

ANNUAL REPORT 2025

NIS

The Annual Report for 2025 gives a factual overview of activities, development and performance of the NIS Group in 2025. The Report covers and presents data for the NIS Group, comprising NIS j.s.c. Novi Sad and its subsidiaries. If the data pertain only to specific subsidiaries or only NIS j.s.c. Novi Sad, it is duly noted in the Report. The terms: NIS j.s.c. Novi Sad and 'The Company' denote the parent company NIS j.s.c. Novi Sad, whereas the terms NIS and NIS Group pertain to NIS j.s.c. Novi Sad with its subsidiaries.

The Annual Report provides a concise and an integrated overview of the financial and non-financial performance of the NIS Group in 2025 and shows how the strategic goals, corporate governance, achieved results and realised potentials, in conjunction with the external environment, lead to generating the value in the short, medium and long term.

The Annual Report is compiled in the Serbian, English and Russian language. In case of any discrepancy, the Serbian version shall prevail.

The Annual Report for 2025 is also available online on the corporate website. For any additional information on NIS Group, you may visit the corporate website www.nis.rs.

The Annual Report contains information explained in more detail in other sections of this Report, other reports or on the corporate website pages. In addition, the explanations of the abbreviations and acronyms used are given in the glossary at the end of the Report.

Reference to another part of the Report or to other reports of the NIS Group

Reference to the corporate website www.nis.rs



ANNUAL REPORT **REVIEW**



NIS GROUP IN 2025

Independent Auditor's Report,
overview of key indicators in 2025 and implementation of the most important projects



MANAGEMENT BUSINESS REPORT

NONFINANCIAL REPORTING

Analysis of business operations, results of NIS Group activities related to environmental protection, social and personnel issues, human rights protection, and fight against corruption



MANAGEMENT BUSINESS REPORT

CORPORATE GOVERNANCE

Corporate Governance Report, corporate Governance System



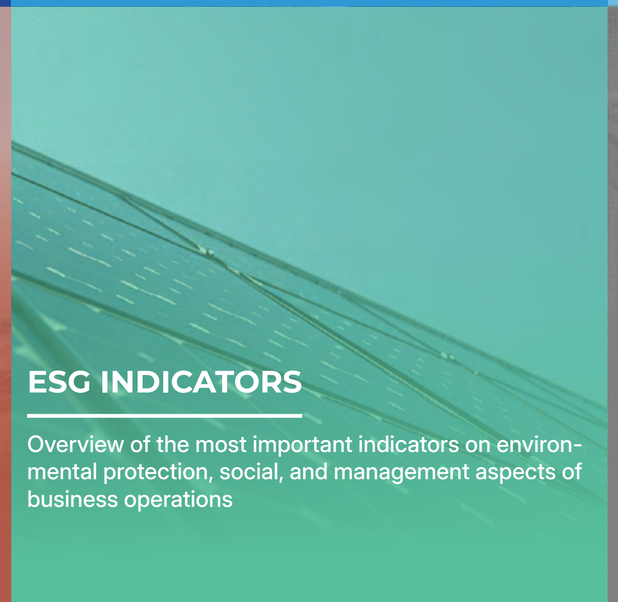
FINANCIAL STATEMENTS

Summary of financial statements and consolidated financial statements



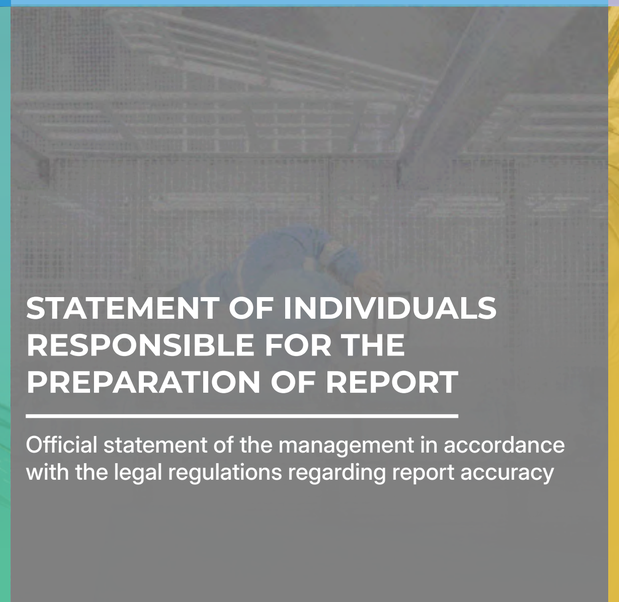
REPORT ON PAYMENTS TO GOVERNMENTAL AUTHORITIES

Detailed report on payments to government controlled authorities



ESG INDICATORS

Overview of the most important indicators on environmental protection, social, and management aspects of business operations



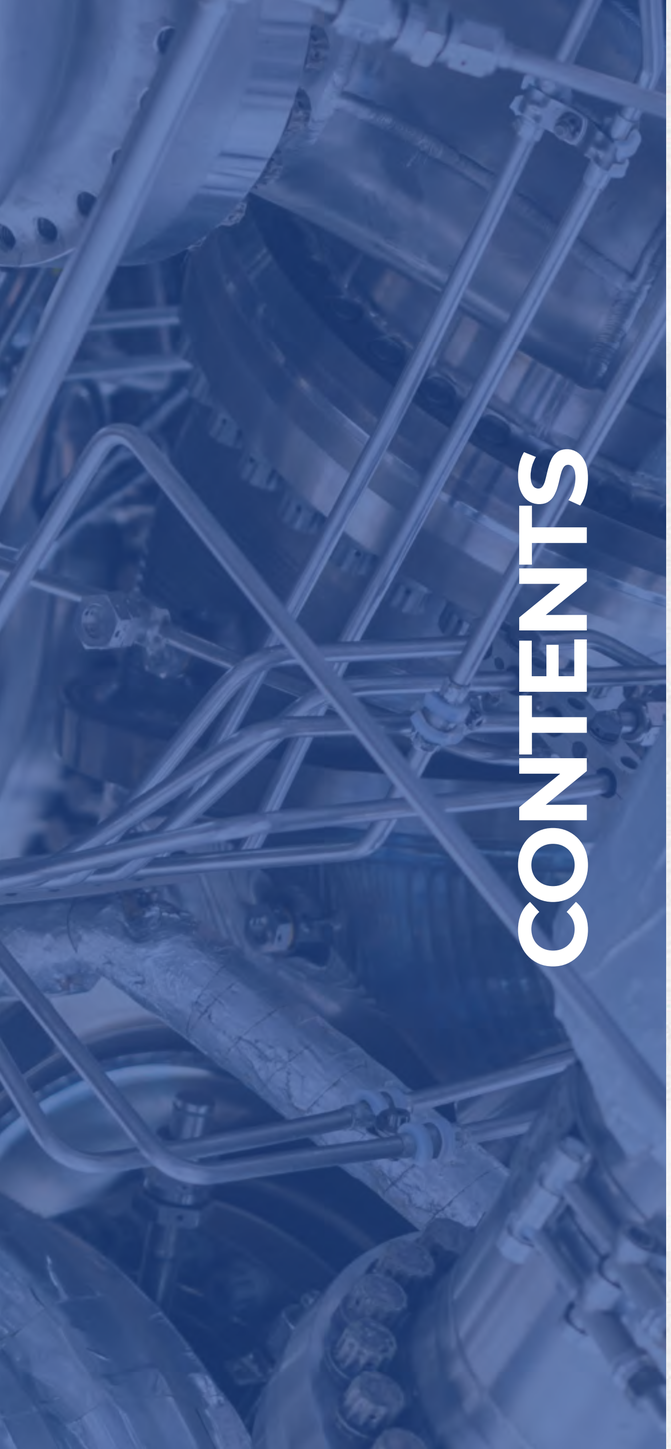
STATEMENT OF INDIVIDUALS RESPONSIBLE FOR THE PREPARATION OF REPORT

Official statement of the management in accordance with the legal regulations regarding report accuracy



APPENDICES

List of the most important report appendices



CONTENTS

ANNUAL REPORT REVIEW....3

NIS GROUP IN 2025....5

NIS Group in 2025....6
Corporate social responsibility in 2025....7
Implementations of Key Projects....8
- Technological drilling....8
- Banatsko Miloševo Project....8
- Industrial railway track reconstruction project....8
- Reconstruction Project of the oil depot in Niš....9
- HIP-Petrohemija projects....9
- Retail network development projects....9
- Solar panels....9
- Technology and innovations....10

Letter to shareholders....12
Independent auditor's report....13

MANAGEMENT BUSINESS REPORT

NON-FINANCIAL REPORTING....18

- Highlights....20
- Highlights after reporting date....20
- NIS Group....21
- Strategy....35
- Risk management....38
- Business environment....42
- Legislative changes....45
- Performance analysis....46
- Securities....59
- Overview of financial instruments used by the Group....61
- Rating....61
- Human resources....62
- Occupational safety and health, industrial safety and emergency response and environmental protection....66
- Anti-corruption and anti-fraud policy....74
- Corporate social responsibility....76
- Communication....78
- Research and development....79
- Further development....80

MANAGEMENT BUSINESS REPORT

CORPORATE GOVERNANCE....81

Statement on Application of Corporate Governance Code....82

FINANCIAL STATEMENTS....95

Financial Statements....97
- Balance sheet....97
- Income statement....99
- Statement of other comprehensive income....101
- Statement of cash flows....102
- Statement of changes in equity....103
- Notes to the Financial Statements....104

Consolidated Financial Statements....137
- Consolidated balance sheet....137
- Consolidated Income statement....139
- Consolidated statement of other comprehensive income....141
- Consolidated statement of cash flows....142
- Consolidated statement of changes in equity....143
- Notes to the Consolidated Financial Statements....143

REPORT ON PAYMENTS TO GOVERNMENTAL AUTHORITIES....175

ESG INDICATORS....178

STATEMENT OF INDIVIDUALS RESPONSIBLE FOR THE PREPARATION OF REPORT....180

APPENDICES....182

General Information about NIS j.s.c. Novi Sad....183
Glossary....184
Financial Calendar....185
Contacts....185



NIS GROUP IN 2025

NIS GROUP
IN 2025[1]

OIL AND GAS OUTPUT
1,124
THOUSAND T.O.E

REFINING VOLUME
3,095
THOUSAND TONNES

SALES VOLUME
3,023
THOUSAND TONNES

VOLUME OF PRODUCED ELECTRICITY
123.0
GWh

EBITDA
22.2
BLN RSD

NET LOSS
-5.6
BLN RSD

CAPEX
28.1
BLN RSD

OCF
43.4
BLN RSD

[1]The presented refining volume, includes the volume of petrochemical products of HIP-Petrohemija. The presented sales and distribution volume, includes the volume of sales of petrochemical products of HIP-Petrohemija. Volume of produced electricity includes the electricity produced in Power plant Pancevo, small power plants and photovoltaic power plants. The total volume of electricity produced for the 2025 in TE-TO Pančevo is 1 million MWh. The indirect share of NIS j.s.c. Novi Sad in the company that owns Cogeneration Plant TE-TO Pančevo is 49%.
[2]Dividend yield calculated by comparing the gross amount by share paid out in 2025 and the share price as at 31 December 2024.

[3]The Company paid dividends to shareholders from the profit generated in 2024, except for shareholders for whom, in accordance with the decision of the Board of Directors of NIS j.s.c Novi Sad, the payment was temporarily postponed until their removal from the SDN list of the US Department of the Treasury. NIS paid RSD 2.5 billion to shareholders in dividends from the profit generated in 2024.

923 MLN RSD
INVESTMENTS IN ECOLOGICAL PROJECTS

33 PVPPs
PUT INTO OPERATION AT PSs

1.6 MLN TONNES CO_2
DIRECT CO_2 EMISSIONS (SCOPE 1)

429.8 MLN TONNES CO_2
INDIRECT CO_2 EMISSIONS (SCOPE 2)

49.7 MLN RSD
PROFESSIONAL DEVELOPMENT OF EMPLOYEES

2,755
REALIZED TRAINING

SOCIALLY RESPONSIBLE PROJECTS AND SUPPORT FOR PROFESSIONAL SPORTS
367.3
MLN RSD

3.7%
DIVIDEND YIELD[2]

4.6 BLN RSD
THE TOTAL AMOUNT OF DIVIDEND[3]

TIER 1
TIER 2
TIER 3

1
2
514

CORPORATE SOCIAL **RESPONSIBILITY IN 2025**

COMMON CAUSE COMMUNITY

BELGRADE I NOVI BEČEJ **I ČAČAK I** ZRENJANIN **I SRBOBRAN I** NIŠ **I NOVI SAD I** POŽAREVAC **I ŽITIŠTE I** VELIKO GRADIŠTE **I KIKINDA I** PANČEVO **I KANJIŽA**

In 2025, projects were supported in public healthcare, education and childcare institutions

24 projects in
13 cities

The total fund for the implementation of projects in partner cities and municipalities amounts to **144.5** MLN RSD

In the period from 2009 to 2025 through the "Common Cause Community" program RSD **2.0** bln were invested in the implementation of **1,200** projects that contributed to the advancement of education and science, public health, ecology, culture and sports, thereby ensuring that NIS remains a reliable partner of the community and a supporter to its future development.

ENERGY OF KNOWLEDGE
RESULTS 2012-2025

2012
Programme "Energy of Knowledge" was launched

>30
faculties with which NIS cooperates in Serbia and abroad

>140
students received scholarships in Serbia and the Russian Federation

So far, more than **70** classrooms, and laboratories have been renovated and equipped at faculties and in schools throughout Serbia.
In order to promote natural sciences, NIS supported the organization of the Physics, Chemistry and Mathematics. With the support of the company, talented mathematicians, physicists, and chemists have won more than **100** medals at the international Olympiads.

SPONSORSHIPS AND DONATIONS IN 2025

Partizan Basketball club

Foundation "I remember everything well"

Basketball Federation of Serbia

Volleyball Federation of Serbia

VOLUNTEERING IN 2025

7 volunteer actions

1,084 volunteer hours

45 community support days

1,800 members of the Volunteer club

AWARDS AND RECOGNITIONS

The Serbian Chemical Society presented a letter of recognition to NIS as a token of gratitude for supporting the participation of Serbian representatives at the 57th International Chemistry Olympiad in 2025.

The Blood Transfusion Institute of Vojvodina awarded NIS with a letter of recognition for the humanity and long-term participation in voluntary blood donation campaigns.

IMPLEMENTATIONS OF KEY PROJECTS

TECHNOLOGICAL DRILLING

In 2025, five horizontal wells were drilled and – for the first time in Serbia, at the Elemir field – one multi-lateral well (using the Fishbone method). The Fishbone drilling technology is an advanced method of stimulating multilateral wellbores where, after one main horizontal wellbore is drilled, additional horizontal holes are drilled from it. This technique improves reservoir contact, significantly increasing hydrocarbon production. The protective column is installed in one of the drilled channels, and the production is carried out from all available channels. In this way, the need for drilling more wells is reduced.

BANATSKO MILOŠEVO PROJECT

This important project of the Exploration and Production Block is focused on the utilisation of unused gas resources of non-standard quality in the Banatsko Miloševo field. It consists of two phases and will result in the generation of electricity and heat from the gas. The entire amount of the generated electricity will be sold in the commercial market. The first stage of the project has been completed and includes the following:

- Construction of the Banatsko Miloševo gas gathering station;
- Overhaul;
- Equipment and connection of two production wells with the gas gathering station;
- Construction of a small 2.45 MW power plant at the gas gathering station and its connection to the grid.

INDUSTRIAL RAILWAY TRACK RECONSTRUCTION PROJECT

The railway track is crucial for the Refinery, as it ships out up to 14,000 cars carrying about 750,000 tons of petroleum products each year. Furthermore, railway transport is the most environmentally safe form of transport of goods and passengers.

This project was launched to bring the technical condition of the industrial track in compliance with the legal regulations, fulfill measures from the HSE incident investigation action plan, eliminate safety deficiencies and reduce the risks of accident, increase the permissible axle load of the industrial track, and increase the loading and handling capacity of the refinery.

The project of "Reconstruction of the Industrial Railway Tracks at the Pančevo refinery" involved the complete replacement of the substructure and superstructure of the existing tracks, along with the construction of five new tracks, thereby achieving the full capacity of the railway marshalling yard for the reception and dispatch of trains.

In addition to the repair and construction of tracks, the project includes the construction of a new platform for the inspection and maintenance of tank cars with 24 mobile access gangways, the construction of a canopy over the entire railway loading facility covering an area of approximately 4,000 m², as well as the reconstruction of both railway scales.

The project was highly demanding and complex, given that the works were carried out under live traffic conditions, without interrupting the process of receiving and dispatching petroleum products from the refinery.



RECONSTRUCTION PROJECT OF THE OIL DEPOT IN NIŠ

The project of reconstruction and modernization of oil depot in Niš started in 2024. After successful functional testing, the depot was put into trial operation in June 2025. The total value of the investment amounts to EUR 44 million.

In addition to the initially planned reconstruction of the warehouse, NIS installed three new tanks of 5,000 m³ each, which enabled the depot to fully meet the requirements of the South Serbian market and Constantine the Great Airport.

HIP-PETROHEMIJA PROJECTS

Reliability improvement projects

In 2025, priority was given to investments, primarily in increasing the operational reliability of equipment, then in maintaining fixed assets, compliance with laws and standards, and in strategic development. The project Re-instrumentation of the Ethylene Plant, Stage 2, was launched, significantly increasing operational efficiency and process safety in the largest plant in the petrochemical complex. One of the most significant activities to increase reliability was the "Replacement of pipes in boilers B-1001 A and B" at the Ethylene Plant, implemented during the planned downtime at "HIP-Petrochemija" in the period February - March 2025.

Remediation plan projects

At the end of 2025, in HIP Petrohemija, two key projects of the Remediation Plan were completed - the disposal of historical waste, including mercury and mercury-contaminated sludge from Electrolysis plant (out of operation since 2014) and liquid hydrocarbon waste residues. The remediation plan is an important document within the Strategic Partnership Agreement between Republic of Serbia, HIP-Petrohemija and NIS.

RETAIL NETWORK DEVELOPMENT PROJECTS

During 2025, the new Majdanpek 2 petrol station was put into operation after its purchase and rebranding. Other stations put in operations are Svrljig, Kula, Kraljevo 1, Mrčajevci, and Surčin Airport.

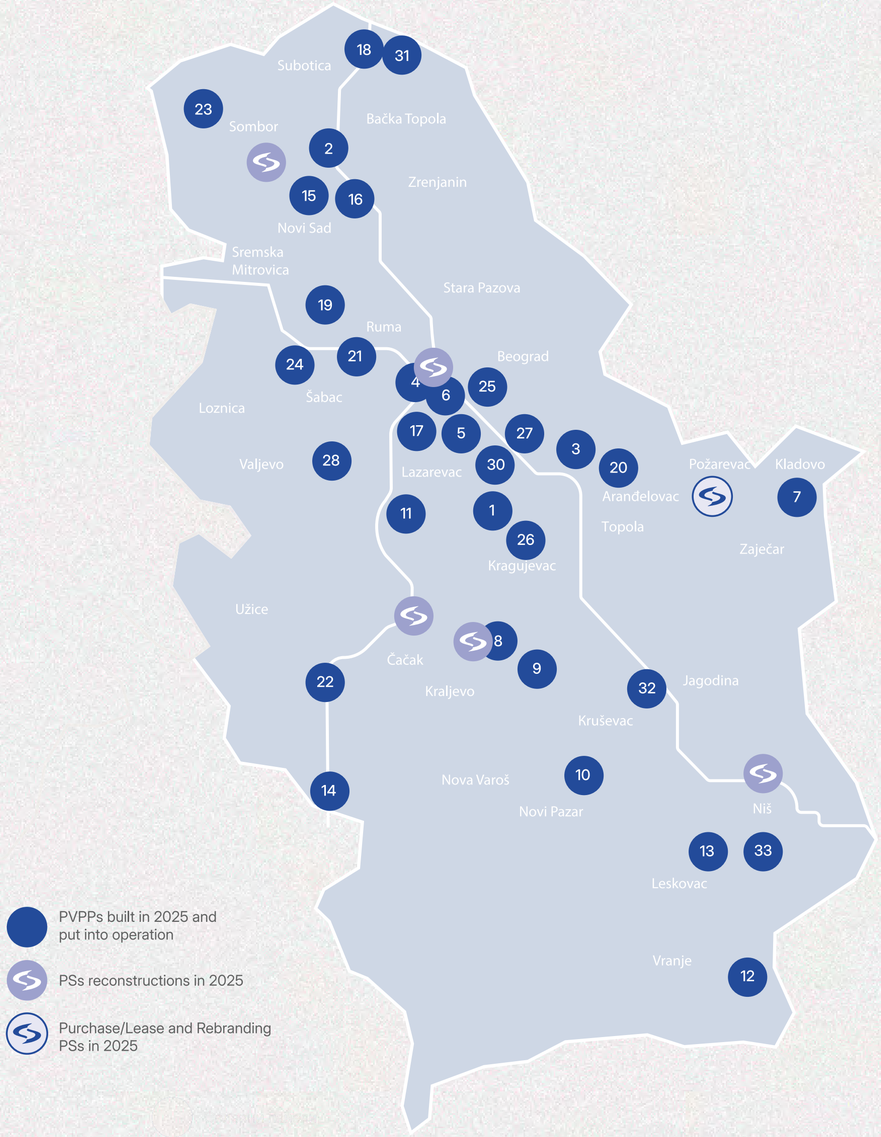
SOLAR PANELS

During 2025, 33 photovoltaic power plants (PVPPs) were built and put into operation at NIS petrol stations. As a result, from 2022 to the end of 2025, a total of 78 solar PVPPs were put into operation at petrol stations.

During 2025, solar power plants were built and commissioned:

- at 33 petrol stations,
- at the last remaining area at the Pančevo Oil Refinery and
- the largest power plant in the Novi Sad Oil Depot, at 10 hectares of free space, with a power of 6.8 MWp.

In 2026, the construction of PVPP will continue at other NIS facilities.



TECHNOLOGY AND INNOVATIONS

Digital transformation and IT development

Digital transformation and IT development in the company represent a strategic direction aimed at the continuous process improvement, application of modern technologies, and strengthening of competencies of employees through training programs and application of acquired knowledge. The IT and Innovation development strategy provides for the implementation of more than 170 technological projects, both within business units and in the corporate centre, creating a strong foundation for further modernization and growth. The company has implemented artificial intelligence (AI) to optimize business processes, improve analytics, and support decision-making, thereby further increasing efficiency and innovation. NIS strengthens technological independence through strategic IT management, relying on localized solutions, standardization, and harmonized development of critical systems.

In 2025, NIS set up a modern Oil and Gas Production Management Centre, based on Industry 4.0 tools. The centre enables real-time monitoring of production parameters, as well as the application of analytical tools for their interpretation and rapid decision-making. The centre also uses an IPA software solution to centralize the planning of base and additional production from geological and technical activities. In refining, NIS implemented smart 3D models for data integration based on TIS and digitalized of the order book. A number of initiatives were implemented for the collection, processing and BI visualization of data to improve efficiency, as well as activities on predictive maintenance, training simulators and the development of wireless networks. The Sales Block upgraded its HOS system used to manage petrol stations data, product stocks, and user accounts. The Drive.Go mobile applications and the “On the road with us” loyalty program are developing as modern channels for increasing the value of the services and strengthening client relations. A web portal for wholesale customers has been implemented for efficient cooperation. Aeroservices also continue the autometion, which contributes to greater operational efficiency and competitiveness of the Company. Our company is committed to strengthening resilience, innovative improvement and creating long-term value for clients and customers.

DIGITAL TRANSFORMATION AND IT – KEY ACTIVITIES FOR 2025:

PORTFOLIO OF
>170
TECHNOLOGICAL PROJECTS IN THE LONG-TERM PLAN

IMPROVEMENT OF STRATEGIC IT MANAGEMENT AND DIGITAL TRANSFORMATION

QUANTIFICATION OF ECONOMIC EFFECTS IN ALL BUSINESS SEGMENTS

EXPLORATION AND PRODUCTION BLOCK

Increasing the efficiency and transparency of the drilling and workover process with the implementation of digital instruments based on Industry 4.0 technologies.

REFINING BLOCK

Constant search for solutions that contribute to the high-quality and smooth operation of the plant, as well as the prediction of failures and repair.

SALES AND DISTRIBUTION BLOCK

Optimizing the value creation chain from oil depot to the end consumer. The priority is the development of digital solutions that improve the experience of our users and clients.

ENERGY BLOCK

Development of digital solutions that contribute to energy and operational efficiency in a broader sense.

Cross-functional technology development is based on the improvement of IT infrastructure, SAP, and corporate tools to ensure stability, reliability, and quality of operation of key systems.



AI Agent platform – a new standard in NIS' digital transformation

With a view to further digital transformation and a systematic application of innovative technologies, in 2025, NIS has initiated building of an AI Agent platform – a strategic technological base for the application of artificial intelligence in business processes. The platform provides a centralised, secure and stable environment facilitating AI agent development, testing and application in different organisational units, while ensuring full compliance with corporate, security and regulatory requirements.

In the reporting period, eight Proof of Concept AI agents were implemented, which were developed in cooperation with business users from several sectors. These agents are already running and are actively utilized in the company, demonstrating a significant potential to boost operational efficiency and the quality of business operations. Their area of application covers a wide range of business activities, from financial analysis to human resource management, legal operations and compliance with the ESG regulation.

Results and value generated for the company

The completed Proof of Concept projects produced impressive results exceeding the preliminary forecast. A significant improvement of operational efficiency has been recorded in all test areas, while the time required for information processing and analysis preparation has been drastically reduced. Data quality and their availably to employees have improved, enabling faster and informed decision-making at all levels of the organisation.

A particular value of the AI Agent Platform in its flexibility and adaptability to the specific needs of different sectors. In contrast to rigid solutions, the platform facilitates a continuous evolution and expansion of AI agent functionalities, conforming to the dynamic business environment. This approach sets the base for a phased introduction of AI solutions in daily operations, minimising the risks and maximising user acceptance.

The development of the AI Agent Platform and eight functional AI agents is yet another proof of NIS' commitment to innovations and continuous improvement of work methods. This is not only a technological project, but a fundamental transformation shaping the way in which the company performs its key business processes. The platform lays a firm foundation for sustainable development and strengthens the ability to compete in a dynamic and technologically challenging business environment.

The company is also developing a new Data Entry application to eliminate the need for Excel spreadsheets as primary data sources, enabling automated data entry and validation. By automating this process, we will not only ensure accurate, high-quality, and secure data, but we will also significantly improve the overall quality of reporting.

LETTER TO SHAREHOLDERS

Dear friends,

The past year was one of the most demanding in the history of the NIS Group. We worked under exceptionally complex geopolitical and economic circumstances, including the U.S. sanctions, which presented serious challenges for our company, daily operations, and development plans. I would like to reiterate that NIS, in its business operations has in no way contributed to the introduction of such restrictions, which have been a serious test for our company and, consequently, for the stability of the Serbian energy market.

Under these circumstances, NIS management, our employees, and shareholders remained committed to their priorities. Our key priorities were to maintain the stable supply of petroleum products to the Serbian market, ensure business continuity, preserve jobs, and protect the social security of our employees. I am confident we can rightfully state that we have achieved these goals. Aware of our responsibility to the Republic of Serbia, our consumers and employees, as well as to the entire community, we did not give up on the most significant investments, because we believe that the long-term sustainability of the company is only possible through continuous development, modernisation, and responsible management. Therefore, despite numerous challenges, we invested over 28 billion dinars in the further development of NIS, continuing key projects in all business segments.

It is also important to highlight that we managed to maintain an EBITDA of 22.2 billion dinars and at the same time significantly reduce our bank debt. In the face of difficult circumstances, the Company allocated over RSD 4.5 billion to dividend payouts to shareholders for 2024.

We found the strength to face challenges, primarily in our people. Engagement, professionalism, and solidarity proved to be a key pillar of support in a year when decisions were made under conditions of increased uncertainty. Unity and dedication to common goals enabled NIS to maintain operational stability and business continuity under complex circumstances.

The ongoing support from the state authorities of the Republic of Serbia is also of great importance to our company. This support and constructive dialogue were crucial in maintaining business stability and securing market supply. NIS remains committed to responsible business practices and cooperation with all institutions of the Republic of Serbia with focus on further development of the company and the country's energy stability.

We owe special thanks to our customers who, despite the changed business conditions and certain restrictions, have remained with our company, appreciating the values we have built together over the years.

I also want to highlight the contribution of our employees. Their professional engagement and responsibility were crucial in a year when challenges only multiplied. The unity they showed throughout 2025 confirmed that people are our company's greatest asset.

The annual report before you proves that we were able to maintain stability, protect the key interests of the market and our employees, and remain focused on long-term goals in face of exceptionally complex conditions. The challenges of 2025 have further strengthened us and confirmed the importance of responsible, well-planned, and consistent management.

I thank all employees, our shareholders, partners, and institutions for their trust and cooperation. I am confident that NIS will remain a reliable pillar of Serbia's energy system and a stable partner to the community in which it operates.



Kirill Tyurdenev,

CEO

NIS j.s.c. Novi Sad



INDEPENDENT AUDITOR'S REPORT

FINEXPERTIZA SERBIA

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Opinion

We have audited the consolidated financial statements of NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad (hereinafter: the Company) and its subsidiaries (together hereinafter: the Group) which comprise:

- the consolidated Balance sheet as at December 31, 2025;
- the consolidated Income statement for the year then ended;
- the consolidated Statement of Other comprehensive income for the year then ended;
- the consolidated Statement of cash flows for the year then ended;
- consolidated Statement of changes in equity for the year then ended; and
- Notes to the consolidated financial statements, including a summary of significant accounting policies and other disclosures.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its cash flows for the year then ended in accordance with the accounting regulations of the Republic of Serbia.

Basis for Opinion

We conducted our audit in accordance with the Law on Audit of the Republic of Serbia and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant for auditing consolidated financial statements in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materially significant uncertainty related to going concern

These Consolidated Financial Statements have been prepared on a going concern basis, as disclosed in Notes 2.2 and 3.1 in the attached consolidated financial statements. In this regard, we draw attention to the following facts disclosed in the consolidated financial statements that were the subject of this audit: During 2025, the Group, was included on the US Treasury Specially Designated Nationals and Blocked Persons (SDN) List. For the year ended 31 December 2025, the Group recorded a net loss amounting to RSD 5.578.142 thousand. The Group's management is actively monitoring the situation and taking steps to eliminate or mitigate the potential risks arising from this uncertainty. A temporary delay in sanctions could be a positive signal, but there is still a significant degree of uncertainty regarding future decisions and their effects on the Group's operations.

This event and circumstances indicate the existence of significant uncertainty that may impact the Group's ability to continue operations in accordance with the going concern principle.

Our opinion has not been modified in respect to this matter.

FINEXPERTIZA SERBIA

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the section *Materially significant uncertainty related to the going concern*, we identified the following key audit matter:

Estimation of decommissioning and environmental protection provisions

Information on applied accounting policies and estimates of provisions associated with the decommissioning and environmental protection are disclosed in note 2, note 3 and note 20 to the consolidated financial statements. As described in the notes to the consolidated financial statements, the Group recognized provisions in the amount of RSD 13.337.026 thousand.

Provisions for decommissioning and environmental protection require significant management judgment due to numerous assumptions that are influenced by future activities, economic factors, and the legislator environment in which the Group operates. The most significant estimates include the estimate of future costs to settle the present obligation, inflation and discount rates, and exploitation period.

Auditing this area of the consolidated financial statements is a complex process as it requires us to evaluate assumptions for future cost estimates for which there is limited comparative data as decommission of gas and oil infrastructure is an emerging area. The assessment of the mentioned factors affects the determination of the exact amount of provisions, which represents a materially significant item in the consolidated financial statements.

The management performs an annual review of the provisions for the decommission and environmental protection, namely for funds for exploration and evaluation and funds for the production and processing of oil and oil derivatives. The review by the management includes an analysis of changes in legislation in the Republic of Serbia, cost estimates, inflation and discount rates, and maturity of obligations.

Audit approach:

Our audit procedures included an understanding of the legal obligations regarding the decommission and environmental protection, and in accordance with the provisions of the Law on Mining and Geological Research and the Law on Environmental Protection, to which the Group is obliged to, during and after the completion of works on exploitation, recultivation of the land and to prevention of the further spread of pollution caused by the accident, to take remedial measures according to the protection plans at its own expense.

We have also performed the following audit procedures:

- We have performed testing of arithmetic accuracy of the model that the Group have used when calculating provisions;
- We reviewed the status of the wells on a sample basis and compared them with the status within the well fund, which is the foundation for the calculation of provisions;

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Key Audit Matters (Continued)

- We have compared the changes in the status of the wells in the current year to the previous year, since the change in the status of the wells can have a material impact on the calculation of provisions;
- We have tested the completeness of the data, comparing it with other information within the business records and auditing procedures related to real estate, plants and equipment;
- We have assessed the justification of the applied discount rate as one of the assumptions for the calculation of provisions by comparing it with the rate on government bonds of the Republic of Serbia taken over from the National Bank of Serbia;
- We have evaluated and we have gained understanding of the assumptions related to the costs necessary for the liquidation and recultivation of the land;
- We have performed a review of the sensitivity analysis prepared by management for the main assumptions;
- We have gained an understanding of the Group's procedures applied by the management to estimate and record long-term provisions. This included understanding whether there was a legal or contingent obligation to establish a provision.

Other Information

The Management is responsible for the other information. The other information comprises the consolidated Annual business report (which does not include the regular consolidated financial statements and the Auditor's Report on them) for the year ended December 31, 2025. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based solely on the work we performed during the audit of the consolidated financial statements, in our opinion:

- The information stated in the consolidated Annual Business Report for the year ended on December 31, 2025, is harmonized in all materially significant aspects with the accompanying consolidated financial statements;
- The consolidated Annual Business Report was prepared in accordance with the Law on Accounting of the Republic of Serbia.

In addition, if based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact in our report. In this respect, we have nothing to report.

INEXPERTIZA
SERBIA

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting regulations of the Republic of Serbia, based on the Law on Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law on Audit of the Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law on Audit of the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Auditor's Responsibilities for the Audit of the Consolidated financial statements (Continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this Independent Auditor's Report is licensed certified auditor Srđan Božović.

Belgrade, April 15, 2026

Srđan Božović
Licensed Certified Auditor

Finexpertiza d.o.o., Beograd

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Opinion

We have audited the financial statements of NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad (hereinafter: the Company) which comprise:

- the Balance sheet as at December 31, 2025;
- the Income statement for the year then ended;
- Statement of Other comprehensive income for the year then ended;
- Statement of cash flows for the year then ended;
- Statement of changes in equity for the year then ended; and
- Notes to the financial statements, including a summary of significant accounting policies and other disclosures.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting of the Republic of Serbia.

Basis for Qualified Opinion

As disclosed in Notes 11, 15 and 17 to the financial statements, as at 31 December 2025, the Company recognised material receivables arising from loans granted, financial investments and trade receivables due from related foreign legal entities. Management of the Company has assessed their recoverability and recognised expected credit losses in the financial statements. Based on the audit evidence obtained during the audit, we concluded that the assumptions and information used in measuring expected credit losses do not provide a sufficiently appropriate basis for the recognised amount of expected credit losses in accordance with the requirements of IFRS 9 – Financial Instruments. Accordingly, we believe that the carrying amounts of the related financial assets, as well as the result for the current year, may be materially misstated. We were not able to quantify, on a reasonably precise basis, the amount of additional expected credit losses required and their effect on the increase of the Company's total loss for the year ended 31 December 2025.

We conducted our audit in accordance with the Law on Audit of the Republic of Serbia and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant for auditing financial statements in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Kneza Miloša 90a/43, Skyline | tel.: +381 11 40 10 573
e-mail: office@finexpertiza.rs | web: www.finexpertiza.rs
MB: 21105830 | PIB: 108984934

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Materially significant uncertainty related to going concern

These Financial Statements have been prepared on a going concern basis, as disclosed in Notes 2.2 and 3.1 in the attached financial statements. In this regard, we draw attention to the following facts disclosed in the financial statements that were the subject of this audit: During 2025, the Company, was included on the US Treasury Specially Designated Nationals and Blocked Persons (SDN) List. For the year ended 31 December 2025, the Company recorded a net loss amounting to RSD 12.233.405 thousand.

The Company's management is actively monitoring the situation and taking steps to eliminate or mitigate the potential risks arising from this uncertainty. A temporary delay in sanctions could be a positive signal, but there is still a significant degree of uncertainty regarding future decisions and their effects on the Company's operations.

This event and circumstances indicate the existence of significant uncertainty that may impact the Company's ability to continue operations in accordance with the going concern principle.

Our opinion has not been modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the section *Basis for Qualified Opinion* and in the section *Materially significant uncertainty related to the going concern*, we identified the following key audit matter:

Estimation of decommissioning and environmental protection provisions

Information on applied accounting policies and estimates of provisions associated with the decommissioning and environmental protection are disclosed in note 2, note 3 and note 22 to the financial statements. As described in the notes to the financial statements, the Company recognized provisions in the amount of RSD 12.670.821 thousand.

Provisions for decommissioning and environmental protection require significant management judgment due to numerous assumptions that are influenced by future activities, economic factors, and the legislator environment in which the Company operates. The most significant estimates include the estimate of future costs to settle the present obligation, inflation and discount rates, and exploitation period.

Auditing this area of the financial statements is a complex process as it requires us to evaluate assumptions for future cost estimates for which there is limited comparative data as decommission of gas and oil infrastructure is an emerging area. The assessment of the mentioned factors affects the determination of the exact amount of provisions, which represents a materially significant item in the financial statements.

The management performs an annual review of the provisions for the decommission and environmental protection, namely for funds for exploration and evaluation and funds for the production and processing of oil and oil derivatives. The review by the management includes an analysis of changes in legislation in the Republic of Serbia, cost estimates, inflation and discount rates, and maturity of obligations.

INEXPERTIZA
SERBIA

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Key Audit Matters (Continued)

Audit approach:

Our audit procedures included an understanding of the legal obligations regarding the decommission and environmental protection, and in accordance with the provisions of the Law on Mining and Geological Research and the Law on Environmental Protection, to which the Company is obliged to, during and after the completion of works on exploitation, recultivation of the land and to prevention of the further spread of pollution caused by the accident, to take remedial measures according to the protection plans at its own expense.

We have also performed the following audit procedures:

- We have performed testing of arithmetic accuracy of the model that the Company have used when calculating provisions;
- We reviewed the status of the wells on a sample basis and compared them with the status within the well fund, which is the foundation for the calculation of provisions;
- We have compared the changes in the status of the wells in the current year to the previous year, since the change in the status of the wells can have a material impact on the calculation of provisions;
- We have tested the completeness of the data, comparing it with other information within the business records and auditing procedures related to real estate, plants and equipment;
- We have assessed the justification of the applied discount rate as one of the assumptions for the calculation of provisions by comparing it with the rate on government bonds of the Republic of Serbia taken over from the National Bank of Serbia;
- We have evaluated and we have gained understanding of the assumptions related to the costs necessary for the liquidation and recultivation of the land;
- We have performed a review of the sensitivity analysis prepared by management for the main assumptions;
- We have gained an understanding of the Company's procedures applied by the management to estimate and record long-term provisions. This included understanding whether there was a legal or contingent obligation to establish a provision.

Other Information

The Management is responsible for the other information. The other information comprises the consolidated Annual business report (which does not include the regular financial statements and the Auditor's Report on them) for the year ended December 31, 2025. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above, and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based solely on the work we performed during the audit of the financial statements, in our opinion:

- The information stated in the consolidated Annual Business Report for the year ended on December 31, 2025, is harmonized in all materially significant aspects with the accompanying financial statements;
- The consolidated Annual Business Report was prepared in accordance with the Law on Accounting of the Republic of Serbia.

In addition, if based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact in our report. In this respect, we have nothing to report.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting regulations of the Republic of Serbia, based on the Law on Accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law on Audit of the Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law on Audit of the Republic of Serbia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

FINEXPERTIZA
SERBIA

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF NAFTNA INDUSTRIJA SRBIJE a.d., Novi Sad

Auditor's Responsibilities for the Audit of the financial statements (Continued)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this Independent Auditor's Report is licensed certified auditor Srđan Božović.

Belgrade, April 15, 2026

Srđan Božović
Licensed Certified Auditor

Finexpertiza d.o.o., Beograd



MANAGEMENT BUSINESS REPORT

NON-FINANCIAL REPORTING

MANAGEMENT BUSINESS REPORT

NON-FINANCIAL REPORTING

NIS GROUP PROFILE

Summary of the most important information on the NIS Group - business activities, its history, business model, products and services, business structure, strategy and risk management

BUSINESS ENVIRONMENT

Review of macroeconomic factors impacting NIS Group operations

PERFORMANCE ANALYSIS

Market share and summary of key financial and operational business indicators, securities, overview of financial instrument and rating

HUMAN RESOURCES

HR strategy, talent development, motivation, care for employees' social welfare, corporate culture, recruitment and selection, structure and employee movements

OCCUPATIONAL SAFETY AND HEALTH, INDUSTRIAL SAFETY AND EMERGENCY RESPONSE AND ENVIRONMENTAL PROTECTION

ANTI-CORRUPTION AND ANTI-FRAUD POLICY

Activities of the NIS Group in preventing and prohibiting participation in corrupt practices or fraudulent activities

CORPORATE SOCIAL RESPONSIBILITY AND COMMUNICATION

Impact of the Company's operations on the community, informing employees, public and government relations

FURTHER DEVELOPMENT AND RESEARCH AND DEVELOPMENT

Research and development activities and future plans related to the development of the NIS Group

HIGHLIGHTS

FIRST QUARTER

- As part of the Banatski Dvor gas storage expansion project, NIS completed the construction of the standard part of the site and started drilling the first of four next wells
- In cooperation with the Post of Serbia NIS installed parcel lockers on its petrol stations
- As part of the big prize draw at NIS Petrol and Gazprom petrol stations, the grand prizes were awarded - three Hyundai Tucson cars
- On January 10, 2025, the Office for Foreign Assets Control (OFAC) under the U.S. Department of the Treasury included NIS j.s.c. on the SDN List

SECOND QUARTER

- The Bradarac Maljurevac – Sirakovo gas pipeline was commissioned and gas monetization from the fields of (Bradarac Maljurevac) began in Sirakovo by starting up the third generator
- Construction of the gathering gas pipeline was completed, followed by connection and commissioning of the wells at the Ada gas field
- ID-6 and ID-7 drilling rigs were reactivated after overhaul
- This year's first session of the HSE Council took place at the Pančevo Oil Refinery
- NIS Group's business results for the first quarter of 2025 were presented
- NIS participated in the 92nd International Agricultural Fair
- NIS's Sustainable Development Report for 2024 was published, marking 15 years of sustainability reporting
- Preparation of the training grounds for practical knowledge testing for working at height and depth at the Elemir Training Centre was completed
- The project for installing self-service-checkouts at retail facilities was completed
- Two new aircraft refuellers, with capacities of 32,000 and 22,000 litres respectively, were commissioned at Aero-Service Belgrade
- At the beginning of June 2025, the Niš oil depot was officially commissioned
- NIS Shareholders' Assembly held its 17th regular session, where it adopted the Decision on profit distribution for 2024, payment of dividends and determination of the total amount of the Company's retained earnings, and appointed members of the Board of Directors
- The 17th cycle of the "Common Cause Community" social responsibility programme launched, dedicated to projects for children
- New fuel transportation vehicles worth 9.5 million euros were purchased
- NIS and the Serbian Red Cross established cooperation by signing a Memorandum on strengthening emergency response capacities
- NIS volunteers marked World Environment Day with an environmental campaign in the area of Fruška Gora National Park

THIRD QUARTER

- The annual overhaul of the Gas Refinery and the Amine Unit was completed
- Small gas power plants at the Banatsko Miloševo gas gathering station were put into trial operation
- In August, in-wing sales of jet fuel reached the record amount of 20,648 tons, and overall jet fuel sales reached 23,967 tons
- NIS Group presented its business results for the second quarter and the first six months of 2025
- More than EUR 2 million invested in the Production Management Centre, in an effort to improved its operational performance
- Svrljig petrol station was commissioned after the reconstruction
- Two new 60,000 litre capacity tank trucks delivered and commissioned at Aeroservis Belgrade
- On 19 September 2025, a change was introduced in the ownership structure of NIS j.s.c. Novi Sad, whereupon Gazprom Public Joint Stock Company transferred 11.30% of NIS j.s.c. Novi Sad shares to the company Intelligence, pursuant to a contract of non-cash cession/transfer of shares

FOURTH QUARTER

- In 2025, 59 development wells and 4 exploratory wells were drilled in Serbia. In 2025, 53 development and 6 exploratory wells were commissioned in Serbia
- The Accreditation Body of Serbia confirmed the scope of accreditation, and the Institute for Prevention confirmed the certification of NAFTAGAS-Oilfield Services
- A campaign was launched for Regional Wholesale Department customers to introduce the new online business model – the Wholesale WEB PORTAL
- Commencement of operation at the Majdanpek 2 petrol station
- The reconstruction of Kraljevo and Kula petrol stations was completed
- Bearing in mind that the US Department of Treasury did not issue a new special license for the operational activities of NIS, US sanctions against NIS entered into full force on 9 October 2025
- The U.S. Department of the Treasury issued a special license to NIS on December 31, allowing the company to resume operations through January 23, 2026
- The OFAC issued a new license to NIS, allowing negotiations on the change in ownership structure, with an extension until March 24, 2026
- Due to a shortage of crude oil for processing, resulting from the sanctions imposed by the U.S. Department of the Treasury on NIS, the Pančevo Oil Refinery suspended production facilities
- NIS paid dividends to shareholders from the profit generated in 2024[4]
- NIS Group results for 9 months of 2025 were published
- As part of the 2025 cycle of the "Common Cause Community" social responsibility programme, NIS selected 24 projects across 13 partner cities and municipalities in Serbia, and allocated 144.5 million dinars for their implementation
- The ninth season of the NIS Calling internship program for young professionals has launched
- NIS Company signed a Memorandum of Cooperation with the Academy of Technical and Artistic Vocational Studies of Belgrade

HIGHLIGHTS AFTER 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. to the Consolidated financial statements, on page 174 this Annual report), 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.
- On 20 February 2026, OFAC issued a specific license (Licence No. MUL-2025-1447098-3) that postpones the full implementation of sanctions until 20 March 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 important events occurring after the reporting date from 31 December 2025 to 27 February 2026, when these consolidated financial statements were approved, have been taken into account.

[4]The Company paid dividends to shareholders from the profit generated in 2024, except for shareholders for whom, in accordance with the decision of the Board of Directors of NIS j.s.c Novi Sad, the payment was temporarily postponed until their exclusion from the SDN list of the US Department of the Treasury.



NIS GROUP PROFILE

NIS GROUP

NIS Group is one of the largest vertically integrated energy systems in Southeast Europe. The most significant resource of NIS is its team more than 13,500 employees, including the employees of HIP-Petrohemija d.o.o. Pančevo. The core business activities of NIS Group are exploration, production, and refining of oil and natural gas, sale of a wide range of petroleum products and gas products, as well as implementation of projects in the petrochemical and energy sector. The registered seat of NIS and its main production capacities are located in the Republic of Serbia. In addition to Serbia, NIS is also present in the neighbouring countries of the Balkan region, in the field of oil and gas exploration and production, as well as in the field of retail.

The goal of NIS is to ensure stable operations and implementation of key projects in a highly volatile macroeconomic environment. A priority for NIS is also to contribute to energy stability in the markets in which it operates, primarily in the market of the Republic of Serbia.

The NIS project portfolio considers the energy transition as a priority in Serbia. NIS Group is committed to improving environmental protection and allocates significant funds for the implementation of environmental projects that contribute to environmental protection. The Company implements projects that, inter alia, contribute to the achievement of the goals of reducing carbon emissions to the Paris Agreement level. One of NIS' priorities are occupational health and safety. In this field, NIS sets the most ambitious goal - zero injuries at work and occupational diseases, and no negative impact on the working and living environment.

In addition to its business activities, NIS continuously implements numerous socially responsible projects that contribute to the development of the community and the improvement of the quality of life of citizens. The focus of the company in this field is to support young people as the driver of future development.

BUSINESS ACTIVITIES

Business activities of the NIS Group are organized within the parent company NIS j.s.c. Novi Sad, through the Exploration and Production Block and the Downstream Divison, which are supported by Functions in the parent company.

EXPLORATION AND PRODUCTION BLOCK

Exploration and production

NIS is the only company in Serbia engaged in the activity of oil and gas exploration and production. The activities of NIS in this segment also include operational support to production, management of oil and gas reserves, management of oil and gas reservoir engineering, and major exploration and production projects.

The majority of NIS's oil and gas fields are located in Serbia, while the Company also engages in this industry in Romania and Bosnia and Herzegovina. The oldest concession abroad is in Angola, where NIS has been operating since 1985.

In Serbia, the company applies all oil production methods used in the oil industry worldwide, with environmental protection as a priority.

The plant for the natural gas conditioning, LPG and gasoline production, and CO_2 stripping, based in Elemir, near Zrenjanin, operates as part of the Exploration and Production Block. The amine unit for natural gas processing using the high pressure acidgas capture technology is also located in Elemir. The method of gas processing employed in this unit completely prevents carbon dioxide emissions into the atmosphere and, in addition to the business effects, provides significant environmental benefits.

In addition, NIS has set up a modern training centre in Elemir dedicated to, training workers in the oil industry. It is a unique complex equipped with state of the art equipment that creates realistic conditions, allowing simulation of all the tasks that oil workers encounter in the process of production, preparation and shipment of oil and gas.

In 2025, NIS continued to implement digital projects in the field of oil and gas exploration and production and improved the work of the Production Management Center with investments worth more than EUR 2 million.

In the field of exploration and production, NIS Group receives scientific and technological support from the Scientific and Technological Centre (STC NIS - Naftagas LLC Novi Sad). NIS thus continued to use innovative technologies in the field of oil and gas exploration and production and carried out drone survey of the well stock and aboveground infrastructure in Kikinda and Elemir oil fields. This method enables fast and efficient collection of data from the field, and the obtained data will serve geologists as a basis for further geological and exploration works and the development of detailed models of the location.

Oil Services

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

DOWNSTREAM

The Downstream Division consists of the Refining Block, Sales and Distribution Block, Energy Block, petrochemistry and technical services.

Refining

NIS operates the Pančevo Oil Refinery which has been in operation since 1968 and is now one of the most contemporary and environmentally most developed processing plants in the region, with a maximum designed capacity of 4.8 million tonnes per year. Since 2009, more than EUR 900 million have been invested in the modernization of the Refinery, with significant funds allocated for environmental protection projects. The Pančevo Oil Refinery produces: motor fuels meeting the Euro-5 standard, aviation fuel, liquefied petroleum gas, petroleum coke, fuel oil, bitumen, propylene, aromatics, straight-run gasoline for pyrolysis and other petroleum products (sulphur and other hydrocarbons).

The year 2025 marked five years since the commissioning of the Bottom-of-the-Barrel Unit with the delayed coking technology at the Pančevo Oil Refinery. The project worth more than EUR 300 million enables NIS to increase the output of the most valuable fuels - diesel, gasoline and liquified petroleum gas and to start the domestic production of petroleum coke. The implementation of this project also created numerous environmental benefits. These primarily include the cessation of the production of high-sulphur fuel oil and the reduction of emissions of gases and particulate matter into the air. In this way, the environmental conditions improved not only in Pančevo, but also in the entire country of Serbia.

Sales and distribution

NIS operates a network of more than 400[5] petrol stations in Serbia and the countries of the region. NIS operates the largest retail network in the country, and simultaneously carries out its operations in the neighbouring countries – Bosnia and Herzegovina, Bulgaria and Romania.

NIS is present in the market under two retail brands, and petrol stations of the NIS Group are known for the high quality fuel and non-fuel portfolio, as well as modern services that meet the consumers' demands. NIS continually invests in the development of its retail network and in improving the quality of its goods and services. One of the priorities is digital projects, which provides consumers with services in line with modern trends, such as fuel payments without going to the cashier, digitization of loyalty programmes, introduction of self-service cash registers inside petrol station facilities, etc.

In addition to the retail sale of finished petroleum products, liquefied petroleum gas and a range of related products, the sales structure of NIS also includes the export and domestic wholesale of gas and petroleum products. In addition, NIS is developing the supply of aviation and bunkering fuel, and the sales of bitumen and coke as special business lines.

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

In 2025, NIS modernized its petroleum product transport fleet.

Also, the Petroleum Products Warehouse in Niš was officially put into trial operation. Four new aircraft refuelling tanks were put into operation at Aeroservice Belgrade. As part of the further development of services at NIS retail facilities, Post of Serbia installed at parcel lockers at 150 petrol stations throughout Serbia.

Energy

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

The Energy Block is primarily focused on expanding the scope of work in the field of electricity production and trading, managing the Company's energy resources, more efficient and cost-effective operation of the TE-TO Pančevo, as well as improving energy efficiency and reliability within the NIS Group. The task of the Energy Block, among other things, is to accelerate the company's energy transition and the process of decarbonisation.

The modern gas-steam combined cycle power plant in Pančevo (TE-TO Pančevo) powered by natural gas was constructed and started up in 2022. The main advantage of TE-TO Pančevo is that it uses natural gas, as a more environmentally friendly fuel, to simultaneously produce electricity and thermal energy in the form of process steam for the purposes of the Pančevo Refinery.

Since 2013, NIS has built mini power plants with the installed capacity of 16.5 MWe in its oil and gas fields at nine locations in Serbia. The environmental advantage of these plants lies in electricity and thermal energy generation from gas that was not previously used due to poor quality, large content of carbon dioxide and nitrogen, or could not be valorised due to the lack of gas infrastructure. The heat and electricity produced are used for the needs of NIS, while the electricity is also sold on the market. In 2025, the Banatsko Miloševo power plant was put into operation.

In 2022, NIS started the construction of solar photovoltaic power plants (SPPs) first at NIS petrol stations, and then on the roofs and ground of other company facilities, thereby achieving significant financial savings and contributing to the reduction of carbon dioxide emissions. So far, the total of 78 NIS petrol stations have solar power plants as a prosumer. Solar power plants were also built at the Jazak Drinking Water Production Unit, the Pančevo Oil Refinery, and one of the office buildings in Novi Sad. This year, NIS put in operation the first ground-mounted solar power plant at the Novi Sad oil depot, delivering all the produced electricity directly to the distribution system under commercial conditions.

Now the company's total active solar capacity is 11.3 MW. The expected savings in greenhouse gas emissions from these projects will exceed 15,000 tonnes of CO_2 equivalent annually.

HIP-Petrohemija

The largest producer of petrochemical products in the Republic of Serbia, HIP-Petrohemija is a part of NIS Group since 2023. The strategy of further development of HIP-Petrohemija involves the modernization of basic production capacities and the construction of new facilities, increasing energy efficiency and business efficiency, as well as the implementation of projects in the field of environmental protection. The key project is the construction of a polypropylene production plant.

The integrated production complex of HIP-Petrohemija is currently able to produce over 600 thousand tonnes of petrochemical products per year. The production process in Pančevo includes five production and service facilities, with a laboratory and the necessary supporting services. Ethylene with its co-products and polyethylene HIPTEN® and HIPLEX® are produced here. A factory for the production of polyethylene pipes and fittings is also located in Pančevo.

In Elemir near Zrenjanin, the Synthetic Rubber Factory uses the co-product from Pančevo - the C4 fraction - as raw material. Its processing produces the monomer 1,3-butadiene, and then the polymer-synthetic styrene-

[5]With the onset of full-scale sanctions, on 9 October 2025, the operation of petrol stations in Bulgaria has been temporarily suspended.

butadiene rubber HIPREN®. Methyl tertiary butyl ether (MTBE), an additive for motor gasoline, is also produced at this location. Raffinate 1, the residue after processing the C4 fraction, is used as raw material for MTBE production.

HIPTEN®, HIPLEX® and HIPREN® polymer products are intended for plastic and rubber processors and are incorporated into a large number of everyday objects, making them higher quality, safer and more comfortable.

Base products that are not processed in the "HIP-Petrohemija" (propylene, pyrolysis oil, pyrolysis gasoline) are the starting point for numerous other uses in the chemical and processing industry.

Technical services

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



HISTORY

OVER 75 YEARS OF SUCCESS

Over the seven decades, from 1949 when the first gas fields were discovered, NIS has developed into a successful energy company. Apart from its activities in the exploration, production and refining of oil and natural gas and sale of a broad range of petroleum and natural gas products, NIS develops in the petrochemical and energy sectors.

2025 IN THE COMPANY'S HISTORY

NIS operated under the sanctions of the U.S. Department of the Treasury, under temporary licenses.

In 2025, the Banatsko Miloševo power plant was commissioned.

Reconstruction of the industrial railway tracks in Pančevo Refinery was completed.

HIP-Petrohemija completed the planned projects, aimed at increasing the operational reliability of equipment in 2025.

The Niš oil depot was put into trial operation.

Solar power plants were installed and put into operation at 33 petrol stations. In addition, the largest ground mounted solar power plant started operating at the Novi Sad Oil Depot.



(2019-2024)

FURTHER DEVELOPMENT

2019
Construction of TE-TO Pančevo started.

2020
The Pančevo Oil Refinery celebrated the start-up of the delayed coking unit.
The NIS launched the Drive.Go application and was the first company in Serbia to introduce paying at the pump.

2021
The Republic of Serbia, NIS, and HIP-Petrohemija signed a Strategic Partnership Agreement, increasing NIS' stake in HIP-Petrohemija to 90% of the share capital.

2022
The construction of TE-TO Pančevo was completed, and the plant started commercial production of electricity.
NIS started the program of solar power plant construction at its facilities. The first solar plants appeared at the company's petrol stations.

2023
In accordance with the Strategic Partnership Agreement between the Republic of Serbia, NIS j.s.c. Novi Sad, and HIP Petrohemija, the acquisition went through on 9 June 2023, and the integration of HIPP into the NIS system began.
The 55th anniversary of the beginning of production at the Pančevo Oil Refinery was celebrated

2024
The Pančevo Oil Refinery completed the most comprehensive and the most complex overhaul in its history of the was carried out.
NIS purchased two the state-of-the-art robotic drilling rigs.
NIS issued its first corporate bonds.
Drive Cafes across Serbia sold 7 million cups of coffee.

(1968-2018)

DEVELOPMENT AND MODERNIZATION

1968
Oil refineries were put into operation in Novi Sad and Pančevo.
The Velebit oil field was discovered.

1985
Oil production commenced in Angola, which was the first time NIS entered into a concession agreement outside Serbia.

1991
The company transformed into public enterprise Naftna Industrija Srbije.

1999
During the NATO bombing, NIS suffered human casualties and material losses.
After the bombing, the active reconstruction of its damaged facilities started.

2005
The company transformed into joint-stock company NIS j.s.c. Novi Sad.

2008
NISOTEC, the oil and lubricants brand was launched on the Serbian market.

2009
Start of the modernization of the refining complex.

2010
NIS became an open joint stock company listed on the Belgrade Stock Exchange.

2011
NIS began its regional development.
The subsidiaries were set up in Bosnia and Herzegovina, Bulgaria and Romania.

2012
NIS completed the first phase of the Pančevo Oil Refinery modernization and started production of Euro 5 quality standard fuel.

2013
The first dividends were paid out to the shareholders from the Company's earnings.

NIS began its transformation into an energy company.

The first cogeneration plant for the production of electricity and heat from gas was commissioned in Sirakovo.

2014
The first amounts of electricity were sold in the market.
NIS started selling its first-branded motor fuel, Premium Euro Diesel Ultra D.

2015
The sales of G-Drive 100 petrol started.
Implementation of the Drive Cafe concept has begun.

2016
Start of operation of the amine unit for natural gas processing in Elemir.
NIS started selling its G-Drive Diesel premium fuel in Serbia.
Start of the "On the road with us" loyalty programme.
Development of production under brands Drive café, G-Drive, "Jazak".

2017
The Pančevo Oil Refinery celebrated the start of works on the new delayed coking unit.
The contact on construction of a combined-cycle power plant of Pančevo was signed between TE-TO Pančevo and the Chinese company Shanghai Electric Group.
NIS adopted its 2025 Development Strategy.

2018
The "Common Cause Community" programme for cooperation between NIS and local communities in Serbia marked its 10th anniversary.





(1945-1963)

BEGINNINGS

1945
Oil and Petroleum Product Trading Company was founded.

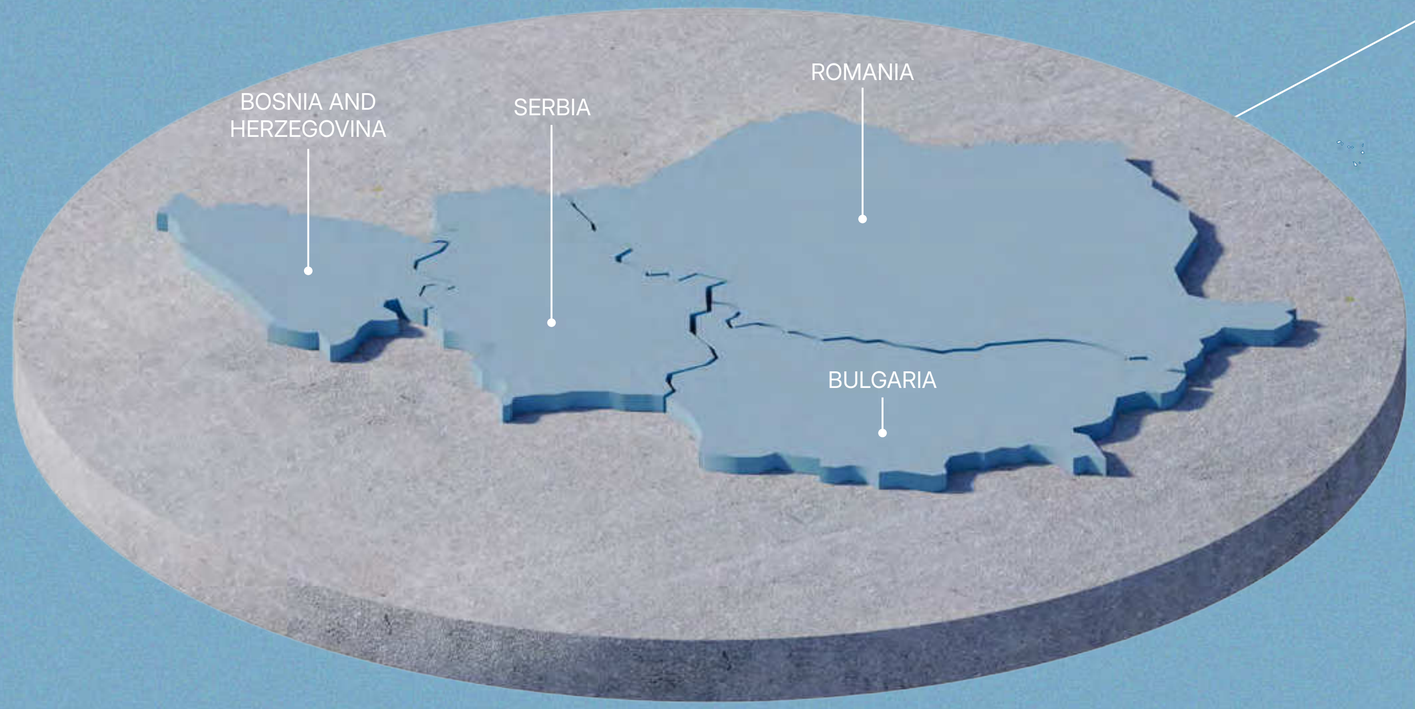
1949
Naftagas Oil Exploration and Production Company was founded.
The first natural gas reservoirs were discovered.

