



**Naftna industrija Srbije A.D.**

**Interim Condensed Financial Statements (Unaudited)**

**30 September 2021**

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

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**Interim Condensed Statement of Financial Position**

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

Assets	Note	30 September 2021	31 December 2020
<b>Current assets</b>		<i>(unaudited)</i>	
Cash and cash equivalents	5	6,736,957	7,949,785
Short-term financial assets	6	12,070,217	6,522,880
Trade and other receivables	7	34,364,751	22,794,275
Inventories	8	42,159,264	23,823,048
Current income tax prepayments		-	1,034,617
Other current assets	9	5,390,130	4,879,209
Non-current assets held for sale		44,152	42,631
<b>Total current assets</b>		<b>100,765,471</b>	<b>67,046,445</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	271,496,839	276,491,824
Right-of-use assets	11	1,501,459	1,422,877
Investment property		1,693,821	1,688,837
Intangible assets		2,967,238	2,966,576
Investments in joint venture		1,038,800	1,038,800
Investments in subsidiaries		13,425,627	13,425,627
Trade and other non-current receivables		2,821	78,459
Long-term financial assets	12	18,864,942	23,863,665
Deferred tax assets		1,973,784	2,565,957
Other non-current assets	13	1,169,681	1,120,623
<b>Total non-current assets</b>		<b>314,135,012</b>	<b>324,663,245</b>
<b>Total assets</b>		<b>414,900,483</b>	<b>391,709,690</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current liabilities</b>			
Short-term debt and current portion of long-term debt	14	11,525,954	13,419,540
Current lease liabilities	19	326,446	321,155
Trade and other payables	15	37,030,582	24,827,894
Other current liabilities	16	6,300,617	8,431,806
Current income tax payable		3,048,682	-
Other taxes payable	17	10,127,374	9,043,254
Provisions for liabilities and charges		1,449,597	2,349,296
<b>Total current liabilities</b>		<b>69,809,252</b>	<b>58,392,945</b>
<b>Non-current liabilities</b>			
Long-term debt	18	69,052,505	71,195,981
Non-current lease liabilities	19	970,837	1,037,640
Other non-current financial liabilities		846,032	841,847
Provisions for liabilities and charges		10,685,217	10,132,663
<b>Total non-current liabilities</b>		<b>81,554,591</b>	<b>83,208,131</b>
<b>Equity</b>			
Share capital		81,530,200	81,530,200
Reserves		94,049	93,664
Retained earnings		181,912,391	168,484,750
<b>Total equity</b>		<b>263,536,640</b>	<b>250,108,614</b>
<b>Total liabilities and shareholder's equity</b>		<b>414,900,483</b>	<b>391,709,690</b>

Kirill Tyurdenev  
Chief Executive Officer  
27 October 2021



Anton Čerepanov  
Chief Financial Officer

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

NIS a.d.

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

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

	Note	Three month period ended 30 September		Nine month period ended 30 September	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Sales of petroleum products, oil and gas		74,808,137	42,903,123	175,433,462	117,958,121
Other revenues		3,572,684	2,751,417	10,011,727	7,020,549
<b>Total revenue from sales</b>	4	<b>78,380,821</b>	<b>45,654,540</b>	<b>185,445,189</b>	<b>124,978,670</b>
Purchases of oil, gas and petroleum products		(50,044,987)	(26,241,554)	(109,487,284)	(80,507,714)
Production and manufacturing expenses	20	(6,607,977)	(5,946,804)	(19,038,695)	(16,346,145)
Selling, general and administrative expenses	21	(5,106,915)	(5,363,618)	(16,275,469)	(15,598,816)
Transportation expenses		(338,796)	(252,704)	(884,481)	(721,681)
Depreciation, depletion and amortization		(5,638,848)	(5,116,951)	(17,006,419)	(15,290,492)
Taxes other than income tax		(1,163,693)	(974,845)	(3,352,886)	(2,999,973)
Exploration expenses		(4,413)	-	(11,001)	(3,579)
<b>Total operating expenses</b>		<b>(68,905,629)</b>	<b>(43,896,476)</b>	<b>(166,056,235)</b>	<b>(131,468,400)</b>
Other income (expenses), net		2,984	485,443	(61,136)	30,787
<b>Operating profit (loss)</b>		<b>9,478,176</b>	<b>2,243,507</b>	<b>19,327,818</b>	<b>(6,458,943)</b>
Net foreign exchange gain (loss)	22	(372,818)	36,733	(622,580)	(106,604)
Finance income	23	218,919	199,969	651,594	592,777
Finance expenses	24	(467,176)	(412,596)	(1,275,774)	(1,352,257)
<b>Total other expense</b>		<b>(621,075)</b>	<b>(175,894)</b>	<b>(1,246,760)</b>	<b>(866,084)</b>
<b>Profit (loss) before income tax</b>		<b>8,857,101</b>	<b>2,067,613</b>	<b>18,081,058</b>	<b>(7,325,027)</b>
Current income tax expense		(1,539,570)	-	(3,060,509)	(50,472)
Deferred tax income (expense)		(79,211)	142,780	(592,173)	620,314
<b>Total income tax</b>		<b>(1,618,781)</b>	<b>142,780</b>	<b>(3,652,682)</b>	<b>569,842</b>
<b>Profit (loss) for the period</b>		<b>7,238,320</b>	<b>2,210,393</b>	<b>14,428,376</b>	<b>(6,755,185)</b>
<b>Other comprehensive income (loss):</b>					
<b>Items that will not be reclassified to profit (loss)</b>					
Gains (losses) from investments in equity instruments		(570)	916	841	(259)
<b>Other comprehensive income (loss) for the period</b>		<b>(570)</b>	<b>916</b>	<b>841</b>	<b>(259)</b>
<b>Total comprehensive income (loss) for the period</b>		<b>7,237,750</b>	<b>2,211,309</b>	<b>14,429,217</b>	<b>(6,755,444)</b>
Earnings (Loss) per share attributable to shareholders of Naftna Industrija Srbije					
Basic earnings (RSD per share)		44.39	13.56	88.48	(41.43)
Weighted average number of ordinary shares in issue (in millions)		163	163	163	163

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

NIS a.d.

