



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

**Financial Statements and  
Independent Auditor's Report**

31 December 2025

Novi Sad, 27 February 2026

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

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### PREPARED IN ACCORDANCE WITH THE LAW ON ACCOUNTING OF THE REPUBLIC OF SERBIA

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## 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.

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**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.

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**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.

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**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.

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**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

  
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Srđan Božović  
Licensed Certified Auditor



Finexpertiza d.o.o., Beograd

**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

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

**BALANCE SHEET**

	AOP	Note	31 December 2025	31 December 2024
<b>A. SUBSCRIBED CAPITAL UNPAID</b>	<b>0001</b>		-	-
<b>B. NON-CURRENT ASSETS (0003+0009+0017+0018+0028)</b>	<b>0002</b>		<b>351,936,367</b>	<b>350,197,200</b>
<b>I. INTANGIBLE ASSETS (0004+0005+0006+0007+0008)</b>	<b>0003</b>	<b>7</b>	<b>13,981,244</b>	<b>14,345,079</b>
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		-	-
<b>II. PROPERTY, PLANT AND EQUIPMENT (0010+0011+0012+0013+0014+0015+0016)</b>	<b>0009</b>		<b>298,470,309</b>	<b>295,945,676</b>
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
<b>III. BIOLOGICAL ASSETS</b>	<b>0017</b>		-	-
<b>IV. LONG-TERM FINANCIAL INVESTMENTS AND LONG-TERM RECEIVABLES (0019+0020+0021+0022+0023+0024+0025+0026+0027)</b>	<b>0018</b>		<b>39,484,814</b>	<b>39,906,445</b>
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
<b>V. LONG - TERM ACCRUED AND DEFERRED INCOME</b>	<b>0028</b>		-	-
<b>C. DEFERRED TAX ASSETS</b>	<b>0029</b>	<b>13</b>	<b>5,530,178</b>	<b>4,278,690</b>
<b>G. CURRENT ASSETS (0031+0037+0038+0044+0048+0057+0058)</b>	<b>0030</b>		<b>124,619,076</b>	<b>173,362,054</b>
<b>I. INVENTORY (0032+0033+0034+0035+0036)</b>	<b>0031</b>	<b>14</b>	<b>32,527,864</b>	<b>43,230,623</b>
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

*(continued)*

*The accompanying notes on pages 9 to 62 are an integral part of these financial statements.*

**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

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

**BALANCE SHEET (continued)**

	AOP	Note	31 December 2025	31 December 2024
<b>II. FIXED ASSETS HELD FOR SALE AND BUSINESS TERMINATION</b>	<b>0037</b>		<b>139,188</b>	<b>17,915</b>
<b>III TRADE RECEIVABLES (0039+0040+0041+0042+0043)</b>	<b>0038</b>	<b>15</b>	<b>33,334,235</b>	<b>38,989,898</b>
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		-	-
<b>IV. OTHER SHORT-TERM RECEIVABLES (0045+0046+0047)</b>	<b>0044</b>	<b>16</b>	<b>4,246,153</b>	<b>11,981,627</b>
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
<b>VI. SHORT-TERM FINANCIAL INVESTMENTS (0049+0050+0051+0052+0053+0054+0055+0056)</b>	<b>0048</b>	<b>17</b>	<b>22,670,718</b>	<b>29,217,183</b>
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 evaluated 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		-	-
<b>VI. CASH AND CASH EQUIVALENTS</b>	<b>0057</b>	<b>18</b>	<b>26,887,921</b>	<b>38,821,710</b>
<b>VII. PREPAYMENTS AND ACCRUED INCOME</b>	<b>0058</b>	<b>19</b>	<b>4,812,997</b>	<b>11,103,098</b>
<b>D TOTAL ASSETS = OPERATING ASSETS (0001+0002+0029+0030)</b>	<b>0059</b>		<b>482,085,621</b>	<b>527,837,944</b>
<b>E OFF-BALANCE SHEET ASSETS</b>	<b>0060</b>	<b>20</b>	<b>113,066,496</b>	<b>186,552,396</b>
<b>A. EQUITY (0402+0403+0404+0405+0406-0407+0408+0411-0412)&gt;= 0</b>	<b>0401</b>	<b>21</b>	<b>369,272,056</b>	<b>386,154,558</b>
<b>I. EQUITY</b>	<b>0402</b>		<b>81,530,200</b>	<b>81,530,200</b>
<b>II. SUBSCRIBED CAPITAL UNPAID</b>	<b>0403</b>		-	-
<b>III. SHARE PREMIUM</b>	<b>0404</b>		-	-
<b>IV. RESERVES</b>	<b>0405</b>		-	-
<b>V. POSITIVE REVALUATION RESERVES AND UNREALIZED PROFITS FROM FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT</b>	<b>0406</b>		<b>65,267</b>	<b>66,259</b>
<b>VI. UNREALIZED LOSSES ON FINANCIAL ASSETS AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULT</b>	<b>0407</b>		<b>205,056</b>	<b>151,698</b>
<b>VII. RETAINED EARNINGS (0409+0410)</b>	<b>0408</b>		<b>300,115,050</b>	<b>304,709,797</b>
1. Retained earnings from previous years	0409		300,115,050	286,329,219
2. Retained earnings from current year	0410		-	18,380,578
<b>VIII. NON-CONTROLLING INTEREST</b>	<b>0411</b>		-	-
<b>IX. LOSS (0413+0414)</b>	<b>0412</b>		<b>12,233,405</b>	-
1. Loss from previous years	0413		-	-
2. Loss from current year	0414		12,233,405	-
<b>B. LONG-TERM PROVISIONS AND LIABILITIES (0416+0420+0428)</b>	<b>0415</b>		<b>55,540,642</b>	<b>84,507,525</b>
<b>I. LONG-TERM PROVISIONS (0417+0418+0419)</b>	<b>0416</b>	<b>22</b>	<b>12,999,305</b>	<b>12,652,906</b>
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

*(continued)*

*The accompanying notes on pages 9 to 62 are an integral part of these financial statements.*

**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

(All amounts are in RSD 000 unless otherwise stated)

