



**INDIVIDUAL HALF-YEAR REPORT
OF
THE BOARD OF DIRECTORS
ROMPETROL RAFINARE S.A.
("RRC")
FIRST SEMESTER OF 2021 (H1 2021)**



HALF-YEAR REPORT ROMPETROL RAFINARE S.A.

on the individual financial statements of the Company drafted according to the Order no. 2844/2016 of the Ministry of Public Finance as subsequently amended and supplemented, and according to Law no. 24/2017 on the issuers of finance instruments and market operations and to Annex 14 of Regulation 5/2018 issued by Financial Services Authority (FSA),

for the period January 1st – June 30th, 2021

Half-year report according to: Art. 65 of Law no. 24/2017 on issuers of financial instruments and market operations and Annex no. 14 to ASF Regulation no. 5/2018 for the 6-month period that ended on June 30, 2021 (First half - year of financial year 2021)

Name of the trade company: **ROMPETROL RAFINARE S.A.**
Registered office: **215 Năvodari Blvd., Pavilion Administrativ, NĂVODARI, Constanța County**
Telephone number: **0241/50 61 50**
Facsimile number: **0241/50 69 30**
Sole registration code with the Trade Register Office: **RO1860712**
Trade Register number: **J13/534/05.02.1991**
Subscribed and paid share capital: **LEI 4,410,920,572.6**
Regulated market on which the securities are traded: **Bucharest Stock Exchange**
Shares market symbol: **RRC**



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1. GENERAL DESCRIPTION AND OBJECTIVES

Rompetrol Rafinare S.A. (hereinafter referred to as „RRC” or the „Company”), a company member of KMG International Group, is a joint stock company, managed in a one-tier management system, with registered office in Năvodari, bulevardul Năvodari, nr. 215, Pavilion Administrativ, județul Constanța operating Petromidia refineries, situated in Năvodari, Constanța county, and Vega in Ploiești, Prahova county. The company is registered with the Trade Registry under the number J13/534/1991 and Tax Identification Number 1860712.

Starting with 01.01.2014, Rompetrol Rafinare S.A. took over the operational plants (polymer and utilities production) of Rompetrol Petrochemicals S.R.L.

In accordance with the provisions of the Articles of Incorporation of the Company Rompetrol Rafinare S.A. the main field of activity is „manufacturing of the products obtained from the processing of crude oil” (NACE code 192), and the main object of activity is represented by the “manufacturing of the products obtained from the processing of crude oil” (NACE code 1920). Other secondary objects of activity are detailed in the Articles of Incorporation of the Company. The company develops its activity either directly or by means of related entities of Romania, Switzerland, Netherlands, Bulgaria, Serbia, Republic of Moldova, Turkey, etc.

Rompetrol Rafinare holds the quality as authorized warehouse keeper, in accordance with the applicable tax legislation. Petromidia and Vega Refineries are authorized as production tax warehouses, being manufacturers of energetic products, according to the tax rules governing the production of energetic products.

Rompetrol Rafinare also holds Integrated Environmental Permits, issued by the competent environmental authorities in accordance with the environmental legislation, for the 2 operated refineries: Petromidia and Vega.

The shares of Rompetrol Rafinare are traded freely within the Standard category of the Bucharest Stock Exchange, under market symbol RRC.

Rompetrol Rafinare is the parent company for the branch offices Rompetrol Quality Control S.R.L., Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Logistics S.R.L., Rompetrol Gas S.R.L and Rompetrol Petrochemicals S.R.L. within KMG International Group.



During the first semester of year 2021, the activity of Rompetrol Rafinare, company of KMG International Group, developed under the main budget premises.

The quantity of raw materials processed during the first half of year 2021 by Rompetrol Rafinare (Petromidia and Vega Refineries as well as the Petrochemical Plant) amounted to approximately 2.720 million tons, out of which approximately 2.378 million tons of crude oil, compared to a total level of approximately 2.126 million tons, out of which approximately 1.647 million tons of crude oil, corresponding to the first semester of year 2020.

For the entire year 2021, Petromidia Refinery proposed to process a quantity of raw materials of approximately 6.001 million tons, out of which 5.255 million tons of crude oil, Vega Refinery approximately 0.4 million tons and the Petrochemical Plant proposed to process a quantity of polymers of approximately 0.187 million tons.

1.1. Key events during January – June 2021 (S1 2021)

Events that took place during January – June 2021

On 28 April 2021, the Ordinary General Meeting of Shareholders (OGMS) took place at the office of RRC, during which, the shareholders approved mainly as follows:

- The audited annual financial statements for year 2020 both at standalone level and at consolidated level and the income and expenses budget for year 2021 of RRC;
- The discharge from management of the members of the Board of Directors of RRC for the financial year 2020;
- The Remuneration Policy of the Company's management structure, issued according to the provisions of art. 92¹ of Law no. 24/2017 on the issuers of financial instruments and market operations;
- The re-appointment of Ernst & Young Assurance Services SRL, as financial auditor of Rompetrol Rafinare S.A., for a 1(one)-year term, that is to audit the financial statements of the Company for the financial year 2021, the term of the audit services agreement being of one year.



On the same date, 28 April 2021, the Extraordinary General Meeting of Shareholders (EGMS) of the Company was held, within which the shareholders approved, mainly, the following:

- to amend and to update the Articles of Incorporation of Rompetrol Rafinare S.A., according to the Note submitted to the shareholders for this point of the agenda (paragraph 1 of the agenda of the EGMS dated 28 April 2021). The amendment aims: the transfer made by the Central Depository of Bucharest of the shares held by the Romanian State issued by Rompetrol Rafinare, from the account of the Romanian State by the Ministry of Economy, Energy and Business Environment to the account of the Romanian State by the Ministry of Energy following the putting into application of the provisions of art. 12, par. (2) of the Government Decision 316/2021 on the organization and functioning of the Ministry of Energy;
- the celebration of some documents having significant patrimony content namely: (i) framework acquisition agreement for raw materials – crude oil, for the period 1 January 2021 – 31 December 2025 concluded between Rompetrol Rafinare S.A. (as beneficiary) and KazMunayGas Trading A.G. (as supplier), and (ii) Addendum no. 2 to the long-term Loan Agreement concluded on 2 May 2012 between Rompetrol Rafinare S.A. (as borrower) and KMG International N.V. (as lender).

Main decisions of the Board of Directors (BoD) RRC:

During the first semester of year 2021, the Board of Directors gathered within 8 meetings. The agenda of the meetings of the Board of Directors included matters that regarded the current activity developed by the Company, for example: in order to approve the Annual Report (standalone and consolidated) and to organize the annual ordinary general meeting for approving the annual financial results, including the information documents and materials to be referred to the approval of the GMS; in order to approve the information documents and materials to be referred to the approval of the Extraordinary GMS dated 28 April 2021 regarding the proposal to update the Articles of Incorporation of the Company and the proposals related to the celebration /ratification of some legal documents having significant patrimony content; in order to supplement the agenda of the Ordinary General Meeting of Shareholders dated 28 April 2021 including in the agenda the item regarding the selection of the Company's financial Auditor to audit the annual financial statements corresponding to year 2021; in order to approve the reports and the materials corresponding to the financial results for first quarter 2021; to approve the celebration of some



significant legal documents for the supply with raw materials, electricity, thermal energy, natural gas, acquisition of maintenance services for year 2021, etc and the sale of oil products;

The agenda of the meetings of the Board of Directors also included other approvals for the development under good conditions both of the Company's activity and information by the Executive Management related to the statement of the Net Assets registered by Rompetrol Rafinare as at 31 December 2020 and of the main recovery options.

At the same time, during the meeting dated 30 June 2021, the BoD of RRC adopted Decisions regarding:

- (i) to approve the Report on the patrimony standing of Rompetrol Rafinare S.A., issued by the Company's Board of Directors as at 31 December 2020, that will be submitted to the Extraordinary General Meeting of Shareholders of Rompetrol Rafinare S.A. dated 6/9 August 2021,
- (ii) to approve the proposals of the Executive Management related to the net asset recovery measures according to the provisions of art. 153²⁴ of the Company Law no. 31/1990 (option 1 – option 6),
- (iii) to summon the EGMS on 6 August 2021 – first summoning and 9 August (second summoning), and
- (iv) to approve the re-evaluation with the reference date being the last day of the month after the expiration of the two-month term as when the Resolution of the EGMS was published in the Official Gazette of Romania, Part IV, according to art. 208 (1) of Law no. 31/1990 on companies, having as object the tangible assets at their fair value and, as the case may be, the financial investments at their fair value, if the EGMS dated 6 August 2021 (9 August 2021 – second summoning) approves any of the options at point 4 of the agenda of the Extraordinary General Meeting of Shareholders.

Policies – corporate governance

On 29 April 2021, following the approval by the OGMS dated 28 April 2021, the Remuneration Policy of the company was published on the website regarding the management structure of the Company, issued according to the provisions of art. 92¹ of Law no. 24/2017 on the issuers of financial instruments and market operations. This way, by the current Report no. 2493/29 April 2021, Rompetrol Rafinare S.A. announced the modification, starting with 28 April 2021, of the compliance status with the provision C.1 of the Corporate Governance Code of the Bucharest Stock Exchange, namely to pass from “non-conform” to „conform”.



The relevant provision C.1 is the following: „*The Company must publish on its webpage the remuneration policy and must include in the annual report a statement regarding the implementation of the remuneration policy during the annual period that makes the object of the analysis. Any essential change occurred in the remuneration policy must be published in due time on the Company's webpage.*”

The following significant events took place after the end of the first semester of year 2021:

Decisions of the Board of Directors of RRC:

- **16 July 2021**

Whereas the summoning of the Extraordinary General Meeting of Shareholders ("EGMS"), dated 6/9 August 2021,

Whereas, at point 4 of the agenda of the EGMS the approval by the shareholders of RRC is proposed to reduce the share capital of the Company, within the context of the approved items, approved by Decision no. 2 of the Company's Board of Directors dated 30 June 2021 and, conditioned upon the approval by the EGMS of points 1 and 2 of the agenda of the latter one, in one of the proposed variants: option 1 – option 6,

Whereas, according to Decision no. 2 of the Board of Directors of Rompetrol Rafinare S.A. adopted following the analysis of the recovery measures of the net assets of the company, measures that were supported, on the one hand, by the preliminary results of the re-evaluation of the company assets, as at 31 December 2020, and, on the other hand, the estimated results as regards the financial standing of the Company as at 31 December 2021 (related to the next 2 scenarios: (i) Company budget and (ii) pessimistic scenario with the financial result for year 2021 at the level of year 2020),

The Board of Directors recommended to the Company shareholders to adopt option 4 as it is customized on the agenda of the EGMS as being the most feasible and convenient for the Company so that the measure should offer a prudent approach from the perspective of the financial stability at the end of year 2021 corroborated with the re-evaluation measure of the Company assets, adopted by the Board of Directors according to Decision no. 3 dated 30 June 2021.



The recommendation of option 4 by the Board of Directors was adopted considering that it was supported by the preliminary results that may suffer future adjustments following the influence of more factors that may have impact on the results when the decision is implemented as well as when the financial statements for year 2021 are closed, so that the ratio between the net assets of the Company and the estimated share capital of the Company as at 31 December 2021 could have deviations compared to the options presented within the Decision of the BoD no. 2 dated 30 June 2021, these ones being issued based on forecasts.

Considering the technical incident that took place within Petromidia Refinery dated 2 July 2021, consisting in an explosion followed by fire at the Petroleum / Diesel Catalytic Hydrofining Plant (HPM Plant) situated on the layout of the fiscal warehouse held by the Company in Navodari,

Whereas as of the occurrence of the event, the HPM Equipment was stopped and the decision was made to stop under a controlled manner all installations within the refinery Plant, situation de facto that is maintained at this moment as well,

Whereas one of the direct consequences of the incident dated 2 July 2021 is represented by the fact that the net assets of the Company will suffer a deterioration higher than that one estimated before the occurrence of the technical incident dated 2 July 2021,

Whereas the need to review the recovery options of the net assets following the new situation de facto determined by the incident,

The Board of Directors, in its meeting dated 16 July 2021 recommended to the Company's shareholders to adopt option 2 from point 4 of the agenda of the EGMS dated 6/9 August 2021, as representing the feasible and convenient option for the Company considering the implications resulted from the occurrence of the incident that took place on 2 July 2021, so that this measure should offer a prudent approach from the perspective of the financial stability at the end of year 2021 being corroborated with the re-evaluation measure of all the Company assets, measure adopted by the Board of Directors according to Decision no. 3 dated 30 June 2021.

