



**Naftna industrija Srbije A.D.  
Novi Sad**

**Consolidated Financial Statements  
(Unaudited)**

31 December 2025

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

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### CONSOLIDATED FINANCIAL STATEMENTS

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

| Assets   | Note | 31 December<br>2025 | 31 December<br>2024 |
|--|------|---------------------|---------------------|
| <b>Current assets</b>                                      |      |                     |                     |
| Cash and cash equivalents                                  | 7    | 30,520,104          | 40,736,335          |
| Short-term financial assets                                | 8    | 34,985              | 244,085             |
| Trade and other receivables                                | 9    | 20,672,647          | 32,328,970          |
| Inventories  | 10   | 39,147,248          | 52,186,791          |
| Current income tax prepayments                             |      | 2,371,203           | 7,595,653           |
| Other current assets                                       | 11   | 8,987,071           | 14,401,684          |
| Assets classified as held for sale                         |      | 135,697             | 14,432              |
| <b>Total current assets</b>                                |      | <b>101,868,955</b>  | <b>147,507,950</b>  |
| <b>Non-current assets</b>                                  |      |                     |                     |
| Property, plant and equipment                              | 12   | 336,511,853         | 336,961,139         |
| Right-of-use assets  | 13   | 3,663,603           | 3,874,056           |
| Investment property  | 14   | 1,664,931           | 1,514,935           |
| Goodwill and other intangible assets                       | 15   | 6,249,956           | 6,027,593           |
| Investments in joint venture                               | 16   | 3,394,511           | 2,623,087           |
| Trade and other non-current receivables                    |      | 1,163,843           | 826,117             |
| Long-term financial assets                                 | 17   | 104,398             | 105,253             |
| Deferred tax assets  | 18   | 5,336,771           | 4,102,378           |
| Other non-current assets                                   | 19   | 2,048,680           | 3,507,398           |
| <b>Total non-current assets</b>                            |      | <b>360,138,546</b>  | <b>359,541,956</b>  |
| <b>Total assets</b>  |      | <b>462,007,501</b>  | <b>507,049,906</b>  |
| <b>Liabilities and shareholders' equity</b>                |      |                     |                     |
| <b>Current liabilities</b>                                 |      |                     |                     |
| Short-term debt and current portion of long-term debt      | 20   | 19,373,727          | 9,026,680           |
| Current lease liabilities                                  | 25   | 1,150,161           | 934,141             |
| Trade and other payables                                   | 21   | 18,731,371          | 21,969,434          |
| Other current liabilities                                  | 22   | 7,043,254           | 13,423,380          |
| Current income tax payable                                 |      | 12,877              | 13,609              |
| Other taxes payable  | 23   | 7,345,094           | 14,353,823          |
| Provisions for liabilities and charges                     | 27   | 2,538,201           | 1,342,054           |
| Current portion of other non-current financial liabilities |      | 29,176              | -                   |
| <b>Total current liabilities</b>                           |      | <b>56,223,861</b>   | <b>61,063,121</b>   |
| <b>Non-current liabilities</b>                             |      |                     |                     |
| Long-term debt   | 24   | 28,045,208          | 57,215,677          |
| Non-current lease liabilities                              | 25   | 2,063,674           | 2,620,846           |
| Other non-current financial liabilities                    | 26   | 864,962             | 837,800             |
| Deferred tax liabilities                                   | 18   | 3,975               | 3,682               |
| Long-term trade and other payables                         |      | 9,125               | -                   |
| Provisions for liabilities and charges                     | 27   | 14,190,785          | 14,752,819          |
| <b>Total non-current liabilities</b>                       |      | <b>45,177,729</b>   | <b>75,430,824</b>   |
| <b>Equity</b>  |      |                     |                     |
| Share capital  | 28   | 81,530,200          | 81,530,200          |
| Reserves   |      | 1,034,247           | 741,832             |
| Retained earnings  |      | 279,323,541         | 288,538,150         |
| <b>Equity attributable to the Company's owners</b>         |      | <b>361,887,988</b>  | <b>370,810,182</b>  |
| Non-controlling interest                                   |      | (1,282,077)         | (254,221)           |
| <b>Total equity</b>  |      | <b>360,605,911</b>  | <b>370,555,961</b>  |
| <b>Total liabilities and shareholders' equity</b>          |      | <b>462,007,501</b>  | <b>507,049,906</b>  |

Kirill Tyurdenev  
Chief Executive Officer  
30 January 2026



Anton Cherepanov  
Chief Financial Officer

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

## NIS Group

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

|   |            | Year ended<br>31 December |                      |
|---|------------|---------------------------|----------------------|
|   | Note       | 2025                      | 2024                 |
| Sales of petroleum products and oil and gas sales                               |            | 266,669,576               | 384,844,088          |
| Other revenues  |            | 23,452,000                | 23,221,613           |
| <b>Total revenue from sales</b>   | <b>6</b>   | <b>290,121,576</b>        | <b>408,065,701</b>   |
| Purchases of oil, gas and petroleum products                                    |            | (170,544,154)             | (270,807,527)        |
| Production, manufacturing and cost of other sales                               | 29         | (48,203,266)              | (47,558,140)         |
| Selling, general and administrative expenses                                    | 30         | (36,578,591)              | (35,486,866)         |
| Transportation expenses   |            | (1,417,701)               | (1,823,724)          |
| Depreciation, depletion and amortization  | 12, 13, 15 | (28,846,898)              | (27,119,878)         |
| Taxes other than income tax   | 32         | (9,107,989)               | (8,841,039)          |
| Exploration expenses  | 12         | (219,369)                 | (187)                |
| <b>Total operating expenses</b>   |            | <b>(294,917,968)</b>      | <b>(391,637,361)</b> |
| Other income/(expenses), net  | 33         | (1,621,947)               | 539,690              |
| <b>Operating profit /(loss)</b>   |            | <b>(6,418,339)</b>        | <b>16,968,030</b>    |
| Share of profit/(loss) in joint ventures  | 16         | 771,424                   | (105,918)            |
| Net foreign exchange loss   | 34         | (819,892)                 | (1,046,190)          |
| Finance income  | 35         | 1,208,069                 | 1,931,920            |
| Finance expenses  | 36         | (3,008,216)               | (3,694,804)          |
| <b>Total other expense</b>  |            | <b>(1,848,615)</b>        | <b>(2,914,992)</b>   |
| <b>Profit/(loss) before income tax</b>  |            | <b>(8,266,954)</b>        | <b>14,053,038</b>    |
| Current income tax  | 37         | 1,463,404                 | (4,814,328)          |
| Deferred income tax   | 18, 37     | 1,225,408                 | 840,727              |
| <b>Total income tax</b>   |            | <b>2,688,812</b>          | <b>(3,973,601)</b>   |
| <b>Profit/(loss) for the period</b>   |            | <b>(5,578,142)</b>        | <b>10,079,437</b>    |
| <b>Other comprehensive income/(loss):</b>                                       |            |                           |                      |
| <b>Items that will not be reclassified to profit/(loss)</b>                     |            |                           |                      |
| Losses on remeasurements of defined benefit plans                               | 18, 27     | (69,577)                  | (175,945)            |
| Gain/(Loss) from investments in equity instruments                              |            | (88)                      | 52                   |
| Revaluation of property, plant and equipment transferred to investment property |            | -                         | 3,400                |
|   |            | <b>(69,665)</b>           | <b>(172,493)</b>     |
| <b>Items that may be subsequently reclassified to profit</b>                    |            |                           |                      |
| Currency translation differences  |            | 293,513                   | 39,677               |
|   |            | <b>293,513</b>            | <b>39,677</b>        |
| <b>Other comprehensive income/(loss) for the period</b>                         |            | <b>223,848</b>            | <b>(132,816)</b>     |
| <b>Total comprehensive income/(loss) for the period</b>                         |            | <b>(5,354,294)</b>        | <b>9,946,621</b>     |
| <b>Profit/(Loss) attributable to:</b>   |            |                           |                      |
| - Shareholders of Naftna Industrija Srbije                                      |            | (4,551,547)               | 10,844,835           |
| - Non-controlling interest  |            | (1,026,595)               | (765,398)            |
| <b>Profit/(Loss) for the period</b>   |            | <b>(5,578,142)</b>        | <b>10,079,437</b>    |
| <b>Total comprehensive income/(loss) attributable to:</b>                       |            |                           |                      |
| - Shareholders of Naftna Industrija Srbije                                      |            | (4,326,438)               | 10,718,450           |
| - Non-controlling interest  |            | (1,027,856)               | (771,829)            |
| <b>Total comprehensive income/(loss) for the period</b>                         |            | <b>(5,354,294)</b>        | <b>9,946,621</b>     |
| Earnings per share attributable to NIS shareholders                             |            |                           |                      |
| Basic earnings (loss) (RSD per share)   | 28         | (27.91)                   | 66.51                |
| Weighted average number of ordinary shares in issue (millions)                  |            | 163                       | 163                  |

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

## NIS Group

### Consolidated Statement of Changes in Shareholders' Equity

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

| <u>Equity attributable to the Company's owners</u>                              |        |                   |                |                    |                    |                          |                    |
|---|--------|-------------------|----------------|--------------------|--------------------|--------------------------|--------------------|
|   | Note   | Share capital     | Reserves       | Retained earnings  | Total              | Non-controlling interest | Total equity       |
| <b>Balance as at 1 January 2024</b>   |        | <b>81,530,200</b> | <b>694,603</b> | <b>288,345,242</b> | <b>370,570,045</b> | <b>517,608</b>           | <b>371,087,653</b> |
| Profit/(loss) for the period  |        | -                 | -              | 10,844,835         | 10,844,835         | (765,398)                | 10,079,437         |
| <b>Other comprehensive income/(loss)</b>  |        |                   |                |                    |                    |                          |                    |
| Losses on remeasurements of defined benefit plans                               | 18, 27 | -                 | -              | (169,514)          | (169,514)          | (6,431)                  | (175,945)          |
| Gain from investments in equity instruments                                     |        | -                 | 52             | -                  | 52                 | -                        | 52                 |
| Revaluation of property, plant and equipment transferred to investment property |        | -                 | 3,400          | -                  | 3,400              | -                        | 3,400              |
| Currency translation differences  |        | -                 | 39,677         | -                  | 39,677             | -                        | 39,677             |
| <b>Total comprehensive income/(loss) for the period</b>                         |        | -                 | <b>43,129</b>  | <b>10,675,321</b>  | <b>10,718,450</b>  | <b>(771,829)</b>         | <b>9,946,621</b>   |
| Dividend distribution   | 28     | -                 | -              | (10,478,261)       | (10,478,261)       | -                        | (10,478,261)       |
| Other   |        | -                 | 4,100          | (4,152)            | (52)               | -                        | (52)               |
| <b>Balance as at 31 December 2024</b>   |        | <b>81,530,200</b> | <b>741,832</b> | <b>288,538,150</b> | <b>370,810,182</b> | <b>(254,221)</b>         | <b>370,555,961</b> |

| <u>Equity attributable to the Company's owners</u>      |        |                   |                  |                    |                    |                          |                    |
|---|--------|-------------------|------------------|--------------------|--------------------|--------------------------|--------------------|
|   | Note   | Share capital     | Reserves         | Retained earnings  | Total              | Non-controlling interest | Total equity       |
| <b>Balance as at 1 January 2025</b>                     |        | <b>81,530,200</b> | <b>741,832</b>   | <b>288,538,150</b> | <b>370,810,182</b> | <b>(254,221)</b>         | <b>370,555,961</b> |
| Loss for the period                                     |        | -                 | -                | (4,551,547)        | (4,551,547)        | (1,026,595)              | (5,578,142)        |
| <b>Other comprehensive income/(loss)</b>                |        |                   |                  |                    |                    |                          |                    |
| Losses on remeasurements of defined benefit plans       | 18, 27 | -                 | -                | (68,316)           | (68,316)           | (1,261)                  | (69,577)           |
| Loss from investments in equity instruments             |        | -                 | (88)             | -                  | (88)               | -                        | (88)               |
| Currency translation differences                        |        | -                 | 293,513          | -                  | 293,513            | -                        | 293,513            |
| <b>Total comprehensive income/(loss) for the period</b> |        | -                 | <b>293,425</b>   | <b>(4,619,863)</b> | <b>(4,326,438)</b> | <b>(1,027,856)</b>       | <b>(5,354,294)</b> |
| Dividend distribution                                   | 28     | -                 | -                | (4,595,042)        | (4,595,042)        | -                        | (4,595,042)        |
| Internal transfers                                      |        | -                 | (296)            | 296                | -                  | -                        | -                  |
| Other   |        | -                 | (714)            | -                  | (714)              | -                        | (714)              |
| <b>Balance as at 31 December 2025</b>                   |        | <b>81,530,200</b> | <b>1,034,247</b> | <b>279,323,541</b> | <b>361,887,988</b> | <b>(1,282,077)</b>       | <b>360,605,911</b> |

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

## NIS Group

### Consolidated Statement of Cash Flows<sup>1</sup>

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

|  | Note     | Year ended<br>31 December |                     |
|--|----------|---------------------------|---------------------|
|  |          | 2025                      | 2024                |
| <b>Cash flows from operating activities</b>                          |          |                           |                     |
| Profit/(loss) before income tax                                      |          | <b>(8,266,954)</b>        | <b>14,053,038</b>   |
| <b>Adjustments to reconcile profit before tax to net cash flows:</b> |          |                           |                     |
| Share of (profit)/loss in joint ventures                             | 16       | (771,424)                 | 105,918             |
| Finance expenses   | 36       | 3,008,216                 | 3,694,804           |
| Finance income   | 35       | (1,208,069)               | (1,931,920)         |
| Unrealised foreign exchange losses, net                              |          | 584,625                   | 635,167             |
| Depreciation, depletion and amortization                             | 12,13,15 | 28,846,898                | 27,119,878          |
| Impairment/(Reversal) of non-current assets                          | 33       | 2,829,200                 | (160,492)           |
| Impairment of exploration works                                      |          | 219,369                   | 187                 |
| Adjustments for other provisions                                     |          | 217,625                   | 908,927             |
| Payables write-off   |          | (43,219)                  | (29,069)            |
| Other non-cash items   |          | 145,257                   | (697,346)           |
| <b>Operating cash flow before changes in working capital</b>         |          | <b>25,561,524</b>         | <b>43,699,092</b>   |
| <b>Changes in working capital:</b>                                   |          |                           |                     |
| Trade and other receivables  |          | 11,213,739                | 1,180,535           |
| Inventories  |          | 12,909,032                | 15,840,856          |
| Other current assets   |          | 5,288,884                 | (3,288,385)         |
| Trade payables and other current liabilities                         |          | (9,920,307)               | 7,175,036           |
| Other taxes payable  |          | 1,681,196                 | 1,378,293           |
| <b>Total effect on working capital changes</b>                       |          | <b>21,172,544</b>         | <b>22,286,335</b>   |
| Income taxes paid  |          | (1,998,034)               | (4,944,656)         |
| Interest paid  |          | (2,601,019)               | (3,302,313)         |
| Interest received  |          | 1,279,680                 | 3,238,079           |
|  |          | <b>(3,319,373)</b>        | <b>(5,008,890)</b>  |
| <b>Net cash generated by operating activities</b>                    |          | <b>43,414,695</b>         | <b>60,976,537</b>   |
| <b>Cash flows from investing activities</b>                          |          |                           |                     |
| Capital expenditures <sup>2</sup>                                    |          | (31,717,930)              | (60,281,791)        |
| Proceeds from sale of property, plant and equipment                  |          | 587,491                   | 211,748             |
| Dividends received   |          | -                         | 58,599              |
| Bank deposits repayment, net   |          | 215,300                   | 30,823,737          |
| Other outflow  |          | (15,282)                  | -                   |
| <b>Net cash used in investing activities</b>                         |          | <b>(30,930,421)</b>       | <b>(29,187,707)</b> |
| <b>Cash flows from financing activities</b>                          |          |                           |                     |
| Proceeds from borrowings   | 24       | 4,464,639                 | 12,055,368          |
| Repayments of borrowings   | 24       | (23,424,038)              | (12,755,484)        |
| Repayments of lease liabilities                                      | 25       | (992,820)                 | (1,206,983)         |
| Dividends paid to the Company's owners                               | 28       | (2,534,166)               | (10,478,261)        |
| Other inflows of cash  |          | -                         | 700,609             |
| <b>Net cash used in financing activities</b>                         |          | <b>(22,486,385)</b>       | <b>(11,684,751)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          |          | <b>(10,002,111)</b>       | <b>20,104,079</b>   |
| Effect of foreign exchange on cash and cash equivalents              |          | (214,120)                 | (852,015)           |
| <b>Cash and cash equivalents as of the beginning of the year</b>     |          | <b>40,736,335</b>         | <b>21,484,271</b>   |
| <b>Cash and cash equivalents as of the end of the year</b>           | 7        | <b>30,520,104</b>         | <b>40,736,335</b>   |

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

<sup>1</sup> Group policy is to present cash flows inclusive of related VAT.