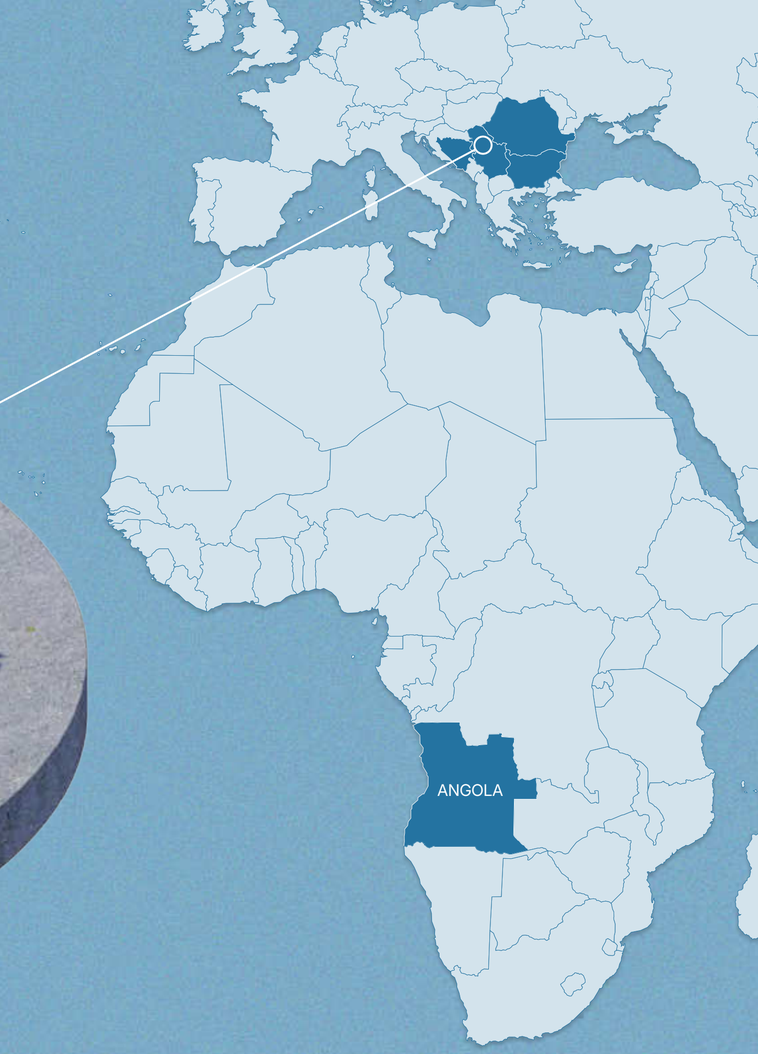
1952
The first oil field was discovered in the north of the country, near Jermenovci in Banat.

1953
The active construction of the first petrol stations began in Serbia's largest cities.

1963
The construction of the first trunk gas pipeline was completed, connecting all the oil fields with Pančevo, where the first refinery was to be constructed.

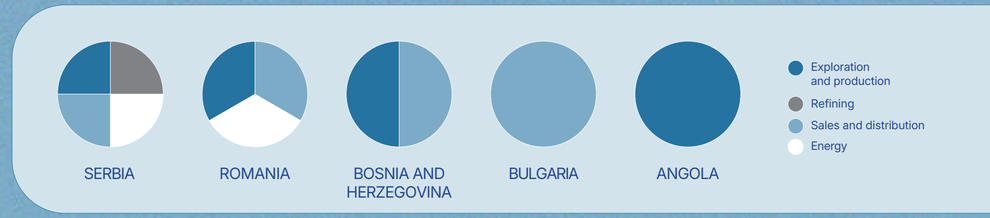
NIS WORLDWIDE





Apart from Serbia, NIS also operates oil and gas exploration and production facilities in the neighbouring Romania and Bosnia and Herzegovina, and carries out retail activity in Bosnia and Herzegovina, Bulgaria[6], and Romania. Moreover, NIS has expanded its activities in the field of electricity trading to regional markets.

NIS Group's business structure is shown on page 34.



[6]With the onset of full-scale sanctions, on 9 October 2025, the operation of petrol stations in Bulgaria has been temporarily suspended.

BUSINESS MODEL

REFINING[7]

Imported oil
2,278 thousand tonnes

Semi-finished products
117 thousand tonnes

Domestic oil
700 thousand tonnes

HIP-PETROHEMIJA

Production of petrochemical products
258 thousand tonnes

Petrochemical product sales
248 thousand tonnes

Refining of primary gasoline
326 thousand tonnes

SALES AND DISTRIBUTION

Wholesale - Serbia and foreign assets
1,115 thousand tonnes

Export, transit and BU
692 thousand tonnes

Retail - Serbia and foreign assets
1,045 thousand tonnes

Sales HIPP
171 thousand tonnes



EXPLORATION AND PRODUCTION

Domestic oil
769 thousand t.o.e.

Foreign projects
46 thousand t.o.e.

Domestic gas
310 thousand t.o.e.

ENERGY

Electricity generated
123 MWh

Volume of sold electricity
915[8] MWh

TE-TO PANČEVO

Electricity generated
1 million MWh



[7]The presented refining throughput also includes the throughput of HIP Petrohemija. In the Pančevo Oil Refinery, the throughput of imported oil amounts to 2,278.2 thousand tons, the throughput of domestic oil equals 699.8 thousand tons, while the throughput of semi-finished products amounts to 179.2 thousand tons.

[8]The total volume of electricity produced for the 2025 in TE-TO Pančevo is 1 million MWh. The indirect share of NIS a.d. Novi Sad in the company that owns Cogeneration Plant TE-TO Pančevo is 49%. The presented volume of sold electricity (1 milion MWh) includes TE-TO Pancevo.

INTERSEGMENT PRICES

The concept of the intersegment pricing methodology is based on the market principle and the “one product, one transfer price” principle.

The “one product, one transfer price” principle means that the movement of a product between different profit centres within NIS is valued at a single price, regardless of the profit centres the involved.

Intersegment prices are used to generate internal revenue between NIS business segments and are set to reflect the market position of each business segment.

- The intersegment price for domestic oil is determined using export parity pricing
- Intersegment price of natural gas is equal to the price at which NIS sells gas to the state enterprise Srbijagas
- Intersegment prices of petroleum and natural gas products are defined according to the following principles:
  - » Combined import-export parity is a principle used for transfer pricing of products that can be freely imported to the Serbian market and that the company largely exports;
  - » Import parity is a principle used to calculate intersegment prices of products, that can be freely imported and that are largely sold in the local market;
  - » Export parity is used for products that are predominantly exported. If no export channels are available at the time of pricing, the transfer price for petroleum products that are predominantly exported, may be set based on sales netback premiums for alternative sales channels or signed annual contracts;
  - » Other petroleum products, i.e. products which due to their characteristics do not belong to any of the previous three groups (combined exportimport parity, import parity, export parity), are typically sold to a small number of known buyers, and their selling prices are defined by annual or long-term contracts. They are an alternative to the production of other products or redundancy in production units.



PRODUCTS AND SERVICES

PRODUCTS

1. Motor fuel

The quality of motor fuels directly affects engine performance and its lifespan, as well as exhaust gas emissions, and consequently, air quality.

2. Aviation fuel

NIS supplies the Belgrade and Niš airports.

3. Bitumen and petroleum coke

Bitumen is produced at the Pančevo Oil Refinery and shipped out 24 hours a day, 7 days a week.

4. Compressed natural gas

Compressed natural gas is considered fuel of the future due to its environmentally friendly properties.

5. Jazak water

In the vicinity of Jazak Monastery, in Vojvodina, there is a natural spring with high-quality drinking water.

6. Oils and lubricants

NIS has a long-established tradition of lubricants and process liquids manufacturing and sale.

7. Marine fuel

At river routes in Serbia, NIS supplies top-quality Euro Diesel to vessels at its bunkering stations.

8. Fuel oil

NIS produces low-sulphur fuel oil - with a sulphur content up to 1%.

9. LPG

LPG for automotive use, bottled LPG in cylinders for households and industry.

10. Petrochemical products

Polymer products, base products, and polyethylene pipes.

11. Other products

Aromatis, sulphur, straight-run petrol, propylene, electricity, etc.

SERVICES

1. Petrol stations

NIS owns a network of more than 400 petrol stations in Serbia and the countries of the region.

2. Laboratory

Laboratory testing as part of the final quality control before shipment of fuel to end customers.

3. Transport

NIS MTO d.o.o. Beograd provides passenger transport services and warehousing services.

4. Product quality

To justify its role as the market leader, NIS largely focuses on the quality of its products.

5. Fuel card

Fast, user-friendly, and safe purchase of fuel and non-fuel products.

6. Services

NIS has its own service capacities that fully meet the Company's demands also provides services to third parties.

7. REACH and SDS

REACH is a European law that regulates reporting, assessment, approval and prohibition of chemicals.

8. Passenger transport services and warehousing

NIS j.s.c. provides logistic warehousing services to third parties, with 24/7 security and access control.

9. Training courses and design services

Training courses of STC NIS - Naftagas LLC Novi Sad and infrastructure design services and development of technological solutions.

10. Other services

- Accounting and HR administration services
- Services of technical water supply to vessels at NIS bunkering stations and
- Other services.

WE PROVIDE A BROAD PORTFOLIO OF PRODUCTS AND SERVICES



CREATING VALUE FOR STAKEHOLDERS

- SHAREHOLDERS AND INVESTORS
- EMPLOYEES
- CONSUMERS AND CUSTOMERS
- SOCIAL RESPONSIBILITY AND LOCAL COMMUNITY
- STATE (GOVERNMENT AND REGULATORY BODIES)

SHAREHOLDERS AND INVESTORS

The company fosters a transparent and responsible relationship with shareholders and investors by respecting shareholder rights, timely disclosure of all important information, and improving the corporate governance system.

Communication channels:

- Shareholders' Assembly sessions;
- Mandatory reporting and publication of additional information;
- Presentations of business results;
- Investor Day;
- A dedicated website for shareholders and investors;
- Office for minority shareholder relations;
- Email address for investors (investor.relations@nis.rs);
- Email address for shareholders (servis.akcionara@nis.rs);
- Call Centre for shareholders.

Key activities in 2025:

- The 17th regular Shareholders' Assembly meeting were held;
- Presentations of business results were held;
- On October 22, 2025, dividends were paid to shareholders in the total amount of RSD 4.6[9] billion.

[9]The Company paid dividends to shareholders from the profit generated in 2024, except for shareholders for whom, in accordance with the decision of the Board of Directors of NIS j.s.c Novi Sad, the payment was temporarily postponed until their removal from the SDN list of the US Department of the Treasury. NIS paid RSD 2.5 billion to shareholders in dividends from the profit generated in 2024.

EMPLOYEES

NIS is one of the largest energy companies in Southeastern Europe and one of the largest employers in Serbia. Our team consists more than 13,500 talented, skilled, and hardworking individuals who are the strength and driving force behind our business.

Communication channels:

- HRIS platforms (SAP SuccessFactors, Together);
- Employee experience survey;
- Internal portals and intranet;
- Workshops and training sessions;
- Performance & potential review;
- Mobile apps for employees;
- Notice boards and internal bulletins.

Key activities in 2025:

- Six projects implemented within the framework of the employer brand and talent acquisition strategy for the period 2024–2027;
- Successfully transitioned to backup solutions due to the inability to operate all HR processes through SAP SuccessFactors (SAP SF), alternative HR solutions found to replace SAP SuccessFactors from 2027;
- More than 90 participants attended in 4 dedicated programmes for the young.

CONSUMERS AND CUSTOMERS

For our clients, NIS petrol stations are not just a place to refuel, but also a perfect spot to take a break, have a meal, and buy everything they need for their trip. Our competitive benefit is the wide selection of additional goods and services.

The users of NIS' products and services can be described as consumers with attention to detail — they care about the brand, quality, visual identity of the product, its design, and its reputation. Through loyalty programs and marketing activities, the offering of fuel and non-fuel products, NIS provides consumers with high-quality goods, and offers services and facilities in line with modern trends to meet consumer needs. NIS continuously monitors customer satisfaction and works to further develop and enhance the quality of goods and services.

Communication channels:

- Point of Sale Communication (POS materials, direct communication with consumers by employees at petrol stations);
- Media buying;
- Online communication;
- Direct marketing;
- Below the line (BTL) activities (events, tastings at petrol stations, participation in trade fairs, conferences, sponsorships, etc).

Key activities in 2025:

- Promotion of G-Drive fuel through the campaign -10 RSD/l on G-Drive fuels;
- The national sales campaign for the members of the On the road with us loyalty program was realized;
- Reconstruction and opening of new petrol stations;
- Promotion of self-service cash registers at petrol stations and campaign for the "1 additional bonus point per liter of fuel» campaign for payment at the self-service cash register;
- Implementation of the national campaign with the aim of presenting the benefits and functionalities of the business model for corporate clients;
- Ongoing promotion and support through various online channels.

SOCIAL RESPONSIBILITY AND LOCAL COMMUNITY

The priority of NIS when it comes to socially responsible projects is a responsible attitude towards the local community, providing incentives for its strengthening and development, and creating conditions for further progress. The focus of the supported projects is on all members of the society, with a special emphasis on the children and young people.

Communication channels:

- CSR initiatives;
- Meetings with local authorities;
- Meetings with representatives of the social sector.

Key activities in 2025:

- Identification of community needs;
- Support for institutions and organizations in the fields of science and education, public health and social protection, environmental protection, culture, and sports;
- Active dialogue with representatives of local authorities and all potential partners in local communities.

GOVERNMENT AND REGULATORY BODIES

It is of key importance to ensure compliance with legislation, promote policies, and implement social and economic programs aimed at long-term sustainability.

Communication channels:

- Participation in work advisory bodies;
- Regular interactions with government institutions and regulatory authorities;
- Organizing training sessions, meetings for experience exchange, and collaboration with local authorities.

Key activities in 2025:

- Developing and improving standards, policies, frameworks, and guidelines;
- Ensuring compliance with relevant laws and local regulations;
- Preparing for and effectively managing challenging situations caused by various factors.

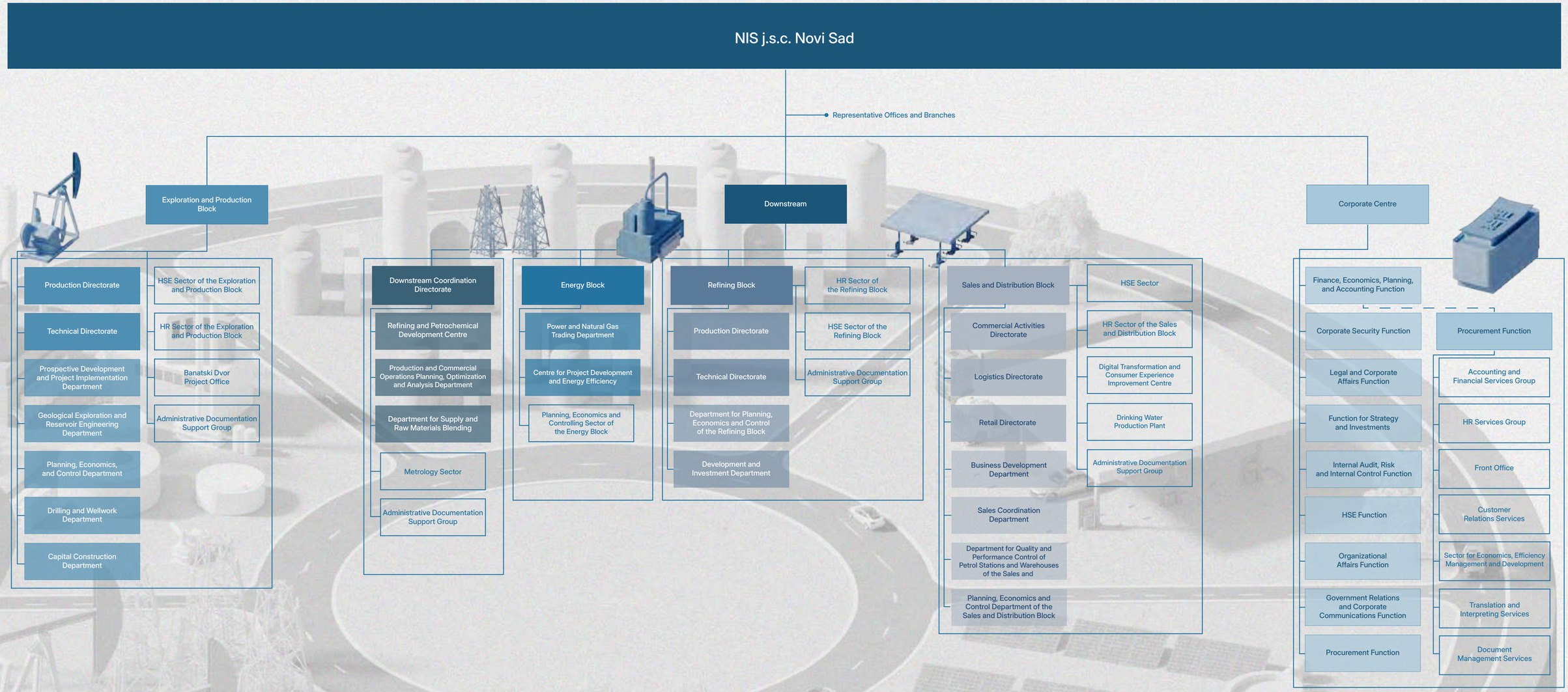
STATE

- NIS is among the leading Serbian employers, investors, and exporter;
- Significant contribution of NIS to the GDP of the Republic of Serbia;
- Significant share in the total tax revenue of Serbia's budget;
- Investments in environmental protection projects.

Our commitments:

- NIS and its subsidiaries in Serbia had public revenue obligations in 2025 amounting to 198.5 billion RSD, which represents 8.8% of the Republic of Serbia's budget. This ratio was calculated considering obligations from public revenues and the dividend paid to the Republic of Serbia;
- The total amount of calculated public revenue obligations for the NIS Group in 2025 was 207.0 billion RSD. Public revenue obligations are settled in accordance with legal deadlines.

NIS J.S.C. NOVI SAD ORGANISATIONAL STRUCTURE



NIS GROUP BUSINESS STRUCTURE

SUBSIDIARIES[10] AND PARTICIPATION PERCENTAGE

- HIP-Petrohemija LLC Pančevo (90%)
- Naftagas – Oil Services LLC Novi Sad (100%)
- Naftagas – Technical services LLC Zrenjanin (100%)
- NIS MTO LLC Belgrade (100%)
- STC NIS – Naftagas LLC Novi Sad (100%)
- NIS Petrol a.d. Belgrade (100%)
  - NIS MET Energowind LLC Belgrade (50%[11])
- NIS Overseas o.o.o. Saint Petersburg (Russian Federation) (100%)
- NIS Petrol e.o.o.d. Sofia (Bulgaria) (100%)
- NIS Petrol s.r.l. Bucharest (Romania) (100%)
- NIS Petrol LLC Banja Luka (Bosnia and Herzegovina) (100%)
  - G-Petrol LLC Sarajevo (Bosnia and Herzegovina) (100%)
- Jadran Naftagas LLC Banja Luka (Bosnia and Herzegovina) (100%)

REPRESENTATIVE OFFICES AND BRANCH OFFICES

- Branch Offices in Serbia[12]
- Angola Representative Office
- Russian Federation Representative Office
- Turkmenistan Branch Office[13]

[10]All the company's subsidiaries are reflected in its consolidated reporting.
[11]Joint venture.
[12]Under the Law on Tourism of the Republic of Serbia, if hospitality services are not the core activity of a company, then such company is obliged to establish a branch (premises outside its registered seat) and register it accordingly, or otherwise establish an organisational unit that is registered in the Tourism Registry. To this end, the Company registered all petrol stations where it provides hospitality services as separate branches. The list of petrol stations which are registered as branches is available at http://ir.nis.rs/en/corporate-governance/group-structure/.
[13]The process of liquidation has been initiated.

STRATEGY
MISSION, VISION AND VALUES

MISSION

We are an energy company that uses modern technologies and innovative solutions to ensure continuous digitalization of its activities and increase efficiency, and contributes to the development and stability through a responsible attitude and care for employees and communities of presence.

VISION

Guided by the principles of efficiency and responsibility, we drive change and create energy for a stable, sustainable, and better future.

VALUES

Responsibility

Our result and safety are my responsibility!

A responsible company and employees who use resources effectively for the common good.

Transparency

Open towards each other!

Only through open and fair communication, we can create a transparent working environment.

Innovativeness

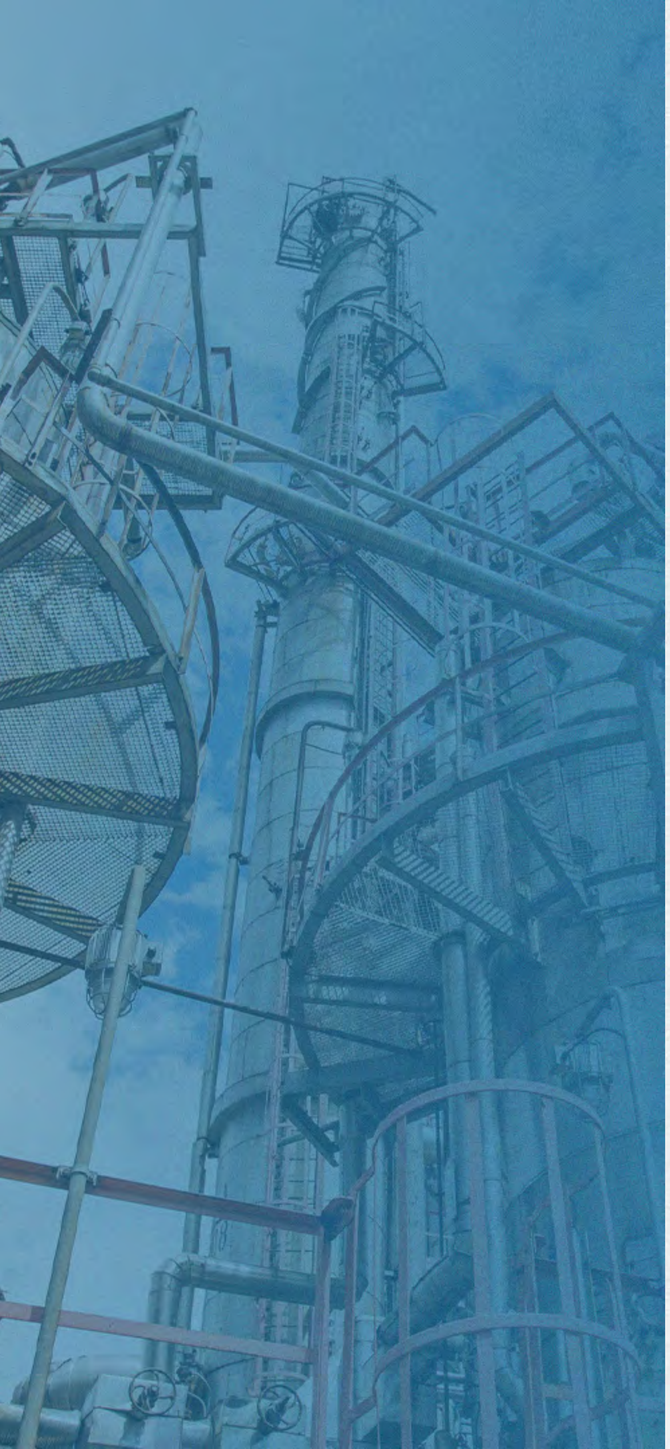
Awaken your curiosity!

We find and support new and consistently better solutions to continually improve ourselves and remain the industry leaders.

Expertise

Knowledge creates our future!

Everything we create is based on our expertise that inspires change throughout the community.



GOALS AND ACHIEVEMENTS 2017-2025

GOALS

- To preserve production and resource base growth indicators
- To increase the depth and efficiency of refining
- To boost sales of petroleum products through own sales channels and modernise the retail network
- To diversify the business by building new electricity generation capacities
- To optimize operating performances

ACHIEVEMENTS

- Bottom of barel unit was put into operation
- The implementation of project aimed at increasing the efficiency and reliability of the Pancevo Oil Refinery
- Commercial operation of TE-TO Pančevo
- HIP-Petrohemija integration
- Start of implementation of the polypropylene production plant construction project
- Two robotic drilling rigs “Tesla and Pupin” were put into operation
- Petroleum products warehouse in Niš put into trial operation

STRATEGIC GOALS

EXPLORATION AND PRODUCTION

Maintaining production indicators and resource base

- Maintaining the share of own oil in refining through efficient management of the portfolio of production maintenance projects;
- Use of advanced drilling technologies and innovative solutions to maximize production.

REFINING

Increased efficiency and stable operation

- The goal is to ensure that the efficiency is above the average of the refineries in Central and Southern Europe, and to ensure the stable operation of the refinery reliable fuel supply to the Serbian market.

SALES AND DISTRIBUTION

Maintaining market share, modernizing the network and logistics

- Maintaining a leading position in the motor fuel market in Serbia thanks to the development of the network together with increasing business efficiency.

ENERGY

Increase in production and energy efficiency

- Construction of capacities to produce electricity from renewable sources;
- Continuous review of processes and implementation of energy efficiency projects in each company segment.

HIP-PETROHEMIJA

Modernization and stable operation

- Construction of a polypropylene plant in accordance with the Strategic partnership agreement, and ensuring continuous, more efficient and reliable operation.

A SAFE AND DESIRABLE PLACE TO WORK

Target "0"

- Eliminating the harmfulness and negative impact on people (FAR/LTIF) and property (Tier 1) during the implementation of business processes;
- Maintaining the position among the TOP 5 best employers in Serbia and continuous development of employees and improving working conditions.

DECARBONISATION

- Reduce the adverse environmental impact and carbon intensity by 30% compared to 2018, as well as prevent the adverse effects of potential carbon taxes on the Company's results.

STABILITY AND SECURITY OF SUPPLY

- Ensuring energy security of Serbia by reliable supply of petroleum products and energy.

IMPROVING TECHNOLOGICAL INDEPENDENCE AND IT DEVELOPMENT

- Consolidation and modernization of IT infrastructure, technological sovereignty, unification of software solutions and development of IT architecture, with the aim to ensure business stability, flexibility and competitiveness.

RISK MANAGEMENT

RISK MANAGEMENT SYSTEM

Risk is negative impact on the Company›s objectives in the case if a risky event occurrs. Risk management is a continuous and systematic business process which supports management decision-making and the achievement of a Company's objectives in an environment of risk exposure.

In business, the Company is exposed to certain risks which, is realised, may affect the fulfilment of its objectives. The Company acknowledges the existence of risks and makes a sustained effort to manage them in a structured manner. An effective and efficient risk management system is central to ensuring the Company's business continuity and a well-established risk management framework outlines the Company's risk management procedures and lays the groundwork for business decision-making.

The risk management system in the Company is based on the principles of the COSO Enterprise Risk Management framework and the international standard ISO 31000. The main regulatory and methodological documents regulating this process in the Company are the following:

Company's policy
Risk Management
and Internal Control policy

Company's standards
Risk Management Standard

Company's instructions
- The Instruction: Methodological Guidelines for Risk Management
- The Instruction: Methodological Guidelines for Internal Controls

In 2023, NIS ordered an external evaluation of its risk management system, which concluded that the company's risk management system complies with the international corporate governance standards, including the specialized risk management standards.

The company has defined its risk management objectives and has an integrated risk management system (IRMS) in place.

The Company's risk management objectives are achieved through the following tasks:

• Establishing a risk management culture in the Company in order to ensure that both the management and employees have a full understanding of the basic risk management principles and approaches;

• Defining and establishing a systemic approach to identifying and assessing the risks inherent to the Company's operations, both in general and specific business areas;

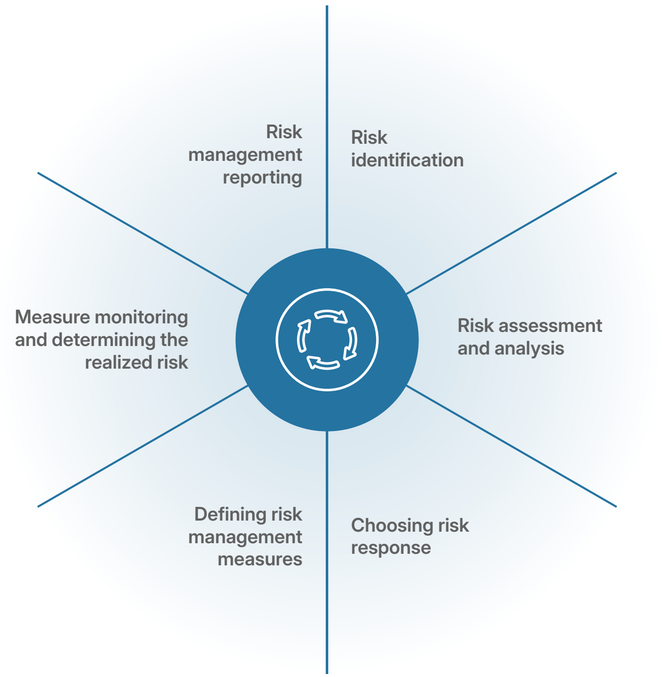
• Encouraging the exchange of risk information between the corporate organizational units, and the collaboration in the identification that risk management measures and

• Providing structured information on risks to the corporate governance bodies.

The IRMS is a set of phases, methodologies and instruments aimed at ensuring the efficiency and effectiveness of the risk management process in the Company.



IRMS business process flow at Company



Risk identification – Risk identification is conducted by determining the factors or causes that lead to a risk event, which may negatively impact the Company's objectives. Risks are identified through the analysis of internal and external data sources, low-probability scenario analysis (stress testing), interviews, risk sessions, etc. This phase involves defining, classifying, and recording risks, as well as designating risk owners.

Risk assessment and analysis – Risk assesment and analysis are carried out by determining the probability of occurrence and potential impact, using quantitative, qualitative, or combined methods.

Risks are ranked by level in accordance with the risk matrix, combining the established impact and risk probability.

Choosing risk response and defining risk management measures – The chosen risk response serves as the basis for developing and implementing risk management measures, while defining objectives and expected implementation results. Risk mitigation measures aim to reduce the probability of occurrence and/or the impact of the risk on the Company.

Measure monitoring and determining the realized risk– The Company develops and implements processes that enable risk monitoring, tracking the status of risk management measures, and ensuring timely and efficient execution, including internal controls to prevent risk realisation.

Risk management reporting – Regular quarterly reporting to the Company's management bodies to ensure the completeness, timeliness, and accuracy of information, as well as its optimal form and content.

The fundamental principle of the established system is that responsibility for risk management lies with the risk owners, i.e., the business process owners within the Company. Such an approach ensures that the responsibility for risk management and monitoring is identified for all processes of the Company, and that suitable solutions concerning risks and action plans are prepared in order to manage risks at the level of individual business processes and Company as a whole.

The Risk Monitoring and Internal Controls Sector has been established within the Company, which performs continuous monitoring of the risk management process, and also coordinates and continuously improves this business process.

The Company has implemented key risk indicators aimed at early identification of changes and their potential causes which could subsequently lead to Company's failure to achieve its targets. They demonstrate the risk exposure of certain key indicators and defined period of monitoring.

IRMS in business planning process

The key risks associated with the Company's goals are acknowledged by the Board of Directors through the adoption of business plans. Risk assessment is an integral part of the business planning process, while information on key risks – estimated financial effect of the risks on result of Company, answers and measures, financial resources needed to implement the measures – are incorporated into the adopted business plans.

In its operations, the Group is exposed to the following categories:

- Non-financial risks:
  - » Operational risks;
  - » Project risks;
  - » Political risks;
  - » Strategic risk;
  - » Reputation risks;
  - » Legal risks;
  - » Compliance risks.
- Financial risks:
  - » Foreign exchange risk;
  - » Interest rate risk;
  - » Liquidity risk;
  - » Credit risk;
  - » Concentration risk;
  - » Commodity and price risks.

NONFINANCIAL RISKS

RISK DESCRIPTION	RISK MANAGEMENT MEASURES
Operational risks	
HSE risks	
Due to the nature of its activity, the Company is exposed to health, safety and environmental risks.	With a view to protecting its employees, equipment, facilities, and environment, as well as meeting legal obligations, the Company continuously monitors its work processes, workforce, assets, and working and living conditions. In addition, the Company amends its normative and methodological documents in a timely manner, to ensure they reflect changes in the legislation of the Republic of Serbia and monitors their enforcement. The Company timely implements corrective measures ensuing from HSE incident investigations, through the system of observations, corporate oversight, and external inspections. HSE training courses are provided to employees.
HR risks	
Highly qualified personnel is key for efficient operations of the Company.	The Company is implementing a broad range of activities aimed at attracting and retaining qualified staff. Some of the measures to attract qualified personnel include: early recruitment programmes (cooperation with educational institutions, scholarships), "NIS Calling" and "NIS Energy" programmes. The programmes implemented for employee retention include: talent management programme, talent development programme, professional training of employees, performance- and potential-based employee assessment – identifying talents and defining the succession plan for key positions in the Company, training for managers, and introduction of a unique talent management system.
IT risks	
Due to the growing reliance of the Company's business processes on information technologies, automation and telecommunications, the Company is exposed to risks of ensuring expected service availability and business continuity.	The Company manages these risks through a series of measures, which include IT standards and system monitoring tools, performs data backups and tests the service recovery process. In addition, the Company strives to monitor and implement new technologies and renew equipment in order to increase quality and continuity of service availability.
Information security risks	
The Company is exposed to business risks stemming from potential breaches of integrity, confidentiality, and availability of information.	Information protection within the Company comprises activities that, through the handling of information, have a positive impact on business operations by maintaining continuity of business processes and minimising operational risks. The Company's information protection system is a comprehensive set of rules prescribed by regulatory and normative-methodological documents, specific organisational and technical measures, and activities aimed at provision and monitoring enforcement of the prescribed security measures.
Project risks	
A consistent and transparent risk management process has been established within the NIS Group for the implementation of investment projects, fully aligned with the PMI (Project Management Institute) standards. Effective project risk management is reflected in maximising the probability and impact of positive events, minimising the probability and impact of negative events on the projects, resulting in the development of more realistic project management plans and increasing the likelihood of achieving the defined project objectives.	A detailed risk management plan is developed within the planning and preparation phase for each investment project. Special attention is paid to the identification of risks that are of material importance to a particular investment project, analysis of identified risks (qualitative and quantitative analysis), planning of the "response strategy", or adequate measures (by defining preventive activities, corrective and contingency action plans), determination of the tolerance level for identified risks, and appointment of persons responsible for the implementation of these measures and persons responsible for the regular review of project risks. All of the above is consolidated into a dedicated Project Risk Register.
Political risks	
Frequent changes and the tightening of sanction regimes may further impact the Group's operations. On January 10, 2025, the Company was placed on the SDN (Specially Designated Nationals) list by OFAC (Office of Foreign Assets Control).	In the period ending on 9 October 2025, the Company obtained eight operating licenses issued by OFAC, which enabled uninterrupted business operations. Management has taken all necessary measures to ensure the business sustainability of the Group during the period from October 9, 2025, to December 31, 2025, when the ninth operating license[14] was issued. However, the future effects are difficult to predict, and management's current expectations and estimates may differ from actual results. The Group has been implementing internal procedures to ensure sanctions compliance, to eliminate risks and potential negative consequences for the Company's operations arising from activities contrary to the prohibitions and restrictions established by international sanctions.

[14]The US Treasury Department issued a special license to NIS on 31 December 2025, allowing the company to resume operations through 23 January 2026.
On 23 January 2026, The US Treasury Department issued a special license to NIS, allowing the company to resume operations as of 20 February 2026.
On 20 February 2026, The US Treasury Department issued a special license to NIS, allowing the company to resume operations as of 20 March 2026. All events related to the issuance of licenses that occurred after the reporting date, from 31 December 2025 to 27 February 2026, when this Annual Report was approved, were taken into account.

FINANCIAL RISKS

RISK DESCRIPTION	RISK MANAGEMENT MEASURES
Credit risks	
Credit risks arise in connection with cash funds, deposits with banks and financial institutions, intercompany loans/loans to third parties, and in the sale of petroleum products with deferred payment.	Credit risk management is established at the level of the NIS Group. With respect to credit limits, banks are ranked according to adopted methodologies applicable to major and other banks, in order to determine the Company's maximum exposure limit to the bank at any given time (through deposits, documentary instruments: bank guarantees, Letters of Credit, etc. issued for the benefit of NIS j.s.c. Novi Sad). With regard to accounts receivable, there is a credit limit methodology in place which serves to define the level of exposure in relation to individual customers, relative to their financial indicators.
Liquidity risks	
Liquidity risk is a risk of NIS Group encountering difficulty in meeting its due liabilities. It is the risk of not having sufficient funds to finance the NIS Group's business operations.	NIS Group continually monitors liquidity in order to provide sufficient cash for its operational, investment and financial activities. To this end, the Group continually contracts and secures sufficient lines of credit and security instruments, ensuring that the internally defined maximum allowable credit debt level is not exceeded and that all its obligations under commercial bank arrangements (covenants) are met.
Commodity-price risks	
Due to its core activity, NIS Group is exposed to risks associated with price volatility, specifically changers in the price of crude oil, petroleum and petrochemical products, which affects the value of inventories and margins in oil refining and the production of petrochemical products, which further affects the future cash flows.	These risks are partly offset by adjusting petroleum product selling prices to the changes in oil and petroleum product prices. In addition, the following actions are undertaken to reduce a potentially negative effects of this risk on the financial result of the Company: • Annual planning based on multiple scenarios, monitoring and timely adjustment of operational plans for crude oil procurement; • Regular sessions of Company's Commission in charge of crude oil purchase/sale to discuss all major topics; • Continuous, intensive check of new potential suppliers through procedural verification based on inquiries and letters of interest submitted to NIS; • Maximum effort to ensure a continuous supply of crude oil despite the restrictive conditions, providing both the required quantities and the type of crude oil that would correspond to refining plans and the product portfolio; • Continuous efforts to optimize processes and strivinge for the best possible economic effects and indicators; • Monitoring market conditions throughout the calendar year and collecting information from foreign companies that are established and reliable traders in the European market and beyond, in order to better understand the potential conditions for the implementation and execution of spot purchases.
Foreign Exchange Risks	
The Company operates in an international setting and is thus exposed to the risk of fluctuating foreign exchange rates arising from business transactions being made in different currencies, primarily EUR and USD. The risk involves future trade transactions and recognised assets and liabilities.	The risks relating to fluctuations in the exchange rate of the national currency against the US dollar and the impact of this factor on the prices of petroleum products is partly offset through the natural hedging of petroleum product selling prices, which are adjusted to these fluctuations. Risk management instruments are also used, such as forward transactions and successive purchases of foreign currency on the foreign exchange market, which help reduce the impact of foreign currency losses in the event of depreciation of the national currency against the EUR (the currency in which the majority of the Company's foreign liabilities are settled following the imposition of sanction-related restrictions). Other measures include balancing of the foreign exchange sub-balance in terms of adjusting the export collection currencies to the currencies of foreign liabilities, managing the currency structure of the credit portfolio, etc.
Interest Rate Risks	
The Company is exposed to the risk of interest rate volatility, both in terms of borrowing from banks and and placement of funds.	The Company borrows from commercial banks at either floating or fixed interest rates, depending on the forecasts of base interest rates in the monetary market and the business banks' capability to offer fixed interest rates on loans. Funds in the form of intercompany loans to third parties are placed at floating or fixed interest rates, whereas monetary funds in the form of term or sight deposits are mostly placed at fixed interest rates. Funds in the form of deposits are placed in accordance with the credit limit methodologies of commercial banks (funds are reciprocally placed only with major commercial banks from which Company obtains loans and/or lines of credit/security instruments). In this respect, income and cash flows from bank deposits and intercompany loans do not largely depend on changes in base interest rates. On the other hand, liabilities towards banks and intercompany liabilities contracted at variable interest rates depend on changes in base interest rates. In order to reduce the uncertainties associated with interest rate risk, when collecting offers from banks for financing, the Company insists on offers with fixed interest rates in order to compare them with variable and fixed interest rates and make a selection in accordance with the current policy for managing interest related expenditures. In addition, the analysis of interest rate movements in the financial market is continuously carried out, as well as the analysis of restrictions and possibilities of using interest rate hedging instruments (interest rate swaps, options, etc.).



BUSINESS ENVIRONMENT[15]

WORLD

In 2025, global oil production was relatively high. Throughout the year, the eight OPEC+ countries gradually increased oil production, the production increases will pause in the first quarter of 2026, due to the global economic outlook, market fundamentals and seasonality.

According to EIA reports, average global oil production exceeded consumption by 2.24 million barrels per day in 2025, which led to a decline in oil prices and an increase in market inventories. In 2026, global oil production is predicted to exceed demand by 2.26 million barrels per day. Global oil supplies have also increased significantly due to the sanctions on crude oil from Iran, Russia, and Venezuela.

The US is the largest oil producer (primarily from shale) with approximately 13.5 million barrels produced per day in 2025 showing a slight upward trend.

The rapid growth in electricity consumption due to the spread of artificial intelligence is forcing the world to ramp up nuclear power generation. Japan is reactivating its old nuclear reactors, and leading technology companies in the US increasingly turn to nuclear energy. Global demand for electricity is estimated to increase by around 2.1% per year.

Natural gas plays a key role in the energy transition, as the most flexible fuel for electricity generation. In 2025, global natural gas consumption increased by about 1.6% compared to the previous year. This trend is expected to continue in the coming years. China is the largest gas importer, as its production cannot keep pace with demand (currently ranking third in the world in natural gas consumption, behind the USA and Russia). The year-on-year gas price on the Dutch TTF exchange is down by almost 40% (compared to 2024), due to increased imports of liquefied petroleum gas, especially from the USA.

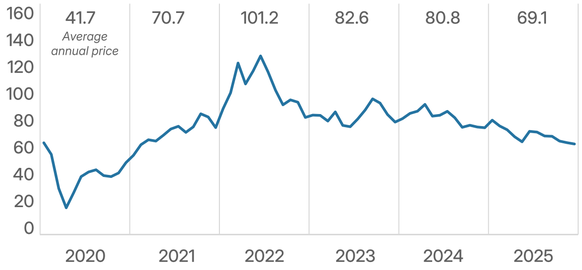
Coal's share in power generation in less developed parts of the world remains high, as it is a domestic resource in many countries and is cheaper than natural gas. It is currently used most in China and India.

The International Renewable Energy Agency (IRENA) says that global renewable electricity generation is growing at a record pace, but not fast enough to meet the target agreed upon in 2023, which was to triple capacity to 11.2 terawatts by 2030. IRENA warns that the pace is also too slow to meet the target of doubling energy efficiency by 2030. The current annual growth rate is around 1%, while 4% is needed.

OIL PRICE

At the end of 2025, oil prices fell by more than 18% compared to the beginning, which is the biggest drop since 2020. The average price of Brent crude oil ($69.1 per barrel) is 14% lower than the average price in 2024 ($80.8 per barrel). The maximum price of $83.1 per barrel was recorded in mid-January and is 11% lower than the maximum price in 2024, while the minimum price of $60.2 per barrel is 15% lower than the minimum price last year.

Brent Dtd[16] price trends, $/bbl



If observed by quarter, the average Brent oil price recorded its sharpest decline in the second quarter compared to the same period in 2024, dropping by as much as 20% due to increased production from OPEC+ countries.

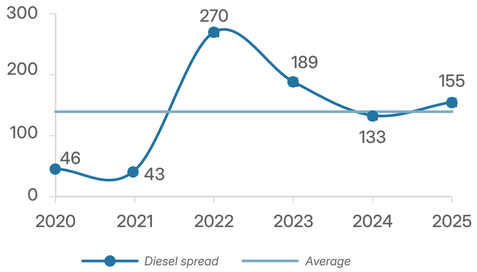
During the fourth quarter, Brent crude oil prices experienced slight fluctuations (from the high of $68.3 per barrel in early October to the low of $60.2 per barrel in mid-December), resulting in a decline in oil prices of around 7% in the fourth quarter. Compared to the same period last year, the average price of Brent crude oil is 15% lower (2024: 74.7 USD/bbl; 2025: 63.7 USD/bbl).

Goldman Sachs estimates that political developments in Venezuela will not have a significant impact on oil price movements in 2026, as the recovery in oil production will be slow, but could lead to a decrease in pressure on the world oil market in the long-term. It estimates that the average price of Brent oil will be around $56 per barrel, while WTI oil will most likely reach around $52 per barrel in 2026.

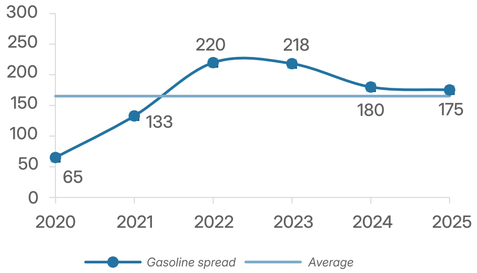
[15]Data sources for the World, Oil price and Macroeconomic trends: reports by IMF, World Oil, BCG, Bloomberg, Reuters, EU Commission, EIA, OPEC, Oil&Gas Journal, Semafor net Zero, Hydrocarbon Processing. Data sources for Serbia: Report National bank of Serbia, Chamber of commerce and industry of Serbia, articles in newspapers: Danas, Bliz Biznis, NIN.

[16]Source: Platts.

Diesel spread, USD/t



Gasoline spread, USD/t



MACROECONOMIC TRENDS

Global economic growth is uneven, with developed countries such as the USA (approx. 2.0%) and the EU (approx. 1.2%) recording slower growth. On the other hand, emerging economies are growing faster than anticipated due to rising consumption and robust investments in industry and infrastructure (China 4.8%, India 6.6%).

Global inflation is gradually easing in most developed countries, but remains high in developing countries. An IMF report predicts a fall from an estimated 4.2% in 2025 to 3.7% in the following year. Energy and food prices, as well as geopolitical developments, continue to pose major risks. Developed countries are recording inflation of close to 3%, while in developing countries it is falling more slowly due to dependence on food and energy and is moving towards close to 7%.

Due to the calming of inflation, reference interest rates are gradually being reduced, with a tendency for further decline in 2026.

The significant decline of the US dollar against major currencies surprised foreign exchange markets. The euro jumped 14% against the dollar (worth $1.17 at the end of 2025). The Russian ruble, despite lower oil prices and sanctions, experienced its highest jump in the previous year – as much as 45% against the dollar (80 rubles for one dollar).

PETROCHEMICAL MARKET

The petrochemical market in 2025 is characterized by pronounced global challenges, but also structural changes that will shape the industry in the long term. After a period of high energy costs and disruptions in supply chains, the market is entering a phase of gradual stabilization, with continued pressure on producers' profitability.

Global demand for petrochemical products in 2025 is expected to grow at a moderate pace, primarily due to the recovery of industrial production and consumption in Asia, while Europe and North America continue to face weaker industrial activity. The highest growth is recorded in polymers, especially polyethylene and polypropylene, which are used in packaging, the automotive industry and construction. At the same time, demand for basic chemicals remains under pressure due to slowed construction activity and stricter environmental regulations.

On the supply side, the market remains burdened by excess capacity, particularly in Asia and the Middle East, where new petrochemical complexes continue to come on stream. This excess capacity is putting pressure on prices and margins, particularly in Europe, where producers face higher energy costs and CO_2 emissions. As a result, temporary shutdowns, decommissioning of facilities and postponement of new investments in the European petrochemical industry were recorded in 2025.

Gas and electricity prices are significantly higher in Europe than in competitors in the US and the Middle East, further reducing the competitiveness of European producers.

Sustainability and the energy transition are among the most important trends in 2025. Petrochemical companies are investing heavily in plastic recycling, the development of biopolymers and reducing the carbon footprint of their production. Regulatory requirements, especially in the European Union, are driving the transition to a circular economy, but at the same time they increase costs and require significant capital investments.

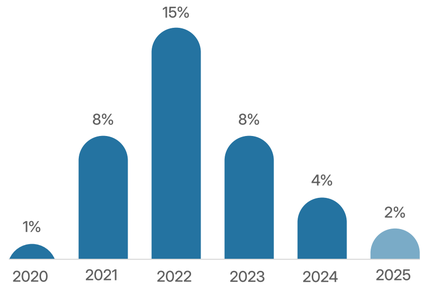
SERBIA

The slowdown in global economic growth and changes in energy prices in 2025 directly affected exports, inflation and the GDP, which indicates the dependence of the country's macroeconomic stability on the global economy.

According to the IMF, Serbia shows moderate GDP growth, which slowed down in 2025 (2% instead of the projected 4%). The lower-than-estimated GDP growth was influenced by external and domestic factors: reduced exports, slower investment inflows, high interest rates, reduced domestic consumption, but also reduced activity in construction and agriculture. With the stabilization of macroeconomic conditions in 2026, according to IMF estimates, it is expected to return to 3%. The NBS projects GDP growth of 3.5% for 2026.

The share of public debt in the GDP at the end of October 2025 is significantly down compared to the previous year and amounts to 43.1%, or EUR 38.17 billion.

Annual inflation rate in RS[17], %

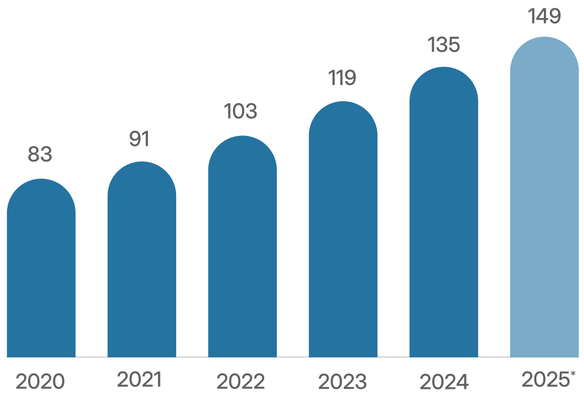


[17]Change in prices in the month compared to the same month of the previous year (2020-2024 - December; 2025 - September), measured by the consumer price index. Source NBS (https://nbs.rs).

The NBS expects inflation to remain within the target range and estimates the inflation rate at 2.8%, as a result of the implementation of the Regulation limiting trade margins, while the year-on-year core inflation is 4.1%. The IMF estimates that Serbia will have the highest inflation in the region during 2025 of around 4.6% with a downward trend in 2026 to 4%. The reference interest rate was maintained at 5.75%. The interest rate on dinar loans to the economy in October was 6.7%, and to the population 8.5%, while the interest rate on loans in euros for both the economy and the population was 4.7%

Industrial production in Serbia during 2025, with monthly oscillations, shows slightly positive growth compared to the previous year. In the period January-November 2025, it was 1.5% higher compared to the same period last year (the impact of the manufacturing industry and the supply of electricity, gas, steam and air conditioning).

Average gross salary in the RS[18], in RSD thousand

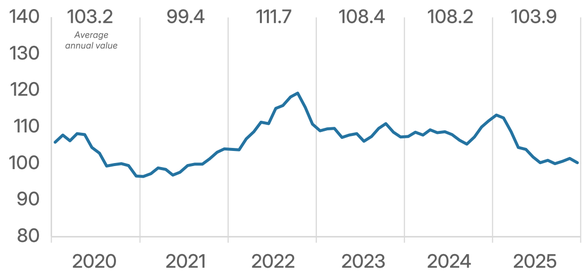


*The average salary refers to period January-October 2025

The real growth of average wages without taxes and contributions in 2025 is 7.1% compared to 2024. The labor market is stable with minimal quarterly fluctuations. In the third quarter, the number of employees decreased by 0.2% compared to the same period last year.

In order to meet international climate obligations to reduce air pollution and CO_2 emissions, from January 1, 2026, "green taxes" will come into effect in Serbia. These are a tax on greenhouse gas emissions and a tax on the import of carbon products in the amount of EUR 4/t, based on the annual amount of CO_2 emitted, with importers being able to use tax credits if the emission tax has already been paid in the country of origin. These taxes apply to industries that emit significant amounts of gases (about 50 companies that have emission permits).

Exchange rate trend USD/RSD[19]



Average USD/RSD exchange rate during 2025 was lower by RSD 4.3, which is 4% lower compared to the average exchange rate in 2024.

During 2025 USD/RSD exchange rate decreased by RSD 12.5 or 11%.



[18]Source: Statistical Office of the Republic of Serbia (www.stat.gov.rs)
[19]Source: National Bank of Serbia.



LEGISLATIVE CHANGES

In 2025, legislative activity of state authorities was primarily focused on regulating the oil and gas sector, with the aim of ensuring greater security, quality, and reliability of supply to the domestic market, as well as harmonization with European Union regulations in these areas. In addition, activities were directed toward the digitalization of processes in the healthcare sector, the legalization of buildings, and finance. The National Assembly adopted the following laws significant for the operations of our Company: the Law on Oil, the Law on Gas, the Law on Mandatory Reserves of Oil, Petroleum Products and Natural Gas, the Law on the Tax on the Import of Carbon-Intensive Products, the Law on the Tax on Greenhouse Gas Emissions, the Law on Waste Management, the Law on Exchange of Data, Documents, and Notifications in the Event of Temporary Incapacity for Work Using the "e-Bolovanje – Poslodavac" (e-Sick Leave – Employer) Software Solution, the Law on Amendments to the Law on Electronic Delivery Notes, the Law on Amendments to the Law on Electronic Invoicing, the Law on Amendments to the Law on Fees for the Use of Public Goods, the Law on Amendments to the Law on Excise Duties, the Law on the National Foreign Trade Unilateral System, the Law on Air Protection, the Law on the Export and Import of Dual-Use Goods, the Law on Special Conditions for the Registration and Recording of Rights in Real Estate, and others. In 2025, adopted Regulations kept limiting the prices of petroleum products. The key adopted bylaws include: the Rulebook on Technical Measures, Requirements, Standards and Their Application for the Purpose of Reducing Emissions of Volatile Organic Compounds arising from Storage and Transport Processes, as well as during the Filling of Motor Vehicle Fuel Tanks with Petrol at Vehicle Supply Stations; the Regulation Amending the Regulation on Operational Reserves of Petroleum Products, Coal and Other Energy Sources; the Rulebook Establishing the Annual Program for the Formation and Maintenance of Mandatory Oil Reserves for 2025; the Rulebook on Amendments to the Rulebook on the Method of Calculation and Payment of Excise Duties and on the Type, Content and Method of Keeping Records; and the Rulebook Amending the Rulebook on Technical Standards for Fire and Explosion Safety of Liquefied Petroleum Gas Facilities and for the Storage and Transfer of Liquefied Petroleum Gas. In addition to the adopted regulations, during 2025 several draft laws and bylaws were prepared and considered, the most significant of which include: the Baseline for the Development of the Draft Law on Mining and Geological Exploration, the Draft Law on Occupational Safety and Health, the Draft Strategy for the Management of Mineral and Other Geological Resources of the Republic of Serbia for the Period 2025–2040, the Draft Law on Integrated Prevention and Control of Environmental Pollution with Projections up to 2050, and the Draft Program for the Implementation of the Energy Development Strategy of the Republic of Serbia until 2040, with Projections up to 2050, for the Period 2026–2028. Intensive legislative activity is expected in the first quarter of 2026, as well as throughout 2026.

The regulations that were subject to public consultations or submitted to the Company for review and the provision of comments, as well as regulations in the drafting of which NIS representatives participated as members of ministerial working groups, were thoroughly analysed by organizational units of NIS, and appropriate comments and suggestions for improvement were provided.

NIS will continue to strive to contribute to the improvement of the business environment in the Republic of Serbia to the greatest extent possible.



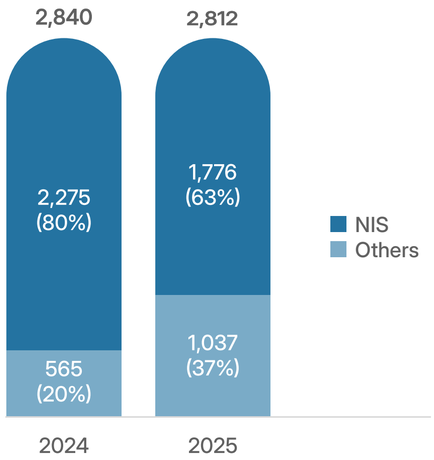
PERFORMANCE ANALYSIS

MARKET SHARE[20]

Contrary to the general regional trend of 2% consumption growth, there was a slight decrease in motor fuel consumption of about 1% in our country in 2025.

MARKET SHARE IN THE SERBIAN MARKET

Volume of the RS motor fuels market[21], in thousand tonnes

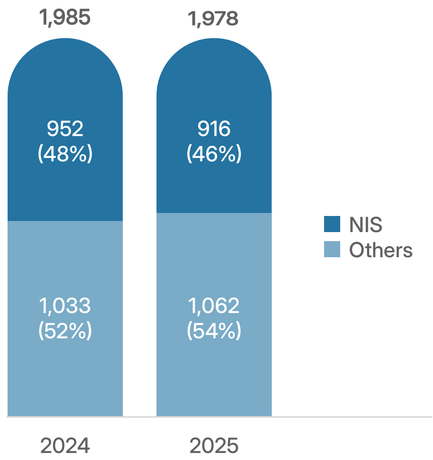


During 2025, there was a slight decrease of 1.0% in motor fuel consumption in the domestic market.

The decline in diesel and LPG consumption was partially compensated by the increase in gasoline consumption, which resulted in a minimal reduction in the total consumption of motor fuels. Consumption is lower primarily due to a decrease in diesel consumption.

Volume of the RS[22] motor fuels retail market, in thousand tonnes

23



In 2025, consumption was at almost the same level as in the equivalent period of 2024. NIS's share of the retail market remains high in complex and dynamic market conditions.

KEY PERFORMANCE INDICATORS

Q4 2025	Q4 2024	Indicator	Unit of measurement	2025	2024
63.7	74.7	Brent Dtd	$/bbl	69.1	80.8
60.4	103.5	Sales revenue	RSD billion	290.1	408.1
-5.3	2.0	Net result ((net loss)/ net profit)	RSD billion	-5.6	10.1
1.1	9.9	EBITDA[24]	RSD billion	22.2	44.4
16.7	21.0	OCF	RSD billion	43.4	61.0
9.1	15.9	CAPEX[25]	RSD billion	28.1	53.2
39.3	68.5	Accrued liabilities for taxes and other public revenues[26]	RSD billion	207.0	260.4
396.3	558.0	Total bank indebtedness[27]	EUR million	396.3	558.0
2.08	2.13	LTIF[28]	number	2.08	2.13

[20]Data sources for the projections: for Serbia – Sales and Distribution Block's internal analyzes and estimates; for consumption estimates for Bulgaria and Romania– Stratas Advisors; for Bosnia-Herzegovina – Stratas Advisors and internal estimates. Any deviations in aggregate values result from rounding.
[21]Data for 2025 are given on the basis of estimates.
[22]The sales of NIS and other competitors include motor fuels (auto-gas, CNG – motor fuel, motor gasoline and diesel). LPG cylinders are not included. Data for 2025 is given on the basis of estimates. Any deviations in aggregate values result from rounding.

[23]The retail of other participants in the market is supplied by the wholesale of NIS and other participants in the wholesale market of Serbia.
[24] *EBITDA = Sales revenues (exclusive of excise duties) – costs of inventories (oil, petroleum products and other products) – Operating Expenses (OPEX) – other costs that may be controlled by the management.*
[25]CAPEX amounts are exclusive of VAT.
[26]Taxes, fees, charges and other public revenue calculated for the reporting period. The overview is inclusive of the liabilities of NIS for taxes and other public revenue in Serbia and other countries of operation.
[27]Total bank indebtedness = Total debt to banks + Letters of Credit. As at 31 December 2025, this was EUR 396.3 million of total debt to banks, while there was no debt based on Letters of Credit.
[28]Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of December 31, 2025.

OPERATING INDICATORS

EXPLORATION AND PRODUCTION

In Exploration and production Block, total achieved volume of production was 1.12 milion t.o.e. Additionally, the project of construction of a collection and dispatch station has been implemented, and the annual overhaul of the Elemir Gas Refinery has been performed. Projects for the construction of facilities for the production of electricity from acid gas were implemented.

Key business indicators

Q4 2025	Q4 2024	Indicator	Unit of measure	2025	2024
286.5	290.0	Oil and gas output[29]	thousand t.o.e.	1,124.3	1,146.7
1.4	1.0	LTIF[30]	number	1.4	1.0
4.1	10.2	EBITDA	RSD billion	25.9	40.0
5.1	7.7	CAPEX[31]	RSD billion	16.6	24.3

The main goal of 2025 in Exploration and Production Block was to fulfil the hydrocarbon production plan and increase the efficiency of geological and technological activities.

In 2025, a total production volume of 1,078.7 tonnes of oil equivalent was reached at oil and gas reservoirs in Serbia. In 2025, the total production volume, including concessions, reached 1,124.3 tons of oil equivalent.

In the field of geology and reservoir development, an emphasise has been placed on maintaining high quality of geological and technical activities aimed at increasing the oil and gas production.

Geological exploration and field engineering in Serbia

In 2025, the total of 53 new oil wells (one of which is exploratory) were put into operation, with the average incremental growth of 8.6 t/day, which represents 63.0 additional tons of oil.

In 2025, within above-mentioned wells, 5 horizontal wells were drilled successfully, with the average incremental growth of 28.0 t/day. In 2025, 6 new gas wells (1 development and 5 exploratory wells) were also put into operation.