According to point 4 of the agenda of the EGMS dated 6/9 August 2021, option 2 represents:

„Option 2: To approve the decrease of the share capital of the Company with the amount RON 1,755,000,000 so that as at 31 December 2020 the accounting value of the shares of Rompetrol Rafinare should be equal to their face value”.



- 6 August 2021

Extraordinary General Meeting of Shareholders of RRC dated 6 August 2021:

By the date of this Report, the shareholders of Rompetrol Rafinare S.A. gathered in the meeting dated 6 August 2021 during which they approved mainly the following:

- To confirm the continuation of the Company activity, according to the provisions of art. 153²⁴ of the Law;
- The date 31.12.2021 being the date until when the Company adopts all legal measures to remedy the net assets compared to the value of the share capital of the Company.
- **Decrease of the share capital of the Company** according to Option 2 submitted by the Company Management, namely: to decrease the share capital of the Company with the amount of RON 1,755,000,000 so that as at 31 December 2020 the accounting value of the shares of Rompetrol Rafinare should be equal to their face value.

This way, the share capital of the Company will be reduced with the amount of RON 1,755,000,000, from RON 4,410,920,572.60 to RON 2,655,920,572.60, decreasing the number of shares with 17,550,000,000 shares, namely from 44,109,205,726 shares to 26,559,205,726 shares, according to art. 207 (1) (a) of the Companies Law no. 31/1990. The procedure used to decrease the share capital is the following:

- the existent share capital amounting to RON 4,410,920,572.60 lei is reduced with the amount of RON 1,755,000,000, resulting a new value of the share capital of RON 2,655,920,572.60;
- the number of shares that makes the object of the decrease is calculated proportional to the participation quota of each shareholder in the share capital on the registration date;
- if the application of proportional reduction results in fractions of shares, the rounding of the number of shares remaining the account of shareholders will take place at the lower integer. A price of RON 0.1 / share is established to compensate the fractions of shares resulted following the application of the algorithm and rounding of results;
- the reduction rate of the share capital will be established according to the following formula: number of shares with which the share capital is reduced: number of shares issued by the company on the registration date – 17,550,000,000: 44,109,205,726 = 0.397876128375969;
- the number of shares to be cancelled following the decrease of the share capital is calculated as follows: the number of shares held by a shareholder on the registration date multiplied with the decrease rate of the share capital.



1.2. The objectives of Rompetrol Rafinare investment program for the first half of 2021:

The investment program of Rompetrol Refinery accomplished in the first semester of 2021 was in the amount of USD 6.12 million, as follows:

I) From the category of **compulsory investments required by environmental and safety regulations**, in the first semester of 2021:

- The project “**Expire authorization ISCIR (State Inspection for Control of Boilers, Pressure Vessels and Lifting Installations) for static equipment Refinery Platform (ISCIR PEM 2021-2022)**” started, a project that consists in the reauthorization of pipes and technological units equipment, according to the ISCIR requirements in force; in addition will carry out VTP (Technical Periodic Verification) activities and elaborate technical documentation for the extension of ISCIR due date to equipment due in 2021 and 2022. The project will be finalized in December 2022.
- In the frame of the Master Plan for the rehabilitation of the entire infrastructure of the water supply network for the Petromidia refinery it was started the project “**Fire-fighting Water Main Replacement Package 2021 sections T031, T054, T056, T059**”. The project scope is to perform replacement and rehabilitation of the firefighting civil and mechanical infrastructure, according to the established priorities for 2021, for section sections T031, T054, T056, T059, based on the project design. The project will be finished in June 2022.

II) In the **Capital Maintenance category**, a important place is “**2022 Refinery Planned Shutdown (SD)**” project, technological shut down for equipment’s periodic inspections, catalysts replacement, maintenance, etc.

To attain, maintain and improve Refinery Objectives, it is imperative and mandatory (compulsory) to enforce control over our refinery Maintenance Plan execution, to improve their technical availability indicator. A special attention should be paid to energy efficiency and technological losses indicators, as well as to continue the activity of increasing the performance efficiency of some units.



RRC Board of Directors adopted in May 15, 2018 a new strategy for planning the General Turnarounds and Shutdowns between 2018-2026 by reducing the actual cycle of 5 years to 4 years for General Turnaround, respectively to establish a Shutdown between 2 General Turnarounds, every 2 years.

The Refinery Planned Shutdown scheduled for 2022 has taken into consideration a series of cyclical activities:

Works and activities as follows:

- Catalysts replacement/regeneration - All the works related to replacement of catalyst with new one or regenerated for the one who are at the end of lifetime - in order to keep higher diesel/gasoline of yield production, and to obtain more valuable products
- Operational works – Other activities, not related to maintenance repairs or revamp, but are required in order to achieve a good efficiency for Refinery, mandatory activities in order to prevent any damage or failure of equipment due to corrosion, erosion, deposits from technological process.
- Maintenance – Usual repairs and inspection necessary for equipment static/dynamics and pipes that cannot be performed during units operation
- Capital Maintenance – equipment's that will be replaced only in shutdown period.
- Capex or Improvement project – implementation of CAPEX projects that can be done only with plants shutdown

Additional and unexpected/found works – which will appear after we will opening the equipments and/ or will be identified by the inspections programs performed until the date of start for the effective Shut Down 2022.

Project start-up – from commercial point-of-view, project start-up should be aligned with Trading to minimize effect on sales.

Project timeline - due to very high volume of work according to the preliminary Shutdown schedule are necessary 20 days for mechanical works.

Within this project, the benefits are as follows:

- Refinery operation at nameplate capacity, 5 mil t/year and according to the group bussines strategy until next planned shutdown and future objectives in terms of increased processing capacities (in 2020 – 5,600,000 t/year feedstock processed) with improved mechanical availability.
- Maintain Refinery at its nominal monthly capacity.
- Reduce routine maintenance costs.
- Maintain units safe and normal operating conditions until next planned shutdown.
- Improve efficiency of plant within high mechanical availability.
- Increase reliability / availability of equipment during operation.



- Safety—zero incidents (human accidents or damage to equipment)
- It was started the program „**Refinery static equipment rehabilitation**”. The main activity of the program is the execution and replacement of the priority static equipment for a proper functioning of the refinery units. This project aims increasing the mechanical availability of the refinery, in order to have a high level of equipment functioning in safety conditions and to maintain the refinery operating capacity at its nominal level. The estimated finish date is 2022.

1.3. The objectives of Rompetrol Rafinare regarding quality, health, labour security and environment (QHSE), set for 2021 are the following:

- ✓ **Certification / maintenance of certifications:**
 - Quality-Environment-Occupational Health and Safety Management System (QHSE) according to ISO 9001, 14001 & ISO 45001
 - Energy Management System in accordance with ISO 50001
 - International Sustainability & Carbon Certification (ISCC) Management System, in terms of the sustainability requirements of the 2009/28 / EC (RED)
 - For motor fuels and bitumens, according to legal and regulatory requirements
- ✓ **Increase profitability:**
 - Petromidia refinery by processing **6** million tons of raw materials per year and achieving a white product yield of **86.51%**
 - Vega refinery by processing **408,000** tons of raw materials
 - Petrochemistry by obtaining minimum **92,500** tons of polypropylene
- ✓ **Decreasing** the number of customers complaints by **10%** compared to 2020
- ✓ **Solution** in proportion of min. 85% of the findings resulting from QHSE internal audits and inspections
- ✓ **Maintaining / obtaining** environmental protection regulatory acts
- ✓ **Maintaining / updating REACH registration dossiers** of chemical substances and disseminating information provided by CONCAWE in line with ECHA requirements



- ✓ **Improvement of waste management** in order to streamline turnaround activities

- ✓ **Implementation** of own techniques for identifying fugitive emission sources and loss reduction (LDAR)

- ✓ **Improving** the process of managing the risks associated with petroleum products

- ✓ **"Zero" fatal accidents** and **"Zero" professional diseases** on Petromidia and Vega Platforms

- ✓ **Minimizing the SARS-COV2 pandemic risk** on personnel and operational activities, by implementing and maintaining the identified measures and observing the rules established at the organizational level

- ✓ **Maintain** the effectiveness of the **"1.LIFE"** safety project by:
 - performing at **least 2000** safety audits
 - organizing at least **4** safety workshops / meetings and **2** personal motivation and awareness actions

- ✓ **Achieving an energy consumption** for BU Refining at the planned level of **3.39 GJ / t** throughput

- ✓ **Increase in energy efficiency** by obtaining a **93.82 %** energy intensity indicator for the Petromidia Refinery and an energy index of **2.58 GJ / t** for Vega refinery and **17.88 GJ/t** for Petrochemicals



2. FINANCIAL STATEMENT ANALYSIS

The information and the Individual Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2021 presented in this report are not revised by the financial auditor of Rompetrol Rafinare S.A. and were drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards („IFRS”), based on the International Accounting Standard 34 – „Interim financial reporting” passed by the European Union.

The submitted indicators are in Lei (RON) unless otherwise stated.

In the first semester of 2021 the Company recorded a net loss of 256,401,130 lei, compared to a net loss of 592,114,118 lei recorded by Rompetrol Rafinare S.A. in the first semester of 2020. The significant reduction in net loss in the first semester of 2021 compared to that recorded in the first semester of 2020 was due to production and sales volumes in the refining segment in the first semester of 2021 significantly increased, with the Company recording higher refining margins compared to those of the first semester of 2020 (affected by the planned general turnaround and the pandemic context of Covid-19), the operating loss in the refining segment being 124.2 mil. RON in the first semester of 2021 (semester I 2020: 362.6 mil. RON). The petrochemical segment recorded notable positive operational results in the first semester of 2021 worth 89.1 million RON compared to an operating loss of 74.4 mil. RON in the first semester of 2020 on the background of the sharply increased quotations of petrochemical products, despite the two-and-a-half month shutdown of the LDPE plant. The negative net result in the first semester of 2021 was strongly influenced by the loss from exchange rate differences of 149.8 mil. RON recorded as a result of the depreciation of the national currency against the US dollar (USD) during this period.



2.1. Financial position statement as of June 30, 2021

The financial position on June 30, 2021 is presented in **Annex 1**

Indicator (RON)	June 30, 2021	December 31, 2020 (audited)	Variation
Non-current assets	5,168,043,823	5,337,995,718	96.82%
Current assets	2,654,677,647	2,060,059,433	128.86%
Total assets	7,822,721,470	7,398,055,151	105.74%
Non-current liabilities	959,585,928	934,193,583	102.72%
Current liabilities	5,789,878,726	5,128,254,423	112.90%
Total liabilities	6,749,464,654	6,062,448,007	111.33%
Equity	1,073,256,816	1,335,607,145	80.36%
Total liabilities and equity	7,822,721,470	7,398,055,151	105.74%

At the end of the first semester of 2021, the Company's **non-current assets** amount to RON 5,168,043,823, slightly decrease as compared to December 31, 2020.

As of June 30th, 2021, **current assets** are in amount of RON 2,654,677,647, registering an increase of approximately 29% more than the level at the end of 2020. This is mainly due to the increase in value of the receivables (from RON 1,167,390,890 on 31.12.2020, to RON 1,514,916,548 at June 30, 2021) and the increase in stocks (from RON 527,073,050 on 31.12.2020, to RON 981,264,823 at June 30, 2021).

The **liabilities payable in a period of 1 year** increased from a value of RON 5,128,254,423 at 31.12.2020 to RON 5,789,878,726 on June 30, 2021 (by approximately 13%). This increase is mainly due to the value increase of commercial debts and other debts (from RON 4,774,877,899 at 31.12.2020 to the value of RON 5,389,018,774 at June 30, 2021).

Long-term debts recorder a slightly increase of about 3% at 30.06.2021 (RON 959,585,928) compared to 31.12.2020 (RON 934,193,583).