**Interim Condensed Statement of Changes in Shareholders' Equity**

Nine month period ended 30 September 2021 and 2020

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

(unaudited)

**Balance as at 1 January 2020**

Loss for the period

**Other comprehensive income (loss)**

Loss from investments in equity instruments

**Total comprehensive income (loss) for the period**

Dividend distribution

**Balance as at 30 September 2020**

Share capital	Reserves	Retained earnings	Total
81,530,200	93,959	178,839,446	260,463,605
-	-	(6,755,185)	(6,755,185)
-	(259)	-	(259)
-	(259)	(6,755,185)	(6,755,444)
-	-	(4,425,459)	(4,425,459)
81,530,200	93,700	167,658,802	249,282,702

(unaudited)

**Balance as at 1 January 2021**

Profit for the period

**Other comprehensive income (loss)**

Gain from investments in equity instruments

**Total comprehensive income (loss) for the period**

Dividend distribution

Other

**Balance as at 30 September 2021**

Share capital	Reserves	Retained earnings	Total
81,530,200	93,664	168,484,750	250,108,614
-	-	14,428,376	14,428,376
-	841	-	841
-	841	14,428,376	14,429,217
-	-	(1,001,191)	(1,001,191)
-	(456)	456	-
81,530,200	94,049	181,912,391	263,536,640

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

**NIS a.d.**  
**Interim Condensed Statement of Cash Flows<sup>1</sup>**  
*(All amounts are in 000 RSD, unless otherwise stated)*

	Note	Nine month period ended 30 September	
		2021 <i>(unaudited)</i>	2020 <i>(unaudited)</i>
<b>Cash flows from operating activities</b>			
Profit (loss) before income tax		<b>18,081,058</b>	<b>(7,325,027)</b>
<b>Adjustments for:</b>			
Finance expenses	24	1,275,774	1,352,257
Finance income	23	(651,594)	(592,777)
Net unrealised foreign exchange loss		414,641	118,546
Depreciation, depletion and amortization		17,006,419	15,290,492
Other non-cash items		166,331	(307,234)
<b>Operating cash flow before changes in working capital</b>		<b>36,292,629</b>	<b>8,536,257</b>
<b>Changes in working capital:</b>			
Accounts receivables		(11,204,026)	5,266,057
Inventories		(18,308,264)	20,040,645
Other assets		(1,113,730)	(545,356)
Accounts payables and other current liabilities		10,602,301	(14,982,304)
Taxes payable		2,237,608	2,710,853
<b>Total effect on working capital changes</b>		<b>(17,786,111)</b>	<b>12,489,895</b>
Income taxes paid		(134,759)	(1,162,365)
Interest paid		(1,073,159)	(1,276,430)
Interest received		373,064	316,480
<b>Net cash generated from operating activities</b>		<b>17,671,664</b>	<b>18,903,837</b>
<b>Cash flows from investing activities</b>			
Net cash outflow on acquisition of subsidiaries		-	(41)
Loans issued		(3,442,104)	(4,866,980)
Loan proceeds received		3,152,469	5,660,508
Capital expenditures <sup>2</sup>		(13,454,728)	(21,061,814)
Proceeds from sale of property, plant and equipment		228,283	434,365
Dividends received		-	4,274
<b>Net cash used in investing activities</b>		<b>(13,516,080)</b>	<b>(19,829,688)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	14, 18	24,010,298	26,429,421
Repayment of borrowings	14, 18	(28,121,111)	(24,940,041)
Repayment of lease liabilities	19	(285,848)	(135,662)
Dividends paid		(1,001,191)	-
<b>Net cash used in financing activities</b>		<b>(5,397,852)</b>	<b>1,353,718</b>
Net increase (decrease) in cash and cash equivalents		(1,242,268)	427,867
Effect of foreign exchange on cash and cash equivalents		29,440	73,998
<b>Cash and cash equivalents as of the beginning of the period</b>		<b>7,949,785</b>	<b>13,501,827</b>
<b>Cash and cash equivalents as of the end of the period</b>		<b>6,736,957</b>	<b>14,003,692</b>

<sup>1</sup> Company's policy is to present cash flow inclusive of related VAT.

<sup>2</sup> CF from investing activities includes VAT in the amount of 1.6 bln RSD (2020: 2.2 bln RSD)

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

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

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**1. GENERAL INFORMATION**

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

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

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

The Company was established in accordance with the Decision of Government of Republic of Serbia on 7 July 2005. On 2 February 2009 PJSC Gazprom Neft ("Gazprom Neft") acquired a 51% of the share capital of Naftna Industrija Srbije which became a subsidiary of Gazprom Neft. In March 2011, under the Company's Share Sale and Purchase Agreement, Gazprom Neft acquired an additional 5.15% of shares, thereby increasing its percentage of ownership to 56.15%. PJSC Gazprom, owns 95.7% of the shares in the Gazprom Neft. The Russian Federation is the ultimate controlling party.

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1. Basis of preparation**

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

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

The Company does not disclose information which would substantially duplicate the disclosures contained in its audited Financial Statements for 2020, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Company believes that the disclosures in these Interim Condensed Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Financial Statements are read in conjunction with the Company's Financial Statements for 2020.

The Company continues to monitor the impact of the coronavirus pandemic (COVID-19) and the related preventive measures which lead to decrease in the economic activity of market participants, as well as persistent volatility in the currency and commodity markets on the critical accounting estimates which are used by the Company in the Interim Condensed Financial Statements preparation. In the first half of 2021, the specified macroeconomic factors did not result in change of these estimates by the Company.