**BALANCE SHEET (continued)**

	AOP	Note	31 December 2025	31 December 2024
<b>II. LONG-TERM LIABILITIES (0421+0422+0423+0424+0425+0426+0427)</b>	<b>0420</b>	<b>23</b>	<b>42,541,337</b>	<b>71,854,619</b>
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
<b>III. LONG-TERM ACCRUED INCOME AND DEFERRED REVENUES</b>	<b>0428</b>		-	-
<b>C. DEFERRED TAX LIABILITIES</b>	<b>0429</b>	<b>13</b>	-	-
<b>D. LONG - TERM DEFERRED INCOME AND DONATIONS RECEIVED</b>	<b>0430</b>		-	-
<b>E. SHORT-TERM PROVISIONS AND LIABILITIES (0432+0433+0441+0442+0449+0453+0454)</b>	<b>0431</b>		<b>57,272,923</b>	<b>57,175,861</b>
<b>I. SHORT-TERM PROVISIONS</b>	<b>0432</b>	<b>22</b>	<b>2,384,277</b>	<b>1,155,490</b>
<b>II. SHORT-TERM FINANCIAL LIABILITIES (0434+0435+0436+0437+0438+0439+0440)</b>	<b>0433</b>	<b>24</b>	<b>22,375,623</b>	<b>11,692,096</b>
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 borrowings 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, borrowings and liabilities - foreign	0438		80,847	1,799,030
6. Liabilities on short-term securities	0439		-	-
7. Liabilities based on financial derivatives	0440		-	-
<b>III. ADVANCES RECEIVED</b>	<b>0441</b>		<b>2,541,180</b>	<b>5,242,137</b>
<b>IV. TRADE PAYABLES (0443+0444+0445+0446+0447+0448)</b>	<b>0442</b>	<b>25</b>	<b>13,708,650</b>	<b>16,323,505</b>
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
<b>V. OTHER SHORT-TERM LIABILITIES (450+451+452)</b>	<b>0449</b>	<b>26</b>	<b>12,805,759</b>	<b>18,759,717</b>
1. Other short-term liabilities	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		-	-
<b>VI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS ATTRIBUTABLE TO TERMINATED BUSINESS</b>	<b>0453</b>		-	-
<b>VII. SHORT-TERM ACCRUED EXPENSES</b>	<b>0454</b>	<b>27</b>	<b>3,457,434</b>	<b>4,002,916</b>
<b>F. LOSS EXCEEDING EQUITY (0415+0429+0430+0431-0059)&gt;=0=(0407+0412-0402-0403-0404-0405-0406-0408-0411)&gt;=0</b>	<b>0455</b>		-	-
<b>G. TOTAL EQUITY AND LIABILITIES (0401+0415+0429+0430-0431-0455)</b>	<b>0456</b>		<b>482,085,621</b>	<b>527,837,944</b>
<b>H. OFF-BALANCE SHEET LIABILITIES</b>	<b>0457</b>	<b>20</b>	<b>113,066,496</b>	<b>186,552,396</b>

Novi Sad, 27 February 2026

Kirill Tyurdenev  
Chief Executive Officer



M.P.

Anton Cherepanov  
Chief Financial Officer

The accompanying notes on pages 9 to 62 are an integral part of these financial statements.

**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

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

**INCOME STATEMENT**

	AOP	Note	Year ended 31 December	
			2025	2024
<b>A. OPERATING INCOME (1002+1005+1008+1009-1010+1011+1012)</b>	<b>1001</b>		<b>266,227,168</b>	<b>386,894,807</b>
<b>I. INCOME FROM THE SALE OF GOODS (1003+1004)</b>	<b>1002</b>	<b>6</b>	<b>18,357,781</b>	<b>75,498,279</b>
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
<b>II. INCOME FROM SALES OF PRODUCTS AND SERVICES (1006+1007)</b>	<b>1005</b>	<b>6</b>	<b>252,335,130</b>	<b>315,055,600</b>
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
<b>III. WORK PERFORMED BY THE ENTITY AND CAPITALIZED</b>	<b>1008</b>		<b>2,308,458</b>	<b>2,286,767</b>
<b>IV. INCREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS</b>	<b>1009</b>		<b>-</b>	<b>-</b>
<b>V. DECREASE IN INVENTORIES OF UNFINISHED AND FINISHED GOODS</b>	<b>1010</b>		<b>7,394,681</b>	<b>6,518,756</b>
<b>VI. OTHER OPERATING INCOME</b>	<b>1011</b>	<b>6</b>	<b>439,002</b>	<b>447,704</b>
<b>VII. INCOME FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)</b>	<b>1012</b>	<b>28</b>	<b>181,478</b>	<b>125,213</b>
<b>B. OPERATING EXPENSES</b> (1014+1015+1016+1020+1021+1022+1023+1024)	<b>1013</b>		<b>261,453,048</b>	<b>363,371,652</b>
<b>I. COST OF GOODS SOLD</b>	<b>1014</b>		<b>15,774,073</b>	<b>70,356,252</b>
<b>II. COST OF MATERIAL, FUEL AND ENERGY</b>	<b>1015</b>	<b>29</b>	<b>159,003,984</b>	<b>210,536,124</b>
<b>III. COST OF SALARIES, FRINGE BENEFITS AND OTHER PERSONAL EXPENSES</b>	<b>1016</b>	<b>30</b>	<b>23,370,463</b>	<b>22,966,389</b>
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
<b>IV. DEPRECIATION, DEPLETION AND AMORTIZATION</b>	<b>1020</b>	<b>7,8</b>	<b>26,066,835</b>	<b>24,232,857</b>
<b>V. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)</b>	<b>1021</b>	<b>31</b>	<b>96,148</b>	<b>51,324</b>
<b>VI. COST OF PRODUCTION SERVICES</b>	<b>1022</b>	<b>32</b>	<b>20,173,880</b>	<b>19,428,773</b>
<b>VII. COST OF PROVISION</b>	<b>1023</b>		<b>1,344,359</b>	<b>512,459</b>
<b>VIII. NON-PRODUCTION COSTS</b>	<b>1024</b>	<b>33</b>	<b>15,623,306</b>	<b>15,287,474</b>
<b>C. OPERATING GAIN (1001-1013)&gt;=0</b>	<b>1025</b>		<b>4,774,120</b>	<b>23,523,155</b>
<b>D. OPERATING LOSS (1013-1001)&gt;=0</b>	<b>1026</b>		<b>-</b>	<b>-</b>
<b>E. FINANCE INCOME (1028+1029+1030+1031)</b>	<b>1027</b>	<b>34</b>	<b>3,316,381</b>	<b>3,731,635</b>
<b>I. FINANCIAL INCOME FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES</b>	<b>1028</b>		<b>1,393,105</b>	<b>941,853</b>
<b>II. INTEREST INCOME</b>	<b>1029</b>		<b>1,478,700</b>	<b>2,237,985</b>
<b>III. FOREIGN EXCHANGE GAIN</b>	<b>1030</b>		<b>426,473</b>	<b>486,465</b>
<b>IV. OTHER FINANCIAL INCOME</b>	<b>1031</b>		<b>18,103</b>	<b>65,332</b>
<b>G. FINANCE EXPENSES (1033+1034+1035+1036)</b>	<b>1032</b>	<b>35</b>	<b>4,203,667</b>	<b>5,081,542</b>
<b>I. FINANCIAL EXPENSE FROM PARENT, SUBSIDIARIES AND OTHER RELATED PARTIES</b>	<b>1033</b>		<b>483,661</b>	<b>391,350</b>
<b>II. INTEREST EXPENSE</b>	<b>1034</b>		<b>2,921,128</b>	<b>3,530,576</b>
<b>III. FOREIGN EXCHANGE LOSS</b>	<b>1035</b>		<b>791,618</b>	<b>1,151,960</b>
<b>IV. OTHER FINANCIAL EXPENSE</b>	<b>1036</b>		<b>7,260</b>	<b>7,656</b>
<b>I. PROFIT FROM FINANCING OPERATIONS (1027-1032)&gt;=0</b>	<b>1037</b>		<b>-</b>	<b>-</b>
<b>J. LOSS FROM FINANCING OPERATIONS (1032-1027)&gt;=0</b>	<b>1038</b>		<b>887,286</b>	<b>1,349,907</b>