As regards **provisions**, they shall record at 30.06.2021 the same value as the 31.12.2020.



2.2. Profit and loss account for the 6-month period that ended on June 30, 2021

In the first semester of 2021 the Company recorded a net loss of 256,401,130 lei, compared to a net loss of 592,114,118 lei recorded by Rompetrol Rafinare S.A. in the first semester of 2020. The significant reduction in net loss in the first semester of 2021 compared to that recorded in the first semester of 2020 was due to production and sales volumes in the refining segment in the first semester of 2021 significantly increased, with the Company recording higher refining margins compared to those of the first semester of 2020 (affected by the planned general turnaround and the pandemic context of Covid-19), the operating loss in the refining segment being 124.2 mil. RON in the first semester of 2021 (semester I 2020: 362.6 mil. RON). The petrochemical segment recorded notable positive operational results in the first semester of 2021 worth 89.1 million RON compared to an operating loss of 74.4 mil. RON in the first semester of 2020 on the background of the sharply increased quotations of petrochemical products, despite the two-and-a-half month shutdown of the LDPE plant. The negative net result in the first semester of 2021 was strongly influenced by the loss from exchange rate differences of 149.8 mil. RON recorded as a result of the depreciation of the national currency against the US dollar (USD) during this period.

Turnover recorded in the first half of 2021 was 6,016,523,533 lei compared to 3,882,494,802 lei reached in the first half of 2020, increased by 55%, mainly due to production volumes and sales in the refining segment in the first half of 2021 significantly increased compared to those of the first half of 2020 (affected by the planned general turnaround and the pandemic context Covid-19), on the background of a significant increase in the prices of petroleum products on the international market. The petrochemicals segment also recorded a notable turnover increased in the first half of 2021 compared to the first half of 2020 on the background of the sharply increased quotations of petrochemical products, despite the two-and-a-half month shutdown of the LDPE plant.

In the first half of 2021 the Company recorded an operating loss of 35.102.235 lei, compared to the first half of 2020 when there was a loss of 437,029,040 lei.

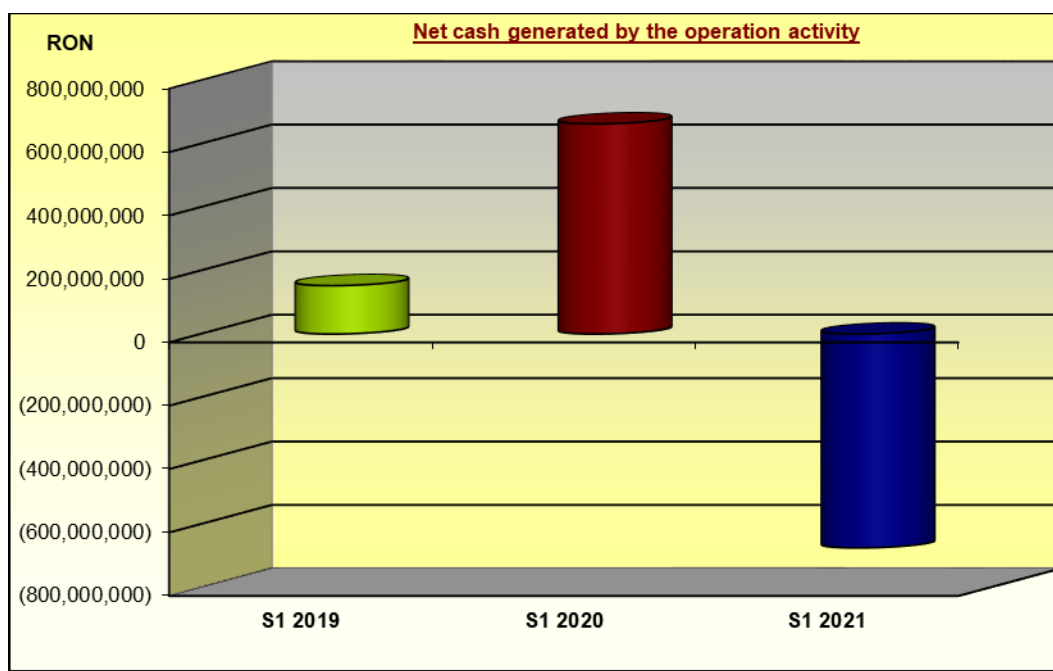
During the first semester of 2021 the financial expenses exceeded the financial income, finally recording a loss of financial activity in the amount of RON 221,298,895 (Semester I 2020: RON 155,085,078). The financial indicators recorded on 30.06.2021 include the results of the activity of the Refinery and Petrochemistry Plants on the Năvodari platform, as well as the Vega Ploiesti refinery.

The profit and loss account for the six-month period ending June 30, 2021 is set out in **Annex 2**.



2.3. Statement of cash flows for the period of 6 months ended June 30, 2021

Cash flows from operating activity in the first half of 2021 were significantly influenced by increased production and sales activities together with higher refining margins recorded in the first half of 2021 compared to the first half of 2020, as well as the increase in commercial debts and the value of stocks compared to the same period of the last year. At the end of the first half of 2021, The Dated Brent crude oil average quotation in the semester I 2021 was \$65 per barrel compared to the average quotation in semester I 2020, when it stood at \$40.1 per barrel.

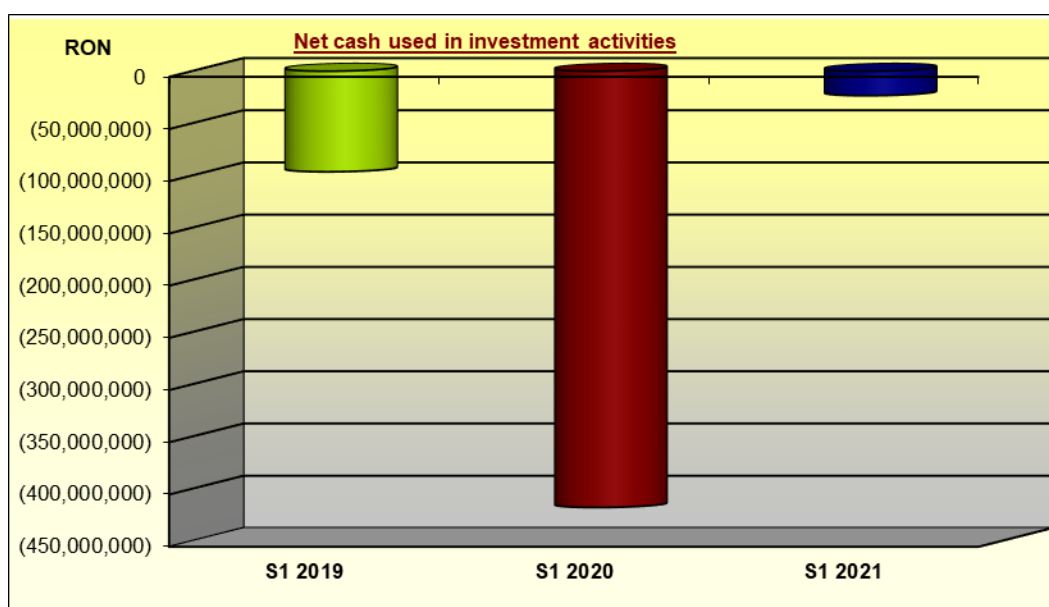


In the first half of 2021 Rompetrol Rafinare S.A. continued the implementation of new technologies, allowing the processing of various types of crude oil and obtaining products to the quality required by European standards, as well as increasing the yield in white products. A continuing concern has been to align with the requirements of the European Union and to comply with the requirements of the Directives on the promotion and use of biofuels and the environmental rules in force, in particular



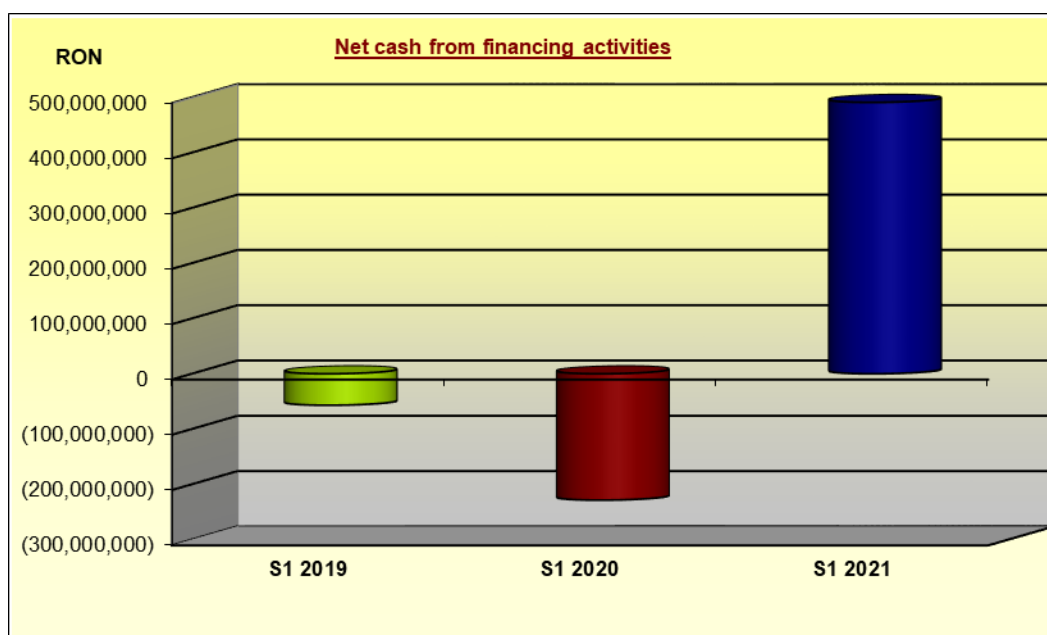
with a view to reducing emissions of oxides of nitrogen, sulphur, volatile organic compounds and carbon dioxide and the storage of hazardous waste.

Major investment projects in the first semester of 2021 concerned works related to the authorization/reauthorization of equipment from the point of view of ISCIR, the replacement of some fire water pipes and the replacement of the heater in VD unit, Vega Platform.



Cash flow from financing activities in the first half of 2021 was influenced by the fact that the Company benefited from a Cash pooling contract – a system for optimising cash balances, in order to support both the needs generated by the investment activity and the development of the operational activity of the refinery, as well as a long-term facility – syndicated.

Other factors that influenced cash in the financing activity also were increased use of short-term loans contracted from banks and reducing the Company's exposure to short-term loans contracted from affiliated companies. In February 2021 the Company fully repaid the short-term loan received from the affiliated company KMG International N.V.





3. ECONOMIC ENVIRONMENT, OPERATIONAL ACTIVITIES AND ANALYSIS OF THE COMPANY'S ACTIVITY

3.1. GLOBAL ECONOMIC ENVIRONMENT

		H1 2021	H1 2020	%
Brent Dated	USD/bbl	65.0	40.1	62%
Ural Med	USD/bbl	63.6	39.2	62%
Brent-Ural Differential	USD/bbl	1.4	0.9	59%
Premium Unleaded 10 ppm FOB Med	USD/tonne	604	367	65%
Diesel ULSD 10 ppm FOB Med	USD/tonne	519	365	42%
RON/USD Average exchange rate		4.07	4.37	-7%
RON/USD Closing exchange rate		4.14	4.32	-4%
RON/EURO Average exchange rate		4.90	4.82	2%
RON/EURO Closing exchange rate		4.93	4.84	2%
USD/EURO Closing rate		1.19	1.12	6%
Inflation in Romania*		3.42%	1.55%	121%

*Source: Platts, * INSSE (Inflation in Romania is calculated based on CPI - i.e. Consumer Price Index)*

Dated Brent increased by +39.4\$/bbl. (+133%) in Q2 2021 as against Q2 2020 and settled to an average of 69\$/bbl and increased by +24.9\$/bbl. (+62%) in H1 2021 as against H1 2020 and settled to an average of 65\$/bbl.

In Q1, the crude prices reached their highest level in 13 months on the back of raising fears of fresh Middle East tensions and after U.S. government data showed a drop of 1.1 mil barrels per day in crude output after a deep freeze disrupted production by mid of February.