The results in these Interim Condensed Financial Statements for the three and nine months ended 30 September 2021 are not necessarily indicative of the Company's results expected for the full year.

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

## **2.2. Changes in significant accounting policies**

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Financial Statements are consistent with those applied during the preparation of Financial Statements as of and for the year ended 31 December 2020, except for those described in the Application of new IFRS paragraph.

## **3. NEW ACCOUNTING STANDARDS**

### Application of amendments to the existing standards

The following amendments to the existing standards which became effective did not have any material impact on the Interim Condensed Financial Statements:

- Interest Rate Benchmark Reform (Phase 2) – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued in August 2020 and effective for annual periods beginning on or after 1 January 2021);
- Covid-19-Related Rent Concessions beyond 30 September 2021 – Amendments to IFRS 16 (issued in March 2021 and effective for annual periods on or after 1 April 2021).

### New standards and amendments to the existing standards that are not yet effective

The following new standards and amendments to the existing standards are not expected to have any material impact on the Interim Condensed Financial Statements when adopted:

- IFRS 17 – Insurance Contracts (issued on 18 May 2017 and amended in June 2020, effective for annual periods beginning on or after 1 January 2023);
- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (issued in January 2020 and amended in July 2020, effective for annual periods beginning on or after January 2023);
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37 (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Updating References to the Conceptual Framework – Amendments to IFRS 3 (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022);
- Annual Improvements to IFRS Standards 2018-2020 Cycle (issued in May 2020 and effective for annual periods beginning on or after 1 January 2022):
  - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities – Amendments to IFRS 9;
  - Subsidiary as a First-time Adopter – Amendment to IFRS 1;
  - Taxation in Fair Value Measurements – Amendment to IAS 41;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued in September 2014 and effective for annual periods beginning on or after a date to be determined by IASB);
- Disclosure of Accounting Policies – Amendments to IAS 1 (issued in February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Definition of Accounting Estimates – Amendments to IAS 8 (issued in February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (issued in May 2021 and effective for annual periods beginning on or after 1 January 2023).

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

**4. SEGMENT INFORMATION**

Presented below is information about the Company's operating segments for the nine month period ended 30 September 2021 and 2020. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

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

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

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

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

Reportable segment results for the nine month period ended 30 September 2021 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
Segment revenue	31,603,222	184,564,465	(30,722,498)	185,445,189
Intersegment	30,359,065	363,433	(30,722,498)	-
External	1,244,157	184,201,032	-	185,445,189
EBITDA (Segment results)	<b>21,464,877</b>	<b>14,975,190</b>	-	<b>36,440,067</b>
Depreciation, depletion and amortization	(8,918,571)	(8,087,848)	-	(17,006,419)
Net foreign exchange loss	(35,933)	(586,647)	-	(622,580)
Finance expenses, net	(56,654)	(567,526)	-	(624,180)
Income tax	(135,898)	(3,516,784)	-	(3,652,682)
<b>Segment profit</b>	<b>12,287,512</b>	<b>2,140,864</b>	-	<b>14,428,376</b>

Reportable segment results for the nine month period ended 30 September 2020 are shown in the table below:

	<b>Upstream</b>	<b>Downstream</b>	<b>Eliminations</b>	<b>Total</b>
Segment revenue	22,467,675	124,933,668	(22,422,673)	124,978,670
Intersegment	21,985,728	436,945	(22,422,673)	-
External	481,947	124,496,723	-	124,978,670
EBITDA (Segment results)	<b>12,325,036</b>	<b>(2,985,010)</b>	-	<b>9,340,026</b>
Depreciation, depletion and amortization	(8,504,714)	(6,785,778)	-	(15,290,492)
Net foreign exchange loss	(22,478)	(84,126)	-	(106,604)
Finance expenses, net	(56,073)	(703,407)	-	(759,480)
Income tax	(44,786)	614,628	-	569,842
<b>Segment profit /(loss)</b>	<b>3,679,729</b>	<b>(10,434,914)</b>	-	<b>(6,755,185)</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

EBITDA for the three and nine month period ended 30 September 2021 and 2020 is reconciled below:

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
Profit (loss) for the period	7,238,320	2,210,393	14,428,376	(6,755,185)
Income tax	1,618,781	(142,780)	3,652,682	(569,842)
Finance expenses	467,176	412,596	1,275,774	1,352,257
Finance income	(218,919)	(199,969)	(651,594)	(592,777)
Depreciation, depletion and amortization	5,638,848	5,116,951	17,006,419	15,290,492
Net foreign exchange loss (gain)	372,818	(36,733)	622,580	106,604
Other expense (income), net	(2,984)	(485,443)	61,136	(30,787)
Other non-operating expense (income), net	48,908	524,661	44,694	539,264
<b>EBITDA</b>	<b>15,162,948</b>	<b>7,399,676</b>	<b>36,440,067</b>	<b>9,340,026</b>

Oil, gas and petroleum products sales comprise the following (based on the country of customer incorporation):

	Nine month period ended 30 September 2021		
	Domestic market	Export and International sales	Total
Sale of crude oil	-	1,212,510	1,212,510
Sale of gas	221,054	-	221,054
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	221,054	-	221,054
Sale of petroleum products	135,596,302	38,403,596	173,999,898
<i>Through a retail network</i>	47,741,008	-	47,741,008
<i>Wholesale activities</i>	87,855,294	38,403,596	126,258,890
Sale of electricity	1,298,061	323,667	1,621,728
Lease revenue	246,634	3,943	250,577
Other sales	7,863,741	275,681	8,139,422
<b>Total sales</b>	<b>145,225,792</b>	<b>40,219,397</b>	<b>185,445,189</b>