In 2025, workover activities were successfully completed on 178 wells, and satisfactory average incremental growth was achieved.

In 2025, the application of the cement squeeze technology continues. In the past year, after application of cement squeeze technology, 43 wells were put into operation, and the average incremental growth was 0.9 t/day.

In 2025, 51 wells were put into operation after switching to a new production layer with the average incremental growth of 4.4 t/day. Furthermore, 57 well stimulations were completed, resulting in the increment of 2.3 t/day, while a total of 16 wells from the idling well stock were prepared for operation, and their incremental growth is 1.2 t/day.

Considering all workover activities (including drilling) performed in 2025, an additional oil production of 135 thousand tons was achieved.

Exploratory drilling and well testing

In 2025, four gas wells were tested, and two gas wells were drilled. A total of 5 gas wells were put into operation.

At the end of 2025, one exploratory well was drilled.

2D/3D seismics

In order to expand the portfolio of new candidates for exploration drilling, a complex reinterpretation of 2D and 3D seismic data, recorded in the previous period, is ongoing.

License obligations

During 2025, in accordance with the provisions of the Mining and Geological Exploration Law, the company prepared and submitted to the competent state authorities:

- Reports on the status of hydrocarbon reserves and resources and groundwater as of December 31, 2024,
- Annual report on the operations of NIS j.s.c. Novi Sad in the process of exploitation of oil, gas and groundwater for 2024 and
- The Annual operational plan for the performance of mining works in the process of exploitation for 2025.

During 2025, the following requests and amendments to the requests were submitted and delivered to the Provincial Secretariat for Energy, Construction and Transport:

- Request for the issuance of approval for proceeding with geological exploration at the oil block of Northern Banat Region (as per Annex 2 of the project), for proceeding with geological exploration in the oil block of North Bačka Region, as per Annex 3 of the Project, and for proceeding with geological explorations at the oil block of Central Banat region, as per Annex 1 of the Project, for which the Provincial Secretariat issued Resolutions for Geological Exploration;
- Amendments to the request for issuing a permit for carrying out mining works under the Main Mining Project on exploitation fields, of the production facilities of the North Banat and Central Banat;
- Request for issuing a permit for carrying out mining works under the Supplementary Mining Project for five exploitation fields of the production facility of the North Banat;
- Request for performing a technical inspection of mining facilities and issuing a permit for the use of mining facilities built on exploitation fields of the production facilities of the North Banat and Central Banat;
- in order to carry out the geological exploration of oil and gas at the operational sections of NIS j.s.c Novi Sad, the works as per geological exploration projects at the operational sections in the regions of Bačka and Banat, were registered.

In 2025, 4 Final and 10 Annual Reports on Geological Exploration Results at License Blocks and Oil and Gas Operational Sections were submitted to the competent government authority.

In 2025, the Provincial Secretariat for Energy, Construction and Transportation issued the Resolution allowing NIS j.s.c. Novi Sad to carry out mining works according to the Main Mining Project on two operating sections in the regions production facilities northern Banat and central Banat.

During 2025, the Ministry of Mining and Energy based on the prepared Annex 1 of the Geological Research Project for the approved research period May 2023–May 2026, an application for permission to carry out geological research was submitted in the research area in the Danube region, for which the Ministry of Mining and Energy issued a Decision for the performance of works.

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

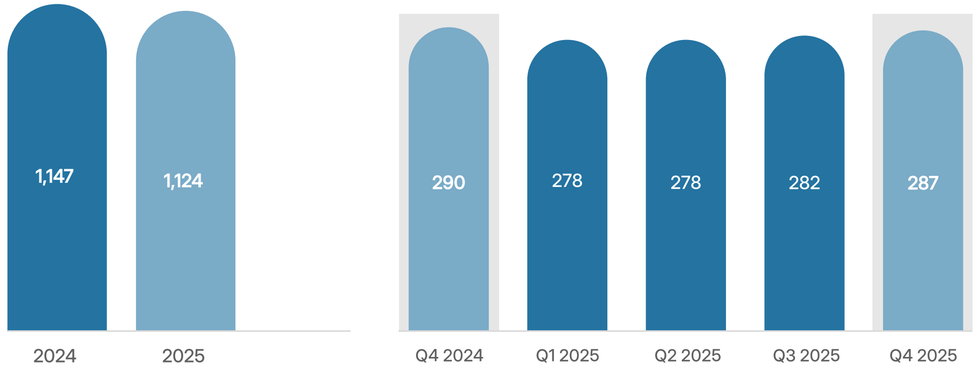
[30]Lost Time Injury Frequency – Ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The data refers for the Exploration and production Block. The indicated indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of December 31, 2025.

[31]Financing, exclusive of VAT.

Operating indicators

In 2025, the total of 1,124 thousand t.o.e. of oil and gas was produced, which is 2% lower year-on-year.

Oil and gas output[32], thousand t.o.e.



DOWNSTREAM

Key indicators[33]

Q4 2025	Q4 2024	Key indicators	Unit of measure	2025	2024
423.1	1,080.3	Volume of refining of crude oil and semi-finished products[34]	thous. tonnes	3,094.9	3,619.7
602.0	1,056.3	Total sales volume of petroleum products	thous. tonnes	3,023.2	3,749.6
240.6	282.4	*Retail*	thous. tonnes	1,044.6	1,105.0
206.3	468.8	*Wholesale[35]*	thous. tonnes	1,115.5	1,667.0
106.1	253.1	*Transit, export and BU[36]*	thous. tonnes	692,2	791.7
48.9	51.9	*HIPP Sales*	thous.tonnes	170.9	185.9
460.6	752.7	Motor fuels sales volumes[37]	thous. tonnes	2,382.0	2,867.4
37.4	35.8	Electricity output[38]	thous. MWh	123.0	124.2
0.7	2.5	EBITDA DWS[39]	bln RSD	5.0	12.4
-0.001	-0.9	*EBITDA Refining[40]*	bln RSD	4.4	-1.4
2.7	6.4	*EBITDA Sales and Distribution[41]*	bln RSD	10.3	21.8
3.5	7.7	CAPEX DWS[42]	bln RSD	10.6	27.6
1.8	3.8	*CAPEX Refining*	bln RSD	5.0	18.7
1.1	3.4	*CAPEX Sales and distribution*	bln RSD	3.9	6.1
1.8	1.9	LTIF DWS[43]	number	1.8	1.9
1.4	1.8	*LTIF Refining*	number	1.4	1.8
1.4	1.9	*LTIF Sales and distribution*	number	1.4	1.9

[32]Any deviations in aggregate values result from rounding.
[33]Any deviations in aggregate values result from rounding.
[34]The presented refining volume includes the refining volume of HIP-Petrohemija.
[35]Includes the sale of CNG of Energy Block (as of June 2024) and the sale of oils and lubricants to the Lubricant Production Plant.
[36]Business unit includes the sale of bitumen, bunkering and aviation fuel channels.
[37]Total motor fuels sales volumes in Serbia and in foreign assets.
[38]The volume of electricity produced includes the electricity produced by Power plant Pančevo, small power plants and photovoltaic power plants. The total volume of electricity produced at PVPP for 2025 is 6,163.9 MWh, while for Q4 2025 it is 1,782.4 MWh.
[39]EBITDA Downstream includes the EBITDA of Block Refining, Block Sales and distribution, the rest of Downstream and EBITDA of HIP-Petrohemija.
[40]EBITDA of the Refining Block includes the Energy Plant in Pančevo Refinery.
[41]EBITDA of the Sales and Distribution Block.
[42]Financing, excluding VAT. The shown CAPEX of Downstream includes CAPEX of Refining Block, Sales and distribution Block, Block Energy and the rest of Downstream.
[43]Lost Time Injury Frequency – the ratio of employee injuries with sick leaves to the total number of working hours multiplied by one million. The indicator is calculated cumulatively from the beginning of the year, and the displayed data represents the current situation as of December 31, 2025.

Refining

The Refining Block's operations in 2025 were conducted in an unstable business environment, due to NIS' exposure to the US sanctions.

Due to the current situation, the decline in demand for oil derivatives and problems in the procurement of crude oil, the volume of refining reduced compared to the previous year.

During 2025, a total of 3.09 million tonnes[44] of raw material were processed at the level of the NIS Group, while 3.16 million tonnes of raw material were processed in the Refining Block.

Refining activities and volume

Adapting to the changes, especially those relating to US sanctions, the Refinery maintained regular and continuous operation until the end of November 2025, when the Refinery was suspended due to a lack of crude oil for processing, however, regular supply to the market continued throughout the year.

Throughout the year, the Refining Block adapted to changes in the basket of oil imported for processing, conditioned by movements in the spot market and procurement opportunities.

In order to achieve the maximum effect of technical, technological and organizational measures to increase efficiency and reduce costs, the Refining Block developed and implemented a set of additional measures to improve business results in 2025.

The effect of the efficiency improvement measures in 2025 was 0.7 billion dinars.

The first session of HSE Council of the year took place at the Pančevo Oil Refinery. Apart from current HSE topics, the session was also dedicated to key projects of the Refining and Downstream Blocks. The HSE performance in our company and the improvement in HSE KPIs since the beginning of 2025 were presented. Among the key topics was equipment reliability - one of the priorities of our company in 2025.

Projects

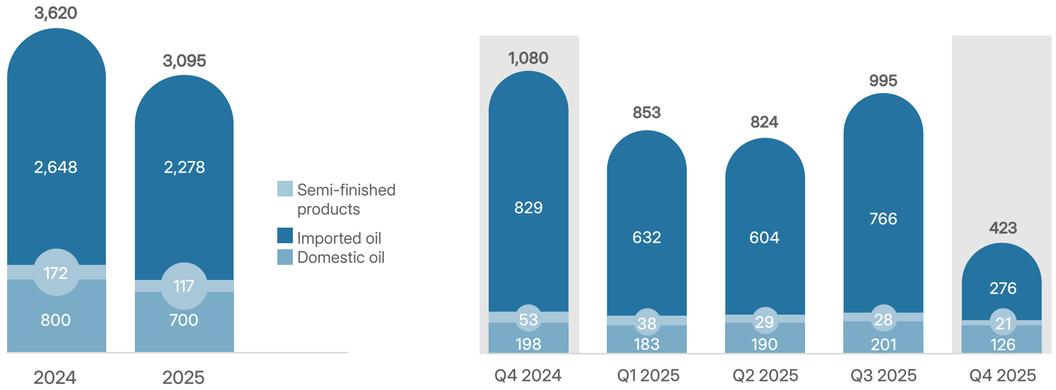
The implementation of projects aimed at increasing the efficiency and reliability of the Pančevo Oil Refinery is underway:

- "Project for the Reconstruction of the Industrial Track in Pančevo Oil Refinery" – during 2025, the reconstruction of the existing tracks was completed (Stage B);
- "Project for the Installation of the System for Automatic Dosing and Adding of Markers and Additives to Motor Fuels at the Pančevo Oil Refinery Truck Loading Facility" – the project was approved in its entirety, the Contract on the Delivery of Equipment and Services was signed. Construction and installation works have been completed;
- "Project for the Reconstruction of the Fire Protection System at Pančevo Oil Refinery" - 80% of the necessary material for the execution of works was purchased. The installation of the pump at the water intake point has been completed, the construction of the filter station in the port has been completed and all planned works on the construction of the manhole, installation of the hydrant network at several locations at the Pančevo Oil Refinery with the new scope, dynamics of works and in accordance with the construction permit. All main equipment has arrived at the Pančevo Oil Refinery. The project passport was revised due to the changes in the project scope, schedule and budget, and annexes to the contract were signed with the selected contractors for construction, hydro-structural and mechanical-assembly works;
- "Replacement of critical rotating equipment in the Refining Block" – Under very difficult market conditions, and sanctions against NIS, the Block was able to qualify suppliers for the most important rotation equipment divided into 7 lots, collect bids, carry out technical evaluation and commercial negotiations and select the supplier for all 7 lots of critical rotation equipment and the General Contractor to procure the necessary material and install the equipment during the operation of the plant and during the capital overhaul. The project passport for the implementation phase of the project is complete;
- "Replacement of tubes on the BA-2201 furnace" - The project was completed. Its goal was to increase the level of reliability and safety of the equipment, as well reduce save energy consumption of the Vacuum Distillation Plant (S-2200). The BA-2201 furnace is a key unit for the operation of the S-2200 series, of the Vacuum Distillation Plant. This project was extremely important and challenging in terms of preparation, the scope of the work, and the key role of the BA-2201 furnace in the refining process.

Operating indicators

In 2025, the total refining volume was 3,095 thousand tonnes, 14% less that in the previous year.

Refining volume[44], thousand tonnes



[44] The presented refining volume represents the consolidated refining volume of the NIS Group (Refining Block and HIP-Petrohemija). At the level of the Refining Block, the total refining volume is 3,157 thousand tonnes, of which the volume of imported oil refining is 2,278.2 thousand tonnes, the volume of domestic oil refining is 699.8 thousand tonnes, while the volume of semi-finished products refining is 179.2 thousand tonnes. Any deviations in aggregate values result from rounding.

Sales and Distribution

Business operations in 2025 were affected by the US sanctions imposed on NIS j.s.c. The sanctions led to customer withdrawal and the reduction of NIS›s market share, an increase in the import of petroleum products to Serbia, increased competition, and a decline in wholesale premium levels on the Serbian market. On October 9, the OFAC did not renew the license. As a result, international payments were suspended, some banks, clients and suppliers terminated cooperation, and NIS petrol stations were no longer able to support most bank cards. Retail prices of diesel fuel and petrol continued to be regulated by the state. Even under these conditions, the Sales and Distribution Block ensured uninterrupted supply to end customers and maintained a high share in the retail market (46%).

During 2025 development continued through the implementation of strategic projects for the development of the retail network and the modernization of own transport fleet of the Sales and Distribution Block.

Points of Sale[45] and Logistics

NIS Group owns 388[46] active petrol stations. Most of them, precisely, 331 stations are located in the Republic of Serbia.

In Serbia, the reconstruction of 5 petrol stations (Svrljig, Kula, Kraljevo, Mrčajevci and Surčin Airport) and the purchase and construction and rebranding of the Majdanpek 2 petrol station were completed in 2025.

A key logistics development project has been completed - the purchase of 39 new tractor units and 22 semi-trailers for the transport of petroleum products. This allowed for replacement of 17 old tractor units.

Four new aviation fuel tankers were put into operation at Aeroservice Belgrade.

The Niš oil depot was officially put into trial operation in early June.

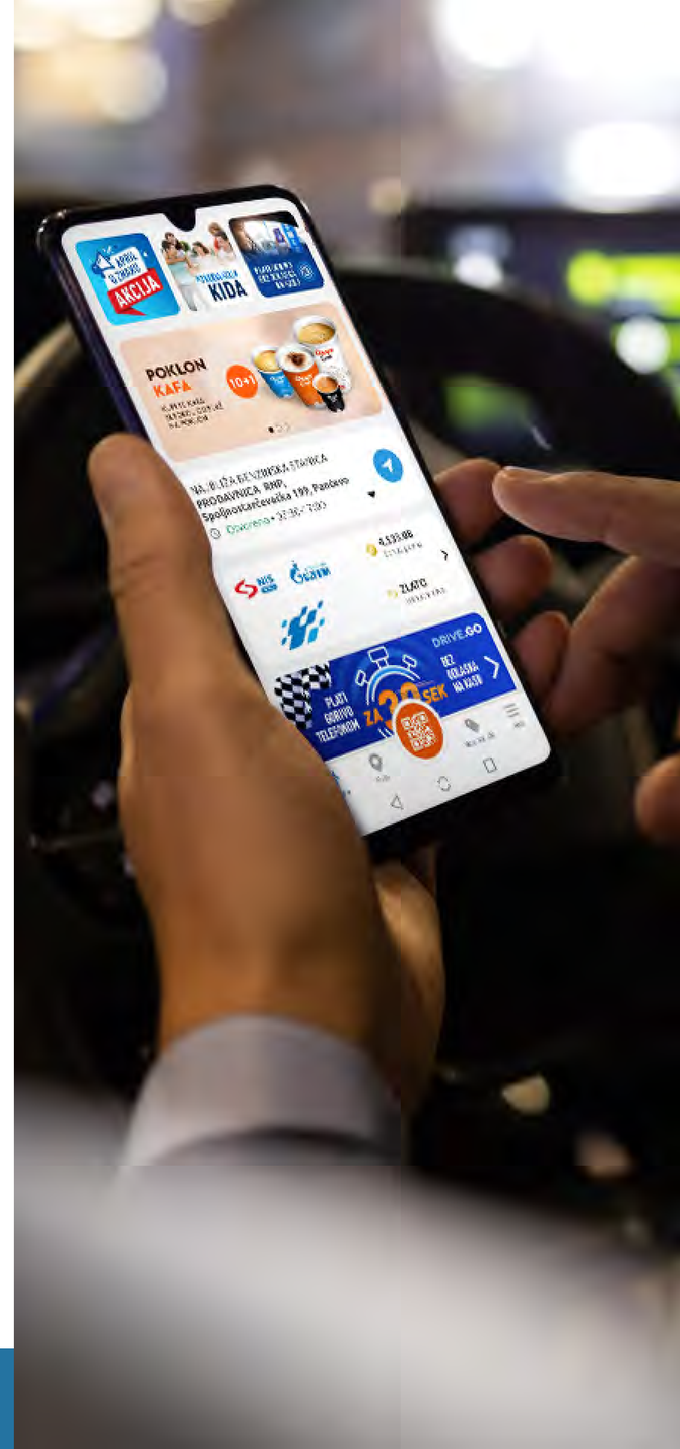
The Sales and Distribution Block manages the following logistics facilities: 5 depot for light petroleum products, and 5 LPG depots. In addition to the aforementioned warehouses and filling stations, the logistics of the Sales and Distribution Block also manages 2 closed LPG warehouses and 2 closed cylinder filling stations, and 5 transport bases and 2 operating units in Serbia. 140 company-owned trucks carry out secondary transportation, and primary logistics requires 432 tank wagons and 12 tractor vehicles.

Loyalty programme and marketing activities

Throughout 2025, marketing activities were carried out in Serbia to develop consumer brands and loyalty programmes, and improve sales of fuel and other goods and services at petrol stations.

Below is the list of the most important marketing activities of 2025 in Serbia:

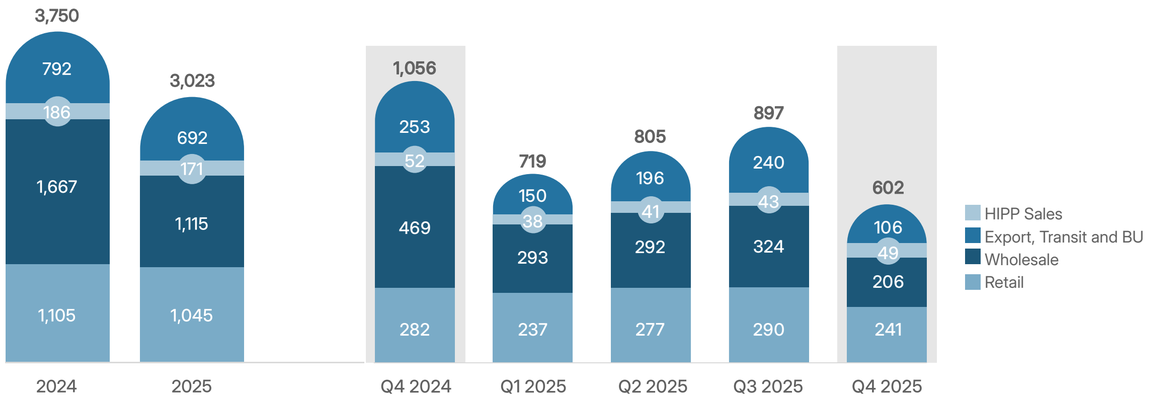
- Fuels - an image campaign to promote G-Drive winter diesel fuel via PR channels;
- Agro programme - several promotional campaigns for Agro users who do not have a preferential price by Government Decree (livestock farmers, beekeepers and others who do not have available hectares in E-Agrar), as well as for users who have reached the limits in fuel consumption at a preferential price. In May, Agro programme participated in the 92nd International Agricultural Fair in Novi Sad to promote the new electronic method of registration in the programme. In September, there was a promo offer for Agro users, where they could purchase 200 litres or more liters of Euro diesel fuel at the price of 175 dinars/l;
- Innovative services – Increase in the number and promotion of self-service checkout registers, where users can pay for fuel, and goods from stores or restaurants. Users of the "On the Road with Us" loyalty cards could get one more additional bonus point for liter of fuel purchased for paying at the new self-checkout registers. The offer was promoted through a CRM campaign and lasted until 31.12.2025. In 2025, 37 self-service cash registers were put into operation, and the total number of such registers reached 56. Self-service cash registers were also promoted through a PR campaign, a story in the "On the Road with Us" mobile application, an influencer campaign and an announcement on social networks;
- "On the Road with Us" loyalty programme – The total number of active users in 2025 was 924,675, of which 343,105 were virtual. The estimated number of application downloads since the beginning of the year is 16,819, and the number of the new virtual members is 36,841. Continuous CRM campaigns were implemented with the aim of reactivating inactive members of the programme, increasing the share of branded petroleum products, as well as increasing the sales of non-fuel products;
- Social networks / partners for creating online content/ website – In 2025, eight new episodes of the "On the Road with Us through Serbia" series came out, offering readers of our website and our followers on social media detailed recommendations on locations in Serbia that are worth a visit.



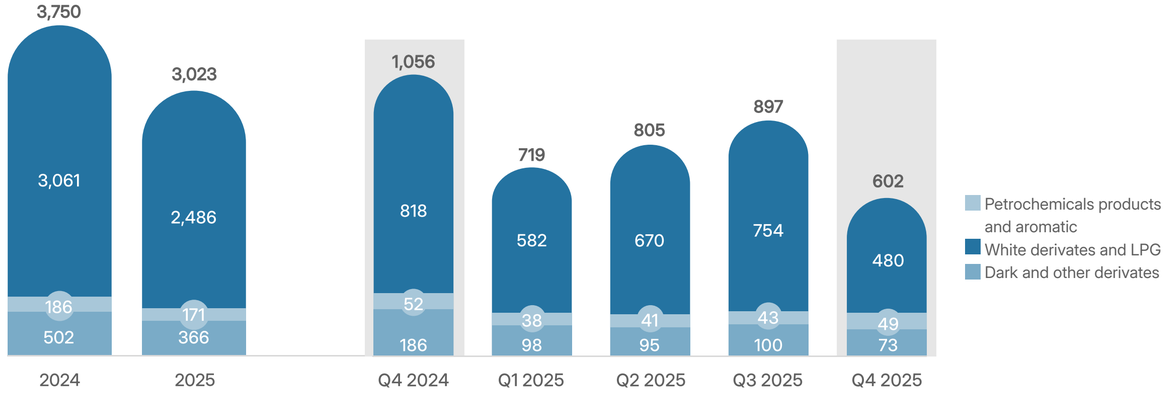
[45]As at 31 December 2025
[46]With the onset of full-scale sanctions, on 9 October 2025, the operation of petrol stations in Bulgaria has been temporarily suspended.

Operating indicators

Volume of sales[47], thousand tonnes



Structure of sales[48], thousand tonnes



In 2025, the sales volume was 3,023 thousand tonnes, which represents a drop of 19% compared to 2024.

- Retail – down 5% due to:
  - » The decline in sales in Serbia caused by a decline in consumption and sanctions on NIS;
  - » Decrease in sales to corporate customers due to the termination of cooperation with certain customers due to sanctions against NIS in 2025;
  - » The decline in sales in foreign assets caused by the impact of the current geopolitical situation and the sanctions on NIS in 2025.
- Wholesale[49] – down 33% primarily due to:
  - » lower sales of petroleum products due to sanctions against NIS.
- Export, transit and BU[50]:
  - » Decrease in transit traffic by 36% primarily due to the decrease in demand for fuel oil and a decrease in propylen sales;
  - » Increased sales of aviation fuel by 5% compared to 2024, due to changes in consumption by domestic airlines;
  - » A 21% decrease in bunkering sales due to the additional difficulty of operating with foreign clients, caused by the termination of contracts with certain clients due to sanctions against NIS;
  - » A 27% decrease in bitumen and coke sales, compared to the 2024 due to the optimization of crude oil consumption, which led to lower availability of Pančevo Refinery, as well as a decrease in sales due to sanctions against NIS.



[47]The sales volume shown represents the consolidated sales volumes of the NIS Group (Sales and Distribution Block and HIP-Petrohemija). At the level of the Sales and Distribution Block, the sales volume amounts to 3,179.9 thousand tonnes: retail sales volume is 1,044.6 thousand tonnes, wholesale sales volume is 1,122.6 thousand tonnes, while transit, technological export, and BU (business units) amount to 1,012.7 thousand tonnes. Any deviations in aggregate values result from rounding.

[48] The sales volume shown represents the consolidated sales volumes of the NIS Group (Sales and Distribution Block and HIP-Petrohemija). At the level of the Sales and Distribution Block, the sales volume amounts to 3,179.9 thousand tonnes: retail sales volume is 1,044.6 thousand tonnes, wholesale sales volume is 1,122.6 thousand tonnes, while transit, technological export, and BU (business units) amount to 1,012.7 thousand tonnes. Any deviations in aggregate values result from rounding.

[49]It includes the sale of CNG of the Energy Block (as of June 2024) and the sale of oils, lubricants and technical fluids of the Downstream Lubricants Production Plant.
[50]Business unit includes the sale in petroleum products of bitumen, bunker and jet fuels.

Energy

The key challenge the Energy Block faced in 2025 related to the introduction of OFAC sanctions, which particularly affected electricity trading.

Natural gas

For the purposes of organizing and balancing the natural gas portfolio of NIS j.s.c. Novi Sad with the operator of the natural gas transport system, a contract for the lease of annual transport capacities for the gas year 2025/2026 was concluded. A natural gas energy supply contract was concluded for the first quarter of 2026.

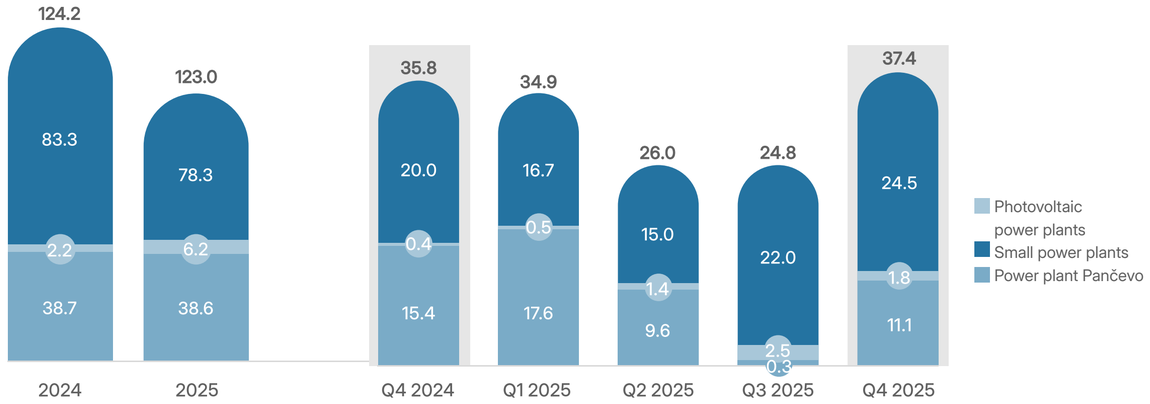
Production of electricity

In 2025, electricity production amounted to 123.0 thousand MWh, which is 1% lower compared to the same period in 2024. Production on solar panels amounted to 6.2 thousand MWh for 2025, which is 2.7 times more than in 2024, when production amounted to 2.2 thousand MWh.

Implementation of the program of energy efficiency measures in NIS j.s.c. Novi Sad

The programme of measures for reducing energy consumption and increasing energy efficiency in 2025 resulted in energy savings of 11,495 toe, and the financial value of the savings is RSD 822.7 million.

Volume of produced electricity[51], in thousand MWh



Renewable energy sources

In 2025, the following activities were implemented:

- The Company completed the project of construction of 33 PVPPs with the total installed capacity of 1 MWp at its petrol stations. Currently, NIS petrol stations host 78 PVPPs with the total installed capacity of 2.5 MWp;
- A solar photovoltaic power plant on the rooftops of last six facilities at the Pančevo Oil Refinery, was put into trial operation at full capacity at the end of July of 2025;
- The largest photovoltaic power plant with the capacity of 6.8 MWp occupying 10 hectares in the Novi Sad oil depot started operation;
- For the project to build a solar power plant in Smederevo, a detailed regulation plan was adopted in March and the conditions for design and connection were determined by the ED. The site development works were completed. Contracts were signed with the contractor for the construction of the photovoltaic power plants, the contractor the installation of battery energy storage systems and the contractor for technical control and expert supervision. The equipment was delivered, and the installation permit was acquired;
- The Municipal Assembly of Zrenjanin adopted an Amendment to the General Regulation Plan of the settlement Elemir as the planning basis for the construction of the Elemir PVPP;
- The Municipal Assembly of Zrenjanin adopted the Decision on Amending the Detailed Regulation Plan of the Synthetic Rubber Plant in Elemir. A project passport and an economic model were prepared for the installation of a photovoltaic power plant projects with a capacity of 5 MWp;
- A project passport and an economic model were prepared for the projects of installation of 23 photovoltaic power plants with the capacity of 0.6 MWp at petrol stations.

HIP-PETROHEMIJA

Key indicators

Q4 2025	Q4 2024	Key indicators	Unit of measurement	2025	2024
46.4	89.4	Production of petrochemical products	thous. tonnes	257.9	298.1
57.2	119.5	Refining of primary gasoline[52]	thous. tonnes	326.2	399.6
53.0	83.1	Petrochemical product sales	thous. tonnes	248.4	288.0
-2.6	-2.3	EBITDA	RSD billion	-9.1	-7.2
-2.8	-2.6	Net loss	RSD billion	-10.3	-7.7
0.1	0.2	CAPEX[53]	RSD billion	0.7	1.5
5.6	5.8	LTIF	number	5.6	5.8

In 2025, EBITDA was negative and amounted to RSD -9,1 billion.

The net loss for 2025 is amounted to RSD -10.3 billion.

Regarding to operating indicators, in 2025, the production volume of petrochemical products is amounted to 257.9 thousand tons, the volume of virgin naphtha refining amounted to 326.2 thousand tons and the total sales volume in 2025 amounted to 248.4 thousand tons.

The reduction of the indicators was caused by downtimes in production and macroeconomical factors.

As for investments, 0.7 billion RSD was allocated in 2025.

[51]The presented volume of produced electricity also includes the electricity produced in Power plant Pancevo, small power plants and photovoltaic power plants. Any deviations in aggregate values result from rounding.

[52]Refining of straight-run gasoline includes both straight-run gasoline and debutanized gasoline.

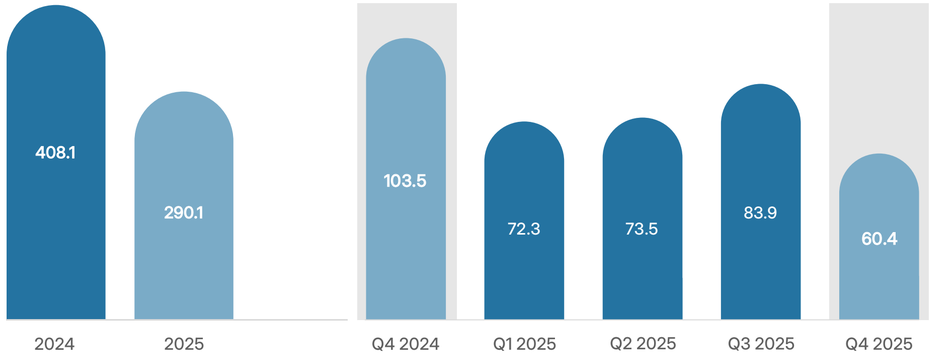
[53]Financing, excluding VAT.

FINANCIAL INDICATORS

SALES REVENUES

In 2025, NIS achieved a 29% decrease in sales revenues compared to the previous year, and the total amount of sales revenues amounts RSD 290.1 billion.

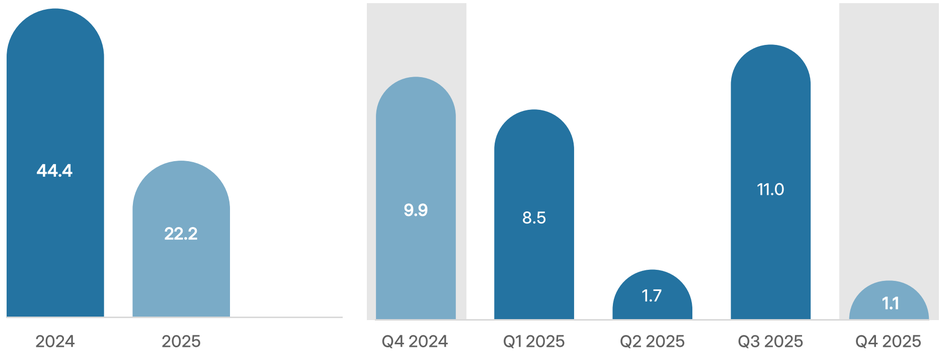
Sales revenue[54], RSD billion



EBITDA

The EBITDA indicator in 2025 was 50% lower than last year and amounted to RSD 22.2 billion.

EBITDA[55], RSD billion



The decrease in the EBITDA indicator in 2025 compared to the last year is the consequence of:

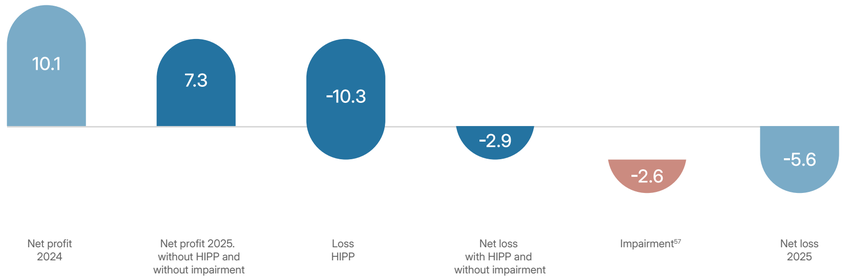
- Impact of the “high-cost” stocks;
- A decrease in the volume of oil and gas production compared to the same period of last year, partly due to sanctions;
- A decrease in sales volume with a deterioration in margins, a decrease in the volume of oil and oil derivatives refining mainly due to sanctions, partially offset by the positive effect of the absence of a major overhaul in 2025;
- An increase in costs compared to the same period due to market trends in the Republic of Serbia (inflation and wage growth in the Republic of Serbia);
- The negative impact of the accounting effect of foreign assets impairment.

[54]Any deviations in aggregate values result from rounding.
[55]Any deviations in aggregate values result from rounding.

NET PROFIT (LOSS)

In 2025, the net result is negative and amounts to RSD -5.6 billion, which is a lower net result compared to the last year.

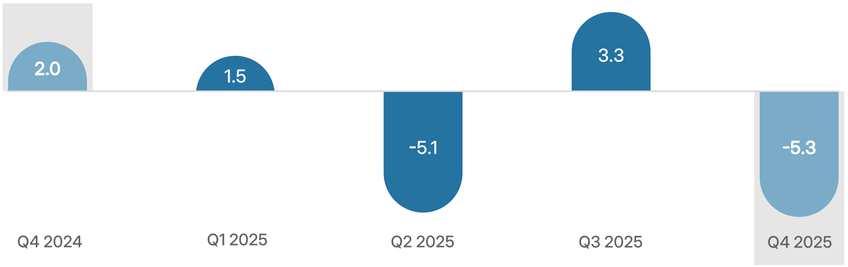
Net profit (loss)[56], RSD billion



Decline in net profit indicator for 2025 compared to the 2024 was caused by:

- the decrease in EBITDA (mostly as a result of the impact of "high-cost" stocks, the reduction in refining and sales volumes due to sanctions and the negative impact of the accounting effect of foreign assets impairment, and
- higher depreciation costs.

Net profit (loss)[58], RSD billion

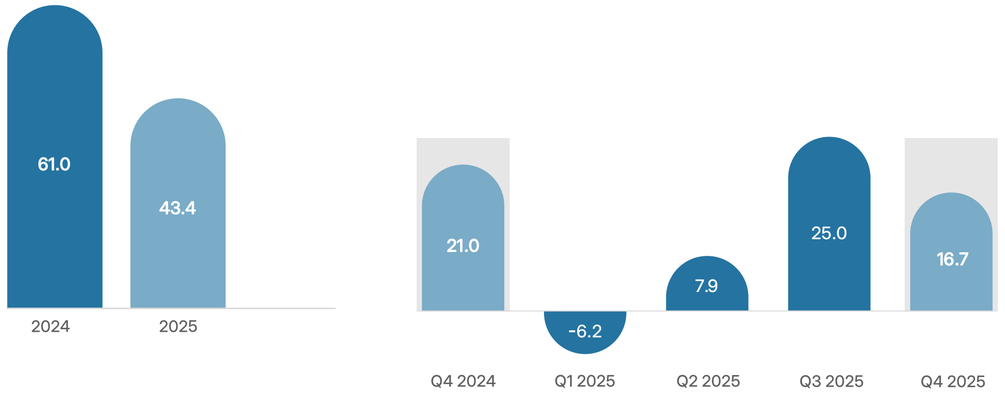


[56]Any deviations in aggregate values result from rounding.
[57]Impairment of goodwill in NIS Petrol e.o.o.d. Sofia (Bulgaria) RSD 0.5 bln; Impairment of marketing and disribution asset in NIS Petrol e.o.o.d. Sofia (Bulgaria) RSD 0.76 bln; Impairment of O&G asset in NIS Petrol s.r.l. Bucharest (Romania) RSD 1.62 bln; tax effect of impairment loss RSD 0.3 bln.
[58]Any deviations in aggregate values result from rounding.

OCF

In 2025, the operating cash flow amounts to RSD 43.4 billion, and it is lower for 29% compared to last year.

OCF[59], RSD billion



The increase of the OCF indicator in 2025 compared to the previous business year, was largely influenced by:

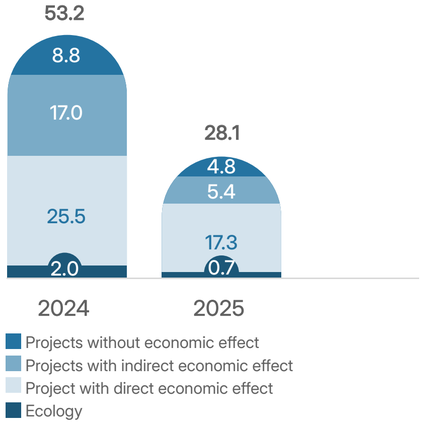
- Lower inflows.

[59]Any deviations in aggregate values result from rounding.

CAPEX

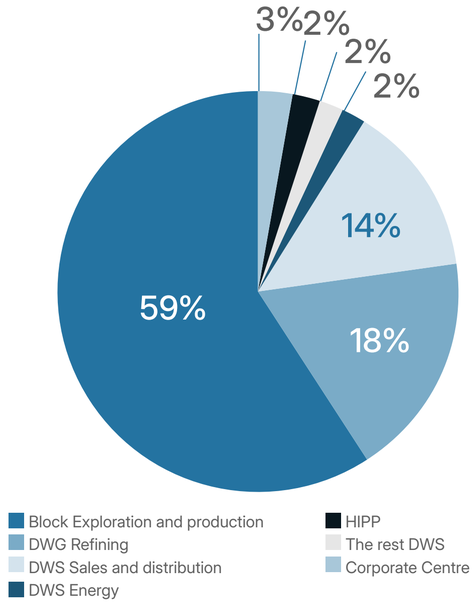
In 2025, the main areas of investment were projects aimed at oil and gas production. A significant part of the investment belongs to investments in drilling, followed by oil refining projects, as well as transport and logistic projects, and projects for developing PS retail network. In addition, NIS invested in projects in the field of energy and services, as well as in a certain number of projects in the corporate center.

CAPEX by type of project[60], RSD billion



In 2025, RSD 28.1 billion was allocated for investment, while in the same period last year, RSD 53.2 billion were allocated, which represents a decrease of 47%.

Investments by segments in 2025



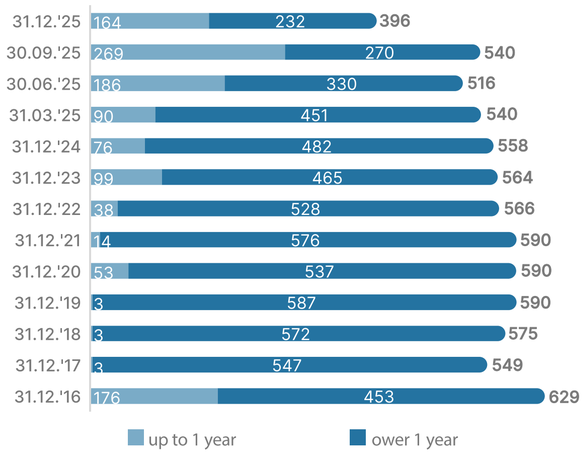
Organisation unit	Major projects in 2025
Exploration and production	drilling of development wells; investing in geological and technical activities; infrastructure projects.
Services	Ensuring reliability of the N3 plant.
Refining	projects aimed at ensuring compliance with legal norms and regulations; investment maintenance projects; environmental projects; reconstruction of the fire protection system; reconstruction of the industrial track.
Sales and distribution	reconstruction of the Niš warehouse and officialy putting into trial operation; procurement of a fleet of transport vehicles; vehicles for supplying aircraft with fuel; projects for developing PS retail network.
Rest of Downstream projects (Energy, Technical services and HIPP)	photovoltaic power stations projects and energy efficiency projects; technical services projects; activities during the planned shutdown of HIPP.
Corporate centre	projects related to the maintenance of software solutions and process digitalisation; development and implementation of NISDoc.

[60]All amounts are expressed in RSD billion, excluding VAT. Any deviations in aggregate values result from rounding.

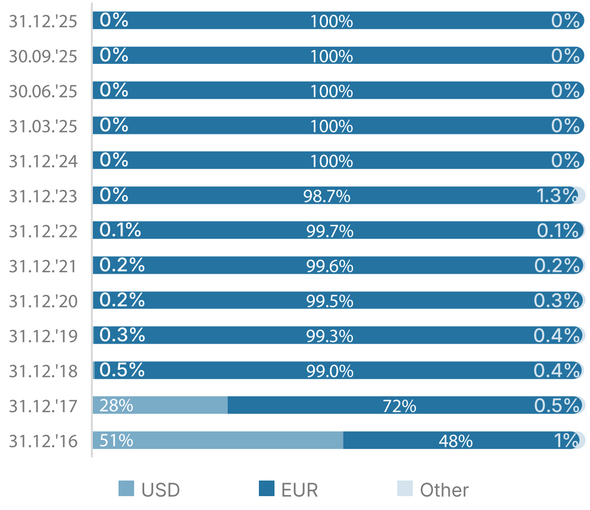
DEBT BASED ON BANK LOANS

At the end of 2025, the debt to banks is lower than at the end of 2024 and amounts to EUR 396.3 million.

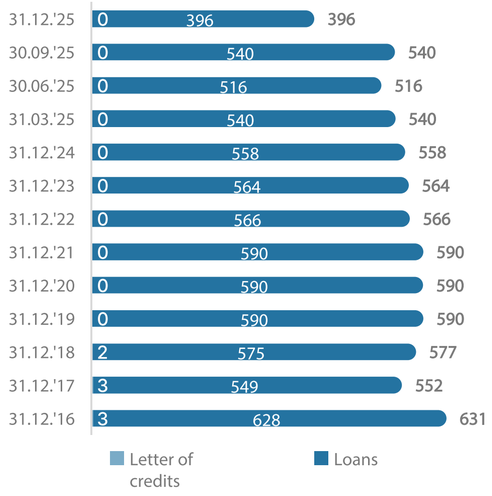
Total bank debt trends with maturity structure[61], EUR million



Total bank debt structure, by currency, in %



Total bank indebtedness[62], EUR million



TAXES AND OTHER PUBLIC REVENUE[63]

NIS j.s.c. Novi Sad	2025	2024
Social insurance contributions paid by employer	2.67	2.53
Energy efficiency fee	0.33	0.44
Corporate tax	-1.55	4.19
Value-added tax	29.17	33.02
Excise duties	149.66	185,80
Commodity reserves fee	5.78	7.60
Customs duties	1.32	1.98
Royalty	1.91	1.78
Other taxes	1.57	1.51
Total	**190.85**	**238.85**
NIS subsidiaries in Serbia and the region		
Social insurance contributions paid by employer	2.65	2.40
Energy efficiency fee	0.005	0.028
Corporate tax	0.09	0.62
Value-added tax	3.93	3.62
Excise duties	7.38	8.92
Customs duties	3.00	6.48
Royalty	0.02	0.06
Other taxes	0.32	0.30
Total	**17.40**	**22.42**
Deferred taxes (total for Group)	-1.23	-0.84
Total NIS Group[64]	**207.02**	**260.43**

The amount of accrued liabilities for public revenues for NIS Group in 2025 totalled RSD 207.02 billion, which is an decrease of 21% on the same period in 2024.

[61]Any deviations in aggregate values result from rounding.
[62]In addition to the bank debt and Letters of Credit as at 31 December 2025, NIS j.s.c. Novi Sad holds issued bank guarantees in the amount of EUR 26.5 million, corporate guarantees in the amount of EUR 187.0 million and financial leasing in the amount of EUR 27.4 million. Any deviations in aggregate values result from rounding.
[63]In RSD billion. Any deviations in aggregate values result from rounding.
[64]Including taxes and other liabilities for public revenues for subsidiaries in the region, corporate tax in Angola and deferred taxes.

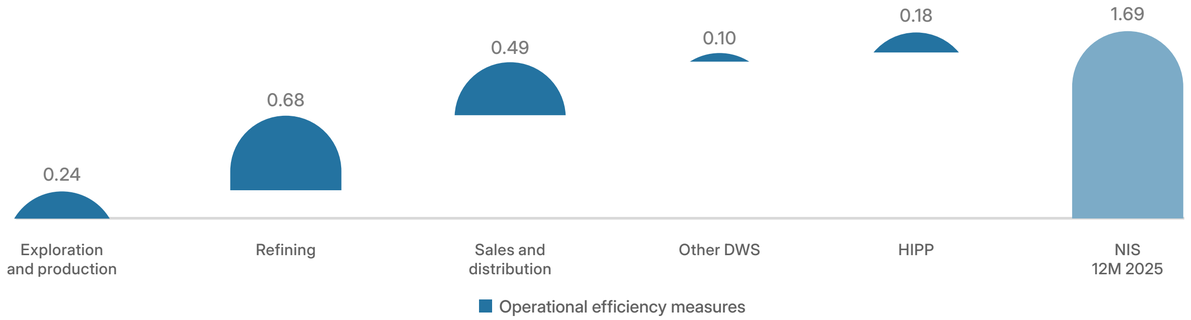
RATIO INDICATORS[65]

Profitability ratios	2025	2024
Gross profit margin (EBITDA margin)[66]	+7%	+11%
Net profit margin[67]	-2%	+2%
Return on assets (ROA)[68]	-1%	+2%
Return on equity (ROE)[69]	-2%	+3%
Liquidity ratios		
Current ratio[70]	+181%	+242%
Quick ratio[71]	+106%	+153%
Net working capital ratio[72]	+10%	+17%
Leverage ratios		
Leverage coefficient[73]	+19%	+24%
Net Debt/EBITDA[74]	0.94	0.67

OPERATIONAL EFFICIENCY IMPROVEMENT

The total effect of reaching the realisable potential of EBITDA in 2025 equals RSD 1.69 billion.

Effect of reaching the realisable potential of EBITDA, in RSD billion



[65]Ratio indicators are calculated using data from Consolidated Financial Statements prepared in the form prescribed by Ministry of Finance of Republic of Serbia which does not comply with IAS 1 – 'Presentation of Financial Statements'.
[66]EBITDA/Operating Revenues.
[67]Net profit/Operating Revenues.
[68]Net profit/Average Total Assets.
[69]Net profit/Average Equity.
[70]Current Assets/Short-term Liabilities.
[71](Current Assets – Inventories)/ Short-term Liabilities.
[72](Current Assets – Short-term Liabilities)/Total Assets.
[73](Long-term Liabilities + Short-term Liabilities)/ Total Assets.
[74](Long-term Liabilities + Short-term Financial Liabilities – Cash and Cash Equivalents)/EBITDA.



"I Have an Idea" programme

The motivation programme "I Have an Idea" allows each employee to suggest ideas that can improve business and with direct impact on efficiency. In 2025, 281 ideas were initiated, 200 were approved, and 69 were implemented. The total effect of ideas realised in 2025 is over RSD 628 million.

2023	2024	2025
219 IDEAS INITIATED	167 IDEAS INITIATED	281 IDEAS INITIATED
EFFECT RSD 125 MLN	EFFECT RSD 118 MLN	EFFECT RSD 628 MLN

EQUIPMENT RELIABILITY AND SAFETY

The year of 2025 was the first full year of operation of the new Equipment Reliability and Safety Centre within the HSE Function. Apart from staffing, the focus was on establishing the system for managing reliability of technological equipment at the level of NIS, strengthening functional relations with the Blocks, defining roles and responsibilities, adopting the Reliability Strategy by 2030, and on specific measures and improvement of the performance of HIP-Petrohemija, NAFTAGAS – Oil Services and Naftagas-Technical Services.

The key activities undertaken in 2025 were as follows:

- Defining the Technological Equipment Management System in the Company. The system covers all stages of the equipment life cycle: from designing to achieve greater reliability, through exploitation, maintenance, reliability management, spare parts management, to decommissioning. Functional relations were established with the Blocks and roles and responsibilities identified within the system.
- The first NIS j.s.c. Reliability System Development Strategy by 2030 was prepared and approved. The strategy defines the key strategic focuses and goals in the area of safety, operational efficiency and compliance, and including most important incentive factors in particular form of further CMMS development, implementation of key reliability digital projects, and development of employee competencies.
- The HIP Petrohemija Reliability Improvement Programme was fully implemented.
- As a result of activities related to the implementation of the HIP-Petrohemija Reliability Improvement Programme, as well as works performed during the scheduled downtime in 2025, the volume of unscheduled shutdowns was significantly lower compared to the previous year.
- Development of the staffing plan for reliability in NAFTAGAS-Oil Services.
- Implementation of the ongoing maintenance process in NAFTAGAS-Technical Services and the first quality analysis of assignments in NAFTAGAS-Technical Services work orders execution in the RNP.
- A CMMS Work Group was formed at the level of NIS to facilitate of further development of this tool, which is key to successful technological equipment management.

Apart from the above, in 2025, a series of other initiatives in the domain of Technological Equipment Management were undertaken, including the following:

- The Design for Reliability (DFR) methodology was prepared and adopted defining all parameters that the equipment should have as early as in the design stage, in order to achieve maximum reliability and minimum exploitation and maintenance costs;
- A series of employee training sessions was conducted in order to develop employee competencies and familiarise them with the key tools for improving equipment reliability
- Several digital projects were initiated to improve equipment reliability in the RNP and HIP Petrohemija, including digitalisation of structured facility walkthrough in HIP Petrohemija and digitalisation of documentation and synchronisation of reliability-related data.

Exploration and Production

In 2025, all the activities under the Exploration and Production Reliability Improvement Plan were undertaken, including the implementation of the MOC (Management of Change) process in CMMS, failure classifiers in work orders, equipment marking and failure reporting through the “Mobile Operator”, as well as the development of the application for potential RCFA failures in CMMS.

Refining

In the Refining Block planned activities were undertaken for defining the maintenance strategies for critical equipment (around 80% of critical equipment is now covered by the RCM analysis), implementing the RAM (Reliability, Availability, Maintainability) analysis results for the procurement of emergency spare parts and defining plans for its further application, as well as defining the Job Plans in the context of introducing the equipment ongoing maintenance management process. Furthermore, the SAMP (Strategic Asset Management Plan) was revised, including all reliability KPIs – the current KPIs were updated and the new methods for their calculation and monitoring defined. Additionally, digital projects were initiated in order to further improve equipment reliability in the Block.

Sales and Distribution

In 2025, the following initiatives were undertaken in the Sales and Distribution Block:

- Mapping of individual competencies in the Petrol Station Maintenance Sector;
- Process mapping and analysis of the scope of PS maintaining activities; including the proposal of improvement measures, and
- Analysis of the possible application of the IBM Maximo reliability management tool in the Retail Department (by the CMMS Working Group).



SECURITIES

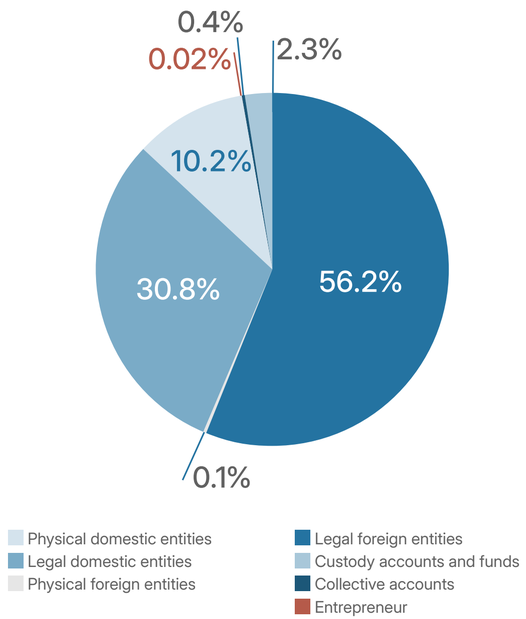
SHARE CAPITAL STRUCTURE

NIS j.s.c. Novi Sad share capital amounts to RSD 81.53 billion and is divided into a total of 163,060,400 shares with a nominal value of RSD 500.00. All issued shares are ordinary shares, vesting their holders with the following rights:

- Right to participate and vote at the assembly meetings, according to one-share-one-vote rule;
- Right to receive dividends in compliance with applicable legislation;
- Right to participate in the distribution of the liquidation surplus or of a bankrupcy estate in compliance with the bankruptcy law;
- Preemptive right to purchase ordinary shares of a new issue and other financial instruments tradable for ordinary shares, of a new issue and
- Other rights in accordance with the Company Law and corporate regulations.

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

Share capital structure based by entity type[75]



SHARE TRADING AND INDICATORS PER SHARE

Pursuant to the decision of the Belgrade Stock Exchange, trading in shares of NIS j.s.c. Novi Sad was temporarily suspended on 14 January 2025. Further to the decision of the Securities Commission, the Belgrade Stock Exchange issued a decision on 21 January 2025, to extend the temporary suspension of share trading. The suspension will remain in place until the underlying issues are resolved.

In 2025, the Company did not acquire its own shares.

DIVIDENDS

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

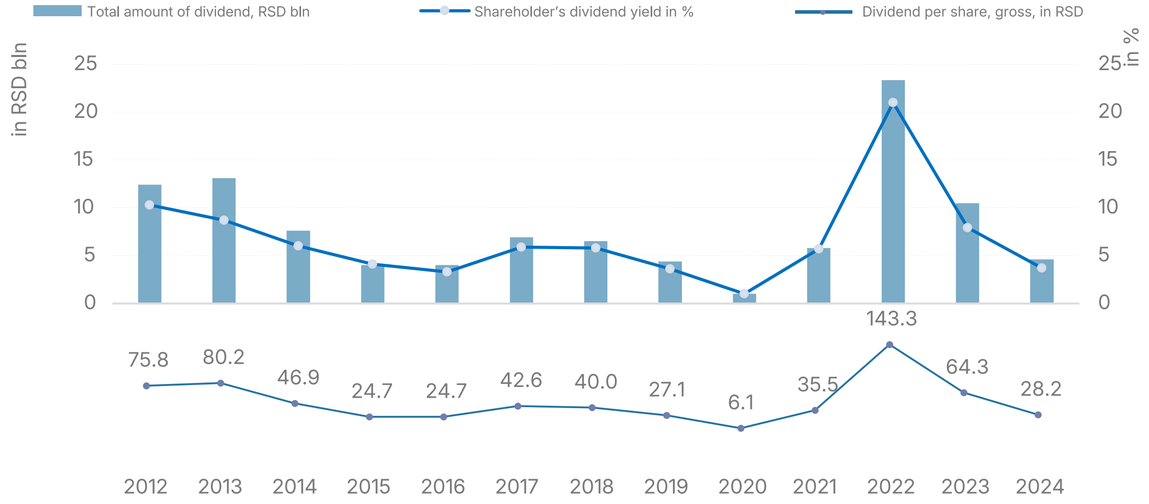
When deciding on profit distribution and dividend payment, the Company management takes into consideration a number of factors, including the financial standing, investment plans, loan repayment obligations, macroeconomic environment and legislation. Each of these factors, either individually or combined,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

At the XVII regular session of the Shareholders' Assembly, which was held on 20 June 2025, it was decided to allocate 25% of the net profit generated in 2024 for the payment of dividends. It was decided that the dividend would be paid to shareholders in cash, in the total gross amount of RSD 4,595,042,072, or RSD 28.18 gross per share. Shareholders who were registered with the Central Securities Depository and Clearing House (CRHoV) as of Shareholders' Day of the XVII regular session of the Shareholders' Assembly, which was held on 20 June 2025. (Dividend Day), are entitled to the dividend. The dividend for 2024 was paid on 22 October 2025.

Given the fact that NIS initiated the process of removal from OFAC's SDN list in March, a decision was adopted to postpone payment of dividends for 2024 to persons on the SDN list until removed from the list.

[75] A more detailed overview of the ownership of NIS a.d. Novi Sad can be found at CSD and Clearing House.

	Net profit (loss),RSD bn[76]	Total amount of dividend, RSD bn	Payment ratio	Earnings per share, RSD	Dividend per share, gross, RSD	Share price as at 31 December, RSD	Shareholders' dividend yield, in %[77]
2009	(4.4)	0.0	-	-	0	-	-
2010	16.5[78]	0.0	-	101.1	0	475	-
2011	40.6[79]	0.0	-	249	0	605	-
2012	49.5	12.4	25%	303.3	75.83	736	10.3
2013	52.3	13.1	25%	320.9	80.22	927	8.7
2014	30.6	7.6	25%	187.4	46.85	775	6.0
2015	16.1	4.0	25%	98.8	24.69	600	4.1
2016	16.1	4.0	25%	98.6	24.66	740	3.3
2017	27.8	6.9	25%	170.43	42.61	724	5.9
2018	26.1	6.5	25%	159.86	39.97	690	5.8
2019	17.7	4.4	25%	108.55	27.14	749	3.6
2020	(5.9)	1.0	-	(36.24)	6.14	644	1.0
2021	23.1	5.8	25%	141.85	35.46	620	5.7
2022	93.5	23.4	25%	573.14	143.29	675	21.2
2023	41.9	10.5	25%	257.05	64.26	812	7.9
2024	18.4	4.6[80]	25%	112.72	28.18	754	3.7



[76]Net profit of NIS j.s.c. Novi Sad.
[77]Calculated as the ratio of gross dividend to share price at the end of the year for which the dividend is paid.
[78]Net profit used for coverage of accumulated losses.
[79]Net profit used for coverage of accumulated losses.

BONDS

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

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

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

Basic information about bonds of NIS j.s.c. Novi Sad	
Nominal value	RSD 10,000
CFI code	*DBFUFR*
ISIN no.	*RSNISHD82111*
Bond issue designation	1st (first) issue
Date of registration with CRHoV	20 December 2024
Due date	5 years or 1,825 days
Due date	19 December 2029
Interest rate	Fixed interest rate of 6.50% per annum and quarterly payment of an interest coupon as of the issuance date.
Method of interest calculation	The formula for calculating the amount of interest for the interest period is as follows: K = Nk x pk x 0.25 where: K: the amount of quarterly interest to be paid pk: the amount of interest rate on an annual basis Nk: EUR equivalent of an individual bond nominal value at the middle exchange rate of the NBS on the date of issuance.

In 2025, four coupon payments were paid based on the first issue of the Company's corporate bonds.

INVESTOR RELATIONS

Regarding its relations with investors, NIS j.s.c. Novi Sad strives to establish and develop a long-term relationship built on trust through transparent information disclosure and a two-way communication. The Company takes a number of steps to keep this cooperation at a high level.

Regularly, NIS j.s.c. Novi Sad organises presentations of its performance results, where the top management representatives analyse business operations and the achieved results in detail, in direct communication with representatives of investors. In 2025, two presentations on the NIS Group performance results were held - for the first and second quarter.

The Company keeps its door open for those who want to get further information at one-on-one meetings.

The special section of the corporate website dedicated to investors and shareholders is also an invaluable source of information for all stakeholders. This section of the corporate website is regularly updated with the latest presentations on performance results, financial statements, audit reports, financial calendar, and different presentations and material.

[80]The Company paid dividends to shareholders from the profit generated in 2024, except for shareholders for whom, in accordance with the decision of the Board of Directors of NIS j.s.c Novi Sad, the payment was temporarily postponed until their removal from the SDN list of the US Department of the Treasury. NIS paid RSD 2.5 billion to shareholders in dividends from the profit generated in 2024.

OVERVIEW OF FINANCIAL INSTRUMENTS USED BY THE GROUP

Due to its exposure to the foreign exchange risk, the NIS Group practises forward transactions in the foreign exchange market as an instrument for managing this type of risk.

RATING

Rating assigned by	Member of Group	Previous rating		Rating score	
		Rating	Date	Rating	Date
Business Registers Agency – Republic of Serbia	-	BB - Very good	11 June, 2024	BB - Very good	17 June, 2025
Dun&Bradstreet	Dun&Bradstreet	5A1	11 December, 2024	0-	12 December, 2025





HUMAN RESOURCES

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

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

NIS' long-term goal is to strengthen employee engagement and improve HR practices in order to offer the best possible employee experience. The implementation of the "Engagement Academy" continued, as one of important strategic initiatives, aimed at improving commitment at the Company level. The curriculum of the managers' development programme "NIS Compass" was also created, which helps managers, through five spheres of development, to lead their teams more successfully. All activities included colleagues from HIP-Petrohemija for the first time following the integration.

NIS strives to digitalise its HR processes as to provide faster and more efficient support to employees.

As part of the of the agenda for young talents, the fifth season of the one-year "NIS Energy" mentoring programme was completed. 19 out of 26 participants continued pursuing their careers in our Company. In addition, the ninth season of the "NIS Calling" internship programme has begun with a total of 40 participants. So far, an educational workshop and touring of the Pančevo Oil Refinery were organised. The operator internship programme in the Pančevo Oil Refinery and HIP-Petrohemija also continued.