At the beginning of March, OPEC+ agreed not to increase supply in April as they await a more solid recovery in demand, even if the start of the COVID vaccination program bolstered the economic outlook.



Dated Brent reached 76.44\$/bbl. at the end of Q2, the highest level since October 2018, on the back of falling US crude oil stocks, simultaneous with expectations that demand growth will outstrip supply and that OPEC+ will be cautious in returning more crude to the market from August.

According to International Energy Agency (IEA) the supply glut created by the global pandemic has cleared, even as demand suffers a blow from a resurgence of the virus in India.

OPEC+ compliance with oil production cuts in April reached 113%. At its June 1 meeting the OPEC+ decided to proceed with existing plans to raise official July quotas by 440,000 b/d over June. Saudi Arabia will also bring back the remaining 400,000 b/d of its extra, unilateral 1 million b/d cut.

Since the beginning of the year the Urals-Dated Brent differential had a decreasing trend, from 0\$/bbl. to -1.5\$/bbl., as Iranian heavy crude oil exports remained at elevated levels compared to last year. Also, Urals oil exports from Russia increased during this period, keeping pressure on the differential.

European margins decreased by -1.8\$/MT (-11%) in Q2 2021 as against Q2 2020 and settled to an average level of 14.5\$/MT and also decreased by -18\$/MT (-59%) in H1 2021 as against H1 2020 and settled to an average level of 12.4\$/MT.

Even if the margins were lower as against H1 2020, they had an increasing trend during H1 2021, with major positive impact coming from gasoline cracks and low Urals-Dated Brent differential.

European gasoline cracks increased, supported by growing mobility in Europe and by numerous bookings especially from US, which was hit by very cold temperatures in February, disrupting production. Gasoline cracks increased to levels last seen in October 2019. While healthy demand represents one piece of the puzzle, some higher bookings for European gasoline from abroad are probably the main reason for the current upside in cracks.

Diesel cracks experienced moderate gains during Q1, supported by an increasing export to the US. Positive developments on the demand side were almost offset by increasing supply due to switching jet yields into diesel pool. But diesel cracks strengthened during Q2, supported by rapid demand recovery across the continent. Strengthening industrial performance and easing mobility restrictions have stimulated both road freight demand and private consumption. The Mediterranean diesel market is likely to strengthen not only because of higher demand but largely because refiners will at some point stop putting jet fuel into the diesel pool.

Jet cracks had little marginal improvement during Q1, reaching their highest level since the start of the COVID pandemic. The removal of quarantine requirements across much of the EU helped



jet cracks to recover during Q2. Currently, jet yields are in recovery mode and the supply pressure to the diesel pool is easing.

In terms of exchange rates, internally, the RON/EUR exchange rate continued its upward movement, averaging in Q1 2021 at 4.8787 and continuing to increase in the second quarter of 2021 to the average level of 4.9234 (highest average level in the last 5 years).

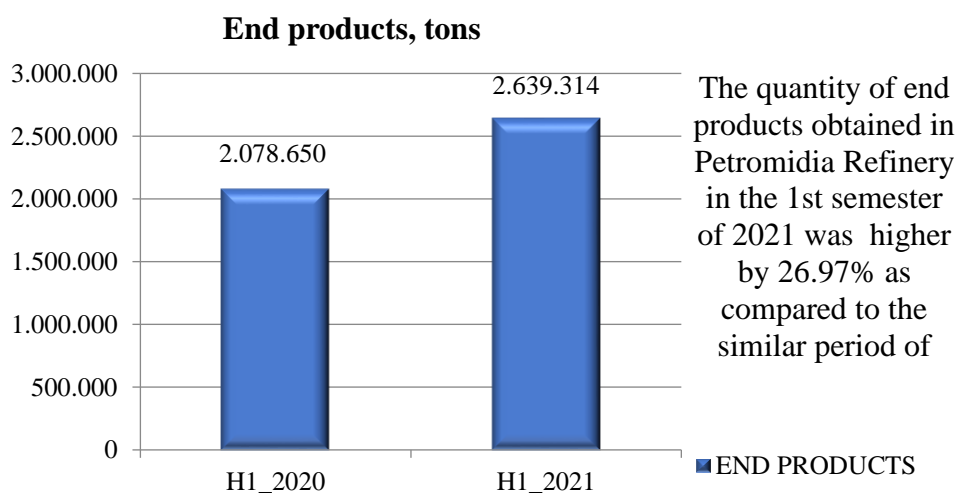
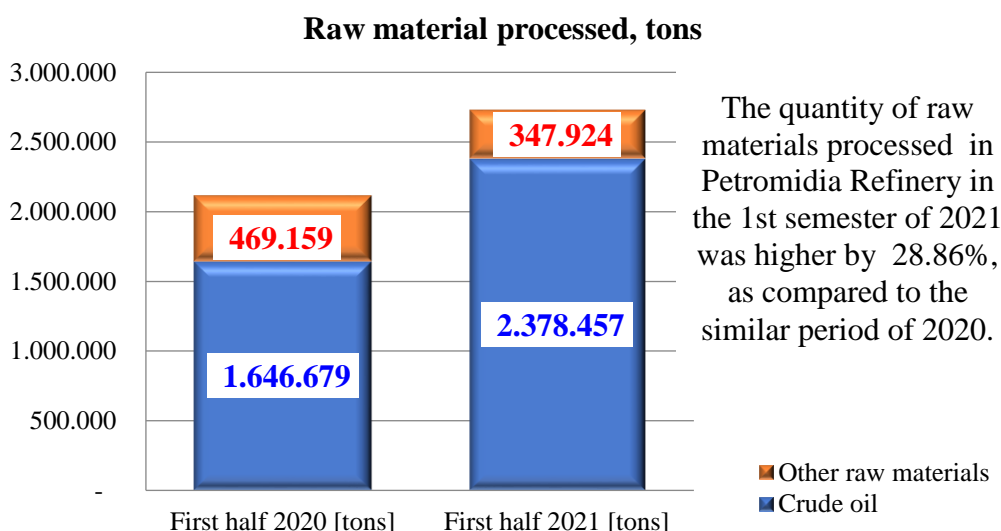
The RON/USD exchange rate also continued its upward movement, averaging in Q1 2021 at 4.0489 and continuing to increase in the second quarter of 2021 to the average level of 4.0865, but still below as against the average levels for the same periods last year.

**The information is based on analysis provided by JBC Energy GmbH, OPEC and National Bank of Romania*



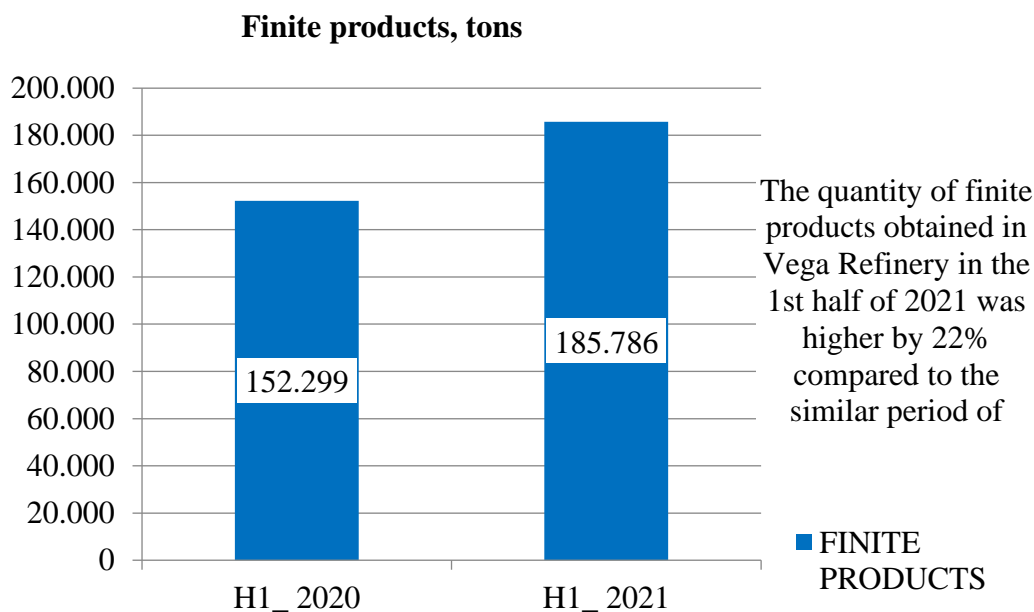
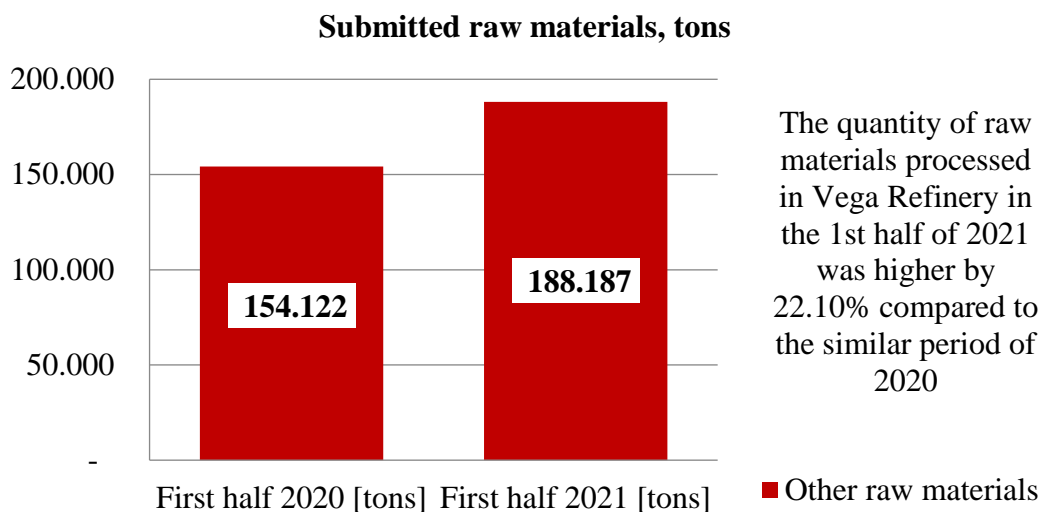
3.2. PRODUCTION ACTIVITY

3.2.1. PRODUCTION ACTIVITY of Rompetrol Rafinare – Năvodari Work Point (Petromidia Refinery) – in the 1st Half of 2021





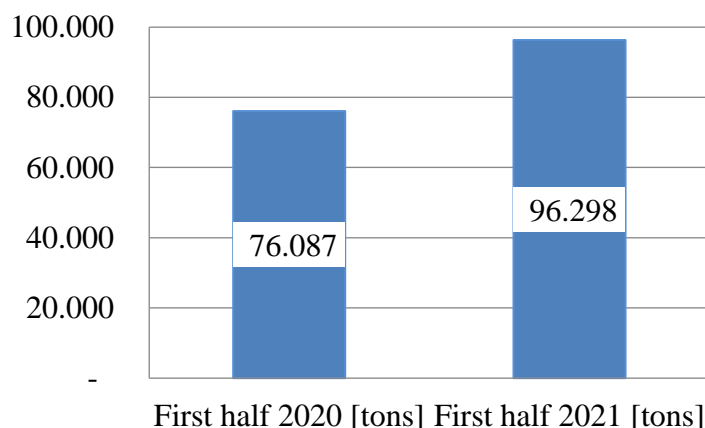
3.2.2. PRODUCTION ACTIVITY of Rompetrol Rafinare – Vega Refinery Work Point (located in Ploiești) – in the 1st Half of 2021





3.2.3. PRODUCTION ACTIVITY of Rompetrol Rafinare – Petrochemicals area - in the 1st Half of 2021

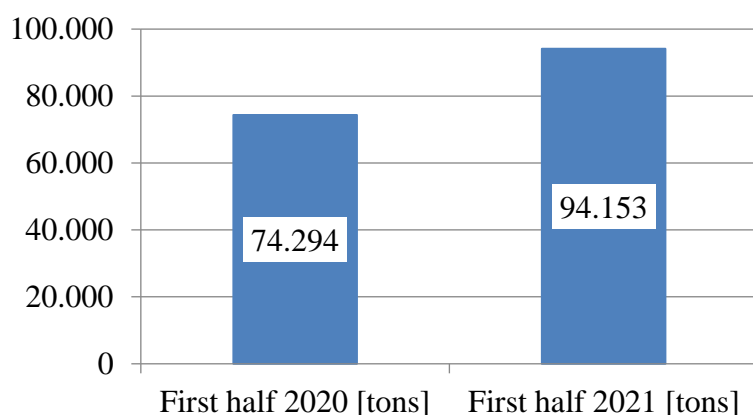
Processed raw materials, tons



The quantity of raw materials processed in Petrochemicals in the 1st semester of 2021 was higher by 26.6 % compared to the similar period of 2020 (due to the turnaround activities, planned for 55 days starting March 15th 2020)