	Nine month period ended 30 September 2020		
	Domestic market	Export and International sales	Total
Sale of crude oil	-	445,567	445,567
Sale of gas	323,161	-	323,161
<i>Through a retail network</i>	-	-	-
<i>Wholesale activities</i>	323,161	-	323,161
Sale of petroleum products	93,534,081	23,655,313	117,189,394
<i>Through a retail network</i>	36,781,829	-	36,781,829
<i>Wholesale activities</i>	56,752,252	23,655,313	80,407,565
Sale of electricity	603,673	35,965	639,638
Lease revenue	236,075	3,405	239,480
Other sales	5,980,984	160,446	6,141,430
<b>Total sales</b>	<b>100,677,974</b>	<b>24,300,696</b>	<b>124,978,670</b>

**NIS a.d.****Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021***(All amounts are in 000 RSD, unless otherwise stated)*

Out of the amount of 126,258,890 thousand RSD (2020: 80,407,565 thousand RSD) revenue from sale of petroleum products (wholesale), the amount of 18,524,299 thousand RSD (2020: 11,572,961 thousand RSD) are derived from a single domestic customer HIP Petrohemija. These revenue are attributable to wholesale activities within Downstream segment.

Other sales mainly relate to sales of non-fuel products at petrol stations for 5,983,948 thousand RSD (2020: 4,691,267 thousand RSD).

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

The Company is domiciled in the Republic of Serbia. The revenue from external customers in the Republic of Serbia is 145,225,792 thousand RSD (2020: 100,677,974 thousand RSD), and the total revenue from external customer from other countries is 40,219,397 thousand RSD (2020: 24,300,696 thousand RSD).

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

	<b>Nine month period ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
Sale of crude oil	1,212,510	445,567
Sale of petroleum products (retail and wholesale)		
Bulgaria	13,519,651	5,230,520
Romania	5,357,395	3,432,961
Bosnia and Herzegovina	4,825,867	7,426,560
Great Britain	3,138,391	578,586
Croatia	1,845,548	1,235,983
Switzerland	1,381,466	441,009
Hungary	577,509	595,251
Northern Macedonia	412,734	596,691
All other markets	7,345,035	4,117,752
	<b>38,403,596</b>	<b>23,655,313</b>
Sale of electricity	323,667	35,965
Lease revenue	3,943	3,405
Other sales	275,681	160,446
	<b>40,219,397</b>	<b>24,300,696</b>

Revenues from the individual countries included in all other markets are not material.

**5. CASH AND CASH EQUIVALENTS**

	<b>30 September</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
Cash in bank and in hand	5,382,906	5,151,570
Deposits with original maturity of less than three months	1,100,000	2,530,000
Cash held on escrow account	-	8,071
Cash equivalents	254,051	260,144
	<b>6,736,957</b>	<b>7,949,785</b>

**6. SHORT-TERM FINANCIAL ASSETS**

	<b>30 September</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
Short-term loans	472,940	170,007
Current portion of long-term investments (note 12)	18,642,701	12,742,101
Less impairment loss provision	(7,045,424)	(6,389,228)
	<b>12,070,217</b>	<b>6,522,880</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

**7. TRADE AND OTHER RECEIVABLES**

	<b>30 September 2021</b>	<b>31 December 2020</b>
Trade receivables	42,888,861	31,745,192
Other receivables	92,463	91,786
Accrued assets	-	259
<i>Less credit loss allowance for trade receivables</i>	<i>(8,575,627)</i>	<i>(8,996,923)</i>
<i>Less credit loss allowance for other receivables</i>	<i>(40,946)</i>	<i>(46,039)</i>
<b>Total trade and other receivables</b>	<b>34,364,751</b>	<b>22,794,275</b>

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

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

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	<b>30 September 2021</b>	<b>31 December 2020</b>
RSD	27,082,249	18,697,088
EUR	7,112,304	3,851,810
USD	170,158	245,377
Other	40	-
	<b>34,364,751</b>	<b>22,794,275</b>

**8. INVENTORIES**

	<b>30 September 2021</b>	<b>31 December 2020</b>
Crude oil	26,526,684	14,084,875
Petroleum products	15,496,011	9,809,004
Materials and supplies	3,947,457	3,770,150
Other	784,769	820,094
<i>Less impairment provision</i>	<i>(4,595,657)</i>	<i>(4,661,075)</i>
	<b>42,159,264</b>	<b>23,823,048</b>

**9. OTHER CURRENT ASSETS**

	<b>30 September 2021</b>	<b>31 December 2020</b>
Advances paid	436,055	407,865
Deferred VAT	2,484,247	1,823,813
Prepaid expenses	439,592	230,996
Prepaid custom duties	67,332	76,921
Prepaid excise	1,818,506	2,201,437
Other current assets	7,699,515	7,690,856
<i>Less impairment provision</i>	<i>(7,555,117)</i>	<i>(7,552,679)</i>
	<b>5,390,130</b>	<b>4,879,209</b>

Deferred VAT as at 30 September 2021 amounting to 2,484,247 thousand RSD (31 December 2020: 1,823,813 thousand RSD) represents VAT inputs claimed on invoices received and accounted for in the current period, while the inputs will be allowed in the following accounting period.

Prepaid excise as at 30 September 2021 amounting to 1,818,506 thousand RSD (31 December 2020: 2,201,437 thousand RSD) relates to the excise paid for finished products stored in non-excise warehouse.