PROFESSIONAL DEVELOPMENT OF EMPLOYEES

In line with its corporate responsibly towards employees, NIS has managed, amid new business challenges arising from sanctions and the need to reduce administrative costs, to maintain stability in supporting employee development and learning by engaging its own resources, and to improve expertise and knowledge of its internal trainers.

Continuous work is being done on the further development and implementation of the "Engagement Academy" leadership programmes, digital competence development programmes, as well as academies, programmes, and training courses aimed at the professional and technical development of our employees.

Within the strategic programme "Digital Academy", the planned educational activities for various groups of employees were implemented through 58 training sessions, with 1,122 participants trained.

In 2025, in cooperation with external providers, a total of 2,755 training programmes were organised, attended by 8,502 participants, i.e. 2,835 employees. The total number of hours of training amounted to 31,206, and the total cost was RSD 49.7 million.

This year, the "Foreign Language Learning" programme was implemented through group courses in Russian and English, as well as individual Serbian language lessons, involving more than 280 employees.

CORPORATE AND DEVELOPMENT PROGRAMMES

During 2025, despite the impact of sanctions, work on improving existing strategic and development initiatives continued through corporate and development programmes. In 2025 the focus of these programmes remained on promoting and further developing a learning culture and a knowledge-sharing culture, in order to respond flexibly to business needs while keeping pace with current global trends.

Within the Engagement Academy, which aims to develop highly engaged and motivated teams within the Company through the active involvement of senior, middle, and first-line management, 9 workshops were held in 2025, attended by 93 first-line managers.

Through the internal training programme, implemented in cooperation with internal trainers, more than 70 soft-skills training sessions were delivered, with the participation of over 500 employees.

With the aim of further strengthening of the learning culture, the implementation and promotion of the "Learning Driver" programme continued in 2025. This programme represents a form of additional motivation and rewarding (both intangible and tangible) for all employees who take on the role of internal trainers or mentors, or who, through other educational roles and activities, contribute to and promote knowledge sharing.

In 2025 as well, through Job Shadowing activities, employees shared knowledge internally and improved communication, thereby indirectly contributing to greater transparency within the Company and to the improvement of business processes. A total of 163 employees participated in this programme in 2025. Over the course of 540 days, the employees had 1,788 working hours of on-the-job activities.

A new generation of participants completed the "First-Time Manager" programme. Unlike previous years, when the programme was delivered in cooperation with external

lecturers and trainers, this year 85% of the programme was delivered using internal capacities, with the generous sharing of knowledge by our expert colleagues. A total of 83 colleagues who had assumed a managerial role for the first time took the opportunity to enhance their leadership skills through 11 workshops.

With the aim of increasing employee engagement and developing managers, the "NIS Compass" development programme supports managers in leading their teams more effectively and employees in developing their competencies and achieving personal and professional growth, while contributing to the Company's strategic objectives The programme is structured around five development areas (Leading Self, Leading Others, Leading Business, Leading Digital, and Wellbeing and Responsible Behaviour). As part of the "NIS Compass" programme, 26 soft-skills training sessions were delivered.

Together with colleagues from other HR units, the implementation of development programmes for participants of the "NIS Energy" and "NIS Calling" programmes continued. These programmes have been assessed as highly valuable and effective in supporting the development of young people who gain their first work experience within the Company.

PROFESSIONAL DEVELOPMENT OF EMPLOYEES IN BUSINESS BLOCKS

The most significant initiative is the Job Shadowing project between HIP-Petrohemija and the Refining Block, aimed at knowledge exchange and identification of best practices applicable in HIP-Petrohemija. To date, it has been implemented for operator, supervisor and foreman positions, while it is still ongoing for process engineers. In the comping period as well, further time and efforts will be invested in this programme.

In addition to the above, during 2025, the focus of NAFTAGAS-Technical Services was on establishing professional and technical competencies.

In HIP-Petrohemija, alongside successfully implemented Job Shadowing activities, the focus was placed on the process improvement.

In NAFTAGAS-Oil Services, the internal "Well Control" training programme was successfully implemented. Three new transport-focused training programmes were developed. A concept of introductory training for work machinery drivers and operators was established.

The Technical Training Section of the Exploration and Production Block was granted the status of a Publically Recognised Adult Education Organiser (JPOA) by the Qualifications Agency of the Ministry of Education. In 2025, it organised training six certified training programmes for Exploration and Production Block employees. A total of 39 participants attended these programmes.

At the Elemir Training Centre, a new module was installed on the oil and gas production simulator – Dynamogram Recording for Sucker Rod Pumping. An intelligent control station was installed. Training Ground for Instruction and Testing for working at height and in depth was installed and commissioned at the NIS Elemir Training Centre.

This year as well, for the 13th consecutive time, the traditional "The Best in the Profession" competition was held within the Sales and Distribution Block. On this occasion, the competition was organised with a reduced scope, allowing finalists in late September 2025 to complete both parts of the competition in a single day: the theoretical part, which involved written tests, and the practical part, which required participants to demonstrate their professional skills in the field. The final competition was preceded by qualification rounds in which 785 colleagues underwent a knowledge test, with 61 employees qualifying for the finals across 11 categories.

In cooperation with the Retail Department, professional and technical competencies and the required levels of knowledge were defined for seven PS positions within NIS Petrol, covering a total of 2,968 employees.

TALENT DEVELOPMENT

Through the talent process (a regular evaluation procedure based on performance and potential, conducted every two years), in 2025, 557 employees in middle and senior management positions were evaluated through 25 separate talent sessions, by 129 assessors involving senior and top managers. This process evaluates employees' performance over the previous two years and their potential to assume higher positions or broader roles compared to their current positions. Particular focus is placed on the strengths of each assessed employee, as well as areas for further improvement, in support of continued leadership and career development. An 11% increase in the coverage of assessed positions by identified successors compared to the previous talent process directly contributed to improved succession planning effectiveness.

In 2025, a comprehensive career development concept aimed at building a strategic approach to career development was designed and adopted. Through different activities and possibilites, this concept supports all employees in their professional development, while simultaneously providing targeted and structured support to identified successors who are expected to assume higher or broader roles in the short term, as well as to newly appointed managers (upon succession). In order to expand internal capacities for talent management and implementation of the career development concept, training was delivered for 14 new career advisers.

Throughout 2025, the annual competency-based assessment process was improved through an audit of the competency model itself, as well as through the adaptation and enhancement of the internal system used to implement the process, which covered 5,173 employees.

CARE FOR EMPLOYEES' SOCIAL WELFARE

The NIS Collective Bargaining Agreement and internal regulations ensure a high-level social protection for employees, which exceeds the legal requirements.

The benefits stipulated in the Collective Bargaining Agreement and internal policies include the following:

- Special protection for persons with disabilities and in the event of occupational diseases;
- Preventive recovery for employees who perform high-risk jobs or are entitled to credited service years, as well as preventive recovery for other employees, in order to prevent occupational illnesses and disabilities;
- Solidarity aid, payment of medical treatment costs and refunding of funeral expenses for an employee and/or his/her immediate family members;
- One-time allowance for the birth of each child after 1 March 2023, as of the date of entry into force of the new Collective Bargaining Agreement;
- One-time assistance to the family of a deceased employee;
- Compensation for damages suffered by employees in the event of the destruction of or damage to their residential buildings caused by natural disasters or other emergencies;
- Scholarships during full-time education of children of killed and deceased employees;
- Collective health insurance for all employees covering severe illnesses and surgeries, as well as in case of accidents;
- Collective insurance of all employees covering death as a result of an accident or a disease;
- Helping employees resolve their housing needs by granting subsidies for housing loans;
- Voluntary pension insurance;
- Vouchers for New Year's gifts for children up to 10 years old;
- Jubilee employee awards for 10, 20, 30 and 40 years of uninterrupted employment with NIS.

MATERIAL AND NON-MATERIAL MOTIVATION

The employee motivation is crucial for achieving high business standards, and inspiring creativity, creation and innovation, in order to facilitate professional development and retention of employees. As one of the most attractive employers in the region, NIS offers their employees conditions for efficient work and a positive working environment through several programmes of financial and non-financial incentives.

The regular bonus programmes are divided into three categories by types of employee positions: bonuses in the production and technical organizational units, bonuses in sales, and quarterly and annual bonuses for administration workers. Bonuses depend on the level of meeting the collective or individual goals and make it possible for the employees to connect their personal work with the Company's goals.

NIS implemented a system of additional motivation that combines the capacities of managers and NIS to recognise and reward employees for major work-related achievements and compliance with the Company's values. The system operates through employee motivation programmes, as well as opportunities for employees to be involved in the activities within the "Success At Work" programme.

The "Success At Work" programme, an umbrella programme of additional motivation, includes the rewarding of employees for all activities that have value and importance for the Company's improvement and they are divided into four special programmes:

- Safety Leader,
- Learning Driver,
- Innovator at Work and
- Together on Projects.

The managers play a key role in the development of non-financial incentives withing their organizational units, with the help of non-financial incentives programmes and employees rewarding programmes: "Bravo Reward", "Best Employee", "Best Manager" and special premiums.

Non-financial incentives programmes offer the opportunity to employees to take an active part in the vital segments of the Company's business, develop creativity and initiative and win awards, while at the same time promoting best work practices and creating new value for the Company.

CORPORATE CULTURE

The stability of NIS as an employer was one of the prime focuses, by means of which the Company sought to increase the commitment of employees and improve the work environment. Within the internal "Dedicated Leader" Academy, in which several hundred managers of the Company participated, NIS endeavoured to create an inspiring environment among NIS leaders and guide them on how to manage teams, relying on the Company's values and corporate culture. The corporate values, integrated in the Company's key processes, are the basis for assesing the productivity and potentials of each individual, from the employees in operational positions – to the Company's top management. Accordingly, familiarising employees with the corporate values was among top priorities.

EMPLOYER BRAND AND CANDIDATE RECRUITMENT AND SELECTION

In 2025, NIS continued to implement programmes for the most talented students, university graduates, and high school graduates. As part of the work with students, the fifth season of the "NIS Energy" programme was implemented for 26 young graduates, of whom 19 continued to work in with our Ccompany after completing the programme. In addition, a recruitment campaign and selection process for the ninth season of the "NIS Calling" internship programme were organiszed, during to which 751 students applied. The programme started in November 2025, with 40 participants. As part of the work with high school graduates, the fourth season of internship for young operators began for with 28 interns in the Pančevo Oil Refinery, STC (STC NIS - Naftagas LLC Novi Sad), and HIP-Petrohemija. In addition to these three programmes, an internship programme for people with disabilities was also organized organised in 2025, in which two interns participated.

In order to bring NIS as an employer even closer to candidates on the labour market, we created a new version of the career website and improved the way job advertisements are created. In addition, we have been involved in preparing content for social networks, specifically NIS corporate profiles, in cooperation with the Government Relations and Corporate Communications Function.

The previous year was also marked four workshops held for children from SOS Children's Villages, with more than 60 young people.

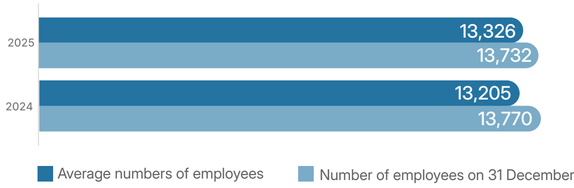
By setting ambitious goals, employers positioning on the labour market, and continuously improving the experience of candidates going through the recruitment and selection process - as well as that of the Company's employees, we achieve results that position us among the best, and our good practices become an example for other companies. One direct example is the survey of young people's opinions on the labour market in Serbia, "Voice of the Youth of Serbia", conducted by the student organisation AIESEC, in which more than 1,500 young people from all over the country participated. Within the framework of this survey, this year as well, NIS was recognized as the most attractive employer for young people.

NUMBER[81] AND STRUCTURE OF EMPLOYEES

At the end of 2025, the total number of employees was 13,732, while the average number of employees in 2025 was 13,326.

Organisational unit	Total number of employees as at 31.12.2025	31.12.2024
NIS j.s.c. Novi Sad	5,273	5,314
Subsidiaries	8,459	8,456
TOTAL[82]:	**13,732**	**13,770**

HEADCOUNT TREND[83]

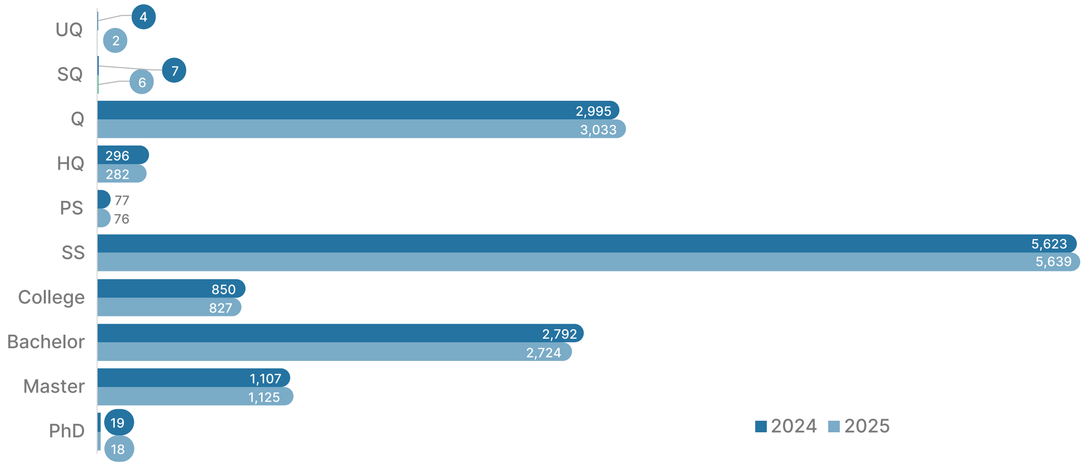


[81]The number of employees does not include employees hired through the Contract of Services. As of 31 December 2025 within the NIS j.s.c. Novi Sad, there were 92 employees hired through the Contract of Services.
[82]Employees with shared working hours are shown as whole units in the Company they belong to.

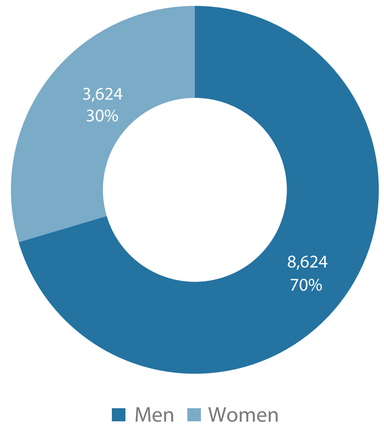
[83]The average number of employees does not include employees who are on maternity leave, employees who have been on sick leave for more than 30 days, and employees whose employment is temporarily suspended, but it includes employees who left the Company in the observed period and new employees proportionately to the number of days spent at the position.

EMPLOYEE QUALIFICATIONS, GENDER AND AGE STRUCTURE[84]

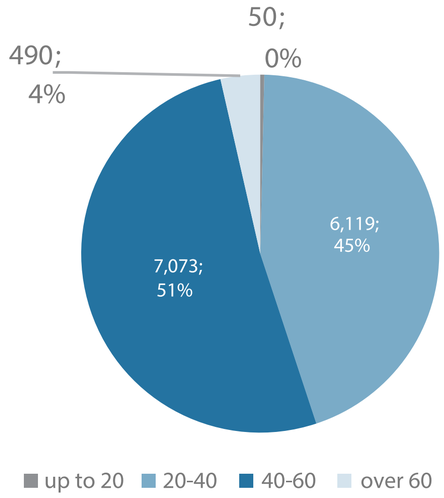
Employee qualification structure



Employee gender structure



Employee age structure



[84]Includes employees of NIS j.s.c. Novi Sad with representative offices and branches, subsidiaries in the country and abroad and subsidiaries included in consolidation on 31 December 2025.

EMPLOYMENT TERMINATIONS

In 2025, a total of 1,271 employees left NIS j.s.c: 269 employees retired, 78 employees terminated employment by mutual agreement, while the employment of 924 people was terminated on other grounds (cancellation of employment contract, employment termination by the employee, and redundancy).

Basis of employment termination in 2025	NIS j.s.c Novi Sad[85]	Subsidiaries
Retirement	121	148
Termination by mutual agreement	8	70
Other	176	748
Total	**305**	**966**

[85]Including representative offices and branches. Out of the total number of terminations, no terminations account for the representative offices and branches.

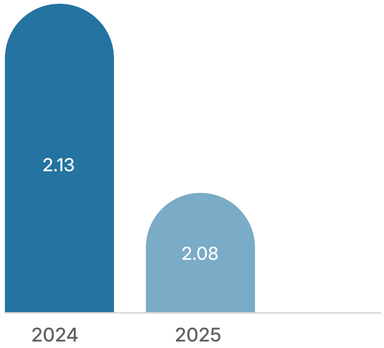




OCCUPATIONAL SAFETY AND HEALTH, INDUSTRIAL SAFETY AND EMERGENCY RESPONSE AND ENVIRONMENTAL PROTECTION

OCCUPATIONAL SAFETY AND HEALTH

LTIF indicator



In 2025, the LTIF indicator is lower by 2% compared to 2024. In 2025, 63 LTIs were recorded, as opposed to 2024 when 69 LTIs were recorded in the Company.

During 2025, out of 63 injuries, 56 were injuries of NIS employees and 7 of contractor employees. The majority of accidents were mechanical injuries, also slips and same-level falls.

OCCUPATIONAL SAFETY AND HEALTH RISK MANAGEMENT

In 2025, following organisational changes and requirements of the Serbian legislation governing occupational safety and health, the Company partially amended the Workplace and Work Environment Risk Assessment Act for NIS j.s.c. and subsidiaries.

NIS analysed regulatory changes and developed action plans to fully comply with the Law on Occupational Health and Safety within the timeframe.

In terms of the Karkas Safety Shield programme dedicated to HSE risk management, NIS focused on managing and controlling HSE barriers related to operations with fatality potential. In addition, the company improved the existing risk assessment tools and implemented new ones, and optimised its permit to work system to facilitate efficient risk management.

The HSE digitalization programme now covers, among others, the process of personal protection equipment (PPE) management, which will allow NIS to precisely assess the demand, plan, track, and issue such equipment.

HSE EVENT MANAGEMENT

The HSE event management process involves transparent registration, notification and reporting of HSE events, conducting investigations into the causes of HSE events, as well as monitoring potential and actual consequences, including primarily the impact on safety of people, health, environment, equipment, reputation and financial indicators. Of particular importance in this process is the exchange of experiences and lessons learned, with the aim of constantly improving the HSE system and preventing the recurrence of similar/the same HSE events.

The main objectives of HSE event management include:

- Timely response and mitigation of consequences of HSE events;
- Preventive action through the implementation of appropriate preventive measures to prevent the recurrence of similar or identical HSE events;
- Improving the HSE management system through strengthening risk control and reducing financial and operational losses;
- Continuous information and education of employees and contractors about events and lessons learned.

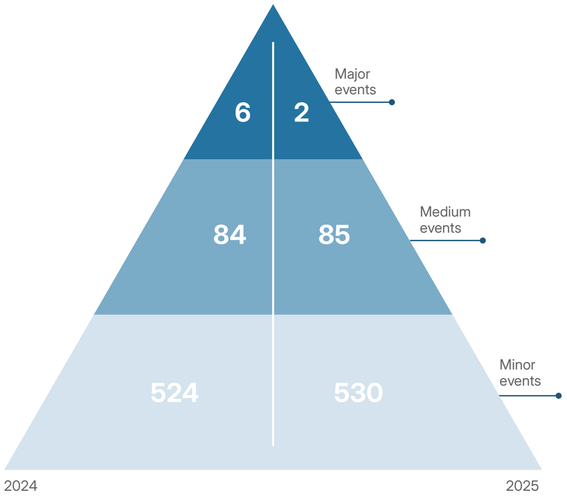
NIS investigates all HSE events that affect people (such as workplace injuries, ill health or occupational diseases), fires, traffic accidents, equipment failures that may affect safety of people or the environment, and natural disasters, if the severity of consequences is classified as high or medium, or if the accident is classified as a high-potential accident.

According to the HSE Event Classifier, every HSE event is classified into major, medium, minor, potential (near miss), and high-potential events (HiPo) – the events that have the potential, under different circumstances, to result in one or more fatalities or become a high-risk HSE event according to the NIS RAM Matrix.

Investigation of the causes of HSE events involves a structured and comprehensive process, in which, by applying a defined methodology, the Company identifies the failed barriers, defines the immediate, root, and systemic causes of the HSE event and defines corrective measures to eliminate the causes and prevent the event recurrence. The goal of the investigation is to prevent the recurrence of the event and continuously improve the occupational health and safety system. All defined corrective measures, as well as the failed barriers and causes from the event investigation are entered into the Company's software, and the implementation of corrective measures, as well as the causes of the HSE event, are reported on a regular basis.

The figure below illustrates the transparency pyramid showing the number of HSE events in the Company in 2025 compared to 2024:

Transparency pyramide



CONTRACTOR MANAGEMENT

Contractor management means that every project starts with planning, that the protection of people is more important than the speed of work or any other goal. Our main goal is to make every working day safe – both for our employees and for all external collaborators and companies (contractors) working with NIS. We strive to prevent any possibility of injury, damage or environmental pollution.

During 2025, we further improved our regulations and contracts to align them with the new Law on Safety and Health at Work. Through continuous field inspections and open dialogue, we strive to ensure that every individual understands that the rules are designed to protect them, rather than acting as mere formality.

During 2025, an improved version of the umbrella document of the Contractor Management process - the Company Standard, was adopted, as well as the standard forms of the HSE Agreement contractual document, all in accordance with the amendments to the Law on Safety and Health at Work.

The HSE Function organised the 16th HSE Contractor Forum, which was held in the Novi Sad Business Centre. This gathering was a centre for exchanging experiences and presenting modern solutions related to:

- New digital system: In cooperation with the Innovations Centre of the Faculty of Electrical Engineering in Belgrade, we have developed and presented an application that now allows us to manage safety at work digitally and with higher accuracy;
- Road safety training: Our experts, through lectures on road safety and training management, further raised awareness of the importance of expertise in high-risk jobs;
- Learning through examples: Participants had the opportunity to watch an educational film about high-risk activities and participate in a workshop that introduced them to our approach to risk management.

EMPLOYEE HEALTH CARE

In 2025, employee health care remained one of the important topics within the HSE Function, with a clear focus on prevention, systemic solutions and a partnership approach. During 2025, the Company continued to improve programmes that contribute to preserving employee health, while strengthening the culture of a safe and responsible work environment.

In the midst of a complex business environment, additional restrictions and sanctions, the Company continuously worked on the quality of healthcare. It should be pointed out that, despite external challenges, the continuation of key services was ensured, while maintaining the prescribed standards and level of accessibility for employees. In parallel, activities were planned to achieve measurable effects in prevention through resource optimisation without compromising the quality.

A significant step forward was achieved through the digitalisation of medical examinations, which made the process more efficient and transparent – from planning and records to monitoring implementation, with improved data management and streamlined communication between the parties involved. This is an important step towards modernisation of preventive healthcare.

At the same time, the year 2025 was marked by the development of the Employee Health Protection and Improvement Strategy, a document that sets a long-term framework for managing health risks, preventing diseases, and developing programmes aimed at employee well-being.

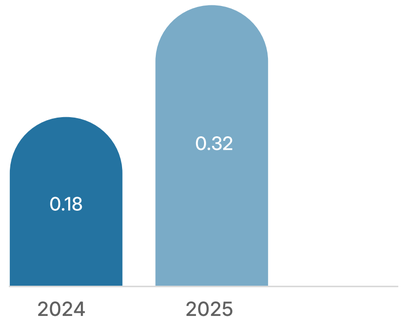
As an important segment of a broader approach to prevention and education, a Memorandum of Cooperation with the Serbian Red Cross was signed in 2025, establishing a platform for joint activities in the field of first aid, promotion of healthy habits, and strengthening employees' capacity to respond adequately in critical situations.

Additionally, in 2025, a campaign focusing on women was implemented, which was dedicated to the prevention of breast cancer. It was designed to raise awareness of the importance of early detection, regular preventive examinations and the adoption of healthy habits. The activities implemented included informing, educating, and encouraging a responsible attitude towards personal health.

Through a combination of digital solutions, strategic documents and targeted preventive campaigns, the Company continued to improve the system for protecting and improving employee health in 2025, confirming its commitment to making health both a business value and a social responsibility – even in the face of increased external challenges.

ROAD SAFETY

RAR[86] indicator



Road safety encompasses a set of measures, rules and activities that are implemented with the aim of reducing risks and preventing road accidents. It represents a multidisciplinary field that integrates technology, infrastructure, laws, education, and improving awareness of all traffic participants.

The Company's employees travel approximately 40 million kilometres per year, which exposes them to significant traffic risks. In order to minimise risks, the Company continuously invests in improving traffic safety through theoretical and practical training, constant monitoring of vehicles and driving style IVMS – In Vehicle Monitoring System, monitoring work of Traffic Safety Officers and appointed Advisors for the transport of dangerous goods, rewarding the best drivers, informing employees about risks through campaigns and advice on safe behaviour in traffic, drafting regulatory documents, etc.

During 2025, 605 preventive measures were implemented, aimed at monitoring and improving compliance with legal and internal procedures. The goal of these activities was to increase the overall level of road safety, as well as to identify and correct unsafe patterns of driver behaviour.

[86]The ratio of the number of traffic accidents to the mileage travelled, multiplied by one million.

In addition, in cooperation with NAFTAGAS–Oil Services, a pilot project for the installation of fatigue detection cameras was launched, considering the increase in the number of road accidents in which driver fatigue was identified as the cause.

Among the major activities in the last year was the organisation of workshops on the topic of road safety. Participants had the opportunity to learn about various aspects of the safety system, risks, and consequences of road accidents, including the correct procedures for providing first aid and care for the injured at the accident site.

In order to systematically monitor progress and identify potential risks, the Company has defined a series of key performance indicators in the field of road safety. These indicators enable precise status analysis, decision-making, and target-oriented activities to improve the overall level of road safety. One of the key indicators is the Road Accident Rate – RAR, which allows monitoring of the general accident trend and assessment of the effectiveness of safety measures.

During 2025, an increase in the number of road accidents was recorded, with the resultant increase of the RAR coefficient. In response to this trend, the Company defined a series of additional activities with the aim of systematically reducing the number of accidents, including:

- Formation of a Working Group for Improving Road Safety to meet the needs of the Exploration and Production Block and NAFTAGAS–Oil Services;
- Pilot project for the appointment of internal trainers for the professional drivers' training in the Transport Unit of NAFTAGAS-Oil Services;
- Pilot project for reducing the tolerance for exceeding vehicle speed limits;
- Drafting the technical requirements for offsetting up a unified maintenance system at the NAFTAGAS–Oil Services level.

When it comes to the transport of dangerous goods, road safety is of particular importance, given that the consequences of possible accidents can seriously affect people and the environment. For this reason, a series of activities were carried out in 2025, including the review and improvement of the petroleum products loading and unloading procedures in accordance with the requirements of the European Agreement concerning the International Carriage of Dangerous Goods by Inland Waterways (ADN). Additionally, in accordance with ADR regulations, appointed Dangerous Goods Transport Advisors visited all locations where dangerous goods are handled, with the aim of reviewing the current situation, defining measures to improve the process, and clearly defining procedures for all participants.

In addition, the Company continued to improve driver competencies through eco- and defensive driving training. In cooperation with the National Driving Academy - NAVAK, 311 employees underwent training in the previous year.

INDUSTRIAL SAFETY AND EMERGENCIES

FIRE PROTECTION

In order to ensure enhanced working conditions for employees and a higher level of functioning of firefighting units, in 2025, within the framework of the Firefighting Units Training Centre, the training equipment for operators and firefighters was procured and set up. A training ground was built for rescue from rubble (extraction of a person under load using pneumatic lifting bags), fire extinguishing at electrical cabinets, large containment areas (large fuel spills), and at solar panels. In cooperation with colleagues from transport, decommissioned passenger cars were periodically delivered to facilitate training in the use of hydraulic rescue tools and cutting doors, trunks, roofs when extracting people from vehicles. Two smaller training grounds were also set up for cutting concrete and metal using a chainsaw and a motor grinder. A medium-capacity canister was installed for training in the use of sealing equipment to repair leaks/release of hazardous materials. A decommissioned tank truck for the transport of hazardous materials were used for sealing and repair of joint during unloading/transport. A new water-foam frontline engine truck was purchased, with an associated pump and equipment boxes, which had been deployed to the Niš Firefighting Unit, in order to ensure compliance with the provisions of legal regulations and increase operational efficiency of fire and other emergency response. The regular procurement of necessary equipment and resources for the needs of fire units continued (firefighting and protective equipment, equipment for technical rescue from heights and depths, foam extract for extinguishing hydrocarbon fires, technical interventions with hazardous materials, rubble, etc.).

With respect to training, 2025 was highly effective:

- The firefighting units of the company took part in HSE drills, where they independently or in cooperation with firefighting units of the Ministry of Interior and neighbouring business entities practiced response tactics for different emergencies;
- The firefighting units acquired new knowledge and exchanged experiences through an internal firefighting competition in which all 11 firefighting units of the Company, as well as 2 firefighting units of HIP-Petrohemija/FSK Pančevo (Synthetic Rubber Factory), took part at the training ground of the Firefighting Units Training Center in Novi Sad;
- The cooperation with the Serbian-Russian Humanitarian Centre continued through theoretical and practical training of 35 members of the firefighting unit for technical rescue from heights and depths in industrial conditions (first-level training). Additionally, 50 members of the firefighting units also completed the second-level training for rescue from heights and for technical interventions at the training ground of the Firefighting Units Training Centre in Novi Sad;
- In cooperation with the National Training Centre for Emergency Situations of the Ministry of Internal Affairs of the Republic of Serbia, training of the 5th class of emergency response operations managers was conducted in the Company;
- In cooperation with the Energy Block, at the training ground of the Training Centre, a presentation was held and the HSE drill "Fire Supression at Photovoltaic Power Plants" was conducted. Also, with help of the members of firefighting units of the Emergency Situations Sector of the Serbian Ministry of Internal Affairs, the method of extinguishing fire at solar panels was presented, as well as the causes of ignition and fire at the installations.

In 2025, our firefighting units successfully carried out all the firefighting and emergency response interventionsat the Company's locations. They also assisted representatives of the fire-rescue units of the Ministry of Internal Affairs of the Republic of Serbia at the facilities of other companies and those of the local communities across Serbia.

PROCESS SAFETY

Following a thorough analysis of process safety information collected from the Company's operational locations, the modified method of conducting corporate audits of industrial safety and presenting the results thereof continued in 2025, in quarterly meetings of the Industrial Safety Council. An additional revision of elements being audited was performed and a programme was developed to define the items to be checked and the method of evaluating the audited elements. In accordance with the Internal Industrial Safety Audit Plan for 2025, audits were conducted at 10 production sites, covering all Divisions / Blocks of the Company and subsidiaries.

As part of the process safety element – Hazard Identification and Risk Analysis, the application of PHSER (Project HSE Review) risk analysis methodology was initiated for the Niš Oil Depot. In addition, during 2025, the MOC workshop (MOC: Management of Change) for the Novi Sad LPG Depot was conducted. Upon successfully completing the hazard identification and risk analysis phase, the process of monitoring the execution of the measures defined in the study began in the Exploration and Production Block, within the simulated scenario having the greatest consequences with a defined set of preventive measures.

To ensure compliance with legal and regulatory requirements for occupational safety and health, the Company's current permit-to-work system was revised. The permit-to-work system for high-risk contractor activities was implemented and verified in all organisational units and subsidiaries. The permit-to-work digitalisation project was launched and a pilot project for the digitalisation of employee Permits-to-work was completed.

A significant share of training was spent on training employees in subsidiaries. Additionally, throughout 2025, colleagues from the Department for Industrial Safety and Emergencies provided active support in the field of industrial safety to colleagues in HIP-Petrohemija.

EMERGENCIES

All emergency response and civil defence activities in the Company are focused on preparing the Company to successfully respond to emergencies and disasters. NIS follows the norms set by the Law on Disaster Risk Reduction and Emergency Management, other laws and by-laws, best practice in the industry, as well as the Company's technical standards. Additional obligation for the Company arises from the Government's Decision on Designating Entities of Special Importance for Protection and Rescue in the Republic of Serbia. NIS continuously strengthens its resilience to emergencies and crises, improves the safety of employees, and protects the environment and assets, both at the Company level and in local communities where it operates.

During 2025, work continued on improving business processes governing responding to emergencies in the Company. NIS updated legally required emergency-related documents in the field of disaster risk reduction and emergency management, which included the Disaster Risk Assessment and the Protection and Rescue Plan at the Company and Block levels. Additionally, the Company revised the Operational Flood Defence Plans, as well as the Emergency Preparedness and Response Plans.

In coordination and cooperation with representatives of the National Emergency Training Centre and the Emergency Situations Sector of the Ministry of Interior of the Republic of Serbia, civil protection commissioners and deputy commissioners in the Company underwent four training sessions and 67 employees were successfully trained.

In 2025, the emergency preparedness and response team was tested through a command simulation exercise at the location of the Niš Oil Products Depot. Representatives of the Industrial Safety Department analysed and monitored the exercise coordination and testing of the implemented system, together with representatives of the National Training Centre for Emergency Situations and the Sector for Emergency Situations of the Ministry of Interior of the Republic of Serbia.

249 planned HSE drills were successfully conducted.

During 2025, in cooperation with the National Training Centre for Emergency Situations of the Ministry of Interior of the Republic of Serbia, more than 120 employees from the Company's protection and rescue units were trained. Employee training included training of civil protection commissioners and deputy commissioners, emergency response operation managers, as well as command simulation exercises (in line with the adopted programmes of the Ministry of Interior of the Republic of Serbia).



ENVIRONMENTAL PROTECTION

The Company protects the environment by implementating projects and initiatives aimed at achieving the goals set in the Environmental Protection Strategy by 2030 (reducing the negative environmental impact and reducing carbon intensity by 30% compared to 2018), combating climate change, and fulfilling all legal obligations in this area.

As in previous years, investments were made in environmental projects and projects with an environmental impact in an effort to meet environmental protection requirements. During 2025, RSD 923 million were invested in environmental projects.

Positive environmental trends – **Achievements in 2025**

1.56
MLN TONNES
direct CO_2 emissions

-19%
REDUCTION
other indirect greenhouse gas emissions (scope 3)

-34%
REDUCTION
total waste generated

Environmental Elements – **achievements in 2025**

Land

- Permits for waste collection and transport (THS and NFS) as well as a permit for waste mud disposal (UPS) obtained;
- Implementation of the HIPP remediation plan;
- Completed disposal of historical waste from the Novi Sad Depot and ongoing waste disposal activities at the Pančevo Oil Refinery.

Air

- Pursuant to the decision on permits for GHG emissions for 5 plants, monitoring was performed in 2025;
- No ELV exceedances at Pančevo Oil Refinery and HIPP emitters.

Water

- Wastewater Treatment Project at the Tubing Centre;
- 5 new separators at petrol stations installed;
- 67 water permits obtained in the Sales and Distribution Block;
- Use of treated wastewater rom the Water Treatment Plant in the system of HIPP – Energy Plant.

Environment

- Participation of NIS representatives in the Working Groups for the Detailed Specific Implementation Plan (DSIP) of IED and VOC Directives;
- Conduct of environmental campaigns, planting thuja trees at Novi Sad Oil Depot, Fruška Gora cleanup;
- Monitoring of all environmental media in line with the adopted plans;
- Initiating / participation in the preparation of studies aimed at resource savings following the sustainability principles.

GREEN AGENDA: OVERVIEW OF THE MOST SIGNIFICANT PROJECTS IN BLOCKS

EXPLORATION AND PRODUCTION BLOCK

- CO_2 injection from the amine plant into the Rusanda reservoir continued
- IPPC permit obtained for the Novo Miloševo landfill
- Banatsko Miloševo cogeneration plant started producing electricity
- The project for constructing the Srpska Crnja gas field monetization unit is in the final stage
- Small power plant for sour gas monetisation started operating at the Banatsko Miloševo gas field

REFINING BLOCK

- Permanent disposal of waste catalyst
- Report on the analysis of wastewater management in Pančevo Oil Refinery of the Refining Block prepared, with a proposed solution for compliance with the requirements of legal regulations of the Republic of Serbia and European standards; a feasibility study with a technical solution for pre-treatment/treatment of process wastewater in Pančevo Oil Refinery, Refining Block, initiated

SALES AND DISTRIBUTION BLOCK

- NIS develops retail sales of compressed natural gas at its petrol stations
- Electric car chargers are being installed at retail facilities
- The project of the reconstruction of the Niš Oil Depot completed
- Demolition of old and construction ofnew petrol stations - in particular Kula, Mrčajevci, Svrljig, Surčin Airport and Kraljevo 1, completed, with new environmental equipment installed

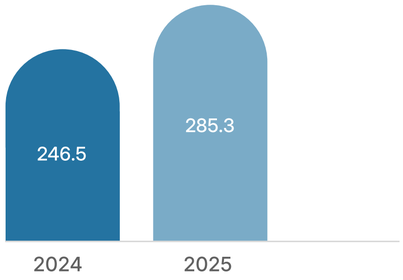
ENERGY BLOCK

- In 2025, 33 PVPPs were put into operation at 33 PSs, at the last planned facility in the Pančevo Oil Refinery, and the largest ground-mounted PVPP, with a capacity of 6.8 MWp, installed at the Novi Sad Oil Depot

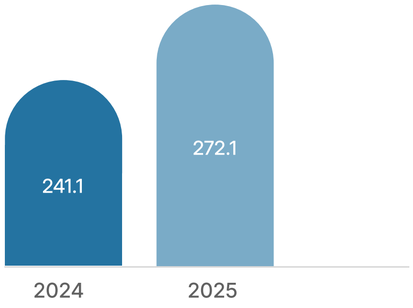
HIP-PETROHEMIJA

- Electrolysis Plant cleaned (19.8 tonnes of mercury waste disposed from the process equipment, including 55.6 tonnes of mercury sludge in plastic barrels and 15.5 tonnes of mercury-contaminated waste generated during the execution of works)
- Liquid Hydrocarbon Residue (LHR) disposed from tank cars in the Synthetic Rubber Plant
- Analyses of the stability of the sludge landfill embankment from the wastewater treatment plant completed (collecting information to confirm the leakage and spread of pollution outside the landfill area)

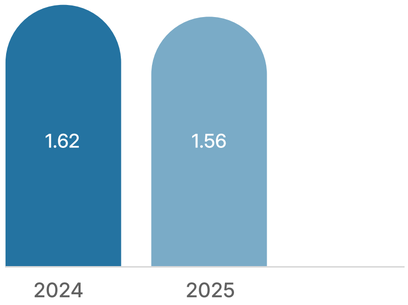
Carbon intensity trend in the Exploration and Production Block for scope 1, in kg CO_2E /t of oil production



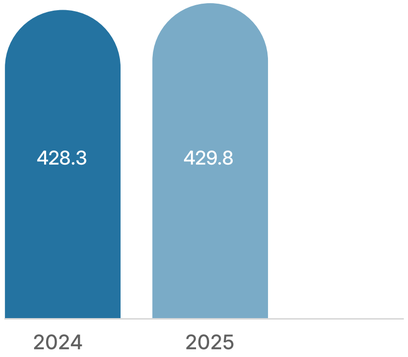
Carbon intensity trend in the Refining Block for scope 1, in kg CO_2E/t of oil production



Direct CO_2 emission (scope 1), mln tonnes



Indirect CO_2 emissions (scope 2), thousand tonnes



In accordance with the applicable legal regulations of the Republic of Serbia governing climate changes, the GHG emission permits have been issued for all 5 facilities. During 2025, the GHG emissions monitoring system was established in these 5 facilities and preparations were made for the upcoming verification of related GHG Emission Reports. The legally mandated deadline for the verification is at the end of the first quarter of the 2026.

The set of laws regulating fees for GHG emissions, enacted by the Ministry of Finance of the Republic of Serbia, has the objective to provide a fiscal mechanism that will encourage investments in decarbonisation and protect Serbian producers from more cost-effective competors from countries that are free from such fees. The Company is currently assessing the financial impact of the announced regulations on its operations and the scope of obligations.

The Company has established a practice of monitoring and reporting on GHG emissions on a quarterly basis, with the aim of more accurate quantification and trend monitoring. In addition, it facilitates recording and analysing the impact of projects and initiatives that contribute to the reduction of GHG emissions, in an effort to further improve of this area of business and secure a competitive advantage for the Company.

The Company implemented a number of initiatives that contribute to the fight against climate change in 2025 as well, such as the production of electricity from renewable energy sources. Within the framework of projects aimed at reducing the consumption and losses of energy resources (steam, gas, electricity), the injection of CO_2 from the amine plant into the Rusanda reservoir continued.

Planning and implementation of decarbonisation projects will be a major challenge for the Company in the future, therefore in addition to the above, the Company is also considering other projects that will contribute to the reduction of GHG emissions.

In 2025, the Company carried on work on developing internal resources in an effort to improve the process of oily waste management. A site visit to the newly built Waste-to-Energy plant was conducted.

Waste management activities are carried out in accordance with the valid three year umbrella contracts with operators authorised for waste collection, storage and treatment services.

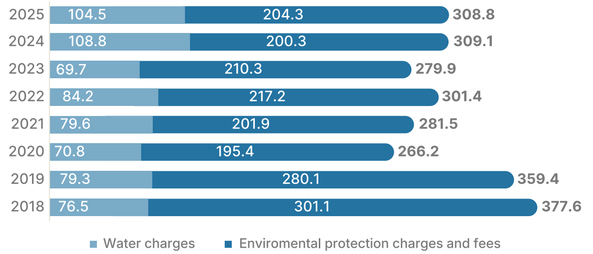
The Company regularly monitors and settles its legal obligations related to environmental protection fees. During 2025, RSD 308.8 million was allocated for fees and charges.

Traditionally, World Environment Day was marked by a cleaning and removal of plastic and other non-biodegradable waste on Fruska Gora, in cooperation with the National Park Fruska Gora public enterprise.

By planting 80 thuja seedlings at the Novi Sad Oil Depot as part of the HSE Week, organised by the Volunteer Club, HSE Function and Energy Block, the Company volunteers also made their contribution to the fight against climate change.

Overview of charges and fees in 2025	Water charges (RSD million)	Environmental protection charges and fees (RSD million)	Total (RSD million)
NIS j.s.c. Novi Sad	78.8	25.7	104.5
Subsidiaries[87]	192.8	11.5	204.3
Total	**271.6**	**37.2**	**308.8**

Environmental protection charges and fees (2018-2025)



[87]Including Naftagas – Oil Services LLC Novi Sad, Naftagas – Technical Services LLC Zrenjanin, NIS-MTO LLC Beograd. NTC NIS – Naftagas LLC Novi Sad, NIS Petrol j.s.c. Belgrade and HIP-Petrohemija Pančevo.

“SAFETY SHIELD - KARKAS” PROJECT - “KARKAS” PROGRAMME

This project was created in order to eliminate injuries, accidents, incidents and negative environmental impacts, as well as promote HSE culture, prevent fatal and other injuries to employees and contractors, and to reduce financial losses resulting from incidents and accidents.

During 2025, the implementation of the “Safety Shield – Karkas 1 - 7” programme continued and diagnostics for “Karkas 7” were completed. Barrier functionality checks were performed in the Company, its subsidiaries in the country, and in G-Petrol d.o.o. Sarajevo.

During 2025, the “Safety Shield – Karkas” Project evolved into the “Karkas” programme, which was harmonized through the Company’s regulatory documents, and became part of the HSE Risk Management process.

The “Karkas” programme was presented to the Investigation and Risk Council (Supervisory Board of the programme) for final approval of further implementation.

In 2025, 13 new NIS barriers were created based on identified strategic risks within the Company.

In order to reduce the risk of injuries to employees and contractors, accidents and incidents at the level of the Company and its subsidiaries, the implementation of the programme of measures to ensure barriers functionality continues.

IMPROVING HSE CULTURE

As part of the internal HSE leadership development programme - basic level, 27 interactive HSE workshops were held in 2025 for about 600 employees of blocks, functions and subsidiaries. About 1,300 employees have attended the workshops to date, inclusive of the last year’s performance.

The concept of the HSE leadership development programme for managers was designed and developed using internal resources. Having created educational content and exercises and prepared materials, the first workshop was held, which was attended by 18 leaders of Naftagas - Oil Services.

Within the framework of the HR programe: “First Time Manager”, an HSE module was developed and 5 workshops were held in 2025 for about 80 new managers.

Traditionally, the HSE week was held in 2025 as well, with the aim of bringing HSE closer to employees. This event was marked by an ecological campaign of greening two petrol stations and the Novi Sad Oil Depot. Additionally, an HSE social event was organised for STC (STC NIS - Naftagas LLC Novi Sad) employees and their children, which included first aid training and firefighter meet-and-greet.

As part of the modernisation of HSE training methods and development of HSE leadership and HSE competencies, after the idea for the creation of an interactive digital platform – an HSE game was developed in the previous year, a tender was announced in 2025 and the market researched. The data obtained will be used in the procurement process with a qualified contractor.

Activities to improve the safety and health of employees during 2025 were supported by various communication contents, aimed at promoting HSE values, further developing a culture of care, and raising awareness of individual responsibility for personal safety and safety of the people around us.

HSE TRAINING, DEVELOPMENT OF HSE COMPETENCIES AND RAISING EMPLOYEE AWARENESS

Attendees of HSE training courses	71,469
Trained contractors	8,153
HSE training hours	201,926

The focus in 2025 was on compliance with the new legal regulations in the field of occupational safety and health, in particular in the field of compliance with legal requirements regarding the competencies of Occupational Safety and Health Advisors and on the normative regulation of HSE training and competencies. In order to raise awareness of HSE risks, campaigns were launched in the fields of road safety, prevention of injuries at work, raising HSE culture, preventive health care, and environmental protection. In the second half of the year, a new digital platform for managing HSE training was developed to enable more efficient definition of needs, planning and implementation of HSE training.

HSE MOTIVATION

In 2025, the internal document Employee Motivation through the Implementation of the “Safety Leader” rogramme came into force, adding 3 new areas that employees can apply for to earn points:

- Holding toolbox meetings,
- Improving corporate health, and
- Road safety.

A novelty with observations is that they are ranked according to the status of measures and employees are awarded points depending on whether the measures are low, medium or high risk.

The “Safety Leader” programme within HSE motivation rewards employees’ responsible attitude towards their own safety, as well as the safety of their colleagues and the environment, and demonstrates the Company’s commitment to the overall improvement of the safety of people, property, and natural resources that surround us.

HSE REGULATORY INSPECTION

Systematic monitoring of regulatory inspection of competent state authorities in all HSE areas showed that, although the number of these controls at NIS locations was 9% higher in 2025 than in the previous year, the number of measures imposed was 10% lower. This result is proof of the constant effort of all Company employees and the professional work of HSE personnel in organizational units and the HSE Function.

HSE indicators

HSE indicators[88]	2025	2024
Injuries[89]	126	126
Lost-time injuries[89]	63	69
Road accidents[89]	16	10
Regulatory visits coefficient	0.24	0.27
Visits by inspection bodies	602	553

[88]HIP-Petrohemija is included in the calculation of data from 2024.
[89]The data includes events for NIS j.s.c. Novi Sad, subsidiaries in the Republic of Serbia and abroad, as well as all contractors.



ANTI-CORRUPTION AND ANTI-FRAUD POLICY

Corruption represents one of the key challenges that many companies and countries face. Oil remains one of the most important resources, and its trade often involves significant amounts of money and power, creating a favorable environment for various forms of corruption.

In this regard, the Company has adopted an Anti-Corruption and Fraud Policy to prevent and enforce a ban on participation in any form of corrupt behavior or fraudulent activities.

The policy ensures conditions for the timely detection, prevention, and minimisation of risks related to unlawful, unethical, and corrupt behavior, based on the adopted unified standard of conduct, values, principles of legal business operations, and basic rules for fighting corruption and fraud.

In the event of reasonable suspicions regarding the commission or preparation for the commission of corrupt or fraudulent acts, as well as in the event of their discovery, the policy stipulates the obligation of all persons to provide appropriate information through predefined and protected communication channels, while guaranteeing confidentiality. The policy also defines measures to protect the person providing such information and the manner of their usage. These measures ensure that the person who points out corrupt or fraudulent acts in this way is in no way endangered as a result.

The Policy implies constant, open and mutually transparent cooperation with the state authorities in charge of anti-corruption.

Accordingly, continuous analysis is run across all organizational units of the Company to identify inherent corruption-related risks. The corruption indicators are continuously monitored, predominantly in the area of procurement of goods and services, in cooperation with buyers, and also in the process of verification of candidates for employment, appointment to management and other top positions at the Company, verification of business entities prior to entering into contracts, and in the process of approving the contractual and normative and methodological documents.

With the aim to prevent any possible corrupt activities, the Company has trained employees of the Corporate Security Function on how to identify the signs of corrupt activities in a timely manner. Likewise, the members of the Company's governance bodies and the organs established by them have familiarised with anti-corruption rules and procedures in compliance with the CEO's Decision, pursuant to which a standard form of the Anti-Corruption Agreement was adopted. Members of Company's governance bodies, committees and boards have also familiarised with the Anti-Corruption and Anti-Fraud Policy of the Company, in particular, with the clause of mandatory compliance with anti-corruption and anti-fraud legislation and the applicable rules and procedures related to anti-corruption activities.

Great importance is placed on the educing and training of employees in the Company's organisational unit egaged in detecting corrupt and other illegal activities. In this regard, during 2025, in cooperation with them, the following topics were examined:

- Information protection – Participation in developing the Confidential Record Keeping Module within the NISDok business application;
- Control of confidential record keeping - The business centres in Belgrade, Novi Sad, and Pančevo were physically checked;
- Employees of the PEC of the Exploration and Production Block received training - Topic: Confidential data handover and non-disclosure agreements. 22 employees participated in the training;
- Training on confidential data handover and non-disclosure agreements was held for Project Office employees. 19 employees participated in the training;
- Training on the confidential data handover was held. 15 employees participated in the training;
- Training on the use of encryption for data protection was held for the representatives of the Protocol Sector;
- The training was held following an information protection incident. 21 employees participated in the training;
- Training on information protection with the special emphasis on the exchange of confidential data was held for the colleagues from the Technical Maintenance Section for the Central and North Serbia region and the Sector for Retail Stores Technical Support and Maintenance. 19 employees participated in the training;
- Three meetings were held with employees in relation to the data leak. The analysis of the collected documentation and obtained statements is underway;
- Complete configuration of safety policies on WAF F5 security device has been completed, as preparation for the start of the first iteration of safety testing (OWASP).

In addition, employees are provided with anti-corruption training in the process of internal audits of business compliance with Company's normative documents.

During 2025, 1,683 potential employment candidates underwent the verification process in NIS j.s.c. Novi Sad and subsidiaries in Serbia.

The Company's business procedures require that all business partners with whom NIS enters into a contractual relationship sign the Anti-Corruption Agreement, in order to preserve and ensure a favorable business environment through preventive and individual action to combat corrupt and/or unlawful activity and behavior. In addition, the CEO's Decision stipulates the procedure to be applied in situations when a business partner refuses to sign the above-mentioned Agreement. In such case, the Company's competent sections take measures and actions to establish genuine reasons for the refusal to sign the Agreement, following which the decision on further procedure is to be made.

In 2025, through their action or failure to take action, 33 employees caused adverse consequences to the Company. As a result, the line managers received a proposal to initiate disciplinary or misconduct proceedings, which were finalised by adopting a specific

disciplinary measure. Out of the above-indicated number, in 8 cases the issued measure was to terminate the employment contract with the employee.

In 2025, there were 62 cases where the Company did not execute or decided against renewing existing business cooperation contracts with business partners. The reasons included non-professional attitude to the obligations assumed under the Contract, non-fulfilment or inadequate fulfilment of contracted obligations, non-fulfilment of financial obligations/currency debt (doubtful receivables) to the Company or subsidiaries, etc. In 3 cases, the investigation of conflict of interest was conducted during the contract term, and in 8 cases due to indications of corruption and fraud.

The implementation of planned anti-corruption measures to protect business, including continuous education and exchange of experiences and best practices with the NIS management and employees, especially with organisational units engaged in procurement activities and the sale of goods and services - is a permanent and binding task for all employees.





CORPORATE SOCIAL RESPONSIBILITY AND COMMUNICATION

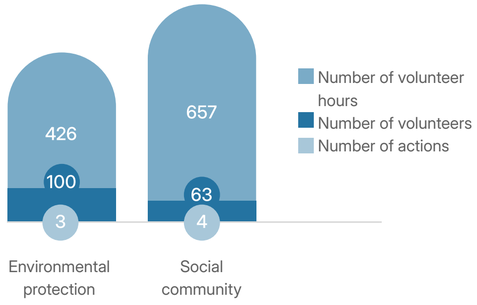
CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY AND LOCAL COMMUNITY DEVELOPMENT

Despite complex business conditions, in 2025 NIS remained consistent in providing support to the community and implementing social responsiblity programmes and activities. Special focus was on the youngest members of the society, as well as on the development of local communities and environmental protection. In 2025, NIS invested RSD 367.3 milion in social responsiblity projects and support to professional sports in Serbia.

Within the 17th cycle of the "Common Cause Community" programme, a competition dedicated to children and young people was launched, with a focus on improving the work of healthcare and educational institutions, such as equipping children's hospital wards, preschool and schools facilities, as well as enhancing children's facilities intended for the physical and social development of the youngest, (playgrounds and sports grounds). NIS allocated RSD 144.5 million to support 24 projects in 13 partner cities/towns and municipalities throughout Serbia.

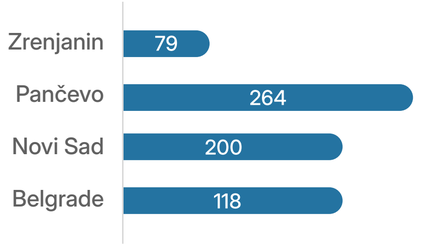
Volunteer actions by areas of support



NIS Volunteer Club continued to implement the activities aimed at the well-being of the community and the support for vulnerable members of our society. In 2025, NIS Volunteer Club carried out seven volunteer campaigns resulting in 1,083.5 volunteer hours. The Club's annual activities began with traditional support for the global environmental initiative "Earth Hour". Once again, the Club members did not miss the opportunity to actively participate in marking environmentally significant dates and they dedicated "World Nature Protection Day" and "World Environmental Protection Day" to the campaigns of upkeeping and cleaning of the Fruška Gora National Park. In addition, on the eve of the "Global HSE Week", there was an environmental campaign of planting thuja trees at the solar power plant site, in Novi Sad Oil Depot. Within the fifth cycle of the internal volunteer competition, which was conducted under the slogan "The Change Starts with You - Suggest an Idea", three projects were implemented in educational institutions and social welfare organisations. "Leptirić" kindergarten in Lukićevo near Zrenjanin received a new look, and in "Mara" Social Welfare Centre in Niš, NIS volunteers equipped the area designated for work activities. The users of services of the Association for Support to Persons with Intellectual Disabilities in Pirot got a more pleasant and functional space for day care.

Dedicated to sustainable development, NIS builds partnerships with social enterprises on the basis of common values of solidarity, inclusion, and environmental awareness. In this spirit, the Company supported the work of "Naša kuća" Association by donating funds for the purchase of necessary equipment. Company's employees, together with the users of the Association, also had the opportunity to participate in the production of chocolate pralines, which representes one of the sources of financing of the Association's activities, with part of the products purchased by the Company. Additionally, hoping to empower children and young people, at the start of the new school year, NIS volunteers made an access ramp for students with motor disabilities at Žarko Zrenjanin Primary School in Kikinda, and refreshed the look of student facilities. Traditionally, educational workshops were organised in cooperation with "SOS Children's Villages Serbia" which were attended by more than 55 young people last year.

Number of voluntary blood donation units by city



Humanity and nobility are virtues of the Voluntary Blood Donors Association of NIS Unified Trade Union Organisation, which has collected more than 2,100 blood units since its founding in 2022. A long-term cooperation with the Blood Transfusion Institute of Vojvodina was crowned by the awarding of the "Cetrtificate of Appreciation" to the Company. In 2025, 15 campaigns were conducted at NIS premises in Belgrade, Novi Sad, Pančevo, and Zrenjanin, during which 661 blood units were collected.

Wishing to support artistic education in our country, NIS donated funds for the purchase of musical instruments and equipment for music and ballet schools - members of the Community of Music and Ballet Schools of Serbia. The donation, worth more than RSD 11 million, covered 71 educational institutions across Serbia, including Kosovo and Metohija.

For the purpose of joint action, NIS has established cooperation with the Red Cross of Serbia in order to strengthen capacities for responding to emergencies and improve the quality of life of local communities. The goal is to enhance social responsibility, improve humanitarian activities through joint initiatives and projects aimed at promoting health, solidarity, protecting the environment, and developing sustainable solutions to meet social and economic challenges.

In cooperation with Partizan Basketball Club and its Foundation "I Remember Everything Well" , NIS carried out a major holiday donation campaign, the same as in the previous year, only this year it was aimed at supporting children undergoing in-patient treatment throughout the country. The project covered 10 healthcare institutions engaged in the treatment of children, including general children's hospital wards, for which bed linen and pyjamas for children were provided within the project, as well as rehabilitation equipment and supplies.

In 2025, 15 sponsorship projects were implemented in the field of sports, culture and science. Long-term cooperation with Partizan Basketball Club continued, as well as with the Serbian Basketball and Volleyball Association. In this period, the Company's focus was on youth sports.

By publishing the Sustainable Development Report for 2024, NIS marked a significant anniversary - 15 years of continuous, verified sustainability performance reporting, in accordance with the internationally recognised GRI (Global Reporting Initiative) standards.

Activities within the "Energy of Knowledge" programme, aimed at long-term investment in education, also continued. In 2025, five students studying in the Russian Federation were awarded scholarships, three of whom graduated and obtained employment with the Company.

In order to further improve cooperation with educational institutions, a Memorandum of Cooperation was signed with the Academy of Technical and Artistic Applied Studies in Belgrade, Department of Higher Railway School. The Memorandum provided the basis for the joint implementation of vocational training programmes for railway occupations.

The Company provided donor support to the Mihajlo Pupin Technical Faculty in order to improve the quality of teaching in the newly accredited master programme "Industrial Engineering in Oil and Gas Exploitation", as well as to the Faculty of Technical Sciences in Novi Sad for printing the ADR driver manuals, thus contributing to the improvement of their professional competencies and safety standards in the transport of dangerous goods.

As part of cooperation with partner educational institutions, the Company's experts gave guest lectures for university and secondary school students, enabling them a direct contact with practical knowledge and modern industrial practices. Summer internships were also organised for programme scholarship holders.

For the fourth consecutive year, Contracts for Services were signed for the practical classes between three Company engineers and the Mihajlo Pupin Technical Faculty in Zrenjanin, thereby further strengthening the connection between academic education and industry.

Special emphasis was placed on intensifying cooperation with secondary vocational schools in Pančevo and Zrenjanin of interest to NIS business processes. Visits were also organized for more than 50 students from partner faculties, who had the opportunity to familiarise with the processes in the oil industry.

This year as well, NIS has provided support to the Mathematical Society of Serbia, the Serbian Physical Society and the Serbian Chemical Society for participation in the International Knowledge Olympiads.

NIS provided donor support to Russian language teaching at the Mihajlo Pupin Technical Faculty and the Slavic Society of Serbia. Additionally, NIS continued supporting bilingual Serbian-Russian teaching at the High School in Aleksinac.



COMMUNICATION

PUBLIC RELATIONS

In the context of the U.S. sanctions, the priority of the NIS Public Relations Service was to maintain active and careful communication with the media to ensure transparent and timely public information.

The PR Service responded to over 100 inquiries from domestic and international media. At the same time, it managed controlled crisis communications, coordinating statements from company representatives and releasing official announcements, statements, and opinions with all the relevant information about the company's performance. Furthermore, even under such circumstances, the PR Service kept successfully promoting the company's activities across all business sectors and its corporate social responsibility projects to continue strengthening the company's image and reputation among the public.

In line with leading global corporate communication trends, in 2025 NIS continued strengthening and modernizing its presence on digital corporate channels. In the spirit of transparent and efficient communication, the PR Service promptly informed the public about all updates regarding the sanctions through the corporate social media accounts and the official website. Aware of the increased public scrutiny and complex context, the PR Service used corporate digital channels to provide comprehensive information on key business processes and operations following the full implementation of sanctions, aiming to preserve a stable corporate narrative and bolster public confidence. Another focus in 2025 was on regular updating of official digital channels, introduction of new website features, like the redesign of the Press Centre and Careers pages, tailoring messages to different target groups, and establishing a consistent tone of voice across all digital formats.

INFORMING EMPLOYEES

Employee awareness is one of the key factors helping the Company achieve its business goals. Accordingly, an important task of the internal communications of NIS is to timely and accurately inform employees about all current topics in the Company. Given the sanctions, the focus in the previous year was on crisis communication and timely updates on all emerging changes. In addition, continuous efforts were made to further develop digital communication channels, making sure that employees are informed and connected at all times. According to the annual employee experience survey, channel availability has increased, and 82% of employees consider themselves sufficiently informed. Satisfaction with content in corporate media stands at 83%. Despite the uncertainty brought by the sanctions, all employee information indices remain at a high level.

GOVERNMENT RELATIONS

COOPERATION WITH BUSINESS ASSOCIATIONS

In 2025, NIS representatives actively cooperated with the following business and professional associations:

- National Energy Committee of Serbia – WPC Energy (WPC Energy Serbia)
- Foreign Investors Council (FIC)
- Serbian Chamber of Commerce (SCC)
- National Alliance for Local Economic Development (NALED).

As part of the cooperation with WPC Energy Serbia, we would like to highlight the following significant activities that were carried out during 2025:

- Organization of meetings with the highest representatives of the governing bodies of WPC Energy, the Executive Committee and the Congress Programme Committee in April 2025 in Belgrade, as part of the preparations for the 25th WPC Energy Congress to be held in Riyadh, Saudi Arabia in April 2026
- Organization of a regional meeting of national committees including Bulgaria, Romania, North Macedonia, Slovakia, Slovenia, Hungary, and Serbia in Belgrade
- Preparation, implementation, and participation in an expert workshop titled "Global Perspective of the Energy Sector" in Belgrade, which brought together experts of different profiles from several continents. The workshop was dedicated to transition, technological innovation, security of supply, energy availability, and other topics related to production, supply, and demand of energy and energy products
- Organization of a meeting of the Young Professionals Committee of the National Energy Committee of Serbia – WPC Energy, held in Belgrade, with representatives of international young professionals committees from various countries, aimed at exchanging experiences, presenting initiatives, and planning future activities within the global network of young experts in the energy sector
- Active participation in the Regulatory Working Group and the Market Analysis Working Group.