<sup>2</sup> CF from investing activities includes VAT in the amount of 3.8 bln RSD (2024: 7.5 bln RSD)

**1. GENERAL INFORMATION****1.1. Description of business**

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

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

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

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

Information on the Group’s structure is provided in Note 39. Information on other related party relationships of the Group is provided in Note 40.

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

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES****2.1. Basis of preparation**

These Consolidated Financial Statements for the year ended 31 December 2025 were prepared in accordance with International Financial Reporting Standards (IFRS) and are not the statutory accounts of the Group. The Group maintains its books and records in accordance with the accounting and taxation principles and practices mandated by the legislation in the countries in which it operates (primarily Serbian). The accompanying 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 the International Financial Reporting Standards (IFRS).

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The preparation of Consolidated Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 3.

At the date of signing Consolidated Financial Statements, crude oil price increased since 31 December 2025 from 62.555 \$/barrel to 72.705 \$/barrel. Management is monitoring situation on the market and in parallel preparing different scenarios to respond to any major fluctuation of crude oil prices.

**2.2. Going concern**

These Consolidated Financial Statements have been prepared on a going concern basis. In making this assessment, management considered the Group's current and projected liquidity position, access to financing, operational performance and the broader regulatory and geopolitical environment.

For the year ended 31 December 2025, the Group recorded a net loss. Despite this, the Group maintained a high level of positive EBITDA, reflecting the resilience of its core operations and the ability to generate operational cash flows. Management has considered this performance in its assessment of the Group's ability to continue as a going concern and in planning mitigating actions to address potential operational and financial challenges arising from sanctions and supply disruptions (refer to note 3.1. Implication of imposed US Sanctions).

Management has prepared cash flow forecasts and assessed mitigating actions, including the ongoing engagement with relevant authorities, cooperation with shareholders (including the Government of the Republic of Serbia) and other operational measures aimed at ensuring business continuity. Based on these assessments, management believes that the Group will be able to meet its obligations as they fall due for at least the next twelve months from the reporting date.

Given the inherent uncertainty regarding the future development, scope and duration of sanctions and related regulatory measures, a material uncertainty exists which management is monitoring closely. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required if the Group were unable to continue as a going concern.

**2.3. Basis of measurement**

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

**2.4. Segment reporting**

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

**2.5. Foreign currency translation***(a) Functional and presentation currency*

Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in RSD, which is the Company's functional and the Group's presentation currency.

*(b) Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and other monetary assets and liabilities are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within "Net foreign exchange gain/loss".

**(c) Group's Companies**

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

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

**2.6. Principles of consolidation**

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

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

**(a) Joint operations and joint ventures**

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

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

Where the Group acts as a joint operator, the Group recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

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

**(b) Transactions eliminated on consolidation**

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

**(c) Non-controlling interest**

Ownership interest in the Group's subsidiaries held by parties other than the Group entities are presented separately in equity in the Consolidated Statement of Financial Position. The amount of consolidated net income attributable to the parent and the non-controlling interest are both presented on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Non-controlling interest is measured at fair value or at its proportionate share in the acquiree's net identifiable assets. For each business combination a separate measurement principle is determined.

(d) *Investments in associates*

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

## **2.7. Business combinations**

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

## **2.8. Goodwill**

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

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

## **2.9. Financial instruments**

(a) ***Key measurement terms***

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

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

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

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

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

**(b) Classification and measurement**

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

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

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

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

At initial recognition, the Group measures a financial asset as its fair value plus, in case of a financial assets not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

***Debt instruments***

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

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

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

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

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

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

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

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

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

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

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

#### *Equity instruments*

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

#### (c) **Write-off**

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

#### (d) **Recognition and derecognition**

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

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

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

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

(e) **Modification**

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

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

(f) **Financial assets impairment**

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

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

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

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

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

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

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

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

- Simplified approach for impairment of receivables and lease receivables

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

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

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within Selling, general and administrative expenses.

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

**2.10. Inventories**

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

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Certain inventories represent restricted reserves of energy products held in accordance with applicable regulations of the Republic of Serbia. Such inventories include motor gasoline, diesel fuel and jet fuel, held in quantities prescribed in the relevant regulation expressed in days of average market supply. These inventories are recognized as inventories and are not held for sale in the ordinary course of business. Measurement and impairment of these inventories are performed in accordance with IAS 2 Inventories. Where applicable, operational reserves may be used under special approval from the competent Ministry.

The impairment tests of inventories, including spare parts, due to damage or obsolescence, are performed quarterly. Impairment losses are recognized as production, manufacturing and cost of other sales (note 29).

**2.11. Intangible assets****(a) Goodwill**

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

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

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed (note 15).

**(b) Licenses and rights**

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

**(c) Software**

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

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

**2.12. Property, plant and equipment**

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

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

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

Advances made on Property, plant and equipment and Construction in progress are accounted for within other non-current assets as a part of non-current non-financial accounts receivable.

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

| Description                       | Useful lives |
|-----------------------------------|--------------|
| Refining assets                   |              |
| Buildings                         | 10 - 50      |
| Machinery and equipment           | 2 - 35       |
| Marketing and distribution assets |              |
| Buildings                         | 10 - 50      |
| Machinery and equipment           | 3 - 25       |
| Other Assets                      | 3 - 50       |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within Other income/(expenses), net in the Consolidated Profit or Loss (note 33).

#### 2.13. Oil and Gas properties

##### (a) Exploration and evaluation expenditure

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

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

Exploration and evaluation assets include:

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

The costs incurred in finding, acquiring, and developing reserves are capitalised on a 'field by field' basis. On discovery of a commercially-viable mineral reserve, the capitalised costs are allocated to the discovery. If a discovery is not made, the expenditure is charged as an expense. Exploratory drilling costs and dry and bottom hole contributions are temporarily capitalised under the successful effort method and treated as Oil and gas assets within Property, plant and equipment.

Costs of topographical, geological, and geophysical studies, rights of access to properties to conduct those studies are temporarily considered as part of oil and gas assets until it is determined that the reserves are proved and are commercially viable.

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

Other exploration costs are charged to expense when incurred.

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

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

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

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

**(c) *Oil and gas production assets***

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

**(d) *Depreciation/amortization***

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

**(e) *Impairment – exploration and evaluation assets***

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

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

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

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

## **2.14. Capitalisation of Borrowing Costs**

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

## **2.15. Investment property**

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

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

Investment property is carried at fair value. Changes in fair values are recorded in the Consolidated Profit or Loss as part of other income/expense.

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

#### **2.16. Share capital**

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

#### **2.17. Earnings per share**

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

#### **2.18. Provisions**

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

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

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

#### **2.19. Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the Consolidated Profit or Loss, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

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

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

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

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

**2.20. Employee benefits***(a) Pension obligations*

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

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

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

*(c) Bonus plans*

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

At the end of 2023 Group has made decision to introduce new three-year (2024-2026) incentive program for Group managers which will be settle based on the Key Performance Indicators ("KPI") reached during the program (note 27).

**2.21. Dividend distribution**

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

**2.22. Leases**

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

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

|                | <u>Useful lives in years</u> |
|----------------|------------------------------|
| Land           | 25                           |
| Buildings      | 2 - 22                       |
| Machinery      | 3 - 15                       |
| Motor vehicles | 2 - 10                       |

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

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

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

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

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

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

## **2.23. Revenue recognition from contracts with customers**

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

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

Revenue is shown net of value-added tax, excise duty, returns, rebates and discounts after eliminating sales within the Group.

### **(a) Sales - wholesale**

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

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

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

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

## **NIS Group**

### **Notes to the Consolidated Financial Statements for the year ended 31 December 2025**

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

#### *(b) Sales – retail*

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

#### *(c) Sales of electricity*

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

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

#### *(d) Customer loyalty program*

The Group operates a loyalty program where customers accumulate award points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire after the initial transaction. The transaction price is allocated to the goods sold and the award points on the basis of their relative stand-alone selling prices. A contract liability for the award points is recognized at the time of the sale. Contract liabilities arising from customer loyalty program are presented in the note 22.

#### *(e) Interest income*

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

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

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

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

#### **2.24. Transportation expenses**

Transportation expenses recognised in Consolidated Profit or Loss represent expenses incurred to transport crude oil and oil products through the pipeline network, costs incurred to transport crude oil and oil products by maritime vessel and railway and all other shipping and handling costs.

#### **2.25. Maintenance and Repair**

Costs for maintenance and repair that do not represent significant improvements are expensed when incurred.

Costs of turnarounds and preventive maintenance performed with respect to oil refining assets are expensed when incurred.

### **3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

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

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

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

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

#### **3.1. Implication of imposed US Sanctions**

On 10 January 2025, the Group was included in the U.S. Treasury's Specially Designated Nationals and Blocked Persons ("SDN") List.

Following the designation, the U.S. Office of Foreign Assets Control ("OFAC") issued a series of specific licenses during 2025 (except for the period 9 October 2025 – 30 December 2025), which allowed the Group to continue operating while negotiations regarding potential changes in the ownership structure. The last license in 2025 enabling operations of the Group to continue was issued by OFAC on 31 December 2025 with validity until 23 January 2026.

Management has assessed the potential implications of the sanctions and related regulatory measures. However, due to significant uncertainties regarding their scope, enforcement, duration and the evolving geopolitical and economic environment, the ultimate effects on the Group's financial position, results of operations and cash flows cannot be reliably estimated as at the reporting date.

Owing to this short interruption in licensing (9 October 2025 – 30 December 2025) during December 2025, the Group experienced a temporary suspension of Pančevo Oil Refinery operations due to interruptions in crude oil supply. The suspension was addressed through operational measures and was considered as part of management's overall assessment of operational and supply chain risks. No adjustments have been recognised in the consolidated financial statements for the year ended 31 December 2025 in connection with this event.

Accordingly, no adjustments have been recognised in these consolidated financial statements for the year ended 31 December 2025 in respect of impairments, provisions or changes in accounting estimates related to the sanctions.

Notwithstanding the above, the sanctions may have a material adverse impact on the Group, including but not limited to:

- limitations in access to international financial markets and U.S. dollar transactions;
- disruptions in relationships with suppliers, customers and other business partners;
- potential reductions in revenues and profitability due to constrained trade activities; and
- operational challenges, including supply chain disruptions and increased costs related to the sourcing of crude oil, equipment and services.

The Group continues to actively monitor developments, engage with OFAC and other relevant authorities, and implement mitigation measures aimed at maintaining business continuity. The Group is also cooperating with its shareholders, including the Government of the Republic of Serbia, with the objective of identifying appropriate solutions to address the current situation and ensure the long-term sustainability of its operations.

Management judgment regarding going concern has been applied in preparing the financial statements. See note 2.2 for full disclosure.

**3.2. Estimation of Oil and Gas Reserves**

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

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

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

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

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

**3.3. Useful lives of Property, Plant and Equipment**

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

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2025 would be to increase/decrease it by 2,740,906 RSD (2024: 2,575,831 RSD).

**3.4. Impairment of goodwill**

Goodwill is tested for impairment annually.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU. The estimated future cash flows include estimation of future costs to produce reserves, future commodity prices, foreign exchange rate, discount rate etc. (note 15).

**3.5. Impairment of assets**

The assessment of the recoverable amount of the Group's assets related to the operations of NIS Petrol Romania, NIS Petrol Bulgaria and Jadran Naftagas Banja Luka (together, the "affected operations"), which are fully consolidated in the Group's consolidated financial statements, represents a significant accounting estimate requiring a high degree of management judgment and involving significant estimation uncertainty, in accordance with IAS 1 and IAS 36.

The affected operations represent separate cash-generating units (CGUs) and relate to long-standing activities held by the Group, primarily in upstream and downstream segments.

The operations are conducted in an environment characterized by evolving international sanctions since 2014, restrictions on cash transfers and ongoing financial restructuring proceedings (including a preventive concordat procedure in Romania, in further text “concordat”). These circumstances represent indicators of impairment within the meaning of IAS 36, and therefore required a detailed recoverable amount assessment as of the reporting date on a yearly basis.

***Basis of recoverable amount determination***

For each CGU, the recoverable amount was determined as the higher of value in use (“VIU”) and fair value less costs of disposal (“FVLCD”), in accordance with IAS 36.

- For NIS Petrol Romania and Jadran Naftagas, management determined that VIU represents the recoverable amount, as observable market transactions reflecting orderly market conditions were not available.
- For NIS Petrol Bulgaria, the recoverable amount was determined based on FVLCD, derived from a signed contract received during the reporting period.

***Sources of estimation uncertainty and valuation limitations*****A) NIS Petrol Romania**

Due to sanctions, upstream project activities are temporarily suspended. During the reporting period, the Group received certain indicative, non-binding offers relating to the potential acquisition of the operations and/or underlying assets of NIS Petrol Romania. The values implied by such offers were below the carrying amounts of the related assets.

Management concluded that these offers do not provide a reliable basis for determining FVLCD for the purposes of IAS 36, as:

- the offers are not legally binding and have not been accepted,
- there is no certainty regarding transaction completion nor a defined timeframe,
- the offers were submitted in a constrained and distressed market environment,
- significant regulatory and sanctions-related risks have a dominant impact on the implied valuations,
- the implied prices do not reflect an orderly transaction between market participants, as required under IAS 36 and IFRS 13.

While such indicative offers were considered as part of the impairment assessment, management determined that they do not represent observable market prices and therefore do not override management’s best estimate of the recoverable amount determined using a VIU approach.

**B) NIS Petrol Bulgaria**

During the reporting period, the Group received and accepted a binding offer relating to the acquisition of the operations and underlying assets of NIS Petrol Bulgaria (note 39). The value implied by the accepted offer was below the carrying amount of the related assets.

Accordingly, an impairment loss of 1.3 bln RSD was recognized as of the reporting date, in accordance with IAS 36 (refer to notes 6,12,15).

**C) Jadran Naftagas**

Jadran Naftagas, a subsidiary engaged in oil and gas exploration and production in Bosnia and Herzegovina, operates under the same sanctions regime affecting the Group. Due to current restrictions, production activities are temporarily suspended.

The suspension of operations constitutes an impairment indicator, however, management assessed the related assets as part of the relevant CGU and concluded that, as of the reporting date, there is no objective evidence requiring the recognition of an impairment loss, based on the following considerations:

- the Group retains valid licenses and legal rights to resume operations,
- there has been no formal decision to abandon or permanently cease the activities,
- the suspension is assessed as temporary in nature, driven by external constraints,
- the recoverable amount assessment is determined by VIU and the planned project activities will be carried out.

## **NIS Group**

### **Notes to the Consolidated Financial Statements for the year ended 31 December 2025**

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

Management will continue to reassess the recoverable amount of this CGU as circumstances evolve.