■ Total raw materials

End products, tons



The quantity of end products obtained in Petrochemicals in the 1st semester of 2021 was higher by 26.7 % compared to the similar period of 2020 (due to the turnaround activities,

■ Total Products



3.3. COMMERCIAL ACTIVITY

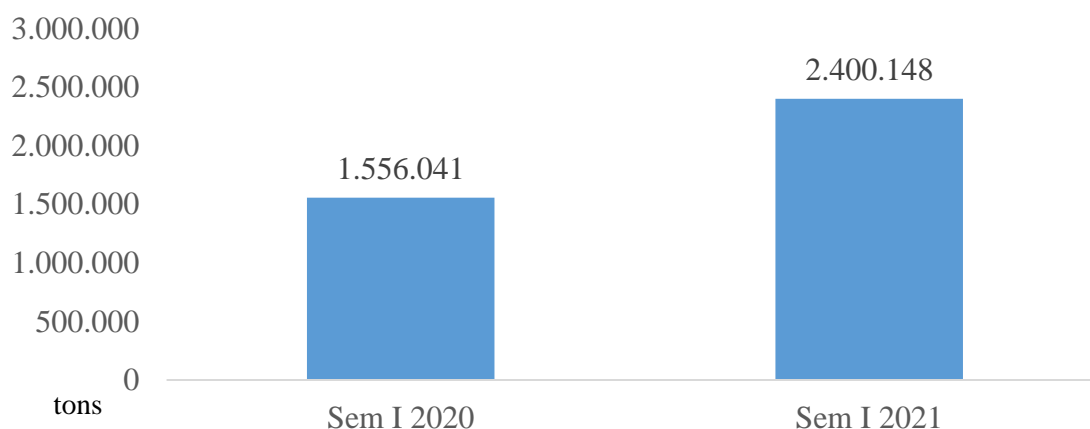
3.3.1. COMMERCIAL ACTIVITY carried out at Năvodari Work Point (Petromidia Refinery) in the 1st Half of 2021

A. Feedstock supply

In the first half of 2021, Rompetrol Rafinare S.A. – Petromidia Refinery purchased crude oil and other feedstock from external and domestic sources, as indicated in the table below:

Feed stock purchases	Quantity (tons)
1.Crude oil	2,400,148
2.Other feedstock	299,587
3.Total external purchases (1+2)	2,699,735
4.Total internal purchases	37,467

Crude oil purchased first half of 2021 vs first half of 2020





In the first half of 2021, crude oil purchases were higher than the same period of last year due to planned turnaround performed in march-april 2020.

The supplier of imported feedstock (crude) was KazMunayGas Trading AG.
The main internal suppliers of feedstock were:

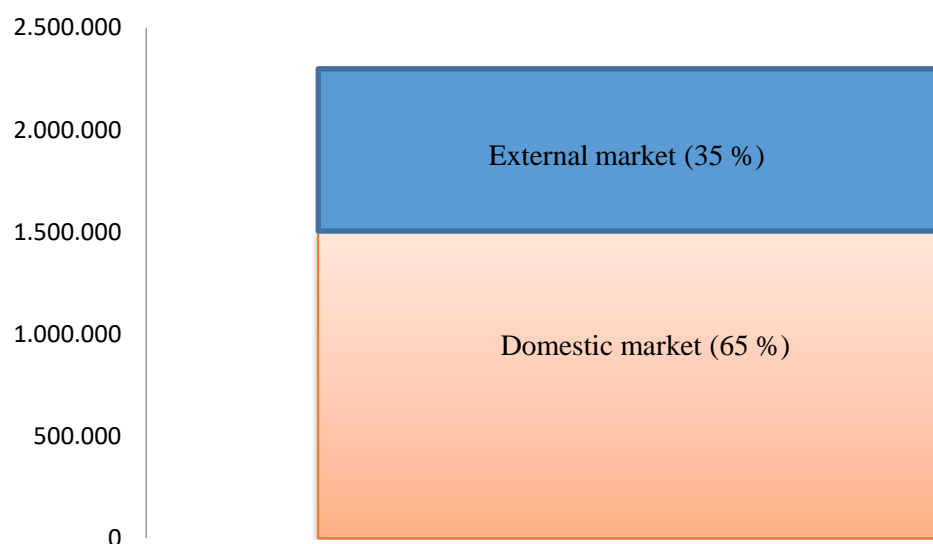
- Prio Biocombustibil
- Expur SA.
- Socar Petroleum

B. Sales

The sales in the first half of 2021 amounted to a total of 2,298,487 tons as compared to 1,847,580 tons in the same period in 2020. The net value of end product sales was 1,246,378,308 USD as compared to 773,284,952 USD in the first half of 2020, respectively 5,075,694,146 RON as compared to 3,360,299,878 RON in the first half of 2020. Volumes of sales in 2021 were higher due to planned turnaround performed in march-april 2020 and also due to new coronavirus epidemiological crisis which affected the market and industry overall in 2020

In terms of sales markets, the share of domestic sales was higher (65%) than external market. On the external markets, sales amounted to a total 794,387 tons and a net value of 426,600,279 USD.

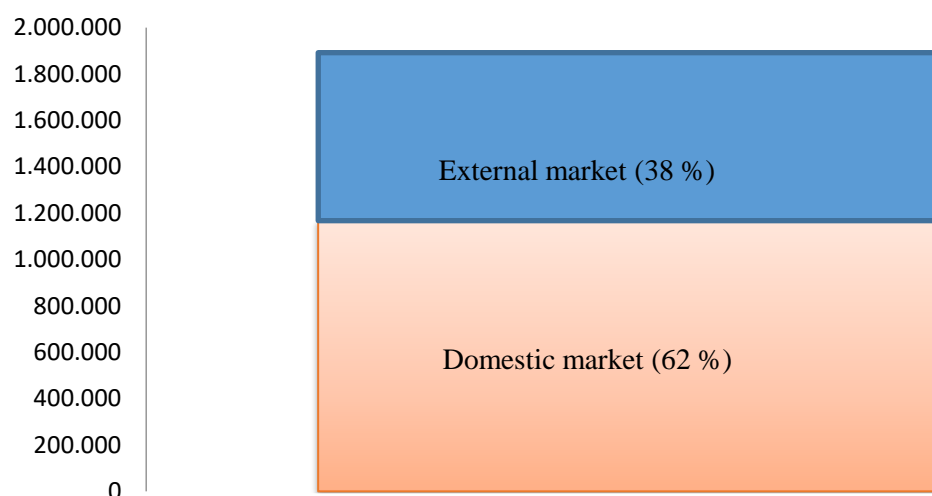
Structure of end products sales by distribution channels



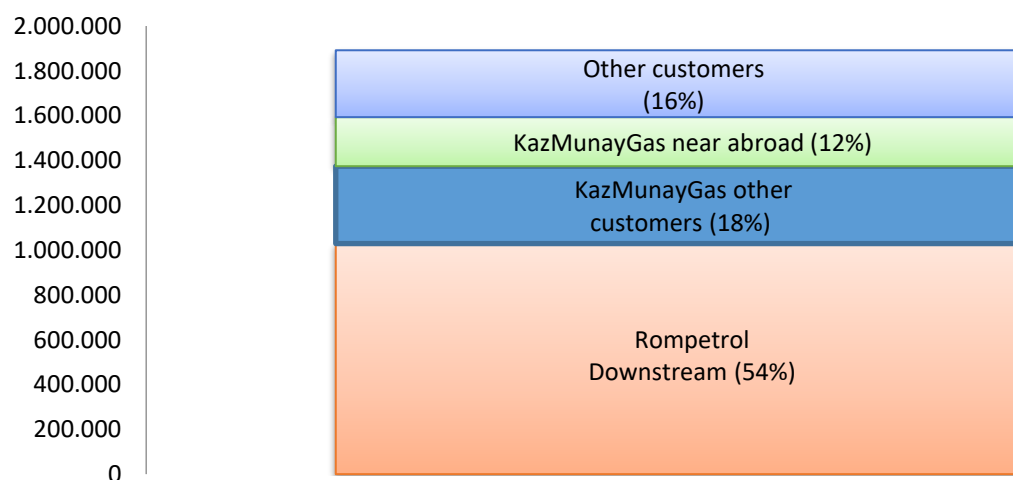


Approximately 82% of the total quantity of end products sold was represented by gasoline and diesel sales (1,891,716 tons). Regarding the distribution channels, the share of domestic market was higher (62%) compared to the external market. On the external market, 724,220 tons of motor fuels (gasoline and diesel) were sold.

Structure of motor fuels sales by distribution channels



As concerns the distribution channels, the highest volume of gasoline/diesel was sold to Rompetrol Downstream (52%).





Gasoline

Of the total quantity of 582,890 tons of gasoline sold, approx. 71% was sold on the external market, whereas the remaining percentage was sold on the domestic market. Approx. 92% of the total quantity of gasoline was unleaded Europlus gasoline 10 ppm sulphur

Diesel

Between January and June 2021, were sold 1,308,826 tons of motor diesel, the percentage of domestic sales (76%) exceeding that of external sales.

LPG

A total of 136,889 tons of liquefied petroleum gases was sold to Rompetrol Gas S.R.L.

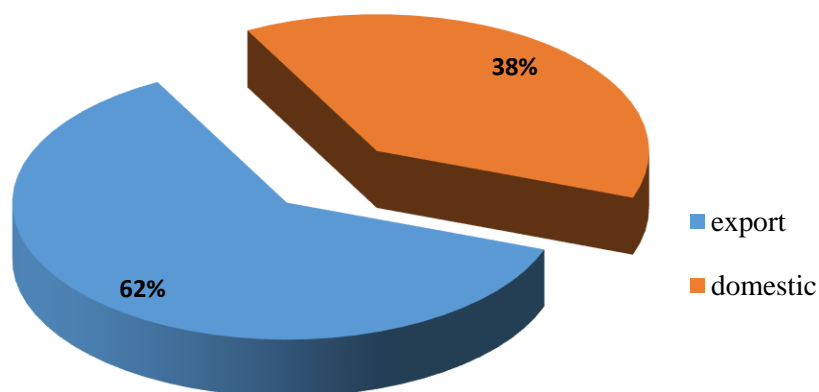
As concerns the other groups of products, the domestic sales were higher than the external ones (jet, petcoke) and lower than the external ones (sulphur).

3.3.2. COMMERCIAL ACTIVITY carried out at Vega Refinery (in Ploiești) in the 1st Half of 2021

The sales of Vega Refinery in Ploiești in the first half of 2021 amounted to a total of 179,087 tons compared to 157,220 tons sold in the same period of the year 2020. By sales market, the external sales were higher (62%) than the domestic sales (38%). 110,371 tons were sold on the external market compared to 87,056 tons sold in first part of 2020.

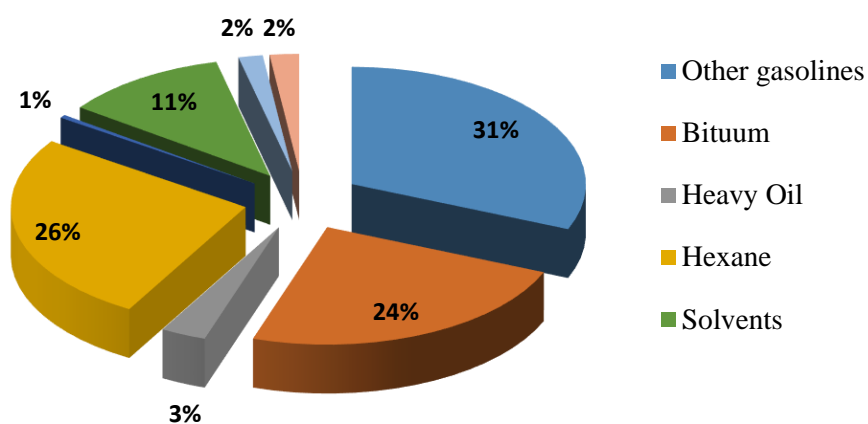


Sales on distribution markets [%]



White product sales (gasoline naphtha, ecologic solvents, n-hexane, white spirit) represented about 71% of the total sales in first half of 2021.