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

## Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021

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

## 10. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Refining assets	Marketing and distribution assets	Other assets	Assets under construction	Total
<b>As at 1 January 2020</b>						
Cost	174,428,161	119,078,761	51,810,197	16,384,499	58,002,489	419,704,107
Depreciation and impairment	(52,478,788)	(51,705,166)	(28,785,148)	(8,504,734)	(1,985,930)	(143,459,766)
<b>Net book value</b>	<b>121,949,373</b>	<b>67,373,595</b>	<b>23,025,049</b>	<b>7,879,765</b>	<b>56,016,559</b>	<b>276,244,341</b>
<b>Period ended 30 September 2020</b>						
Additions	-	-	-	-	16,669,378	16,669,378
Changes in decommissioning obligations	223,136	-	-	-	-	223,136
Transfer from assets under construction	11,735,559	2,890,972	2,620,437	183,351	(17,430,319)	-
Transfer to non-current assets held for sale	-	-	(3,031)	-	(31,099)	(34,130)
Impairment	(8,425,916)	(4,537,136)	(1,351,367)	(417,540)	-	(14,731,959)
Depreciation	(43,328)	(12,131)	(33,834)	(7,906)	(44,142)	(141,341)
Disposals and write-off	(45,468)	-	(24,467)	(79,006)	-	(148,941)
Other transfers	(44,023)	(272,139)	28,952	287,210	(7,830)	(7,830)
<b>As at 30 September 2020</b>	<b>125,349,333</b>	<b>65,443,161</b>	<b>24,261,739</b>	<b>7,845,874</b>	<b>55,172,547</b>	<b>278,072,654</b>
Cost	185,977,366	121,472,490	54,061,403	16,546,804	57,187,580	435,245,643
Depreciation and impairment	(60,628,033)	(56,029,329)	(29,799,664)	(8,700,930)	(2,015,033)	(157,172,989)
<b>Net book value</b>	<b>125,349,333</b>	<b>65,443,161</b>	<b>24,261,739</b>	<b>7,845,874</b>	<b>55,172,547</b>	<b>278,072,654</b>
<b>As at 1 January 2021</b>						
Cost	189,297,949	160,908,071	54,118,866	16,582,366	18,329,919	439,237,171
Depreciation and impairment	(63,463,518)	(57,807,804)	(30,128,250)	(8,838,112)	(2,507,663)	(162,745,347)
<b>Net book value</b>	<b>125,834,431</b>	<b>103,100,267</b>	<b>23,990,616</b>	<b>7,744,254</b>	<b>15,822,256</b>	<b>276,491,824</b>
<b>Period ended 30 September 2021</b>						
Additions	-	-	-	-	11,786,628	11,786,628
Changes in decommissioning obligations	147,697	-	-	-	-	147,697
Transfer from assets under construction	11,453,813	1,562,624	909,036	110,847	(14,036,320)	-
Impairment	-	-	-	-	(11,864)	(11,864)
Depreciation	(8,821,522)	(5,921,774)	(1,292,657)	(372,915)	-	(16,408,868)
Disposals and write-off	(25,426)	(17,306)	(98,483)	-	(12,922)	(154,137)
Transfer to investment property	-	-	-	-	(7,149)	(7,149)
Transfer to non-current assets held for sale	-	-	-	(16,366)	-	(16,366)
Transfer to Right of use assets	-	-	(153,427)	-	-	(153,427)
Other transfers	(2,913)	496,291	(471,888)	(21,489)	(177,500)	(177,499)
<b>As at 30 September 2021</b>	<b>128,586,080</b>	<b>99,220,102</b>	<b>22,883,197</b>	<b>7,444,331</b>	<b>13,363,129</b>	<b>271,496,839</b>
Cost	200,513,412	163,300,269	53,446,747	16,588,211	15,884,607	449,733,246
Depreciation and impairment	(71,927,332)	(64,080,167)	(30,563,550)	(9,143,880)	(2,521,478)	(178,236,407)
<b>Net book value</b>	<b>128,586,080</b>	<b>99,220,102</b>	<b>22,883,197</b>	<b>7,444,331</b>	<b>13,363,129</b>	<b>271,496,839</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

**11. RIGHT-OF-USE ASSETS**

Movements in right-of-use assets for the nine months ended 30 September 2021 and 2020 are as follows:

	Land	Property	Plant and equipment	Vehicles	Total
<b>As at 1 January 2020</b>	-	489,299	274,626	179,910	943,835
Additions	7,509	83,270	-	495,425	586,204
Depreciation	(1,877)	(38,821)	(33,519)	(104,863)	(179,080)
Disposals	-	(1,355)	-	(3,976)	(5,331)
<b>As at 30 September 2020</b>	<b>5,632</b>	<b>532,393</b>	<b>241,107</b>	<b>566,496</b>	<b>1,345,628</b>
<b>As at 1 January 2021</b>	<b>5,006</b>	<b>519,681</b>	<b>167,526</b>	<b>730,664</b>	<b>1,422,877</b>
Additions	-	183,611	21,166	9,467	214,244
Depreciation	(1,877)	(51,909)	(63,680)	(154,645)	(272,111)
Transfer from PPE	-	153,427	-	-	153,427
Effect of contract modifications and changes in estimates	-	(15,114)	(53)	-	(15,167)
Disposals	-	-	-	(1,811)	(1,811)
<b>As at 30 September 2021</b>	<b>3,129</b>	<b>789,696</b>	<b>124,959</b>	<b>583,675</b>	<b>1,501,459</b>

**12. LONG-TERM FINANCIAL ASSETS**

	30 September 2021	31 December 2020
LT loans issued	39,563,270	39,312,769
Financial assets at FVTPL	841,699	841,847
Financial assets at FVTOCI	154,512	163,975
Other LT placements	30,393	30,055
<i>Less Current portion of LT loans issued (note 6)</i>	(18,642,701)	(12,742,101)
<i>Less provision of other LT placements</i>	(3,082,231)	(3,742,880)
	<b>18,864,942</b>	<b>23,863,665</b>