*(continued)*

*The accompanying notes on pages 9 to 62 are an integral part of these financial statements.*

**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

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

**INCOME STATEMENT (continued)**

	AOP	Note	Year ended 31 December	
			2025	2024
<b>K. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>1039</b>	<b>36</b>	<b>107,797</b>	<b>109,555</b>
<b>L. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS</b>	<b>1040</b>	<b>37</b>	<b>18,745,146</b>	<b>37,466</b>
<b>M. OTHER INCOME</b>	<b>1041</b>	<b>38</b>	<b>740,133</b>	<b>1,314,112</b>
<b>N. OTHER EXPENSE</b>	<b>1042</b>	<b>39</b>	<b>1,018,651</b>	<b>1,393,267</b>
<b>O. TOTAL INCOME (1001+1027+1039+1041)</b>	<b>1043</b>		<b>270,391,479</b>	<b>392,050,109</b>
<b>P. TOTAL EXPENSE (1013+1032+1040+1042)</b>	<b>1044</b>		<b>285,420,512</b>	<b>369,883,927</b>
<b>Q. OPERATING PROFIT BEFORE TAX (1043-1044)&gt;=0</b>	<b>1045</b>		<b>-</b>	<b>22,166,182</b>
<b>R. OPERATING LOSS BEFORE TAX (1044-1043)&gt;=0</b>	<b>1046</b>		<b>15,029,033</b>	<b>-</b>
<b>S. POSITIVE NET EFFECT ON RESULTS BASED ON PROFIT FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS</b>	<b>1047</b>		<b>-</b>	<b>-</b>
<b>T. NEGATIVE NET EFFECT ON RESULTS BASED ON LOSS FROM TERMINATED BUSINESS, CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF ERRORS FROM PREVIOUS PERIODS</b>	<b>1048</b>		<b>-</b>	<b>-</b>
<b>U. PROFIT BEFORE TAX (1045-1046+1047-1048)&gt;=0</b>	<b>1049</b>		<b>-</b>	<b>22,166,182</b>
<b>V. LOSS BEFORE TAX (1046-1045+1048-1047)&gt;=0</b>	<b>1050</b>		<b>15,029,033</b>	<b>-</b>
<b>W. INCOME TAX</b>				
<b>I. CURRENT INCOME TAX</b>	<b>1051</b>	<b>40</b>	<b>(1,552,840)</b>	<b>4,523,958</b>
<b>II. DEFERRED TAX EXPENSE FOR THE PERIOD</b>	<b>1052</b>		<b>-</b>	<b>-</b>
<b>III. DEFERRED TAX INCOME FOR THE PERIOD</b>	<b>1053</b>	<b>40</b>	<b>1,242,788</b>	<b>738,354</b>
<b>X. PERSONAL INCOME PAID TO EMPLOYER</b>	<b>1054</b>		<b>-</b>	<b>-</b>
<b>Y. NET PROFIT (1049-1050-1051-1052+1053-1054)&gt;=0</b>	<b>1055</b>		<b>-</b>	<b>18,380,578</b>
<b>Z. NET LOSS (1050-1049+1051-1052-1053+1054)&gt;=0</b>	<b>1056</b>		<b>12,233,405</b>	<b>-</b>
<b>I. NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST</b>	<b>1057</b>		<b>-</b>	<b>-</b>
<b>II. NET PROFIT ATTRIBUTABLE TO PARENT COMPANY</b>	<b>1058</b>		<b>-</b>	<b>-</b>
<b>III. NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST</b>	<b>1059</b>		<b>-</b>	<b>-</b>
<b>IV. NET LOSS ATTRIBUTABLE TO PARENT COMPANY</b>	<b>1060</b>		<b>-</b>	<b>-</b>
<b>V. EARNINGS PER SHARE</b>				
<b>1. Basic earnings per share</b>	<b>1061</b>		<b>-</b>	<b>-</b>
<b>2. Diluted earnings per share</b>	<b>1062</b>		<b>-</b>	<b>-</b>

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**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

(All amounts are in RSD 000 unless otherwise stated)

**STATEMENT OF OTHER COMPREHENSIVE INCOME**

	AOP	Note	Year ended 31 December	
			2025	2024
<b>A. NET PROFIT/LOSS</b>				
<b>I. NET PROFIT (AOP 1055)</b>	<b>2001</b>		-	<b>18,380,578</b>
<b>II. NET LOSS (AOP 1056)</b>	<b>2002</b>		<b>12,233,405</b>	-
<b>B. OTHER COMPREHENSIVE PROFIT/LOSS</b>				
<b>a) Items that will not be reclassified to profit or loss</b>				
<b>1. Changes in the revaluation of intangible assets, property, plant and equipment</b>				
a) increase of revaluation reserves	2003		-	3,400
b) decrease of revaluation reserves	2004		-	-
<b>2. Actuarial gains (losses) of post employment benefit obligations</b>				
a) gains	2005		-	-
b) losses	2006		53,253	72,023
<b>3. Gains or losses arising from a share in the associate's other comprehensive profit or loss</b>				
a) gains	2007		-	-
b) losses	2008		-	-
<b>b) Items that may be subsequently reclassified to profit or loss</b>				
<b>1. Gains and losses arising from equity investments</b>				
a) gains	2009		-	-
b) losses	2010		-	-
<b>2. Gains (losses) from currency translation differences</b>				
a) gains	2011		-	-
b) losses	2012		-	-
<b>3. Gains (losses) on investment hedging instruments in foreign business</b>				
a) gains	2013		-	-
b) losses	2014		-	-
<b>4. Gains (losses) on hedging in a cash flow hedge</b>				
a) gains	2015		-	-
b) losses	2016		-	-
<b>5. Gains (losses) from change in value of available-for-sale financial assets</b>				
a) gains	2017		-	52
b) losses	2018		88	-
<b>I OTHER COMPREHENSIVE GAIN BEFORE TAX (2003+2005+2007+2009+2011+2013+2015+2017)- (2004+2006+2008+2010+2012+2014+2016+2018)&gt;=0</b>	<b>2019</b>		-	-
<b>II OTHER COMPREHENSIVE LOSS BEFORE TAX (2004+2006+2008+2010+2012+2014+2016+2018)- (2003+2005+2007+2009+2011+2013+2015+2017)&gt;=0</b>	<b>2020</b>		<b>53,341</b>	<b>68,571</b>
<b>III DEFERRED TAX EXPENSE ONR OTHER COMPREHENSIVE PROFIT (LOSS)</b>	<b>2021</b>		-	-
<b>IV DEFERRED TAX INCOME ON OTHER COMPREHENSIVE PROFIT (LOSS)</b>	<b>2022</b>		-	-
<b>V. TOTAL NET COMPREHENSIVE PROFIT (2019-2020-2021+2022)&gt;=0</b>	<b>2023</b>		-	-
<b>VI. TOTAL NET COMPREHENSIVE LOSS (2020-2019+2021-2022)&gt;=0</b>	<b>2024</b>		<b>53,341</b>	<b>68,571</b>
<b>C. TOTAL NET COMPREHENSIVE PROFIT</b>				
<b>I. TOTAL COMPREHENSIVE PROFIT, NET (2001-2002+2023-2024)&gt;=0</b>	<b>2025</b>		-	<b>18,312,007</b>
<b>II. TOTAL COMPREHENSIVE LOSS, NET (2002-2001+2024-2023)&gt;=0</b>	<b>2026</b>		<b>12,286,746</b>	-
<b>D. TOTAL NET COMPREHENSIVE PROFIT / (LOSS) (2028+2029)=AOP 2025&gt;=0 or AOP 2026&gt;0</b>	<b>2027</b>		-	-
1. Attributable to shareholders	2028		-	-
2. Attributable to non-controlling interest	2029		-	-