NIS took part in the preparation of the annual publication "White Book 2025" of the Foreign Investors Council (FIC). As part of the measures aimed at improving the business environment, the book included recommendations for the oil and gas sector, as well as recommendations for the successful continuation of the fight against illegal trade in the Republic of Serbia.

Continuous cooperation with NALED resulted in the successful completion of the "e-Bolovanje" (electronic sick leave) project and the adoption of the relevant regulations by state authorities to digitalize and simplify the process of sick leave tracking.

FIGHT AGAINST THE GREY MARKET

NIS continuously supports the activities of state authorities in the fight against illegal trade and the grey economy. Particular emphasis is placed on the importance of consistent implementation of the National Programme for the Suppression of the Grey Economy and the accompanying action plan for 2025, as well as on the need to adopt a new National Programme for the Suppression of the Grey Economy for the period starting from 2026, in order to preserve a systemic approach and further reduce the grey market.



FURTHER DEVELOPMENT AND RESEARCH AND DEVELOPMENT

RESEARCH AND DEVELOPMENT

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

The STC NIS - Naftagas LLC Novi Sad provides the business with scientific, technical and innovation support in the field of exploration and production of oil and gas. Implementation and development of new technologies, scientific research and increasing the efficiency of oil and gas exploration, production and refining are a constant focus of management and employees of the STC NIS - Naftagas LLC Novi Sad.

During 2025 the STC worked on the following activities in the area of geological research, geology, reservoir engineering third production:

- Completed the works on zonal projects. Based on the results, the STC identified prospective localities and ranked them according to their hydrocarbon potential.
- Updated models for seven fields and issued recommendations for production drilling locations and production optimization.
- Completed the revision of hydrocarbon potential for four oilfields.
- Six new reserves reports have been prepared for oil and gas fields.
- Issued and submitted drilling and well completion designs for the strategically important Banatski Dvor project, completed Interpretation and analysis of well and core data.
- Developed an analytical tool for calculation of baseline production and calculated baseline production for the Company's top three reservoirs.
- In the field of oil and gas production technology, the STC analyzed the performance and efficiency of ISU.
- Developed and implemented a special training course for specialists and experts in the analysis and interpretation of well materials.

The STC NIS - Naftagas LLC Novi Sad has signed a three-year cooperation agreement for pipeline diagnostics in Serbia and successfully completed its first phase. This is the first contract engaging the STC NIS - Naftagas LLC Novi Sad experts in the field of new technologies and expertise on the external market.

The centre prepared two integrated business cases for the decarbonisation of the Pančevo Oil Refinery. The scope included: screening of potential CO_2 storage sites, development of a complex subsurface model, calculation of CO_2 injection and storage parameters, selection of optimal CO_2 capture technologies, and calculation of the project's economic indicators.

The centre completed a study assessing the potential for installation of solar panels at Downstream facilities. The study included an assessment of technical feasibility, choice of technology, economic evaluation, and a plan of further activities.

The STC completed the drone survey of two fields to estimate the condition of the wells and the surface infrastructure, and continues the survey at another field.

The centre obtained location permits for the Serbia–Hungary oil pipeline construction project, and is currently working on a preliminary design for evaluation by the Review Committee.

A working group has developed a programme for increasing the efficiency and development of the Downstream Laboratory with process automation in the Refining and Sales Blocks. An evaluation was carried out of applying workshops as a methodological model for the development and efficiency enhancement of the laboratory for testing the quality of oil and petroleum products, with conclusions on the benefits for the Refining and Sales Blocks and plans for the STC NIS - Naftagas LLC Novi Sad Downstream Laboratory.

The Downstream Laboratory acquired new laboratory equipment as part of the new cycle of critical laboratory equipment modernization.

FURTHER DEVELOPMENT

EXPLORATION AND PRODUCTION BLOCK

EXPLORATION AND PRODUCTION

The main goal for 2026 is to maintain a stable level of oil and gas production with a constant increase in the efficiency of all activities, to develop new areas of operations, such as geothermal and CCUS, and to enter external markets. The plan is also to upgrade drilling technologies (horizontal wells, re-entry, lateral drilling) and to modernize the capacities of Naftagas-Oilfield Services.

- Implementation of the exploration and development drilling program;
- Maintaining high intensity of GTA in Serbia to maintain the level of base production;
- Monetization of acid gas reserves (with a high CO_2 content) through electricity production;
- Development of the new HMUN Velebit project;
- Completion of the project of expansion of the Banatski Dvor gas storage facility.

DOWNSTREAM

REFINING BLOCK

In 2026, the main focus areas and priorities of the Refining Block will be the following:

- Adapting to changes in the basket of imported oil for refining, conditioned by the movement on the spot market and procurement opportunities;
- Identification of alternative sources and procurement methods for spare parts, chemicals, and equipment required for the operation and maintenance of the production process;
- Implementation of projects and measures aimed at increasing the operational efficiency of the Pančevo Refinery;
- Replacement of the catalyst at the S-300 unit with the aim of increasing platformate yield and
- Preparation for the 2028 major overhaul.

In terms of investment projects and digitalisation, the focus in 2026 will be on the following projects:

- Reconstruction of the fire protection system at the Pančevo Oil Refinery;
- Replacement of critical rotary equipment in the Refining Block;
- Temporary hazardous waste storage at the Pančevo Oil Refinery;
- Replacement of on-line analysers at the S-3600 unit;
- Installation of an automatic fuel marking system;
- Implementation of projects to increase the capacity of the sour water stripper S-5900 unit to improve the operational availability of the delayed coking unit;
- Implementation of digital transformation initiatives:
  - » Development of a data processing platform (Data Platform);
  - » Preparation for further development of 3D models;
  - » Implementation of an HR management system.

SALES AND DISTRIBUTION BLOCK

- Given the US sanctions (and the OFAC licence), the main objective of the 2026 business plan is to increase retail sales volumes, retain the remaining wholesale customers, and improve the efficiency of retail and wholesale operations;
- Maintaining a high market share in Serbia's growing retail market;
- Increasing sales efficiency through proactive engagement in wholesale and retail channels;
- Expanding the product range to improve the sales efficiency in the non-fuel segment;
- Full utilization of the renewed fleet of fuel tank trucks, with a significant reduction in petroleum products transportation costs.

Investments:

- Construction of 2 PSs in Serbia;
- Commencement of operations following the complete reconstruction of 3 PSs;
- Development of the Aero Business Unit – start of the reconstruction and modernisation of Aerosevice Belgrade;
- Reconstruction of Novi Sad oil depot.

Digital transformation projects:

- Development of the project to merge two existing applications "On the Road with Us" and "Drive.Go" and include additional functions for better user experience;
- Enhancement of functionality and expansion of the self-service checkout network, and development of OPT payments;
- Development of a new NIS Agro loyalty programme and reporting system, and further improvement of the mobile application.

ENERGY BLOCK

In 2026, the Energy Block will focus on the construction of solar power plants on facilities and land owned by the Company, as well as market research in Serbia aimed at potential acquisition of already developed projects.

The priority will be to complete ongoing projects and launch new ones, including:

- Construction and commissioning of the Smederevo PVPP;
- Construction of the Elemir ground-mounted PVPP and
- Construction of 23 PVPPs at petrol stations.

The block will also continue the construction of power plants with a capacity of up to 150 kW in the status of buyer-producer will continue for the needs of the NIS Group's production and other facilities.

MANAGEMENT BUSINESS REPORT

CORPORATE GOVERNANCE



STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE CODE

CORPORATE GOVERNANCE REPORT

In accordance with Article 368 of the Company Law (hereinafter "The Law") and Article 35 of the Law on Accounting, NIS j.s.c. Novi Sad hereby states that it applies the Code of Corporate Governance of NIS j.s.c. Novi Sad (hereinafter "The Code") which is available on the Company's website (https://ir.nis.rs/en/corporate-governance/code-of-corporate-governance/). This Statement contains a detailed and comprehensive outline, as well as all relevant information of corporate governance practices implemented by the Company.

The Code supplements the rules contemplated by the Law and Articles of Association of NIS j.s.c. Novi Sad (hereinafter "the Articles"), which are to be complied with by the persons responsible for the corporate governance of the Company. The Board of Directors ensures the application of the principles established under the Code, monitors their implementation and the compliance of the Company's organisation and operations with the Code and the Law.

COMPANY'S CORPORATE GOVERNANCE INSTRUMENTS

In addition to regulatory provisions, the corporate governance framework is specified within the following Company instruments:

- Statute of NIS j.s.c. Novi Sad
- Founding Act of NIS j.s.c. Novi Sad
- Code of Corporate Governance of NIS j.s.c. Novi Sad
- Rules of Procedure of the Shareholders' Meeting of NIS j.s.c. Novi Sad
- Rules of Procedure of the Board of Directors and Committees of the Board of Directors of NIS j.s.c. Novi Sad
- Dividend Policy of NIS j.s.c. Novi Sad

CORPORATE GOVERNANCE SYSTEM

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

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



SHAREHOLDERS' ASSEMBLY AND SHAREHOLDERS' RIGHTS

As the highest authority of the Company, the Shareholders' Assembly is made up of all shareholders. All NIS j.s.c. Novi Sad shares are ordinary shares that give their owners the same rights, where one share carries one vote. The corporate documents do not impose restrictions regarding the number of shares or votes that a person may have at a Shareholders' Assembly meeting.



The Shareholders' Assembly meetings may be ordinary or extraordinary. Ordinary meetings are convened by the Board of Directors no later than six months after the end of a business year. The Board of Directors convenes extraordinary meetings at its discretion or at the request of shareholders holding at least 5% of the Company shares.

The rules regarding the method of convening meetings, operation and decision-making process of the Shareholders' Assembly, and particularly the issues relating to how shareholders exercise their rights in connection with the Shareholders' Assembly, are laid down in advance and incorporated into the Rules of Procedure of the Shareholders' Assembly, which are public and available to all shareholders.

Notice about the Board of Directors' decision to call a meeting of the Shareholders' Assembly, with the proposed agenda is published on the first business day following the adoption of the decision; on the Company's website and on the regulated market's website (www.belex.rs). An invitation to a meeting of the Shareholders' Assembly is deemed sent by publication on the Company's website (www.nis.rs). The invitation is also published on the Company Register's website (www.apr.gov.rs), the website of the Central Securities Depository and Clearing House (www.crhov.rs), the regulated market's website (www.belex.rs) and in the Official Register of Information of the Securities Commission of the Republic of Serbia. The invitation is sent no later than 30 days prior to the day of an ordinary meeting, or 21 days prior to an extraordinary session. Simultaneously with the announcement of the invitation to the Shareholders Assembly meeting, the Company's website also publishes materials for the meeting of the Shareholders' Assembly, which are also available for inspection at the Company's headquarters, to each shareholder who so requests, or to their proxy until the day of the meeting.

In addition to information about the meeting time, venue and agenda, an invitation for a meeting of the Shareholders' Assembly also includes information on how shareholders may access the materials for the meeting, explanation of the shareholders' rights, manner and deadlines to the exercise those rights, as well as information on the Shareholders' Day. Furthermore, proxy forms and absentee ballots (also available at the company headquarters) and electronic ballots are also published along with the invitation.

All decisions adopted by the Shareholders' Assembly are published on the corporate website together with the Voting Commission's report on the voting results, minutes of the Shareholders' Assembly meeting, the list of the attendees and invitees, and the list of the attending and represented shareholders of the Company.

Invitations and materials for Shareholders' Assembly meetings, decisions adopted and other documents published following a Shareholders' Assembly meeting are available in Serbian, Russian and English.

Special Shareholders' Rights

The Agreement for the Sale and Purchase of Shares of NIS j.s.c. Novi Sad, entered into on December 24, 2008 stipulates that, as long as the contracting parties are shareholders of NIS j.s.c. Novi Sad, neither party shall sell, transfer or otherwise dispose of ownership of the share package, in part or in its entirety, for the benefit of any third party, unless it previously offers to the other party the option of purchasing the share package under the same terms as offered by the third party.

Pursuant to Articles 4.4.1 and 4.4.2 of the same Agreement, as long as the Republic of Serbia is a shareholder of the Company with at least 10% stake in the share capital, it will be entitled to the number of members of the Board of Directors, which shall be proportional to its share in the share capital. The chairman and one Board member of the Shareholders Assembly are appointed upon the proposal of the Republic of Serbia.

Decisions made by the Shareholders Assembly on the basis of the Agreement in question and the Articles of Association, with the obligatory positive vote of the Republic of Serbia are listed in the section "Voting majority and amendments to the Articles of Association".

Right to participate in the operation of the Shareholder's Assembly

The right to participate in and vote at the Shareholders' Assembly meeting is held by all shareholders who own NIS j.s.c. Novi Sad shares on the Shareholders' Day (the tenth day prior to a Shareholders' Assembly meeting), according to the central registry of shareholders maintained by the Central Securities Depository and Clearing House.

The right to participate in the operation of the Shareholders' Assembly includes the rights of shareholders to vote and participate in the discussion about the items on the agenda of the Shareholders' Assembly meeting, including the right to put forward motions, ask agenda-related questions and receive answers in accordance with the Law, Articles of Association and Rules of Procedure of the Shareholders' Assembly, which specifically establish the procedures for exercising such rights.

In accordance with the Articles of Association, the right to personally participate in the Shareholders' Assembly meeting is granted to a company shareholder with at least 0.1% shares of the total number of company shares, or to a proxy representing at least 0.1% of the total number of Company shares. Company shareholders who individually hold less than 0.1% of the total number of company shares may participate in the Shareholders' Assembly meeting through a joint proxy, vote in absentia or vote electronically, regardless of the number of shares held, whereby all of the above voting methods have the same effect. The stipulation of a threshold for personal participation is due to the fact that the Company has a very large number of shareholders (more than 2 million) and a threshold in these circumstances is necessary in order not to compromise the efficiency and rationality in terms of planning and holding Shareholders' Assembly meetings.

The Company makes it possible for all shareholders to appoint a proxy online and to vote online prior to the meeting, wherein the proxy, or the voting ballot must be signed by a qualified electronic signature in accordance with the law governing electronic signatures.

A shareholder of the Company who has the right to participate in the work of the session of the Shareholder's Assembly shall have the right to vote on any matter voted on at the session of the Shareholder's Assembly by filling in and sending the voting form through direct submission, courier service, by registered mail or electronically, which form must be received by NIS j.s.c. Novi Sad no later than 3 (three) working days before the date of the Shareholders' Assembly meeting.

Proposing Amendments to the Agenda

Pursuant to the Law, one or more shareholders of the Company, who own at least 5% of shares with voting rights, may send a proposal to the Board of Directors containing additional items for the agenda of the meeting of the Shareholders' Assembly which they propose to consider or which they propose the Shareholders' Assembly to decide upon, as well as proposals for different decisions according to the existing items of the agenda, on the condition that they justify their proposal and submit the text of the proposed decisions (if it is proposed to adopt a decision of the Shareholders' Assembly).

Right to raise questions, receive answers and put forward motions

A company shareholder who has the right to participate in the work of the Shareholders' Assembly may ask questions relating to items on the agenda of the Shareholders Assembly meeting, as well as other issues related to the Company, to the extent that the answers to these questions are necessary for the adequate assessment of the issue regarding the items on the agenda of a Shareholders' Assembly meeting. Members of the Board of Directors provide the answers to the questions.

Voting majority and amendments to the Articles of Association

Decisions of the Shareholders' Assembly are adopted, as a rule, by a simple majority of the votes of the present company shareholders who have the right to vote on the subject matter, unless the Law, the Articles of Association or other regulations do not require a higher number of votes for specific issues.

Notwithstanding the above, as long as the Republic of Serbia has at least a 10% share in the Company's share capital, the Shareholders' Assembly requires an affirmative vote from the Republic of Serbia to decide on any of the following issues: adoption of financial statements and auditor's reports, changes to the Articles of Association, increases and decreases in share capital, changes to the Articles of Association, acquiring and disposing of company assets of significant value, changes of the Company's core business activity and registered office, as well as termination of the Company.

A decision on amendments to the Articles of Association shall be adopted at the Shareholders' Assembly by a simple majority vote of all voting shareholders, with an affirmative vote of the Republic of Serbia is required. In accordance with the Law, the Memorandum of Association of the Company shall not be amended.

Activities of the Shareholders' Assembly in 2025

In 2025, the 17th ordinary meeting of the Shareholders' Assembly took place on 20 June 2025 in Belgrade, in the NIS Business Centre building, 1 Milentija Popovića Street. No extraordinary meetings were held.

At the 17th ordinary meeting, the Shareholders' Assembly adopted the Company's financial and consolidated financial statements for 2024, together with the auditor's opinion. The annual report of the Company for 2024, with the independent auditor's report, was also adopted, along with the Report on the analysis of the work of the Board of Directors and its committees, the annual report of the Board of Directors on accounting practice, financial reporting practice, and compliance of operations with the law and other regulations, as well as the report on the work of the general meeting committees. The Shareholders' Assembly also adopted the remuneration policy for members of the Board of Directors and committees of the Board of Directors of NIS j.s.c. Novi Sad and the rulebook on the long-term incentive programme for non-executive directors and members of management bodies of NIS j.s.c. Novi Sad, version 5.0, as well as the report on remuneration of Board of Directors members for 2024, together with the independent auditor's report, and the report on the adequacy of the composition of the Board of Directors and the number of its members in relation to the Company's needs.

In addition to the above, the Shareholders' Assembly also adopted a decision on the distribution of profit for 2024, the payment of dividends and the determination of the total amount of the Company's undistributed profit. According to the decision, 25% of the profit generated in 2024 would be allocated for the payment of dividends, which means the total of 4.6 billion dinars would be paid to the Company's shareholders.

The Shareholders' Assembly also appointed the members of the Board of Directors, as well as the Chairman and members of the Committee of the Shareholders' Meeting for Supervision of Operations and the Procedure for Reporting to Shareholders for the current mandate period.

Shareholder relations and information provision

For more information on Investor relations, see page 60

In addition to the reports that NIS, as a public joint-stock company, publishes in accordance with legal regulations and which are publicly available to all interested parties, including reports on business results that are presented to shareholders at the meeting of the Shareholders' Assembly, the Company also has a developed two-way communication with shareholders and investors, which have the additional opportunity to receive all the necessary information about the Company's operations and their rights during the year through the Offices for Minority Shareholders Affairs in Belgrade, a special call centre, and an email service (servis.akcionara@nis.rs) through which every shareholder may ask questions and receive answers electronically, as well as through Investor Relations Services.

The Company also takes part in meetings with representatives of the investment community. Representatives of the Company's top management regularly hold quarterly presentations of business results, and these presentations include both the results from the past period, as well as the Company's future plans and strategies.

NIS j.s.c. Novi Sad applies the highest standards in the area of information sharing, and ensures equal treatment of all information users. The Company ensures that published information is available to all interested parties in an equal and easily accessible way as soon as possible, and mostly uses its website for this purpose. A special segment of the website intended for shareholders and investors contains the most important news, decisions of the authorities, answers to the most common questions of shareholders in the previous period, as well as all necessary information on shares, shareholder rights and dividends. All information and documents on the website are available in Serbian, Russian and English. NIS is constantly working on content of the website in order to further facilitate access to all substantial information of importance to shareholders and investors and is committed to constantly improving relations with investors and shareholders through this method of communication. The statutory reporting procedure is defined by special company documents governing the method and process of publishing information and submitting information to the relevant authorities.

The Company has an established mechanism for preventing and resolving potential conflicts between minority shareholders. There is a three-member commission tasked with resolving complaints of minority shareholders. The commission's responsibilities, manner in which it can be contacted and the way of its operation are regulated by a special internal document of the Company.

Information for minority shareholders regarding the proceedings before this Commission is available on the Company's website.

BOARD OF DIRECTORS

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

The most important issues within the competence of the Board of Directors include: determining the business strategy and business objectives of the Company, managing the Company's affairs and determining the internal organisation of the Company, performing internal supervision of the Company's operations, establishing the Company's accounting and risk management policies, determining periodic financial statements and reports

on the Company's operations (quarterly and semi-annually), determining the business plan of the Company and its amendments, executing decisions made at the Shareholders' Assembly, appointing and dismissing the Chief Executive Officer and Chairman of the Board of Directors, and making decisions on the establishment or liquidation of Company where the Company has a share in capital (decisions regarding the increase of capital, purchase and sale of shares or stakes in these Companies).

Board of Directors shall also issue the price of convertible bonds and warrants, if the Shareholders' Assembly has, with the power granted it by the Board of Directors, determined the range of the issue price within that range and the market value of those shares in accordance with the Law. The Board of Directors may also make a decision on the share buyback if this is necessary to prevent major and immediate damage to the Company, in which case it is obliged to inform the shareholders at the first next session of the Shareholders' Assembly about the reasons and manner of acquiring its own shares, their number and total nominal value of shares, their share in the share capital of the Company, as well as the total amount paid by the Company for them.

Appointment and members of the Board of directors

The members of the Board of Directors shall be appointed and dismissed at a Shareholders' Assembly by a simple majority vote of the present voting shareholders. At the 17th ordinary meeting Shareholders' Assembly held on 20 June 2025, 11 members of the NIS Board of Directors were appointed. The members elect the Chairman of the Board of Directors, while the responsibilities of the Board of Directors' Chairman and the CEO are clearly divided. The members of the Board of Directors have the right combination of the required knowledge, skills and experience relevant for the type and scope of activities performed by NIS j.s.c. Novi Sad.

Candidates for members of the Board of Directors could be proposed by the Nomination Commission or Company shareholders that individually or hold possess at least 5% of the Company's shares.

The Board of Directors consists of executive and non-executive directors. The Board of Directors consists of one executive member, while all the other members are non-executive. Two of these non-executive members are also independent members of the Board of Directors who meet special criteria prescribed by the Law.

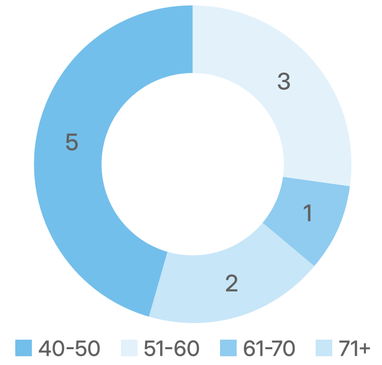
The Board of Directors has a significant number of foreign members who bring international experience and who have an understanding of challenges faced by the Company. Seven out of eleven members of the Board of Directors are Russian citizens, while four members of the Board of Directors are citizens of the Republic of Serbia.

The members of the Board of Directors must fulfil the criteria prescribed by the Law, as well as special conditions prescribed by the Articles of Association, of which they are required to give a statement at the beginning of their term of office. They are also obliged to inform the Company about all changes regarding their status, especially if such changes affect their ability to meet the requirements for membership of the Board of Directors, create a conflict of interest or breach the non-compete clause.

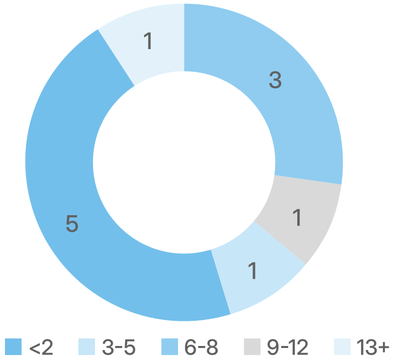
The term of office of the members of the Board of Directors is terminated at the first subsequent ordinary meeting of the Shareholders' Assembly, except in the case of co-optation, when the term of office of co-opted members of the Board of Directors lasts until the next meeting of the Shareholders' Assembly. Upon the expiration of their term of office, each member of the Board of Directors may be reappointed an unlimited number of times. The Shareholders' Assembly may dismiss a member of the Board of Directors even before the expiry of the term of office for which they are appointed, and a member of the Board of Directors may also resign at any time in writing.

Report of the Appointments Committee – In accordance with the Law, and taking into account the principles set out in Article 5, item 5.1 of the Code, the Appointments Committee shall, at least once a year, prepare a report for the Shareholders' Assebmly meeting of the Company on the adequacy of the composition of the Board of Directors and make recommendations regarding this issue. Thus, in 2025, at the 17th ordinary meeting, the Appointments Committee submitted to the Shareholders' Assembly the Report on the Suitability of the Composition of the Board of Directors and the Number of Members of the Board of Directors of NIS j.s.c. Novi Sad according to the needs of NIS j.s.c. Novi Sad. Based on the performed analysis, it was determined that the size of the composition of the Board of Directors of the Company corresponded to the practice of large companies in the oil and gas sector of Europe and that the existing composition of the Board of Directors was knowledgeable in the field of auditing, finance, economy, strategic management, tax system, marketing, trade in oil and petroleum products, as well as sales and distribution, and the composition of the Board of Directors included both men and women. It was established that the members of the Board of Directors have international certificates ACCA and MBA and CMA qualifications. The report concluded that the composition of the Board of Directors corresponded to the needs of the Company's corporate governance and the principles set out in Article 5, item 5.1 of the Code. The report in question is publicly available on the Company's website.

Number of members of the Board of Directors by age category



Number of members of the Board of Directors by length of term in years



More information on the application of the Diversity Policy applied in relation to the governing authorities is available in the section of this report on page 88.

Changes in the composition of the Board of Directors in 2025

At the 17th ordinary meeting of the Shareholders' Assembly held on 20 June 2025, the following persons were appointed as the members of the Board of Directors: Vadim Yakovlev, Kirill Tyurdenev, Irena Vujović, Alexey Yankevich, Ignat Dirks, Vsevolod Vorobev, Dejan Radenković, Dragutin Matanović, Milan Đurić, Anatoliy Cherner and Olga Vysotskaia, while the membership of Danica Drašković and Goran Knežević in the Board of Directors of NIS j.s.c. Novi Sad was terminated on the day of the above-mentioned meeting of the Shareholder's Assembly.

In July of 2025, NIS j.s.c. Novi Sad Board of Directors appointed Alexey Urusov and Viktoria Nenadyshina to the vacancies within the Board of Directors, after Vadim Yakovlev and Alexey Yankevich resigned as non-executive members. Alexey Urusov was appointed chairman of the Board of Directors.

Board of directors' members as of 31 December 2025

Alexey Urusov	**Chairman of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Kirill Tyurdenev	**CEO of NIS j.s.c. Novi Sad** **Member of NIS j.s.c. Novi Sad Board of Directors** **Executive director** *Member of Nomination Commission*
Irena Vujović	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director** *Member of Nomination Commission*
Viktoria Nenadyshina	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Ignat Dirks	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Vsevolod Vorobev	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Dragutin Matanović	**Deputy Chairman of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director** *Chairman of Nomination Commission*
Dejan Radenković	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director** *Member of the Audit Commission*
Milan Đurić	**Independent Member of NIS j.s.c.Novi Sad Board of Directors** **Non-executive director**
Anatoly Cherner	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Olga Vysotskaia	**Independent Member of NIS j.s.c.Novi Sad Board of Directors** **Non-executive director** *Chairman of the Audit Commission* *Member of the Remuneration Commission*

Board of Directors' Activities in 2025

The Board of Directors held seven meetings in presentia and 18 correspondence meetings. Attendance of Board members at all meetings was practically at the maximum level.

In addition to regular activities related to the consideration of the Annual Report of NIS j.s.c. Novi Sad, the Company's financial statements and consolidated financial statements for 2024, the adoption of periodic (quarterly) reports of the Company in 2025, the convening of the of the ordinary meeting of Shareholders' Assembly, the adoption of the Company's Business Plan, and the determination of the date and procedure for dividend payments to certain categories of the Company's shareholders, the agenda of the Board of Directors also included the approval of the conclusion of an Addendum to the Subordinated Loan Agreement between NIS j.s.c. Novi Sad and NIS PETROL d.o.o. Banja Luka, as well as amendments to the Intercompany Loan Agreement between NIS j.s.c. Novi Sad and HIP-Petrohemija d.o.o. Pančevo. The Board of Directors also approved proposals for the appointment of candidates to the position of Director of Jadran-Naftagas d.o.o. Banja Luka and NIS PETROL EOOD Bulgaria, the position of Sole Director of NIS PETROL S.R.L. Romania and accepted the offer for the purchase and sale of 100% of the share capital of NIS PETROL EOOD Bulgaria. Furthermore, the Board of Directors appointed members of the Board committees for audit, remuneration, and nominations for the current term of office, co-opted three members of the Board of Directors during two terms of office, and subsequently elected the Chairman and Deputy Chairman of the Board of Directors of NIS.

For the purposes of achieving the Company's planned goals, reviewing the Company's performance and the quality of corporate management, the Board of Directors, through quarterly reports, discussed the business analysis in the reporting period, with the assessments of the business activity of NIS j.s.c. Novi Sad until the end of 2025. Also, the Board of Directors considered the key business risks and information on the Company management's activities in the context of the entry into force of sanctions, as well as plans to ensure the Company's operational continuity under such conditions.

The Board of Directors also analysed its own work and submitted the corresponding Report at the 17th ordinary meeting of the Shareholders' Assembly. Besides, the Board discussed the results of the fulfilment of key business indicators for 2024, as well as the evaluation system for key business indicators for 2025. The Board of Directors determined the proposal of the Remuneration Policy for members of the Board of Directors and the Board committees of the Company, as well as the Rulebook on the Long-Term Incentive Programme for non-executive directors and members of the governing bodies of the Company, version 5.0, and adopted the Standard on the Company's Long-Term Motivation Programme, version 2.0.

During 2025, the Board of Directors adopted 64 decisions, and the enforcement of these decisions is monitored through periodic reports on the enforcement of Board of Directors decisions and orders.

Issues deliberated by the Board of Directors in 2025 (by areas)	
Financial and business activity, investment activity	35
Corporate governance	16
Strategic development	1
HR policies	4
Audit	3
Administrative decisions / Other	5
Total	**64**

Board of Directors' Rules of Procedure and Meetings

The Rules of Procedure of NIS' Board of Directors and Commissions of the Board of Directors (hereinafter "BoD Rules of Procedure") govern the operation and decision-making process of NIS' Board of Directors and Commissions of the Board of Directors, including the procedure for convening and holding meetings.

For each business year, the Board of Directors adopts an work activity plan which includes all issues to be considered in accordance with the applicable laws and Company business needs, and establishes the deadlines for these issues to be considered in the meetings of the Board of Directors. In addition to planned issues, the Board of Directors also deals with other issues within its scope of work, as required.

In order to ensure that the members of the Board of Directors are adequately informed before making decisions, and to keep them up to date with the activities of the Company, the CEO and the management ensure that the members of the Board of Directors receive accurate, timely and complete information on all issues reviewed at meetings and all other important issues concerning the Company. Meetings of the Board of Directors are prepared with the assistance of the Corporate Secretary and under the supervision of the Chair of the Board of Directors, so that each member may adequately contribute to the work of the Board of Directors.

The Board of Directors adopts decisions by a simple majority of votes of all members of the Board of Directors, except for the decision to co-opt, which is made by a simple majority of votes of attending members, and decisions requiring a different majority under the Law and/or the Articles of Association. Each member of the Board of Directors has one vote.

Board of Directors and Commission Members' Remunerations

Remuneration Policy – In 2025, the Shareholders' Assembly adopted the current Remuneration Policy for the Members of the Board of Directors and of the Board of Directors' Committees.

The objective of the Remuneration Policy is to ensure the transparency of the remuneration system and to keep the shareholders and potential investors informed, as well as to connect the interests of the members of the Board of Directors and Board of Directors' committees with the long-term interests of the Company and shareholders, and the successful implementation of business plans and strategies, which contributes to the long-term sustainability of the Company.

To this end, when defining remunerations, the Company assumes that fees and remunerations should be the compensation for engagement, but also a motivating factor, so that the Company is able to attract and retain as members of the Board of Directors and Board of Directors committees persons who possess professional and other competencies necessary for the Company, at the same time without significantly deviating from the fees paid to members of the Board of Directors and Board of Directors' committees in other companies of the same or similar size and business scope, engaging in the same or similar activity, i.e, peer companies.

When determining the type and amount of remuneration, the Company takes into account the following criteria:

- Tasks, i.e., obligations and responsibilities of a member of the Board of Directors and committees;
- Financial standing of the Company;
- Economic environment in which the Company is located;
- Assessment of the previous work of the Board of Directors in general;
- Link between the results achieved by members of the Board of Directors and the committees, and their remuneration;
- Principles of best practices of corporate governance and
- Level of fees and remuneration in peer companies.

Remunerations for executive members of the Board of Directors – In line with the remuneration policy, the remuneration for executive directors is specified under employment contracts or fixed-term contracts, whereby they do not receive any remuneration for their membership in the Board of Directors and its Commissions, except for the compensation of costs and professional liability insurance in relation to the membership and work as part of the Board of Directors and its Commissions.

Remuneration Structure – The remuneration policy stipulates that the remuneration for executive members of the Board of Directors consists of:

- Fixed portion,
- Variable part (which includes short-term and long-term motivation),
- Other benefits.

Remuneration for non-executive members of the Board of Directors and members of committees of the Board of Directors - The total remuneration paid to non-executive members of the Board of Directors and members of committees of the Board of Directors consists of:

- Fixed (permanent) part,
- Variable part (bonus),
- Other benefits.

Fixed (permanent) portion of the remuneration to the members may consists of a fixed portion of the annual remuneration for the membership in the Board of Directors and the fixed annual remuneration for participation in the Commissions of the Board of Directors. The annual fixed part of the remuneration for membership in the Board of Directors is the remuneration for the time and effort of a member of the Board of Directors and is related to the preparation and active participation in sessions and meetings of the Board of Directors, which requires the members to study the documents in advance and participate in the meeting of the Board of Directors.

The annual fixed part of the remuneration for participation in the work of the Board of Directors committees is the remuneration paid to members for participation in the work of one or more committees of the Board of Directors, with the exception of executive directors and also members of the committees of the Board of Directors employed by the Company. This type of remuneration represents the compensation for the time and effort of members of the Board of Directors' committees for their participation in the work of the Board of Directors' committees, including the preparation of materials and proposals by the Board of Directors committee. The annual fixed part of the remuneration for participation in the work of the Board of Directors committees will be paid only for participation and active work at the sessions relevant of the Board of Directors Committee.

The entitlement to the variable part of the remuneration is acquired for participation in the three-year program cycle defined by the Rulebook on the Programme of Long-Term Stimulation of Non-Executive Directors and Members of the Governing Bodies of NIS j.s.c. Novi Sad, adopted by the Shareholders' Assembly.

This program is one of the key elements of motivation for non-executive directors and members of the company's governance bodies towards the implementation of the company's long-term strategic goals.

The long-term stimulation program is aimed at connecting the interests of its participants with the long-term interest of the company and its shareholders to facilitate long-term sustainable development and achievement of the company's strategic goals. The motivation is adequately measured to the company's resources and needs and pertains to a specific time period sufficient to establish that there was value created for the company's shareholders.

The long-term stimulation programme is comprised of successive cycles. The parameters and participants of the program are determined in corresponding regulations.

The shareholders' assembly adopted a list of key indicators that significantly contribute to the strategic development of the Company for the cycle of the Long-term Stimulation Program for non-executive directors and members of the governing bodies of NIS for the period from 2024 to 2026.

Reimbursement of expenses – Members of the Board of Directors and its Commissions are entitled to reimbursement for all expenses incurred in connection with their membership on the Board of Directors or its Commissions, in line with internal corporate documents.

Liability insurance – Members of the Board of Directors are entitled to liability insurance (Directors & Officers Liability Insurance).

Amendment to the Remuneration Policy – In order to maintain the remuneration at an appropriate level, the remuneration policy is subject to periodic reviews and analyses, and should reflect the needs, abilities and interests of the Company and other changes in relevant criteria.

Remuneration Commission Report – The Remuneration Commission prepares a report on the assessment of the amount and structure of remunerations for the Shareholders' Assembly at least once a year, as well as a clear, comprehensive and comprehensible report on all remuneration paid by the Company or an affiliated company, operating within the same group of companies, paid or allocated to be paid to each individual current and former member of the Board of Directors, in the last business year preceding the year in which the report is drawn up. Thus, for the calendar year 2024, the Remuneration Commission submitted a Report on remuneration for the members of the Board of Directors

of NIS j.s.c. Novi Sad for 2024, which contained both of the aforementioned reports, and was adopted at the XVII regular session of the Shareholders' Assembly, held on 20 June 2025. The aforementioned Report on the remuneration of the members of the Board of Directors of NIS j.s.c. Novi Sad for the year 2024 was audited by the independent auditor FinExpertiza d.o.o. Belgrade, and the relevant Auditor's Report was also adopted at the XVII regular session of the Shareholders' Assembly.

Total amount paid to Board of Directors members in 2025, net RSD	
BoD Members	287,061,660 RSD

Description of the diversity policy applied in relation to the governing authorities

Documents Equality Policy, Corporate Governance Code of NIS j.s.c. Novi Sad and the Report on adequacy of the composition of the Board of Directors and the number of members of the Board of Directors of NIS j.s.c. Novi Sad to the needs of NIS j.s.c Novi Sad adopted by the Shareholders' Assembly of NIS j.s.c. Novi Sad (hereinafter referred to as the Documents) define company's commitment to observation of various aspects of diversity in terms of representation in the Board of Directors.

Usage of gender-specific expressions in the following text shall be understood as neutral, applicable both to female and male gender.

One of the objectives of the abovementioned Documents is to ensure complementarity and diversity within the Board of Directors, taking into account the presence of all aspects of diversity: gender, age, level of education and skills, and other differences among the Management Bodies that can help improve the Company's managerial decisions.

We believe that cherishing diversity improves our Company's operations on multiple levels – it strengthens them by including diverse experiences, enriches them with different cultures, providing a diversity of ideas and viewpoints, whilst ensuring competitiveness in the marketplace. With these Documents, we aim to provide a framework for better implementation of the strategies, as well as opportunities for maximum effectiveness of our performances and sustainable business operations, as we provide equal opportunities for employment and decision-making for all – regardless of their gender, age, level of education or skills, and all other differences. The purpose of the Documents' segments that are tackling diversity is to promote diversity among the members of the Board of Directors. This approach ensures team diversity and ensures the presence and exchange of different experiences, as well as the application of more or less specific skills, but also competencies and personality traits that will inspire learning and mutual development. This aspect reflects a key difference in the operation of every company, as a basis for further growth.

Defined conditions for the selection of suitable candidates for membership in the Board of Directors represent the basis for composition of the Board thus making sure that this corporate body as a whole acts in compliance with defined rules, possesses an appropriate set of competencies and skills, qualifications and experience required for the long-term and sustainable business of the company.

Diversity aspects are numerous, the key ones are defined in relation to numerous factors – economic environment, strategic direction of the company, talent development strategy, new trends in the industry and many others. However, we would like to single out several aspects that are essential for our business and are deeply woven into our corporate culture – gender and age diversity, professional diversity, diversity of competencies.

Gender diversity

Under-representation of women in management positions is still a norm in the global energy sector. Gender balance in management and supervisory bodies is an important aspect of a company's diversity.

Our Company seeks to ensure both genders are equally represented.

In the current composition of the Board of Directors of NIS j.s.c. Novi Sad, 27% of members are women (3 out of 11).

Age diversity

Aware of the importance of age diversity among the members of the Company's management bodies, NIS j.s.c. Novi Sad expresses a particular readiness and commitment to diversification by bringing together different generations, whereas each generation is leaving their particular mark and contributing with their specific strengths. This combination of experience and knowledge, ideas and initiatives, traditional and modern approaches aims to achieve a synergistic effect that will vouch for best results in the Company's operations.

Professional diversity

Special attention is given to the professional qualifications of the members of the Company's management bodies. The Board of Directors comprises of professionals in their respective fields, whose individual experiences, competencies, motivations, ambitions, visions and personal contribution ensures that the Company, with its numerous employees, keeps the same common goal towards which it is striving for many years now.

Diversity of competencies

Considering the importance of diversity of competencies, special attention is given to the competencies of the members of the Board of Directors such as: having appropriate business and life experiences relevant for the management of the Company; possess knowledge, capabilities and experience for successful performance of tasks within the scope of the Company; knowledge of the Company's operational environment, technology, market and industry in which it operates; financial competencies; competencies in the field of the oil industry or some other specific competencies, all in order to achieve an appropriate balance of diversity in skills, experience and expertise of the Board of Directors.

The official Diversity Code was adopted on 28 January 2022. This document establishes rules regarding the representation within the Board of Directors (gender diversity; age diversity; professional diversity; diversity of competences), aiming to establish and promote a balanced representation of all aspects of diversity in the Management Bodies, thus helping us improve the Company's overall managerial decisions.

INDUCTION AND TRAINING OF THE BOARD OF DIRECTORS' MEMBERS

Upon appointment, members of the Board of Directors are introduced to the Company's operations, and provided with greater insight into the Company' operating procedures, strategies and plans, and the key risks it faces, and their expedited active involvement in the activities of the Board of Directors. This includes, among other things, introducing them to internal company documents, and providing basic information about the Company, corporate governance, persons appointed to managerial positions, information on the corporate performance, business strategy, business plan, objectives and other information they need to able to perform their roles.

The Company also organises special programmes for additional training and development and allocates funds for these purposes in cases where members of the Board of Directors express the need for this.

Analysis of the Board of Directors' Activities

The Board of Directors analyzes its performance and the performance of its Commissions annually, in order to identify potential problems and propose measures to improve its performance.

Its performance is analyzed through a survey completed by the members of the Board of Directors which contains three sets of key questions for evaluation of the Board of Directors' performance and its Committees. The first group contains criteria for assessing the work of the Board of Directors in terms of the goals, tasks and responsibilities of the Board of Directors, the second group contains criteria for assessing the procedures applied in the work of the Board of Directors, while the third group contains questions for assessing the structure, activities and core performance of the Board of Directors Committees.

The results of the valuation, which are derived from the responses of members of the Board of Directors provided in the survey, are presented to the Shareholders' Assembly in a special report.

At the XVII regular session held on 20 June 2025, the Shareholders' Assembly adopted the Report on the Analysis of the Work of the Board of Directors and Committees of the Board of Directors of NIS j.s.c. Novi Sad for the period 16 April 2024 - 31 March 2025. The aftermentioned report is publicly available on the Company's website.

Cooperation of Board of Directors and Company Management

The members of the Board of Directors are regularly reported by the General Director and the Company's management on issues that affect the Company's operations, financial position and potential risks in its operations, and the Board of Directors regularly monitors and assesses the implementation of the set goals, the implementation of the adopted business plan and the effectiveness of the Company's operations through appropriate forms of Company reports. The reports include quarterly and annual business reports, as well as reports on the analysis of operations in the previous period and business forecasts for the next period and reports on the implementation of decisions and orders of the Board of Directors.

The Board of Directors and management continuously discuss issues related to the set business goals and criteria for assessing the achievement of goals.

Strategic meetings

Members of the Board of Directors consider strategic goals during development of the Company's business plan for the next years at the meetings which provide a better insight into the Company's business and thereby enabling them to review and reconsider priority development directions and KPI forecasts and assumptions for Company's development on a long-term basis.

Board of Directors' Commissions

With a view to ensuring efficiency, the Board of Directors established three standing Commissions as its advisory and expert bodies which provide assistance to its activities, particularly with regard to: issues in its domain, preparation and supervision of the implementation of decisions and documents it adopts, and performance of certain specialised tasks required by the Board of Directors.

The Board of Directors established the following Commissions:

- Audit Commission,
- Remuneration Commission and
- Nomination Commission.

As appropriate, the Board of Directors may establish other standing or ad hoc Commissions to deal with issues relevant for its activities.

Each of the three Commissions consists of 3 members which are appointed and dismissed by the Board of Directors. The Board also appoints one of its members as the Chairman, who manages the work of the Commission and prepares, convenes and presides over its sessions and performs other tasks necessary for carrying out activities from its domain.

The majority of members in each Commission are non-executive directors, and at least one member must be an independent director of the Company. The Board of Directors can choose members of its Commissions among persons who are not the Company's directors but have the adequate knowledge and work experience relevant to the Commissions.

The role, competencies and responsibilities of the Commissions are defined by law, and by the Rules of Procedure of the Board of Directors and its Commissions which also regulate the composition, conditions for selection and number of members, term of office, dismissal, manner of operation, as well as other relevant issues related to the work of the Board of Directors' Commissions.

At least once a year, these Commissions draft and submit to the Board of Directors reports on issues within their scope of work, but the BoD may request reports on all or some of the issues within their scope at shorter intervals as well.

The Board and its Commissions may seek professional advice from independent experts when necessary for the successful performance of duties.

Audit Commission

In addition to the general conditions for the composition of the Board of Directors' Commissions, the Chairman of the Audit Commission must be an independent director of the Company, while at least one member must be a certified auditor or who has the adequate knowledge and work experience in the field of finance and accounting, and who is independent from the Company.

Members of the Audit Commission are:

- Olga Vysotskaia, Chairman of the Audit Commission,
- Dejan Radenković, Member of the Audit Commission and
- Irina Rabovil, Member of the Audit Commission.

The Chairman and the Audit Committee members were appointed by a decision of the Board of Directors dated 2 July 2025, while Alexey Urusov served as the Audit Committee member in the previous term of office (until 20 June 2025).

During 2025, the Audit Committee held four sessions in the presence of members and six sessions by correspondence. Among other matters, the Committee reviewed the content of the Quarterly Report, the Financial Report, and the Consolidated Financial Report for the first, second, and third quarter of 2025 and submitted the relevant recommendations to the Board of Directors. The Audit Committee also reviewed the Annual Report for 2024 together with the report of the independent auditor FinExpertiza d.o.o. Belgrade and gave its consent to the auditor's engagement contract for 2025. Furthermore, the Audit Committee approved the Audit Plan and the determination of key audit matters and adopted the Annual Internal Audit Plan of NIS j.s.c. Novi Sad for 2025. In addition, the Audit Committee monitored the status of implementation of the auditor's recommendations set out in the Management Letter Points for NIS j.s.c. Novi Sad for 2024, as at 31 August 2025. The Audit Committee considered the Report on the Results of Internal Audit of NIS j.s.c. Novi Sad for 2024, for six and nine months of 2024, as well as 3 and 6 months in 2025. It also reviewed the Report on Risk Monitoring and Internal Controls of NIS j.s.c. Novi Sad for 9 months of 2024 (with a forecast to the end of 2024), for 2024 and for 3 and 6 months in 2025 (with a forecast to the end of 2025). The Audit Committee approved the Annual Internal Controls Plan of NIS j.s.c. Novi Sad for 2025 and approved the Internal Audit Charter of NIS j.s.c. Novi Sad, version 8.0, as well as the Development Strategy of the Internal Audit, Risk and Internal Controls Function 2023–2025 – implementation status as at 31 December 2024.

Remuneration Commission

Members of the Remuneration Committee are:

- Alexey Yankevich, chairman of the Remuneration Committee,
- Olga Vysotskaia, member of the Remuneration Committee, and
- Zoran Grujičić, member of the Remuneration Committee.

The Chairman and members of the Remuneration Committee were elected pursuant to the decision of the Board of Directors dated 2 July 2025, and all the three members performed the above functions in the Remuneration Committee in the previous term of office as well.

During 2025, the Remuneration Committee held two sessions in presentia and four correspondence sessions. The Committee reviewed the key performance indicators achieved for 2024 and preliminary results for 2025, the system of evaluations and performance indicators for remuneration purposes for 2025, as well as the Standard on the Company's Long-Term Motivation Programme, version 2.0. In addition, the Remuneration Committee prepared the Report on Remuneration of the members of the Board of Directors of NIS j.s.c. Novi Sad for 2024, which includes the report on the assessment of the remuneration amount and structure for each member of the Board of Directors and the report on remuneration of the members of the Board of Directors for 2024. The Committee also prepared the proposal of the Remuneration Policy for members of the Board of Directors and committees of the Board of Directors of the Company and the Rulebook on the Long-Term Incentive Programme for non-executive directors and members of the Company's governing bodies, version 5.0, which were submitted for consideration at the Shareholders' Assembly meeting held on 20 June 2025.

Nomination Commission

Members of the Nomination Commission are:

- Dragutin Matanović, chairman of the Nomination Commission,
- Irena Vujović, member of the Nomination Commission, and
- Kirill Tyurdenev, member of the Nomination Commission.

The Chairman and members of the Nomination Committee were appointed pursuant to the decision of the Board of Directors dated 2 July 2025, while the function of a member of the Nomination Committee in the previous term of office was performed by Goran Knežević (until 20 June 2025).

In 2025, the Nomination Committee held two correspondence sessions. The Committee reviewed proposals for dismissal and approval of a candidacy for the position of member of the Supervisory Board of Gazprom Energoholding Serbia d.o.o., as well as proposals for approval of candidacies for the positions of Director of Jadran-Naftagas d.o.o. Banja Luka, Director of NIS PETROL EOOD Bulgaria, and Sole Director of NIS PETROL S.R.L. Romania. In addition, the Committee prepared the Report on the adequacy of the composition of the Board of Directors and the number of members of the Board of Directors of NIS j.s.c. Novi Sad in relation to the needs of NIS j.s.c. Novi Sad, which was submitted for consideration at the Shareholders' Assembly meeting held on 20 June 2025.

SHAREHOLDERS' ASSEMBLY BOARD

The Shareholders' Assembly Board for the Supervision of Operations and Reporting to the Company's Shareholders (hereinafter: "the Shareholders' Assembly Board") is an advisory and expert body providing assistance to the Shareholder's Assembly with respect to its activities and deliberation of issues within its domain. Members of the Shareholders' Assembly Board report to the Shareholders' Assembly, which appoints them and relieves them of duty.

Pursuant to the powers granted under by the Articles of Association, the Shareholders' Assembly Board also presents its assessments of: reporting to the Shareholders' Assembly on the application of accounting practices; financial reporting practices of the Company and its subsidiaries; reporting of the Shareholders' Assembly concerning the credibility and completeness of reports to the Company's shareholders on relevant issues; proposed methods for the distribution of profit and other payments to the Company's shareholders; procedures for the independent audit of the Company's financial statements; internal control activities in the Company and evaluation of their effectiveness; proposals for the incorporation or liquidation of companies in which the Company holds a share, or of the Company's subsidiaries; proposals for the acquisition and sale of shares, stakes and/or other interests that the Company holds in other companies; and of the evaluation of the manner in which the Company handles complaints filed by its shareholders.

Members of the Shareholders' Assembly Board as at 31 December 2025

The Board of the Shareholders' Assembly has 3 (three) members, one of whom fulfils the function of the Chairman of the Board of the Shareholders' Assembly. The Shareholders' Assembly appoints simultaneously both the Chairman and the members of the Board of the Shareholders Assembly by a special decision. The term of office of the Chairman and members of the Board of Shareholders Assembly ends at the next regular session of the Shareholders' Assembly, except in the case of co-optation, when the term of office the co-opted member of the Board of Shareholders' Assembly lasts until the first next session of the Shareholders' Assembly. The Chairman and each member of the Board of Shareholders' Assembly may be reappointed for an unlimited number of times. The Shareholders' Assembly may dismiss and appoint a new Chairman and/or member of the Board of the Shareholders' Assembly at any time.

Activities of the Shareholders' Assembly Board in 2025

In 2025, the Board of the Shareholders' Assembly held eleven correspondence sessions. the Board of the Shareholders' Assembly reviewed the annual financial statements and consolidated financial statements of the Company for 2024, as well as the periodic (quarterly) financial statements and consolidated financial statements for the first, second, and third quarter of 2025. The Board of the Shareholders' Assembly also reviewed the reports of the independent auditor on the audit of the Company's financial statements, as well as the method of profit distribution for 2024, dividend payments and the determination of the total amount of retained profit and submitted a report on its activities to the Shareholders' Assembly of the Company. In addition to the above, the Board of the Shareholders' Assembly reviewed proposals to accept the offer for sale of 100% of the capital of NIS PETROL EOOD Bulgaria, the proposal to approve the sale of the equity interest of NIS PETROL a.d. Beograd in NIS MET Energowind d.o.o. Beograd – the Plandište Wind Farm Project, and the approval of the conclusion of the Addendum to the Subordinated Loan Agreement between NIS j.s.c. Novi Sad and NIS PETROL d.o.o. Banja Luka, and amendments to the Intercompany Loan Agreement between NIS j.s.c. Novi Sad and HIP-Petrohemija d.o.o. Pančevo. The Board of the Shareholders' Assembly appointed, by co-optation, one member of the Board of the Shareholders' Assembly. In 2025, the Board of the Shareholders' Assembly adopted 41 conclusions.

CHIEF EXECUTIVE OFFICER

The Board of Directors appoints one of its executive members to act as the Chief Executive Officer. The CEO coordinates the activities of the executive members of the Board of Directors and organises the Company's activities. In addition, the Chief Executive Officer performs daily management activities and is authorized to decide on matters which do not fall under the competence of

the Shareholders' Assembly and the Board of Directors. The Chief Executive Officer is a legal representative of NIS j.s.c. Novi Sad.

CEO Advisory Board

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

Activities of the Advisory Board in 2025

During 2025, there were 11 Advisory Board sessions, chaired by the CEO, where the members discussed the following matters:

- reports on HSE incidents and initiatives from the preceding period;
- reports on implementation of the decisions and tasks delegated at the sessions;
- reports regarding operational and financial indicators for the Exploration and Production Block;
- reports regarding operational and financial indicators for the Downstream;
- reports presenting operational and financial monthly results of operations;
- reports on the key issues related to the functions and Naftagas – Oil Services LLC Novi Sad;
- report on the statuses of the key open issues related to HIP Petrohemija.

In addition, the reports showing Company's quarterly performance and an important issue concerning the update of the corporate development strategy were presented to the members of the CEO Advisory Board. The Function for Internal Audit and Risk Management presented the reports on the implementation of audit recommendations and reports on the conducted activities regarding key risk management.

COMPANY MANAGEMENT SUCCESSION PLAN

In order to minimise the potential risks for the Company and increase operational efficiency, there are special systems and processes in the Company aimed at filling possible vacancies when it comes to the top management positions in the Company. They include the implementation of specialised training programmes, so through continuous investment in the development of knowledge, and skills the Company ensures long-term reduction of potential risks in relation to its key management positions.

Moreover, the Company assesses potential successors in the highest management positions and compiles special lists of successors that include their names, current positions and plans for their professional development.

INSIDER INFORMATION AND ACQUISITION AND DISPOSAL OF THE COMPANY'S SHARES BY MANAGERS AND RELATED PARTIES

Trading in the Company's securities using insider information is strictly prohibited to all persons under threat of penalties provided for by the Capital Market Law. The Company requires all persons, who permanently or occasionally have access to this information, to fully comply with the provisions of laws, by-laws, as well as the Company's documents relating to insider information and confidential data.

The criteria on the basis of which certain persons have the status of persons with the access to insider information, their rights and obligations, the obligations of the Company in order to ensure the confidentiality of insider information, the procedure for publishing insider information, as well as the rules related to preparing, keeping, and updating the list of persons with access to insider information and the list of persons performing the duties of the manager and related persons are specifically regulated by the Company's internal regulations.

Pursuant to the Capital Market Law and internal documents of the Company, all persons fulfilling duties of managers in the Company are prohibited from performing transactions for their own account or for the account of a third party in relation to equity or debt securities of the Company or other related financial instruments during the period of 30 days prior to the publication of the annual, semi-annual or quarterly financial statements. The Company may grant a special written consent for trading during the period of prohibition, if the requirements prescribed by law and the regulations of the Securities Commission are met.

In addition, all persons performing the duties of managers in the Company, as well as persons related to them (defined by the aforementioned law), are obliged to report to the Securities Commission and the Company, within three business days, each subsequent transaction involving the Company's shares (debt instruments or other related financial instruments) for their own account, after the sum of the transactions values in one calendar year exceeds the value of EUR 5,000.

During 2025, the Company was not informed of the acquisition or disposal of the Company's securities by the Company's managers or persons related to them.

INTERNAL AUDIT ACTIVITIES

The regulatory framework for internal control, i.e. internal audit in NIS j.s.c. Novi Sad is established by the Law on Business Companies, the Internal Audit Charter, the Internal Audit Management Standard and other relevant legal and internal regulations.

The Internal Audit provides independent, objective assurance services, as well as consultancy aimed at adding value and improving the Company's operations. The Internal Audit helps the Company achieve its objectives by introducing a systematic, disciplined approach to assessing and improving the effectiveness of risk management, controls and corporate governance.

The Company's Internal Audit operates in accordance with the the Global Internal Audit Standards of the Global Institute of Internal Auditors, which is confirmed by the conformity assessment from an independent external assessor.

Internal Audit activities in particular include:

- Examination and assessment of the adequacy and effectiveness of corporate governance, risk management and internal controls;
- Control of compliance of Company's business activities with the law, other regulations and regulations of the Company;
- Supervision of the implementation of accounting policies and financial reporting;
- Checking implementation of the risk management policy;
- Monitoring the compliance of the organisation and the Company's activities with the Corporate Governance Code;
- Evaluation of policies and processes in the Company, and proposals for their improvement.

Internal auditing is performed within the Internal Audit, Risk Management and Internal Controls Function (hereinafter: FIR). Organisational and functional independence of the

Internal Audit is secured by the Internal Audit Charter. Through the person responsible for internal control of business, appointed by the Board of Directors, FIR is functionally subordinated to the Audit Commission, and administratively to the CEO of the Company. As a rule, the person responsible for internal control of business performs the role of the FIR Director. The Internal Audit Charter defines protection measures in order to ensure the independence and objectivity of the internal audit in the Company's risk management process. The FIR reports to the Audit Commission on the results of its work four times a year.

The Audit Committee of the Board of Directors is, inter alia, authorised to:

- Approve the Internal Audit Charter;
- Approve the Annual Plan on Internal Auditing;
- Adopt the FIR development strategy of the Internal Audit and Risk Management Function;
- Approve changes in the FIR staffing plan and changes in the number of job positions within FIR;
- Approve the FIR financial budget ;
- Receive reports on the internal audit performance in relation to the plan and other important issues, in accordance with the reporting schedule;
- Approve changes in the staffing plan and changes in the number of job positions in FIR;
- Propose the appointment and discharge of the person responsible for internal audit of Company's business, in accordance with the Company Law, while the Board of Directors of the Company makes the Decision on the appointment and discharge of the aforementioned person;
- Check whether there is a possible restriction on access to data (restriction of coverage) or resource limitations to performing the internal audit.

SYSTEM OF INTERNAL CONTROLS AND RISK MITIGATION IN CONNECTION WITH FINANCIAL REPORTING PROCEDURE

The internal control system includes five key components:

- Control environment,
- Risk assessment,
- Control measures,
- Information and communications,
- Monitoring.

The following internal regulations govern internal control in the Company:

- PO-06.04.26 Corporate Policy of NIS j.s.c. Novi Sad - internal control and finance
- UP-06.04.00-011 Development of Internal Controls in Finance and Accounting
- UP-06.04.00-013 Recording Financial Incidents on the SUFI Portal.

1. Control environment

The management creates an atmosphere characterised by understanding the importance of control procedures by employees, and also informs employees of expectations and specific procedures. Managers and employees comply with internal control requirements and demonstrate their positive consistent attitude to these requirements in their work.

Additionally, a controlled environment comprises honesty and respect for ethical values, provision of competent and highly qualified personnel, a defined organisational structure and clear split of authorities and responsibilities.

2. Risk assessment

Based on the approved business goals, significant risks associated with achievement of these goals are identified and analysed. Organisational units identify the risks in processes and activities they perform, and which may lead to errors in financial reports.

3. Control measures

Control measures comprise procedures and activities used to manage the defined process related risks through their reduction or elimination. They include a variety of measures, such as compliance with relevant standards and procedures, adequate split of responsibilities among process participants, precise definition of tasks, check of availability of required approvals and completeness of documentation, control of data bases, various types of reconciliation and verification of balance sheet items and preservation of assets.

4. Information and communication

In order to assure effective exchange of information and effective communication, a system of information distribution provided as an internal portal accessible to all employees where all important information and adopted internal regulations are published. Additionally, information systems have been implemented to assure exchange of information, documentation and various types of reporting that allow for the generation of timely information.

5. Monitoring

Internal controls efficiency and compliance with requirements prescribed by internal regulations are continuously monitored and, if needed, improvement measures or measures aimed at eliminating identified violations to prevent their recurrence are defined. Possibilities of improving the process and its efficiency are considered through the process analysis, analysing areas for improvement, finding new possible solutions or technologies for process implementation.

EXTERNAL AUDITOR

Audit of Financial Statements

In accordance with the Law and Articles of Association, the Auditor of the Company is appointed by the Shareholders' Assembly at the proposal of the Board of Directors. The Company's auditor is elected at every ordinary meeting of the Shareholders' Assembly, in accordance with the Capital Market Law, considering that NIS j.s.c. Novi Sad is a public joint-stock company, the legal entity that performs the audit, can perform up to five consecutive audits of its annual financial statements.

The reports of the audit company on the audit of the financial statements and consolidated financial statements of the Company for 2024 were adopted on 20 June 2025 at the 17th ordinary meeting of the Shareholders Assembly, which was attended by the auditor of FinExpertiza d.o.o. Beograd, which, in accordance with the Law, is obligatorily invited to the ordinary meeting of the Shareholders' Assembly. At the 15th ordinary meeting held on 29 June 2023, the Shareholders' Assembly selected the auditing company FinExpertiza d.o.o. Beograd for the audit of the financial statements and consolidated financial statements for the three-year period (2023–2025). In accordance with the law, when selecting an independent auditor, the Audit Committee received the auditor's statement confirming independence of the audit company and its licensed auditors in relation to the Company.

INTEGRATED MANAGEMENT SYSTEM

The Company applies all the requirements of SRPS ISO 9001: 2015 Quality Management, SRPS ISO 14001: 2015 Environmental Management, SRPS ISO 45001: 2018 Occupational Health and Safety Management, SRPS EN ISO 50001: 2018 Energy Management and ISO 55001:2014 Asset management, as well as SRPS ISO 39001:2012 Road Traffic Safety Management, SRPS EN ISO 22000: 2018 Food Safety Management, or CAC/RCP1 where applicable. The applied management systems are incorporated into an integrated management system (IMS), which is based on a process approach. The established IMS is continuously developed in accordance with the Certification Strategy, the implementation of which is supervised by the IMS Board.

The elements of individual business processes (BP) and the order of activities within them are determined in the BP modeling procedure. All identified BPs of the Company are classified and presented in the Company's Process Model, together, with the staffing plan integrated into the business architecture of the Company. KPIs (key performance indicators) are also determined for the defined business processes.

