

NIS GROUP 2020 RESULTS AFFECTED BY THE PANDEMIC

NIS maintains market stability and invests over 25 billion dinars

In 2020, NIS Group's business was largely affected by exceptionally adverse macroeconomic conditions caused by the coronavirus pandemic and the resulting restrictions and decline in demand for petroleum products. One more factor was the drastic reduction of the oil price in the global market with the average Brent price of 41.7 dollars per barrel, 35% less than in 2019.

Under such challenging conditions, NIS Group still managed to fulfill its main goals – maintain regular supply of petroleum products to the Serbian market, preserve the company's liquidity and protect health and safety of its employees, partners, and clients. The company also persisted with the investments into its development projects, having invested 25.3 billion dinars in 2020. The biggest achievement was the fact that NIS managed to complete one of its most significant development projects – the construction of a delayed coker unit worth over 300 million euro. The company remains a reliable source of income for its shareholders, having paid 4.4 billion dinars in dividends out of 2019 revenue.

Despite the negative trends, the company's EBITDA remained positive at the level of 15.8 billion dinars. Cash flow reached 29.7 billion. NIS finished the second half of the year with a net profit of 2.7 billion dinars, but, unfortunately, due to the impact the unfavorable market conditions had on its performance in the first half of 2020, the final result of the year was a loss of 7.6 billion dinars. The company paid 179.5 billion dinars in taxes and other fees.

In 2020, NIS produced 1,259 million tons of oil equivalent in Serbia and at its concessions abroad. The Pancevo Refinery processed 3,613 million tons of oil and semi-finished products. Total sales in 2020 reached 3,538 million tons, and export increased by 7% compared to the previous year. The company continued growing its retail network in Serbia, Bosnia and Herzegovina, and Romania, having added the total of 14 petrol stations. As part of its digitalization projects, NIS was the first petroleum company in Serbia to implement a pay-at-pump system. It is based on the proprietary Drive.Go mobile app and ensures swift and safe service. In 2020, NIS kept focusing on the safety of its production processes and managed to reduce the LTIF rate by 8% YoY.

Over 290 million dinars were spent on the company's social responsibility projects, including large-scale donations to healthcare institutions across Serbia.

Kirill Tyurdenev, the CEO of NIS, commented:

“The previous year was one of the hardest not only in the company's history, but in the history of the global economy. Gladly, we were able to react swiftly to keep NIS stable, maintain financial discipline, and keep our employees and clients safe. Our operational efficiency program added 1.4 billion dinars to our EBITDA. Even so, the forced cost-cutting measures



did not prevent us from continuing our major development projects. We strive for further growth, and will allocate over 20 billion dinars to new projects in 2021. We are committed to developing NIS and creating long-term value for our employees, shareholders, and the communities we are part of.”

Head of the Accounting and Financial
Services Group –
Chief Accountant of NIS j.s.c.

Branko Mitrović