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**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

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

**STATEMENT OF CASH FLOWS**

	AOP	Note	Year ended 31 December	
			2025	2024
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>I. Cash inflow from operating activities (1 to 4)</b>	<b>3001</b>		<b>535,824,409</b>	<b>694,202,046</b>
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
<b>II. Cash outflow from operating activities (1 do 8)</b>	<b>3006</b>		<b>488,261,901</b>	<b>626,404,426</b>
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	-
<b>III. Net cash inflow from operating activities (I - II)</b>	<b>3015</b>		<b>47,562,508</b>	<b>67,797,620</b>
<b>IV. Net cash outflow from operating activities (II - I)</b>	<b>3016</b>		<b>-</b>	<b>-</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>I. Cash flows from investing activities (1 to 5)</b>	<b>3017</b>		<b>33,070,148</b>	<b>48,207,299</b>
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
<b>II. Cash outflow from investing activities (1 to 3)</b>	<b>3023</b>		<b>70,342,671</b>	<b>82,279,590</b>
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
<b>III. Net cash inflow from investing activities (I - II)</b>	<b>3027</b>		<b>-</b>	<b>-</b>
<b>IV. Net cash outflow from investing activities (II - I)</b>	<b>3028</b>		<b>37,272,523</b>	<b>34,072,291</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>I. Cash inflow from financing activities (1 to 7)</b>	<b>3029</b>		<b>14,451,314</b>	<b>38,469,531</b>
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		-	-
<b>II. Cash outflow from financing activities (1 to 8)</b>	<b>3037</b>		<b>36,513,104</b>	<b>48,859,970</b>
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
<b>III. Net cash inflow from financing activities (I - II)</b>	<b>3046</b>		<b>-</b>	<b>-</b>
<b>IV. Net cash outflow from financing activities (II - I)</b>	<b>3047</b>		<b>22,061,790</b>	<b>10,390,439</b>
<b>D. TOTAL CASH INFLOW (3001+3017+3029)</b>	<b>3048</b>		<b>583,345,871</b>	<b>780,878,876</b>
<b>E. TOTAL CASH OUTFLOW (3006+3023+3037)</b>	<b>3049</b>		<b>595,117,676</b>	<b>757,543,986</b>
<b>F. NET CASH INFLOW (3048-3049)&gt;=0</b>	<b>3050</b>		<b>-</b>	<b>23,334,890</b>
<b>G. NET CASH OUTFLOW (3049-3048)&gt;=0</b>	<b>3051</b>		<b>11,771,805</b>	<b>-</b>
<b>H. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3052</b>		<b>38,821,710</b>	<b>16,270,493</b>
<b>I. CURRENCY TRANSLATION GAINS ON CASH AND CASH EQUIVALENTS</b>	<b>3053</b>		<b>36,246</b>	<b>51,270</b>
<b>J. CURRENCY TRANSLATION LOSSES ON CASH AND CASH EQUIVALENTS</b>	<b>3054</b>		<b>198,230</b>	<b>834,943</b>
<b>K. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (3050-3051+3052+3053-3054)</b>	<b>3055</b>	<b>18</b>	<b>26,887,921</b>	<b>38,821,710</b>

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**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Financial Statements for the year ended 31 December 2025**

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

**STATEMENT OF CHANGES IN EQUITY**

	Equity components									
	AOP	Share capital	AOP	Rev. reserves and unr. gains and losses	AOP	Retained earnings	AOP	Loss	AOP	Total (equals AOP 0401)
1. <b>Balance as at 01 January 2024</b>	<b>4001</b>	<b>81,530,200</b>	<b>4037</b>	<b>(20,968)</b>	<b>4046</b>	<b>296,811,632</b>	<b>4055</b>	-	<b>4073</b>	<b>378,320,864</b>
2. Adjustments of material errors and changes in accounting policies	4002	-	4038	-	4047	-	4056	-	4074	-
3. <b>Restated opening balance as at 1 January 2024</b>	<b>4003</b>	<b>81,530,200</b>	<b>4039</b>	<b>(20,968)</b>	<b>4048</b>	<b>296,811,632</b>	<b>4057</b>	-	<b>4075</b>	<b>378,320,864</b>
4. Net changes in 2024	4004	-	4040	(64,471)	4049	7,898,165	4058	-	4076	7,833,694
5. <b>Balance as at 31 December 2024</b>	<b>4001</b>	<b>81,530,200</b>	<b>4041</b>	<b>(85,439)</b>	<b>4050</b>	<b>304,709,797</b>	<b>4059</b>	-	<b>4077</b>	<b>386,154,558</b>
6. Adjustments of material errors and changes in accounting policies	4006	-	4042	-	4051	-	4060	-	4078	-
7. <b>Restated opening balance as at 01 January 2025</b>	<b>4007</b>	<b>81,530,200</b>	<b>4043</b>	<b>(85,439)</b>	<b>4052</b>	<b>304,709,797</b>	<b>4061</b>	-	<b>4079</b>	<b>386,154,558</b>
8. Net changes in 2025	4008	-	4044	(54,350)	4053	(4,594,747)	4062	12,233,405	4080	(16,882,502)
9. <b>Balance as at 31 December 2025</b>	<b>4009</b>	<b>81,530,200</b>	<b>4045</b>	<b>(139,789)</b>	<b>4054</b>	<b>300,115,050</b>	<b>4063</b>	<b>12,233,405</b>	<b>4081</b>	<b>369,272,056</b>

*The accompanying notes on pages 9 to 62 are an integral part of these financial statements.*

**NIS A.D. – Naftna industrija Srbije, Novi Sad**  
**Notes to financial statements for the year ended 31 December 2025**

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

## **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.

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**Notes to financial statements for the year ended 31 December 2025**

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

**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.

**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'.

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**Notes to financial statements for the year ended 31 December 2025**

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

## **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.

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**Notes to financial statements for the year ended 31 December 2025**

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

**(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.

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

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 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.

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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.

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

*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

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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

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

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

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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).

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**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.

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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).

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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

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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.

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**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

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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.