Sales on products [%]



The main external sales markets were: India, Hungary, Germany, Turkey, Bulgaria.



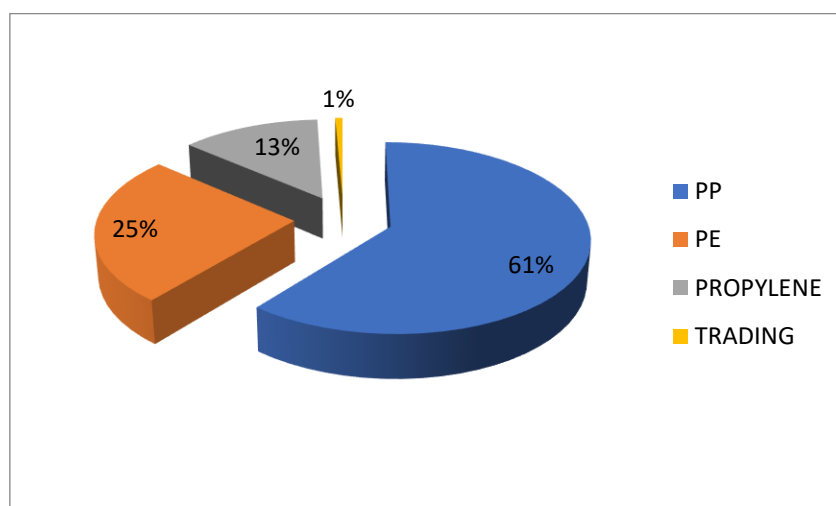
3.3.3. COMMERCIAL ACTIVITY carried out in Petrochemicals Area in the 1st Half of 2021

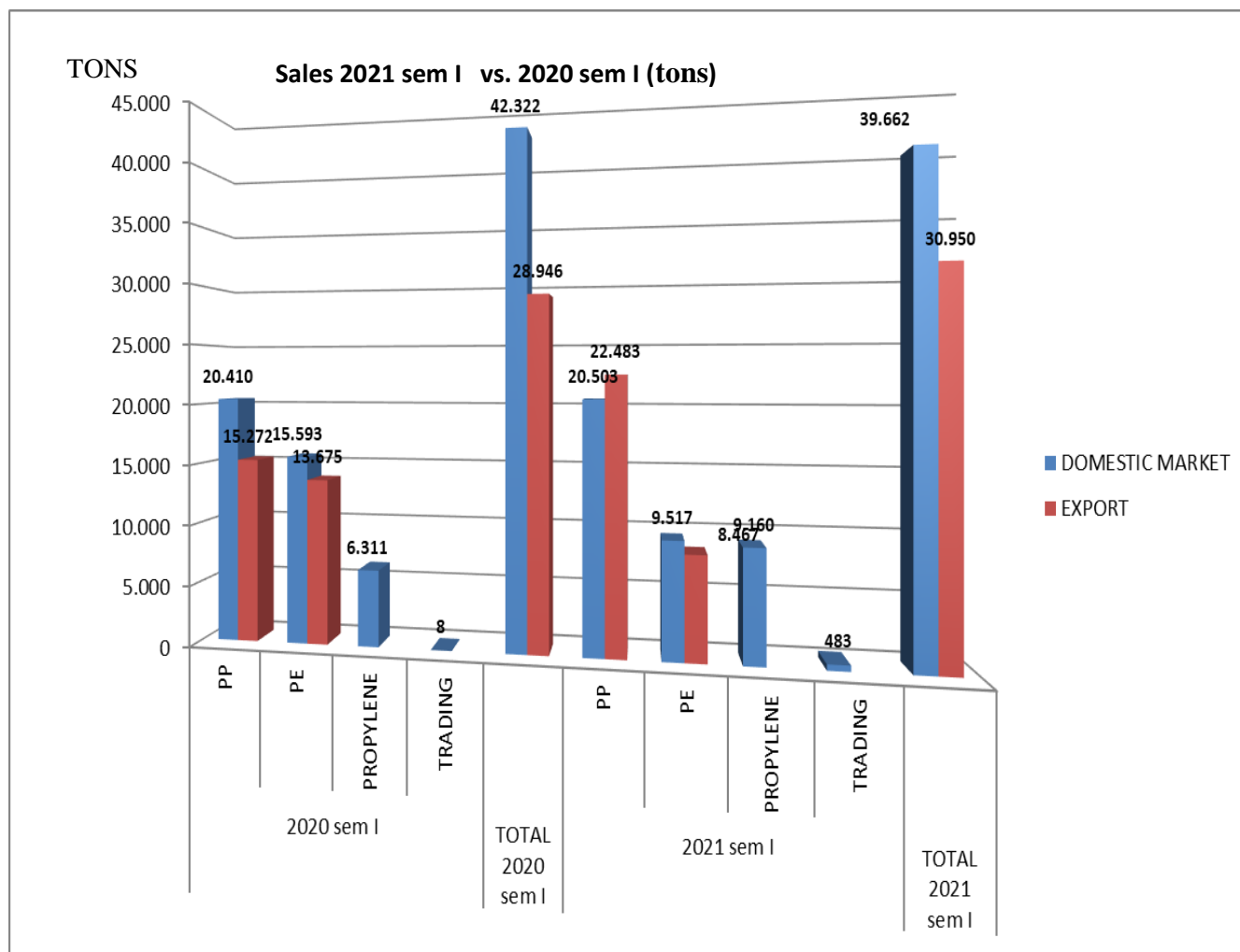
Rompetrol Rafinare – Petrochemicals Area is the single producer of polypropylene (PP) and polyethylene (LDPE) in Romania.

Besides its own products, the Company is now actively selling a wide range of petrochemical products which are not currently produced by the Rompetrol Rafinare – the Petrochemical Plant, but which are in demand on the Romanian market, namely: High density polyethylene variants (HDPE pipe variants), linear low density polyethylene (LLDPE), PVC, PET and PP.

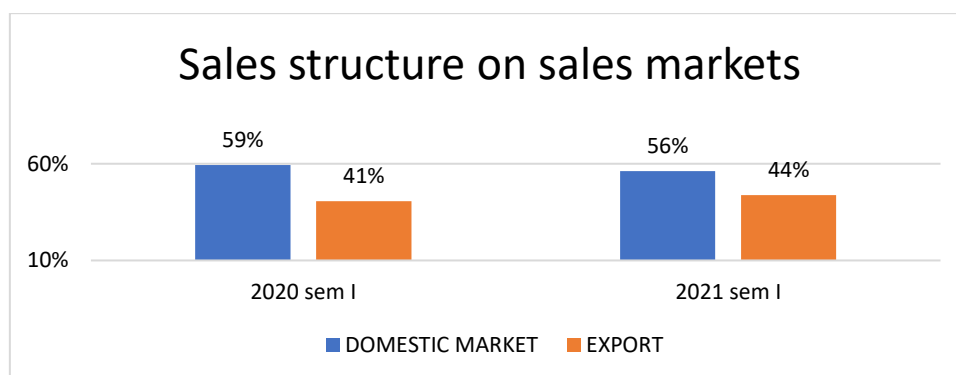
The sales of the Petrochemicals Area in the first half of 2021 amounted to a total quantity of 70,613 tons.

In the first half of 2021, 61% of the total sales were represented by polypropylene (PP), 25% by polyethylene (PE: LDPE and HDPE) and the remaining 14% represents the sales of propylene and trading activity.





Out of total sales, 56% is the domestic market and the rest of 44% represents exports.

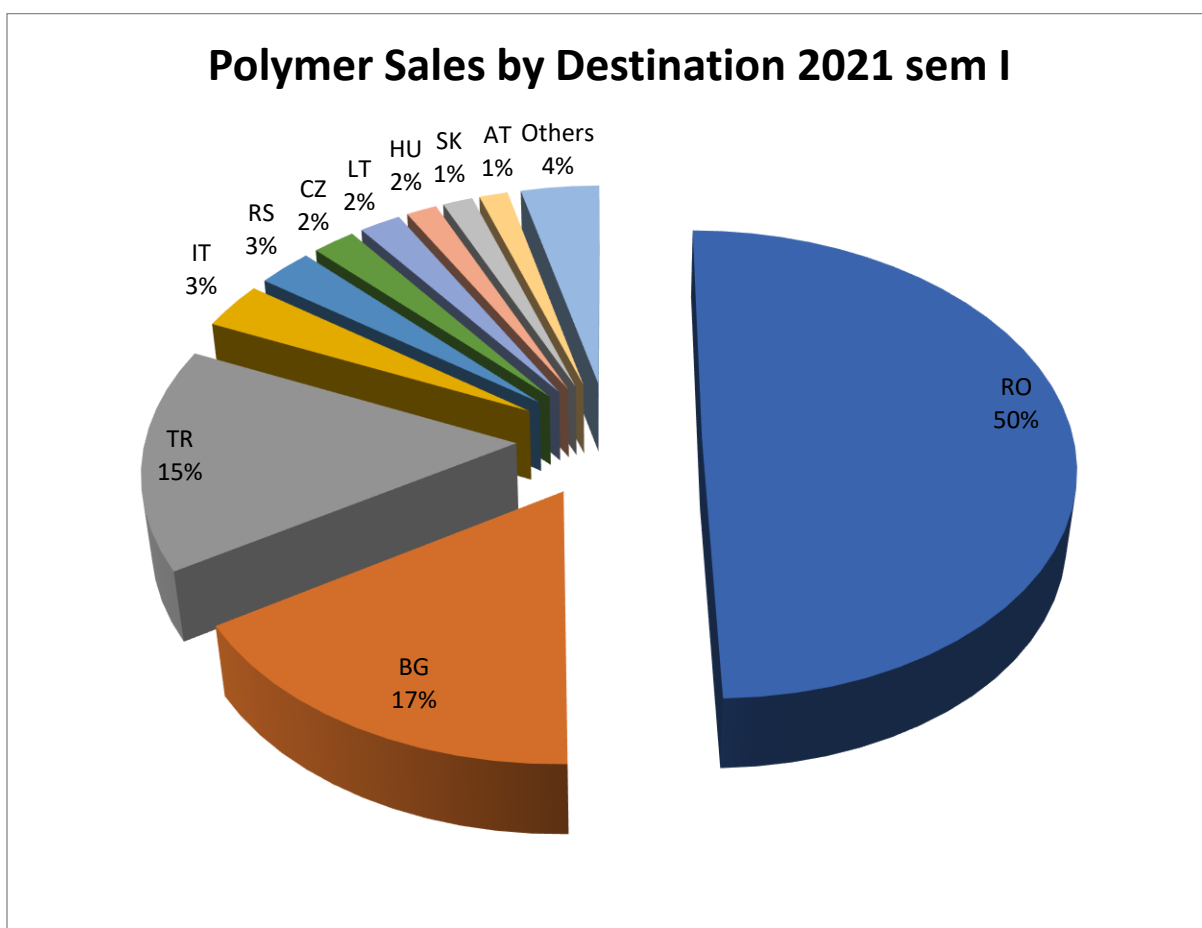




The most important distribution channels for polymers (PP, LDPE, HDPE, PET and PVC) are Romania-50%, Bulgaria-17%, Turkey-15% and Italy-3%.

The external sales of polymers were targeted to both the European Union and third countries. The intra-communitarian deliveries represented approx. 63% of the total export sales of finished goods, the difference representing the export sales on the non-EU markets.

The distribution of petrochemical products sold by Rompetrol Rafinare SA was done by means of auto and railway in the case of sales on the domestic market and, in the case of sales on the foreign market, the distribution of these products was made both by means of automotive and maritime transport through the ports of Agigea and Constanta.