The manner of the implementation of business process activities is regulated by relevant normative and methodological documents in accordance with the Standardisation Plan.

The verification of compliance with the applied national and international standards is carried out by accredited certification bodies, which issue appropriate certificates on the basis of the performed verification.

In addition to external audits, the Company conducts internal audits of business processes and established management systems, in accordance with the annual programme of internal audits. The results of these checks are formalised through reports, on the basis of which the owners of business processes in the Company define corrective and improvement measures to eliminate and prevent recurrence of identified non-compliances and realisation of potential ones.

TRANSACTIONS INVOLVING PERSONAL INTEREST AND NON-COMPETE CLAUSES

Transactions involving personal interest – A person who, in accordance with the Law, has special duties towards the Company, is obliged to promptly inform the Board of Directors about the existence of a personal interest (or interest of a person related to him/her) in a legal transaction concluded by the Company, or in a legal action undertaken by the Company.

The Company identifies legal transactions and legas acts with related parties, in order to ensure that they are concluded only if not harmful to the Company's operations. Legal transactions and legas acts with related parties are approved by the Board of Directors in accordance with the Law.

The Board of Directors submits information required for the approval of the conclusion of legal transactions and legal acts in which there is a personal interest, for which approval is required in accordance with the Law, to the Shareholders' Assembly at its first subsequent meeting.

In accordance with the Law, the Company is obliged to publish on its website the intention to conclude a legal transaction, i.e. to undertake a legal action that requires approval, including important information on transations and activities in which there is personal interest, in accordance with the criteria prescribed by Law, immediately after the decision on approval is made, and no later than on the day of concluding the legal transaction, i.e. undertaking the legal action. Data on approved legal transactions and legal actions taken are also published in the annual financial statements.

Non-Compete Clause – In order to monitor compliance with non-compete agreements, the Company carries out quarterly surveys of members of the Board of Directors about the current engagement, as well as about membership in boards of directors and supervisory boards of other companies. Data on memberships in the governance bodies of other companies are published on the Company's website.

By concluding the Agreement on Mutual Rights and Obligations with the Company, the members of the Board of Directors are additionally familiarised with their obligation to notify the Company in the event of the conclusion of a legal transaction with the Company, as well as with their obligation of non-competition to the Company and other special duties of the members of the Board of Directors.





INFORMATION ON ACQUISITION BIDS

In 2025, NIS j.s.c. Novi Sad or its subsidiaries did not make a takeover bids for another company, in accordance with the Law on Takeover of Joint Stock Companies, nor was any takeover bid for the shares of NIS j.s.c. Novi Sad or any of its subsidiaries made in compliance with this Law.

RELATED-PARTY TRANSACTIONS

In 2025, the same as in the corresponding period last year, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and electricity[90].

CODE OF BUSINESS ETHICS

Employees, are the mirror of the Company – each employee representing the Company and affecting its business atmosphere, results and reputation by their actions. They are not all the same, but they are all equal. If employee strives to act in accordance with the defined Company values and follow ethical codes and rules of conduct, all employees can jointly transform the Company's vision into reality.

The rules and norms of conduct defined in the Code are based oncorporate values of NIS j.a.c. Novi Sad and should serve to all employees, third parties and governance bodies as a general guideline when making decisions in their day-to-day activities. This enables employees to jointly create and maintain a healthy business climate, efficiently achieve results, and improve business operations.

SIGNIFICANT CONTRACTS OF THE COMPANY WHERE THE CHANGE OF CONTROL BY A BID FOR TAKEOVER AFFECTS THEIR EXECUTION, CHANGE OR TERMINATION, AS WELL AS THE CONSEQUENCES OF SUCH CONTRACTS

The Company's contracts where the change of control by a takeover bid affects their execution, change or termination, contain standard clauses.

CONTRACTS BETWEEN THE COMPANY AND ITS MANAGEMENT OR EMPLOYEES, WHICH PROVIDE COMPENSATION IN THE EVENT OF DISMISSAL OR DISCHARGE WITHOUT JUST CAUSE OR THE TERMINATION OF THE EMPLOYMENT CONTRACT DUE TO A TAKEOVER BID

The Company does not have this type of contract with the management, nor with the employees.

[90]Further Information on related party transactions can be found on page 173 under note number 41 of the Consolidated Financial Statements.

FINANCIAL STATEMENTS



FINANCIAL **STATEMENTS**

FINANCIAL STATEMENTS

- Balance sheet
- Income statements
- Statement of other comprehensive income
- Statement of cash flows
- Statement of changes in equity
- Notes to the financial statements

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated balance sheet
- Consolidated income statement
- Consolidated statement of other comprehensive income
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements



FINANCIAL STATEMENTS

BALANCE SHEET

	AOP	Note	31 December 2025	31 December 2024
A. SUBSCRIBED CAPITAL UNPAID	**0001**		**-**	**-**
B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)	**0002**		**351,936,367**	**350,197,200**
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)	**0003**	**7**	**13,981,244**	**14,345,079**
1. Development investments	0004		7,866,009	8,882,621
2. Concessions, licenses, software and other rights	0005		4,177,733	3,534,996
3. Goodwill	0006		-	-
4. Intangible assets in lease and under development	0007		1,937,502	1,927,462
5. Advances for intangible assets	0008		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)	**0009**		**298,470,309**	**295,945,676**
1. Land and buildings	0010	8a	184,650,467	176,699,610
2. Machinery and equipment	0011	8a	82,420,238	84,670,315
3. Investment property	0012	8c	1,660,263	1,512,766
4. Property, plant and equipment in lease and construction in progress	0013	8a, 8b	28,254,854	30,083,812
5. Other property, plant and equipment and investments in leased PP&E	0014	8a	187,132	202,543
6. Advances for PP&E - domestic	0015	8a	1,261,507	2,541,354
7. Advances for PP&E - foreign	0016	8a	35,848	235,276
III. BIOLOGICAL ASSETS	**0017**		**-**	**-**
IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)	**0018**		**39,484,814**	**39,906,445**
1. Investments in legal entities (except those evaluated using the equity method)	0019	9	31,108,271	31,108,375
2. Investments in legal entities evaluated by equity method	0020	10	1,038,800	1,038,800
3. Long-term investments and long-term receivables in parent, subsidiaries and other related parties - domestic	0021	11	2,239,056	2,062,694
4. Long-term investments and long-term receivables in parent, subsidiaries and other related parties- foreign	0022	11	3,456,468	4,222,893
5. Long-term investments - domestic	0023		6,685	6,685
6. Long-term investments - foreign	0024		-	-
7. Long-term financial investments (securities valued at amortized cost)	0025		-	-
8. Purchased own shares	0026		-	-
9. Other long-term financial investments and long-term receivables	0027	12	1,635,534	1,466,998

in 000 RSD

	AOP	Note	31 December 2025	31 December 2024
V. LONG - TERM ACCRUED AND DEFERRED INCOME	**0028**		**-**	**-**
C. DEFFERED TAX ASSETS	**0029**	**13**	**5,530,178**	**4,278,690**
G. CURRENT ASSETS (0031+0037+0038+0044+0048+0057+0058)	**0030**		**124,619,076**	**173,362,054**
I. INVENTORY (0032+0033+0034+0035+0036)	**0031**	**14**	**32,527,864**	**43,230,623**
1. Materials, spare parts and tools	0032		10,281,348	19,174,959
2. Work in progress and finished goods	0033		13,722,942	21,117,623
3. Merchandise	0034		6,203,165	1,744,615
4. Advances for inventory and services - domestic	0035		2,285,913	835,841
5. Advances for inventory and services - foreign	0036		34,496	357,585
II. FIXED ASSETS HELD FOR SALE AND BUSINESS TERMINATION	**0037**		**139,188**	**17,915**
III TRADE RECEIVABLES (0039+0040+0041+0042+0043)	**0038**	**15**	**33,334,235**	**38,989,898**
1. Trade receivables - domestic	0039		18,933,812	28,094,037
2. Trade receivables - foreign	0040		230,286	798,523
3. Trade receivables - parent, subsidiaries and other related parties - domestic	0041		4,029,493	1,830,623
4. Trade receivables - parent, subsidiaries and other related parties - foreign	0042		10,140,644	8,266,715
5. Other trade receivables	0043		-	-
IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	**0044**	**16**	**4,246,153**	**11,981,627**
1. Other receivables	0045		1,918,755	4,268,904
2. Receivables for overpaid income tax	0046		2,160,746	7,549,680
3. Receivables from overpaid other taxes and contributions	0047		166,652	163,043
VI. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	**0048**	**17**	**22,670,718**	**29,217,183**
1. Short-term loans and investments - parent and subsidiaries	0049		16,327,406	7,566,107
2. Short-term loans and investments – other related parties	0050		-	-
3. Short-term loans and investments - domestic	0051		60,778	62,433
4. Short-term loans and investments - foreign	0052		6,282,534	21,588,643
5. Securities evaluted at amortized cost	0053		-	-
6. Financial assets evaluated through profit or loss	0054		-	-
7. Purchased own shares	0055		-	-
8. Other short-term financial investments	0056		-	-
VI. CASH AND CASH EQUIVALENTS	**0057**	**18**	**26,887,921**	**38,821,710**
VII. PREPAYMENTS AND ACCRUED INCOME	**0058**	**19**	**4,812,997**	**11,103,098**
D. TOTAL ASSETS = OPERATING ASSETS (0001+0002+0029+0030)	**0059**		**482,085,621**	**527,837,944**
E. OFF-BALANCE SHEET ASSETS	**0060**	**20**	**113,066,496**	**186,552,396**

in 000 RSD

	AOP	Note	31 December 2025	31 December 2024
A. EQUITY (0402+0403+0404+0405+0406-0407+0408+0411-0412)>= 0	**0401**	**21**	**369,272,056**	**386,154,558**
I. EQUITY	**0402**		**81,530,200**	**81,530,200**
II. SUBSCRIBED CAPITAL UNPAID	**0403**		**-**	**-**
III. SHARE PREMIUM	**0404**		**-**	**-**
IV. RESERVES	**0405**		**-**	**-**
V. POSITIVE REVALUATION RESERVES AND UNREALIZED PROFITS FROM FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	**0406**		**65,267**	**66,259**
VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	**0407**		**205,056**	**151,698**
VII. RETAINED EARNINGS (0409+0410)	**0408**		**300,115,050**	**304,709,797**
1. Retained earnings from previous years	0409		300,115,050	286,329,219
2. Retained earnings from current year	0410		-	18,380,578
VIII. NON-CONTROLLING INTEREST	**0411**		**-**	**-**
IX. LOSS (0413+0414)	**0412**		**12,233,405**	**-**
1. Loss from previous years	0413		-	-
2. Loss from current year	0414		12,233,405	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0416+0420+0428)	**0415**		**55,540,642**	**84,507,525**
I. LONG-TERM PROVISIONS (0417+0418+0419)	**0416**	**22**	**12,999,305**	**12,652,906**
1. Provisions for employee benefits	0417		885,615	1,240,381
2. Provisions for warranty claims	0418		-	-
3. Other long term provisions	0419		12,113,690	11,412,525
II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	**0420**	**23**	**42,541,337**	**71,854,619**
1. Liabilities convertible to equity	0421		-	-
2. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - domestic	0422		-	-
3. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - foreign	0423		-	-
4. Long-term loans and finance lease liabilities - domestic	0424		28,343,971	44,333,550
5. Long-term loans and finance lease liabilities - foreign	0425		6,603	13,507,373
6. Liabilities for issued securities	0426		1,874,754	1,870,637
7. Other long-term liabilities	0427		12,316,009	12,143,059
III. LONG-TERM ACCRUED INCOME AND DEFERRED REVENUES	**0428**		**-**	**-**
C. DEFFERED TAX LIABILITIES	**0429**	**13**	**-**	**-**
D. LONG - TERM DEFERRED INCOME AND DONATIONS RECEIVED	**0430**		**-**	**-**
E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	**0431**		**57,272,923**	**57,175,861**

in 000 RSD

	AOP	Note	31 December 2025	31 December 2024
I. SHORT-TERM PROVISIONS	**0432**	**22**	**2,384,277**	**1,155,490**
II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	**0433**	**24**	**22,375,623**	**11,692,096**
1. Short-term loans from parent, subsidiaries and other related parties - domestic	0434		2,512,460	2,387,512
2. Short-term loans from parent, subsidiaries and other related parties - foreign	0435		-	-
3. Short-term loans and borowings from other parties	0436		606,539	488,755
4. Short-term loans from domestic banks	0437		19,175,777	7,016,799
5. Short-term loans, borowings and liabilities - foreign	0438		80,847	1,799,030
6. Liabilities on short-term securities	0439		-	-
7. Liabilities based on financial derivatives	0440		-	-
III. ADVANCES RECEIVED	**0441**		**2,541,180**	**5,242,137**
IV. TRADE PAYABLES (0443+0444+0445+0446+0447+0448)	**0442**	**25**	**13,708,650**	**16,323,505**
1. Trade payables - parent, subsidiaries and other related parties - domestic	0443		7,665,501	6,268,938
2. Trade payables - parent, subsidiaries and other related parties - foreign	0444		14,781	47,626
3. Trade payables - domestic	0445		4,323,120	8,281,677
4. Trade payables - foreign	0446		1,698,195	1,700,296
5. Liabilities on promissory notes	0447		-	-
6. Other operating liabilities	0448		7,053	24,968
V. OTHER SHORT-TERM LIABILITIES (450+451+452)	**0449**	**26**	**12,805,759**	**18,759,717**
1. Other short-term liabitilies	0450		7,146,621	6,562,762
2. Liabilities for VAT and other taxes	0451		5,659,138	12,196,955
3. Profit tax liabilities	0452		-	-
VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS ATTRIBUTABLE TO TERMINATED BUSINESS	**0453**		**-**	**-**
VII. SHORT-TERM ACCRUED EXPENSES	**0454**	**27**	**3,457,434**	**4,002,916**
F. LOSS EXCEEDING EQUITY (0415+0429+0430+0431-0059)>=0=(0407+0412-0402-0403-0404-0405-0406-0408-0411)>=0	**0455**		**-**	**-**
G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430-0431-0455)	**0456**		**482,085,621**	**527,837,944**
H. OFF-BALANCE SHEET LIABILITIES	**0457**	**20**	**113,066,496**	**186,552,396**

in 000 RSD

INCOME STATEMENT

	AOP	Note	Year ended 31 December 2025	2024
A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)	**1001**		**266,227,168**	**386,894,807**
I. INCOME FROM THE SALE OF GOODS (1003+1004)	**1002**	**6**	**18,357,781**	**75,498,279**
1. Income from sale of goods on domestic market	1003		17,762,594	73,410,631
2. Income from sale of goods on foreign market	1004		595,187	2,087,648
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1006+1007)	**1005**	**6**	**252,335,130**	**315,055,600**
1. Income from sales of products and services on domestic market	1006		216,210,413	263,456,244
2. Income from sales of products and services on foreign market	1007		36,124,717	51,599,356
III. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	**1008**		**2,308,458**	**2,286,767**
IV. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1009**		**-**	**-**
V. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1010**		**7,394,681**	**6,518,756**
VI. OTHER OPERATING INCOME	**1011**	**6**	**439,002**	**447,704**
VII. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1012**	**28**	**181,478**	**125,213**
B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	**1013**		**261,453,048**	**363,371,652**
I. COST OF GOODS SOLD	**1014**		**15,774,073**	**70,356,252**
II. COST OF MATERIAL, FUEL AND ENERGY	**1015**	**29**	**159,003,984**	**210,536,124**
III. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	**1016**	**30**	**23,370,463**	**22,966,389**
1. Cost of salaries and fringe benefits	1017		19,949,000	19,263,808
2. Cost of tax and contributions on wages and salaries	1018		2,663,364	2,525,325
3. Other personal expenses	1019		758,099	1,177,256
IV. DEPRECIATION, DEPLETION AND AMORTIZATION	**1020**	**7,8**	**26,066,835**	**24,232,857**
V. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1021**	**31**	**96,148**	**51,324**
VI. COST OF PRODUCTION SERVICES	**1022**	**32**	**20,173,880**	**19,428,773**
VII. COST OF PROVISION	**1023**		**1,344,359**	**512,459**
VIII. NON-PRODUCTION COSTS	**1024**	**33**	**15,623,306**	**15,287,474**
C. OPERATING GAIN (1001-1013)>=0	**1025**		**4,774,120**	**23,523,155**
D. OPERATING LOSS (1013-1001)>=0	**1026**		**-**	**-**
E. FINANCE INCOME (1028+1029+1030+1031)	**1027**	**34**	**3,316,381**	**3,731,635**
I. FINANCIAL INCOME FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1028**		**1,393,105**	**941,853**
II. INTEREST INCOME	**1029**		**1,478,700**	**2,237,985**
III. FOREIGN EXCHANGE GAIN	**1030**		**426,473**	**486,465**

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
IV. OTHER FINANCIAL INCOME	**1031**		**18,103**	**65,332**
G. FINANCE EXPENSES (1033+1034+1035+1036)	**1032**	**35**	**4,203,667**	**5,081,542**
I. FINANCIAL EXPENSE FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1033**		**483,661**	**391,350**
II. INTEREST EXPENSE	**1034**		**2,921,128**	**3,530,576**
III. FOREIGN EXCHANGE LOSS	**1035**		**791,618**	**1,151,960**
IV. OTHER FINANCIAL EXPENSE	**1036**		**7,260**	**7,656**
I. PROFIT FROM FINANCING OPERATIONS (1027-1032)>=0	**1037**		**-**	**-**
J. LOSS FROM FINANCING OPERATIONS (1032-1027)>=0	**1038**		**887,286**	**1,349,907**
K. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1039**	**36**	**107,797**	**109,555**
L. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1040**	**37**	**18,745,146**	**37,466**
M. OTHER INCOME	**1041**	**38**	**740,133**	**1,314,112**
N. OTHER EXPENSE	**1042**	**39**	**1,018,651**	**1,393,267**
O. TOTAL INCOME (1001+1027+1039+1041)	**1043**		**270,391,479**	**392,050,109**
P. TOTAL EXPENSE (1013+1032+1040+1042)	**1044**		**285,420,512**	**369,883,927**
Q. OPERATING PROFIT BEFORE TAX (1043-1044)>=0	**1045**		**-**	**22,166,182**
R. OPERATING LOSS BEFORE TAX (1044-1043)>=0	**1046**		**15,029,033**	**-**
S. POSITIVE NET EFFECT ON RESULTS BASED ON PROFIT FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	**1047**		**-**	**-**
T. NEGATIVE NET EFFECT ON RESULTS BASED ON LOSS FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	**1048**		**-**	**-**
U. PROFIT BEFORE TAX (1045-1046+1047-1048)>=0	**1049**		**-**	**22,166,182**
V. LOSS BEFORE TAX (1046-1045+1048-1047)>=0	**1050**		**15,029,033**	**-**
W. INCOME TAX				
I. CURRENT INCOME TAX	1051	40	(1,552,840)	4,523,958
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1052		-	-
III. DEFERRED TAX INCOME FOR THE PERIOD	1053	40	1,242,788	738,354
X. PERSONAL INCOME PAID TO EMPLOYER	**1054**		**-**	**-**
Y. NET PROFIT (1049-1050-1051-1052+1053-1054)>=0	**1055**		**-**	**18,380,578**
Z. NET LOSS (1050-1049+1051-1052-1053+1054)>=0	**1056**		**12,233,405**	**-**

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
I. NET PROFIT ATTRIBUTABLE TO NON-CONTROLING INTEREST	**1057**		**-**	**-**
II. NET PROFIT ATTRIBUTABLE TO PARENT COMPANY	**1058**		**-**	**-**
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLING INTEREST	**1059**		**-**	**-**
IV. NET LOSS ATTRIBUTABLE TO PARENT COMPANY	**1060**		**-**	**-**
V. EARNINGS PER SHARE			**-**	**-**
1. Basic earnings per share	1061		-	-
2. Diluted earnings per share	1062		-	-

in 000 RSD

STATEMENT OF OTHER COMPREHENSIVE INCOME

	AOP	Note	Year ended 31 December 2025	2024
A. NET PROFIT/LOSS				
I. NET PROFIT (AOP 1055)	**2001**		**-**	**18,380,578**
II. NET LOSS (AOP 1056)	**2002**		**12,233,405**	**-**
B. OTHER COMPREHENSIVE PROFIT/LOSS				
a) Items that will not be reclassified to profit or loss				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase of revaluation reserves	2003		-	3,400
b) decrease of revaluation reserves	2004		-	-
2. Actuarial gains (losses) of post employmet benefit obligations				
a) gains	2005		-	-
b) losses	2006		53,253	72,023
3. Gains or losses arising from a share in the associate's other comprehensive profit or loss				
a) gains	2007		-	-
b) losses	2008		-	-
b) Items that may be subsequently reclassified to profit or loss				
1. Gains and losses arising from equity investments				
a) gains	2009		-	-
b) losses	2010		-	-
2. Gains (losses) from currency translation differences				
a) gains	2011		-	-
b) losses	2012		-	-
3. Gains (losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
4. Gains (losses) on hedging in a cash flow hedge				
a) gains	2015		-	-
b) losses	2016		-	-
5. Gains (losses) from change in value of available-for-sale financial assets				
a) gains	2017		-	52
b) losses	2018		88	-
I OTHER COMPREHENSIVE GAIN BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)-(2004+2006+2008+2010+2012+2014+2016+2018)>=0	**2019**		**-**	**-**
II OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)-(2003+2005+2007+2009+2011+2013+2015+2017)>=0	**2020**		**53,341**	**68,571**
III DEFERRED TAX EXPENSE ONR OTHER COMPREHENSIVE PROFIT (LOSS)	**2021**		**-**	**-**
IV DEFERRED TAX INCOME ON OTHER COMPREHENSIVE PROFIT (LOSS)	**2022**		**-**	**-**
V. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021+2022)>=0	**2023**		**-**	**-**
VI. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021-2022)>=0	**2024**		**53,341**	**68,571**
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2023-2024)>=0	**2025**		**-**	**18,312,007**
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2024-2023)>=0	**2026**		**12,286,746**	**-**
D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2028+2029)=AOP 2025>=0 or AOP 2026>0	**2027**		**-**	**-**
1. Attributable to shareholders	2028		-	-
2. Attributable to non-controling interest	2029		-	-

in 000 RSD

STATEMENT OF CASH FLOWS

	AOP	Note	Year ended 31 December 2025	2024
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 4)	**3001**		**535,824,409**	**694,202,046**
1. Sales and advances received - domestic	3002		516,051,723	657,387,424
2. Sales and advances received - foreign	3003		17,467,580	33,225,743
3. Interest from operating activities	3004		1,866,104	3,141,175
4. Other inflow from operating activities	3005		439,002	447,704
II. Cash outflow from operating activities (1 до 8)	**3006**		**488,261,901**	**626,404,426**
1. Payments and prepayments to suppliers - domestic	3007		119,296,377	130,722,546
2. Payments and prepayments to suppliers - foreign	3008		123,317,052	198,014,581
3. Salaries, benefits and other personal expenses	3009		25,069,995	22,517,680
4. Interest paid - domestic	3010		2,327,987	2,854,619
5. Interest paid - foreign	3011		461,603	624,741
6. Income tax paid	3012		1,743,788	4,703,104
7. Payments for other public revenues	3013		215,393,487	266,967,155
8. Other payments from operating activities	3014		651,612	-
III. Net cash inflow from operating activities (I - II)	**3015**		**47,562,508**	**67,797,620**
IV. Net cash outflow from operating activities (II - I)	**3016**		**-**	**-**
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	**3017**		**33,070,148**	**48,207,299**
1. Sale of shares	3018		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3019		695,499	774,284
3. Other financial investments	3020		32,374,649	47,374,416
4. Interest from investing activities	3021		-	-
5. Dividend received	3022		-	58,599
II. Cash outflow from investing activities (1 to 3)	**3023**		**70,342,671**	**82,279,590**
1. Acquisition of subsidiaries or other business	3024		-	-
2. Purchase of intangible assets, property, plant and equipment	3025		29,441,072	53,606,816
3. Other financial investments	3026		40,901,599	28,672,774
III. Net cash inflow from investing activities (I - II)	**3027**		**-**	**-**
IV. Net cash outflow from investing activities (II - I)	**3028**		**37,272,523**	**34,072,291**
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 7)	**3029**		**14,451,314**	**38,469,531**
1. Increase in share capital	3030		-	-
2. Proceeds from long-term borrowings - domestic	3031	23	4,464,639	12,055,367
3. Proceeds from long-term borrowings - foreign	3032		-	-
4. Proceeds from short-term borrowings - domestic	3033	23	9,986,675	24,542,554
5. Proceeds from short-term borrowings - foreign	3034		-	-
6. Other long-term liabilities	3035		-	1,871,610
7. Other short-term liabilities	3036		-	-
II. Cash outflow from financing activities (1 to 8)	**3037**		**36,513,104**	**48,859,970**
1. Purchase of own shares	3038		-	-
2. Repayment of long-term borrowings - domestic	3039	23	8,134,157	10,395,806
3. Repayment of long-term borrowings - foreign	3040	23	15,289,880	1,539,679
4. Repayment of short-term borrowings - domestic	3041	23	9,861,727	25,761,322
5. Repayment of short-term borrowings - foreign	3042		-	-
6. Repayment of other liabilities	3043		-	-
7. Financial lease	3044	23	693,174	684,902
8. Dividend distribution	3045		2,534,166	10,478,261
III. Net cash inflow from financing activities (I - II)	**3046**		**-**	**-**
IV Net cash outflow from financing activities (II - I)	**3047**		**22,061,790**	**10,390,439**

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
D. TOTAL CASH INFLOW (3001+3017+3029)	**3048**		**583,345,871**	**780,878,876**
E. TOTAL CASH OUTFLOW (3006+3023+3037)	**3049**		**595,117,676**	**757,543,986**
F. NET CASH INFLOW (3048-3049)>=0	**3050**		**-**	**23,334,890**
G. NET CASH OUTFLOW (3049-3048)>=0	**3051**		**11,771,805**	**-**
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3052**		**38,821,710**	**16,270,493**
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	**3053**		**36,246**	**51,270**
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	**3054**		**198,230**	**834,943**
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3050-3051+3052+3053-3054)	**3055**	**18**	**26,887,921**	**38,821,710**

in 000 RSD

STATEMENT OF CHANGES IN EQUITY

	AOP	Share capital	AOP	Rev. reserves and unr. gains and losses	AOP	Retained earnings	AOP	Loss	AOP	Total
1. Balance as at 01 January 2024	**4001**	**81,530,200**	**4037**	**(20,968)**	**4046**	**296,811,632**	**4055**	**-**	**4073**	**378,320,864**
2. Adjustments of material errors and changes in accounting policies	4002	-	4038	-	4047	-	4056	-	4074	-
3. Restated opening balance as at 1 January 2024	**4003**	**81,530,200**	**4039**	**(20,968)**	**4048**	**296,811,632**	**4057**	**-**	**4075**	**378,320,864**
4. Net changes in 2024	4004	-	4040	(64,471)	4049	7,898,165	4058	-	4076	7,833,694
5. Balance as at 31 December 2024	**4005**	**81,530,200**	**4041**	**(85,439)**	**4050**	**304,709,797**	**4059**	**-**	**4077**	**386,154,558**
6. Adjustments of material errors and changes in accounting policies	4006	-	4042	-	4051	-	4060	-	4078	-
7. Restated opening balance as at 01 January 2025	**4007**	**81,530,200**	**4043**	**(85,439)**	**4052**	**304,709,797**	**4061**	**-**	**4079**	**386,154,558**
8. Net changes in 2025	4008	-	4044	(54,350)	4053	(4,594,747)	4062	12,233,405	4080	(16,882,502)
9. Balance as at 31 December 2025	**4009**	**81,530,200**	**4045**	**(139,789)**	**4054**	**300,115,050**	**4063**	**12,233,405**	**4081**	**369,272,056**

in 000 RSD

NOTES TO THE FINANCIAL STATEMENTS[91]

1. GENERAL INFORMATION

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

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

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

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

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

These Financial Statements have been approved and authorized for issue by Chief Executive Officer and will be presented to Shareholders' Assembly for approval.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Basis of preparation

These financial statements for the year ended 31 December 2025 were prepared in accordance with the applicable Law on Accounting of the Republic of Serbia, which requires full scope of International Financial Reporting Standards (IFRS) to be applied as translated into Serbian and the other regulations issued by the Ministry of Finance of the Republic of Serbia. The translation of IFRS which is confirmed and published by the Ministry of Finance comprises the basic texts of IAS and IFRS as published by the International Accounting Standards Board, including interpretations issued by the International Financial Reporting Interpretations Committee in the form in which they are published and which do not include basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other additional explanatory materials which can be adopted in respect of the standards or interpretations, unless it is explicitly stated that they are integral to the standard or interpretation. Also, the Law on Accounting establishes the dinar (RSD) as the official reporting currency (functional and presentation currency). In addition the Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

- The financial statements are prepared in the format prescribed by the Ministry of Finance of the Republic of Serbia,
- "Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet. Such items do not meet the definition of either an asset or a liability under IFRS.

As a result, the accompanying financial statements cannot be considered as financial statements prepared in full compliance with IFRS.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Significant estimates and judgments include the assessment of expected credit losses on loans and receivables in accordance with IFRS 9 (note 11).

At the date of signing Financial Statements, crude oil price increased since 31 December 2025 from 62.555 $/barrel to 72.040 $/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

The Financial Statements have been prepared on a going concern basis. In making this assessment, management considered the Company'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 Company recorded a net loss. Despite this, the Company 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 Company'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 Company 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 Financial Statements have been prepared on a going concern basis and do not include any adjustments that would be required if the Company were unable to continue as a going concern.

[91]All amounts are in RSD 000, unless otherwise stated.

2.3. Basis of measurement

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

2.4. 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 financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (''the functional currency''). The financial statements are presented in Serbian dinars ("RSD"), which is the Company's functional and presentation currency.

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and other monetary assets and liabilities are presented in the income statement within 'finance income or cost'.

2.6. Intangible assets

(a) Licenses and rights (concessions)

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

Licenses and rights include Oil and Gas Upstream Exploration Rights, which are amortised in accordance with the terms and conditions of the rights.

(b) Software

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

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

2.7. Oil and Gas properties

(a) Exploration and evaluation expenditure

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

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

Exploration and evaluation assets include:

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

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

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

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

Other exploration costs are charged to expense when incurred.

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

(b) Development costs of fixed and intangible assets

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

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

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

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

2.8. Property, plant and equipment

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

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

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

Discription	Usefule lives
Buildings	10 - 50
Machinery and Equipment:	
- Production equipment	2 – 35
- Furniture	3 - 10
- Vehicles	5 - 25
- Computers	3 - 10
Other PP&E	3 - 20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within «Other income/(expenses)» in the income statement (notes 38 and 39).

2.9. Leases

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	25
Buildings	2 - 22
Machinery	3 - 15
Motor vehicles	2 - 10

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

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

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

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

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

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

2.10. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11. Investment property

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

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

Investment property is carried at fair value. Changes in fair values are recorded in the income statement as part of income/expenses from valuation of assets (except financial) (note 28 and 31).

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with it will flow to the Company and the cost can be

measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

2.12. Financial instruments

(a) Key measurement terms

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

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

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

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

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

(b) Classification and measurement

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

– those to be measured subsequently at fair value (either through OCI or through profit or loss), and

– those to be measured at amortised cost.

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

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

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

Debt instruments

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

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

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

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

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented separately.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest (''SPPI''), are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented separately.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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

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

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

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

Equity instruments

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

(c) Write-off

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

(d) Recognition and derecognition

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

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

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

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

(e) Modification

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

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

(f) Financial assets impairment

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

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

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

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

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

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

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

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

- Simplified approach for impairment of receivables and lease receivables

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

Company uses a provision matrix in the calculation of the expected credit losses on trade receivables. Company use historical credit loss experience (adjusted as appropriate on the basis of current observable data

to reflect the effects of the current conditions and its forecasts of future conditions) for trade receivables to estimate the 12-month expected credit losses or the lifetime expected credit losses on the financial assets as relevant.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling, general and administrative expenses.

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

2.13.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, restricted 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 expense from valuation of assets (except financial) (note 31).

2.14. Off-balance sheet assets and liabilities

Off-balance sheet assets/liabilities include: material received from third parties for further processing and other assets not owned by the Company, as well as receivables/payables relating to collaterals received/given such as guarantees and other warrants.

2.15. Share capital

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

2.16. Earnings per share

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

2.17. Provisions

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

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

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

2.18. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

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

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

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

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

2.19. Employee benefits

(a) Pension obligations

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

(b) Employee benefits provided by the Collective Agreement

The Company provides jubilee, retirement and other employee benefit schemes in accordance with the Collective Agreement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Serbian Treasury bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

(c) Bonus plans

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

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

2.20. Revenue recognition from contracts with customers

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

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

Revenue is shown net of returns, rebates and discounts.

Sales taxes

Revenue does not amount collected on behalf of tax authorities – value added taxes (VAT), excise duties and other sales taxes (fee for improvement of energy efficiency).

The accounting for excise duties is based on the Company's assessment whether it is primarily obligated for payment of excise duties or whether it collects the amount from the customer on behalf of the tax authorities.

Excise duties imposed during the inventory procurement process are included in the transaction price, revenue is determined on a gross basis and paid excise duties are also included in the cost of goods sold.

Excise duties incurred in production and sale of products are assessed as part of amounts collected on behalf of tax authorities and are accounted on a net basis.

(a) Sales - wholesale

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

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

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

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

(b) Sales – retail

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

(c) Sales of electricity

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

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

(d) Customer loyalty program

The Company operates a loyalty program where customers accumulate award points for purchases made which entitle them to discount on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire after the initial transaction. The transaction price is allocated to the goods sold and the award points on the basis of their relative stand-alone selling prices. A contract liability for the award points is recognized at the time of the sale. Contract liabilities arising from customer loyalty program are presented in the note 27.

(e) Interest income

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

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

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

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

2.21. Dividend distribution

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

2.22. Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale

(qualifying assets) are capitalised as part of the costs of those assets. All other borrowing costs are expensed in the period in which they are incurred.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Preparing financial statements required Management to make estimates and assumptions that effect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the reporting period.

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

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

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

3.1. Implication of imposed US Sanctions

On 10 January 2025, the Company was included 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 Company to continue operating while negotiations regarding potential changes in the ownership structure. The last license in 2025 enabling operations of the Company 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 Company'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 Company 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 Financial Statements for the year ended 31 December 2025 in connection with this event.

Accordingly, no adjustments have been recognised in these 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 Company, 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 Company continues to actively monitor developments, engage with OFAC and other relevant authorities, and implement mitigation measures aimed at maintaining business continuity. The Company 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 Company estimates its oil and gas reserves in accordance with the Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Previously the Company estimated its oil and gas reserves in accordance with the rules promulgated by the US Securities and Exchange Commission (SEC).

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

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

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

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

3.3. Useful Lives of Property, Plant and Equipment

Management assesses the useful life of an asset by considering the expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located.

Differences between such estimates and actual results may have a material impact on the amount of the carrying values of the property, plant and equipment and may result in adjustments to future depreciation rates and expenses for the year.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2025 would be to increase/decrease it by 2,377,598 RSD (2024: 2,199,056 RSD).

3.4. Employee benefits

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

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

If the discount rate used to calculate the present value of employee benefit obligations had been 6.83% (rather than 5.83%) per year, the past service liability (DBO) for the Company would decrease by about 7.38% for retirement indemnity and 4.54% for jubilee benefit. If pay increased by 1% higher than assumed on an annual basis, than the past service liability (DBO) for the Company would increase by amount 8.59% for the retirement indemnity.

3.5. Decommissioning and environmental protection provision

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

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

The amount recognised as a provision (note 22) is the best estimate of the expenditures required to settle the present obligation at the reporting date based on current legislation in each jurisdiction where the Company's operating assets are located, and is also subject to change because of revisions and changes in laws and regulations and their interpretation. As a result of the subjectivity of these provisions there is uncertainty regarding both the amount and estimated timing of such costs.

If the discount rate used to calculate the present value of decommissioning obligations had been 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).

3.6. Contingencies

Certain conditions may exist as of the date of these financial statements are issued that may result in a loss to the Company, but one that will only be realised when one or more future events occur or fail to occur. Management makes an assessment of such contingent liabilities that is based on assumptions and is a matter of judgement. In assessing loss contingencies relating to legal or tax proceedings that involve the Company or unasserted claims that may result in such proceedings, the Company, after consultation with legal and tax advisors, evaluates the perceived merits of any legal or tax proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. If loss contingencies cannot be reasonably estimated, management recognises the loss when information becomes available that allows a reasonable estimation to be made. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee is disclosed. However, in some instances in which disclosure is not otherwise required, the Company may disclose contingent liabilities of an unusual nature which, in the judgment of Management and its legal counsel, may be of interest to shareholders or others (note 41).

3.7. Recoverability of carrying amount of Property, Plant and Equipment

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

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

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

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

4. APPLICATION OF AMENDMENTS TO THE EXISTING STANDARDS

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

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

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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

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

(a) market risk (including currency risk, interest rate risk and commodity price risk);

(b) credit risk and

(c) liquidity risk.

Market risk

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

Currency risk

The Company operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to USD and EUR. Currency risk arises from future commercial transactions and recognised assets and liabilities.

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

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

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

As of 31 December 2025	RSD	EUR	USD	Other	Total
Financial assets					
Non-current					
Financial instrument at FVTOCI	91,589	-	-	-	91,589
Long-term investments in subsidiaries foreign	-	3,456,468	-	-	3,456,468
Long term loans provided subsidiaries - domestic	-	2,239,056	-	-	2,239,056
LT placements	6,685	-	-	-	6,685
Other long-term investments	453,844	1,175,695	5,995	-	1,635,534
Current					
Trade receivables	22,879,722	9,807,219	-	647,294	33,334,235
Other receivables	243,093	1,517,349	157,796	517	1,918,755
Short term financial investments	16,338,516	6,332,202	-	-	22,670,718
Cash and cash equivalents	24,319,748	2,563,115	2,183	2,875	26,887,921
Financial liabilities					
Non-current					
Long-term liabilities	(8,500)	(42,526,234)	-	(6,603)	(42,541,337)
Current					
Short-term financial liabilities	(2,528,757)	(19,835,397)	-	(11,469)	(22,375,623)
Trade payables	(11,995,673)	(815,336)	(872,575)	(25,066)	(13,708,650)
Other short-term liabilities	(6,855,169)	(131,623)	(159,669)	(160)	(7,146,621)
Net exposure	**42,945,098**	**(36,217,486)**	**(866,270)**	**607,388**	**6,468,730**

As of 31 December 2024	RSD	EUR	USD	Other	Total
Financial assets					
Non-current					
Financial instrument at FVTOCI	91,693	-	-	-	91,693
Long-term investments in subsidiaries foreign	-	4,222,893	-	-	4,222,893
Long term loans provided subsidiaries - domestic	-	2,062,694	-	-	2,062,694
LT placements	6,685	-	-	-	6,685
Other long-term investments	293,102	1,167,150	6,746	-	1,466,998
Current					
Trade receivables	29,055,736	9,934,162	-	-	38,989,898
Other receivables	2,157,196	1,932,346	178,845	517	4,268,904
Short term financial investments	7,577,154	21,640,029	-	-	29,217,183
Cash and cash equivalents	25,256,003	13,363,589	93,816	108,302	38,821,710
Financial liabilities					
Non-current					
Long-term liabilities	(7,565)	(71,831,598)	-	(15,456)	(71,854,619)
Current					
Short-term financial liabilities	(2,391,579)	(9,288,151)	-	(12,366)	(11,692,096)
Trade payables	(14,584,538)	(1,635,268)	(69,357)	(34,342)	(16,323,505)
Other short-term liabilities	(6,160,659)	(217,912)	(183,882)	(309)	(6,562,762)
Net exposure	**41,293,228**	**(28,650,066)**	**26,168**	**46,346**	**12,715,676**

The following exchange rates applied during the period:

	Reporting date spot rate	
	31 December 2025	31 December 2024
EUR	117.2820	117.0149
USD	99.9165	112.4386

Sensitivity analysis

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

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

As at 31 December 2025, if the currency had strengthened/weaken by 1% against the EUR with all other variables held constant, pre-tax profit for the year and equity would have been 362,183 RSD (2024: 286,501 RSD) higher/lower, mainly as a result of foreign exchange gains/(losses) on translation of EUR – denominated borrowings.

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 17,325 RSD (2024: 523 RSD) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD – denominated accounting payables.

Commodity price risk

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

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

Interest rate risk

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

Credit risk

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

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

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

	31 December 2025	2024
Financial instrument at FVTOCI	91,589	91,693
Long-term investments in subsidiaries domestic (note 11)	2,239,056	2,062,694
Long-term investments in subsidiaries foreign (note 11)	3,456,468	4,222,893
Long term loans provided - domestic	6,685	6,685
Other long-term investments (note 12)	1,635,534	1,466,998
Trade receivables (note 15)	33,334,235	38,989,898
Other receivables (note 16)	4,246,153	11,981,627
Short term financial investments (note 17)	22,670,718	29,217,183
Cash and cash equivalents (note 18)	26,887,921	38,821,710
Total maximum exposure to credit risk	**94,568,359**	**126,861,381**

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

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

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

Trade and Other receivables

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 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, specific 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	Total trade, and other receivables
Trade and other receivables				
- current	0.09%	21,106,000	(18,096)	21,087,904
- less than 30 days overdue	0.86%	2,308,401	(19,925)	2,288,476
- 31 to 90 days overdue	4.67%	7,538,896	(352,352)	7,186,544
- 91 to 270 days overdue	22.17%	3,241,962	(718,896)	2,523,066
- over 270 days overdue	78.58%	20,977,524	(16,483,126)	4,494,398
Total trade and other receivables		**55,172,783**	**(17,592,395)**	**37,580,388**

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

	Loss rate	Gross carrying amount	Lifetime ECL	Total trade, and other receivables
Trade and other receivables				
- current	0.27%	41,140,320	(111,262)	41,029,058
- less than 30 days overdue	1.23%	2,272,588	(28,000)	2,244,588
- 31 to 90 days overdue	2.25%	1,231,653	(27,762)	1,203,891
- 91 to 270 days overdue	2.17%	1,204,456	(26,135)	1,178,321
- over 270 days overdue	73.44%	20,015,077	(14,699,410)	5,315,667
Total trade and other receivables		**65,864,094**	**(14,892,569)**	**50,971,525**

Trade and other receivables over 270 days overdue in amount of 4,494,398 RSD (2024: 5,315,667 RSD) mainly relates to receivables from related parties.

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

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

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

	Trade receivables	Lease receivables	Total
As at 1 January 2024	**4,570,906**	**30,547**	**4,601,453**
Provision for receivables impairment (note 37)	25,799	1,321	27,120
Unused amounts reversed (note 36)	(97,680)	(3,947)	(101,627)
Receivables written off during the year as uncollectible	(125,465)	(94)	(125,559)
As at 31 December 2024	**4,373,560**	**27,827**	**4,401,387**
As at 1 January 2025	**4,373,560**	**27,827**	**4,401,387**
Provision for receivables impairment (note 37)	60,726	3,287	64,013
Unused amounts reversed (note 36)	(36,024)	(688)	(36,712)
Receivables written off during the year as uncollectible	(93,085)	(461)	(93,547)
As at 31 December 2025	**4,305,176**	**29,965**	**4,335,141**

Expenses that have been provided for or written off are included in fair value measurement loss within the income statement. Amounts charged to the allowance account are generally written off where there is no expectation of recovering additional cash.

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

Movements on the provision for other receivables:

	Receivables from specific operations	Interest receivables	Other receivables	Total
As at 1 January 2024	**952,380**	**2,214,301**	**7,337,048**	**10,503,729**
Provision for other receivables impairment (note 37)	551	7,893	1,902	10,346
Unused amounts reversed (note 36)	(88)	(1,619)	(1,208)	(2,915)
Receivables written off during the year as uncollectible and other	-	(19,395)	(107)	(19,502)
Other	(1)	(475)	-	(476)
As at 31 December 2024	**952,842**	**2,200,705**	**7,337,635**	**10,491,182**
As at 1 January 2025	**952,842**	**2,200,705**	**7,337,635**	**10,491,182**
Provision for other receivables impairment (note 37)	598	2,884,007	785	2,885,390
Unused amounts reversed (note 36)	(53,652)	(7,130)	(1,336)	(62,118)
Receivables written off during the year as uncollectible and other	(21,634)	(28,480)	(5,256)	(55,370)
Other	-	(1,831)	1	(1,830)
As at 31 December 2025	**878,154**	**5,047,271**	**7,331,829**	**13,257,254**

Other financial assets at amortised cost

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

	Total
As at 1 January 2024	**163,020**
Exchange differences	(221)
As at 31 December 2024	**162,799**
As at 1 January 2025	**162,799**
Reclassification from non-current to current part	2,749,754
Exchange differences	(6,457)
As at 31 December 2025	**2,906,096**

Movements on the provision for short-term placements:

	Short-term financial loans Domestic	Current portion of long-term placements	Total
As at 1 January 2024	**2,019**	**9,543,744**	**9,545,763**
Remeasurement of expected credit losses	-	-	-
Unused amounts reversed	-	-	-
Reclassification from non-current to current part	-	-	-
Exchange differences	-	(12,934)	(12,934)
As at 31 December 2024	**2,019**	**9,530,810**	**9,532,829**
Remeasurement of expected credit losses	-	15,795,744	13,045,990
Unused amounts reversed	-	-	-
Reclassification from non-current to current part	-	(2,749,754)	-
Exchange differences	-	14,133	14,133
As at 31 December 2025	**2,019**	**22,590,933**	**22,592,952**

Credit quality of financial assets

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

	BBB and higher	Less than BBB	Without rating	Total
As at December 2025				
Cash and cash equivalents (note 18)	1,354,412	314,863	25,218,646	**26,887,921**
As at December 2024				
Cash and cash equivalents (note 18)	2,440,490	12,000,432	24,380,788	**38,821,710**

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

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

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

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

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5	Over 5 years
As at 31 December 2025					
Financial liabilities	64,916,960	68,787,503	24,069,942	44,214,571	502,990
Trade payables and dividends payable	19,552,841	19,552,841	19,552,841	-	-
	84,469,801	**88,340,344**	**43,622,783**	**44,214,571**	**502,990**
As at 31 December 2024					
Financial liabilities	83,546,715	92,759,105	17,307,916	74,306,024	1,145,165
Trade payables and dividends payable	20,106,903	20,106,903	20,106,903	-	-
	103,653,618	**112,866,008**	**37,414,819**	**74,306,024**	**1,145,165**

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

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

	31 December 2025	31 December 2024
Total borrowings (note 23 and 24)	64,916,960	83,546,715
Less: cash and cash equivalents (note 18)	(26,887,921)	(38,821,710)
Net debt	**38,029,039**	**44,725,005**
Adjusted EBITDA	30,830,375	47,955,195
Net debt to adjusted EBITDA ratio at the end of the year	**1.23**	**0.93**

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

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

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

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

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

6. SEGMENT INFORMATION

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

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

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

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

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

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

	Upstream	Downstream	Eliminations	Total
Segment revenue	43,795,109	272,150,606	(44,813,802)	271,131,913
Intersegment	42,165,176	2,648,626	(44,813,802)	-
External	1,629,933	269,501,980	-	271,131,913
Adjusted EBITDA (Segment results)	**25,602,303**	**5,228,072**	**-**	**30,830,375**
Depreciation, depletion and amortization	(13,698,261)	(12,368,574)	-	(26,066,835)
Impairment losses/ Revaluation surpluses (note 28 and 31)	30,484	54,846	-	85,330
Impairment of financial assets (note 36 and 37)	68,340	(18,705,689)	-	(18,637,349)
Finance expenses, net	(137,025)	(750,261)	-	(887,286)
Income tax	-	2,795,628	-	2,795,628
Segment profit/(loss)	**11,806,694**	**(24,040,099)**	**-**	**(12,233,405)**

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

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

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:

	Year ended 31 December	
	2025	2024
Adjusted EBITDA after allocation of Corporate centre	5,228,072	10,005,551
Corporate centre EBITDA	(9,502,362)	(9,042,728)
Adjusted EBITDA prior allocation of Corporate centre	**14,730,434**	**19,048,279**

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

	Year ended 31 December	
	2025	2024
Profit/(loss) for the year	(12,233,405)	18,380,578
Income tax expenses	(2,795,628)	3,785,604
Other expenses	1,018,651	1,393,267
Other income	(740,133)	(1,314,112)
Loss from valuation of assets at fair value through profit and loss	18,745,146	37,466
Income from valuation of assets at fair value through profit and loss	(107,797)	(109,555)
Finance expense	4,203,667	5,081,542
Finance income	(3,316,381)	(3,731,635)
Depreciation, depletion and amortization	26,066,835	24,232,857
Other non operating expenses/(income), net	(10,580)	199,183
EBITDA	**30,830,375**	**47,955,195**

Impact of major one-off items on the Company result

For the purpose of providing a better understanding of the Company underlying performance, the table below presents an analysis of the Company result for the years ended 31 December 2025 and 31 December 2024.

The analysis shows the Company result before one-off items related to impairment losses recorded in accordance with IFRS 9.

The impairment losses relate to Long-term loans issued to subsidiaries NIS Petrol Bulgaria and NIS Petrol Romania, as disclosed in note 11,16 and 17.

	Year ended 31 December	
	2025	2024
Company profit/(loss) for the period	**(12,233,405)**	**18,380,578**
Impairment of LT Loans issued to Petrol Bulgaria (note 36,37)	2,683,522	-
Impairment of LT Loans issued to Petrol Romania (note 36,37)	15,988,436	-
Income tax effect of impairment loss	(254,761)	-
Company profit for the period before impairment loss	**6,183,792**	**18,380,578**

Oil, gas and petroleum products sales comprise the following (based on the country of customer incorporation):

	Year ended 31 December 2025		
	Domestic Market	Export and international sales	Total
Sale of crude oil	-	-	-
Sale of gas	574,581	-	574,581
Wholesale activities	574,581	-	574,581
Sale of petroleum products	213,774,564	36,422,095	250,196,659
Through a retail network	92,855,221	-	92,855,221
Wholesale activities	120,919,343	36,422,095	157,341,438
Lease revenue	439,725	3,444	443,169
Sales of electricity	748,930	-	748,930
Other sales and other operating income	18,870,765	297,809	19,168,574
Total sales and other income	**234,408,565**	**36,723,348**	**271,131,913**

	Year ended 31 December 2024		
	Domestic Market	Export and international sales	Total
Sale of crude oil	-	5,042,244	5,042,244
Sale of gas	217,712	-	217,712
Wholesale activities	217,712	-	217,712
Sale of petroleum products	318,233,897	48,239,918	366,473,815
Through a retail network	106,235,625	-	106,235,625
Wholesale activities	211,998,272	48,239,918	260,238,190
Lease revenue	352,126	5,746	357,872
Sales of electricity	933,083	-	933,083
Other sales and other operating income	17,572,016	404,841	17,976,857
Total sales and other income	**337,308,834**	**53,692,749**	**391,001,583**

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 and other operating income mainly relate to sales of non-fuel products at petrol stations for 12,474,496 RSD (2024: 12,788,758 RSD).

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

The breakdown of the major component of the total revenue from external customers from other countries is disclosed below:

	Year ended 31 December	
	2025	2024
Sale of crude oil	-	5,042,244
Sale of petroleum products (retail and wholesale)		
Bosnia and Herzegovina	16,524,575	21,830,495
Bulgaria	7,316,165	5,715,850
Romania	268,261	1,171,245
All other markets	12,313,094	19,522,328
	36,422,095	48,239,918
Lease revenue	3,444	5,746
Other sales and other operating income	297,809	404,841
	36,723,348	**53,692,749**

Presentation of excise duties

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

	Year ended 31 December	
	2025	2024
Sales revenue and other income	433,380,037	587,147,802
Excise duties	(162,248,124)	(196,146,219)
Net sales revenue and other income	**271,131,913**	**391,001,583**

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



7. INTANGIBLE ASSETS

	Development investments	Concessions, patents, licenses, software and other rights	Other intangibles	Intagible assets under develpoment	Total
At 1 January 2024					
Cost	18,209,844	11,276,330	1,302,523	1,979,379	32,768,076
Accumulated amortisation and impairment	(8,203,657)	(9,126,225)	(221,431)	-	(17,551,313)
Net book amount	**10,006,187**	**2,150,105**	**1,081,092**	**1,979,379**	**15,216,763**
Year ended 31 December 2024					
Additions	146,248	832,978	25,771	(51,009)	953,988
Depreciation	(1,269,814)	(521,629)	(24,299)	-	(1,815,742)
Impairment charge (note 31)	-	(8,806)	-	(908)	(9,714)
Disposals and write-off	-	(216)	-	-	(216)
Closing net book amount	**8,882,621**	**2,452,432**	**1,082,564**	**1,927,462**	**14,345,079**
As at 31 December 2024					
Cost	18,356,092	12,084,339	1,306,706	1,928,370	33,675,507
Accumulated amortization and impairment	(9,473,471)	(9,631,907)	(224,142)	(908)	(19,330,428)
Net book amount	**8,882,621**	**2,452,432**	**1,082,564**	**1,927,462**	**14,345,079**
At 1 January 2025					
Cost	18,356,092	12,084,339	1,306,706	1,928,370	33,675,507
Accumulated amortization and impairment	(9,473,471)	(9,631,907)	(224,142)	(908)	(19,330,428)
Net book amount	**8,882,621**	**2,452,432**	**1,082,564**	**1,927,462**	**14,345,079**
Year ended 31 December 2025					
Additions	205,958	1,330,904	11,174	7,405	1,555,441
Depreciation	(1,222,570)	(626,363)	(27,876)	-	(1,876,809)
Impairment charge (note 31)	-	(44,907)	-	-	(44,907)
Disposals and write-off	-	(195)	-	-	(195)
Other transfers	-	19,031	(19,031)	2,635	2,635
Closing net book amount	**7,866,009**	**3,130,902**	**1,046,831**	**1,937,502**	**13,981,244**
As at 31 December 2025					
Cost	18,562,050	13,163,662	1,288,476	1,937,502	34,951,690
Accumulated amortization and impairment	(10,696,041)	(10,032,760)	(241,645)	-	(20,970,446)
Net book amount	**7,866,009**	**3,130,902**	**1,046,831**	**1,937,502**	**13,981,244**

Intangible assets under development as at 31 December 2025 amounting to 1,937,502 RSD (31 December 2024: 1,927,462 RSD) mostly relate to investments in explorations (unproved reserves) in the amount of 1,169,316 RSD (31 December 2024: 1,234,303 RSD).

8. PROPERTY, PLANT AND EQUIPMENT

a) Property, plant and equipment carried at cost

	Land	Buildings	Machinery and equipment	Construction in Progress	Other PP&E	Investments in leased PP&E	Advances to suppliers	Total
At 1 January 2024								
Cost	10,400,031	273,843,067	169,629,727	23,363,366	82,660	542,554	4,184,286	482,045,691
Accumulated depreciation and impairment	(292,232)	(115,699,980)	(95,943,864)	(1,806,380)	(1,113)	(414,825)	(21,363)	(214,179,757)
Net book amount	**10,107,799**	**158,143,087**	**73,685,863**	**21,556,986**	**81,547**	**127,729**	**4,162,923**	**267,865,934**
Year ended 31 December 2024								
Additions	36,420	21,078,320	20,223,401	5,946,384	704	158	6,397,006	53,682,393
Changes in decommissioning obligations (note 22)	-	479,676	-	-	-	-	-	479,676
Impairment effect, net (note 28 and 31)	(1,335)	(1,587)	-	63,011	-	-	(12,623)	47,466
Depreciation	-	(12,842,700)	(9,132,833)	-	-	(15,022)	-	(21,990,555)
Transfer from/(to) assets held for sale	12,924	(814)	(57)	(85,111)	-	-	-	(73,058)
Transfer to investment property	(8,532)	(1,900)	-	-	-	-	-	(10,432)
Disposals and write-off	(11,290)	(288,859)	(105,217)	(186)	(15)	-	-	(405,567)
Other transfers and closing advances for PPE	2,813	(4,412)	(842)	(219,730)	-	7,442	(7,770,676)	(7,985,405)
Closing net book amount	**10,138,799**	**166,560,811**	**84,670,315**	**27,261,354**	**82,236**	**120,307**	**2,776,630**	**291,610,452**
At 31 December 2024								
Cost	10,424,275	294,306,334	188,538,210	27,468,765	83,349	549,155	2,810,616	524,180,704
Accumulated depreciation and impairment	(285,476)	(127,745,523)	(103,867,895)	(207,411)	(1,113)	(428,848)	(33,986)	(232,570,252)
Net book amount	**10,138,799**	**166,560,811**	**84,670,315**	**27,261,354**	**82,236**	**120,307**	**2,776,630**	**291,610,452**
At 1 January 2025								
Cost	10,424,275	294,306,334	188,538,210	27,468,765	83,349	549,155	2,810,616	524,180,704
Accumulated depreciation and impairment	(285,476)	(127,745,523)	(103,867,895)	(207,411)	(1,113)	(428,848)	(33,986)	(232,570,252)
Net book amount	**10,138,799**	**166,560,811**	**84,670,315**	**27,261,354**	**82,236**	**120,307**	**2,776,630**	**291,610,452**
Year ended 31 December 2025								
Additions	58,495	21,226,089	7,774,388	(866,339)	-	-	836,319	29,028,952
Changes in decommissioning obligations (note 22)	-	577,777	-	-	-	-	-	577,777
Impairment effect, net (note 28 and 31)	(1,240)	(10,353)	(92)	(36,976)	-	-	-	(48,661)
Depreciation	-	(13,747,485)	(10,013,088)	-	-	(15,411)	-	(23,775,984)
Transfer to assets held for sale	(11,296)	(110,904)	(215)	-	-	-	-	(122,415)
Disposals and write-off	(47)	(21,199)	(27,369)	(220,791)	-	-	26,825	(242,581)
Other transfers and closing advances for PPE	-	(8,980)	16,299	(703,234)	-	-	(2,342,419)	(3,038,334)
Closing net book amount	**10,184,711**	**174,465,756**	**82,420,238**	**25,434,014**	**82,236**	**104,896**	**1,297,355**	**293,989,206**
At 31 December 2025								
Cost	10,471,187	315,481,107	193,347,443	25,658,771	83,349	549,155	1,304,517	546,895,529
Accumulated depreciation and impairment	(286,476)	(141,015,351)	(110,927,205)	(224,757)	(1,113)	(444,259)	(7,162)	(252,906,323)
Net book amount	**10,184,711**	**174,465,756**	**82,420,238**	**25,434,014**	**82,236**	**104,896**	**1,297,355**	**293,989,206**

In 2025, the Company 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: 80,335 RSD).

Of the total amount of activations in 2025 in the amount of 28,192,633 RSD, the most significant part refers to activation on oil&gas properties in the amount of 20,354,704 RSD. In 2024 the amount of 47,285,387 RSD, the most significant part refers to to activation on oil&gas properties in the amount of 16,510,657 RSD.

As at 31 December 2025, the Company assessed impairment indicators of cash generating units ("CGU") – refer to note 3.7 for details. In addition, Company has assessed and recognized impairment loss in the amount of 48,661 RSD (2024: impairment gains 47,466 RSD) for the asset which has disposed due to obsolete, physically damage or for assets under constructions for which exist indication that expected recoverable amounts would not recover carrying value of the assets.

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

b) Right of use assets

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2024	**1,426**	**800,397**	**173,627**	**1,832,623**	**2,808,073**
Additions	13,793	194,522	128,253	304,572	641,140
Depreciation	(3,121)	(109,237)	(80,939)	(233,263)	(426,560)
Disposal	-	-	(1,548)	(198,647)	(200,195)
As at 31 December 2024	**12,098**	**885,682**	**219,393**	**1,705,285**	**2,822,458**
As at 1 January 2025	**12,098**	**885,682**	**219,393**	**1,705,285**	**2,822,458**
Additions	-	40,316	388,718	31,841	460,875
Depreciation	(3,890)	(116,098)	(117,494)	(176,560)	(414,042)
Transfers	-	-	-	(30,567)	(30,567)
Disposal	-	-	(595)	(50,661)	(51,256)
Effect of contract modifications and changes in estimates	-	9,974	23,398	-	33,372
As at 31 December 2025	**8,208**	**819,874**	**513,420**	**1,479,338**	**2,820,840**

c) Investment property – carried at fair value

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

Movements on the account were as follows:

	2025	2024
As at 1 January	**1,512,766**	**1,514,651**
Fair value gain / (loss) (note 28 and 31)	155,389	(2,991)
Transfers from PPE	-	10,432
Other transfer	(7,892)	40
Disposals	-	(9,366)
As at 31 December	**1,660,263**	**1,512,766**

As at 31 December 2025, investment properties amounting to 1,660,263 RSD (31 December 2024: 1,512,766 RSD) mainly relate to the petrol stations and business facilities that have been rented out under long-term lease agreements, and are valued at fair value as at the reporting date.

Fair value of investment properties

Valuation of the Company's investment properties comprised of rented petrol stations and other business facilities was performed to determine the fair value as at 31 December 2025 and 2024. The revaluation gain was credited to income from assets valuation.

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

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

Fair value measurements at 31 December 2025 using:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Land and buildings			
– Shops and other facilities for rents	-	1,058,267	-
– Gas stations	-	-	601,996
Total	**-**	**1,058,267**	**601,996**

Fair value measurements at 31 December 2024 using:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Land and buildings			
– Shops and other facilities for rents	-	921,271	-
– Gas stations	-	-	591,495
Total	**-**	**921,271**	**591,495**

Valuation techniques used to derive level 2 fair values

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

Fair value measurements using significant unobservable inputs (Level 3)

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

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

	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
Assets as at 1 January	**591,495**	**593,769**
Transfer to PPE	-	(2,274)
Changes in fair value measurement:		
Fair value income	10,501	-
Other	-	-
Total increase in fair value measurement, assets	10,501	-
Assets as at 31 December	**601,996**	**591,495**

d) Oil and gas production assets

Oil and gas production assets comprise of aggregated exploration and evaluation assets and development expenditures associated with the production of proved reserves (note 2.7).