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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.

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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**

	<b>RSD</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
<b>Financial assets</b>					
<b>Non-current</b>					
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
<b>Current</b>					
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
<b>Financial liabilities</b>					
<b>Non-current</b>					
Long-term liabilities	(8,500)	(42,526,234)	-	(6,603)	(42,541,337)
<b>Current</b>					
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)
<b>Net exposure</b>	<b>42,945,098</b>	<b>(36,217,486)</b>	<b>(866,270)</b>	<b>607,388</b>	<b>6,468,730</b>

**As of 31 December 2024**

	<b>RSD</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
<b>Financial assets</b>					
<b>Non-current</b>					
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
<b>Current</b>					
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
<b>Financial liabilities</b>					
<b>Non-current</b>					
Long-term liabilities	(7,565)	(71,831,598)	-	(15,456)	(71,854,619)
<b>Current</b>					
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)
<b>Net exposure</b>	<b>41,293,228</b>	<b>(28,650,066)</b>	<b>26,168</b>	<b>46,346</b>	<b>12,715,676</b>

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

***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.

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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:

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
<b>Total maximum exposure to credit risk</b>	<b>94,568,359</b>	<b>126,861,381</b>

*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.

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

	<b>Loss rate</b>	<b>Gross carrying amount</b>	<b>Lifetime ECL</b>	<b>Total trade, and other receivables</b>
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
<b>Total trade and other receivables</b>		<b>55,172,783</b>	<b>(17,592,395)</b>	<b>37,580,388</b>

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

	<b>Loss rate</b>	<b>Gross carrying amount</b>	<b>Lifetime ECL</b>	<b>Total trade, and other receivables</b>
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
<b>Total trade and other receivables</b>		<b>65,864,094</b>	<b>(14,892,569)</b>	<b>50,971,525</b>

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:

	<b>Trade receivables</b>	<b>Lease receivables</b>	<b>Total</b>
<b>As at 1 January 2024</b>	<b>4,570,906</b>	<b>30,547</b>	<b>4,601,453</b>
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)
<b>As at 31 December 2024</b>	<b>4,373,560</b>	<b>27,827</b>	<b>4,401,387</b>
<b>As at 1 January 2025</b>	<b>4,373,560</b>	<b>27,827</b>	<b>4,401,387</b>
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)
<b>As at 31 December 2025</b>	<b>4,305,176</b>	<b>29,965</b>	<b>4,335,141</b>

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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:

	<b>Receivables from specific operations</b>	<b>Interest receivables</b>	<b>Other receivables</b>	<b>Total</b>
<b>As at 1 January 2024</b>	<b>952,380</b>	<b>2,214,301</b>	<b>7,337,048</b>	<b>10,503,729</b>
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)
<b>As at 31 December 2024</b>	<b>952,842</b>	<b>2,200,705</b>	<b>7,337,635</b>	<b>10,491,182</b>
<b>As at 1 January 2025</b>	<b>952,842</b>	<b>2,200,705</b>	<b>7,337,635</b>	<b>10,491,182</b>
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)
<b>As at 31 December 2025</b>	<b>878,154</b>	<b>5,047,271</b>	<b>7,331,829</b>	<b>13,257,254</b>

Other financial assets at amortised cost

Movements on the provision for long-term placements to subsidiaries:

	<b>Total</b>
<b>As at 1 January 2024</b>	<b>163,020</b>
Exchange differences	(221)
<b>As at 31 December 2024</b>	<b>162,799</b>
<b>As at 1 January 2025</b>	<b>162,799</b>
Reclassification from non-current to current part	2,749,754
Exchange differences	(6,457)
<b>As at 31 December 2025</b>	<b>2,906,096</b>

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Movements on the provision for short-term placements:

	Short-term financial loans - Domestic	Current portion of long-term placements	Total
<b>As at 1 January 2024</b>	<b>2,019</b>	<b>9,543,744</b>	<b>9,545,763</b>
Remeasurement of expected credit losses	-	-	-
Unused amounts reversed	-	-	-
Reclassification from non-current to current part	-	-	-
Exchange differences	-	(12,934)	(12,934)
<b>As at 31 December 2024</b>	<b>2,019</b>	<b>9,530,810</b>	<b>9,532,829</b>
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
<b>As at 31 December 2025</b>	<b>2,019</b>	<b>22,590,933</b>	<b>22,592,952</b>

***Credit quality of financial assets***

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

	BBB and higher	Less than BBB	Without rating	Total
<b>As at December 2025</b>				
Cash and cash equivalents (note 18)	1,354,412	314,863	25,218,646	<b>26,887,921</b>
<b>As at December 2024</b>				
Cash and cash equivalents (note 18)	2,440,490	12,000,432	24,380,788	<b>38,821,710</b>

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.

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	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	Over 5 years
<b>As at 31 December 2025</b>					
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	-	-
	<b>84,469,801</b>	<b>88,340,344</b>	<b>43,622,783</b>	<b>44,214,571</b>	<b>502,990</b>
<b>As at 31 December 2024</b>					
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	-	-
	<b>103,653,618</b>	<b>112,866,008</b>	<b>37,414,819</b>	<b>74,306,024</b>	<b>1,145,165</b>

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)
<b>Net debt</b>	<b>38,029,039</b>	<b>44,725,005</b>
Adjusted EBITDA	30,830,375	47,955,195
<b>Net debt to adjusted EBITDA ratio at the end of the year</b>	<b>1.23</b>	<b>0.93</b>

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.

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**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:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
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
<b>Adjusted EBITDA (Segment results)</b>	<b>25,602,303</b>	<b>5,228,072</b>	-	<b>30,830,375</b>
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
<b>Segment profit/(loss)</b>	<b>11,806,694</b>	<b>(24,040,099)</b>	-	<b>(12,233,405)</b>

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

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
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
<b>Adjusted EBITDA (Segment results)</b>	<b>37,949,644</b>	<b>10,005,551</b>	-	<b>47,955,195</b>
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)
<b>Segment profit/(loss)</b>	<b>24,359,833</b>	<b>(5,979,255)</b>	-	<b>18,380,578</b>

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

	<b>Year ended</b>	
	<b>31 December</b>	
	<b>2025</b>	<b>2024</b>
Adjusted EBITDA after allocation of Corporate centre	5,228,072	10,005,551
Corporate centre EBITDA	(9,502,362)	(9,042,728)
<b>Adjusted EBITDA prior allocation of Corporate centre</b>	<b>14,730,434</b>	<b>19,048,279</b>

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

	<b>Year ended</b>	
	<b>31 December</b>	
	<b>2025</b>	<b>2024</b>
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
<b>EBITDA</b>	<b>30,830,375</b>	<b>47,955,195</b>

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.