**13. OTHER NON-CURRENT ASSETS**

	30 September 2021	31 December 2020
Advances paid for PPE	367,216	271,340
Prepaid expenses	108,738	126,564
Other assets	1,101,238	1,126,857
<i>Less allowance for Other assets</i>	(386,148)	(382,775)
<i>Less allowance for advances paid</i>	(21,363)	(21,363)
	<b>1,169,681</b>	<b>1,120,623</b>

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

	30 September 2021	31 December 2020
Short-term loans	1,842,189	1,756,036
Interest liabilities	102,709	77,515
Current portion of long-term loans (note 18)	9,581,056	11,585,989
	<b>11,525,954</b>	<b>13,419,540</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

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

	Nine month period ended 30 September	
	2021	2020
<b>Short-term loans at 1 January</b>	<b>1,756,035</b>	<b>1,594,072</b>
Proceeds	10,808,181	20,246,637
Repayment	(10,722,027)	(20,092,013)
<b>Short-term loans at 30 September</b>	<b>1,842,189</b>	<b>1,748,696</b>

**15. TRADE AND OTHER PAYABLES**

	30 September 2021	31 December 2020
Trade payables	33,147,646	20,843,294
Dividends payable	3,784,224	3,785,017
Other accounts payable	98,712	199,583
	<b>37,030,582</b>	<b>24,827,894</b>

As at 30 September 2021 trade payables amounting to 33,147,646 thousand RSD (31 December 2020: 20,843,294 thousand RSD) mainly relate to payables for crude oil in the amount of 20,612,623 thousand RSD (31 December 2020: 9,413,234 thousand RSD), to the suppliers Gazprom Neft, St Petersburg in the amount of 5,308,423 thousand RSD (31 December 2020: 3,200,890 thousand RSD), Petraco Oil Company LLP, London in the amount of 10,166,435 thousand RSD (31 December 2020: 2,641,621 thousand RSD) and OMV Supply and Trading Ltd in the amount 4,552,499 thousand RSD (31 December 2020: 697,793 thousand RSD).

**16. OTHER CURRENT LIABILITIES**

	30 September 2021	31 December 2020
Contract liabilities arising from contracts with customers:		
- Advances received	2,626,581	4,045,584
- Customer loyalty	722,771	693,356
Payables to employees	2,933,237	3,675,411
Other current non-financial liabilities	18,028	17,455
	<b>6,300,617</b>	<b>8,431,806</b>

As at 30 September 2021 revenue in the amount of 4,239,463 thousand RSD (30 September 2020: 1,829,743 thousand RSD) was recognized in the current reporting period related to the contract liabilities as at 1 January 2021, of which 3,767,610 thousand RSD (30 September 2020: 1,432,819 thousand RSD) related to advances and 471,853 thousand RSD (30 September 2020: 396,924 thousand RSD) to customer loyalty programme.

**17. OTHER TAXES PAYABLE**

	30 September 2021	31 December 2020
Mineral extraction tax	336,710	210,991
VAT	2,152,097	2,011,510
Excise tax	6,159,541	5,379,743
Contribution for buffer stocks	307,493	266,499
Custom duties	4,329	31,517
Energy efficiency fee	34,524	30,687
Other taxes	1,132,680	1,112,307
	<b>10,127,374</b>	<b>9,043,254</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

**18. LONG-TERM DEBT**

	<b>30 September 2021</b>	<b>31 December 2020</b>
Long-term loan - Gazprom Neft	9,568,797	13,672,117
Bank loans	69,064,764	69,109,853
Less Current portion (note 14)	(9,581,056)	(11,585,989)
	<b>69,052,505</b>	<b>71,195,981</b>

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

	<b>Nine month period ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
<b>Long-term loans at 1 January</b>	<b>82,781,970</b>	<b>88,350,506</b>
Proceeds	13,202,117	6,182,784
Repayment	(17,399,084)	(4,848,028)
Non-cash transactions	59,423	-
Foreign exchange difference (note 22)	(10,865)	(21,830)
<b>Long-term loans at 30 September</b>	<b>78,633,561</b>	<b>89,663,432</b>

(a) *Long-term loan - Gazprom Neft*

As at 30 September 2021 long-term loan - Gazprom Neft amounting to 9,568,797 thousand RSD (31 December 2020: 13,672,117 thousand RSD), with current portion of 5,467,884 thousand RSD (2020: 5,468,847 thousand RSD), relate to loan from Gazprom Neft granted based on the Agreement for Sale and Purchase of shares signed on 24 December 2008. The stated liabilities shall be settled in quarterly instalments starting from December 2012 until 15 May 2023.

(b) *Bank loans*

	<b>30 September 2021</b>	<b>31 December 2020</b>
Domestic	47,124,995	51,785,404
Foreign	21,939,769	17,324,449
	69,064,764	69,109,853
Current portion of long-term loans	(4,113,172)	(6,117,142)
	<b>64,951,592</b>	<b>62,992,711</b>

The maturity of bank loans was as follows:

	<b>30 September 2021</b>	<b>31 December 2020</b>
Between 1 and 2 years	15,626,354	9,920,841
Between 2 and 5 years	47,788,836	41,197,751
Over 5 years	1,536,402	11,874,119
	<b>64,951,592</b>	<b>62,992,711</b>

The carrying amounts of bank loans are denominated in the following currencies:

	<b>30 September 2021</b>	<b>31 December 2020</b>
USD	127,174	157,858
EUR	68,781,008	68,740,978
RSD	238	339
JPY	156,344	210,678
	<b>69,064,764</b>	<b>69,109,853</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

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 and Libor. Management expects that the Company will be able to fulfill its obligations within agreed timeframe.

The loan agreements contain financial covenants that require the Company's ratio of Indebtedness to EBITDA. Management believes the Company is in compliance with these covenants as of 30 September 2021 and 31 December 2020, respectively.