#### D) Other

Same assumptions and accounting assessment have been applied to all other assets where impairment indicators were identified in line with IAS 36 or other standards.

#### Internal assumptions and accounting assessment

Management assumes that going concern is a valid assumption as it believes that sanctions will be postponed and eventually lifted due to positive and continuing cooperation of relevant stakeholders and OFAC office. That will impact on lifting of financial payment restrictions and general improvement in business conditions for the whole Group.

#### Scenario-based approach

In determining the recoverable amount in impairment tests, management applied a scenario-based approach, considering, among other factors:

- a) continuation of operations under restructuring,
- b) deferred realization of asset values,
- c) potential normalization of operations following the possible lifting of international sanctions.

Management notes that the potential lifting of sanctions is subject to significant uncertainty and is not within the control of the Group.

Based on the analyses performed and information available as of the reporting date, management concluded that, although significant impairment indicators exist, the recoverable amount of certain assets was lower than their carrying amount, resulting in the recognition of an impairment loss of 1.6 bln RSD in respect of NIS Petrol Romania (refer to Note 6).

For Jadran Naftagas and other assets for which impairment indicators were identified, management concluded that the recoverable amounts exceeded their carrying amounts and, accordingly, no impairment loss was recognised.

These assessments involve significant professional judgment and are subject to ongoing reassessment in future reporting periods.

#### Sensitivity of the assessment

The recoverable amount of the assets is sensitive to changes in key assumptions, including:

- the duration and outcome of the concordat process,
- the regulatory and sanctions framework,
- the timing and ability to realize asset values,
- assumptions regarding future capital expenditures,
- unforeseen events.

Management estimates that reasonably possible adverse changes in these assumptions, individually or in aggregate, could result in the recoverable amount declining to or below the carrying amount, which would give rise to an impairment loss in future periods.

The Group's maximum total net assets exposure amounts to 15.6 bln RSD for NIS Petrol Romania (app 7.6 bln RSD), NIS Petrol Bulgaria ( 5.7 bln RSD) and Jadran Naftagas (2.3 bln RSD) as of the reporting date. This exposure is fully recognised and presented in the Group's consolidated financial statements. It does not give rise to any off-balance-sheet arrangements, commitments or obligations.

### **3.6. Employee benefits**

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

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

If the discount rate used to calculate the present value of employee benefit obligations had been 6.83% (rather than 5.83%) per year, the past service liability (DBO) for the whole NIS Group would decrease by about 9.5% for retirement indemnity and 4.62% for jubilee benefit. If pay increased by 1.0% higher than assumed on an annual basis, then the past service liability (DBO) for the whole NIS Group would increase by amount 6.19% for the retirement indemnity. If employee fluctuation rate increase by 1.0% higher than assumed on an annual basis, then the past service liability (DBO) would decrease by about 10.22% for the retirement indemnity and 5.08% for the jubilee benefit.

### **3.7. Decommissioning and environmental protection provision**

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

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

The amount recognised as a provision (note 27) is the best estimate of the expenditures required to settle the present obligation at the reporting date based on current legislation in each jurisdiction where the Group's operating assets are located, and is also subject to change because of revisions and changes in laws and regulations and their interpretation. As a result of the subjectivity of these provisions there is uncertainty regarding both the amount and estimated timing of such costs.

If the discount rate used to calculate the present value of decommissioning obligations had been 6.16% (rather than 5.16%) per year, the present liability would have decreased by approx. 1,015,250 RSD (31 December 2024: 7.40% (rather than 6.40%) per year the present liability would have decreased by approx. 784,144 RSD).

### **3.8. Contingencies**

Certain conditions may exist as of the reporting date are issued that may result in a loss to the Group, but one that will only be realised when one or more future events occur or fail to occur. Management makes an assessment of such contingent liabilities that is based on assumptions and is a matter of judgement. In assessing loss contingencies relating to legal or tax proceedings that involve the Group or un asserted claims that may result in such proceedings, the Group, evaluates the perceived merits of any legal or tax proceedings or un asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Group's Consolidated Financial Statements.

If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. If loss contingencies cannot be reasonably estimated, management recognises the loss when information becomes available that allows a reasonable estimation to be made. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee is disclosed. However, in some instances in which disclosure is not otherwise required, the Group may disclose contingent liabilities of an unusual nature which, in the judgment of Management and its legal counsel, may be of interest to shareholders or others (note 38).

### **3.9. Recoverability of carrying amount of Property, Plant and Equipment**

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

The Group assessed crude oil price volatility as main impairment indicator. If the actual crude oil price would decrease for 10\$/barrel below the forecasted crude oil prices, sensitivity analysis shows that the recoverable amount is still above the carrying value of Group's PPE by 11.9 bln RSD (31 December 2024: 86.1 bln RSD).

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

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

#### **4. APPLICATION OF AMENDMENTS TO THE EXISTING STANDARDS**

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

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

#### **5. FINANCIAL RISK MANAGEMENT**

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

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

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

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

##### ***Market risk***

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

##### ***Currency risk***

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

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

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

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

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

| <b>As of 31 December 2025</b>                              | <b>RSD</b>        | <b>EUR</b>          | <b>USD</b>       | <b>Other</b>   | <b>Total</b>        |
|--|-------------------|---------------------|------------------|----------------|---------------------|
| <b>Financial assets</b>                                    |                   |                     |                  |                |                     |
| <i>Current</i>   |                   |                     |                  |                |                     |
| Cash and cash equivalents                                  | 24,531,453        | 2,710,965           | 2,183            | 3,275,503      | 30,520,104          |
| Short-term financial assets                                | -                 | -                   | -                | 34,985         | 34,985              |
| Trade and other receivables                                | 19,356,726        | 627,056             | 157,601          | 531,264        | 20,672,647          |
| <i>Non-current</i>   |                   |                     |                  |                |                     |
| Trade and other non-current receivables                    | 152,282           | 1,011,561           | -                | -              | 1,163,843           |
| Long-term financial assets                                 | 98,403            | -                   | 5,995            | -              | 104,398             |
| Other non-current assets                                   | 311,850           | 335,983             | -                | -              | 647,833             |
| <b>Financial liabilities</b>                               |                   |                     |                  |                |                     |
| <i>Current</i>   |                   |                     |                  |                |                     |
| Short-term debt and current portion of long-term debt      | -                 | (19,373,727)        | -                | -              | (19,373,727)        |
| Current lease liabilities                                  | (16,246)          | (1,105,403)         | -                | (28,512)       | (1,150,161)         |
| Current portion of other non-current financial liabilities | -                 | (29,176)            | -                | -              | (29,176)            |
| Trade and other payables                                   | (13,574,416)      | (1,189,002)         | (1,080,056)      | (2,887,897)    | (18,731,371)        |
| <i>Non-current</i>   |                   |                     |                  |                |                     |
| Long-term debt   | -                 | (28,045,208)        | -                | -              | (28,045,208)        |
| Non-current lease liabilities                              | (4,843)           | (1,903,965)         | -                | (154,866)      | (2,063,674)         |
| Other non-current financial liabilities                    | -                 | (864,962)           | -                | -              | (864,962)           |
| Long-term trade and other payables                         | -                 | (9,125)             | -                | -              | (9,125)             |
| <b>Net exposure</b>  | <b>30,855,209</b> | <b>(47,835,003)</b> | <b>(914,277)</b> | <b>770,477</b> | <b>(17,123,594)</b> |

| <b>As of 31 December 2024</b>                         | <b>RSD</b>        | <b>EUR</b>          | <b>USD</b>     | <b>Other</b>     | <b>Total</b>        |
|---|-------------------|---------------------|----------------|------------------|---------------------|
| <b>Financial assets</b>                               |                   |                     |                |                  |                     |
| <i>Current</i>  |                   |                     |                |                  |                     |
| Cash and cash equivalents                             | 25,423,559        | 13,277,199          | 94,144         | 1,941,433        | 40,736,335          |
| Short-term financial assets                           | -                 | 154,947             | -              | 89,138           | 244,085             |
| Trade and other receivables                           | 27,890,896        | 1,974,212           | 352,029        | 2,111,833        | 32,328,970          |
| <i>Non-current</i>                                    |                   |                     |                |                  |                     |
| Trade and other non-current receivables               | -                 | 826,117             | -              | -                | 826,117             |
| Long-term financial assets                            | 98,507            | -                   | 6,746          | -                | 105,253             |
| Other non-current assets                              | 300,251           | 329,351             | -              | -                | 629,602             |
| <b>Financial liabilities</b>                          |                   |                     |                |                  |                     |
| <i>Current</i>  |                   |                     |                |                  |                     |
| Short-term debt and current portion of long-term debt | -                 | (9,026,680)         | -              | -                | (9,026,680)         |
| Current lease liabilities                             | (8,111)           | (809,887)           | -              | (116,143)        | (934,141)           |
| Trade and other payables                              | (15,585,189)      | (2,345,936)         | (332,193)      | (3,706,116)      | (21,969,434)        |
| <i>Non-current</i>                                    |                   |                     |                |                  |                     |
| Long-term debt  | (1,185)           | (57,214,492)        | -              | -                | (57,215,677)        |
| Non-current lease liabilities                         | (7,108)           | (2,143,987)         | -              | (469,751)        | (2,620,846)         |
| Other non-current financial liabilities               | -                 | (837,800)           | -              | -                | (837,800)           |
| <b>Net exposure</b>                                   | <b>38,111,620</b> | <b>(55,816,956)</b> | <b>120,726</b> | <b>(149,606)</b> | <b>(17,734,216)</b> |

The following exchange rates applied during the period:

|     | Reporting date spot rate |                         |
|-----|--------------------------|-------------------------|
|     | <b>31 December 2025</b>  | <b>31 December 2024</b> |
| EUR | 117.2820                 | 117.0149                |
| USD | 99.9165                  | 112.4386                |

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

#### Sensitivity analysis

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

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

As at 31 December 2025, if the currency had strengthened/weaken by 1% against the EUR with all other variables held constant, pre-tax profit and equity for the year would have been 478,350 RSD (2024: 558,170 RSD) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR – denominated borrowings and account payables.

As at 31 December 2025, if the currency had strengthened/weaken by 2% against the USD with all other variables held constant, pre-tax profit and equity for the year would have been 18,286 RSD (2024: 2,415 RSD) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD – denominated borrowings and account payables.

#### Interest rate risk

Borrowings withdrawn at variable interest rates expose the Group to cash flow interest rate risk. Depending on the levels of net debt at any given period of time, any change in the base interest rates (EURIBOR) has a proportionate impact on the Group's results. If interest rates on foreign currency denominated borrowings, with floating interest rate, had been 1% higher/lower with all other variables held constant, pre-tax profit and equity for 2025 would have been 410,352 RSD (2024: 407,226 RSD) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### Commodity price risk

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

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

#### Credit risk

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

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

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

|   | Year end<br>31 December |                   |
|---|-------------------------|-------------------|
|   | 2025                    | 2024              |
| Trade and other receivables (Note 9)                    | 20,672,647              | 32,328,970        |
| Trade and other non-current receivables                 | 1,163,843               | 826,117           |
| Cash and cash equivalents (Note 7)                      | 30,520,104              | 40,736,335        |
| Other financial asset at amortised cost (Note 8 and 17) | 47,665                  | 257,517           |
| Other current assets                                    | 583,188                 | 493,020           |
| Other non-current assets (Note 19)                      | 647,833                 | 629,602           |
| Financial assets at FVTOCI (Note 17)                    | 91,718                  | 91,821            |
| <b>Total maximum exposure to credit risk</b>            | <b>53,726,998</b>       | <b>75,363,382</b> |

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

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

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

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

#### Trade and Other receivables

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 2025 and 1 January 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted with forward-looking information on macroeconomic factors as no correlation were identified that significantly affect ability of the customers to settle the receivables.

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

At 31 December 2025 the provision matrix is based on the number of days that an asset is past due:

|  | Loss rate | Gross carrying amount | Lifetime ECL       | Net carrying value |
|--|-----------|-----------------------|--------------------|--------------------|
| Trade and other receivables              |           |                       |                    |                    |
| - current                                | 0.09%     | 17,651,790            | (15,134)           | 17,636,656         |
| - less than 30 days overdue              | 0.86%     | 1,390,180             | (11,999)           | 1,378,181          |
| - 31 to 90 days overdue                  | 4.67%     | 1,058,155             | (49,456)           | 1,008,699          |
| - 91 to 270 days overdue                 | 22.17%    | 405,854               | (89,997)           | 315,857            |
| - over 271 days overdue                  | 95.55%    | 7,484,732             | (7,151,478)        | 333,254            |
| <b>Total trade and other receivables</b> |           | <b>27,990,711</b>     | <b>(7,318,064)</b> | <b>20,672,647</b>  |

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

|  | Loss rate | Gross carrying amount | Lifetime ECL       | Net carrying value |
|--|-----------|-----------------------|--------------------|--------------------|
| Trade and other receivables              |           |                       |                    |                    |
| - current                                | 0.27%     | 28,736,098            | (77,715)           | 28,658,383         |
| - less than 30 days overdue              | 1.23%     | 1,248,685             | (15,385)           | 1,233,300          |
| - 31 to 90 days overdue                  | 2.25%     | 927,991               | (20,917)           | 907,074            |
| - 91 to 270 days overdue                 | 2.17%     | 983,434               | (21,339)           | 962,095            |
| - over 271 days overdue                  | 92.83%    | 7,918,313             | (7,350,195)        | 568,118            |
| <b>Total trade and other receivables</b> |           | <b>39,814,521</b>     | <b>(7,485,551)</b> | <b>32,328,970</b>  |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

As a rule, an excess of receivables over approved credit limit is secured by either bank guarantee, advance payment or other security.

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

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

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

|  | <b>Trade<br/>receivables</b> | <b>Other<br/>receivables</b> | <b>Total</b>     |
|--|------------------------------|------------------------------|------------------|
| <b>As at 1 January 2024</b>                              | <b>7,730,975</b>             | <b>30,583</b>                | <b>7,761,558</b> |
| Increase of provision during the year (note 29 and 30)   | 38,148                       | 1,358                        | 39,506           |
| Release of provision (note 29 and 30)                    | (120,285)                    | (3,984)                      | (124,269)        |
| Receivables written off during the year as uncollectible | (190,905)                    | (130)                        | (191,035)        |
| Other  | (209)                        | -                            | (209)            |
| <b>As at 31 December 2024</b>                            | <b>7,457,724</b>             | <b>27,827</b>                | <b>7,485,551</b> |
| <b>As at 1 January 2025</b>                              | <b>7,457,724</b>             | <b>27,827</b>                | <b>7,485,551</b> |
| Increase of provision during the year (note 29 and 30)   | 87,756                       | 3,287                        | 91,043           |
| Release of provision (note 29 and 30)                    | (99,484)                     | (688)                        | (100,172)        |
| Receivables written off during the year as uncollectible | (157,760)                    | (233)                        | (157,993)        |
| Other  | (365)                        | -                            | (365)            |
| <b>As at 31 December 2025</b>                            | <b>7,287,871</b>             | <b>30,193</b>                | <b>7,318,064</b> |

Expenses that have been provided for or written off are included in selling, general and administrative expenses within the Consolidated Profit or Loss. Amounts charged to the allowance account are generally written off where there is no expectation of recovering additional cash.