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	Year ended 31 December	
	2025	2024
<b>Company profit/(loss) for the period</b>	<b>(12,233,405)</b>	<b>18,380,578</b>
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)	-
<b>Company profit for the period before impairment loss</b>	<b>6,183,792</b>	<b>18,380,578</b>

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
<i>Wholesale activities</i>	574,581	-	574,581
Sale of petroleum products	213,774,564	36,422,095	250,196,659
<i>Through a retail network</i>	92,855,221	-	92,855,221
<i>Wholesale activities</i>	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
<b>Total sales and other income</b>	<b>234,408,565</b>	<b>36,723,348</b>	<b>271,131,913</b>

	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
<i>Wholesale activities</i>	217,712	-	217,712
Sale of petroleum products	318,233,897	48,239,918	366,473,815
<i>Through a retail network</i>	106,235,625	-	106,235,625
<i>Wholesale activities</i>	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
<b>Total sales and other income</b>	<b>337,308,834</b>	<b>53,692,749</b>	<b>391,001,583</b>

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

Other sales 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.

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The breakdown of the major component of the total revenue from external customers from other countries is disclosed below:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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
	<u>36,422,095</u>	<u>48,239,918</u>
Lease revenue	3,444	5,746
Other sales and other operating income	297,809	404,841
	<u><b>36,723,348</b></u>	<u><b>53,692,749</b></u>

*Presentation of excise duties*

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

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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	<u><b>271,131,913</b></u>	<u><b>391,001,583</b></u>

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.

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**7. INTANGIBLE ASSETS**

	Development investments	Concessions, patents, licenses, software and other rights	Other intangibles	Intangible assets under development	Total
<b>At 1 January 2024</b>					
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)
<b>Net book amount</b>	<b>10,006,187</b>	<b>2,150,105</b>	<b>1,081,092</b>	<b>1,979,379</b>	<b>15,216,763</b>
<b>Year ended 31 December 2024</b>					
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)
<b>Closing net book amount</b>	<b>8,882,621</b>	<b>2,452,432</b>	<b>1,082,564</b>	<b>1,927,462</b>	<b>14,345,079</b>
<b>As at 31 December 2024</b>					
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)
<b>Net book amount</b>	<b>8,882,621</b>	<b>2,452,432</b>	<b>1,082,564</b>	<b>1,927,462</b>	<b>14,345,079</b>
<b>At 1 January 2025</b>					
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)
<b>Net book amount</b>	<b>8,882,621</b>	<b>2,452,432</b>	<b>1,082,564</b>	<b>1,927,462</b>	<b>14,345,079</b>
<b>Year ended 31 December 2025</b>					
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
<b>Closing net book amount</b>	<b>7,866,009</b>	<b>3,130,902</b>	<b>1,046,831</b>	<b>1,937,502</b>	<b>13,981,244</b>
<b>As at 31 December 2025</b>					
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)
<b>Net book amount</b>	<b>7,866,009</b>	<b>3,130,902</b>	<b>1,046,831</b>	<b>1,937,502</b>	<b>13,981,244</b>

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).

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**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
<b>At 1 January 2024</b>								
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)
<b>Net book amount</b>	<b>10,107,799</b>	<b>158,143,087</b>	<b>73,685,863</b>	<b>21,556,986</b>	<b>81,547</b>	<b>127,729</b>	<b>4,162,923</b>	<b>267,865,934</b>
<b>Year ended 31 December 2024</b>								
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)
<b>Closing net book amount</b>	<b>10,138,799</b>	<b>166,560,811</b>	<b>84,670,315</b>	<b>27,261,354</b>	<b>82,236</b>	<b>120,307</b>	<b>2,776,630</b>	<b>291,610,452</b>
<b>At 31 December 2024</b>								
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)
<b>Net book amount</b>	<b>10,138,799</b>	<b>166,560,811</b>	<b>84,670,315</b>	<b>27,261,354</b>	<b>82,236</b>	<b>120,307</b>	<b>2,776,630</b>	<b>291,610,452</b>
<b>At 1 January 2025</b>								
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)
<b>Net book amount</b>	<b>10,138,799</b>	<b>166,560,811</b>	<b>84,670,315</b>	<b>27,261,354</b>	<b>82,236</b>	<b>120,307</b>	<b>2,776,630</b>	<b>291,610,452</b>
<b>Year ended 31 December 2025</b>								
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)
<b>Closing net book amount</b>	<b>10,184,711</b>	<b>174,465,756</b>	<b>82,420,238</b>	<b>25,434,014</b>	<b>82,236</b>	<b>104,896</b>	<b>1,297,355</b>	<b>293,989,206</b>
<b>At 31 December 2025</b>								
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)
<b>Net book amount</b>	<b>10,184,711</b>	<b>174,465,756</b>	<b>82,420,238</b>	<b>25,434,014</b>	<b>82,236</b>	<b>104,896</b>	<b>1,297,355</b>	<b>293,989,206</b>

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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
<b>As at 1 January 2024</b>	<b>1,426</b>	<b>800,397</b>	<b>173,627</b>	<b>1,832,623</b>	<b>2,808,073</b>
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)
<b>As at 31 December 2024</b>	<b>12,098</b>	<b>885,682</b>	<b>219,393</b>	<b>1,705,285</b>	<b>2,822,458</b>
<b>As at 1 January 2025</b>	<b>12,098</b>	<b>885,682</b>	<b>219,393</b>	<b>1,705,285</b>	<b>2,822,458</b>
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
<b>As at 31 December 2025</b>	<b>8,208</b>	<b>819,874</b>	<b>513,420</b>	<b>1,479,338</b>	<b>2,820,840</b>

*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
<b>As at 1 January</b>	<b>1,512,766</b>	<b>1,514,651</b>
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)
<b>As at 31 December</b>	<b>1,660,263</b>	<b>1,512,766</b>

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.

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**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:

	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<i>Recurring fair value measurements</i>			
<i>Land and buildings</i>			
- Shops and other facilities for rents	-	1,058,267	-
- Gas stations	-	-	601,996
<b>Total</b>	<b>-</b>	<b>1,058,267</b>	<b>601,996</b>

Fair value measurements at 31 December 2024 using:

	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<i>Recurring fair value measurements</i>			
<i>Land and buildings</i>			
- Shops and other facilities for rents	-	921,271	-
- Gas stations	-	-	591,495
<b>Total</b>	<b>-</b>	<b>921,271</b>	<b>591,495</b>

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

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

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

Level 3 fair values of gas stations have been derived using value-in-use approach where fair value of gas station is determined as the present value of future net benefits which will belong to the 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:

	<b>2025</b>	<b>2024</b>
Long term growth rate	1%	0%
Discount rate	9.88%	9.21%

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

	<u>2025</u>	<u>2024</u>
<b>Assets as at 1 January</b>	<b>591,495</b>	<b>593,769</b>
Transfer to PPE	-	(2,274)
Changes in fair value measurement:		
Fair value income	10,501	-
Other	-	-
Total increase in fair value measurement, assets	<u>10,501</u>	<u>-</u>
<b>Assets as at 31 December</b>	<b><u>601,996</u></b>	<b><u>591,495</u></b>