**19. LEASE LIABILITIES**

	<b>30 September 2021</b>	<b>31 December 2020</b>
Non-current lease liabilities	970,837	1,037,640
Current lease liabilities	326,446	321,155
	<b>1,297,283</b>	<b>1,358,795</b>

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

	<b>Nine month period ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
<b>As at 1 January</b>	<b>1,358,795</b>	<b>811,424</b>
Repayment	(285,848)	(135,662)
Non-cash transactions	223,163	604,202
Foreign exchange difference (note 22)	1,173	240
<b>As at 30 September</b>	<b>1,297,283</b>	<b>1,280,204</b>

Amounts recognized in profit and loss:

	<b>Nine month period ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
Interest expense (included in finance cost)	25,844	23,507
Expense relating to short-term leases	59,452	322,472
Expense relating to leases of low value assets that are not shown above as short-term leases	16,555	87,627
Expense relating to variable lease payments not included in lease liabilities	815,303	831,603

**20. PRODUCTION AND MANUFACTURING EXPENSES**

	<b>Three month period ended 30 September</b>		<b>Nine month period ended 30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Employee costs	916,702	910,625	2,829,404	2,743,907
Materials and supplies (other than purchased oil, petroleum products and gas)	199,704	167,760	513,241	415,307
Repair and maintenance services	1,115,415	1,089,648	3,271,548	2,906,914
Electricity for resale	225,760	183,431	1,155,490	295,633
Electricity and utilities	666,819	708,553	1,916,333	1,936,979
Safety and security expense	178,812	92,094	351,578	304,237
Insurance services	87,402	84,026	259,340	243,360
Transportation services for production	422,787	456,187	1,341,774	1,389,358
Other	2,794,576	2,254,480	7,399,987	6,110,450
	<b>6,607,977</b>	<b>5,946,804</b>	<b>19,038,695</b>	<b>16,346,145</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

**21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
Employee costs	2,604,859	2,594,740	8,370,750	7,993,223
Commission and agency fees	878,559	1,021,621	2,887,171	2,105,459
Legal, audit and consulting services	341,269	384,565	898,767	935,285
Current repair cost	221,314	207,315	618,954	564,744
Costs on advertising and marketing	62,608	32,338	174,960	114,708
Rent expense	29,253	76,373	71,946	163,541
Business trips expense	31,261	7,510	71,195	55,665
Safety and security expense	157,768	126,950	419,263	336,261
Insurance expense	19,280	16,179	51,718	48,240
Transportation and storage	38,622	22,898	96,937	88,837
Allowance for doubtful accounts	(317,294)	(15,772)	(382,773)	(112,274)
Other	1,039,416	888,901	2,996,581	3,305,127
	<b>5,106,915</b>	<b>5,363,618</b>	<b>16,275,469</b>	<b>15,598,816</b>

**22. NET FOREIGN EXCHANGE GAIN (LOSS)**

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
Foreign exchange gain (loss) on financing activities including:				
- foreign exchange gain	245,865	190,757	653,397	1,310,070
- foreign exchange loss	(248,115)	(191,397)	(643,705)	(1,288,480)
Net foreign exchange gain (loss) on operating activities	(370,568)	37,373	(632,272)	(128,194)
	<b>(372,818)</b>	<b>36,733</b>	<b>(622,580)</b>	<b>(106,604)</b>

**23. FINANCE INCOME**

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
Interest on bank deposits	24,316	22,882	53,230	70,542
Interest income on loans issued	175,414	172,813	518,293	517,961
Dividend income	-	4,274	-	4,274
Gains on restructuring borrowings	19,189	-	80,071	-
	<b>218,919</b>	<b>199,969</b>	<b>651,594</b>	<b>592,777</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

**24. FINANCE EXPENSES**

	Three month period ended 30 September		Nine month period ended 30 September	
	2021	2020	2021	2020
Interest expense	402,176	428,154	1,173,939	1,424,056
Decommissioning provision: unwinding of the present value discount	20,671	22,362	59,690	66,189
Losses on restructuring of borrowings	18,902	-	59,423	-
Financial assets: unwinding of discount	25,427	(1,274)	(17,278)	(30,804)
Less: interest expense capitalised on qualifying assets	-	(36,646)	-	(107,184)
	<b>467,176</b>	<b>412,596</b>	<b>1,275,774</b>	<b>1,352,257</b>

Interest expense includes expenses on lease liabilities in amount of 25,844 thousand RSD for the nine months ended 30 September 2021 (23,507 thousand RSD for the nine months ended 30 September 2020, accordingly).

**25. FAIR VALUE MEASUREMENT**

The following assets are measured at fair value in the Interim Condensed Financial Statements: investment properties and financial investments classified as available for sale and other non-current financial asset and liabilities. The valuation techniques and inputs used in fair value measurements are on the same basis as disclosed in the Financial Statements as of 31 December 2020. There were no transfers between the levels of the fair value hierarchy during the interim period.

As of 30 September 2021 the carrying value of financial assets approximates their fair value.

**26. CONTINGENCIES AND COMMITMENTS**

*Economic environment in the Republic of Serbia*

The Company operates primarily in the Republic of Serbia and is therefore exposed to risks related to the state of the economy and financial markets of the Republic of Serbia. Before the pandemic crisis, the country's credit rating was at BB+ level with stable national currency rate. The development of the coronavirus pandemic (COVID-19) in 2020 and the measures taken in this regard to prevent the spread of coronavirus infection lead to negative economic consequences. The Government of the Republic of Serbia has prepared a set of measures to mitigate these negative impacts through delays in payment of tax liabilities, grants and credit arrangements. The situation in the financial markets is currently stable. This operating environment has a significant impact on the Company's operations and financial position.

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

*Environmental protection*

Based on an internal assessment of compliance with the Republic of Serbia environmental legislation as at the reporting date, the Company's Management recognised an environmental provision in the amount of 383,419 thousand RSD (31 December 2020: 408,540 thousand 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.