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

As of 31 December 2025 and 2024, the ageing analysis of other current assets is as follows:

|                    | <b>31 December 2025</b> |                    |                | <b>31 December 2024</b> |                    |                |
|--------------------|-------------------------|--------------------|----------------|-------------------------|--------------------|----------------|
|                    | <b>Gross</b>            | <b>Impaired</b>    | <b>Net</b>     | <b>Gross</b>            | <b>Impaired</b>    | <b>Net</b>     |
| Not past due       | 423,376                 | (363)              | 423,013        | 375,274                 | (1,015)            | 374,259        |
| Past due:          |                         |                    |                |                         |                    |                |
| within 30 days     | 30,365                  | (262)              | 30,103         | 19,462                  | (240)              | 19,222         |
| 1 to 3 months      | 25,500                  | (1,192)            | 24,308         | 16,668                  | (376)              | 16,292         |
| 3 months to 1 year | 31,258                  | (6,931)            | 24,327         | 12,349                  | (268)              | 12,081         |
| over 1 year        | 7,423,697               | (7,342,260)        | 81,437         | 7,425,298               | (7,354,132)        | 71,166         |
| <b>Total</b>       | <b>7,934,196</b>        | <b>(7,351,008)</b> | <b>583,188</b> | <b>7,849,051</b>        | <b>(7,356,031)</b> | <b>493,020</b> |

Net amount of other current assets shown in ageing analysis does not include non-financial assets like VAT, excise etc. in the amount of 8,403,883 RSD (2024: 13,908,664 RSD). Other current assets in net amount 583,188 RSD (2024: 493,020 RSD) mostly relates to receivables for other assets, receivables to employees and receivables from former Yugoslavian republics mostly impaired.

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

Movements on the Group's provision for impairment of other current assets are as follows:

|  | <b>Advances paid</b> | <b>Other current assets</b> | <b>Total</b>     |
|--|----------------------|-----------------------------|------------------|
| <b>As at 1 January 2024</b>                              | <b>175,099</b>       | <b>7,354,381</b>            | <b>7,529,480</b> |
| Increase of provision during the year (note 29 and 30)   | 146                  | 3,123                       | 3,269            |
| Release of provision (note 29 and 30)                    | (14,435)             | (1,347)                     | (15,782)         |
| Receivables written off during the year as uncollectible | -                    | (105)                       | (105)            |
| Other  | (112)                | (21)                        | (133)            |
| <b>As at 31 December 2024</b>                            | <b>160,698</b>       | <b>7,356,031</b>            | <b>7,516,729</b> |
| Increase of provision during the year (note 29 and 30)   | 7,860                | 2,620                       | 10,480           |
| Release of provision (note 29 and 30)                    | (11,703)             | (1,514)                     | (13,217)         |
| Receivables written off during the year as uncollectible | (4,180)              | (6,166)                     | (10,346)         |
| Other  | -                    | 37                          | 37               |
| <b>As at 31 December 2025</b>                            | <b>152,675</b>       | <b>7,351,008</b>            | <b>7,503,683</b> |

#### Credit quality of financial assets

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

|   | <b>BBB and higher</b> | <b>Less than BBB</b> | <b>Without rating</b> | <b>Total</b>      |
|---|-----------------------|----------------------|-----------------------|-------------------|
| <b>As at December 2025</b>  |                       |                      |                       |                   |
| Cash and cash equivalents   | 1,390,947             | 366,658              | 28,762,499            | <b>30,520,104</b> |
| <b>As at December 2024</b>  |                       |                      |                       |                   |
| Cash and cash equivalents   | 4,009,229             | 12,023,518           | 24,703,588            | <b>40,736,335</b> |
| Deposits with original maturity more than 3 months less than 1 year | 59,829                | -                    | 155,108               | <b>214,937</b>    |

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

As of 31 December 2025 and 2024 no significant credit loss allowance for impairment in respect of these assets was recognized.

#### Liquidity risk

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

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

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

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

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

| <b>As at 31 December 2025</b>      | <b>Carrying amount</b> | <b>Contractual cash flows</b> | <b>Less than 1 year</b> | <b>1 - 5 years</b> | <b>Over 5 years</b> |
|------------------------------------|------------------------|-------------------------------|-------------------------|--------------------|---------------------|
| Borrowings (note 20 and 24)        | 47,418,935             | 51,243,116                    | 21,050,548              | 29,743,594         | 448,974             |
| Lease liabilities (note 25)        | 3,213,835              | 3,694,006                     | 1,366,449               | 1,897,622          | 429,935             |
| Trade and other payables (note 21) | 18,740,496             | 18,740,496                    | 18,731,371              | 9,125              | -                   |
|                                    | <b>69,373,266</b>      | <b>73,677,618</b>             | <b>41,148,368</b>       | <b>31,650,341</b>  | <b>878,909</b>      |

  

| <b>As at 31 December 2024</b>      |                   |                    |                   |                   |                  |
|------------------------------------|-------------------|--------------------|-------------------|-------------------|------------------|
| Borrowings (note 20 and 24)        | 66,242,357        | 75,214,325         | 13,723,680        | 60,669,444        | 821,201          |
| Lease liabilities (note 25)        | 3,554,987         | 4,224,571          | 1,026,374         | 2,486,606         | 711,591          |
| Trade and other payables (note 21) | 21,969,434        | 21,969,434         | 21,969,434        | -                 | -                |
|                                    | <b>91,766,778</b> | <b>101,408,330</b> | <b>36,719,488</b> | <b>63,156,050</b> | <b>1,532,792</b> |

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

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

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

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

|   | <b>Year ended<br/>31 December</b> |              |
|---|-----------------------------------|--------------|
|   | <b>2025</b>                       | <b>2024</b>  |
| Long-term debt  | 28,045,208                        | 57,215,677   |
| Short-term debt and current portion of long-term debt           | 19,373,727                        | 9,026,680    |
| Less: cash and cash equivalents                                 | (30,520,104)                      | (40,736,335) |
| Net debt  | 16,898,831                        | 25,506,022   |
| Adjusted EBITDA   | 22,240,551                        | 44,392,551   |
| <b>Net debt to adjusted EBITDA ratio at the end of the year</b> | <b>0.76</b>                       | <b>0.57</b>  |

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

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

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

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

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

**6. SEGMENT INFORMATION**

Presented below is information about the Group's operating segments for the years ended 31 December 2025 and 2024. Operating segments are components that engaged in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

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

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

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

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

Reportable segment results for the year ended 31 December 2025 are shown in the table below:

|  | DWS               |                  |                    | Eliminations | Total             |
|--|-------------------|------------------|--------------------|--------------|-------------------|
|  | Upstream          | Downstream       | Petrochemical      |              |                   |
| Segment revenue                              | 45,259,037        | 273,336,306      | 18,004,523         | (46,478,290) | 290,121,576       |
| Intersegment                                 | 43,336,186        | 3,142,104        | -                  | (46,478,290) | -                 |
| External                                     | 1,922,851         | 270,194,202      | 18,004,523         | -            | 290,121,576       |
| <b>Adjusted EBITDA (Segment results)</b>     | <b>25,920,084</b> | <b>5,431,738</b> | <b>(9,111,271)</b> | <b>-</b>     | <b>22,240,551</b> |
| Depreciation, depletion and amortization     | (15,400,352)      | (12,708,563)     | (737,983)          | -            | (28,846,898)      |
| Impairment of non-financial assets (note 33) | (1,589,419)       | (1,239,577)      | (204)              | -            | (2,829,200)       |
| Share of profit in joint ventures            | -                 | 771,424          | -                  | -            | 771,424           |
| Net foreign exchange loss                    | (314,547)         | (481,317)        | (24,028)           | -            | (819,892)         |
| Finance expenses, net                        | (600,939)         | (1,191,859)      | (7,349)            | -            | (1,800,147)       |
| Income tax                                   | (83,335)          | 2,776,814        | (4,667)            | -            | 2,688,812         |
| Segment profit/(loss)                        | 10,417,381        | (5,729,571)      | (10,265,952)       | -            | (5,578,142)       |

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

|  | DWS               |                   |                    | Eliminations | Total             |
|--|-------------------|-------------------|--------------------|--------------|-------------------|
|  | Upstream          | Downstream        | Petrochemical      |              |                   |
| Segment revenue                          | 60,423,522        | 382,496,197       | 22,533,987         | (57,388,005) | 408,065,701       |
| Intersegment                             | 54,251,818        | 3,136,187         | -                  | (57,388,005) | -                 |
| External                                 | 6,171,704         | 379,360,010       | 22,533,987         | -            | 408,065,701       |
| <b>Adjusted EBITDA (Segment results)</b> | <b>39,958,580</b> | <b>11,673,855</b> | <b>(7,239,884)</b> | <b>-</b>     | <b>44,392,551</b> |
| Depreciation, depletion and amortization | (14,770,001)      | (11,604,570)      | (745,307)          | -            | (27,119,878)      |
| Share of loss in joint ventures          | -                 | (105,918)         | -                  | -            | (105,918)         |
| Net foreign exchange loss                | (456,252)         | (567,122)         | (22,816)           | -            | (1,046,190)       |
| Finance (expenses)/income, net           | (582,227)         | (1,240,111)       | 59,454             | -            | (1,762,884)       |
| Income tax                               | (421,538)         | (3,594,467)       | 42,404             | -            | (3,973,601)       |
| Segment profit/(loss)                    | 23,360,123        | (5,626,705)       | (7,653,981)        | -            | 10,079,437        |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

Adjusted EBITDA for the downstream segment includes Corporate centre EBITDA in the negative amount of 9,502,362 RSD for the year ended 31 December 2025 (31 December 2024: negative EBITDA in the amount of 9,042,728 RSD). Adjusted EBITDA for Downstream segment prior allocation of Corporate centre EBITDA is presented in the following table:

|   | <b>Year ended<br/>31 December</b> |                   |
|---|-----------------------------------|-------------------|
|   | <b>2025</b>                       | <b>2024</b>       |
| Adjusted EBITDA for Downstream segment after allocation of Corporate centre | (3,679,533)                       | 4,433,971         |
| Corporate centre EBITDA   | (9,502,362)                       | (9,042,728)       |
| <b>Adjusted EBITDA prior allocation of Corporate centre</b>                 | <b>5,822,829</b>                  | <b>13,476,699</b> |

Adjusted EBITDA for the year ended 31 December 2025 and 2024 is reconciled below:

|  | <b>Year ended<br/>31 December</b> |                   |
|--|-----------------------------------|-------------------|
|  | <b>2025</b>                       | <b>2024</b>       |
| Profit/(Loss) for the period               | (5,578,142)                       | 10,079,437        |
| Income tax                                 | (2,688,812)                       | 3,973,601         |
| Finance expenses                           | 3,008,216                         | 3,694,804         |
| Finance income                             | (1,208,069)                       | (1,931,920)       |
| Depreciation, depletion and amortization   | 28,846,898                        | 27,119,878        |
| Share of (profit)/loss in joint ventures   | (771,424)                         | 105,918           |
| Net foreign exchange loss                  | 819,892                           | 1,046,190         |
| Other (income)/expenses, net               | 1,621,947                         | (539,690)         |
| Other non-operating (income)/expense, net* | (1,809,955)                       | 844,333           |
| <b>Adjusted EBITDA</b>                     | <b>22,240,551</b>                 | <b>44,392,551</b> |

\*Other non-operating (income)/expense, net in 2025 mainly relates to impairment of fixed assets (notes 12 and 33) (2024: mainly relates to penalties and excess and deficiencies of assets revealed).

Impact of major one-off items and the result of HIP Petrohemija on the Group result

For the purpose of providing a better understanding of the Group's underlying performance, the table below presents an analysis of the consolidated result for the years ended 31 December 2025 and 31 December 2024. The analysis shows the Group's result before one-off items related to impairment losses, as well as the Group's result excluding the impact of the result of HIP Petrohemija, which is included in the consolidated result of the Group.

The impairment losses relate to goodwill and marketing assets in Petrol Bulgaria, and to O&G assets in Petrol Romania, as disclosed in notes 12 and 15 to the consolidated financial statements.

|   | <b>Year ended<br/>31 December</b> |                   |
|---|-----------------------------------|-------------------|
|   | <b>2025</b>                       | <b>2024</b>       |
| <b>Group profit/(loss) for the period</b>   | <b>(5,578,142)</b>                | <b>10,079,437</b> |
| Impairment of goodwill in Petrol Bulgaria (note 15)                                   | 513,845                           | -                 |
| Impairment of marketing asset in Petrol Bulgaria (note 12)                            | 758,042                           | -                 |
| Impairment of O&G asset in Petrol Romania (note 12)                                   | 1,618,830                         | -                 |
| Income tax effect of impairment loss  | (254,761)                         | -                 |
| <b>Group profit/(loss) for the period before impairment loss</b>                      | <b>(2,942,286)</b>                | <b>10,079,437</b> |
| Loss of HIP Petrohemija   | 10,265,952                        | 7,653,981         |
| <b>Group profit for the period before impairment loss and loss of HIP Petrohemija</b> | <b>7,323,666</b>                  | <b>17,733,418</b> |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

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

|                                 | <b>Year ended 31 December 2025</b> |                                       |                    |
|---------------------------------|------------------------------------|---------------------------------------|--------------------|
|                                 | <b>Domestic market</b>             | <b>Export and international sales</b> | <b>Total</b>       |
| Sale of crude oil               | -                                  | 78,653                                | 78,653             |
| Sale of gas                     | 542,854                            | -                                     | 542,854            |
| <i>Wholesale activities</i>     | 542,854                            | -                                     | 542,854            |
| Sale of petroleum products      | 194,699,964                        | 53,478,792                            | 248,178,756        |
| <i>Through a retail network</i> | 92,855,221                         | 13,075,735                            | 105,930,956        |
| <i>Wholesale activities</i>     | 101,844,743                        | 40,403,057                            | 142,247,800        |
| Sales of petrochemical products | 10,283,400                         | 7,585,913                             | 17,869,313         |
| Sales of electricity            | 748,929                            | 11,742                                | 760,671            |
| Lease revenue                   | 362,981                            | 54,411                                | 417,392            |
| Other sales                     | 18,438,983                         | 3,834,954                             | 22,273,937         |
| <b>Total sales</b>              | <b>225,077,111</b>                 | <b>65,044,465</b>                     | <b>290,121,576</b> |

|                                 | <b>Year ended 31 December 2024</b> |                                       |                    |
|---------------------------------|------------------------------------|---------------------------------------|--------------------|
|                                 | <b>Domestic market</b>             | <b>Export and international sales</b> | <b>Total</b>       |
| Sale of crude oil               | -                                  | 5,368,026                             | 5,368,026          |
| Sale of gas                     | 182,983                            | 8,788                                 | 191,771            |
| <i>Wholesale activities</i>     | 182,983                            | 8,788                                 | 191,771            |
| Sale of petroleum products      | 291,268,882                        | 65,607,973                            | 356,876,855        |
| <i>Through a retail network</i> | 106,235,625                        | 17,007,775                            | 123,243,400        |
| <i>Wholesale activities</i>     | 185,033,257                        | 48,600,198                            | 233,633,455        |
| Sales of petrochemical products | 8,124,591                          | 14,282,845                            | 22,407,436         |
| Sales of electricity            | 933,084                            | 109,243                               | 1,042,327          |
| Lease revenue                   | 303,116                            | 56,686                                | 359,802            |
| Other sales                     | 17,068,521                         | 4,750,963                             | 21,819,484         |
| <b>Total sales</b>              | <b>317,881,177</b>                 | <b>90,184,524</b>                     | <b>408,065,701</b> |

Revenue from one customer amounted to 21,365,603 RSD (2024: 25,139,992 RSD), arise from sale of petroleum products attributable to wholesale activities within Downstream segment.

Other sales mainly relate to sales of non-fuel products at petrol stations in the amount of 15,558,318 RSD (2024: 16,114,987 RSD).