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*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
<b>As at 1 January 2024</b>						
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)
<b>Net book amount</b>	<b>4,602,371</b>	<b>6,579,947</b>	<b>11,182,318</b>	<b>133,630,443</b>	<b>5,536</b>	<b>144,818,297</b>
<b>Year ended 31 December 2024</b>						
Additions	1,712,950	2,230,637	3,943,587	16,510,657	-	20,454,244
Changes in decommissioning 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)
	<b>6,315,806</b>	<b>8,796,185</b>	<b>15,111,991</b>	<b>137,763,847</b>	<b>5,427</b>	<b>152,881,265</b>
<b>As at 31 December 2024</b>						
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)
<b>Net book amount</b>	<b>6,315,806</b>	<b>8,796,185</b>	<b>15,111,991</b>	<b>137,763,847</b>	<b>5,427</b>	<b>152,881,265</b>
<b>Year ended 31 December 2025</b>						
Additions	(271,620)	(1,022,281)	(1,293,901)	20,354,704	-	19,060,803
Changes in decommissioning 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)
	<b>5,760,721</b>	<b>7,767,825</b>	<b>13,528,546</b>	<b>145,150,566</b>	<b>5,168</b>	<b>158,684,280</b>
<b>As at 31 December 2025</b>						
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)
<b>Net book amount</b>	<b>5,760,721</b>	<b>7,767,825</b>	<b>13,528,546</b>	<b>145,150,566</b>	<b>5,168</b>	<b>158,684,280</b>

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.

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**9. INVESTMENTS IN SUBSIDIARY**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Investments in subsidiaries:		
- In shares	3,457,576	3,457,576
- In stakes	40,303,566	40,303,566
	<u>43,761,142</u>	<u>43,761,142</u>
Less: Provision	(12,744,460)	(12,744,460)
	<b>31,016,682</b>	<b>31,016,682</b>
Other financial assets available for sales	91,589	91,693
	<b>31,108,271</b>	<b>31,108,375</b>

**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:

	<b>Ownership percentage</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Gazprom Energoholding Serbia d.o.o. Novi Sad	49%	1,038,800	1,038,800
Joint venture		<u>1,038,800</u>	<u>1,038,800</u>

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:

	<b>Gazprom Energoholding Serbia</b>
<b>31 December 2025</b>	
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	<u>1,621,963</u>
<b>31 December 2024</b>	
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	<u>(113,078)</u>

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**11. LONG-TERM INVESTMENTS IN PARENT AND SUBSIDIARIES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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	-
	<u>8,601,620</u>	<u>6,448,386</u>
<i>Less: Impairment</i>	(2,906,096)	(162,799)
	<b><u>5,695,524</u></b>	<b><u>6,285,587</u></b>

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:

	<b>Currency</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<i>Domestic</i>			
NIS Petrol a.d. Belgrade, Serbia	EUR	2,067,402	2,062,694
		<u>2,067,402</u>	<u>2,062,694</u>
<i>Foreign</i>			
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
		<u>6,362,564</u>	<u>4,385,692</u>
		<b><u>8,429,966</u></b>	<b><u>6,448,386</u></b>

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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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	-
<i>Less: Impairment</i>	(270,473)	(278,713)
	<b><u>1,635,534</u></b>	<b><u>1,466,998</u></b>

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.

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**13. DEFERRED TAX ASSETS AND LIABILITIES**

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

	Assets	Liabilities	Net
<b>As at December 31 2025</b>			
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)
	<b>5,541,388</b>	<b>(11,210)</b>	<b>5,530,178</b>
<b>As at December 31 2024</b>			
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)
	<b>4,290,049</b>	<b>(11,359)</b>	<b>4,278,690</b>

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)
<b>Total</b>	<b>4,278,690</b>	<b>1,242,788</b>	<b>9,414</b>	<b>(714)</b>	<b>5,530,178</b>

	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)
<b>Total</b>	<b>3,527,437</b>	<b>738,354</b>	<b>12,899</b>	<b>-</b>	<b>4,278,690</b>

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.

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**14. INVENTORY**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
<i>Less: impairment of inventory</i>	(4,296,730)	(4,326,119)
<i>Less: impairment of advances</i>	(148,171)	(148,022)
	<b>32,527,864</b>	<b>43,230,623</b>

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

Movement on inventory provision is as follows:

	<b>Impairment of inventories</b>	<b>Impairment of Advances</b>	<b>Total</b>
<b>Balance as of 1 January 2024</b>	<b>4,396,526</b>	<b>148,467</b>	<b>4,544,993</b>
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)
<b>Balance as of 31 December 2024</b>	<b>4,326,119</b>	<b>148,022</b>	<b>4,474,141</b>
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)
<b>Balance as of 31 December 2025</b>	<b>4,296,730</b>	<b>148,171</b>	<b>4,444,901</b>

**15. TRADE RECEIVABLES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
	<b>37,669,376</b>	<b>43,391,285</b>
<i>Less: Impairment</i>	(4,335,141)	(4,401,387)
	<b>33,334,235</b>	<b>38,989,898</b>

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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
<i>Less: Impairment</i>	(13,257,254)	(10,491,182)
	<b>4,246,153</b>	<b>11,981,627</b>

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**17. SHORT-TERM FINANCIAL INVESTMENTS**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
<i>Less: Impairment-subsidiaries</i>	(22,590,933)	(9,530,810)
<i>Less: Impairment-third parties</i>	(2,019)	(2,019)
	<b>22,670,718</b>	<b>29,217,183</b>

Short-term loans and current portion of long-term placements to subsidiaries denominated in RSD relate to:

	<b>Currency</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<i>Domestic</i>			
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
<i>Foreign</i>			
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
		<b>45,200,873</b>	<b>38,685,560</b>

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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
	<b>26,887,921</b>	<b>38,821,710</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits with original maturity of less than three months are made for varying periods of between one day and three months, depending on the immediate cash requirements of the 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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
	<b>4,812,997</b>	<b>11,103,098</b>

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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
	<b>113,066,496</b>	<b>186,552,396</b>

**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:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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
<b>Earnings (loss) per share (in RSD)</b>	<b>(75.02)</b>	<b>112.72</b>

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.

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**22. LONG – TERM PROVISIONS**

Movements on the long-term provisions were as follow:

	<b>Decommissioning</b>	<b>Environmental protection</b>	<b>Employees benefits provision</b>	<b>Long-term incentive program</b>	<b>Legal claims provisions</b>	<b>Total</b>
<b>As at 1 January 2024</b>	<b>11,128,294</b>	<b>451,287</b>	<b>801,599</b>	<b>1,496,533</b>	<b>332,675</b>	<b>14,210,388</b>
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
<b>As at 31 December 2024</b>	<b>11,646,383</b>	<b>373,479</b>	<b>946,002</b>	<b>500,277</b>	<b>342,255</b>	<b>13,808,396</b>
<b>As at 1 January 2025</b>	<b>11,646,383</b>	<b>373,479</b>	<b>946,002</b>	<b>500,277</b>	<b>342,255</b>	<b>13,808,396</b>
Charged to the income statement	255,669	-	134,192	1,080,751	15,041	1,485,659
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	-	-	-	-	-	-
<b>As at 31 December 2025</b>	<b>12,380,689</b>	<b>290,132</b>	<b>1,056,402</b>	<b>1,343,495</b>	<b>312,864</b>	<b>15,383,582</b>

Analysis of total provisions:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Non-current	12,999,305	12,652,906
Current	2,384,277	1,155,490
	<b>15,383,582</b>	<b>13,808,396</b>

(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.

