

Rompetro Rafinare S.A.

Summary of proposal regarding the net asset recovery measures based on PWC consultancy
Annex 1 to Note 2



Extraordinary General Meeting of the Shareholders of Rompetrol Rafinare S,A,
Annex 2 to Note 2



**GENERAL MANAGER
FELIX CRUDU TESLOVEANU**

**CHIEF FINANCIAL OFFICER
RAMONA GEORGIANA GALATEANU**

Romp petrol Rafinare S,A,:

Net asset recovery options until 31 December 2021

The following net asset recovery options are provided compared to the share capital of the Company in the scenarios referred to analysis for year 2021 (budget and pessimistic scenario):

<u>Option 1</u> (scenario 2 of PWC material)	The measure to reduce the value of the share capital with RON 3,075,000,000, so that the accounting value of the Rompetrol Rafinare shares as at 31 December 2020 should have been equal to their nominal value,	pag 8
<u>Option 2</u> (scenario 4 mixed from PWC material)	The increase of the net accounting asset as effect of achieving the evaluation that will have as object both tangible assets and financial investments at fair values and a decrease of the share capital of the Company with RON 1,755,000,000, so that as at 31 December 2020 the accounting value of the Rompetrol Rafinare shares should have been equal to their nominal value,	pag 10
<u>Option 3</u> (scenario 4A' alternative from PWC material)	The increase of the net accounting asset as effect of achieving the evaluation that will have as object both tangible assets and financial investments at fair values and a decrease of the share capital of the Company with RON 229,000,000, so that as at 31 December 2020 the accounting value of the Rompetrol Rafinare shares should be equal to 50% of the nominal value of the share in a pessimistic scenario,	pag 12
<u>Option 4</u> (scenario 4B' alternative from PWC material)	The increase of the net accounting asset as effect of achieving the evaluation that will have as object both tangible assets and financial investments at fair values and a decrease of the share capital of the Company with RON 1,179,000,000, so that as at 31 December 2020 the accounting value of the Rompetrol Rafinare shares should be equal to 65% of the nominal value of the share in a pessimistic scenario,	pag 13
<u>Option 5</u> (scenario 5 mixed from PWC material)	The increase of the net accounting asset as effect of achieving the evaluation of tangible assets at the fair value and a decrease of the share capital with RON 2,207,000,000, so that as at 31 December 2020 the accounting value of the Rompetrol Rafinare shares should have been equal to the nominal value of the share,	pag 14
<u>Option 6</u> (scenario 5A' alternative from PWC material)	The increase of the net accounting asset as effect of achieving the evaluation of tangible assets at the fair value and a decrease of the share capital with RON 1,379,000,000, so that as at 31 December 2020 the accounting value of the Rompetrol Rafinare shares should be equal to 50% of the nominal value of the share in a pessimistic scenario,	pag 16

Net Assets – Status at the end of year 2020

Requirement of the Trading Companies Law 31/1990 – Net Assets \geq ½ Subscribed share capital



Key ratios	million RON →	Actual		
		Dec-19	Dec-20	Est, 2021
Net Assets		1,968	1,336	1,095
Subscribed share capital		4,411	4,411	4,411
½ Subscribed share capital		2,205	2,205	2,205
Net Assets vs, ½ Subscribed share capital		-237	-870	-1,111
		↑ -633	↑ -241	↑

Key aspects

- At the end of December 2019, according to the financial statements, the deficit of Net Assets was notified according to the Trading Companies Law 31/1990 amounting to RON -237 million;
 - According to the legislation in force, the recovery should be made until 31 December 2021;
- According to the financial results of year 2020, the net assets deficit increased with RON 633 million, at the level of RON -870 million as a result of the Covid-19 pandemics and its effects on the Oil and Gas market (due to the evolution of the Refining Margins as well as of the inventory value losses and the Overhaul), adding more pressure on the net asset recovery project of RRC

According to the new assumptions of the Budget / Internal Plan 2021, pending in a recovery phase from the perspective of the market hypotheses (eg. At a Refining Margin at a level of up to \$ 12/ton, the enough optimistic level considering the actual reality), the net assets deficit would increase with RON -241 million up to a total level of deficit of RON -1,11 billion until the end of year 2021,