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

The breakdown of the major component of the total revenue from export and international sales is disclosed below:

|  | <b>Year ended</b>       |                   |
|--|-------------------------|-------------------|
|  | <b>31 December 2025</b> | <b>2024</b>       |
| Sale of crude oil                                  | 78,653                  | 5,368,026         |
| Sale of gas  | -                       | 8,788             |
| Sale of petroleum products (retail and wholesale): |                         |                   |
| Bosnia and Herzegovina                             | 28,418,800              | 32,739,769        |
| Bulgaria   | 9,270,851               | 8,018,311         |
| Romania  | 3,476,011               | 5,327,434         |
| All other markets                                  | 12,313,130              | 19,522,459        |
|  | <b>53,478,792</b>       | <b>65,607,973</b> |
| Sales of petrochemical products                    | 7,585,913               | 14,282,845        |
| Sales of electricity                               | 11,742                  | 109,243           |
| Lease revenue                                      | 54,411                  | 56,686            |
| Other sales  | 3,834,954               | 4,750,963         |
|  | <b>65,044,465</b>       | <b>90,184,524</b> |

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

#### Presentation of excise duties

The following table presents sales revenue earned and related calculated excise duties for 2025 and 2024:

|                   | <b>2025</b>        | <b>2024</b>        |
|-------------------|--------------------|--------------------|
| Sales revenue     | 453,148,026        | 606,204,318        |
| Excise duties     | (163,026,450)      | (198,138,617)      |
| Net sales revenue | <b>290,121,576</b> | <b>408,065,701</b> |

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

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

|                        | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|------------------------|-----------------------------|-----------------------------|
| Serbia                 | 326,149,669                 | 322,775,711                 |
| Romania                | 10,784,756                  | 12,788,439                  |
| Bosnia and Herzegovina | 6,999,384                   | 7,263,604                   |
| Bulgaria               | 4,156,534                   | 5,549,969                   |
|                        | <b>348,090,343</b>          | <b>348,377,723</b>          |

## 7. CASH AND CASH EQUIVALENTS

|   | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---|-----------------------------|-----------------------------|
| Cash in bank and in hand                                  | 7,205,585                   | 10,853,600                  |
| Deposits with original maturity of less than three months | 22,956,223                  | 29,878,687                  |
| Cash equivalents  | 3,386                       | 3,796                       |
| Restricted cash   | 354,910                     | 252                         |
|   | <b>30,520,104</b>           | <b>40,736,335</b>           |

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

Restricted cash includes temporarily frozen funds held in a bank account in Bulgaria, in accordance with a decision by the National Competent Authority in Bulgaria regarding the implementation of EU restrictive measures. The Company is actively working with its legal advisors to remove these restrictions and enable the use of the funds.

## 8. SHORT-TERM FINANCIAL ASSETS

|   | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---|-----------------------------|-----------------------------|
| Short-term loans  | 37,165                      | 31,328                      |
| Deposits with original maturity more than 3 months less than 1 year | -                           | 214,937                     |
| Less impairment provision   | (2,180)                     | (2,180)                     |
|   | <b>34,985</b>               | <b>244,085</b>              |

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

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)***9. TRADE AND OTHER RECEIVABLES**

|   | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---|-----------------------------|-----------------------------|
| Trade receivables   | 27,908,744                  | 39,722,066                  |
| Other receivables   | 81,967                      | 92,455                      |
| <i>Less impairment provision for trade receivables (note 5)</i> | <i>(7,287,871)</i>          | <i>(7,457,724)</i>          |
| <i>Less impairment provision for other receivables (note 5)</i> | <i>(30,193)</i>             | <i>(27,827)</i>             |
|   | <b>20,672,647</b>           | <b>32,328,970</b>           |

**10. INVENTORIES**

|                                  | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Crude oil                        | 13,981,138                  | 20,006,952                  |
| Petroleum products               | 19,341,142                  | 25,577,057                  |
| Materials and supplies           | 9,512,526                   | 10,035,547                  |
| Other                            | 1,455,893                   | 1,697,901                   |
| <i>Less impairment provision</i> | <i>(5,143,451)</i>          | <i>(5,130,666)</i>          |
|                                  | <b>39,147,248</b>           | <b>52,186,791</b>           |

Movement on inventory provision is as follows:

|   | <b>2025</b>      | <b>2024</b>      |
|---|------------------|------------------|
| <b>As at 1 January</b>                              | <b>5,130,666</b> | <b>5,753,229</b> |
| Provision for inventory impairment (note 29 and 30) | 1,506            | -                |
| Unused amounts reversed (note 29 and 30)            | (121,957)        | (561,720)        |
| Other   | 133,236          | (60,843)         |
| <b>As at 31 December</b>                            | <b>5,143,451</b> | <b>5,130,666</b> |

**11. OTHER CURRENT ASSETS**

|                                  | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Advances paid                    | 3,415,521                   | 1,868,542                   |
| VAT receivables                  | 120,031                     | 380,208                     |
| Deferred VAT                     | 1,298,915                   | 4,115,321                   |
| Prepaid expenses                 | 251,405                     | 491,889                     |
| Prepaid custom duties            | 101,351                     | 76,332                      |
| Prepaid excise                   | 3,107,734                   | 6,724,022                   |
| Other current assets             | 8,195,797                   | 8,262,099                   |
| <i>Less impairment provision</i> | <i>(7,503,683)</i>          | <i>(7,516,729)</i>          |
|                                  | <b>8,987,071</b>            | <b>14,401,684</b>           |

The increase in advance payments is primarily attributable to the operational constraints arising from the sanction's environment, as well as the timing of payments for supply contracts.

Deferred VAT as at 31 December 2025 amounting to 1,298,915 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 31 December 2025 amounting to 3,107,734 RSD (31 December 2023: 6,724,022 RSD) relates to the excise paid for the finished products stored in the non-excise warehouse and excise paid for the imported products used in the further production process, which will be refunded in the near future.

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

## 12. PROPERTY, PLANT AND EQUIPMENT

|   | Oil and gas<br>properties | Refining<br>assets | Marketing and<br>distribution<br>assets | Other assets     | Assets under<br>construction | Total              |
|---|---------------------------|--------------------|---|------------------|------------------------------|--------------------|
| <b>As at 1 January 2024</b>                         |                           |                    |   |                  |                              |                    |
| Cost  | 252,630,090               | 175,629,205        | 78,033,327                              | 18,056,185       | 36,977,722                   | 561,326,529        |
| Depreciation and impairment                         | (110,571,668)             | (87,506,665)       | (41,309,913)                            | (10,475,958)     | (3,244,980)                  | (253,109,184)      |
| <b>Net book value</b>                               | <b>142,058,422</b>        | <b>88,122,540</b>  | <b>36,723,414</b>                       | <b>7,580,227</b> | <b>33,732,742</b>            | <b>308,217,345</b> |
| <b>Year ended 31 December 2024</b>                  |                           |                    |   |                  |                              |                    |
| Additions   | 24,273,215                | 18,485,610         | 7,277,357                               | 804,038          | 3,488,875                    | 54,329,095         |
| Changes in decommissioning obligations              | 662,734                   | -                  | -                                       | -                | -                            | 662,734            |
| Impairment effect, net (note 33)                    | -                         | -                  | -                                       | (2,922)          | 176,119                      | 173,197            |
| Depreciation  | (14,057,728)              | (8,901,654)        | (2,357,406)                             | (441,521)        | -                            | (25,758,309)       |
| Transfer to intangible assets (note 15)             | -                         | -                  | -                                       | -                | (280)                        | (280)              |
| Transfer (to)/from investment property (note 14)    | (13)                      | -                  | 2,313                                   | (12,732)         | -                            | (10,432)           |
| Transfer (to)/from non-current assets held for sale | -                         | -                  | -                                       | 12,052           | (200,000)                    | (187,948)          |
| Disposals and write-off                             | (35,634)                  | (36,289)           | (71,299)                                | (16,622)         | (1,069)                      | (160,913)          |
| Other transfers                                     | (1,641)                   | (4,204)            | 19,616                                  | (8,780)          | (264,056)                    | (259,065)          |
| Translation differences                             | (7,880)                   | -                  | (17,106)                                | -                | (19,299)                     | (44,285)           |
|   | <b>152,891,475</b>        | <b>97,666,003</b>  | <b>41,576,889</b>                       | <b>7,913,740</b> | <b>36,913,032</b>            | <b>336,961,139</b> |
| <b>As at 31 December 2024</b>                       |                           |                    |   |                  |                              |                    |
| 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)      |
| <b>Net book value</b>                               | <b>152,891,475</b>        | <b>97,666,003</b>  | <b>41,576,889</b>                       | <b>7,913,740</b> | <b>36,913,032</b>            | <b>336,961,139</b> |
| <b>As at 1 January 2025</b>                         |                           |                    |   |                  |                              |                    |
| 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)      |
| <b>Net book value</b>                               | <b>152,891,475</b>        | <b>97,666,003</b>  | <b>41,576,889</b>                       | <b>7,913,740</b> | <b>36,913,032</b>            | <b>336,961,139</b> |
| <b>Year ended 31 December 2025</b>                  |                           |                    |   |                  |                              |                    |
| Additions   | 21,023,459                | 3,445,036          | 6,102,247                               | 301,592          | (926,109)                    | 29,946,225         |
| Changes in decommissioning obligations              | 804,769                   | -                  | -                                       | -                | -                            | 804,769            |
| Impairment (note 33)                                | -                         | -                  | (769,727)                               | -                | (1,656,110)                  | (2,425,837)        |
| Depreciation  | (14,691,786)              | (9,272,099)        | (2,904,394)                             | (540,782)        | -                            | (27,409,061)       |
| Transfer to intangible assets (note 15)             | -                         | -                  | -                                       | -                | (703)                        | (703)              |
| Transfer to non-current assets held for sale        | -                         | -                  | (2,986)                                 | (119,429)        | -                            | (122,415)          |
| Disposals and write-off                             | (15,428)                  | (35,000)           | (47,505)                                | (969)            | (225,958)                    | (324,860)          |
| Other transfers                                     | 126                       | (611)              | 13,433                                  | 17,618           | (712,659)                    | (682,093)          |
| Translation differences                             | (101,495)                 | -                  | (24,728)                                | -                | (109,088)                    | (235,311)          |
|   | <b>159,911,120</b>        | <b>91,803,329</b>  | <b>43,943,229</b>                       | <b>7,571,770</b> | <b>33,282,405</b>            | <b>336,511,853</b> |
| <b>As at 31 December 2025</b>                       |                           |                    |   |                  |                              |                    |
| Cost  | 299,265,216               | 195,730,709        | 90,057,695                              | 17,638,578       | 35,444,290                   | 638,136,488        |
| Depreciation and impairment                         | (139,354,096)             | (103,927,380)      | (46,114,466)                            | (10,066,808)     | (2,161,885)                  | (301,624,635)      |
| <b>Net book value</b>                               | <b>159,911,120</b>        | <b>91,803,329</b>  | <b>43,943,229</b>                       | <b>7,571,770</b> | <b>33,282,405</b>            | <b>336,511,853</b> |

In 2025, The Group capitalised borrowing costs directly attributable to the acquisition, construction and production of qualifying asset, as part of its cost amounting to 8,494 RSD (2024: capitalised borrowing costs in the amount of 80,335 RSD), note 36.

Of the total amount of activations in 2025 in the amount of 31,327,426 RSD, the most significant part refers to activation on oil&gas properties in the amount of 21,023,459 RSD. In 2024 the amount of 50,834,744 RSD, the most significant part refers to activation on oil&gas properties in the amount of 24,273,215 RSD.

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

As at 31 December 2025, the Group assessed indicators of impairment for its cash-generating units ("CGUs") – refer to note 3.8 for details. Based on this assessment, the Group recognized impairment losses of 2,425,837 RSD (2024: net reversal of impairment 173,197 RSD). The impairment in 2025 mainly relates to the Marketing asset 769,727 RSD and Assets under Construction within the Oil & Gas segment 1,624,819 RSD and reflects indications that the expected recoverable amounts of these assets are lower than their carrying amounts – refer to note 6 for details.

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

#### Oil and gas production assets

Oil and gas production assets comprise aggregated exploration and evaluation assets and development expenditures associated with the production of proved reserves. The information regarding Group's O&G assets is presented below:

|  | Capitalised<br>exploration<br>and evaluation<br>expenditure | Capitalised<br>development<br>expenditure | Total asset<br>under<br>construction | Production<br>assets | Other<br>business<br>and<br>corporate<br>assets | Total              |
|--|---|---|--------------------------------------|----------------------|---|--------------------|
| <b>As at 1 January 2024</b>            |   |   |                                      |                      |   |                    |
| Cost                                   | 13,205,102  | 7,512,827                                 | 20,717,929                           | 252,630,090          | 63,258  | 273,411,277        |
| Depreciation and impairment            | (195,949)   | (33,077)                                  | (229,026)                            | (110,571,668)        | (33,215)  | (110,833,909)      |
| <b>Net book amount</b>                 | <b>13,009,153</b>   | <b>7,479,750</b>                          | <b>20,488,903</b>                    | <b>142,058,422</b>   | <b>30,043</b>                                   | <b>162,577,368</b> |
| <b>Year ended 31 December 2024</b>     |   |   |                                      |                      |   |                    |
| Additions                              | (843,955)   | 2,251,853                                 | 1,407,898                            | 24,273,215           | -   | 25,681,113         |
| Changes in decommissioning obligations | -   | -   | -                                    | 662,734              | -   | 662,734            |
| Depreciation                           | -   | -   | -                                    | (14,057,728)         | (2,540)   | (14,060,268)       |
| Transfer to investment property        | -   | -   | -                                    | (13)                 | -   | (13)               |
| Disposals and write-off                | -   | (187)                                     | (187)                                | (35,634)             | (532)   | (36,353)           |
| Other transfers                        | (2,664)   | 3,999                                     | 1,335                                | (1,641)              | (94)  | (400)              |
| Translation differences                | (17,628)  | (1,432)                                   | (19,060)                             | (7,880)              | -   | (26,940)           |
|  | <b>12,144,906</b>   | <b>9,733,983</b>                          | <b>21,878,889</b>                    | <b>152,891,475</b>   | <b>26,877</b>                                   | <b>174,797,241</b> |
| <b>As at 31 December 2024</b>          |   |   |                                      |                      |   |                    |
| Cost                                   | 12,342,168  | 9,767,060                                 | 22,109,228                           | 277,691,675          | 62,632  | 299,863,535        |
| Depreciation and impairment            | (197,262)   | (33,077)                                  | (230,339)                            | (124,800,200)        | (35,755)  | (125,066,294)      |
| <b>Net book amount</b>                 | <b>12,144,906</b>   | <b>9,733,983</b>                          | <b>21,878,889</b>                    | <b>152,891,475</b>   | <b>26,877</b>                                   | <b>174,797,241</b> |
| <b>Year ended 31 December 2025</b>     |   |   |                                      |                      |   |                    |
| Additions                              | (273,411)   | (1,167,045)                               | (1,440,456)                          | 21,023,459           | 9,911   | 19,592,914         |
| Changes in decommissioning obligations | -   | -   | -                                    | 804,769              | -   | 804,769            |
| Impairment (note 33)                   | (1,618,730)   | (6,089)                                   | (1,624,819)                          | -                    | -   | (1,624,819)        |
| Depreciation                           | -   | -   | -                                    | (14,691,786)         | (4,523)   | (14,696,309)       |
| Disposals and write-off                | (219,840)   | (190)                                     | (220,030)                            | (15,428)             | -   | (235,458)          |
| Other transfers                        | 137,142   | (212,300)                                 | (75,158)                             | 126                  | (258)   | (75,290)           |
| Translation differences                | (99,614)  | (9,278)                                   | (108,892)                            | (101,495)            | -   | (210,387)          |
|  | <b>10,070,453</b>   | <b>8,339,081</b>                          | <b>18,409,534</b>                    | <b>159,911,120</b>   | <b>32,007</b>                                   | <b>178,352,661</b> |
| <b>As at 31 December 2025</b>          |   |   |                                      |                      |   |                    |
| Cost                                   | 11,884,680  | 8,378,247                                 | 20,262,927                           | 299,265,216          | 72,282  | 319,600,425        |
| Depreciation and impairment            | (1,814,227)   | (39,166)                                  | (1,853,393)                          | (139,354,096)        | (40,275)  | (141,247,764)      |
| <b>Net book amount</b>                 | <b>10,070,453</b>   | <b>8,339,081</b>                          | <b>18,409,534</b>                    | <b>159,911,120</b>   | <b>32,007</b>                                   | <b>178,352,661</b> |

The Group identified an impairment loss of RSD 1,624,819 in respect of the Exploration investment. This investment is currently in the stage of evaluating exploration results, and confirmation of these results. When assessing this investment at 31 December 2025, the Group observed indicators of impairment in accordance with IFRS 6 and recognized the corresponding impairment loss. The Group continues to monitor the results and, once confirmed by the National Agency for Mineral Resources, will reassess the investment for any further impairment or adjustments.