	Capitalised exploration and evaluation expenditure	Capitalised development expenditure	Total - asset under construction (exploration and development expenditure)	Production assets	Other business and corporate assets	Total
As at 1 January 2024						
Cost	4,754,134	6,613,024	11,367,158	231,482,615	25,889	242,875,662
Depreciation and impairment	(151,763)	(33,077)	(184,840)	(97,852,172)	(20,353)	(98,057,365)
Net book amount	**4,602,371**	**6,579,947**	**11,182,318**	**133,630,443**	**5,536**	**144,818,297**
Year ended 31 December 2024						
Additions	1,712,950	2,230,637	3,943,587	16,510,657	-	20,454,244
Changes in decomisioning obligations	-	-	-	479,398	-	479,398
Depreciation and depletion	-	-	-	(12,833,413)	-	(12,833,413)
Transfer to investment property	-	-	-	(13)	-	(13)
Other transfer	485	(14,212)	(13,727)	7,072	(94)	(6,749)
Disposals and write-off	-	(187)	(187)	(30,297)	(15)	(30,499)
	6,315,806	**8,796,185**	**15,111,991**	**137,763,847**	**5,427**	**152,881,265**
As at 31 December 2024						
Cost	6,467,569	8,829,262	15,296,831	248,033,301	25,780	263,355,912
Depreciation and impairment	(151,763)	(33,077)	(184,840)	(110,269,454)	(20,353)	(110,474,647)
Net book amount	**6,315,806**	**8,796,185**	**15,111,991**	**137,763,847**	**5,427**	**152,881,265**
Year ended 31 December 2025						
Additions	(271,620)	(1,022,281)	(1,293,901)	20,354,704	-	19,060,803
Changes in decomisioning obligations	-	-	-	577,584	-	577,584
Impairment effect, net	-	(6,089)	(6,089)	-	-	(6,089)
Depreciation and depletion	-	-	-	(13,537,516)	-	(13,537,516)
Other transfer	(63,625)	-	(63,625)	321	(259)	(63,563)
Disposals and write-off	(219,840)	10	(219,830)	(8,374)	-	(228,204)
	5,760,721	**7,767,825**	**13,528,546**	**145,150,566**	**5,168**	**158,684,280**
As at 31 December 2025						
Cost	5,912,484	7,806,991	13,719,475	268,436,891	25,518	282,181,884
Depreciation and impairment	(151,763)	(39,166)	(190,929)	(123,286,325)	(20,350)	(123,497,604)
Net book amount	**5,760,721**	**7,767,825**	**13,528,546**	**145,150,566**	**5,168**	**158,684,280**

The Company has concession-related obligations arising from its oil and gas operations in Angola. Due to sanctions-related restrictions, the Company 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 Company in default risks in respect of these concession obligations. The Company 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.

9. INVESTMENTS IN SUBSIDIARY

	31 December 2025	31 December 2024
Investments in subsidiaries:		
- In shares	3,457,576	3,457,576
- In stakes	40,303,566	40,303,566
	43,761,142	43,761,142
Less: Provision	(12,744,460)	(12,744,460)
	31,016,682	**31,016,682**
Other financial assets available for sales	91,589	91,693
	31,108,271	**31,108,375**

10. INVESTMENTS IN JOINT VENTURES

The carrying value of the investments in associates and joint ventures as of 31 December 2025 and 2024 is presented below:

		Ownership percentage	31 December 2025	31 December 2024
Gazprom Energoholding Serbia d.o.o. Novi Sad	Joint venture	49%	1,038,800	1,038,800
Total investments:			**1,038,800**	**1,038,800**

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

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

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 as of 31 December 2025 and 2024 and for the years ended 31 December 2025 and 2024 is presented in the table below:

	Gazprom Energoholding Serbia
31 December 2025	
Current assets	1,727,360
Non-current assets	21,436,952
Current liabilities	3,814,015
Non-current liabilities	13,886,752
Revenue	15,014,478
Profit for the year	1,621,963
31 December 2024	
Current assets	2,506,687
Non-current assets	21,979,523
Current liabilities	5,747,971
Non-current liabilities	14,894,183
Revenue	15,095,928
Loss for the year	(113,078)

11. LONG-TERM INVESTMENTS IN PARENT AND SUBSIDIARIES

	31 December 2025	31 December 2024
LT loans - Subsidiaries - Domestic	2,067,402	2,062,694
LT loans - Subsidiaries - Foreign	6,362,564	4,385,692
LT receivables - Other related parties	171,654	-
	8,601,620	6,448,386
Less: Impairment	(2,906,096)	(162,799)
	5,695,524	**6,285,587**

Long-term loans represent funds issued to subsidiaries for strategic and operational purposes. The current portion of these loans includes amounts due within 12 months from the reporting date, while the non-current portion represents balances due thereafter.

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

	Currency	31 December 2025	31 December 2024
Domestic			
NIS Petrol a.d. Belgrade, Serbia	EUR	2,067,402	2,062,694
		2,067,402	2,062,694
Foreign			
NIS Petrol e.o.o.d. Sofija, Bulgaria	EUR	-	-
NIS Petrol SRL, Bucharest, Romania	EUR	2,157,986	3,892,516
NIS Petrol d.o.o. Banja Luka, BiH	EUR	3,768,920	-
Jadran - Naftagas d.o.o. Banja Luka, BiH	EUR	435,658	493,176
		6,362,564	4,385,692
		8,429,966	**6,448,386**

As described in Note 2.1 (Basis of preparation), the preparation of these financial statements involves significant management judgment and estimates, including the assessment of expected credit losses on loans and long-term financial assets in accordance with IFRS 9.

Based on this assessment, expected credit losses of RSD 18,677,802 (including exchange loss in the amount of RSD 5,844) were recognised during the period, (note 6, 36 and 37). The recognition of these losses reflects management's assessment of the recoverable amount of the relevant financial assets as at the reporting date.

Loans are unsecured, denominated in EUR, bear interest at 2,1% fix rate or 6M EURIBOR plus 2,1% to 2,9% per annum, and a portion of the loans granted to foreign subsidiaries is subordinated.

12. OTHER LONG-TERM FINANCIAL INVESTMENTS

	31 December 2025	31 December 2024
Other LT investments	259,802	260,553
LT loans given to employees	655,775	647,358
Other LT investments at FV	839,712	837,800
LT receivables	150,718	-
Less: Impairment	(270,473)	(278,713)
	1,635,534	**1,466,998**

Loans to employees as at 31 December 2025 amounting to 655,775 RSD (31 December 2024: 647,358 RSD) represent interest-free loans or loans at the interest rate of 0.5% and 1.5% given to employees for housing purposes, and are repaid through monthly instalments. These loans are impaired in the amount of 270,473 RSD.

Other long-term investments at fair value in the amount of 839,712 RSD (31 December 2024: 837,800 RSD) are recognised in accordance with agreement for O&G exploration project.

13. DEFERRED TAX ASSETS AND LIABILITIES

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

	Assets	Liabilities	Net
As at December 31, 2025			
Provisions	859,201	-	859,201
Property, plant and equipment	4,624,171	-	4,624,171
Impairment losses	54,045	-	54,045
Fair value gains	3,971	-	3,971
Revaluation reserve	-	(11,210)	(11,210)
	5,541,388	**(11,210)**	**5,530,178**
As at December 31, 2024			
Provisions	705,806	-	705,806
Property, plant and equipment	3,519,278	-	3,519,278
Impairment losses	61,010	-	61,010
Fair value gains	3,955	-	3,955
Revaluation reserve	-	(11,359)	(11,359)
	4,290,049	**(11,359)**	**4,278,690**

Movements in temporary differences during the period:

	As at December 31, 2024	Recognised in profit or loss	Recognised in other comprehensive income	Other	As at December 31, 2025
Provisions	705,806	143,998	9,398	(1)	859,201
Property, plant and equipment	3,519,278	1,105,755	-	(862)	4,624,171
Impairment losses	61,010	(6,965)	-	-	54,045
Fair value gains	3,955	-	16	-	3,971
Revaluation reserve	(11,359)	-	-	149	(11,210)
Total	**4,278,690**	**1,242,788**	**9,414**	**(714)**	**5,530,178**

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

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

14. INVENTORY

	31 December 2025	31 December 2024
Materials, spare parts and tools	14,573,840	23,496,351
Work in progress	6,777,114	5,524,212
Finished goods	6,945,828	15,593,411
Goods for sale	6,207,403	1,749,342
Advances	2,468,580	1,341,448
Less: impairment of inventory	(4,296,730)	(4,326,119)
Less: impairment of advances	(148,171)	(148,022)
	32,527,864	**43,230,623**

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.

Movement on inventory provision is as follows:

	Impairment of inventories	Impairment of Advances	Total
Balance as of 1 January 2024	**4,396,526**	**148,467**	**4,544,993**
Provision for inventories and advances (note 31)	-	93	93
Unused amounts reversed (note 28)	(40,067)	(538)	(40,605)
Write-off and other	(30,340)	-	(30,340)
Balance as of 31 December 2024	**4,326,119**	**148,022**	**4,474,141**
Provision for inventories and advances (note 31)	1,506	1,181	2,687
Unused amounts reversed (note 28)	(25,818)	(378)	(26,196)
Write-off and other	(5,077)	(654)	(5,731)
Balance as of 31 December 2025	**4,296,730**	**148,171**	**4,444,901**

15. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Parents and subsidiaries - domestic	3,869,672	1,783,650
Parents and subsidiaries - foreign	10,140,644	8,266,715
Other related parties - domestic	163,331	50,484
Trade receivables domestic – third parties	23,231,516	32,466,980
Trade receivables foreign – third parties	264,213	823,456
	37,669,376	**43,391,285**
Less: Impairment	(4,335,141)	(4,401,387)
	33,334,235	**38,989,898**

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

Receivables from subsidiaries are subject to a separate credit risk assessment.

Management considers that the risk profile of such receivables differs from that of third-party receivables due to the control mechanisms in place.

Management believes that the non-impaired trade and other receivables are fully recoverable. The carrying amounts of the Company's trade and other receivables are mostly denominated in the RSD.

16. OTHER RECEIVABLES

	31 December 2025	31 December 2024
Receivables from specific operations	1,179,267	1,312,690
Interest receivables	6,593,376	5,945,423
Receivables from employees	12,831	23,431
Other receivables	7,389,911	7,477,918
Income tax prepayment	2,160,746	7,549,680
Prepaid taxes and contributions	167,276	163,667
Less: Impairment	(13,257,254)	(10,491,182)
	4,246,153	**11,981,627**

17. SHORT-TERM FINANCIAL INVESTMENTS

	31 December 2025	31 December 2024
ST loans and placements - Parent and subsidiaries	16,327,406	7,566,107
ST loans and placements - Domestic	2,019	2,019
Current portion of LT placements - Parent and subsidiaries	28,873,467	31,119,453
Other ST financial placements	60,778	62,433
Less: Impairment-subsidiaries	(22,590,933)	(9,530,810)
Less: Impairment-third parties	(2,019)	(2,019)
	22,670,718	**29,217,183**

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

	Currency	31 December 2025	31 December 2024
Domestic			
Naftagas-Tehnicki servisi d.o.o., Zrenjanin	RSD	49,460	-
Naftagas-Naftni servisi d.o.o. Novi Sad, Serbia	RSD	3,974,457	2,485,108
HIP Petrohemija d.o.o. Pančevo, Serbia	RSD	12,303,489	5,080,999
		16,327,406	7,566,107
Foreign			
NIS Petrol e.o.o.d. Sofija, Bulgaria	EUR	10,586,930	10,562,818
NIS Petrol SRL, Bucharest, Romania	EUR	16,539,830	14,883,673
NIS Petrol d.o.o. Banja Luka, BiH	EUR	2,980	3,991,716
Jadran - Naftagas d.o.o. Banja Luka, BiH	EUR	1,743,727	1,681,246
		28,873,467	31,119,453
		45,200,873	**38,685,560**

The short-term loans represent loans provided to subsidiaries on a needs basis as part of the group's central cash management. These loans allow subsidiaries to maintain sufficient liquidity while the parent company centrally monitors and manages cash. The most significant portion of short-term loans at the reporting date relates to the subsidiary HIP Petrohemija, 12,303,489 RSD and Naftagas-Naftni servisi 3,974,457 RSD. Other subsidiaries' balances are not individually material. Loans are unsecured, denominated in RSD, bear interest at average of BEONIA and 6m BELIBOR, and are repayable on demand.

The increase in impairment loss provision during the period is mainly attributable to the impairment of individually assessed investments (loans and accrued interest) granted to subsidiaries NIS Petrol Bulgaria and NIS Petrol Romania, amounting to 18,671,958 RSD (note 11,16 and 17).

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

18. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash in bank and in hand	4,862,973	9,905,260
Deposits with original maturity of less than three months	22,021,562	28,912,653
Cash equivalents	3,386	3,797
	26,887,921	**38,821,710**

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

19. PREPAYMENTS AND ACCRUED INCOME

	31 December 2025	31 December 2024
Deferred input VAT	1,159,384	3,599,608
Prepaid expenses	198,742	421,816
Accrued revenue	19,937	38,709
Prepaid excise duty	3,031,263	6,610,439
Housing loans and other prepayments	403,671	432,526
	4,812,997	**11,103,098**

Deferred input VAT as at 31 December 2025 amounting to 1,159,384 RSD (31 December 2024: 3,599,608 RSD) represents VAT claimed on invoices received and accounted for in the current period, whilst inputs will be allowed in the following accounting period.

Prepaid excise duty as at 31 December 2025 amounting to 3,031,263 RSD (31 December 2024: 6,610,439 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

20. OFF-BALANCE SHEET ASSETS AND LIABILITIES

	31 December 2025	31 December 2024
Issued warranties and bills of exchange	73,530,242	107,949,227
Received warranties and bills of exchange	11,598,607	42,053,432
Properties in ex-Republics of Yugoslavia	5,358,020	5,358,146
Receivables from companies from ex-Yugoslavia	6,134,751	6,903,557
Third party merchandise in warehouses	11,802,937	17,557,514
Assets for oil fields liquidation	1,361,966	1,361,966
Mortgages and pladges recived	2,287,988	4,617,140
Other off-balance sheet assets and liabilities	991,985	751,414
	113,066,496	**186,552,396**

21. SHARE CAPITAL

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

Share capital as of 31 December 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 31 December 2025	2024
Profit/(loss) attributable to the ordinary equity holder	(12,233,405)	18,380,578
Weighted average number of ordinary shares	163,060,400	163,060,400
Earnings (loss) per share (in RSD)	**(75.02)**	**112.72**

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

22. LONG – TERM PROVISIONS

Movements on the long-term provisions were as follow:

	Decommissio-ing	Environmental protection	Employees benefits	Long-term incentive program	Legal claims provisions	Total
As at 1 January 2024	**11,128,294**	**451,287**	**801,599**	**1,496,533**	**332,675**	**14,210,388**
Charged to the income statement	151,029	-	137,968	303,850	70,642	663,489
New obligation incurred and change in estimates (note 8)	479,676	-	-	-	-	479,676
Release of provision (note 38)	(87,194)	-	-	-	-	(87,194)
Actuarial loss charged to other comprehensive income	-	-	84,733	-	-	84,733
Settlement	(25,422)	(77,808)	(78,298)	(1,300,106)	(61,083)	(1,542,717)
Other	-	-	-	-	21	21
As at 31 December 2024	**11,646,383**	**373,479**	**946,002**	**500,277**	**342,255**	**13,808,396**
As at 1 January 2025	**11,646,383**	**373,479**	**946,002**	**500,277**	**342,255**	**13,808,396**
Charged to the income statement	255,669	-	134,192	1,080,751	15,041	1,485,653
New obligation incurred and change in estimates (note 8)	577,777	-	-	-	-	577,777
Release of provision (note 38)	(89,977)	-	-	-	-	(89,977)
Actuarial loss charged to other comprehensive income	-	-	62,650	-	-	62,650
Settlement	(9,163)	(83,347)	(86,442)	(237,533)	(44,432)	(460,917)
Other	-	-	-	-	-	-
As at 31 December 2025	**12,380,689**	**290,132**	**1,056,402**	**1,343,495**	**312,864**	**15,383,582**

Analysis of total provisions:

	31 December 2025	31 December 2024
Non-current	12,999,305	12,652,906
Current	2,384,277	1,155,490
	15,383,582	**13,808,396**

(a) Decommissioning

The Company's Management estimates future cash outflows for restoration of natural resources (land) on oil and gas wells based on previous experience in similar projects.

(b) Environmental protection

The Company has to comply with environmental protection regulations. At the reporting date Company recorded provision for environmental protection of 290,132 RSD (31 December 2024: 373,479 RSD) based on the management assessment of necessary costs for cleaning up sites and remediation of polluted facilities.

(c) Long-term incentive program

In 2011, the Company started setting-up a long-term incentive program for Company managers. Following the program's approval, cash incentives were paid out based on the Key Performance Indicators ("KPI") reached over the past three-year periods. As at 31 December 2025 the management made an assessment of present value of liabilities related to new three-year employee incentives (2024-2026) in the total amount of RSD 1,343,495 thousand (2024: 500,277 RSD).

(d) Legal claims provisions

As at 31 December 2025, the Company assessed the probability of negative outcomes of legal procedures, as well as the amounts of probable losses. The Company charged provision for litigation amounting to 15,041 RSD (charged to provision in 2024: 70,642 RSD) for proceedings which were assessed to have negative outcome. The Company estimated that the outcome of all legal proceedings would not lead to material losses exceeding the amount of provision as at 31 December 2025.

(e) Provision for employee benefits

Employee benefits:

	31 December 2025	31 December 2024
Retirement allowances	720,186	651,561
Jubilee awards	336,216	294,441
	1,056,402	**946,002**

The principal actuarial assumptions used were as follows:

	31 December 2025	31 December 2024
Discount rate	5.83%	6.29%
Future salary increases	6.11%	5.67%
Future average years of service	17.48	18.39

	Retirement allowances	Jubilee awards	Total
Balances as at 1 January 2024	**550,343**	**251,256**	**801,599**
Benefits paid directly	(56,131)	(22,167)	(78,298)
Actuarial losses charged to other comprehensive income	84,733	-	84,733
Debited to the income statement	72,616	65,352	137,968
Balances as at 31 December 2024	**651,561**	**294,441**	**946,002**
Benefits paid directly	(64,681)	(21,761)	(86,442)
Actuarial losses charged to other comprehensive income	62,650	-	62,650
Debited to the income statement	70,656	63,536	134,192
Balances as at 31 December 2025	**720,186**	**336,216**	**1,056,402**

The amounts recognized in the Income Statement are as follows:

	Year ended 31 December	
	2025	2024
Current service cost	65,156	45,585
Past service cost	60,903	58,680
Interest cost	5,996	10,804
Curtailment loss	2,137	14,298
Actuarial loss (jubilee awards)	-	8,601
	134,192	**137,968**

23. LONG-TERM LIABILITIES

	31 December 2025	31 December 2024
Bank loans	46,392,416	65,159,107
Lease liabilities	1,792,145	1,986,400
Other non-current financial liabilities	12,313,560	12,140,168
Other long-term borowings	1,877,203	1,873,528
	62,375,324	**81,159,203**
Less Current portion (note 24)	(19,833,987)	(9,304,584)
	42,541,337	**71,854,619**

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

	Long-term loans	Short-term loans	Lease	Total
As at 1 January 2024	**65,223,168**	**3,606,281**	**2,132,016**	**70,961,465**
Proceeds	12,055,367	24,542,554	-	36,597,921
Repayment	(11,935,485)	(25,761,322)	(684,902)	(38,381,709)
Non-cash transactions	(95,467)	(1)	545,633	450,165
Foreign exchange difference	(88,476)	-	(6,347)	(94,823)
As at 31 December 2024	**65,159,107**	**2,387,512**	**1,986,400**	**69,533,019**
As at 1 January 2025	**65,159,107**	**2,387,512**	**1,986,400**	**69,533,019**
Proceeds	4,464,639	9,986,675	-	14,451,314
Repayment	(23,424,037)	(9,861,727)	(693,174)	(33,978,938)
Non-cash transactions	49,496	-	490,491	539,987
Foreign exchange difference	143,211	-	8,428	151,639
As at 31 December 2025	**46,392,416**	**2,512,460**	**1,792,145**	**50,697,021**

a) Bank loans

	31 December 2025	31 December 2024
Total bank loans	46,392,416	65,159,107
Current portion of long-term loans	(19,245,155)	(8,815,829)
	27,147,261	**56,343,278**

The maturity of non-current loans was as follows:

	31 December 2025	31 December 2024
Between 1 and 2 years	6,323,799	30,987,592
Between 2 and 5 years	20,578,503	24,567,096
Over 5 years	244,959	788,590
	27,147,261	**56,343,278**

The carrying amounts of bank loans in the amount of 46,392,416 RSD (31 December 2024: 65,159,107 RSD) are denominated in EUR.

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

The loan agreements contain financial covenants that require the Company to maintain a ratio of Indebtedness to EBITDA (note 6). Management believes the Company is in compliance with these covenants as of 31 December 2025 and 31 December 2024, respectively.

Although, the loan agreements contain mandatory prepayment covenants in the event international sanctions are imposed against the Company, outstanding loans as of 31 December 2025 still have not been subject of acceleration of the loans by its creditors due to active communication with creditors and National Bank of Serbia. Given the current geopolitical environment and the associated sanction-related risks, there is uncertainty regarding the potential future application of this clause. The Company is continuously monitoring the situation and conducting assessments in coordination with its legal advisors.

b) Lease liabilities

	31 December 2025	31 December 2024
Current portion of lease liabilities	588,832	488,755
Non-current finance lease liabilities	1,203,313	1,497,645
	1,792,145	**1,986,400**

Amounts recognized in profit and loss:

	2025	2024
Interest expense (included in finance cost)	76,112	95,416
Expense relating to short-term leases (note 32)	36,598	74,883
Expense relating to leases of low value assets that are not shown above as short-term leases (note 32)	2,301	11,521
Expense relating to variable lease payments not included in lease liabilities (note 32)	1,222,212	1,264,305

c) Other non-current financial liabilities

Other non-current financial liabilities in the amount of 12,313,560 RSD (2024: 12,140,168 RSD) represents deferred consideration in the amount of 864,962 RSD (2024: 837,800 RSD) for O&G exploration project and liabilities for additional capital contribution associated with the new plant construction program in the amount of 11,448,598 RSD (2024: 11,302,368 RSD).

d) Other long-term borrowings

Other long-term borrowings in the amount of 1,877,203 RSD (31 December 2024: 1,873,528 RSD) mainly relate to the corporate bonds.

24. SHORT-TERM FINANCE LIABILITIES

	31 December 2025	31 December 2024
ST loans - Parent and subsidiaries	2,512,460	2,387,512
Current portion of long-term liablities (note 23)	19,245,155	8,815,829
Current portion of long-term financial lease (note 23)	588,832	488,755
Current portion of other non-current financial liabilities	29,176	-
	22,375,623	**11,692,096**

25. TRADE PAYABLES

	31 December 2025	31 December 2024
Trade payables – parents and subsidiaries	7,481,026	5,773,742
Trade payables – other related parties	199,256	542,822
Trade payables - domestic	4,323,120	8,281,677
Trade payables - foreign	1,698,195	1,700,296
Trade payables - other	7,053	24,968
	13,708,650	**16,323,505**

26. OTHER SHORT-TERM LIABILITIES

	31 December 2025	31 December 2024
Specific liabilities	368,953	208,813
Liabilities for unpaid wages and salaries, gross	202	1,453,367
Interest liabilities	139,764	227,461
Dividends payable	5,844,191	3,783,398
Other payables to employees	789,798	799,826
VAT	1,163,827	2,313,587
Excise tax	2,103,227	8,458,168
Contribution for buffer stocks	128,631	348,084
Energy efficiency fee	14,636	39,876
Other taxes payables	2,248,817	1,037,240
Other current liabilities	3,713	89,897
	12,805,759	**18,759,717**

27. ACCRUED EXPENSES

Accrued expenses as at 31 December 2025 amounting to 3,457,434 RSD (31 December 2024: 4,002,916 RSD) mainly relate to accrued employee bonuses of 946,574 RSD (31 December 2024: 2,070,055 RSD), and contract liabilities arising from contracts with customers related to customer loyalty programme in amount 746,954 RSD (31 December 2024: 949,116 RSD).

Revenue in the amount of 5,374,490 RSD (31 December 2024: 4,831,194 RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2025, of which 4,653,648 RSD (31 December 2024: 4,243,270 RSD) related to advances and 720,842 RSD (31 December 2024: 587,924 RSD) to customer loyalty programme.

28. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December	
	2025	2024
Release of impairment:		
- PPE (note 8)	-	85,111
- Investment property (note 8)	155,389	-
- Inventory (note 14)	25,818	40,067
- Other property	271	35
	181,478	**125,213**

29. COST OF MATERIAL FUEL AND ENERGY

	Year ended 31 December	
	2025	2024
Costs of raw materials	147,804,134	199,038,259
Overheads and other costs	113,147	89,713
Fuel and energy cost	10,426,753	10,768,790
Other	659,950	639,362
	159,003,984	**210,536,124**

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

	Year ended 31 December	
	2025	2024
Wages and salaries (gross)	19,949,000	19,263,808
Taxes and contributions on wages and salaries paid by employer	2,663,364	2,525,325
Cost of service agreement	70,695	223,192
Cost of other personal wages	20,137	29,875
Fees paid to board of directors and general assembly board	159,076	141,340
Termination costs	4,560	21,561
Cost of service organizations	4,125	4,865
Other personal expenses	499,506	756,423
	23,370,463	**22,966,389**

31. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December	
	2025	2024
Impairment:		
- IA (note 7)	44,907	9,714
- PPE (note 8)	48,661	37,645
- Investment property (note 8)	-	2,991
- Inventory (note 14)	1,506	-
- Other property	1,074	974
	96,148	**51,324**

32. COST OF PRODUCTION SERVICES

	Year ended 31 December	
	2025	2024
Cost of production services	3,715,326	3,052,041
Transportation services	3,580,727	3,955,771
Maintenance	7,759,225	7,309,869
Rental costs (note 23)	1,261,111	1,350,709
Fairs	5,689	5,609
Advertising costs	767,359	1,153,047
Exploration expenses	271,612	30,404
Cost of other services	2,812,831	2,571,323
	20,173,880	**19,428,773**

33. NON-PRODUCTION COSTS

	Year ended 31 December	
	2025	2024
Costs of non-production services	3,894,048	4,281,899
Representation costs	69,949	171,573
Insurance premium	458,877	576,200
Bank charges	612,096	647,849
Cost of taxes	1,262,574	1,267,484
Mineral extraction tax	1,907,144	1,782,172
Franchisor commission	6,429,885	5,809,647
Other non-production expenses	988,733	750,650
	15,623,306	**15,287,474**

Cost of non-production services for the year ended 31 December 2025 amounting to 3,894,048 RSD (2024: 4,281,899 RSD), mostly relate to project management costs of 1,555,418 RSD (2024: 1,792,682 RSD), security costs of 1,203,268 RSD (2024: 1,032,374 RSD) and consulting service costs of 173,851 RSD (2024: 217,675 RSD).

34. FINANCE INCOME

	Year ended 31 December	
	2025	2024
Finance income - related parties:		
- foreign exchange differences	240,188	36,217
- other finance income	1,152,917	905,635
Interest income	1,439,875	2,113,315
Modification Gain	-	95,469
Unwinding of present value discount - income	38,825	29,201
Foreign exchange gains	426,473	486,465
Other finance income	18,103	65,333
	3,316,381	**3,731,635**

35. FINANCE EXPENSE

	Year ended 31 December	
	2025	2024
Finance expenses – related parties:		
- foreign exchange differences	139,940	92,548
- modification loss	1,231	-
- other finance expense	342,490	298,802
Interest expenses	2,662,115	3,378,155
Amortization of long-term liabilities	143,368	151,029
Interest expenses on bonds issued - third parties	45,641	1,392
Amortisation expense – discount of receivables	20,508	-
Modification Loss (third parties)	49,496	-
Foreign exchange losses	791,618	1,151,960
Other finance expense	7,260	7,656
	4,203,667	**5,081,542**

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

	Year ended 31 December	
	2025	2024
Reversal of impairment of LT financial investments	8,967	5,013
Income from valuation:		
- trade receivables (note 5)	36,712	101,627
- specific receivables (note 5)	53,652	88
- other receivables (note 5)	8,466	2,827
	107,797	**109,555**

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

	Year ended 31 December	
	2025	2024
Impairment of LT financial investments and other AFS securities	15,795,744	-
Loss from valuation:		
- trade receivables (note 5)	64,013	27,120
- specific receivables (note 5)	598	551
- other receivables (note 5)	2,884,791	9,795
	18,745,146	**37,466**

38. OTHER INCOME

	Year ended 31 December 2025	2024
Gains on disposal – PPE	65,974	491,704
Gains on disposal – materials	19,927	38,327
Surpluses from stock count	408,476	554,750
Payables written off	16,884	13,531
Release of long-term provisions (note 22)	89,977	87,194
Penalty interest	58,543	99,278
Other income	80,352	29,328
	740,133	**1,314,112**

39. OTHER EXPENSES

	Year ended 31 December 2025	2024
Loss on disposal – PPE	50,813	106,207
Loss on disposal – materials	12,437	58,560
Shortages from stock count	459,019	640,997
Write-off receivables	4,701	6,221
Write-off inventories	222,211	183,362
Charity and social payments	176,626	196,808
Other expenses	92,844	201,112
	1,018,651	**1,393,267**

40. INCOME TAXES

Components of income tax expense:

	Year ended 31 December 2025	2024
Income tax for the year	(1,552,840)	4,523,958
Deferred income tax for the period		
Origination and reversal of temporary differences (note 13)	(1,242,788)	(738,354)
Total income tax expense	**(2,795,628)**	**3,785,604**

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

	Year ended 31 December 2025	2024
Profit (loss) before tax	**(15,029,033)**	**22,166,182**
Tax calculated at domestic tax rates – 15%	(2,254,355)	3,324,927
Tax effect on:		
Revenues exempt from taxation	-	(28,390)
Expenses not deductible for tax purposes		
- Tax paid in abroad	-	329,842
- Other expenses not deductable	1,011,567	159,225
Effect of tax consolidation (2024)	(1,455,629)	-
Other adjustments of prior year	(97,211)	-
	(2,795,628)	**3,785,604**
The weighted average effective income tax rate	-	17.08%

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 Company was able to utilize accumulated tax losses of certain subsidiaries to offset the consolidated taxable base, leading to a significant tax credit. This tax benefit, relating to the previous tax year (2024) 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 statement of profit and loss.

41. COMMITMENTS AND CONTINGENT LIABILITIES

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 Company operations.

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

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

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Company 's management recognised an environmental provision in the amount of 290,132 RSD (31 December 2024: 373,479 RSD).

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

Taxes

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Company has paid all tax liabilities as of 31 December 2025.

Capital commitments

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

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

42. RELATED PARTIES TRANSACTIONS

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

In the year ended 31 December 2025 and in the same period in 2024, the Company entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and energy.

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

	Subsidiary	Parent	Entities under common control and associates
As at 31 December 2025			
Right of use assets	127,194	-	-
Investments in subsidiaries, associates and joint ventures	31,016,682	-	1,038,800
Long-term loans	5,523,870	-	171,654
Other long-term investments	839,712	-	-
Advances for inventory and services	557	-	1,477
Trade receivables	14,006,806	-	163,331
Other receivables	1,610,280	-	22
Short-term investments	22,609,940	-	-
Long-term liabilities	(12,743,425)	-	-
Short-term financial liabilities	(2,524,688)	-	-
Advances received	(191,958)	-	(425)
Trade payables	(7,481,026)	-	(199,256)
Other short-term liabilities	(11,053)	-	(2,060,878)
	52,782,891	**-**	**(885,275)**

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

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

	Subsidiary	Parent	Entities under common control and associates
Year ended 31 December 2025			
Revenues from sales of products and services	38,920,831	-	1,742,274
Expenses based on procurement of products and services	(22,061,854)	-	(2,038,792)
Other expenses, net	(17,872,116)	-	(29,644)
	(1,013,139)	**-**	**(326,162)**
Year ended 31 December 2024			
Revenues from sales of products and services	53,454,486	-	279,211
Expenses based on procurement of products and services	(23,271,146)	-	(3,576,553)
Other income/(expenses), net	628,722	-	(338)
	30,812,062	**-**	**(3,297,680)**

Transactions with subsidiaries in Romania and Bulgaria

The companies are currently facing significant challenges in their 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.

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.

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

	31 December 2025	31 December 2024
As at 31 December		
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)
	57,120	**348,604**

	Year ended 31 December 2025	2024
Year ended 31 December		
Operating income	9,079,504	11,358,258
Operating expenses	(104,807)	(122,989)
	8,974,697	**11,235,269**

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

Transactions with Key Management Personnel

In the year ended 31 December 2025 and 2024 the Company 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.

43. RECONCILIATION OF RECEIVABLES AND PAYABLES

In accordance with the Accounting Law, the Company reconciled account receivables and payables with the customers and the suppliers before preparing financial statements. The total amount of unreconciled account receivables amounts to 223,425 RSD (26 customers) which is 0.67% of the total amount of trade receivables. The total amount of unreconciled account payables amounts to 197,682 RSD (45 suppliers) which is 1,44% of the total amount of trade payables.

44. EVENTS AFTER THE REPORTING DATE

Subsequent to 31 December 2025, the Company 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 Company 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 Company 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.

On 23 January 2026, the Company has converted its outstanding loan and part of its receivables into and equity interest in NIS Petrol Bulgaria in total amount of 13,187,871 RSD. The above represents the fulfilment of the one of the previous steps according to the purchase agreement for the full share of NIS Petrol Bulgaria subsidiary.

On 20 February 2026, OFAC issued a specific license (Licence No. MUL- 2025-1447098-3) that postpones the full implementation of sanctions until 20 March 2026.

The Company 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 27 February 2026 when these Financial Statements were approved, have been taken into account.



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	AOP	Note	31 December 2025	31 December 2024
A. SUBSCRIBED CAPITAL UNPAID	**0001**		**-**	**-**
B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)	**0002**		**354,744,956**	**355,362,739**
I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)	**0003**	**7**	**20,420,322**	**21,289,617**
1. Development investments	0004		9,697,449	10,826,761
2. Concessions, patents, licenses, trademarks and service marks, software and other rights	0005		4,659,581	3,858,394
3. Goodwill	0006		741,546	1,258,852
4. Intangible assets in lease and under development	0007		5,321,746	5,345,610
5. Advances for intangible assets	0008		-	-
II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)	**0009**		**329,014,054**	**329,889,070**
1. Land and buildings	0010	8a	198,760,039	191,856,822
2. Machinery and equipment	0011	8a	94,600,274	97,163,419
3. Investment property	0012	8b	1,664,931	1,514,935
4. Property, plant and equipment in lease and construction in progress	0013	8a, 8d	32,410,158	36,300,132
5. Other property, plant and equipment and investments in leased PP&E	0014	8a	234,622	252,799
6. Advances for PP&E - domestic	0015	8a	1,308,150	2,535,758
7. Advances for PP&E - foreign	0016	8a	35,880	265,205
III. BIOLOGICAL ASSETS	**0017**		**-**	**-**
IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)	**0018**		**5,310,580**	**4,184,052**
1. Investments in legal entities (except those evaluated using the equity method)	0019		91,713	91,816
2. Investments in legal entities evaluated by equity method	0020	9	3,394,511	2,623,087
3. Long-term investments and long-term receivables in parent, subsidiaries and other related parties - domestic	0021		1,013,125	826,117
4. Long-term investments and long-term receivables in parent, subsidiaries and other related parties - foreign	0022		-	-
5. Long-term investments - domestic	0023		6,685	6,685
6. Long-term investments - foreign	0024		-	-
7. Long-term financial investments (securities valued at amortized cost)	0025		-	-
8. Purchased own shares	0026		-	-
9. Other long-term financial investments and long-term receivables	0027	10	804,546	636,347
V. LONG - TERM ACCRUED AND DEFERRED INCOME	**0028**		**-**	**-**

in 000 RSD

	AOP	Note	31 December 2025	31 December 2024
C. DEFFERED TAX ASSETS	**0029**	**11**	**5,336,771**	**4,102,378**
G. CURRENT ASSETS (0031+0037+0038+0044+0048+0057+0058)	**0030**		**101,925,777**	**147,584,780**
I. INVENTORY (0032+0033+0034+0035+0036)	**0031**	**12**	**42,410,094**	**53,894,616**
1. Materials, spare parts and tools	0032		12,971,675	22,634,732
2. Work in progress and finished goods	0033		19,462,055	26,490,525
3. Merchandise	0034		6,713,517	3,061,514
4. Advances for inventory and services - domestic	0035		3,211,873	1,305,117
5. Advances for inventory and services - foreign	0036		50,974	402,728
II. FIXED ASSETS HELD FOR SALE AND BUSINESS TERMINATION	**0037**		**135,703**	**14,430**
III TRADE RECEIVABLES (0039+0040+0041+0042+0043)	**0038**	**13**	**20,409,674**	**32,080,211**
1. Trade receivables - domestic	0039		19,713,277	30,512,643
2. Trade receivables - foreign	0040		527,331	1,267,444
3. Trade receivables - parent, subsidiaries and other related parties - domestic	0041		168,083	51,000
4. Trade receivables - parent, subsidiaries and other related parties - foreign	0042		983	249,124
5. Other trade receivables	0043		-	-
IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)	**0044**	**14**	**3,278,935**	**8,818,937**
1. Other receivables	0045		734,740	1,055,302
2. Receivables for overpaid income tax	0046		2,371,203	7,595,653
3. Receivables from overpaid other taxes and contributions	0047		172,992	167,982
V. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)	**0048**	**15**	**83,067**	**299,134**
1. Short-term loans and investments - parent and subsidiaries	0049		-	-
2. Short-term loans and investments - other related parties	0050		20,662	20,129
3. Short-term loans and investments - domestic	0051		62,405	64,228
4. Short-term loans and investments - foreign	0052		-	-
5. Securities evaluted at amortized cost	0053		-	-
6. Financial assets evaluated through profit or loss	0054		-	-
7. Purchased own shares	0055		-	-
8. Other short-term financial investments	0056		-	214,777
VI. CASH AND CASH EQUIVALENTS	**0057**	**16**	**30,520,104**	**40,736,335**
VII. PREPAYMENTS AND ACCRUED INCOME	**0058**	**17**	**5,088,200**	**11,741,117**
D TOTAL ASSETS = OPERATING ASSETS (0001+0002+0029+0030)	**0059**		**462,007,504**	**507,049,897**
E OFF-BALANCE SHEET ASSETS	**0060**	**18**	**117,756,496**	**194,714,329**

in 000 RSD

	AOP	Note	31 December 2025	31 December 2024
A. EQUITY (0402+0403+0404+0405+0406-0407+0408+0411-0412)>= 0	**0401**	**19**	**360,605,911**	**370,555,961**
I. EQUITY	**0402**	**19.1**	**81,530,200**	**81,530,200**
II. SUBSCRIBED CAPITAL UNPAID	**0403**		**-**	**-**
III. SHARE PREMIUM	**0404**		**-**	**-**
IV. RESERVES	**0405**		**-**	**-**
V. POSITIVE REVALUATION RESERVES AND UNREALIZED PROFITS FROM FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	**0406**		**1,082,767**	**793,709**
VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT	**0407**		**404,982**	**340,023**
VII. RETAINED EARNINGS (0409+0410)	**0408**		**285,003,924**	**288,572,075**
1. Retained earnings from previous years	0409		285,003,924	278,746,859
2. Retained earnings from current year	0410		-	9,825,216
VIII. NON-CONTROLLING INTEREST	**0411**		**-**	**-**
IX. LOSS (0413+0414)	**0412**		**6,605,998**	**-**
1. Loss from previous years	0413		-	-
2. Loss from current year	0414		6,605,998	-
B. LONG-TERM PROVISIONS AND LIABILITIES (0416+0420+0428)	**0415**		**45,173,754**	**75,427,142**
I. LONG-TERM PROVISIONS (0417+0418+0419)	**0416**	**20**	**14,190,785**	**14,752,819**
1. Provisions for employee benefits	0417		1,416,759	1,720,236
2. Provisions for warranty claims	0418		-	-
3. Other long term provisions	0419		12,774,026	13,032,583
II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)	**0420**	**21**	**30,982,969**	**60,674,323**
1. Liabilities convertible to equity	0421		-	-
2. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - domestic	0422		-	-
3. Long-term loans and other long-term liabilities to parent, subsidiaries and other related parties - foreign	0423		-	-
4. Long-term loans and finance lease liabilities - domestic	0424		28,921,865	45,456,751
5. Long-term loans and finance lease liabilities - foreign	0425		289,071	13,507,373
6. Liabilities for issued securities	0426		700,621	699,178
7. Other long-term liabilities	0427		1,071,412	1,011,021
III. LONG-TERM ACCRUED INCOME AND DEFERRED REVENUES	**0428**		**-**	**-**
C. DEFFERED TAX LIABILITIES	**0429**	**11**	**3,975**	**3,682**
D. LONG - TERM DEFERRED INCOME AND DONATIONS RECEIVED	**0430**		**40,959**	**-**
E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)	**0431**		**56,182,905**	**61,063,112**
I. SHORT-TERM PROVISIONS	**0432**	**20**	**2,538,201**	**1,342,054**

in 000 RSD

	AOP	Note	31 December 2025	31 December 2024
II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)	**0433**	**22**	**20,424,492**	**9,749,970**
1. Short-term loans from parent, subsidiaries and other related parties - domestic	0434		-	-
2. Short-term loans from parent, subsidiaries and other related parties - foreign	0435		-	-
3. Short-term loans and borowings from other parties	0436		897,525	934,141
4. Short-term loans from domestic banks	0437		19,175,777	7,016,799
5. Short-term loans, borowings and liabilities - foreign	0438		351,190	1,799,030
6. Liabilities on short-term securities	0439		-	-
7. Liabilities based on financial derivatives	0440		-	-
III. ADVANCES RECEIVED	**0441**		**2,501,191**	**5,649,106**
IV. TRADE PAYABLES (0443+0444+0445+0446+0447+0448)	**0442**	**23**	**11,732,749**	**17,780,968**
1. Trade payables - parent, subsidiaries and other related parties - domestic	0443		189,977	511,682
2. Trade payables - parent, subsidiaries and other related parties - foreign	0444		16,397	164,783
3. Trade payables - domestic	0445		7,651,648	14,512,714
4. Trade payables - foreign	0446		2,222,652	2,551,320
5. Liabilities on promissory notes	0447		-	-
6. Other operating liabilities	0448		1,652,075	40,469
V. OTHER SHORT-TERM LIABILITIES	**0449**	**24**	**14,533,286**	**21,341,127**
1. Other short-term liabilities	0450		7,980,348	8,441,133
2. Liabilities for VAT and other taxes	0451		6,540,061	12,886,385
3. Profit tax liabilities	0452		12,877	13,609
VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS ATTRIBUTABLE TO TERMINATED BUSINESS	**0453**		**-**	**-**
VII. SHORT-TERM ACCRUED EXPENSES	**0454**	**25**	**4,452,986**	**5,199,887**
F. LOSS EXCEEDING EQUITY (0415+0429+0430+0431-0059)>=0=(0407+0412-0402-0403-0404-0405-0406-0408-0411)>=0	**0455**		**-**	**-**
G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430-0431-0455)	**0456**		**462,007,504**	**507,049,897**
H. OFF-BALANCE SHEET LIABILITIES	**0457**	**18**	**117,756,496**	**194,714,329**

in 000 RSD

CONSOLIDATED INCOME STATEMENT

	AOP	Note	Year ended 31 December 2025	Year ended 31 December 2024
A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)	**1001**		**298,800,591**	**421,713,648**
I. INCOME FROM THE SALE OF GOODS (1003+1004)	**1002**	**6**	**54,883,368**	**117,213,124**
1. Income from sale of goods on domestic market	1003		17,779,952	73,057,921
2. Income from sale of goods on foreign market	1004		37,103,416	44,155,203
II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1006+1007)	**1005**	**6**	**234,704,149**	**290,350,538**
1. Income from sales of products and services on domestic market	1006		206,843,536	244,421,797
2. Income from sales of products and services on foreign market	1007		27,860,613	45,928,741
III. WORK PERFORMED BY THE ENTITY AND CAPITALIZED	**1008**		**15,669,260**	**17,495,769**
IV. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1009**		**-**	**-**
V. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS	**1010**		**7,244,854**	**4,828,078**
VI. OTHER OPERATING INCOME	**1011**	**6**	**481,305**	**463,971**
VII. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1012**	**26**	**307,363**	**1,018,324**
B. OPERATING EXPENSES (1014+1015+1016+1020+1021+1022+1023+1024)	**1013**		**306,202,807**	**405,183,613**
I. COST OF GOODS SOLD	**1014**		**30,983,449**	**85,944,047**
II. COST OF MATERIAL, FUEL AND ENERGY	**1015**	**27**	**168,579,592**	**217,399,992**
III. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES	**1016**	**28**	**45,535,201**	**43,490,678**
1. Cost of salaries and fringe benefits	1017		38,509,187	36,377,154
2. Cost of tax and contributions on wages and salaries	1018		5,369,269	5,008,349
3. Other personal expenses	1019		1,656,745	2,105,175
IV. DEPRECIATION, DEPLETION AND AMORTIZATION	**1020**		**28,846,898**	**27,119,878**
V. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)	**1021**	**29**	**2,990,203**	**53,273**
VI. COST OF PRODUCTION SERVICES	**1022**	**30**	**17,116,802**	**19,181,009**
VII. COST OF PROVISION	**1023**		**1,489,672**	**1,008,915**
VIII. NON-PRODUCTION COSTS	**1024**	**31**	**10,660,990**	**10,985,821**
C. OPERATING GAIN (1001-1013)>=0	**1025**		**-**	**16,530,035**
D. OPERATING LOSS (1013-1001)>=0	**1026**		**7,402,216**	**-**
E. FINANCE INCOME (1028+1029+1030+1031)	**1027**	**32**	**3,146,522**	**3,156,520**
I. FINANCIAL INCOME FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1028**		**318,002**	**154,159**
II. INTEREST INCOME	**1029**		**1,500,615**	**2,365,440**
III. FOREIGN EXCHANGE GAIN	**1030**		**499,493**	**571,365**

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
IV. OTHER FINANCIAL INCOME	**1031**		**828,412**	**65,556**
F. FINANCE EXPENSES (1033+1034+1035+1036)	**1032**	**33**	**4,786,793**	**5,621,955**
I. FINANCIAL EXPENSE FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES	**1033**		**740,549**	**257,977**
II. INTEREST EXPENSE	**1034**		**3,083,795**	**3,715,482**
III. FOREIGN EXCHANGE LOSS	**1035**		**931,047**	**1,532,466**
IV. OTHER FINANCIAL EXPENSE	**1036**		**31,402**	**116,030**
I. PROFIT FROM FINANCING OPERATIONS (1027-1032)>=0	**1037**		**-**	**-**
J. LOSS FROM FINANCING OPERATIONS (1032-1027)>=0	**1038**		**1,640,271**	**2,465,435**
K. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1039**	**34**	**110,804**	**130,862**
L. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**1040**	**35**	**93,814**	**42,864**
M. OTHER INCOME	**1041**	**36**	**2,110,939**	**1,461,278**
N. OTHER EXPENSE	**1042**	**37**	**1,352,396**	**1,560,838**
O. TOTAL INCOME (1001+1027+1039+1041)	**1043**		**304,168,856**	**426,462,308**
P. TOTAL EXPENSE (1013+1032+1040+1042)	**1044**		**312,435,810**	**412,409,270**
Q. OPERATING PROFIT BEFORE TAX (1043-1044)>=0	**1045**		**-**	**14,053,038**
R. OPERATING LOSS BEFORE TAX (1044-1043)>=0	**1046**		**8,266,954**	**-**
S. POSITIVE NET EFFECT ON RESULTS BASED ON PROFIT FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	**1047**		**-**	**-**
T. NEGATIVE NET EFFECT ON RESULTS BASED ON LOSS FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS	**1048**		**-**	**-**
U. PROFIT BEFORE TAX (1045-1046+1047-1048)>=0	**1049**		**-**	**14,053,038**
V. LOSS BEFORE TAX (1046-1045+1048-1047)>=0	**1050**		**8,266,954**	**-**
W. INCOME TAX				
I. CURRENT INCOME TAX	1051	38	(1,463,404)	4,814,328
II. DEFERRED TAX EXPENSE FOR THE PERIOD	1052	38	28,753	283
III. DEFERRED TAX INCOME FOR THE PERIOD	1053	38	1,254,161	841,010
X. PERSONAL INCOME PAID TO EMPLOYER	**1054**		**-**	**-**
Y. NET PROFIT (1049-1050-1051-1052+1053-1054)>=0	**1055**		**-**	**10,079,437**
Z. NET LOSS (1050-1049+1051-1052-1053+1054)>=0	**1056**		**5,578,142**	**-**
I. NET PROFIT ATTRIBUTABLE TO NON-CONTROLING INTEREST	**1057**		**-**	**-**
II. NET PROFIT ATTRIBUTABLE TO PARENT COMPANY	**1058**		**-**	**10,844,835**

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
III. NET LOSS ATTRIBUTABLE TO NON-CONTROLING INTEREST	**1059**		**1,026,595**	**765,398**
IV. NET LOSS ATTRIBUTABLE TO PARENT COMPANY	**1060**		**4,551,547**	**-**
V. EARNINGS PER SHARE				
1. Basic earnings per share	1061		(0.03)	0.06
2. Diluted earnings per share	1062		-	-

in 000 RSD

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	AOP	Note	Year ended 31 December 2025	2024
A. NET PROFIT				
I. PROFIT, NET (AOP 1064)	**2001**		**-**	**10,079,437**
II. LOSS, NET (AOP 1065)	**2002**		**5,578,142**	**-**
B. OTHER COMPREHENSIVE PROFIT OR LOSS				
a) Items that will not be reclassified to profit or loss				
1. Changes in the revaluation of intangible assets, property, plant and equipment				
a) increase in revaluation reserves	2003		-	3,400
b) decrease in revaluation reserves	2004		-	-
2. Actuarial gains/(losses) of post employment benefit obligations				
a) gains	2005		-	-
b) losses	2006		69,577	175,945
3. Gains/(losses) arising from a share in the associate's other comprehensive profit or loss				
a) gains	2007		-	-
b) losses	2008		-	-
b) Items that may be subsequently reclassified to profit or loss				
1. Gains/(losses) arising from equity investments				
a) gains	2009		-	-
b) losses	2010		-	-
2. Gains/(losses) from currency translation differences				
a) gains	2011		293,513	39,677
b) losses	2012		-	-
3. Gains/(losses) on investment hedging instruments in foreign business				
a) gains	2013		-	-
b) losses	2014		-	-

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
4. Gains/(losses) on cash flow hedges				
a) gains	2015		-	-
b) losses	2016		-	-
5. Gains/(losses) from change in value of available-for-sale financial assets				
a) gains	2017		-	52
b) losses	2018		88	-
I OTHER COMPREHENSIVE PROFIT BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)-(2004+2006+2008+2010+2012+2014+2016+2018)>=0	**2019**		**223,848**	**-**
II OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)-(2003+2005+2007+2009+2011+2013+2015+2017)>=0	**2020**		**-**	**132,816**
III DEFERRED TAX EXPENSE ON OTHER COMPREHENSIVE PROFIT/ (LOSS)	**2021**		**-**	**-**
IV DEFERRED TAX INCOME ON OTHER COMPREHENSIVE PROFIT/ (LOSS)	**2022**		**-**	**-**
V. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021+2022)>=0	**2023**		**223,848**	**-**
VI. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021-2022)>=0	**2024**		**-**	**132,816**
C. TOTAL NET COMPREHENSIVE PROFIT				
I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2023-2024)>=0	**2025**		**-**	**9,946,621**
II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2024-2023)>=0	**2026**		**5,354,294**	**-**
D. TOTAL NET COMPREHENSIVE PROFIT (2028+2029)=AOP 2025>=0 or AOP 2026>0	**2027**		**5,354,294**	**9,946,621**
1. Attributable to shareholders	2028		5,354,294	9,946,621
2. Attributable to non-controling interest	2029		-	-

in 000 RSD

CONSOLIDATED STATEMENT OF CASH FLOWS

	AOP	Note	Year ended 31 December 2025	2024
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Cash inflow from operating activities (1 to 4)	**3001**		**564,749,766**	**728,049,827**
1. Sales and advances received - domestic	3002		486,755,711	603,981,647
2. Sales and advances received - foreign	3003		73,544,200	116,962,605
3. Interest from operating activities	3004		1,279,680	3,238,079
4. Other inflow from operating activities	3005		3,170,175	3,867,496
II. Cash outflow from operating activities (1 до 8)	**3006**		**521,335,071**	**667,073,290**
1. Payments and prepayments to suppliers - domestic	3007		99,535,368	103,714,429
2. Payments and prepayments to suppliers - foreign	3008		132,747,702	220,571,607
3. Salaries, benefits and other personal expenses	3009		47,889,536	42,335,249
4. Interest paid - domestic	3010		2,139,416	2,677,572
5. Interest paid - foreign	3011		461,603	624,741
6. Income tax paid	3012		1,998,034	4,944,654
7. Payments for other public revenues	3013		236,563,412	292,205,038
8. Other payments from operating activities	3014		-	-
III. Net cash inflow from operating activities (I - II)	**3015**		**43,414,695**	**60,976,537**
IV. Net cash outflow from operating activities (II - I)	**3016**		**-**	**-**
B. CASH FLOWS FROM INVESTING ACTIVITIES				
I. Cash flows from investing activities (1 to 5)	**3017**		**3,864,165**	**31,330,240**
1. Sale of shares	3018		-	-
2. Proceeds from sale of intangible assets, property, plant and equipment	3019		587,491	211,748
3. Other financial investments	3020		3,276,674	31,059,893
4. Interest from investing activities	3021		-	-
5. Dividend received	3022		-	58,599
II. Cash outflow from investing activities (1 to 3)	**3023**		**34,794,586**	**60,517,947**
1. Acquisition of subsidiaries or other business	3024		-	-
2. Purchase of intangible assets, property, plant and equipment	3025		31,717,930	60,281,791
3. Other financial investments	3026		3,076,656	236,156
III. Net cash inflow from investing activities (I - II)	**3027**		**-**	**-**

in 000 RSD

	AOP	Note	Year ended 31 December 2025	2024
IV. Net cash outflow from investing activities (II - I)	**3028**		**30,930,421**	**29,187,707**
C. CASH FLOWS FROM FINANCING ACTIVITIES				
I. Cash inflow from financing activities (1 to 7)	**3029**		**4,464,639**	**12,755,977**
1. Increase in share capital	3030		-	-
2. Proceeds from long-term borrowings - domestic	3031	21	4,464,639	12,055,367
3. Proceeds from long-term borrowings - foreign	3032		-	-
4. Proceeds from short-term borrowings - domestic	3033		-	-
5. Proceeds from short-term borrowings - foreign	3034		-	-
6. Other long-term liabilities	3035		-	700,610
7. Other short-term liabilities	3036		-	-
II. Cash outflow from financing activities (1 to 8)	**3037**		**26,951,024**	**24,440,728**
1. Purchase of own shares	3038		-	-
2. Repayment of long-term borrowings - domestic	3039	21	8,134,158	10,395,804
3. Repayment of long-term borrowings - foreign	3040	21	15,289,880	1,539,680
4. Repayment of short-term borrowings - domestic	3041	21	-	820,000
5. Repayment of short-term borrowings - foreign	3042		-	-
6. Repayment of other liabilities	3043		-	-
7. Financial lease	3044	21	992,820	1,206,983
8. Dividend distribution	3045	19.1	2,534,166	10,478,261
III. Net cash inflow from financing activities (I - II)	**3046**		**-**	**-**
IV Net cash outflow from financing activities (II - I)	**3047**		**22,486,385**	**11,684,751**
D. TOTAL CASH INFLOW (3001+3017+3029)	**3048**		**573,078,570**	**772,136,044**
E. TOTAL CASH OUTFLOW (3006+3023+3037)	**3049**		**583,080,681**	**752,031,965**
F. NET CASH INFLOW (3048-3049)>=0	**3050**		**-**	**20,104,079**
G. NET CASH OUTFLOW (3049-3048)>=0	**3051**		**10,002,111**	**-**
H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3052**		**40,736,335**	**21,484,271**
I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS	**3053**		**45,488**	**60,484**
J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS	**3054**		**259,608**	**912,499**
K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3050-3051+3052+3053-3054)	**3055**	**16**	**30,520,104**	**40,736,335**

in 000 RSD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	AOP	Share capital	AOP	Rev. reserves and unr. gains and losses	AOP	Retained earnings	AOP	Loss	AOP	Non-controling interest	AOP	Total
1. Balance as at 1 January 2024	**4001**	**81,530,200**	**4037**	**575,971**	**4046**	**288,463,874**	**4055**	**-**	**4064**	**517,608**	**4073**	**371,087,653**
2. Adjustments of material errors and changes in accounting policies	4002	-	4038	-	4047	-	4056	-	4065	-	4074	-
3. Restated opening balance as at 1 January 2024	**4003**	**81,530,200**	**4039**	**575,971**	**4048**	**288,463,874**	**4057**	**-**	**4066**	**517,608**	**4075**	**371,087,653**
4. Net changes in 2024	4004	-	4040	(122,285)	4049	108,201	4058	-	4067	(517,608)	4076	(531,692)
5. Balance as at 31 December 2024	**4005**	**81,530,200**	**4041**	**453,686**	**4050**	**288,572,075**	**4059**	**-**	**4068**	**-**	**4077**	**370,555,961**
6. Adjustments of material errors and changes in accounting policies	4006	-	4042	-	4051	-	4060	-	4069	-	4078	-
7. Restated opening balance as at 1 January 2025	**4007**	**81,530,200**	**4043**	**453,686**	**4052**	**288,572,075**	**4061**	**-**	**4070**	**-**	**4079**	**370,555,961**
8. Net changes in 2025	4008	-	4044	224,099	4053	(3,568,151)	4062	6,605,998	4071	-	4080	(9,950,050)
9. Balance as at 31 December 2025	**4009**	**81,530,200**	**4045**	**677,785**	**4054**	**285,003,924**	**4063**	**6,605,998**	**4072**	**-**	**4081**	**360,605,911**

in 000 RSD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS[92]

1. GENERAL INFORMATION

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

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

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

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

Information on the Group's structure is provided in Note 40. Information on other related party relationships of the Group is provided in Note 41.

These consolidated financial statements have been approved and authorized for issue by the Chief Executive Officer and will be presented to the Shareholders' Assembly 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 the Law on Accounting of the Republic of Serbia which requires full scope of International Financial Reporting Standards (IFRS) to be applied as translated into Serbian and the other regulations issued by the Ministry of Finance of the Republic of Serbia. The translation of IFRS which is confirmed and published by the Ministry of Finance comprises the basic texts of IAS and IFRS as published by the International Accounting Standards Board, including interpretations issued by the International Financial Reporting Interpretations Committee in the form in which they are published and which do not include basis for conclusions, illustrative examples, guidelines, comments, opposing opinions, developed examples and other additional explanatory materials which can be adopted in respect of the standards or interpretations, unless it is explicitly stated that they are integral to the standard or interpretation. Also, the Law on Accounting establishes the dinar (RSD) as the official reporting currency (functional and presentation currency). In addition, the Law requires certain presentations and treatments of accounts and balances which results in the following additional departures from IFRS:

- The financial statements are prepared in the format prescribed by the Ministry of Finance of the Republic

[92]All amounts are in RSD 000, unless otherwise stated.

of Serbia,

•"Off-balance sheet assets and liabilities" are recorded on the face of the balance sheet. Such items do not meet the definition of either an asset or a liability under IFRS.

As a result, the accompanying consolidated financial statements cannot be considered as financial statements prepared in full compliance with IFRS.

The preparation of financial statements in conformity with the Law on Accounting of the Republic of Serbia requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the 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 72.040 $/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 the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The Consolidated Financial Statements are presented in Serbian dinars ("RSD"), which is the functional currency of the Company and presentation currency of the Group.

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and other monetary assets and liabilities are presented in the consolidated income statement within 'Finance income or expense'.

(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 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 interests

In the consolidated financial statements, non-controlling interests in subsidiaries are presented separately from the Group equity as non-controlling interests. 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 value 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 consolidated profit or loss. Transaction costs, that the Group incurs in connection with a business combination are expensed as incurred.

2.9. 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 7).

(b) Licenses and rights

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

Licenses and rights include Oil and Gas Upstream Exploration Rights, which are amortised in accordance with the terms and conditions of the rights.

(c) Software

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

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

2.10. 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 construction in progress according to its nature. When development is completed, it is transferred to production assets. No depreciation and/or amortisation are charged during development.

(c) Oil and gas production assets

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

(d) Depreciation/amortization

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

(e) Impairment – exploration and evaluation assets

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

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

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

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

2.11. 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.

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 income statement during the financial period in which they are incurred.

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

Description	Useful lives
Buildings	10 - 50
Machinery and Equipment:	
- Production equipment	2 - 35
- Furniture	3 - 10
- Vehicles	5 - 25
- Computers	3 - 10
Other PP&E	3 - 20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "Other income/expenses" in the consolidated income statement (notes 36 and 37).

2.12. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13. Investment property

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

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

Investment property is carried at fair value. Changes in fair values are recorded in the consolidated income statement as part of "Income/Expense from valuation od assets (except financial)" (note 26 and 29).

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.

2.14. 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 changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

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

Debt instruments

Subsequent measurement of debt instruments depends on the 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 expired).

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 are presented in the consolidated balance sheet net of the allowance for ECL. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in consolidated statement of 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, the 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 income statement.

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.

2.15. 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, restricted reserves may be used under special approval from the competent Ministry.

The impairment test of inventories i.e. spare parts due to damage or obsolescence is performed quarterly. Impairment losses are recognized as "Expense from valuation assets (except financial)" (note 29).

2.16. Off-balance sheet assets and liabilities

Off-balance sheet assets/liabilities include: material received from third parties for further processing and other assets not owned by the Group, as well as receivables/payables related to collaterals such as guarantees and other warrants.

2.17. Share capital

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

2.18. 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 Company, by the weighted average number of ordinary shares issued during the period.

2.19. Provisions

Provisions for environmental restoration, asset retirement obligation and legal claims are recognised when: the 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 cost of provision and charged to consolidated income statement.

2.20. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity, in which case deferred tax liability is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Serbia, where the 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.

2.21. 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 the Collective 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 consolidated statement of 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 20).

2.22. 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 returns, rebates and discounts after eliminating sales within the Group.

Sales taxes

Revenue does not amounts collected on behalf of tax authorities – value added taxes (VAT), excise duties and other sales taxes (fee for improvement of energy efficiency).