Structure of Net Assets –RON-

RRC Equity- RON	Dec'19	As-IS	
		Dec'20	2021 estimate
Subscribed share capital	4,410,920,573	4,410,920,573	4,410,920,573
Hybrid loan - Principal	3,448,588,354	3,448,588,354	3,448,588,354
Loss carried forward	(6,595,240,857)	(7,213,135,101)	(7,454,311,422)
Other items	703,715,969	689,233,318	689,233,318
Total Equity	1,967,984,039	1,335,607,145	1,094,430,824

Image Income statement –2020

-RON-	Q1'20	Q2'20	Q3'20	Q4'20	year 2020
Operating Profit	- 302,177,448	- 134,851,591	- 151,004,005	- 46,996,039	- 635,029,084
Financial revenues	5,187,520	3,922,547	4,370,814	73,267,380	86,748,261
Financial expenses	- 55,322,547	- 42,855,620	- 39,514,234	- 44,772,746	- 182,465,147
Exchange rate diff, net	- 110,944,527	44,927,548	125,255,110	149,702,605	208,940,736
Deferred profit tax	-	-	-	- 124,017,823	- 124,017,823
Net result	- 463,257,002	- 128,857,116	- 60,892,315	7,183,376	- 645,823,057

Analysis of Deficit Recovery Options based on Financial Statements 2020

Overview



Analysis of Options

According to the conclusions of the REPORT ON THE PATRIMONY SITUATION OF THE COMPANY

**A,
Reevaluation of fixed means of the Company at their fair market value**

**B,
Company's debt restructuring towards its creditors, as far as possible**

**C,
Evaluation and update of the financial investments held by the Company**

**D,
Increase of the share capital**

**E,
Decrease of the share capital, concomitantly with the covering of the loss carried forward**

Brief presentation	A	B	C	D & E Changes of share capital
Key aspects:	<p>Evaluation of all fixed means of the Refinery would contribute as a short-term solution, however, it might present long-term risks, as:</p> <ul style="list-style-type: none"> - At a maximum 5-year interval (between 3 and 5 years according to the IFRS recommendations), re-evaluation should be made; -It will generate a material impact on the annual impairment, with additional pressure over the annual results and over the Net Assets; 	<p>The main creditor is KMGT, but RRC obtains financing facilities of the acquisitions of crude oil by KMGT, therefore, the debt conversion is not possible, RRC incurs the risk of losing the financing (business disruption),</p> <p>The next creditor, KMGR (cash pooling system) represents the measure of bank debt,</p> <p>Therefore, there is a limited / immaterial availability of creditors for restructuring</p> <p>- annex 1</p>	<p>- Investments: R, Downstream, Romoil, R, Logistics, R, Gas, RQC;</p> <p>Possibilities:</p> <p>Short-term Evaluation of investments and its recognition in accounting,</p> <p>Medium to long-term: Integral merger of the base entities,</p> <p>-Main constrictions: the annual evaluation of branch offices should be made and any effect +/- should be recognized;</p> <p>- The result of the individual application of this option would not correct wholly the Net Asset;</p>	<p>D: The increase of the share capital as an individual solution is not recommended because this one will add additional pressure on the conformity formula, unless it is made to cover part or all of the historical losses,</p> <p>E: The decrease of the share capital would be the most recommended solution from the economic point of view (covering the historical losses), however, it remains the subject of Shareholders' analysis,</p>
Conclusions	<p>- From the review of these options: Option A presents the risk of adding intrinsic pressure considering the material increase of impairment, while option A and option C, even if in an optimist variant, will not offer a whole correction, the Executive Management of the Company develops an independent analysis for these evaluations,</p> <p>- the shareholders have to review the D and E possibilities, particularly option E considering the critical pressure on the financial statements during the Covid pandemics,</p>			

Status

Requirement of the Trading Companies Law 31/1990 – Net Assets \geq $\frac{1}{2}$ Subscribed share capital



The negative net assets of the balance sheet become more predominant because of the financial impact that the COVID-19 pandemic has had over the businesses in the Oil and Gas industry – this is the main reason for which the net asset deficit increased significantly with RON 633 million during year 2020 and it is estimated to have impact also during year 2021 (a gross estimate of RON -241 million based on the budget but in a pessimistic scenario, the loss can reach the level of year 2020),

The priority for RRC is to recover the deficit as follows:

1. Re-evaluation of the Company's fixed means at their fair market value:
 - ✓ RRC contracted PWC to have a preliminary re-evaluation;

2. Evaluation and update of financial investments held by the Company:
 - ✓ **RRC contracted PWC to have a preliminary re-evaluation of investments;**

Preliminary results of the re-evaluations based on financial statements of year [2020](#)