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(e) *Provision for employee benefits*

	<b>31 December 2025</b>	<b>31 December 2024</b>
Employee benefits:		
Retirement allowances	720,186	651,561
Jubilee awards	336,216	294,441
	<b>1,056,402</b>	<b>946,002</b>

The principal actuarial assumptions used were as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Discount rate	5.83%	6.29%
Future salary increases	6.11%	5.67%
Future average years of service	17.48	18.39

	<b>Retirement allowances</b>	<b>Jubilee awards</b>	<b>Total</b>
<b>Balances as at 1 January 2024</b>	<b>550,343</b>	<b>251,256</b>	<b>801,599</b>
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
<b>Balances as at 31 December 2024</b>	<b>651,561</b>	<b>294,441</b>	<b>946,002</b>
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
<b>Balances as at 31 December 2025</b>	<b>720,186</b>	<b>336,216</b>	<b>1,056,402</b>

The amounts recognized in the Income Statement are as follows:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Current service cost	65,156	45,585
Past service cost	60,903	58,680
Interest cost	5,996	10,804
Curtailement loss	2,137	14,298
Actuarial loss (jubilee awards)	-	8,601
	<b>134,192</b>	<b>137,968</b>

**23. LONG-TERM LIABILITIES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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 borrowings	1,877,203	1,873,528
	<b>62,375,324</b>	<b>81,159,203</b>
<i>Less Current portion (note 24)</i>	<i>(19,833,987)</i>	<i>(9,304,584)</i>
	<b>42,541,337</b>	<b>71,854,619</b>

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Movements on the Company's liabilities from bank loans and lease liabilities are as follows:

	<b>Long-term loans</b>	<b>Short-term loans</b>	<b>Lease</b>	<b>Total</b>
<b>As at 1 January 2024</b>	<b>65,223,168</b>	<b>3,606,281</b>	<b>2,132,016</b>	<b>70,961,465</b>
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)
<b>As at 31 December 2024</b>	<b>65,159,107</b>	<b>2,387,512</b>	<b>1,986,400</b>	<b>69,533,019</b>
<b>As at 1 January 2025</b>	<b>65,159,107</b>	<b>2,387,512</b>	<b>1,986,400</b>	<b>69,533,019</b>
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
<b>As at 31 December 2025</b>	<b>46,392,416</b>	<b>2,512,460</b>	<b>1,792,145</b>	<b>50,697,021</b>

a) *Bank loans*

	<b>31 December 2025</b>	<b>31 December 2024</b>
Total bank loans	46,392,416	65,159,107
Current portion of long-term loans	(19,245,155)	(8,815,829)
	<b>27,147,261</b>	<b>56,343,278</b>

The maturity of non-current loans was as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
	<b>27,147,261</b>	<b>56,343,278</b>

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.

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*b) Lease liabilities*

	<b>31 December 2025</b>	<b>31 December 2024</b>
Current portion of lease liabilities	588,832	488,755
Non-current finance lease liabilities	1,203,313	1,497,645
	<b>1,792,145</b>	<b>1,986,400</b>

Amounts recognized in profit and loss:

	<b>2025</b>	<b>2024</b>
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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
ST loans - Parent and subsidiaries	2,512,460	2,387,512
Current portion of long-term liabilities (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	-
	<b>22,375,623</b>	<b>11,692,096</b>

**25. TRADE PAYABLES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
	<b>13,708,650</b>	<b>16,323,505</b>

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**26. OTHER SHORT-TERM LIABILITIES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
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
	<b>12,805,759</b>	<b>18,759,717</b>

**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)**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
<i>Release of impairment:</i>		
- PPE (note 8)	-	85,111
- Investment property (note 8)	155,389	-
- Inventory (note 14)	25,818	40,067
- Other property	271	35
	<b>181,478</b>	<b>125,213</b>

**29. COST OF MATERIAL FUEL AND ENERGY**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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
	<b>159,003,984</b>	<b>210,536,124</b>

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**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
	<b>23,370,463</b>	<b>22,966,389</b>

**31. EXPENSE FROM VALUATION OF ASSETS (EXCEPT FINANCIAL)**

	Year ended 31 December	
	2025	2024
<i>Impairment:</i>		
- 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
	<b>96,148</b>	<b>51,324</b>

**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
	<b>20,173,880</b>	<b>19,428,773</b>

**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
	<b>15,623,306</b>	<b>15,287,474</b>

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).

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**34. FINANCE INCOME**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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
	<b>3,316,381</b>	<b>3,731,635</b>

**35. FINANCE EXPENSE**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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
	<b>4,203,667</b>	<b>5,081,542</b>

**36. INCOME FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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
	<b>107,797</b>	<b>109,555</b>

**37. LOSS FROM VALUATION OF ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
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
	<b>18,745,146</b>	<b>37,466</b>

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(All amounts are in RSD 000 unless otherwise stated)

**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
	<b>740,133</b>	<b>1,314,112</b>

**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
	<b>1,018,651</b>	<b>1,393,267</b>

**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)
<b>Total income tax expense</b>	<b>(2,795,628)</b>	<b>3,785,604</b>

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
<b>Profit (loss) before tax</b>	<b>(15,029,033)</b>	<b>22,166,182</b>
Tax calculated at domestic tax rates – 15%	(2,254,355)	3,324,927
<i>Tax effect on:</i>		
Revenues exempt from taxation	-	(28,390)
Expenses not deductible for tax purposes		
- Tax paid in abroad	-	329,842
- Other expenses not deductible	1,011,567	159,225
Effect of tax consolidation (2024)	(1,455,629)	-
Other adjustments of prior year	(97,211)	-
	<b>(2,795,628)</b>	<b>3,785,604</b>
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.

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

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.

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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:

	<b>Subsidiary</b>	<b>Parent</b>	<b>Entities under common control and associates</b>
<b>As at 31 December 2025</b>			
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)
	<b>52,782,891</b>	<b>-</b>	<b>(885,275)</b>

	<b>Subsidiary</b>	<b>Parent</b>	<b>Entities under common control and associates</b>
<b>As at 31 December 2024</b>			
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)
	<b>60,518,248</b>	<b>-</b>	<b>1,086,328</b>

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

	<b>Subsidiary</b>	<b>Parent</b>	<b>Entities under common control and associates</b>
<b>Year ended 31 December 2025</b>			
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)
	<b>(1,013,139)</b>	<b>-</b>	<b>(326,162)</b>

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	<b>Subsidiary</b>	<b>Parent</b>	<b>Entities under common control and associates</b>
<b>Year ended 31 December 2024</b>			
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)
	<b>30,812,062</b>	<b>-</b>	<b>(3,297,680)</b>

*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:

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

Transactions with state 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.

**NIS a.d. – Naftna industrija Srbije, Novi Sad**  
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