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

**Taxes**

Tax laws are subject to different interpretations and frequent amendments. Tax authorities' interpretation of Tax laws may differ to those made by the Company's Management. As result, some transactions may be disputed by tax authorities and the Company may have to pay additional taxes, penalties and interests. Tax liability due date is five years. Tax authorities have rights to determine unpaid liabilities within five years since the transaction date. Management has assessed that the Company has paid all tax liabilities as of 30 September 2021.

**Capital commitments**

As of 30 September 2021 the Company has entered into contracts to purchase property, plant and equipment for 1,190,020 thousand RSD (31 December 2020: 1,536,920 thousand RSD).

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

**27. RELATED PARTY TRANSACTIONS**

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

The majority owner of the Company is Gazprom Neft, St Petersburg, Russian Federation, with 56.15% shares of the Company. The second largest shareholder with 29.87% interest is Republic of Serbia, while remaining 13.98% of interest owned by various minority shareholders are traded on the Belgrade Stock Exchange and are owned by various shareholders. PJSC Gazprom, owns 95.7% of the shares in the Gazprom Neft. The Russian Federation is the ultimate controlling party.

In the nine month period ended 30 September 2021 and in the same period in 2020, 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 at 30 September 2021 and 31 December 2020 the outstanding balances, net of impairment, with related parties were as follows:

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries and associates</b>
<b>As at 30 September 2021</b>			
Short-term financial assets	12,070,206	-	-
Trade and other receivables	5,666,017	-	863,904
Other current assets	2,806	-	5,999
Right of use assets	44,384	-	458
Investments in subsidiaries, associates and joint ventures	13,425,627	-	1,038,800
Long-term financial assets	18,757,442	-	-
Trade and other payables	(4,232,412)	(5,308,470)	(1,087,565)
Other current liabilities	(16,678)	-	(1,873)
Short-term debt and current portion of long-term debt	(1,843,759)	(5,467,884)	-
Current lease liabilities	(2,303)	-	(142)
Long-term debt	-	(4,100,913)	-
Non-current lease liabilities	(44,570)	-	(248)
	<b>43,826,760</b>	<b>(14,877,267)</b>	<b>819,333</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries and associates</b>
<b>As at 31 December 2020</b>			
Short-term financial assets	6,522,880	-	-
Trade and other receivables	3,485,689	-	1,582,736
Other current assets	2,359	-	25,095
Right of use assets	46,396	-	125
Investments in subsidiaries, associates and joint ventures	13,425,627	-	1,038,800
Long-term financial assets	23,753,095	-	-
Trade and other payables	(3,465,869)	(3,204,199)	(1,115,667)
Other current liabilities	(54,150)	-	(4,530)
Short-term debt and current portion of long-term debt	(1,757,459)	(5,468,847)	-
Current lease liabilities	(2,249)	-	(84)
Long-term debt	-	(8,203,270)	-
Non-current lease liabilities	(46,076)	-	-
	<b>41,910,243</b>	<b>(16,876,316)</b>	<b>1,526,475</b>

For the nine month period ended 30 September 2021 and 30 September 2020 the following transaction occurred with related parties:

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries, and associates</b>
<b>Nine month period ended 30 September 2021</b>			
Petroleum products and oil and gas sales	17,013,263	-	19,395,903
Other revenues	819,503	1,455	45,792
Purchases of oil, gas and petroleum products	(280,409)	(18,085,257)	(7,123,584)
Production and manufacturing expenses	(3,351,241)	(49)	(460,024)
Selling, general and administrative expenses	(3,065,422)	118	(7,654)
Transportation expenses	(348)	-	(222)
Depreciation	(2,012)	-	(70)
Other income (expenses), net	(3,164)	7,427	(44)
Finance income	591,622	-	-
Finance expense	(14,943)	(138,514)	(1)
	<b>11,706,849</b>	<b>(18,214,820)</b>	<b>11,850,096</b>

	<b>Subsidiaries</b>	<b>Parent company</b>	<b>Joint ventures, associates and parent's subsidiaries, and associates</b>
<b>Nine month period ended 30 September 2020</b>			
Petroleum products and oil and gas sales	9,069,244	-	11,804,450
Other revenues	557,931	-	18,683
Purchases of oil, gas and petroleum products	(343,272)	(27,028,061)	(3,799,752)
Production and manufacturing expenses	(2,687,265)	-	(314,427)
Selling, general and administrative expenses	(2,747,073)	-	(9,222)
Transportation expenses	(925)	-	-
Depreciation	(3,403)	-	(125)
Other income (expenses), net	(17,806)	5,769	(220)
Finance income	510,953	-	-
Finance expense	(19,552)	(236,390)	-
	<b>4,318,832</b>	<b>(27,258,682)</b>	<b>6,849,184</b>

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**Notes to the Interim Condensed Financial Statements for the nine month period ended 30 September 2021**

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

***Transactions with Key Management Personnel***

For the nine month period ended on 30 September 2021 and 2020 the Company recognized 717,175 thousand RSD and 686,728 thousand 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.

**28. EVENTS AFTER THE REPORTING DATE**

On September 9, 2021, the Ministry of Economy of the Republic of Serbia opened a public invitation for the privatization of the joint stock company HIP Petrohemija with a strategic partnership model by which the future partner would acquire a share of no more than 90% of the capital. NIS a.d. submitted an offer within the deadline. The evaluation of the documentation and the offer is in progress, after which the Government of the Republic of Serbia should make a decision. At the date of publication of these financial statements, the procedure is still ongoing.

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Subsequent events occurring after 30 September 2021 were evaluated through 27 October 2021, the date these Interim Condensed Financial Statements were authorised for issue.

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**Notes to the Interim Condensed Financial Statements for the nine month period ended  
30 September 2021**

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

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**Contact information**

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