Status

General analysis of the accounting implications of some potential measures to recover the net asset value Executive summary PWC: Potential scenarios



RRC requested a general analysis of the accounting implications of some potential measures to recover the net asset value up to the level at least equal to half of the share capital, considering the provisions of the Trading Companies Law („Law no. 31/1990”) and the accounting rules in force,

REQUEST OF ROMPETROL RAFINARE S.A. COMPANY IS TO REFER THE POTENTIAL MEASURES TO RECOVER THE NET ASSETS, SO THAT AS AT 31 DECEMBER 2021 THE NET ASSET SHOULD FULFIL THE CONDITION ACCORDING TO THE REQUIREMENTS OF THE TRADING COMPANIES LAW (Law no. 31/1990):

- The net assets of the company as at 31 December 2021 should have a value at least equal to half of its share capital,
- The net assets is calculated as total assets minus total liabilities, representing at the same time the simplest expression of the value of a company on the ending date of the financial year, namely the equity corresponding to shareholders (share capital, capital related premiums, reserves, current and carried forward result etc.),
- The recovery of the net asset for the company Rompetrol Rafinare S.A. should be made with priority, considering the flowing of the remedial term disposed by the law,

Scenario 1– page 11 of 49 of the material “Detailed analysis of the solutions for recovering the net asset of the Company until 31

Scenario 1 – decrease of the share capital value (net assets = 50% of the share capital as at 31 December 2020 - The amounts are presented in million, unless specified otherwise -

* the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	(1,740)	2,671	-	2,671	-	2,671
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	-	510	-	510	-	510
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	-	3,356	-	3,356	-	3,356
Result carried forward	(7,213)	1,740	(5,473)	(241)*	(5,714)	(646)**	(6,119)
Equity	1,336	-	1,336	(241)	1,095	(646)	690
% share capital	30%		50%		41%		26%
Number of shares	44,109	(17,397)	26,712	-	26,712	-	26,712
Accounting value of a share	0,0303	-	0,05	-	0,04098	-	0,02582
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

This measure is not diligent for that, in the pessimistic scenario regarding the results of 2021 at the level of losses in 2020, the value of net asset would not meet the legal requirement, respectively the net asset / share capital ratio at December 31, 2021, of over 50%

Scenario 2— page 14 of 49 of the material “Detailed analysis of the solutions for recovering the net asset of the Company until 31 December 2021”

Scenario 2 (OPTION 1 OF THE EGMS SUMMONING) – decrease of the share capital value (the accounting value of the share is equal to the nominal value of the share):
The amounts are presented in million, unless specified otherwise -

*the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million, considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget,	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	(3,075)	1,336	-	1,336	-	1,336
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	-	510	-	510	-	510
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	-	3,356	-	3,356	-	3,356
Result carried forward	(7,213)	3,075	(4,138)	(241)	(4,379)	(646)	(4,784)
Equity	1,336	-	1,336	(241)	1,095	(646)	690
% Share capital	30%		100%		82%		52%
Number of shares	44,109	(30,753)	13,356	-	13,356	-	13,356
Accounting value of a share	0,0303	-	0,1	-	0,08196	-	0,05165
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

**Option 1,
But very
closed to the
legal limit of
50%**

Scenario 3— page 11 of 49 of the material “Detailed analysis of the solutions for recovering the net asset of the Company until 31 December 2021”

Scenario 3 – increase of the accounting net asset as effect of evaluation both of tangible assets and financial investments at fair values as at 31 December 2020

The amounts are presented in million, unless specified otherwise -

* the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million, considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget,	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	-	4,411	-	4,411	-	4,411
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	869	1,379	-	1,379	-	1,379
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	451	3,807	125	3,932	125	3,932
Result carried forward	(7,213)		(7,213)	(276)*	(7,489)	(680)*	(7,894)
Equity	1,336	1,320	2,656	(150)	2,505	(555)	2,101
% Share capital	30%		60%		56,8%		47,6%
Number of shares	44,109		44,109	-	44,109	-	44,109
Accounting value of a share	0,0303	-	0,0602	-	0,05680	-	0,04762
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

This measure is not diligent for that, in the pessimistic scenario regarding the results of 2021 at the level of losses in 2020, the value of net asset would not meet the legal requirement, respectively the net asset / share capital ratio at December 31, 2021, of over 50%

Scenario 4 mixed – page 24 of 49 of the material “Detailed analysis of the solutions for recovering the net asset of the Company until 31 December 2021”