The Group has concession-related obligations arising from its oil and gas operations in Angola. Due to sanctions-related restrictions, the Group has been temporarily unable to settle certain concession payments as they fall due. Management is in ongoing discussions with the relevant authorities to address the outstanding obligations. As of the reporting date, these obligations remain unsettled, which places the Group in default risks in respect of these concession obligations. The Group holds rights to produced crude oil reserves in Angola, which are recognised as inventories, the estimated value of which fully covers the outstanding concession obligations.

### 13. RIGHT-OF-USE ASSETS

|   | Land           | Property         | Plant and equipment | Vehicles         | Total            |
|---|----------------|------------------|---------------------|------------------|------------------|
| <b>As at 1 January 2024</b>                               | <b>108,780</b> | <b>1,344,646</b> | <b>229,288</b>      | <b>2,046,036</b> | <b>3,728,750</b> |
| Additions   | 13,794         | 166,604          | 206,573             | 759,104          | 1,146,075        |
| Depreciation  | (10,111)       | (241,263)        | (150,835)           | (373,027)        | (775,236)        |
| Transfers   | -              | (5,963)          | -                   | -                | (5,963)          |
| Disposals   | -              | -                | (1,548)             | (216,925)        | (218,473)        |
| Translation differences                                   | (242)          | (774)            | (48)                | (33)             | (1,097)          |
| <b>As at 31 December 2024</b>                             | <b>112,221</b> | <b>1,263,250</b> | <b>283,430</b>      | <b>2,215,155</b> | <b>3,874,056</b> |
| <b>As at 1 January 2025</b>                               | <b>112,221</b> | <b>1,263,250</b> | <b>283,430</b>      | <b>2,215,155</b> | <b>3,874,056</b> |
| Additions   | -              | 59,545           | 406,014             | 107,631          | 573,190          |
| Depreciation  | (10,796)       | (226,323)        | (140,085)           | (348,203)        | (725,407)        |
| Transfers   | -              | -                | 293                 | (30,860)         | (30,567)         |
| Disposals   | -              | (56,008)         | (1,271)             | (1,701)          | (58,980)         |
| Effect of contract modifications and changes in estimates | -              | 9,974            | 23,397              | (770)            | 32,601           |
| Translation differences                                   | (2,085)        | 800              | 4                   | (9)              | (1,290)          |
| <b>As at 31 December 2025</b>                             | <b>99,340</b>  | <b>1,051,238</b> | <b>571,782</b>      | <b>1,941,243</b> | <b>3,663,603</b> |

### 14. INVESTMENT PROPERTY

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

Movements on investment properties were as follows:

|                                     | 2025             | 2024             |
|-------------------------------------|------------------|------------------|
| <b>As at 1 January</b>              | <b>1,514,935</b> | <b>1,514,920</b> |
| Fair value gains/(losses) (note 33) | 155,389          | (2,991)          |
| Transfer from PPE (note 12)         | -                | 10,432           |
| Other transfer                      | (5,393)          | (7,426)          |
| <b>As at 31 December</b>            | <b>1,664,931</b> | <b>1,514,935</b> |

As at 31 December 2025, investment properties amounting to 1,664,931 RSD (31 December 2024: 1,514,935 RSD) mainly relate to the petrol stations and business facilities that have been rented out under long-term lease agreements, and are valued at fair value as at the reporting date.

#### Fair value of investment properties

Valuation of the Group's investment properties comprised of rented petrol stations and other business facilities was performed to determine the fair value as at 31 December 2025 and 2024. The revaluation gain (loss) was debited to Other income/(expenses), net (note 33).

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

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

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

Fair value measurements at 31 December 2025 using:

|  | Quoted prices in<br>active markets for<br>identical assets<br>(Level 1) | Significant other<br>observable inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
|--|---|---|--|
| <i>Recurring fair value measurements</i> |   |   |  |
| <i>Land and buildings</i>                |   |   |  |
| – Shops and other facilities for rents   | -   | 1,062,935   | -  |
| – Gas stations                           | -   | -   | 601,996  |
| <b>Total</b>                             | -   | <b>1,062,935</b>                                    | <b>601,996</b>                                     |

Fair value measurements at 31 December 2024 using:

|  | Quoted prices in<br>active markets for<br>identical assets<br>(Level 1) | Significant other<br>observable inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
|--|---|---|--|
| <i>Recurring fair value measurements</i> |   |   |  |
| <i>Land and buildings</i>                |   |   |  |
| – Shops and other facilities for rents   | -   | 923,440   | -  |
| – Gas stations                           | -   | -   | 591,495  |
| <b>Total</b>                             | -   | <b>923,440</b>                                      | <b>591,495</b>                                     |

**Valuation techniques used to derive Level 2 fair values**

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

**Fair value measurements using significant unobservable inputs (Level 3)**

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

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

|                       | 2025  | 2024  |
|-----------------------|-------|-------|
| Long term growth rate | 1%    | 0%    |
| Discount rate         | 9.88% | 9.21% |

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

|  | 2025           | 2024           |
|--|----------------|----------------|
| <b>Assets as at 1 January</b>                              | <b>591,495</b> | <b>593,769</b> |
| Transfer to PPE  | -              | (2,274)        |
| Changes in fair value measurement:                         |                |                |
| Gains recognised in profit or loss, fair value measurement | 10,501         | -              |
| Total increase in fair value measurement, assets           | 10,501         | -              |
| <b>Assets as at 31 December</b>                            | <b>601,996</b> | <b>591,495</b> |

**NIS Group**
**Notes to the Consolidated Financial Statements for the year ended 31 December 2025**
*(All amounts are in 000 RSD, unless otherwise stated)*
**15. GOODWILL AND OTHER INTANGIBLE ASSETS**

|                                    | Goodwill         | Licenses,<br>other than<br>related to<br>O&G activity | Software         | IA under<br>development | Other IA       | Total            |
|------------------------------------|------------------|---|------------------|-------------------------|----------------|------------------|
| <b>As at 1 January 2024</b>        |                  |   |                  |                         |                |                  |
| Cost                               | 1,260,808        | 3,439,658   | 9,761,173        | 643,567                 | 707,678        | 15,812,884       |
| Amortization and impairment        | -                | (1,548,616)   | (8,346,255)      | -                       | (511,989)      | (10,406,860)     |
| <b>Net book value</b>              | <b>1,260,808</b> | <b>1,891,042</b>                                      | <b>1,414,918</b> | <b>643,567</b>          | <b>195,689</b> | <b>5,406,024</b> |
| <b>Year ended 31 December 2024</b> |                  |   |                  |                         |                |                  |
| Additions                          | -                | 209,933   | 649,355          | 355,912                 | 33,520         | 1,248,720        |
| Impairment (note 33)               | -                | -   | (9,714)          | -                       | -              | (9,714)          |
| Amortization                       | -                | (218,092)   | (336,437)        | -                       | (31,804)       | (586,333)        |
| Transfer from PPE (note 12)        | -                | -   | -                | 280                     | -              | 280              |
| Disposals and write-off            | -                | (216)   | -                | -                       | -              | (216)            |
| Other transfers                    | -                | (7,502)   | (1,342)          | (27,832)                | 7,501          | (29,175)         |
| Translation differences            | (1,956)          | (34)  | (1)              | (2)                     | -              | (1,993)          |
|                                    | <b>1,258,852</b> | <b>1,875,131</b>                                      | <b>1,716,779</b> | <b>971,925</b>          | <b>204,906</b> | <b>6,027,593</b> |
| <b>As at 31 December 2024</b>      |                  |   |                  |                         |                |                  |
| Cost                               | 1,258,852        | 3,627,212   | 10,408,687       | 971,925                 | 719,245        | 16,985,921       |
| Amortization and impairment        | -                | (1,752,081)   | (8,691,908)      | -                       | (514,339)      | (10,958,328)     |
| <b>Net book value</b>              | <b>1,258,852</b> | <b>1,875,131</b>                                      | <b>1,716,779</b> | <b>971,925</b>          | <b>204,906</b> | <b>6,027,593</b> |
| <b>As at 1 January 2025</b>        |                  |   |                  |                         |                |                  |
| Cost                               | 1,258,852        | 3,627,212   | 10,408,687       | 971,925                 | 719,245        | 16,985,921       |
| Amortization and impairment        | -                | (1,752,081)   | (8,691,908)      | -                       | (514,339)      | (10,958,328)     |
| <b>Net book value</b>              | <b>1,258,852</b> | <b>1,875,131</b>                                      | <b>1,716,779</b> | <b>971,925</b>          | <b>204,906</b> | <b>6,027,593</b> |
| <b>Year ended 31 December 2025</b> |                  |   |                  |                         |                |                  |
| Additions                          | -                | 363,201   | 1,192,261        | (77,692)                | 15,757         | 1,493,527        |
| Impairment (note 33)               | (513,845)        | -   | (44,907)         | -                       | -              | (558,752)        |
| Amortization                       | -                | (252,786)   | (423,313)        | -                       | (36,331)       | (712,430)        |
| Transfer from PPE (note 12)        | -                | -   | -                | 703                     | -              | 703              |
| Disposals and write-off            | -                | -   | (198)            | -                       | -              | (198)            |
| Other transfers                    | -                | 19,031  | -                | 3,102                   | (19,031)       | 3,102            |
| Translation differences            | (3,461)          | (111)   | 2                | (19)                    | -              | (3,589)          |
|                                    | <b>741,546</b>   | <b>2,004,466</b>                                      | <b>2,440,624</b> | <b>898,019</b>          | <b>165,301</b> | <b>6,249,956</b> |
| <b>As at 31 December 2025</b>      |                  |   |                  |                         |                |                  |
| Cost                               | 741,546          | 3,987,026   | 11,562,390       | 898,019                 | 705,877        | 17,894,858       |
| Amortization and impairment        | -                | (1,982,560)   | (9,121,766)      | -                       | (540,576)      | (11,644,902)     |
| <b>Net book value</b>              | <b>741,546</b>   | <b>2,004,466</b>                                      | <b>2,440,624</b> | <b>898,019</b>          | <b>165,301</b> | <b>6,249,956</b> |

**Impairment test for goodwill**

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

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

|                                 | 2025   | 2024   |
|---------------------------------|--------|--------|
| Growth rate                     | 1%     | 1%     |
| Price/sales ratio               | 0.77   | 0.77   |
| Discount rate                   |        |        |
| - Romania market                | 8.72%  | 8.06%  |
| - Bulgaria market               | 7.97%  | 7.44%  |
| - Bosnia and Herzegovina market | 14.96% | 13.22% |

The discount rates used are after-tax and reflect specific risks relation to the relevant CGU.

## NIS Group

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

The following is a summary of goodwill allocation:

|                        | <b>Opening<br/>balance</b> | <b>Addition</b> | <b>Impairment</b> | <b>Translation<br/>differences</b> | <b>Closing balance</b> |
|------------------------|----------------------------|-----------------|-------------------|------------------------------------|------------------------|
| <b>2025</b>            |                            |                 |                   |                                    |                        |
| Bosnia and Herzegovina | 480,016                    | -               | -                 | 1,097                              | 481,113                |
| Romania                | 266,163                    | -               | -                 | (5,730)                            | 260,433                |
| Bulgaria               | 512,673                    | -               | (513,845)         | 1,172                              | -                      |
|                        | <b>1,258,852</b>           | <b>-</b>        | <b>(513,845)</b>  | <b>(3,461)</b>                     | <b>741,546</b>         |
| <b>2024</b>            |                            |                 |                   |                                    |                        |
| Bosnia and Herzegovina | 480,669                    | -               | -                 | (653)                              | 480,016                |
| Romania                | 266,769                    | -               | -                 | (606)                              | 266,163                |
| Bulgaria               | 513,370                    | -               | -                 | (697)                              | 512,673                |
|                        | <b>1,260,808</b>           | <b>-</b>        | <b>-</b>          | <b>(1,956)</b>                     | <b>1,258,852</b>       |

The Group performs annual impairment tests on goodwill allocated to its cash-generating units ("CGUs") in accordance with IAS 36. As at 31 December 2025, the impairment tests for CGUs in Bosnia and Herzegovina and Romania indicate that the recoverable amounts, determined as the higher of value in use and fair value less costs to dispose, exceed or do not materially differ from the carrying amounts of goodwill allocated to these units.

For the CGU in Bulgaria, the impairment test identified an impairment loss of 513,845 RSD, which has been recognized in the consolidated financial statements.

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

## 16. INVESTMENTS IN JOINT VENTURE

The carrying values of the investments in associates and joint ventures as of 31 December, 2025 and 2024 are summarised below:

|  | <b>Ownership<br/>percentage</b> | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |           |
|--|---------------------------------|-----------------------------|-----------------------------|-----------|
| NIS MET Energowind d.o.o. Belgrade           | Joint venture                   | 50%                         | 723,389                     | 746,727   |
| Gazprom Energoholding Serbia d.o.o. Belgrade | Joint venture                   | 49%                         | 2,671,122                   | 1,876,360 |
| <b>Total investments</b>                     |                                 | <b>3,394,511</b>            | <b>2,623,087</b>            |           |

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

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

### **NIS MET Energowind d.o.o. Belgrade**

In 2013 the Group acquired 50% of interest in a joint venture Energowind d.o.o. which was intended to be used as a vehicle for operation of future wind farm "Plandište" with total capacity of 102 MW.