3.4. Elements, events or factors of uncertainty that affect or could affect the Company's liquidity

From a liquidity point of view, the company made efforts to maintain the capacity to cover current liabilities from current assets, with the current liquidity indicator increasing compared to the same period last year, 0.46 in the first semester of 2021 versus 0.38 in the first semester of 2020.

Impact factors on the liquidity of the company relate to current assets and liabilities that are directly influenced by the specific activity and fluctuation of crude oil purchase prices and oil products sales prices.

On July 2, 2021 there was an explosion followed by a fire at Petromidia refinery, Diesel Hydrotreatment Unit (in Romanian “instalatia Hidrofinare Petrol Motorina” hereinafter HPM plant).

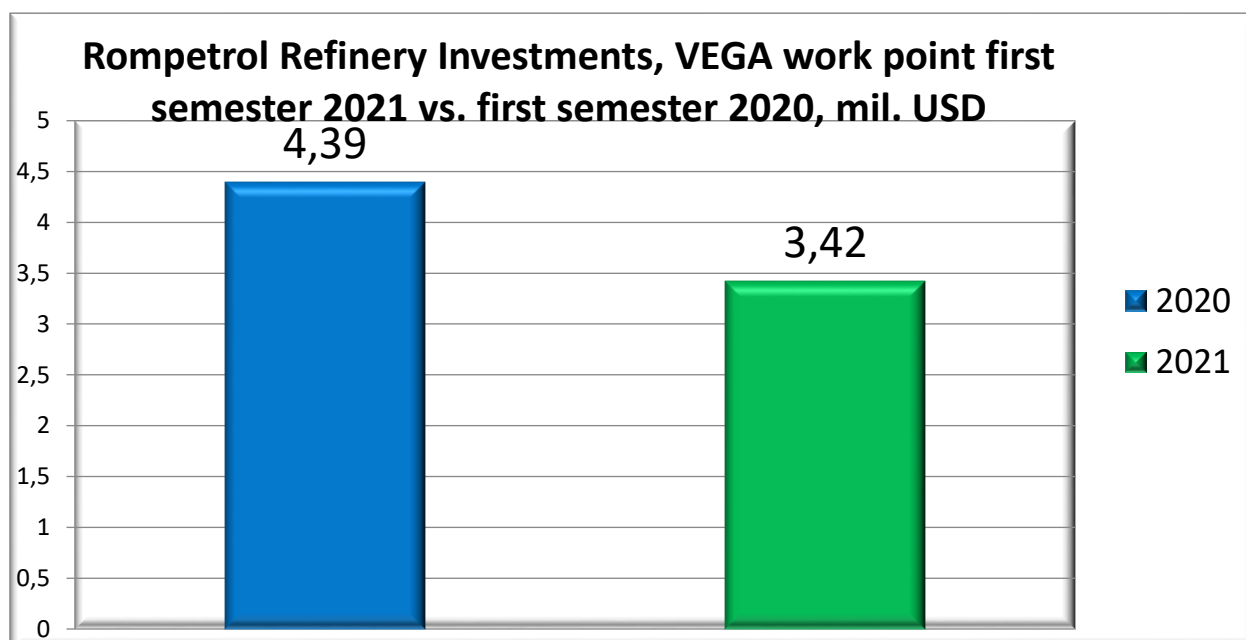
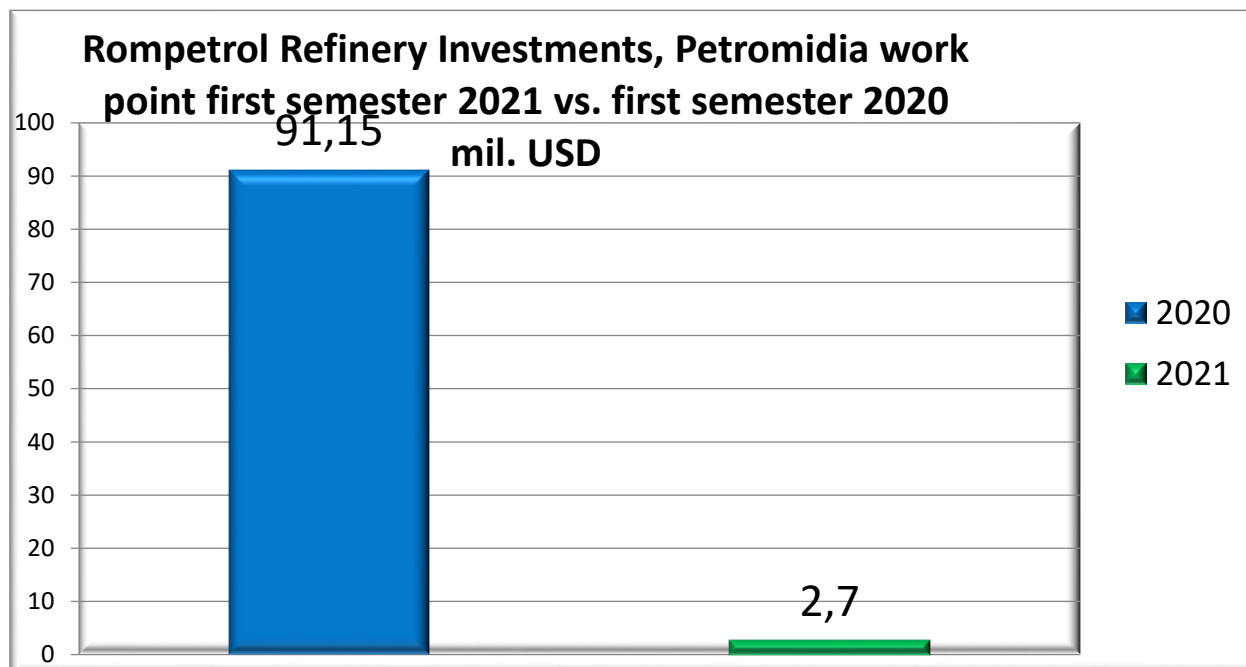
As a consequence of this event, starting with July 02, 2021 the entire Petromidia Refinery production has been temporarily stopped, until the facilities damaged by this incident will be in function again. The company is currently making its own assessments in order to estimate the level of the caused damages by the accident, depending on which it will be estimated the period necessary to carry out the necessary repairs and verifications in order to put the refinery's units back into operation safely.

The company analyzes the potential impact of the incident in the company's liquidity and takes the necessary steps to ensure an adequate degree of liquidity that allows the fulfilment of current obligations.

3.5. Capital expenditures, current - first semester 2021

Between **January and June 2021**, the company has made investments in a total amount of approx. **USD 6.12 million**.

A comparative analysis of the investments in the first half of 2020 vs. the first half of 2021 for both the Petromidia and VEGA refineries is shown in the diagrams below:





3.6. Events, transactions, which affected the income from the core activity

In the first semester of 2021 net turnover increased by 55% compared to the same period last year, the increase being mainly due to production volumes and sales in the refining segment in the first semester of 2021 significantly increased compared to those of the first semester of 2020 (affected by the planned general turnaround and the pandemic context of Covid-19), on the background of a significant increase in the prices of petroleum products on the international market. The petrochemicals segment also recorded a notable turnover increased in the first half of 2021 compared to the first half of 2020 on the background of the sharply increased quotations of petrochemical products, despite the two-and-a-half month shutdown of the LDPE plant.

The amount of crude oil processed in the first half of 2021 was 732,000 tonnes higher than in the first half of 2020, with an increase of almost 44%.



4. CHANGES AFFECTING THE SHARE CAPITAL AND THE COMPANY MANAGEMENT

During the period under review, there were no cases where the company was unable to comply with its.

Changes meant to influence the value of the share capital of the Company did not interfere during the period analysed.

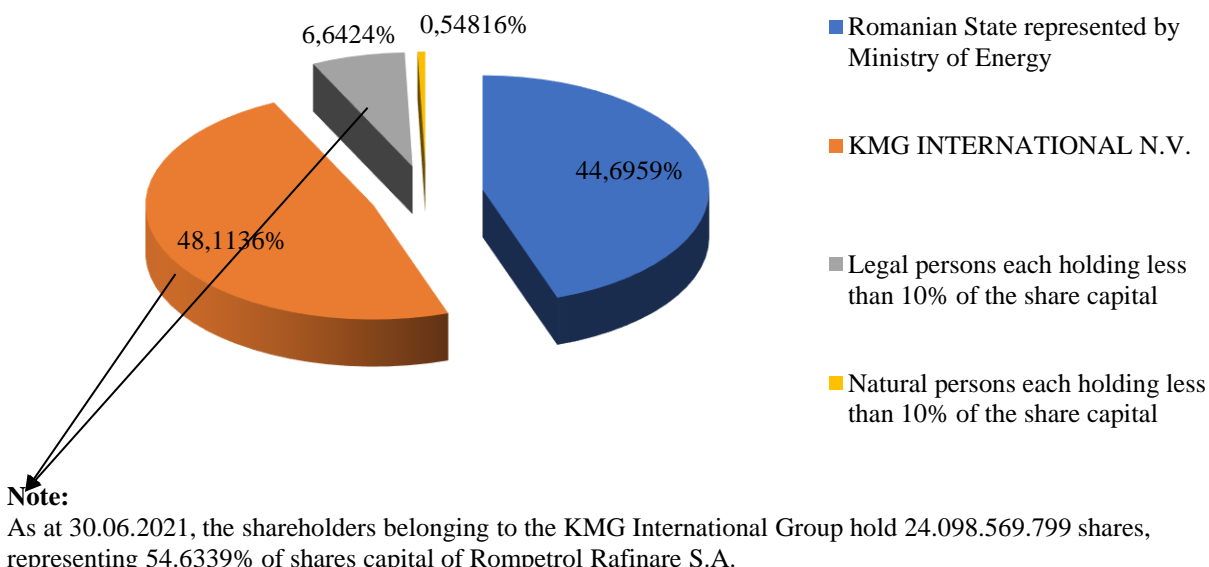
As at 30.06.2021, the share capital of the Company registered with the Depozitarul Central S.A. was represented by 44,109,205,726 shares, with a face value of RON 0.10 /share, amounting to RON 4,410,920,572.60.

The consolidated synthetic structure of the shareholders of ROMPETROL RAFINARE S.A., according to the consolidated Shareholders Register as at 31.06.2021 issued by Depozitarul Central S.A. is the following:

SHAREHOLDER (As at 30.06.2021)	NUMBER OF SHARES (as at 30.06.2021)	PARTICIPATION PERCENTAGE IN THE SHARE CAPITAL (As at 30.06.2021)
KMG INTERNATIONAL N.V.	21,222,506,422	48.1136%
ROMANIAN STATE represented by the Ministry of Energy	19,715,009,053	44.6959%
Shareholders – Legal entities – holding each one less than 10% of the share capital, holding together:	2,929,902,475	6.6424%
Shareholders – Natural entities – holding each one less than 10% of the share capital, holding together:	241,787,776	0.5481%
TOTAL	44,109,205,726	100%



The structure consolidated by Depozitarul Central S.A. as at 30.06.2021



We mention that Rompetrol Rafinare S.A. (part of KMG International Group) operates Petromidia and Vega Refineries and holds the control position in the following companies:

directly:

- Rompetrol Downstream S.R.L. (holding of 99.994688898%)
- ROM OIL S.A. (holding of 99.9998508%);
- Rompetrol Quality Control S.R.L (70,91%)
- Rompetrol Logistics S.R.L (holding of 66,1911%)
- Rompetrol Petrochemicals S.R.L. (holding of 100%)

indirectly:

- Global Security Sistem S.A. (by Rompetrol Logistics S.R.L.);
- Rompetrol Gas S.R.L. (by Rompetrol Logistics S.R.L.).



Therefore, the holdings of the shareholders of Rompetrol Rafinare S.A. reflect automatically on the companies in which Rompetrol Rafinare holds the control position directly and indirectly. Rompetrol Rafinare operates Petromidia Refinery and Vega Refinery, Rompetrol Downstream operates the Rompetrol filling stations network, and Rom Oil, the warehouse network of the company.