Option 2

Scenario 4 mixed (**OPTION 2 OF THE EGMS SUMMONING**) – increase of the net asset as effect of evaluation both of tangible assets and of financial investments at fair values as at 31 December 2020 with the concomitant application of the measures to reduce the share capital (the accounting value of the share is equal to the nominal value of the share)

The amounts are presented in million, unless specified otherwise -

* the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million, considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget,	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	(1,755)	2,656	-	2,656	-	2,656
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	869	1,379	-	1,379	-	1,379
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	451	3,807	125	3,932	125	3,932
Result carried forward	(7,213)	1,755	(5,458)	(276)*	(5,733)	(680)*	(6,138)
Equity	1,336	1,320	2,656	(150)	2,505	(555)	2,101
% Share capital	30%	-	100%	-	94,3%	-	79,1%
Number of shares	44,109	(17,553)	26,556	-	26,556	-	26,556
Accounting value of a share	0,0303	-	0,1	-	0,09434	-	0,07910
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

Scenario 4 mixed

We mention that the measure to reduce the share capital could consider other amounts smaller than the amount of RON 1,755 million indicated in Scenario 4,

The goal is to select a stable solution for the Company that should cover the eventual business inherent risks thereof (difficult to forecast at this moment),

A prudent decision regarding the extent of the share capital decrease to recover the net asset must consider a more accurate estimate of the future capital costs,

* However, considering the persistence of the effects of Covid also during the financial year 2021 and the accounting results of the Company during the first quarter of 2021, we consider a prudent approach that the Company should consider a greater decrease of the share capital than the amount of RON 229 million presented at Scenario 4A below, so that to cover the opotential risks that are difficult to estimate under these conditions,

YES

The reduction of the share capital would be:

Over RON 230 million

Up to RON 1,755 million

Scenario 4A alternative – page 27 of 49 of the material “Detailed analysis of the solutions for recovering the net asset of the Company until 31 December 2021”

Scenario 4A alternative (OPTION 3 OF THE EGMS SUMMONING) - Increase of net asset as effect of evaluation both of tangible assets and financial investments at fair values as at 31 December 2020 with the concomitant application of the measures to reduce the share capital (value of net assets as at 31 December 2021 = 50% of the share capital, considering the pessimistic scenario)

The amounts are presented in million, unless specified otherwise -

* the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million, considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget,	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	(229)	4,182	-	4,182	-	4,182
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	869	1,379	-	1,379	-	1,379
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	451	3,807	125	3,932	125	3,932
Result carried forward	(7,213)	229	(6,984)	(276)*	(7,260)	(680)*	(7,665)
Equity	1,336	1,320	2,656	(150)	2,505	(555)	2,101
% Share capital	30%	-	64%	-	59,9%	-	50,2%
Number of shares	44,109	(2,288)	41,821	-	41,821	-	41,821
Accounting value of a share	0,0303	-	0,0635	-	0,05991	-	0,05023
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

**Option 3,
but at the
legal limit of
50%**

Scenario 4B mixed— page 46 of 49 of the material “Detailed analysis of the solutions for recovering the net asset of the Company until 31 December 2021”

Option 4

Annex 6 - Scenario 4B mixed (OPTION 4 of the EGMS SUMMONING)

Increase of net asset as effect of evaluation both of tangible assets and financial investments at fair values as at 31 December 2020 with the concomitant application of the measures to reduce the share capital (value of net assets as at 31 December 2021 = 50% of the share capital, considering the pessimistic scenario)

•The amounts are presented in million, unless specified otherwise -

* the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million, considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget,	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	(1,179)	3,232	-	3,232	-	3,232
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	869	1,379	-	1,379	-	1,379
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	451	3,807	125	3,932	125	3,932
Result carried forward	(7,213)	1,179	(6,034)	(276)*	(6,309)	(680)*	(6,714)
Equity	1,336	1,320	2,656	(150)	2,505	(555)	2,101
% Share capital	30%	-	82%	-	77,5%	-	65%
Number of shares	44,109	(11,793)	32,316	-	32,316	-	32,316
Accounting value of a share	0,0303	-	0,08	-	0,0775	-	0,0650
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

Scenario 5 mixed – page 28 of 49 of the material “Detail of Proposals for net asset recovery measures RRC 31 Dec 2021”