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

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

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)***Gazprom Energoholding Serbia d.o.o. Belgrade**

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

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

|                            | <b>NIS MET<br/>Energowind</b> | <b>Gazprom<br/>Energoholding<br/>Serbia</b> |
|----------------------------|-------------------------------|---|
| <b>31 December 2025</b>    |                               |   |
| Current assets             | 15,938                        | 1,727,360                                   |
| Non-current assets         | 3,720,936                     | 21,436,952                                  |
| Current liabilities        | 1,885,124                     | 3,814,015                                   |
| Non-current liabilities    | -                             | 13,886,752                                  |
| Revenue                    | 18,334                        | 15,014,478                                  |
| Profit/(Loss) for the year | <u>(46,675)</u>               | <u>1,621,963</u>                            |
| <b>31 December 2024</b>    |                               |   |
| Current assets             | 30,137                        | 2,506,687                                   |
| Non-current assets         | 3,722,072                     | 21,979,523                                  |
| Current liabilities        | 1,853,550                     | 5,747,971                                   |
| Non-current liabilities    | -                             | 14,894,183                                  |
| Revenue                    | 18,740                        | 15,095,928                                  |
| Loss for the year          | <u>(101,022)</u>              | <u>(113,078)</u>                            |

**17. LONG-TERM FINANCIAL ASSETS**

|   | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---|-----------------------------|-----------------------------|
| Financial assets at FVTOCI                          | 124,340                     | 124,443                     |
| Other LT placements                                 | 20,087                      | 25,060                      |
| <i>Less provision of financial assets at FVTOCI</i> | (32,622)                    | (32,622)                    |
| <i>Less provision of other LT placements</i>        | (7,407)                     | (11,628)                    |
|   | <u><b>104,398</b></u>       | <u><b>105,253</b></u>       |

**18. DEFERRED TAX**

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

|                                | <b>Assets</b>           | <b>Liabilities</b>      | <b>Net</b>              |
|--------------------------------|-------------------------|-------------------------|-------------------------|
| <b>As at December 31, 2025</b> |                         |                         |                         |
| Provisions                     | 859,211                 | -                       | 859,211                 |
| Property, plant and equipment  | 4,430,754               | (3,975)                 | 4,426,779               |
| Impairment losses              | 54,045                  | -                       | 54,045                  |
| Fair value gains               | 3,971                   | -                       | 3,971                   |
| Revaluation reserve            | -                       | (11,210)                | (11,210)                |
|                                | <u><b>5,347,981</b></u> | <u><b>(15,185)</b></u>  | <u><b>5,332,796</b></u> |
| <b>As at December 31, 2024</b> |                         |                         |                         |
| Provisions                     | 705,815                 | -                       | 705,815                 |
| Property, plant and equipment  | 3,519,272               | (179,997)               | 3,339,275               |
| Impairment losses              | 61,012                  | -                       | 61,012                  |
| Fair value gains               | 3,956                   | -                       | 3,956                   |
| Revaluation reserve            | -                       | (11,362)                | (11,362)                |
|                                | <u><b>4,290,055</b></u> | <u><b>(191,359)</b></u> | <u><b>4,098,696</b></u> |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

Movements in temporary differences during the period:

|                               | As at<br>December 31,<br>2024 | Recognised in<br>profit or loss | Recognised in<br>other<br>comprehensive<br>income | Other        | As at<br>December 31,<br>2025 |
|-------------------------------|-------------------------------|---------------------------------|---|--------------|-------------------------------|
| Provisions                    | 705,815                       | 143,998                         | 9,398   | -            | 859,211                       |
| Property, plant and equipment | 3,339,275                     | 1,088,375                       | -   | (871)        | 4,426,779                     |
| Impairment losses             | 61,012                        | (6,965)                         | -   | (2)          | 54,045                        |
| Fair value gains              | 3,956                         | -                               | 16  | (1)          | 3,971                         |
| Revaluation reserve           | (11,362)                      | -                               | -   | 152          | (11,210)                      |
| <b>Total</b>                  | <b>4,098,696</b>              | <b>1,225,408</b>                | <b>9,414</b>                                      | <b>(722)</b> | <b>5,332,796</b>              |

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

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

**19. OTHER NON-CURRENT ASSETS**

|   | 31 December<br>2025 | 31 December<br>2024 |
|---|---------------------|---------------------|
| Advances paid for PPE                   | 1,527,977           | 3,033,702           |
| Prepaid expenses                        | 56,818              | 76,833              |
| Other assets                            | 921,728             | 911,737             |
| <i>Less allowance for other assets</i>  | (273,895)           | (282,135)           |
| <i>Less allowance for advances paid</i> | (183,948)           | (232,739)           |
|   | <b>2,048,680</b>    | <b>3,507,398</b>    |

**20. SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT**

|  | 31 December<br>2025 | 31 December<br>2024 |
|--|---------------------|---------------------|
| Interest payables                            | 128,572             | 210,851             |
| Current portion of long-term loans (note 24) | 19,245,155          | 8,815,829           |
|  | <b>19,373,727</b>   | <b>9,026,680</b>    |

**21. TRADE AND OTHER PAYABLES**

|                        | 31 December<br>2025 | 31 December<br>2024 |
|------------------------|---------------------|---------------------|
| Trade payables         | 11,240,739          | 18,141,740          |
| Dividends payable      | 5,844,191           | 3,783,398           |
| Other accounts payable | 1,646,441           | 44,296              |
|                        | <b>18,731,371</b>   | <b>21,969,434</b>   |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)***22. OTHER CURRENT LIABILITIES**

|   | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---|-----------------------------|-----------------------------|
| Contract liabilities arising from contracts with customers: |                             |                             |
| - Advances received   | 2,092,821                   | 5,462,225                   |
| - Customer loyalty  | 804,379                     | 1,032,331                   |
| - Deferred income   | 75,828                      | 115,376                     |
| Payables to employees                                       | 3,615,606                   | 6,517,437                   |
| Other current non-financial liabilities                     | 454,620                     | 296,011                     |
|   | <b>7,043,254</b>            | <b>13,423,380</b>           |

Revenue in the amount of 5,820,812 RSD recognized in the current reporting period (31 December 2024: 5,326,324 RSD) related to the contract liabilities as at 1 January 2025, of which 5,028,721 RSD (31 December 2024: 4,586,279 RSD) related to advances and 792,091 RSD (31 December 2024: 650,045 RSD) to the customer loyalty programme.

**23. OTHER TAXES PAYABLE**

|   | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---|-----------------------------|-----------------------------|
| Mineral extraction tax                    | 501,157                     | 445,228                     |
| VAT                                       | 2,464,268                   | 2,913,503                   |
| Excise tax                                | 3,403,527                   | 8,614,381                   |
| Contribution for State commodity reserves | 128,631                     | 348,237                     |
| Custom duties                             | 7,499                       | 86,287                      |
| Energy efficiency fee                     | 15,063                      | 45,956                      |
| Other taxes                               | 824,949                     | 1,900,231                   |
|   | <b>7,345,094</b>            | <b>14,353,823</b>           |

**24. LONG-TERM DEBT**

|                                       | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---------------------------------------|-----------------------------|-----------------------------|
| Bank loans                            | 46,392,417                  | 65,159,107                  |
| Other long-term borrowings            | 897,946                     | 872,399                     |
| <i>Less Current portion (note 20)</i> | <i>(19,245,155)</i>         | <i>(8,815,829)</i>          |
|                                       | <b>28,045,208</b>           | <b>57,215,677</b>           |

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

|                                       | <b>2025</b>       | <b>2024</b>       |
|---------------------------------------|-------------------|-------------------|
| <b>As at 1 January</b>                | <b>65,159,107</b> | <b>65,223,168</b> |
| Proceeds                              | 4,464,639         | 12,055,368        |
| Repayment                             | (23,424,038)      | (11,935,484)      |
| Non-cash transactions                 | 49,498            | (95,469)          |
| Foreign exchange difference (note 34) | 143,211           | (88,476)          |
| <b>As at 31 December</b>              | <b>46,392,417</b> | <b>65,159,107</b> |

*Bank loans*

|                                    | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|------------------------------------|-----------------------------|-----------------------------|
| Total bank loans                   | 46,392,417                  | 65,159,107                  |
| Current portion of long-term loans | (19,245,155)                | (8,815,829)                 |
|                                    | <b>27,147,262</b>           | <b>56,343,278</b>           |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

The maturity of bank loans was as follows:

|                       | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|-----------------------|-----------------------------|-----------------------------|
| Between 1 and 2 years | 6,323,800                   | 30,987,592                  |
| Between 2 and 5 years | 20,578,503                  | 24,567,096                  |
| Over 5 years          | 244,959                     | 788,590                     |
|                       | <b>27,147,262</b>           | <b>56,343,278</b>           |

The carrying amounts of bank loans in the amount of 46,392,417 RSD (31 December 2024: 65,159,107 RSD) are denominated in EUR.

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

The loan agreements contain financial covenants that require the Group to maintain a ratio of Consolidated Indebtedness to Consolidated EBITDA (note 5). Management believes the Group is in compliance with these covenants as of 31 December 2025 and 31 December 2024 respectively.

The loan agreements also contain prepayment covenants in the event international sanctions are imposed against the Group, which are not triggered automatically. Given the current geopolitical environment and the associated sanction-related risks, there is uncertainty regarding the potential future application of this clause. The Group is continuously monitoring the situation and conducting assessments in coordination with its legal advisors.

Other long-term borrowings in the amount of 897,946 RSD (31 December 2024: 872,399 RSD) mainly relate to the corporate bonds.

**25. LEASE LIABILITIES**

|                               | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|-------------------------------|-----------------------------|-----------------------------|
| Non-current lease liabilities | 2,063,674                   | 2,620,846                   |
| Current lease liabilities     | 1,150,161                   | 934,141                     |
|                               | <b>3,213,835</b>            | <b>3,554,987</b>            |

Amounts recognized in profit or loss:

|  | <b>2025</b> | <b>2024</b> |
|--|-------------|-------------|
| Interest expense (included in finance cost) (note 36)  | 147,942     | 167,022     |
| Expense relating to short-term leases  | 136,349     | 165,546     |
| Expense relating to leases of low value assets that are not shown above as short-term leases | 69,927      | 102,859     |
| Expense relating to variable lease payments not included in lease liabilities                | 2,499,573   | 2,592,014   |

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

|                                       | <b>2025</b>      | <b>2024</b>      |
|---------------------------------------|------------------|------------------|
| <b>As at 1 January</b>                | <b>3,554,987</b> | <b>3,935,015</b> |
| Repayment                             | (992,820)        | (1,206,983)      |
| Non-cash transactions                 | 643,704          | 836,184          |
| Foreign exchange difference (note 34) | 7,964            | (9,229)          |
| <b>As at 31 December</b>              | <b>3,213,835</b> | <b>3,554,987</b> |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)***26. OTHER NON-CURRENT FINANCIAL LIABILITIES**

As at 31 December 2025 other non-current financial liabilities in the amount of 864,962 RSD (2024: 837,800 RSD) represents deferred consideration for O&G.

**27. PROVISIONS FOR LIABILITIES AND CHARGES**

Movements on the long-term provisions were as follow:

|  | Decommissioning   | Environmental protection | Employees benefits provision | Long-term incentive program | Legal claims and other provisions | Total             |
|--|-------------------|--------------------------|------------------------------|-----------------------------|-----------------------------------|-------------------|
| <b>As at 1 January 2024</b>                          | <b>11,374,688</b> | <b>466,555</b>           | <b>1,366,540</b>             | <b>1,496,533</b>            | <b>1,945,789</b>                  | <b>16,650,105</b> |
| Charged to profit or loss (note 31, 33 and 36)       | 155,628           | -                        | 202,800                      | 303,851                     | 502,264                           | 1,164,543         |
| New obligation incurred and change in estimates      | 662,734           | -                        | -                            | -                           | -                                 | 662,734           |
| Release of provision (note 31, 33 and 36)            | (87,194)          | (2,995)                  | -                            | -                           | (9,799)                           | (99,988)          |
| Actuarial loss charged to other comprehensive income | -                 | -                        | 188,656                      | -                           | -                                 | 188,656           |
| Settlement   | (25,422)          | (77,809)                 | (207,555)                    | (1,300,107)                 | (969,373)                         | (2,580,266)       |
| Other  | (566)             | -                        | (22)                         | -                           | 109,677                           | 109,089           |
| <b>As at 31 December 2024</b>                        | <b>12,079,868</b> | <b>385,751</b>           | <b>1,550,419</b>             | <b>500,277</b>              | <b>1,578,558</b>                  | <b>16,094,873</b> |
| <b>As at 1 January 2025</b>                          | <b>12,079,868</b> | <b>385,751</b>           | <b>1,550,419</b>             | <b>500,277</b>              | <b>1,578,558</b>                  | <b>16,094,873</b> |
| Charged to profit or loss (note 31, 33 and 36)       | 261,600           | -                        | 227,916                      | 1,126,541                   | 20,840                            | 1,636,897         |
| New obligation incurred and change in estimates      | 804,769           | -                        | -                            | -                           | -                                 | 804,769           |
| Release of provision (note 31, 33 and 36)            | (89,977)          | -                        | -                            | -                           | (1,182,070)                       | (1,272,047)       |
| Actuarial loss charged to other comprehensive income | -                 | -                        | 78,975                       | -                           | -                                 | 78,975            |
| Settlement   | (12,537)          | (83,347)                 | (205,812)                    | (237,534)                   | (68,167)                          | (607,397)         |
| Other  | (9,101)           | -                        | 42                           | -                           | 1,975                             | (7,084)           |
| <b>As at 31 December 2025</b>                        | <b>13,034,622</b> | <b>302,404</b>           | <b>1,651,540</b>             | <b>1,389,284</b>            | <b>351,136</b>                    | <b>16,728,986</b> |

Analysis of total provisions:

|             | 31 December 2025  | 31 December 2024  |
|-------------|-------------------|-------------------|
| Non-current | 14,190,785        | 14,752,819        |
| Current     | 2,538,201         | 1,342,054         |
|             | <b>16,728,986</b> | <b>16,094,873</b> |

**(a) Decommissioning**

The Group's Management estimates future cash outflows for restoration of natural resources (land) on oil and gas wells based on previous experience in similar projects. In 2025 the Group released provision in amount of 89,977 RSD for ARO decommissioning for objects where the consequences of historical pollution have been remediated and for which there is no longer an additional obligation (note 33).

**(b) Environmental protection**

The Group has to comply with environmental protection regulations. At the reporting date Group recorded provision for environmental protection of 302,404 RSD (31 December 2024: 385,751 RSD) based on the management assessment of necessary costs for cleaning up sites and remediation of polluted facilities.

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)***(c) Long-term incentive program**

In 2011, the Group started setting-up a long-term incentive program for Group managers. Following the program's approval, cash incentives were paid out based on the Key Performance Indicators ("KPI") reached over the past three-year periods. As at 31 December 2025 the management made an assessment of present value of liabilities related to new three-year employee incentives (2024-2026) in amount of 1,389,284 RSD (2024: 500,277 RSD).

**(d) Legal claims and other provisions**

As at 31 December 2025, the Group assessed the likelihood of adverse outcomes in ongoing legal proceedings and estimated the probable losses. A provision of 20,840 RSD (2024: 502,264 RSD) was recognized in 2025 for proceedings assessed as likely to result in negative outcomes. During the year, the Group released provisions amounting to 1,182,070 RSD, primarily reflecting the reversal of previously recognized provisions for interest on contractual obligations related to the O&G minimum work programs under current research projects. The Group estimates that the ultimate outcome of all legal and other proceedings will not result in material losses exceeding the provision as at 31 December 2025.

**(e) Provision for employee benefits**

Employee benefits:

|                       | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|-----------------------|-----------------------------|-----------------------------|
| Retirement allowances | 1,179,597                   | 1,111,245                   |
| Jubilee awards        | 471,943                     | 439,174                     |
|                       | <b>1,651,540</b>            | <b>1,550,419</b>            |

The principal actuarial assumptions used were as follows:

|                                 | <b>31 December<br/>2025</b> | <b>31 December<br/>2024</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Discount rate                   | 5.83%                       | 6.40%                       |
| Future salary increases         | 6.11%                       | 6.29%                       |
| Future average years of service | 17.48                       | 18.39                       |

|  | <b>Retirement<br/>allowances</b> | <b>Jubilee<br/>awards</b> | <b>Total</b>     |
|--|----------------------------------|---------------------------|------------------|
| <b>Balances as at 1 January 2024</b>                 | <b>938,794</b>                   | <b>427,746</b>            | <b>1,366,540</b> |
| Benefits paid directly                               | (150,959)                        | (56,596)                  | (207,555)        |
| Actuarial loss charged to other comprehensive income | 188,656                          | -                         | 188,656          |
| Debited to profit or loss                            | 134,776                          | 68,024                    | 202,800          |
| Translation reserves                                 | (22)                             | -                         | (22)             |
| <b>Balances as at 31 December 2024</b>               | <b>1,111,245</b>                 | <b>439,174</b>            | <b>1,550,419</b> |
| Benefits paid directly                               | (151,839)                        | (53,973)                  | (205,812)        |
| Actuarial loss charged to other comprehensive income | 78,975                           | -                         | 78,975           |
| Debited to profit or loss                            | 141,174                          | 86,742                    | 227,916          |
| Translation reserves                                 | 42                               | -                         | 42               |
| <b>Balances as at 31 December 2025</b>               | <b>1,179,597</b>                 | <b>471,943</b>            | <b>1,651,540</b> |

The amounts recognized in the Consolidated Profit or Loss are as follows:

|  | <b>Year ended<br/>31 December<br/>2025</b> | <b>2024</b>    |
|--|--|----------------|
| Current service cost                   | 114,173                                    | 75,201         |
| Interest cost                          | 93,474                                     | 93,333         |
| Curtailment gain                       | 19,611                                     | (5,120)        |
| Actuarial (gain)/loss (jubilee awards) | (1,781)                                    | 435            |
| Past service cost                      | 2,439                                      | 38,951         |
|  | <b>227,916</b>                             | <b>202,800</b> |

## 28. SHARE CAPITAL

Share capital represents share capital of the Company, which is listed on Belgrade Stock Exchange. Par value per share is 500 RSD. Share capital as of 31 December 2025 and 31 December 2024 comprise of 163,060,400 ordinary shares.