The accounting for excise duties is based on the Group's assessment whether it is primarily obligated for payment of excise duties or whether it collects the amount from the customer on behalf of the tax authorities. This determination is made based on the analysis of the local regulatory requirements for each country in which the Group operates. Due to complexity and variety in tax legislations, significant judgmenent is applied in the assessment whether excise duties would be accounted on gross or net basis.

Excise duties imposed during the inventory procurement process are included in the transaction price, revenue is determined on a gross basis and paid excise duties are also included in the cost of goods sold.

Excise duties incurred in production and sale of products are assessed as part of amounts collected on behalf of tax authorites and are accounted on a net basis.

(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.

(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 25.

(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.

2.23. 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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. 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:

	Useful lives in years
Land	25
Buildings	2 - 22
Machinery	3 - 15
Motor vehicles	2 - 10

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

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

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

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

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

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

2.24 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.

2.25 Capitalisation of borrowing costs

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Preparing consolidated financial statements required 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 experience and other facts that can reasonably be used to assess the book values of assets and liabilities. Adjustments to accounting estimates are recognised in the period in which the estimates are 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 2,609,884 RSD (2024: 2,429,600 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 7).

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 40). 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, 7, 8).

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.

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 decreased 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 basic, than 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 20) 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 date of these consolidated financial statements 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 unasserted claims that may result in such proceedings, the Group, after consultation with legal and tax advisors, evaluates the perceived merits of any legal or tax proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the 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 39).

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

Financial risk factors

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, Planning 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 USD and EUR. 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.

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

As of 31 December 2025	RSD	EUR	USD	Other	Total
Financial assets					
Non-current assets					
Financial instrument at FVTOCI	91,713	-	-	-	91,713
Long-term receivables	-	1,013,125	-	-	1,013,125
LT loans issued	6,685	-	-	-	6,685
Other long-term financial investments and receivables	462,568	335,983	5,995	-	804,546
Current assets					
Trade receivables	19,274,382	612,956	982	521,354	20,409,674
Other receivables	285,164	25,778	155,344	268,454	734,740
Short-term financial investments	12,895	49,510	-	20,662	83,067
Cash and cash equivalents	24,531,455	2,710,965	2,183	3,275,501	30,520,104
Financial liabilities					
Non-current liabilies					
Long-term liabilities	(4,847)	(30,823,256)	-	(154,866)	(30,982,969)
Current liabilies					
Short-term financial liabilities	(16,246)	(20,379,734)	-	(28,512)	(20,424,492)
Trade payables	(6,742,181)	(1,191,433)	(923,437)	(2,875,698)	(11,732,749)
Other short-term liabilities	(7,605,570)	(129,665)	(160,616)	(84,497)	(7,980,348)
Net exposure	**30,296,018**	**(47,775,771)**	**(919,549)**	**942,398**	**(17,456,904)**

As of 31 December 2024	RSD	EUR	USD	Other	Total
Financial assets					
Non-current assets					
Financial instrument at FVTOCI	91,816	-	-	-	91,816
Long-term receivables	-	826,117	-	-	826,117
LT loans issued	6,685	-	-	-	6,685
Other long-term financial investments and receivables	299,462	330,139	6,746	-	636,347
Current assets					
Trade receivables	27,842,828	1,960,023	175,781	2,101,579	32,080,211
Other receivables	455,752	111,180	176,114	312,256	1,055,302
Short-term financial investments	12,842	206,334	-	79,958	299,134
Cash and cash equivalents	25,423,558	13,277,199	94,144	1,941,434	40,736,335
Financial liabilities					
Non-current liabilies					
Long-term liabilities	(8,292)	(60,196,280)	-	(469,751)	(60,674,323)
Current liabilies					
Short-term financial liabilities	(8,171)	(9,625,715)	-	(116,084)	(9,749,970)
Trade payables	(11,542,379)	(2,399,951)	(155,945)	(3,682,693)	(17,780,968)
Other short-term liabilities	(7,827,519)	(215,968)	(224,428)	(173,218)	(8,441,133)
Net exposure	**34,746,582**	**(55,726,922)**	**72,412**	**(6,519)**	**(20,914,447)**

The following exchange rates applied during the period:

Reporting date spot rate

	31 December 2025	31 December 2024
EUR	117.2820	117.0149
USD	99.9165	112.4386

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 consolidated financial statements 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 477,758 RSD (2024: 557,269 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 18,391 RSD (2024: 1,448 RSD) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD – denominated accounting 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 scenarious for key performance facors depending on global oil prices. This approach enables Management to adjust cost by reducing or rescheduling investment programs and other mechanisms. Such activities help to decrease risk to an acceptable level.

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.

Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the consolidated balance sheet is as follows:

	Year end 31 December	
	2025	2024
Financial instrument at FVTOCI	91,713	91,816
Long-term receivables	1,013,125	826,117
Other long-term investments (note 10)	804,546	636,347
Long-term loans issued	6,685	6,685
Trade receivables (note 13)	20,409,674	32,080,211
Other receivables (note 14)	3,278,935	8,818,937
Short-term financial investments (note 15)	83,067	299,134
Cash and cash equivalents (note 16)	30,520,104	40,736,335
Total maximum exposure to credit risk	**56,207,849**	**83,495,582**

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 60 months before 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, sprecific 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	Total trade and other receivables
Trade and other receivables				
- current	0.09%	20,507,223	(17,582)	20,489,641
- less than 30 days overdue	0.86%	1,421,169	(12,267)	1,408,902
- 31 to 90 days overdue	4.67%	1,083,655	(50,648)	1,033,007
- 91 to 270 days overdue	22.17%	393,852	(87,336)	306,516
- over 271 days overdue	96.99%	14,951,782	(14,501,239)	450,543
Total trade and other receivables		**38,357,681**	**(14,669,072)**	**23,688,609**

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

	Loss rate	Gross carrying amount	Lifetime ECL	Total trade and other receivables
Trade and other receivables				
- current	0.27%	37,187,967	(100,573)	37,087,394
- less than 30 days overdue	1.23%	1,265,866	(15,596)	1,250,270
- 31 to 90 days overdue	2.25%	944,660	(21,293)	923,367
- 91 to 270 days overdue	2.17%	984,740	(21,368)	963,372
- over 271 days overdue	95.61%	15,357,497	(14,682,752)	674,745
Total trade and other receivables		**55,740,730**	**(14,841,582)**	**40,899,148**

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 lease receivables are as follows:

	Trade receivables	Lease receivables	Total
As at 1 January 2024	**4,973,639**	**30,547**	**5,004,186**
Provision for receivables impairment (note 35)	28,531	1,321	29,852
Unused amounts reversed (note 34)	(116,809)	(3,947)	(120,756)
Receivables written off during the year as uncollectible	(171,414)	(94)	(171,508)
Other	(229)	-	(229)
As at 31 December 2024	**4,713,718**	**27,827**	**4,741,545**
As at 1 January 2025	**4,713,718**	**27,827**	**4,741,545**
Provision for receivables impairment (note 35)	77,067	3,516	80,583
Unused amounts reversed (note 34)	(36,095)	(688)	(36,783)
Receivables written off during the year as uncollectible	(107,412)	(461)	(107,873)
Other	(155)	(1)	(156)
As at 31 December 2025	**4,647,123**	**30,193**	**4,677,316**

Expenses that have been provided for or written off are included in fair value measurement loss within the consolidated income statement. Amounts charged to the allowance account are generally written off where there is no expectation of recovering additional cash.

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

Movements on the provision for other receivables:

	Receivables from specific operations	Interest receivables	Other receivables	Total
As at 1 January 2024	**750,864**	**2,006,508**	**7,354,381**	**10,111,753**
Provision for other receivables impairment (note 35)	1,507	8,317	3,188	13,012
Unused amounts reversed (note 34)	(88)	(3,659)	(1,347)	(5,094)
Receivables written off during the year as uncollectible	-	(19,492)	(170)	(19,662)
Other	(17)	66	(21)	28
As at 31 December 2024	**752,266**	**1,991,740**	**7,356,031**	**10,100,037**
As at 1 January 2025	**752,266**	**1,991,740**	**7,356,031**	**10,100,037**
Provision for other receivables impairment (note 35)	633	9,978	2,620	13,231
Unused amounts reversed (note 34)	(53,707)	(9,833)	(1,514)	(65,054)
Receivables written off during the year as uncollectible	(21,634)	(28,497)	(6,166)	(56,297)
Other	(199)	-	38	(161)
As at 31 December 2025	**677,359**	**1,963,388**	**7,351,009**	**9,991,756**

Credit quality of financial assets

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

	BBB and higher	Less than BBB	Without rating	Total
As at December 2025				
Cash and cash equivalents (note 16)	1,390,947	366,658	28,762,499	**30,520,104**
As at December 2024				
Cash and cash equivalents (note 16)	4,009,229	12,023,518	24,703,588	**40,736,335**
Deposits with original maturity more than 3 months less than 1 year (note 15)	59,829	-	155,108	**214,937**

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.

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	Over 5 years
As at 31 December 2025					
Financial liabilities	51,407,461	55,711,810	22,321,397	32,511,504	878,909
Trade payables and dividends	17,576,940	17,576,940	17,576,940	-	-
	68,984,401	**73,288,750**	**39,898,337**	**32,511,504**	**878,909**
As at 31 December 2024					
Financial liabilities	70,424,293	80,065,839	14,539,202	63,916,039	1,610,598
Trade payables and dividends	21,564,366	21,564,366	21,564,366	-	-
	91,988,659	**101,630,205**	**36,103,568**	**63,916,039**	**1,610,598**

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 amortisation, other 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:

	31 December 2025	31 December 2024
Total borrowings (notes 21 and 22)	51,407,461	70,424,293
Less: cash and cash equivalents (note 16)	(30,520,104)	(40,736,335)
Net debt	**20,887,357**	**29,687,958**
Adjusted EBITDA	22,240,551	44,392,551
Net debt to adjusted EBITDA ratio at the end of the year	**0.94**	**0.67**

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.

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

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

EBITDA represents the 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				
	Upstream	Downstream	Petrochemical	Eliminations	Total
Segment revenue	45,259,037	273,283,552	18,004,523	(46,478,290)	290,068,822
Intersegment	43,336,186	3,142,104	-	(46,478,290)	-
External	1,922,851	270,141,448	18,004,523	-	290,068,822
Adjusted EBITDA (Segment results)	**25,920,084**	**5,431,738**	**(9,111,271)**	**-**	**22,240,551**
Depreciation, depletion and amortization	(15,400,352)	(12,708,563)	(737,983)	-	(28,846,898)
Impairment of non-financial assets	(1,625,020)	(1,359,366)	(204)	-	(2,984,590)
Share of profit in joint ventures	-	771,424	-	-	771,424
Finance expenses, net	(716,907)	(1,669,875)	(24,913)	-	(2,411,695)
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				
	Upstream	Downstream	Petrochemical	Eliminations	Total
Segment revenue	60,423,522	382,458,129	22,533,987	(57,388,005)	408,027,633
Intersegment	54,251,818	3,136,187	-	(57,388,005)	-
External	6,171,704	379,321,942	22,533,987	-	408,027,633
Adjusted EBITDA (Segment results)	**39,958,580**	**11,673,855**	**(7,239,884)**	**-**	**44,392,551**
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)
Finance (expenses)/income, net	(582,753)	(1,790,924)	14,160	-	(2,359,517)
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

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:

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

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

	Year ended 31 December	
	2025	2024
Profit/(Loss) for the period	(5,578,142)	10,079,437
Income tax	(2,688,812)	3,973,601
Other expenses	1,352,396	1,560,838
Other income	(2,110,939)	(1,461,278)
Losses from valuation of assets at fair value through profit and loss	93,814	42,864
Income from valuation of assets at fair value through profit and loss	(110,804)	(130,862)
Finance expense	4,786,793	5,621,955
Finance income	(3,146,522)	(3,156,520)
Depreciation, depletion and amortization	28,846,898	27,119,878
Other non-operating expenses, net	795,869	742,638
EBITDA	**22,240,551**	**44,392,551**

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 7 and 8 to the consolidated financial statements.

	Year ended 31 December	
	2025	2024
Group profit/(loss) for the period	**(5,578,142)**	**10,079,437**
Impairment of goodwill in Petrol Bulgaria (note 7)	513,845	-
Impairment of marketing asset in Petrol Bulgaria (note 8)	758,042	-
Impariment of O&G asset in Petrol Romania (note 8)	1,618,730	-
Income tax effect of impairment loss	(254,761)	-
Group profit/(loss) for the period before impairment loss	**(2,942,286)**	**10,079,437**
Loss of HIP Petrohemija	10,265,952	7,653,981
Group profit for the period before impairment loss and loss of HIP Petrohemija	**7,323,666**	**17,733,418**

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

	Year ended 31 December 2025		
	Domestic market	Export and international sales	Total
Sale of crude oil	-	78,653	78,653
Sale of gas	542,854	-	542,854
Wholesale activities	542,854	-	542,854
Sale of petroleum products	194,647,521	53,478,792	248,126,313
Through a retail network	92,855,221	13,075,735	105,930,956
Wholesale activities	101,792,300	40,403,057	142,195,357
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 and other operating income	18,438,672	3,834,954	22,273,626
Total sales and other income	**225,024,357**	**65,044,465**	**290,068,822**

	Year ended 31 December 2024		
	Domestic market	Export and international sales	Total
Sale of crude oil	-	5,368,026	5,368,026
Sale of gas	182,983	8,788	191,771
Wholesale activities	182,983	8,788	191,771
Sale of petroleum products	291,268,645	65,607,973	356,876,618
Through a retail network	106,235,625	17,007,775	123,243,400
Wholesale activities	185,033,020	48,600,198	233,633,218
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 and other operating income	17,029,737	4,751,916	21,781,653
Total sales and other income	**317,842,156**	**90,185,477**	**408,027,633**

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).

The Group is domiciled in the Republic of Serbia. The result of its revenue from external customers in the Republic of Serbia is 225,024,357 RSD (2024: 317,842,156 RSD), and the total of revenue from external customer from other countries is 65,044,465 RSD (2024: 90,185,477 RSD).

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

The breakdown of the major component of the total revenue from external customers from other countries is disclosed below:

	Year ended 31 December	
	2025	2024
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
	53,478,792	65,607,973
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 and other operating income	3,834,954	4,751,916
	65,044,465	**90,185,477**

Presentation of excise duties

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

	2025	2024
Sales revenue and other income	453,095,272	606,166,250
Excise duties	(163,026,450)	(198,138,617)
Net sales revenue and other income	**290,068,822**	**408,027,633**

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:

	31 December 2025	31 December 2024
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
	348,090,343	**348,377,723**

7. INTANGIBLE ASSETS

	Development investments	Concessions, patents, licenses, software and other rights	Goodwill	Other intangibles	Intangible assets under development	Total
At 1 January 2024						
Cost	20,569,506	12,620,296	1,260,808	1,614,257	5,325,450	41,390,317
Accumulated amortization and impairment	(8,861,573)	(10,151,199)	-	(504,487)	-	(19,517,259)
Net book amount	**11,707,933**	**2,469,097**	**1,260,808**	**1,109,770**	**5,325,450**	**21,873,058**
Year ended 31 December 2024						
Additions	568,471	859,288	-	33,520	44,155	1,505,434
Impairment (note 29)	-	(8,806)	-	-	(908)	(9,714)
Amortization	(1,445,846)	(570,996)	-	(31,804)	-	(2,048,646)
Transfer from PP&E (note 8)	-	-	-	-	280	280
Disposals and write-off	-	(216)	-	-	-	(216)
Other transfers	-	(1,339)	-	(1)	(16,952)	(18,292)
Translation differences	(3,797)	(119)	(1,956)	-	(6,415)	(12,287)
Closing net book amount	**10,826,761**	**2,746,909**	**1,258,852**	**1,111,485**	**5,345,610**	**21,289,617**
As at 31 December 2024						
Cost	21,132,497	13,455,192	1,258,852	1,625,824	5,346,518	42,818,883
Accumulated amortization and impairment	(10,305,736)	(10,708,283)	-	(514,339)	(908)	(21,529,266)
Net book amount	**10,826,761**	**2,746,909**	**1,258,852**	**1,111,485**	**5,345,610**	**21,289,617**
At 1 January 2025						
Cost	21,132,497	13,455,192	1,258,852	1,625,824	5,346,518	42,818,883
Accumulated amortization and impairment	(10,305,736)	(10,708,283)	-	(514,339)	(908)	(21,529,266)
Net book amount	**10,826,761**	**2,746,909**	**1,258,852**	**1,111,485**	**5,345,610**	**21,289,617**
Year ended 31 December 2025						
Additions	205,959	1,554,555	-	15,757	72,267	1,848,538
Impairment (note 29)	-	(44,907)	(513,845)	-	(62,802)	(621,554)
Amortization	(1,298,741)	(687,582)	-	(36,331)	-	(2,022,654)
Transfer from PP&E (note 8)	-	-	-	-	703	703
Disposals and write-off	-	(198)	-	-	-	(198)
Other transfers	-	19,031	-	(19,031)	3,102	3,102
Translation differences	(36,530)	(107)	(3,461)	-	(37,134)	(77,232)
Closing net book amount	**9,697,449**	**3,587,701**	**741,546**	**1,071,880**	**5,321,746**	**20,420,322**
As at 31 December 2025						
Cost	21,283,198	14,754,962	741,546	1,612,456	5,384,439	43,776,601
Accumulated amortization and impairment	(11,585,749)	(11,167,261)	-	(540,576)	(62,693)	(23,356,279)
Net book amount	**9,697,449**	**3,587,701**	**741,546**	**1,071,880**	**5,321,746**	**20,420,322**

Intangible assets under development as at 31 December 2025 amounting to 5,321,746 RSD (31 December 2024: 5,345,610 RSD) mostly relate to investments in explorations (unproved reserves) in the amount of 4,250,381 RSD (31 December 2024: 4,165,318 RSD).

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 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. The following is a summary of goodwill allocation:

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

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.

8. PROPERTY, PLANT AND EQUIPMENT

a) Property, plant and equipment carried at cost

	Land	Buildings	Machinery and equipment	Construction in Progress	Other PP&E	Investments in leased PP&E	Advances to suppliers	Total
At 1 January 2024								
Cost	17,633,974	287,304,340	197,904,758	32,183,168	95,038	627,681	6,749,276	542,498,235
Accumulated depreciation and impairment	(340,261)	(123,900,769)	(116,058,203)	(3,244,980)	(1,113)	(453,459)	(517,898)	(244,516,683)
Net book amount	**17,293,713**	**163,403,571**	**81,846,555**	**28,938,188**	**93,925**	**174,222**	**6,231,378**	**297,981,552**
Year ended 31 December 2024								
Additions	36,420	23,716,491	26,517,158	3,800,632	706	974	7,300,119	61,372,500
Changes in decommissioning obligations	-	662,734	-	-	-	-	-	662,734
Impairment effect, net (note 26 and 29)	(1,335)	(1,587)	-	176,119	-	-	231,794	404,991
Depreciation	-	(13,148,916)	(11,123,179)	-	-	(23,901)	-	(24,295,996)
Transfer to intangible assets (note 7)	-	-	-	(280)	-	-	-	(280)
Transfer to investment property (note 8b)	(8,532)	(1,900)	-	-	-	-	-	(10,432)
Transfer (to)/from non-current assets held for sale	12,924	(814)	(57)	(200,000)	-	-	-	(187,947)
Disposals and write-off	(2,023)	(80,539)	(76,749)	(1,069)	(532)	-	-	(160,912)
Other transfers and closing of advances paid	2,812	(6,332)	1,063	(274,799)	-	7,445	(10,962,324)	(11,232,135)
Translation differences	(9,568)	(10,297)	(1,372)	(12,715)	-	(40)	(4)	(33,996)
Closing net book amount	**17,324,411**	**174,532,411**	**97,163,419**	**32,426,076**	**94,099**	**158,700**	**2,800,963**	**324,500,079**
At 31 December 2024								
Cost	17,657,849	311,286,927	223,795,724	33,229,067	95,212	635,012	3,033,702	589,733,493
Accumulated depreciation and impairment	(333,438)	(136,754,516)	(126,632,305)	(802,991)	(1,113)	(476,312)	(232,739)	(265,233,414)
Net book amount	**17,324,411**	**174,532,411**	**97,163,419**	**32,426,076**	**94,099**	**158,700**	**2,800,963**	**324,500,079**
At 1 January 2025								
Cost	17,657,849	311,286,927	223,795,724	33,229,067	95,212	635,012	3,033,702	589,733,493
Accumulated depreciation and impairment	(333,438)	(136,754,516)	(126,632,305)	(802,991)	(1,113)	(476,312)	(232,739)	(265,233,414)
Net book amount	**17,324,411**	**174,532,411**	**97,163,419**	**32,426,076**	**94,099**	**158,700**	**2,800,963**	**324,500,079**
Year ended 31 December 2025								
Additions	58,495	21,033,458	9,564,512	(1,075,136)	-	9,911	957,792	30,549,032
Changes in decommissioning obligations	-	804,769	-	-	-	-	-	804,769
Impairment effect, net (note 26 and 29)	(759,282)	(10,353)	(92)	(1,593,309)	-	-	21,791	(2,341,245)
Depreciation	-	(13,956,016)	(12,116,992)	-	-	(25,829)	-	(26,098,837)
Transfer to intangible assets (note 7)	-	-	-	(703)	-	-	-	(703)
Transfer to non-current assets held for sale	(11,296)	(110,904)	(215)	-	-	-	-	(122,415)
Disposals and write-off	(17,981)	(36,066)	(42,541)	(225,958)	(2)	(2,312)	-	(324,860)
Other transfers and closing of advances paid	12,962	(21,940)	39,545	(712,680)	-	-	(2,436,534)	(3,118,647)
Translation differences	(9,390)	(73,239)	(7,362)	(71,735)	-	55	18	(161,653)
Closing net book amount	**16,597,919**	**182,162,120**	**94,600,274**	**28,746,555**	**94,097**	**140,525**	**1,344,030**	**323,685,520**
At 31 December 2025								
Cost	17,690,452	332,835,758	230,146,843	30,845,747	95,210	640,738	1,527,978	613,782,726
Accumulated depreciation and impairment	(1,092,533)	(150,673,638)	(135,546,569)	(2,099,192)	(1,113)	(500,213)	(183,948)	
Net book amount	**16,597,919**	**182,162,120**	**94,600,274**	**28,746,555**	**94,097**	**140,525**	**1,344,030**	**323,685,520**

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: 80,335 RSD).

Of the total amount of activations in 2025 in the amount of 31,052,058 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 50,266,273 RSD, the most significant part refers to 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 that the recoverable amount of property, plant and equipment fell below its book value.

As at 31 December 2025, the Group assessed indicators of impairment for its cash-generating units ("CGUs"). 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.

b) Investment property – carried at fair value

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

Movements on the account were as follows:

	2025	2024
As at 1 January	**1,514,935**	**1,514,920**
Fair value gain/(loss) (note 26 and 29)	155,389	(2,991)
Transfer from PPE carried at cost (note 8a)	-	10,432
Other transfer	(5,393)	(7,426)
As at 31 December	**1,664,931**	**1,514,935**

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 was credited to income from assets valuation (note 26).

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

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

Fair value measurements at 31 December 2025 using:

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

Fair value measurements at 31 December 2024 using:

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

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
Assets as at 1 January	**591,495**	**593,769**
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	-
Assets as at 31 December	**601,996**	**591,495**

c) Oil and gas production assets

Oil and gas production assets comprise of aggregated exploration and evaluation assets and development expenditures associated with the production of proved reserves (note 2.10).

	Capitalised exploration and evaluation expenditure	Capitalised development expenditure	Total asset under construction	Production assets	Other business and corporate assets	Total
As at 1 January 2024						
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)
Net book amount	**13,009,153**	**7,479,750**	**20,488,903**	**142,058,422**	**30,043**	**162,577,368**
Year ended 31 December 2024						
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)
	12,144,906	**9,733,983**	**21,878,889**	**152,891,475**	**26,877**	**174,797,241**
As at 31 December 2024						
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)
Net book amount	**12,144,906**	**9,733,983**	**21,878,889**	**152,891,475**	**26,877**	**174,797,241**
At 1 January 2025						
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)
Net book amount	**12,144,906**	**9,733,983**	**21,878,889**	**152,891,475**	**26,877**	**174,797,241**
Year ended 31 December 2025						
Additions	(273,411)	(1,167,045)	(1,440,456)	21,023,459	9,911	19,592,914
Changes in decommissioning obligations	-	-	-	804,576	-	804,576
Impairment	(1,618,730)	(6,289)	(1,625,019)	-	-	(1,625,019)
Depreciation	-	-	-	(14,691,786)	(4,523)	(14,696,309)
Disposals and write-off	(219,840)	-	(219,840)	(15,428)	-	(235,268)
Other transfers	137,142	(212,290)	(75,148)	319	(258)	(75,087)
Translation differences	(99,614)	(9,278)	(108,892)	(101,495)	-	(210,387)
	10,070,453	**8,339,081**	**18,409,534**	**159,911,120**	**32,007**	**178,352,661**
As at 31 December 2025						
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)
Net book amount	**10,070,453**	**8,339,081**	**18,409,534**	**159,911,120**	**32,007**	**178,352,661**

The Group identified an impairment loss of RSD 1,625,019 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.



d) Rights of use assets

	Land	Property	Plant and equipment	Vehicles	Total
As at 1 January 2024	**108,780**	**1,344,646**	**229,288**	**2,046,036**	**3,728,750**
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)
As at 31 December 2024	**112,221**	**1,263,250**	**283,430**	**2,215,155**	**3,874,056**
As at 1 January 2025	**112,221**	**1,263,250**	**283,430**	**2,215,155**	**3,874,056**
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)
As at 31 December 2025	**99,340**	**1,051,238**	**571,782**	**1,941,243**	**3,663,603**

9. INVESTMENTS IN JOINT VENTURE

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

		Ownership percentage	31 December 2025	31 December 2024
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
Total investments			**3,394,511**	**2,623,087**

The principal place of business of joint ventures disclosed above is the 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.

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 is presented in the table below:

	NIS MET Energowind	Gazprom Energoholding Serbia
31 December 2025		
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	(46,675)	1,621,963
31 December 2024		
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	(101,022)	(113,078)

10. OTHER LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES

	31 December 2025	31 December 2024
Other long-term financial investments	259,810	260,558
LT loans given to employees	667,972	657,983
Other long-term receivables	150,718	-
Less provision	(273,954)	(282,194)
	804,546	**636,347**

Loans to employees as at 31 December 2025 amounting to 667,972 RSD (31 December 2024: 657,983 RSD) represent interest-free loans or loans at the interest rate of 0.5% and 1.5% given to employees for housing purposes, and are repaid through monthly instalments. These loans are impaired in the amount of 273,954 RSD (31 December 2024: 282,194 RSD).

11. DEFERRED TAX ASSETS AND LIABILITIES

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

	Assets	Liabilities	Net
As at December 31, 2025			
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)
	5,347,981	**(15,185)**	**5,332,796**
As at December 31, 2024			
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)
	4,290,055	**(191,359)**	**4,098,696**

Movements in temporary differences during the period:

	As at December 31, 2024	Recognised in profit or loss	Recognised in other comprehensive income	Other	As at December 31, 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)
Total	**4,098,696**	**1,225,408**	**9,414**	**(722)**	**5,332,796**

	As at December 31, 2023	Recognised in profit or loss	Recognised in other comprehensive income	Other	As at December 31, 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)
Total	**3,245,067**	**840,727**	**12,900**	**2**	**4,098,696**

The recognition of deferred tax assets was based on a five-year 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.

12. INVENTORY

	31 December 2025	31 December 2024
Materials, spare parts and tools	18,110,889	27,760,671
Work in progress	8,335,160	6,994,014
Finished goods	11,126,895	19,496,511
Goods for sale	6,717,754	3,066,241
Advances	3,415,522	1,868,543
Less: impairment of inventory	(5,143,451)	(5,130,666)
Less: impairment of advances	(152,675)	(160,698)
	42,410,094	**53,894,616**

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.

Movement on inventory provision is as follows:

	Impairment of inventories	Impairment of Advances	Total
Balance as of 1 January 2024	**5,753,230**	**175,099**	**5,928,329**
Provision for inventories and advances (note 29)	-	146	146
Unused amounts reversed (note 26)	(561,720)	(14,435)	(576,155)
Write off during the year	(71,355)	-	(71,355)
Other	10,511	(112)	10,399
Balance as of 31 December 2024	**5,130,666**	**160,698**	**5,291,364**
Provision for inventories and advances (note 29)	1,506	7,860	9,366
Unused amounts reversed (note 26)	(121,957)	(11,703)	(133,660)
Write off during the year	(13,537)	(4,180)	(17,717)
Other	146,773	-	146,773
Balance as of 31 December 2025	**5,143,451**	**152,675**	**5,296,126**

13. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables - other related parties - domestic	168,083	51,000
Trade receivables - other related parties - foreign	983	249,124
Trade receivables domestic – third parties	24,327,924	35,203,570
Trade receivables foreign – third parties	590,000	1,318,062
	25,086,990	36,821,756
Less: Impairment	(4,677,316)	(4,741,545)
	20,409,674	**32,080,211**

14.OTHER SHORT-TERM RECEIVABLES

	31 December 2025	31 December 2024
Receivables from specific operations	911,673	968,429
Interest receivables	2,003,016	2,029,910
Receivables from employees	23,490	35,261
Other receivables	120,031	380,208
Income tax prepayment	7,664,784	7,738,035
Prepaid taxes and contributions	2,371,203	7,595,653
Receivables for VAT	176,494	171,478
Less: Impairment	(9,991,756)	(10,100,037)
	3,278,935	**8,818,937**

15. SHORT-TERM FINANCIAL INVESTMENTS

	31 December 2025	31 December 2024
Deposits with original maturity more than 3 months less than 1 year	-	214,937
Other short-term financial assets	83,067	84,197
	83,067	**299,134**

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

16. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash in bank and in hand	7,205,585	10,853,599
Deposits with original maturity of less than three months	22,956,223	29,878,687
Cash equivalents	3,386	3,797
Restricted cash	354,910	252
	30,520,104	**40,736,335**

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.

17. PREPAYMENTS AND ACCRUED INCOME

	31 December 2025	31 December 2024
Deferred input VAT	1,298,915	4,115,321
Prepaid expenses	231,472	453,185
Prepaid excise	3,042,485	6,651,125
Housing loans and other prepayments	515,328	521,486
	5,088,200	**11,741,117**

Deferred input VAT as at 31 December 2025 amounting to 1,298,915 RSD (31 December 2024: 4,115,321 RSD) represents VAT claimed on invoices received and accounted for in the current period, whilst inputs will be allowed in the following accounting period.

Prepaid excise duty as at 31 December 2025 amounting to 3,042,485 RSD (31 December 2024: 6,651,125 RSD) relates to the excise paid for finished products stored in non-excise warehouse and excise paid for imported products used in further production process which will be refunded in the near future.

18. OFF-BALANCE SHEET ASSETS AND LIABILITIES

	31 December 2025	31 December 2024
Issued warranties and bills of exchange	73,567,386	107,967,248
Received warranties and bills of exchange	13,827,109	47,093,558
Properties in ex-Republics of Yugoslavia	5,358,020	5,358,146
Receivables from companies from ex-Yugoslavia	6,134,751	6,903,557
Third party merchandise in warehouses	14,223,697	20,656,672
Assets for oil fields liquidation	1,361,966	1,361,966
Mortgages and pledges received	2,287,988	4,617,140
Other off-balance sheet assets and liabilities	995,579	756,042
	117,756,496	**194,714,329**

19. EQUITY

		Equity attributable to the Company's owners					
	Note	Share capital	Rev. reserves and unr. gains and losses	Retained earnings (losses)	Total	Non-controlling interest	Total equity
Balance as at 1 January 2024		**81,530,200**	**575,971**	**288,463,874**	**370,570,045**	**517,608**	**371,087,653**
Profit/(loss) for the period		-	-	10,844,835	10,844,835	(765,398)	10,079,437
Other comprehensive income/(loss)							
Remeasurements of post-employment benefit obligations	20	-	(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
Total comprehensive income/(loss) for the period		**-**	**(126,385)**	**10,844,835**	**10,718,450**	**(771,829)**	**9,946,621**
Dividend distribution	19.1	-	-	(10,478,261)	(10,478,261)	-	(10,478,261)
Other		-	4,100	(4,152)	(52)	-	(52)
Balance as at 31 December 2024		**81,530,200**	**453,686**	**288,826,296**	**370,810,182**	**(254,221)**	**370,555,961**
Balance as at 1 January 2025		**81,530,200**	**453,686**	**288,826,296**	**370,810,182**	**(254,221)**	**370,555,961**
Loss for the period		-	-	(4,551,547)	(4,551,547)	(1,026,595)	(5,578,142)
Other comprehensive income/(loss)							
Remeasurements of post-employment benefit obligations	20	-	(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
Total comprehensive income/(loss) for the period		**-**	**225,109**	**(4,551,547)**	**(4,326,438)**	**(1,027,856)**	**(5,354,294)**
Dividend distribution	19.1	-	-	(4,595,042)	(4,595,042)	-	(4,595,042)
Internal transfers		-	(296)	296	-	-	-
Other		-	(714)	-	(714)	-	(714)
Balance as at 31 December 2025		**81,530,200**	**677,785**	**279,680,003**	**361,887,988**	**(1,282,077)**	**360,605,911**

19.1. 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 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
Earnings/(Loss) per share (in RSD)	**(27.91)**	**66.51**

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.

20. LONG – TERM PROVISIONS

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
As at 1 January 2024	**11,374,688**	**466,555**	**1,366,540**	**1,496,533**	**1,945,789**	**16,650,105**
Charged to the income statement	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 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
As at 31 December 2024	**12,079,868**	**385,751**	**1,550,419**	**500,277**	**1,578,558**	**16,094,873**
As at 1 January 2025	**12,079,868**	**385,751**	**1,550,419**	**500,277**	**1,578,558**	**16,094,873**
Charged to the income statement	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 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)
As at 31 December 2025	**13,034,622**	**302,404**	**1,651,540**	**1,389,284**	**351,136**	**16,728,986**

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
	16,728,986	**16,094,873**

(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.

(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.

(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:

	31 December 2025	31 December 2024
Retirement allowances	1,179,597	1,111,245
Jubilee awards	471,943	439,174
	1,651,540	**1,550,419**

The principal actuarial assumptions used were as follows:

	31 December 2025	31 December 2024
Discount rate	5.83%	6.40%
Future salary increases	6.11%	6.29%
Future average years of service	17.48	18.39

	Retirement allowances	Jubilee awards	Total
Balances as at 1 January 2024	**938,794**	**427,746**	**1,366,540**
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)
Balances as at 31 December 2024	**1,111,245**	**439,174**	**1,550,419**
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
Balances as at 31 December 2025	**1,179,597**	**471,943**	**1,651,540**

The amounts recognized in the consolidated income statement are as follows:

	Year ended 31 December 2025	2024
Current service cost	114,173	75,201
Interest cost	93,474	93,333
Curtailment (gain)/loss	19,611	(5,120)
Actuarial (gain)/loss (jubilee awards)	(1,781)	435
Amortisation of past service cost	2,439	38,951
	227,916	**202,800**

21. LONG-TERM LIABILITIES

	31 December 2025	31 December 2024
Bank loans	46,392,416	65,159,107
Lease liabilities	3,213,835	3,554,987
Other non-current financial liabilities	874,088	837,800
Other long-term borrowings	897,946	872,399
	51,378,285	**70,424,293**
Less: Current portion (note 22)	(20,395,316)	(9,749,970)
	30,982,969	**60,674,323**

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

	Long-term loans	Short-term loans	Finance lease	Total
As at 1 January 2024	**65,223,169**	**820,000**	**3,935,015**	**69,978,184**
Proceeds	12,055,367	-	-	12,055,367
Repayment	(11,935,484)	(820,000)	(1,206,983)	(13,962,467)
Non-cash transactions	(95,469)	-	836,184	740,715
Foreign exchange difference	(88,476)	-	(9,229)	(97,705)
As at 31 December 2024	**65,159,107**	**-**	**3,554,987**	**68,714,094**
As at 1 January 2025	**65,159,107**	**-**	**3,554,987**	**68,714,094**
Proceeds	4,464,639	-	-	4,464,639
Repayment	(23,424,038)	-	(992,820)	(24,416,858)
Non-cash transactions	49,497	-	643,704	693,201
Foreign exchange difference	143,211	-	7,964	151,175
As at 31 December 2025	**46,392,416**	**-**	**3,213,835**	**49,606,251**

a) Bank loans

	31 December 2025	31 December 2024
Bank loans	46,392,416	65,159,107
Current portion of long-term loans	(19,245,155)	(8,815,829)
	27,147,261	**56,343,278**

The maturity of non-current loans was as follows:

	31 December 2025	31 December 2024
Between 1 and 2 years	6,323,799	30,987,592
Between 2 and 5 years	20,578,503	24,567,096
Over 5 years	244,959	788,590
	27,147,261	**56,343,278**

The carrying amounts of bank loans in the amount of 46,392,416 RSD (31 December 2024: 65,159,107 RSD) are denominated in EUR.

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

The loan agreements contain financial covenants that require the Group 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.

b) Lease liabilities

	31 December 2025	31 December 2024
Non-current portion of lease liabilities	2,063,674	2,620,846
Current portion of lease liabilities	1,150,161	934,141
	3,213,835	**3,554,987**

Amounts recognized in profit and loss:

	31 December 2025	31 December 2024
Interest expense (included in finance cost) (note 33)	147,942	167,022
Expense relating to short-term leases (note 30)	136,349	165,546
Expense relating to leases of low value assets that are not shown above as short-term leases (note 30)	69,927	102,859
Expense relating to variable lease payments not included in lease liabilities (note 30)	2,499,573	2,592,014

c) Other non-current financial liabilities

As at 31 December 2025 other non-current financial liabilities in the amount of 874,088 RSD (2024: 837,800 RSD) represents deferred consideration for O&G exploration.

d) Other long-term borrowings

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

22. SHORT-TERM FINANCE LIABILITIES

	31 December 2025	31 December 2024
Current portion of long-term loans (note 21)	19,245,155	8,815,829
Current portion of lease liabilities (note 21)	1,150,161	934,141
Other short-term financial liabilities	29,176	-
	20,424,492	**9,749,970**

23. TRADE PAYABLES

	31 December 2025	31 December 2024
Trade payables – other related parties	206,374	676,465
Trade payables - domestic	7,651,648	14,512,714
Trade payables - foreign	2,222,652	2,551,320
Trade payables - other	1,652,075	40,469
	11,732,749	**17,780,968**

24. OTHER SHORT-TERM LIABILITIES

	31 December 2025	31 December 2024
Specific liabilities	443,127	258,947
Liabilities for unpaid wages and salaries, gross	27,090	2,527,256
Interest liabilities	128,714	214,943
Dividends payable	5,844,191	3,783,398
Other payables to employees	1,529,607	1,465,516
VAT	1,821,915	2,624,817
Excise tax	2,103,292	8,609,345
Contribution for State commodity reserves	128,631	348,237
Energy efficiency fee	15,063	45,956
Income tax	12,877	13,609
Other taxes payables	2,470,940	1,257,829
Other current liabilities	7,839	191,274
	14,533,286	**21,341,127**

25. ACCRUED EXPENSES

Accrued expenses as at 31 December 2025 amounting to 4,452,986 RSD (31 December 2024: 5,199,887 RSD) mainly relate to accrued employee bonuses of 1,372,787 RSD (31 December 2024: 2,772,247 RSD) and contract liabilities arising from contracts with customers related to customer loyalty 804,379 RSD (31 December 2024: 1,032,331 RSD).

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.

26. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December 2025	2024
Release of impairment:		
- PPE (note 8)	-	200,000
- investment property (note 8b)	155,389	-
- inventory (note 12)	121,957	561,720
- other	30,017	256,604
	307,363	**1,018,324**

27. COST OF MATERIAL, FUEL AND ENERGY

	Year ended 31 December 2025	2024
Costs of raw materials	148,830,994	197,144,081
Overheads and other costs	236,806	226,725
Fuel and energy cost	17,921,279	18,540,574
Other	1,590,513	1,488,612
	168,579,592	**217,399,992**

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

	Year ended 31 December 2025	2024
Wages and salaries (gross)	38,509,185	36,377,155
Taxes and contributions on wages and salaries paid by employer	5,369,269	5,008,349
Cost of service agreement	72,970	243,291
Cost of other personal wages	60,393	60,596
Fees paid to board of directors and general assembly board	166,645	143,867
Termination costs	30,678	24,138
Cost of service organization	15,957	26,458
Other personal expenses	1,310,104	1,606,824
	45,535,201	**43,490,678**

29. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)

	Year ended 31 December 2025	2024
Impairment of:		
- intangible assets (note 7)	621,554	9,714
- PPE (note 8)	2,363,036	39,427
- investment property (note 8b)	-	2,991
- inventory (note 12)	1,506	-
- other	4,107	1,141
	2,990,203	**53,273**

30. COST OF PRODUCTION SERVICES

	Year ended 31 December 2025	2024
Cost of production services	2,394,165	2,894,878
Transportation services	2,782,676	3,175,605
Maintenance	5,911,360	6,978,915
Rental costs (note 21)	2,705,849	2,860,419
Fairs	5,689	8,038
Advertising costs	817,697	1,236,106
Exploration expenses	229,735	30,425
Cost of other services	2,269,631	1,996,623
	17,116,802	**19,181,009**

31. NON-PRODUCTION COSTS

	Year ended 31 December 2025	2024
Costs of non-production services	3,702,330	4,097,222
Representation costs	71,264	189,038
Insurance premium	640,474	747,001
Bank charges	714,271	776,506
Cost of taxes	1,620,535	1,608,848
Mineral extraction tax	1,926,995	1,842,816
Other non-production expenses	1,985,121	1,724,390
	10,660,990	**10,985,821**

Costs of non-production services for the year ended 31 December 2025 amounting to 3,702,330 RSD (2024: 4,097,222 RSD) mainly relate to security cost of 1,583,779 RSD (2024: 1,344,121 RSD); project management costs of 561,054 RSD (2024: 612,170 RSD) and consulting service costs of 194,631 RSD (2024: 264,722 RSD).

32. FINANCE INCOME

	Year ended 31 December 2025	2024
Finance income - related parties:		
- foreign exchange differences	318,001	154,159
Interest income	1,458,458	2,240,770
Share of profit in joint ventures	794,762	-
Modification gain	-	95,469
Unwinding of present value discount - income	42,157	29,201
Foreign exchange gains	499,493	571,365
Other finance income	33,651	65,556
	3,146,522	**3,156,520**

33. FINANCE EXPENSE

	Year ended 31 December 2025	2024
Finance expenses – related parties:		
- foreign exchange differences	706,340	239,248
- other finance expense	34,209	18,729
Interest expenses	2,864,492	3,540,404
Share of loss in joint ventures	23,338	105,918
Amortisation expense – discount of receivables	149,299	19,450
Decommissioning provision: unwinding of the present value discount	20,508	155,628
Loss on restructuring of borrowings	49,496	-
Foreign exchange losses	931,047	1,532,466
Other finance expenses	8,064	10,112
	4,786,793	**5,621,955**

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

	Year ended 31 December 2025	2024
Reversal of impairment of LT financial investments	8,967	5,012
Income from valuation:		
- trade receivables (note 5)	36,783	120,756
- receivables from specific operations (note 5)	53,707	88
- other receivables (note 5)	11,347	5,006
	110,804	**130,862**

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

	Year ended 31 December	
	2025	2024
Allowance provision expense:		
- trade receivables (note 5)	80,583	29,852
- receivables from specific operations (note 5)	633	1,507
- other receivables (note 5)	2,738	1,208
- other (note 5)	9,860	10,297
	93,814	**42,864**

36. OTHER INCOME

	Year ended 31 December	
	2025	2024
Gains on disposal - PPE	73,511	137,228
Gains on disposal - materials	41,779	68,268
Surpluses from stock count	498,677	697,343
Payables written off	43,219	29,069
Release of long-term provisions (note 20)	1,272,047	99,988
Penalty interest	84,408	126,349
Other income	97,298	303,033
	2,110,939	**1,461,278**

37. OTHER EXPENSES

	Year ended 31 December	
	2025	2024
Loss on disposal - PPE	115,291	115,455
Loss on disposal - material	21,002	76,591
Shortages from stock count	553,114	729,579
Write-off receivables	6,898	9,695
Write-off inventories	250,962	214,900
Charity and social payments	177,015	197,077
Other expense	228,114	217,541
	1,352,396	**1,560,838**

38. INCOME TAXES

Components of income tax expense:

	Year ended 31 December	
	2025	2024
Income tax for the year	(1,463,404)	4,814,328
Deferred income tax for the period (note 11)		
Origination and reversal of temporary differences	(1,225,408)	(840,727)
	(2,688,812)	**3,973,601**

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 Group's profits as follows:

	Year ended 31 December	
	2025	2024
Profit/(Loss) before income tax	**(8,266,954)**	**14,053,038**
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)
	(2,688,812)	**3,973,601**
The weighted average effective tax rate	-	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.

39. COMMITMENTS AND CONTINGENT LIABILITIES

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

Environmental protection

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Group's management recognised an environmental provision in the amount of 302,404 RSD (31 December 2024: 385,751 RSD) (note 20).

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

Taxes

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Group's management. As result, some transactions may be disputed by tax authorities and the Group may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Group has paid all tax liabilities as of 31 December 2025.

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.

40. 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.

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.

41. RELATED PARTIES 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 supply/delivery of crude oil, petroleum products and energy.

As of 31 December 2025 and 31 December 2024 the outstanding balances with related parties other than state and state own companies were as follows:

	Parent	Parent's subsidiaries and associates	Joint venture
As at 31 December 2025			
Investments in joint ventures	-	-	3,394,511
Long-term receivables	-	-	1,013,125
Advances for inventory and services	-	1,477	-
Trade receivables	-	151,329	17,737
Other receivables	-	27,570	22
Short-term investments	-	20,662	-
Advances received	-	(330)	(213)
Trade payables	-	(17,796)	(188,578)
Other short-term liabilities	-	(2,060,877)	-
	-	**(1,877,965)**	**4,236,604**
As at 31 December 2024			
Investments in joint ventures	-	-	2,623,087
Long-term receivables	-	-	826,117
Advances for inventory and services	-	70,492	469,713
Trade receivables	-	249,158	50,966
Other receivables	-	22,237	51
Short-term investments	-	20,129	-
Advances received	-	(118)	(389)
Trade payables	-	(166,304)	(510,161)
	-	**195,594**	**3,459,384**

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

	Parent	Parent's subsidiaries and associates	Joint venture
Year ended 31 December 2025			
Revenues from sales of products and services	-	1,673,763	164,294
Expenses based on procurement of products and services	-	(218,345)	(1,826,757)
Other income	-	3,457	740,002
	-	**1,458,875**	**(922,461)**
Year ended 31 December 2024			
Revenues from sales of products and services	-	293,244	283,562
Expenses based on procurement of products and services	-	(907,615)	(2,788,722)
Other (expenses)/income	-	3,834	(124,986)
	-	**(610,537)**	**(2,630,146)**

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

	31 December 2025	31 December 2024
As at 31 December 2025		
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)
	57,120	**348,604**

	Year ended 31 December 2025	2024
Year ended 31 December		
Operating income	9,079,504	11,358,258
Operating expenses	(104,807)	(122,989)
	8,974,697	**11,235,269**

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.

42. RECONCILIATION OF RECEIVABLES AND PAYABLES

In accordance with The Accounting Law, the Group reconciled account receivables and payables with the customers and the suppliers before preparing financial statements. There are no material unconfirmed receivables or payables in the Group.

43. 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.

On 20 February 2026, OFAC issued a specific license (Licence No. MUL- 2025-1447098-3) that postpones the full implementation of sanctions until 20 March 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 27 February 2026, when these consolidated financial statements were approved, have been taken into account.





REPORT ON PAYMENTS TO GOVERNMENTAL AUTHORITIES

REPORT ON PAYMENTS TO GOVERNMENTAL AUTHORITIES

for the year ending on 31 December 2025

Articles 39 and 40 of the Law on Accounting ("Official Gazette of the Republic of Serbia", No. 73/2019 and 44/2021 – other law) require the companies of public interest operating in the extractive or primary forest felling industries to compile and publish a report or consolidated report on payments to governmentar authorities on an annual basis.

Article 76 of the Law on the Capital Market stipulates that an issuer engaged in mining, which includes the activities of exploration, discovery and extraction of minerals, oil, natural gas and other raw materials, or primary forestry, such as the cultivation, felling and restoration of forests and forest areas, has the obligation to compile and publish, once a year, and not later than 6 months after the end of the business year, the summary report on all payments to the state, autonomous provinces, cities, municipalities and organisations that hold public powers.

INFORMATION ABOUT THE PREPARATION (PREPARATION RULES) OF THE REPORT ON PAYMENTS TO GOVERNMENTAL AUTHORITIES:

Legal entities subject to reporting

Pursuant to the Law on Accounting, NIS j.s.c. Novi Sad as a legal entity operating in the extractive industry is required to prepare a consolidated Report on Payments to Governmental Authorities for every completed business year, both for NIS and all of its subsidiaries (engaged in the extractive industry) subject to consolidation within the Consolidated Financial Statements of the NIS Group.

Payments included in the report on payments to governmental authorities

All payments of the NIS Group made to the governmental authorities during the indicated business year for activities including exploration, prospecting, discovery, development and extraction of coal, crude oil and natural gas, metal ores, non-ferrous, other mining and quarrying of stone, sand, clay, gravel, etc. are presented in this Report.

Within the meaning of the Law, payment represents an amount paid in money, goods, services or rights for activities of legal entities operating in the extractive industry or engaged in felling of primary forests.

Types of payments subject to this Report are as follows:

Right to production – The right to production includes the share of production that belongs to the state during the reporting period. As a rule, this payment is made in kind. These payments were not identified within the NIS Group.

Income, production or profit tax of legal entities excluding consumption taxes such as value added tax, personal income tax or excise duties – The Report on Payments to Governmental Authorities includes all payments related to income tax and production tax. VAT, excise duties and property tax are not shown in this Report. Payments based on environmental protection fees are not included.

Benefits – Include royalty-related payments.

Dividends – All dividends paid out to the Republic of Serbia except for dividends paid out on the basis of ownership rights attached to ordinary shares. These payments were not identified within the NIS Group in 2025. On account of dividends, in 2025, RSD 1,372,721,969.76 was paid to the Republic of Serbia based on ownership rights attached to ordinary shares.

Signing, discovery and production bonuses – It includes bonuses paid out after signing of an agreement or a contract, or when a commercial discovery is announced, production started, or production reached a milestone. In 2025, there were not any payments of this type.

License fees, lease fees, entry fees and other licenses and/or concessions - They includes fees and other amounts paid as fees to obtain access to a certain area where extractive activities are carried out. Administrative fees that are not specifically related to the extractive sector or access to the extractive resources are excluded. Payments in exchange of services provided by the Government are also excluded. Payments of this type were not identified within the NIS Group in 2025.

Infrastructure improvement payments – Include payments for development and improvement of the local infrastructure (roads, bridges or railway), except when infrastructure is used exclusively for operational purposes. Socially significant payments (construction of schools and hospitals) are not included. In 2025, there were no payments of this type within the NIS Group.

The Report on Payments to Governmental Authorities includes payments in exceeding of EUR 100,000 in RSD equivalent.

Governmental authorities

In terms of the Law on Accounting, governmental authorities are any national, regional or local authorities of the Republic of Serbia,member states or a third countries. This includes a department, agency or company that controls such authorities as per provisions of Articles 39 and 40 of the Law on Accounting.

Project

A Project represents operational activities regulated by a single contract, license, lease, concession or similar agreement and forms the basis for payment of obligations to governmental. If several such contracts are considerably interconnected, they are considered a single project.

Reporting currency

All amounts presented in this Report are expressed in dinars (RSD).

Total amount by payment type

Payments, by countries	Right to production	Taxes	Benefits	Dividends	Bonuses	Fees[93]	Infrastructure improvement payments
Republic of Serbia	0	1,743,176	1,847,059	0	0	0	0
Angola	0	612	0	0	0	0	0
Bosnia and Herzegovina	0	0	0	0	0	0	0
Romania	0	0	293,022	0	0	0	0
Total	**0**	**1,743,788**	**2,140,081**	**0**	**0**	**0**	**0**

in 000 RSD

Payments to governmental authorities

Serbia

Payments	Right to production	Taxes	Benefits	Dividends	Bonuses	Fees[94]	Infrastructure improvement payments
Ministry of Finance Treasure Department	0	0	1,847,059	0	0	0	0
Ministry of Finance, Tax administration, Center for Large Taxpayers	0	1,743,176	0	0	0	0	0
Total	**0**	**1,743,176**	**1,847,059**	**0**	**0**	**0**	**0**

in 000 RSD

Angola

Payments	Right to production	Taxes	Benefits	Dividends	Bonuses	Fees[95]	Infrastructure improvement payments
Ministry of Finance of Angola, Tax Administration	0	612	0	0	0	0	0
Total	**0**	**612**	**0**	**0**	**0**	**0**	**0**

in 000 RSD

Romania

Payments	Right to production	Taxes	Benefits	Dividends	Bonuses	Fees[96]	Infrastructure improvement payments
NAMR National Agency for Mineral Resources	0	0	293,022	0	0	0	0
Total	**0**	**0**	**293,022**	**0**	**0**	**0**	**0**

in 000 RSD

Payments by Projects

Angola

Payments	Right to production	Taxes	Benefits	Dividends	Bonuses	Fees[97]	Infrastructure improvement payments
Angola Block 3	0	612	0	0	0	0	0
Total	**0**	**612**	**0**	**0**	**0**	**0**	**0**

in 000 RSD

[93]License fees, lease fees, entry fees and other licenses and/or concessions.
[94]License fees, lease fees, entry fees and other licenses and/or concessions.

[95]License fees, lease fees, entry fees and other licenses and/or concessions

[96]License fees, lease fees, entry fees and other licenses and/or concessions

[97]License fees, lease fees, entry fees and other licenses and/or concessions

ESG INDICATORS



ESG INDICATORS

	Unit of measurement	2025	2024[98]
Climate change and environment			
Direct CO_2 emissions (scope 1)	mn tonnes CO_2	1.56	1.62
Carbon intensity in the Exploration and Production Block for scope 1	kg CO2E /t of oil production	285.3	246.5
Carbon intensity in the Refining Block for scope 1	kg CO2E /t of oil production	272.1	241.1
Indirect CO_2 emissions (scope 2)	thousands t CO_2	429.8	428.3
Other indirect greenhouse gas emissions (scope 3)[99]	thousands t CO_2	9,228.4	11,381
Energy consumption within the company, total	toe	439,031	445,016
Total number of spills[100]	number	45.0	30.0
Number of spills (>1 bbl)	number	18.0	14.0
Captured water per tonne of refined oil	mn m^3/mn t	2.7	2.4
Waste water discharged per tonne of refined oil	mn m^3/mn t	1.2	1.2
Total Waste Generated	thousands tons	14.2	21.5
Hazardous	thousands tons	7.3	9.2
Non-hazardous	thousands tons	6.9	11.8
Total Waste Discharged	thousands tons	15.8	22.3
Hazardous	thousands tons	8.7	9.6
Non-hazardous	thousands tons	7.1	12.7

	Unit of measure	2025	2024
People & communities			
Number of Employees[101]	number	13,732	13,770
Number of Employees including part-time employees[102]	number	24	34
Employee turnover rate	%	10	11
of which voluntary turnover rate	%	7	7
of which non-voluntary turnover rate	%	3	4
Proportion of women in total headcount	%	28	28
Proportion of women in management	%	31	32
Average hours of training per employee	hours	11.0	8.6
Average training cost per employee	RSD thousand	17,520.9	22,614.4
Employees covered by the Collective Bargaining Agreement	%	97	97
Investments in community	RSD million	367.3	481.1
Volunteer hours	number	1,083.5	653
Voluntary blood donation (collected blood units)	number	661	579
Health & safety			
Fatalities – Company employees	number	0	1
Fatalities – contractors (on- and off- site)	number	0	0
Fatalities – third parties (work related)	number	0	0
LTIF[103]	per 1 mn worked hours	2.08	2.13
Tier 1 (Process safety events[104])	number	1	1
Tier 2 (Process safety events)	number	2	8
Tier 3 (Process safety events)	number	514	377
Members of Board of directors			
Number of BoD members	number	11	11
Number of executive members	number	1	1
Number of non-executive members	number	10	10
of which number of independent BoD members	number	2	2
Numbers of BoD Meetings	number	25	24
Numbers of BoD Committees	number	3	3

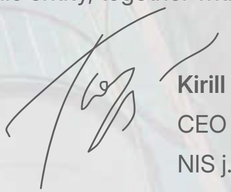
[98]All Climate Change and Environment indicators for 2024 include data for HIPP, except for Scope 3.
[99]Other indirect emissions of gases with the greenhouse effect, which are mostly the consequence of the use of the company's products - category 1 emissions - purchased goods and services, category 2 - means of production (steel, cement) and category 11 - use of the company's sold products). The Scope 3 data shown for 2024 and 2025 do not include HIPP.
[100]Spillage of oil and petroleum products on land, waste water, chemicals, gas emissions and other.
[101]The number of employees does not include employees hired through the Contract of Services.
[102]Employees hired through the Contract of Services. As of 31 December 2025 within NIS j.s.c. Novi Sad, 92 employees are hired through the Contract of Services.
[103]LTIF (Lost Time Injury Frequency) – ratio of employee injuries with lost time.
[104]PSE Tier (Process safety event Tier-1, Tier-2, first and second level technological events) – unplanned and uncontrolled leakage from vessels / pipelines during the technological process, which, according to the international classification (API 754, IOGP 456) leads to the occurrence of: fire, explosion, employee injury or other major adverse consequences.



STATEMENT OF INDIVIDUALS RESPONSIBLE FOR THE PREPARATION OF REPORT

STATEMENT OF INDIVIDUALS RESPONSIBLE FOR THE PREPARATION OF REPORT

We hereby declare that, to the best of our knowledge, the annual report has been prepared in accordance with applicable accounting standards and that it provides a true and objective overview of the assets, liabilities, financial position, profits and losses, revenues and expenditures of the Company, including all companies included in the group with which the Company forms an economic entity, and that the management report on the operations of the Company provides a fair insight into the development and course of its operations, as well as its position and the position of its companies in the group with which it forms an economic entity, together with a description of the main risks and uncertainties to which they are exposed.



Kirill Tyurdenev
CEO
NIS j.s.c. Novi Sad

APPENDICES

GENERAL INFORMATION ABOUT NIS J.S.C. NOVI SAD

Business name:	NIS j.s.c. Novi Sad
Company Registration No:	20084693
Address:	12 Narodnog fronta Street, Novi Sad
TIN:	104052135
Website:	www.nis.rs
Email:	office@nis.rs
Core activity:	0610 - Extraction of crude petroleum
Date of Establishment:	1 October 2005
Audit Company which audited the last financial report (as at 31 December 2025):	FinExpertiza LLC Belgrade 90a Kneza Miloša Street 11000 Belgrade
Organized market where shares of the Issuer are traded in[105]:	Belgrade Stock Exchange a.d. 1 Omladinskih brigada Street 11070 Novi Beograd

[105]Pursuant to the decision of the Belgrade Stock Exchange, trading in shares of NIS j.s.c. Novi Sad was temporarily suspended on 14 January 2025. Further to the decision of the Securities Commission, the Belgrade Stock Exchange issued a decision on 21 January 2025, to extend the temporary suspension of share trading. The suspension will remain in place until the underlying issues are resolved.



GLOSSARY

Abbreviation	Meaning
3D	Three-dimensional
2D	Two-dimensioal
bn	billion
BoD	Board of Directors
BV	Book Value
CAPEX	Capital Expenditures
CMMS	Computerized maintenance management system
CNG	Compressed Natural Gas
CO_2	Carbon Dioxide
CSR	Corporate Social Responsibility
DWS	Downstream
EBITDA	Earnings before interest, Taxes, depreciation and amortisation
EIA	Energy Information Administration
e.o.o.d.	Solely owned limited liability company (in Bulgaria)
EPS	Earnings per share
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GTA	Geological-technical activities
GWh	Gigawatt hours
HQ	Highly-qualified worker
HR	Human Resources
HSE	Health, Safety and the Environment
IMF	International Monetary Fund
IMS	Integrated Management System
IPPC	Integrated Pollution Prevention and Control
IRMS	Integrated Risk Management System
ISO	International Standardisation Organisation
IT	Information Technology
IVMS	In-Vehicle Monitoring System
j.s.c. or JSC	Joint Stock Company
km	kilometre
KPI	Key Performance Indicator
kW	Kilowatt, unit for measuring electrical energy
LLC or llc	Limited Liability Company
LPG	Liquefied Petroleum Gas

Abbreviation	Meaning
LTD	Limited
LTI	Lost Time Injury
LTIF	Lost Time Injury Frequency
m^2	Square meter
m^3	Cubic meter
MBA	Master of Business Administration
mn	million
MW	Megawatt, SI unit of electricity
MWe	Megawatt electrical – a unit of electrical generating capacity
MWh	Megawatt hour, unit of electricity
NAMR	National Agency of Mineral Resources
NBS	National Bank of Serbia
OCF	Operating Cash Flow
OPEC	Organisation of the Petroleum Exporting Countries
OPEX	Operational Expenditure
PJSC	Public Joint Stock Company
P/BV	Price/Book Value
P/E	Price/EPS
PE	Public Enterprise
PhD	Doctor of Philosophy
PS	Petrol Station
Q	Qualified worker
RAR	Road Accident Rate

FINANCIAL CALENDAR

Reporting period	Proposed date of publication of results in 2026[106]
FY 2025 Q4 2025	02.02.2026.[107]
Q1 2026	30 April 2026
Q2 2026	30 July 2026
Q3 2026	30 October 2026

[106]Any changes to the aforementioned dates will be published on the Kalendar događaja - Nis Investitori
[107]The publication of the 2025 Annual Business Report is planned in accordance with the legal deadline for the disclosure of results, by 30 April 2026 at the latest

CONTACTS

NIS J.S.C. NOVI SAD

E-mail: office@nis.rs

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

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

INVESTOR RELATIONS SERVICES

E-mail: Investor.Relations@nis.rs

12, Narodnog fronta St.
21000 Novi Sad, Serbia

PRACTICE FOR PUBLIC COMPANY COMPLIANCE

E-mail: servis.akcionara@nis.rs
1, Milentija Popovica St.
11000 Belgrade, Serbia
Info Service: (+381 11) 22 000 55


NIS