Option 5

Scenario 5 mixed (OPTION 5 OF THE EGMS SUMMONING) - Increase of net asset as effect of evaluation of the tangible assets at fair values as at 31 December 2020 with the concomitant application of the measures to reduce the share capital (accounting value of the share equals to the nominal value of the share)

•The amounts are presented in million, unless specified otherwise -

* the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million, considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget,	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	(2,207)	2,204	-	2,204	-	2,204
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	869	1,379	-	1,379	-	1,379
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	-	3,356	-	3,356	-	3,356
Result carried forward	(7,213)	2,207	(5,007)	(276)*	(5,282)	(680)*	(5,687)
Equity	1,336	869	2,204	(276)	1,929	(680)	1,524
% Share capital	30%	-	100%	-	87,5%	-	69,1%
Number of shares	44,109	(22,066)	22,044	-	22,044	-	22,044
Accounting value of a share	0,0303	-	0,1	-	0,08749	-	0,06913
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

Scenario 5 mixed

We mention that the measure to reduce the share capital could consider other amounts smaller than the amount of RON 2,207 million indicated at Scenario 5,

We reiterate the need for the Company to select a stable solution for the Company that should cover the eventual business inherent risks thereof (difficult to forecast at this moment),

A prudent decision regarding the extent of the share capital decrease to recover the net asset must consider a more accurate estimate of the future capital costs

* However, considering the persistence of the effects of Covid also during the financial year 2021 and the accounting results of the Company during the first quarter of 2021, we consider a prudent approach that the Company should consider a greater decrease of the share capital than the amount of RON 1,379 million presented at Scenario 5°, so that to cover the potential risks that are difficult to estimate under these conditions,

YES

The reduction of the share capital would be:

Over RON 1,380 million

Up to RON 2,207 million

Scenario 5A – page 31 of 49 of the material “Detail of Proposals for net asset recovery measures RRC 31 Dec 2021”

Scenario 5A alternative (OPTION 6 OF THE EGMS SUMMONING) - Increase of net asset as effect of the evaluation of tangible assets as at 31 December 2020 with the concomitant application of the measures to reduce the share capital (the value of net assets as at 31 December 2021 = 50% of the share capital, considering the pessimistic scenario)

• The amounts are presented in million, unless specified otherwise -

* the budgeted amounts as well as the forecasted amounts of the pessimistic scenario include the effect of increasing the expenses with the amortization in 2021 following the re-evaluation of fixed assets as at 31 December 2020. An increase of the expenses with amortization was determined amounting to RON 41 million, considering an average life time remained of the re-evaluated assets of approximately 25 years, plus 16% decrease of the deferred tax, resulting a net impact of RON 35 million over the budgeted or forecasted loss in year 2021)

Ratios	Net asset as at 31 December 2020 (current situation)	Increase of net asset	Net asset as at 31 December 2020, after the increase of the net asset	Forecasted net loss in 2021 based on budget,	Net accounting asset budgeted as at 31 December 2021	Forecasted net loss in year 2021 – based on the pessimistic scenario	Accounting net asset forecasted as at 31 December 2021 based on pessimistic scenario
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (3) + (4)	(6)	(7) = (3) + (6)
Share capital	4,411	(1,379)	3,032	-	3,032	-	3,032
Capital premiums	233	-	233	-	233	-	233
Re-evaluation reserves, net of the deferred tax effect	510	869	1,379	-	1,379	-	1,379
Legal reserve	40	-	40	-	40	-	40
Other reserves	3,356	-	3,356	-	3,356	-	3,356
Result carried forward	(7,213)	1,379	(5,834)	(276)*	(6,110)	(680)*	(6,515)
Equity	1,336	869	2,204	(276)	1,929	(680)	1,524
% Share capital	30%	-	73%	-	63,6%	-	50%
Number of shares	44,109	(13,788)	30,321	-	30,321	-	30,321
Accounting value of a share	0,0303	-	0,0727	-	0,06361	-	0,05025
Nominal value of a share	0,1	-	0,1	-	0,1	-	0,1