The dividends 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). The dividend distribution was approved on the General Assembly Meeting held on 20 June 2025 and paid on 22 October 2025, with dividend payments to certain shareholders deferred in line with the decision of the General Assembly due to applicable sanctions.

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

|   | Year ended<br>31 December |              |
|---|---------------------------|--------------|
|   | 2025                      | 2024         |
| Profit/(Loss) attributable to the ordinary equity holder of the parent entity | (4,551,547)               | 10,844,835   |
| Weighted average number of ordinary shares                                    | 163,060,400               | 163,060,400  |
| <b>Earnings (loss) per share (in RSD)</b>                                     | <b>(27.91)</b>            | <b>66.51</b> |

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

## 29. PRODUCTION, MANUFACTURING AND COST OF OTHER SALES

|  | Year ended<br>31 December |                   |
|--|---------------------------|-------------------|
|  | 2025                      | 2024              |
| Employee costs (note 31)                                       | 15,325,002                | 14,217,546        |
| Materials and supplies (other than O&G and petroleum products) | 4,097,498                 | 3,851,850         |
| Repair and maintenance services                                | 5,007,467                 | 6,284,848         |
| Electricity for resale   | 74,629                    | 123,600           |
| Electricity and utilities                                      | 16,072,219                | 16,752,922        |
| Safety and security expense                                    | 802,052                   | 495,188           |
| Insurance services   | 310,324                   | 407,242           |
| Transportation services for production                         | 724,058                   | 648,773           |
| Inventory release (note 10)                                    | (114,933)                 | (557,297)         |
| Other  | 5,904,950                 | 5,333,468         |
|  | <b>48,203,266</b>         | <b>47,558,140</b> |

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

## 30. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

|   | Year ended<br>31 December |                   |
|---|---------------------------|-------------------|
|   | 2025                      | 2024              |
| Employee costs (note 31)                            | 24,738,506                | 23,372,832        |
| Commission and agency fees                          | 768,805                   | 734,801           |
| Legal, audit and consulting services                | 1,090,823                 | 982,637           |
| Current repair cost                                 | 1,650,188                 | 1,576,475         |
| Costs on advertising and marketing                  | 357,126                   | 531,798           |
| Electricity and utilities                           | 1,145,129                 | 1,047,893         |
| Rent expense  | 86,614                    | 127,773           |
| Business trips expense                              | 289,514                   | 434,813           |
| Safety and security expense                         | 1,299,511                 | 1,267,296         |
| Insurance expense                                   | 92,098                    | 144,896           |
| Transportation and storage                          | 230,885                   | 314,607           |
| Release of provision for doubtful accounts (note 5) | (38,372)                  | (326,724)         |
| Other   | 4,867,764                 | 5,277,769         |
|   | <b>36,578,591</b>         | <b>35,486,866</b> |

Other expenses in the amount of 4,867,764 RSD (2024: 5,277,769 RSD) mainly relate to bank charges, IT services, telecommunication services and other services.

**31. EMPLOYEE COSTS**

|  | Year ended<br>31 December |                   |
|--|---------------------------|-------------------|
|  | 2025                      | 2024              |
| Wages and salaries                           | 38,363,063                | 36,635,936        |
| Employee benefits (note 27)                  | 1,155,221                 | 338,970           |
| Other costs                                  | 545,224                   | 615,472           |
| <b>Total employee costs (note 29 and 30)</b> | <b>40,063,508</b>         | <b>37,590,378</b> |
| Social security contributions (social taxes) | 5,351,618                 | 5,029,028         |
|  | <b>45,415,126</b>         | <b>42,619,406</b> |

**32. TAXES OTHER THAN INCOME TAX**

|  | Year ended<br>31 December |                  |
|--|---------------------------|------------------|
|  | 2025                      | 2024             |
| Mineral extraction tax                       | 1,926,995                 | 1,842,816        |
| Property tax                                 | 1,080,991                 | 963,046          |
| Social security contributions (social taxes) | 5,351,618                 | 5,029,028        |
| Other  | 748,385                   | 1,006,149        |
|  | <b>9,107,989</b>          | <b>8,841,039</b> |

**33. OTHER INCOME/(EXPENSES), NET**

|  | Year ended<br>31 December |                |
|--|---------------------------|----------------|
|  | 2025                      | 2024           |
| Penalties  | 113,958                   | 562,544        |
| (Charge)/release of provisions (legal, environmental, etc.), net (note 27) | 1,161,230                 | (489,470)      |
| (Impairment)/reversal of non-financial assets (note 12, 14 and 15)         | (2,315,355)               | 160,492        |
| Impairment of goodwill (note 15)   | (513,845)                 | -              |
| Gain from write-off of accounts payable                                    | 31,642                    | 275,137        |
| ARO - Change in estimate (note 27)   | (24,398)                  | 87,194         |
| Charity and social payments  | (177,016)                 | (197,078)      |
| Other  | 101,837                   | 140,871        |
|  | <b>(1,621,947)</b>        | <b>539,690</b> |

**34. NET FOREIGN EXCHANGE LOSS**

|   | Year ended<br>31 December |                    |
|---|---------------------------|--------------------|
|   | 2025                      | 2024               |
| Foreign exchange gain/(loss) on financing activities including: |                           |                    |
| - foreign exchange gain (note 24 and 25)                        | 273,979                   | 368,983            |
| - foreign exchange loss (note 24 and 25)                        | (425,154)                 | (271,278)          |
| Net foreign exchange loss on operating activities               | (668,717)                 | (1,143,895)        |
|   | <b>(819,892)</b>          | <b>(1,046,190)</b> |

**35. FINANCE INCOME**

|                                      | Year ended<br>31 December |                  |
|--------------------------------------|---------------------------|------------------|
|                                      | 2025                      | 2024             |
| Interest on bank deposits            | 1,196,486                 | 1,766,480        |
| Interest income on loans issued      | 11,583                    | 11,372           |
| Dividend income                      | -                         | 58,599           |
| Gains of restructuring of borrowings | -                         | 95,469           |
|                                      | <b>1,208,069</b>          | <b>1,931,920</b> |

**36. FINANCE EXPENSES**

|  | <b>Year ended<br/>31 December</b> |                  |
|--|-----------------------------------|------------------|
|  | <b>2025</b>                       | <b>2024</b>      |
| Interest expense   | 2,805,318                         | 3,628,856        |
| Losses on restructuring of borrowings  | 49,496                            | -                |
| Decommissioning provision: unwinding of the present value discount (note 27) | 147,225                           | 155,628          |
| Provision of trade and other non-current receivables: discount               | 14,671                            | (9,345)          |
| Less: amounts capitalised on qualifying assets (note 12)                     | (8,494)                           | (80,335)         |
|  | <b>3,008,216</b>                  | <b>3,694,804</b> |

Interest expense includes expenses on lease liabilities in the amount of 147,942 RSD for the year ended 31 December 2025 (167,022 RSD for the year ended 31 December 2024 accordingly) (Note 25).

**37. INCOME TAXES**

Components of income tax expense:

|   | <b>Year ended<br/>31 December</b> |                  |
|---|-----------------------------------|------------------|
|   | <b>2025</b>                       | <b>2024</b>      |
| Current income tax expense                                  | (1,463,404)                       | 4,814,328        |
| Deferred income tax   |                                   |                  |
| Origination and reversal of temporary differences (note 18) | (1,225,408)                       | (840,727)        |
| <b>Total income tax expense</b>                             | <b>(2,688,812)</b>                | <b>3,973,601</b> |

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

|  | <b>Year ended<br/>31 December</b> |                   |
|--|-----------------------------------|-------------------|
|  | <b>2025</b>                       | <b>2024</b>       |
| <b>Profit/(Loss) before income tax</b>   | <b>(8,266,954)</b>                | <b>14,053,038</b> |
| Tax expense at applicable domestic tax rate (15%)  | (1,240,043)                       | 2,107,956         |
| Effect of unrecognized tax losses and tax rates in foreign jurisdictions                                 | 419,391                           | 300,841           |
| Tax effects of:  |                                   |                   |
| - Revenues exempt from taxation  | (921)                             | (64,923)          |
| - Tax paid abroad  | -                                 | 329,842           |
| - Effect of tax consolidation (2024)   | (1,455,629)                       | -                 |
| - Other adjustments of prior year  | (212,269)                         | -                 |
| - Other expenses not deductible  | (1,160,317)                       | 195,576           |
| - Tax losses for which no deferred income tax asset was recognised (utilized recognised tax credit), net | 1,004,461                         | 1,105,130         |
| - Other tax effects for reconciliation between accounting profit and tax expense                         | (43,485)                          | (821)             |
|  | <b>(2,688,812)</b>                | <b>3,973,601</b>  |

The weighted average effective tax rate was 0.00% (2024: 28.28%).

NIS applied tax consolidation for the 2024 and 2025 tax year, following approval by the tax authorities. This was done in accordance with the 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) in amount 1,455,629 RSD, 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.

### **38. 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 a 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 the right to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2025.

#### *Economic environment in the Republic of Serbia*

The exacerbation of the geopolitical situation as a result of further developments of the situation with Ukraine led to amplified volatility in the commodity and financial markets. The average cost of Oil prices during 2025 was US \$ 69.11 per barrel which is 14% less from the same period in 2024 that resulted in introduction of short-term restrictions on the sale prices of refinery products by the Government of the Republic of Serbia. It is not possible to determine how long this increased volatility will last. A number of sanctions have been announced to restrict Russian entities operations and in such a situation, this could further impact the Group operations.

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

The management is taking necessary measures to ensure the 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 the actual results.

#### *Environmental protection*

Based on an internal assessment of compliance with the Republic of Serbia's environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 302,404 RSD (31 December 2024: 385,751 RSD) (note 27).

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

#### *Capital commitments*

As of 31 December 2025 the Group has entered into contracts to purchase property, plant and equipment in the amount of 3,177,738 RSD (31 December 2024: 4,852,949 RSD).

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

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

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025***(All amounts are in 000 RSD, unless otherwise stated)*

In addition, the Board of Directors has approved the sale of the subsidiary NIS Petrol Bulgaria, subject to the terms of the offer and the satisfaction of the 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.

**40. 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 year ended 31 December 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 the supply/delivery of crude oil, petroleum products and energy.

As at 31 December 2025 and 31 December 2024 the outstanding balances with the related parties were as follows:

|   | <b>Parent company</b> | <b>Parent's subsidiaries and associates</b> | <b>Joint venture</b> |
|---|-----------------------|---|----------------------|
| <b>As at 31 December 2025</b>           |                       |   |                      |
| Short-term financial assets             | -                     | 35,145                                      | -                    |
| Trade and other receivables             | -                     | 164,416                                     | 17,759               |
| Other current assets                    | -                     | 1,477                                       | -                    |
| Investments in joint venture            | -                     | -   | 3,394,511            |
| Trade and other non-current receivables | -                     | -   | 1,013,125            |
| Trade and other payables                | -                     | (2,078,671)                                 | (188,575)            |
| Other current liabilities               | -                     | (329)                                       | (213)                |
|   | -                     | <b>(1,877,962)</b>                          | <b>4,236,607</b>     |
| <b>As at 31 December 2024</b>           |                       |   |                      |
| Short-term financial assets             | -                     | 29,309                                      | -                    |
| Trade and other receivables             | -                     | 262,268                                     | 51,017               |
| Other current assets                    | -                     | 70,492                                      | 469,713              |
| Investments in joint venture            | -                     | -   | 2,623,087            |
| Trade and other non-current receivables | -                     | -   | 826,117              |
| Trade and other payables                | -                     | (166,304)                                   | (510,158)            |
| Other current liabilities               | -                     | (117)                                       | (389)                |
|   | -                     | <b>195,648</b>                              | <b>3,459,387</b>     |

For the year ended 31 December 2025 and 2024 the following transactions occurred with the related parties:

|  | <b>Parent</b> | <b>Parent's subsidiaries and associates</b> | <b>Joint venture</b> |
|--|---------------|---|----------------------|
| <b>Year ended 31 December 2025</b>                     |               |   |                      |
| Revenues from sales of products and services           | -             | 1,673,763                                   | 164,294              |
| Expenses based on procurement of products and services | -             | (218,342)                                   | (1,826,758)          |
| Other income/(expenses)                                | -             | 3,457                                       | (31,422)             |
|  | -             | <b>1,458,878</b>                            | <b>(1,693,886)</b>   |
| <b>Year ended 31 December 2024</b>                     |               |   |                      |
| Revenues from sales of products and services           | -             | 293,246                                     | 283,561              |
| Expenses based on procurement of products and services | -             | (907,617)                                   | (2,788,722)          |
| Other income/(expenses)                                | -             | 3,834                                       | (19,067)             |
|  | -             | <b>(610,537)</b>                            | <b>(2,524,228)</b>   |

**NIS Group****Notes to the Consolidated Financial Statements for the year ended 31 December 2025**

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

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

|                               | <b>31 December<br/>2025</b>       | <b>31 December<br/>2024</b> |
|-------------------------------|-----------------------------------|-----------------------------|
| <b>As at 31 December 2025</b> |                                   |                             |
| Trade and other receivables   | 371,692                           | 987,154                     |
| Advances paid                 | -                                 | 592                         |
| Trade and other payables      | (102,954)                         | (639,118)                   |
| Other current liabilities     | (211,618)                         | (24)                        |
|                               | <b>57,120</b>                     | <b>348,604</b>              |
|                               |                                   |                             |
|                               | <b>Year ended<br/>31 December</b> |                             |
| <b>Year ended 31 December</b> | <b>2025</b>                       | <b>2024</b>                 |
| Operating income              | 9,079,504                         | 11,358,258                  |
| Operating expenses            | (104,807)                         | (122,989)                   |
|                               | <b>8,974,697</b>                  | <b>11,235,269</b>           |

Transactions with state and state owned companies controlled entities mainly relates to sales of petroleum products based on the price lists in force and terms that would be available to third parties.

***Transactions with Key Management Personnel***

In the year ended 31 December 2025 and 2024 the Group recognized 998,312 RSD and 1,287,663 RSD, respectively, as compensation for key management personnel (Chief Executive Officer, members of the Board of Directors and Advisory Board and Corporate Secretary). Key management remuneration includes salaries, bonuses and other contributions.

**41. EVENTS AFTER THE REPORTING DATE**

Subsequent to 31 December 2025, the Group submitted a request to the U.S. Office of Foreign Assets Control (OFAC) on 19 January 2026 for the issuance of a new specific license that would allow the Group to continue its operational activities beyond 23 January 2026. The request was made in the context of ongoing discussions regarding the change in the ownership structure and based on the signed memorandum of understanding covering the principal terms of the sale and related purchase activities between Gazprom Neft and MOL.

Under the previous OFAC license (note 3.1.), initial operational activities had commenced at the Pančevo Oil Refinery. The issuance of the new license would allow the Group to continue refinery operations at full capacity.

On 23 January 2026, OFAC issued a specific license (Licence No. MUL- 2025-1447098-2) that postpones the full implementation of sanctions until 20 February 2026.

The Group considers this to be a non-adjusting event under IAS 10, and no adjustments have been made to the financial statements for the year ended 31 December 2025 as a result of this event.

All events occurring after the reporting date from 31 December 2025 to 30 January 2026, when these consolidated financial statements were approved, have been taken into account.

**NIS Group**

**Notes to the Consolidated Financial Statements for the year ended 31 December 2025**

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

**NIS Group**

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