commitments

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

There were no other material contingencies and commitments of the Company.

29. RELATED PARTY TRANSACTIONS

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

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

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

			Joint ventures, associates and parent's subsidiaries and associates
As at 30 June 2025	Subsidiaries	Parent company	
Short-term financial assets	36,581,544	-	-
Trade and other receivables	17,810,121	-	182,223
Other current assets	640	-	26,921
Right-of-use assets	92,365	-	-
Investments accounted for using equity method	-	-	1,038,800
Investments in subsidiaries	31,016,682	-	-
Long-term financial assets	6,367,446	-	-
Other non-current assets	24,050	-	-
Trade and other payables	(6,951,787)	-	(478,738)
Other current liabilities	(65,590)	-	(344,832)
Short-term debt	(2,370,588)	-	-
Current lease liabilities	(7,221)	-	-
Long-term debt	(1,173,052)	-	-
Non-current lease liabilities	(89,302)	-	-
Other non-current financial liabilities	(11,377,881)	-	-
	69,857,427	-	424,374

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

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

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Six month period ended 30 June 2025			
Revenues from sales of products and services	22,585,000	-	471,019
Expenses based on procurement of products and services	(10,940,065)	-	(1,280,737)
Other income, net	384,247	-	2,728
	12,029,182	-	(806,990)

	Subsidiaries	Parent company	Joint ventures, associates and parent's subsidiaries, and associates
Six month period ended 30 June 2024			
Revenues from sales of products and services	20,936,288	-	122,003
Expenses based on procurement of products and services	(9,916,430)	-	(1,986,235)
Other income (expenses), net	252,823	-	(219)
	11,272,681	-	(1,864,451)

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.

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.

30. 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 Financial Statements were authorised for issue.

Interim Condensed Consolidated financial statements (unaudited)**Interim Condensed Consolidated Statement of Financial Position**

Assets	Note	30 June 2025 (unaudited)	31 December 2024
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

in 000 RSD

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

	Note	Three month period ended 30 June		Six month period ended 30 June	
		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

in 000 RSD

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

Six month period ended 30 June 2025 and 2024

(unaudited)	Equity attributable to the Company's owners					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2024	81,530,200	694,603	288,345,242	370,570,045	517,608	371,087,653
Profit/(loss) for the period	-	-	5,655,655	5,655,655	(321,486)	5,334,169
Other comprehensive income						
Gain from investments in equity instruments	-	52	-	52	-	52
Currency translation differences	-	52,418	-	52,418	-	52,418
Total comprehensive income/(loss) for the period	-	52,470	5,655,655	5,708,125	(321,486)	5,386,639
Dividend distribution	13	-	(10,478,261)	(10,478,261)	-	(10,478,261)
Balance as at 30 June 2024	81,530,200	747,073	283,522,636	365,799,909	196,122	365,996,031

in 000 RSD

(unaudited)	Equity attributable to the Company's owners					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2025	81,530,200	741,832	288,538,150	370,810,182	(254,221)	370,555,961
Loss for the period	-	-	(3,139,847)	(3,139,847)	(466,368)	(3,606,215)
Other comprehensive income						
Currency translation differences	-	274,803	-	274,803	-	274,803
Total comprehensive income/(loss) for the period	-	274,803	(3,139,847)	(2,865,044)	(466,368)	(3,331,412)
Dividend distribution	13	-	(4,595,042)	(4,595,042)	-	(4,595,042)
Balance as at 30 June 2025	81,530,200	1,016,635	280,803,261	363,350,096	(720,589)	362,629,507

in 000 RSD

Interim Condensed Consolidated Statement of Cash Flows⁸⁰

		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 ⁸¹		(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

in 000 RSD

⁸⁰ Group policy is to present cash flow inclusive of related VAT.⁸¹ CF from investing activities includes VAT in the amount of 1.61 bln RSD (2024: 3.53 bln RSD)

Notes to the Interim Condensed Consolidated Financial Statements⁸²

1. GENERAL INFORMATION

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

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

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

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

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

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

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

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

⁸² All amounts are in 000 RSD, unless otherwise stated.

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.

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.

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		Six month period ended	
	2025	30 June 2024	2025	30 June 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

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.

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>	(7,344,276)	(7,457,724)
<i>Less impairment provision for other receivables</i>	(28,709)	(27,827)
	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.

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

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
<i>Less allowance of other assets</i>	(272,378)	(282,135)
<i>Less allowance for advances paid</i>	(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

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
<i>Less Current portion (note 12)</i>	<i>(21,757,552)</i>	<i>(8,815,829)</i>
	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	
	2025	30 June 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.

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	30 June 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	30 June 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		Six month period ended	
	2025	30 June 2024	2025	30 June 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.

19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three month period ended		Six month period ended	
	2025	30 June 2024	2025	30 June 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		Six month period ended	
	30 June 2025	2024	30 June 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

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	
	2025	30 June 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.

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.

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

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.

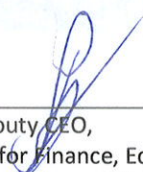
Subsequent events occurring after 30 June 2025 were evaluated through 28 July 2025, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

Statement of individuals responsible for the preparation of report

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

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

Anton Cherepanov



Deputy CEO,
Head of Function for Finance, Economics,
Planning and Accounting
NIS j.s.c. Novi Sad

Branko Mitrović



Head of Multifunctional Shared Service
Center
NIS j.s.c. Novi Sad

Contacts

NIS j.s.c. Novi Sad

E-mail: office@nis.rs

12, Narodnog fronta St.
21000 Novi Sad, Serbia
(+381 21) 481 1111

1, Milentija Popovića St.
11000 Belgrade, Serbia
(+381 11) 311 3311

Investor Relations Services

E-mail: Investor.Relations@nis.rs

12, Narodnog fronta St.
21000 Novi Sad, Serbia

Practice for Public Company Compliance

E-mail: servis.akcionara@nis.rs

1, Milentija Popovića St.
11000 Belgrade, Serbia
Info Service: (+381 11) 311 3311

Glossary

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

The Report contains statements on uncertain future events. Statements on uncertain future events involve statements which are not historical facts, statements with regard to the NIS Group's intentions, beliefs or current expectations related to, inter alia, the NIS Group's business results, financial standing and liquidity, prospects, growth, strategies and industrial sectors in which the NIS Group does business. For the reason that they relate to the events and depend on the circumstances which may or may not realize in the future, statements on uncertain future events by their nature involve risks and uncertainty, including, but without limitation to risks and uncertainties that the NIS Group has identified in other publicly available documents. NIS Group hereby warns that there are no guarantees that the statements on uncertain future events will be realized in the future and that actual business results, financial standing and liquidity, as well as the development of the industrial sector in which the NIS Group does business, may considerably differ from the ones represented or assumed by statements on uncertain future events. In addition, even if the NIS Group's business results, its financial standing and liquidity, and the development of the industrial sector in which the NIS Group does business happen to comply with the statements on uncertain future events contained herein, the results and development are not indicative of the results and development in upcoming periods. The information contained herein has been presented on the date of the Report and may be changed without prior announcement.