**Option 6,
but at the
legal limit
50%**

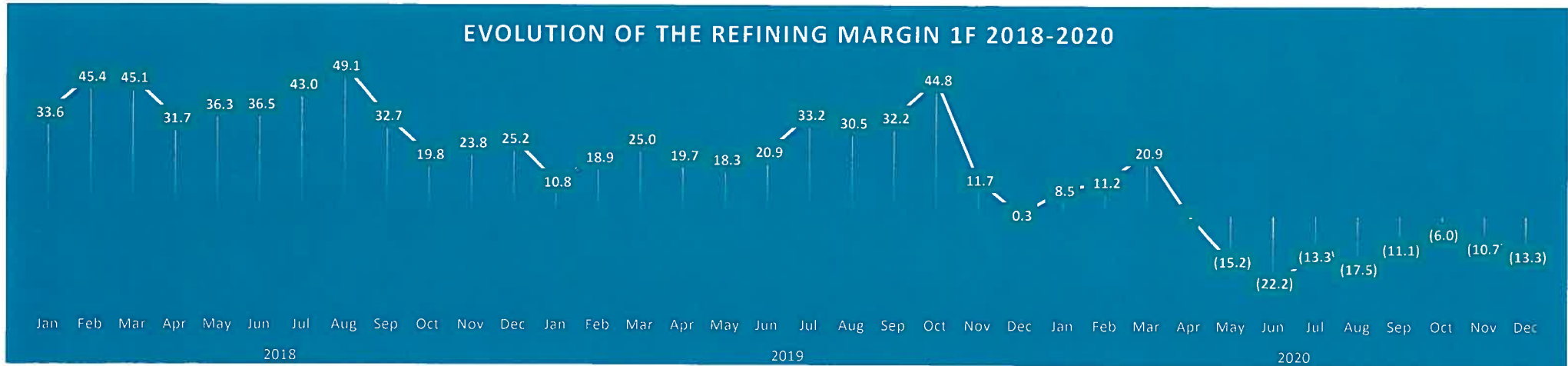
Thank you!



Annexes

Evolution of the Refining Margin 2018 -2020

The results of RRC during year 2020 were affected dramatically because of the market



The Refining Margin (1F) represents the difference between: the market prices – international quotas of all refined products, weighted at the real level of productions realized and market prices – international quotas of all raw materials consumed to produce refined products, weighted at an actual ratio. (see annex 2 with the calculation as at December 2020),

- The Refining Margins started in year 2020 under pressure because of the weak margins of diesel and jet. The diesel margins were influenced by higher temperatures than usually and by the excessive imports of ULSD from Russia. During the second part of the first quarter, the margins increased following the collapse of the crude oil price and the reduction of the Urals-Dated Brent differential. The diesel margins recovered and made progress strongly in March due to the reduction of the output following the spring maintenance. At the same time, the fuel margins continued to decrease in Europe up to the minimum levels seen last time in 2008, because the global inventories continue to increase and the jet demand decreased strongly in the aviation field, considering the closing of the borders and the interdiction to travel imposed by the entire world.
- The Refining Margins decreased during the second quarter because of the high inventories of oil products and increase of the oil price based on OPEC discounts for the crude oil production. The diesel margins collapsed during the second quarter, because the storage capacity was almost 100%, caused by the too aggressive change of the output of the other products to the diesel one and because of the high volumes of diesel resulted from Russia and Asia. The gasoline margins were reduced, because the global inventories continued to increase considering the absence of the demand, and the summer driving season had only little support, affected because of the coronavirus restrictions. The jet margins became negative during the second quarter, being under the pressure of strong contraction of the demand because of the COVID-19 impact on the air travels. Approximately 70% of the output of the jet volume was moved to diesel and 30% to gasoline in the Refining process.
- The Refining Margins recovered slightly during the third quarter, compared to the second quarter, following the increase of the demand of the end users for road fuels and after the commencement of the autumn maintenance season, however, they did not reach the levels at the beginning of the year. The gasoline margins increased during the third quarter up to the highest level from the beginning of March (109\$/MT), as much as the gasoline exports to West Africa increased and the regional demand recovered. Meanwhile, the diesel margins have reached during the third quarter the lowest level since 1999 (18\$/MT) because of the supply excess, because the exports from the Middle East to Europe increased simultaneously with the very weak regional demand. The consumption of jet remains the most affected sector of the world market of oil, because the passengers avoid the air travels following the pandemics and the governmental travel restrictions.
- During the fourth quarter, the processing rates of the European refineries reduced to 68% (-12.5% compared to previous year) increased temporarily the margins from the minimum values reached in summer, but the decrease of the demand of products, following the additional traffic restrictions introduced by the European governments, limited these earnings rapidly.
- However, in December, the cracks increased because the mobility ratios showed signs of quick recovery because most of the countries reduced the restrictions for the Christmas holidays and the COVID-19 vaccine started to be delivered. The European gasoline price has reached the highest level since the pandemics (455\$/MT).