At the end of semester, I 2021, the Company holds two points of work, namely:

- i) Work point situated in Năvodari, Bulevardul Năvodari, nr. 1 - 283, județul Constanța, named “*Rompetrol Rafinare – Work point Petromidia Refinery*”;

Work point situated in Ploiești, str. Văleni nr. 146, județul Prahova, developing its activity in the premises under the property of the Company, named “*Rompetrol Rafinare – Work point Vega Refinery*”.

4.1. Changes in the administration of the Company:

- **Changes in the composition of the Board of Directors**

During the first semester of 2021, changes did not take place at the level of the Board of Directors:

The Directors of the Company in office on 30 June 2021 are:

- **Yedil Utekov**, Kazakh citizen, Chairman of the Board of Directors ¹ - Non-Executive Director;
- **Alexey Golovin**, Kazakh citizen, Member of the Board of Directors - Non-Executive Director;
- **Felix Crudu-Tesloveanu**², Romanian citizen, Member of the Board of Directors – Executive Director;

¹ Elected as Chairman of the Board of Directors of RRC, following the waiver of the mandate by the non-independent director Mr. Saduokhas Meraliyev starting with 1 October 2020. The duration of the mandate is equal to the period remaining until the expiration of the mandate corresponding to the vacancy, namely until 30 April 2022.

² Elected as non-independent executive member of the Board of Directors of RRC starting with 1 October 2020 to occupy the vacancy, following the waiver of the non-independent director, Mr Saduokhas Meraliyev, of the mandate. The duration of the mandate is equal to the period remaining until the expiration of the mandate corresponding to the vacancy, namely until 30 April 2022



- **Nicolae Bogdan Codruț Stănescu**³, Romanian citizen, Member of the Board of Directors, appointed by the Ministry of Energy – independent Non-Executive Director.
- **Bogdan-Cătălin Steriopol**⁴, Romanian citizen, Member of the Board of Directors, appointed by the Ministry of Energy – independent Non-Executive Director.

- **Committees set up at the level of the Board of Directors**

As at 30 June 2021, the Advisory Committees set up at the level of the Board of Directors are the following:

➤ **The Audit Committee** having the following structure:

- **Dan Alexandru Iancu**, financial auditor registered with the Romanian Chamber of Financial Auditors, independent member of the Audit Committee, elected based on OGMS Decision No. 5 of April 27, 2018 for a term equal to that of the Board of Directors, respectively from May 1, 2018 until April 30, 2022 - *Chairman*;
- **Alexey Golovin**, non-executive director, re-elected by Decision no. 3 adopted by the Board of Directors on May 3, 2018, for a term of 4 years, starting with May 1, 2018 and until April 30, 2022 - *Member*;
- **Nicolae Bogdan Codruț Stănescu**, independent non-executive administrator, appointed by Decision no. 3 adopted by the Board of Directors on May 3, 2018, for a term equal to that of the Board of Directors, respectively from May 1, 2018 until April 30, 2022 - *Member*.

³ Proposed in the Board of Directors of the Company by address no. 101409 / 12.04.2018 (registered with the Company under no. 3346 / 12.04.2018) formulated by the significant shareholder of the Romanian State through the Minister of Energy - Cabinet Minister;

⁴ Proposed in the Board of Directors of the Company by the significant shareholder Romanian State through the Minister of Economy, Energy and Business Environment (actual name Ministry of Energy). Mr. Bogdan Cătălin Steriopol was the interim director of the Board of Directors during 4 June 2020 – 18 September 2020, then elected permanent direct according to the Resolution no. 6/2020 of the Ordinary General Meeting of Shareholders dated 18 September 2020, for a mandate to expire on 30 April 2022, date when the mandate of directors in office expire.



➤ **The Strategy Committee having the following structure:**

- **Yedil Utekov**, non-executive director, elected by Decision no. 2 adopted by the Board of Directors on 1 October 2020, for a term starting with 1 October 2020 until 30 April 2022- *Chairman*;
- **Alexey Golovin**, non-executive director, elected by Decision no. 4 adopted by the Board of Directors on March 20, 2019, for a term starting with April 1, 2019 and until April 30, 2022- *Member*;
- **Nicolae Bogdan Codruț Stănescu**, independent non-executive director, elected by Decision no. 4 adopted by the Board of Directors on March 20, 2019, for a term starting with April 1, 2019 and until April 30, 2022 - *Member*.

• **Changes regarding the Executive Management**

In accordance with the provisions of the Articles of Association of the Company, the only functions to which the management of the company is delegated pursuant to the provisions of art. 143 of Law 31/1991 on companies are those of General Director and Financial Director. Any other position of Director within the company (Human Resources Director, Commercial Director, Administrative Director, IT Director, etc.), regardless of its name, does not involve the management of the company.

During the period under review, there was a single change in the executive management structure of the Company, namely:

- *1 January 2021:* pursuant to Decision no. 1 adopted by the Board of Directors on 16 December 2020, the appointment of Mrs. Ramona-Georgiana Gălățeanu, was approved as Finance Manager of the Company, starting with 1 January 2021, following the request of Mr. Mircea Ștefan Stănescu to resign from the mandate and capacity of Finance Manager. The term of the mandate of the Finance Manager appointed is equal to the period remaining until the expiration of the mandate corresponding to the vacancy, namely until 30 April 2022.



As at 30 June 2021, the two directors to whom the management was delegated in the sense mentioned above, were:

Name and surname	Function
Felix Crudu-Tesloveanu	General Manager
Ramona-Georgiana Gălățeanu	Financial Manager

Both members of the executive management exercise the positions held for a term that will expire on April 30, 2022 (together with the directors who appointed them).

- Changes regarding the Financial Auditor of the Company**

During the analysed period, the Ordinary General Meeting of Shareholders of 28 April 2021 took place, which, by Resolution no. 3/2020 approved the appointment of ERNST & YOUNG ASSURANCE SERVICES S.R.L. (Romanian legal entity, headquartered in Mun. București, Bvd. Ion Mihalache, nr 15-17, Cladirea Bucharest Tower Center, etaj 21, Sector 1, registered at the Trade Register Office attached to the Bucharest Court of law under no. J40/5964/1999, having TIN 11909783, having the authorization No. 77 dated 15.08.2001, issued by the Chamber of Financial Auditors of Romania), having a permanent representative Mr. SABRAN NICOLAS MARIE MICHEL, French citizen, resident in Bucharest, as financial auditor of the Company, for the financial year 2021, the duration of the audit contract being one year.



5. IMPORTANT EVENTS – FIRST SEMESTER 2021

5.1. RELATED PARTIES

Sales and purchases to and from related parties are part of the current business and are made on a basis that considers that the market terms and conditions are applicable to the nature of the goods and services supplied or received.

A. At 30 June 2021 and 31 December 2020, Rompetrol Rafinare SA had the following balances with the related parties:

	Receivables and other assets	
	June 30, 2021	December 31, 2020
KazMunayGas Trading AG	202,231,144	123,320,649
Rompetrol Downstream S.R.L.	740,272,737	509,401,057
Rompetrol Petrochemicals S.R.L.	481	481
KMG International N.V.	4,892,900	10,150,180
Rompetrol Moldova ICS	277,489	-
Rompetrol Bulgaria JSC	3,427,917	2,110,141
Rominerv S.R.L.	2,295,478	9,474,667
Rompetrol Quality Control S.R.L.	133,611	145,177
Rompetrol Logistics S.R.L.	2,417	3,015
Midia Marine Terminal S.R.L.	774,731	899,856
Uzina Termoelectrica Midia S.A.	5,811,136	8,964,455
KMG Rompetrol SRL	22,345,243	78,840,453
Global Security Systems S.A.	607,092	606,223
Kazmunaygas – Engineering LLP (former Rominerv Kazakhstan(RKZ))	696,632	666,950
Palplast S.A.	2,800,002	2,800,002
Byron Shipping Ltd.	1,812	2,802
Rompetrol Ukraina	15,686	15,018
Oilfield Exploration Business Solutions S.A.	3,023,997	3,026,298
Rompetrol Financial Group SRL	10,945	10,760
KMG Rompetrol Services Center SRL	52,587	50,933
KMG ROMPETROL DEVELOPMENT (RDV)	691,278	-
Total	990,365,317	750,489,117

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	Payables, loans and other liabilities	
	June 30, 2021	December 31, 2020
KazMunayGas Trading AG	2,620,857,367	1,979,547,932
Rompetrol Downstream S.R.L.	31,110,390	66,410,166
Rompetrol Petrochemicals S.R.L.	8,315,590	1,334,066
KMG International N.V.- loans(note14)	-	42,260,547
KMG International N.V.-interest	-	6,688,483
KMG International N.V.-trade debts	13,265,119	20,814,163
Rompetrol Gas SRL	14,995,223	19,021,537
Rompetrol Moldova ICS	27,147,071	13,299,899
Rominerv S.R.L.	37,051,176	80,239,429
Rompetrol Quality Control S.R.L.	14,620,887	15,608,669
Rompetrol Logistics S.R.L.	-	859,818
Midia Marine Terminal S.R.L.-trade debts	35,673,361	33,332,021
Uzina Termoelectrica Midia S.A.	17,104,013	22,657,670
KMG Rompetrol SRL- debt cash pooling	1,976,233,541	1,507,235,473
KMG Rompetrol SRL-interest cash pooling	4,819,860	3,911,685
KMG Rompetrol SRL-trade debts	341,940	11,172,810
Global Security Systems S.A.	614,628	614,628
Global Security Systems Fire Services S.R.L.	1,196,842	856,705
KMG Rompetrol Development	2,501,690	371,820
Rompetrol Exploration & Production S.R.L.	66	66
Palplast S.A.	3,304	-
Rompetrol Energy S.A.	198,896	-
KMG Rompetrol Services Center SRL	1,851,384	2,471,892
TRG Petrol Ticaret Anonim Sirketi	10,346	10,346
Total	4,807,912,695	3,828,719,827

The company concluded a Cash Pooling agreement for implementing a cash balance optimization system, in which KMG Rompetrol SRL is the “Coordinating company” and Rompetrol Rafinare SA is a participating company; maturity on 4 August 2022.

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B. In the first semester of 2021, respectively in the first semester of 2020, Rompetrol Rafinare had the following transactions with the related parties.

Name of related party	Nature of transaction, sales / purchases	Sales		Purchases	
		S1 2021	S1 2020	S1 2021	S1 2020
KazMunayGas Trading AG	Raw materials / Petroleum products	1,315,018,430	761,173,525	5,530,818,228	3,095,371,620
Rompetrol Downstream S.R.L.	Petroleum products, rent, utilities and other	2,671,364,168	1,637,698,567	1,086,903	1,068,032
KMG International N.V.	Loan interest, management services	-	-	4,700,840	6,200,554
Rompetrol Gas SRL	Platform operation, propane / Petroleum products, rent, other	204,524,029	126,098,446	267,630	1,918,008
Rompetrol Moldova ICS	Sales intermediary services	303,764,139	216,032,508	-	-
Rompetrol Bulgaria JSC	Sales intermediary services	47,728,596	36,597,103	-	-
Rominserv S.R.L.	Acquisition and maintenance of fixed assets	1,319,464	1,432,080	76,420,936	389,973,523
Rompetrol Quality Control S.R.L.	Laboratory analysis/Rent, utilities, other services, dividends	700,737	743,497	15,045,082	15,308,611
Rompetrol Logistics S.R.L.	Transport, rent/Rent, utilities	7,528	5,972	82,162	82,162
Midia Marine Terminal S.R.L.	Handling services/ Rent,utilities, re invoicing, loan interest ,others	733,522	516,871	28,201,284	32,703,635
Rompetrol Well Services S.A.	Loan interest	-	-	77	232
Uzina Termoelectrica Midia S.A.	Acquistion of utilities	34,275,167	37,313,149	61,029,652	61,279,830
KMG Rompetrol S.R.L.	Loan interest, management services	2,881,714	2,363,044	47,412,301	49,596,928
Global Security Systems S.A.	Security and protection services	730	921	4,106,648	4,064,614
Global Security Systems Fire Services S.R.L.	Security and protection services	-	-	3,829,721	-
Byron Shipping S.R.L.	Demurrage /Rent, reinvoices of other services	11,609	12,134	-	76,401
Rompetrol Financial Group SRL	Loan interest	-	-	-	63,517
Romoil S.A.	Reinvoicing bank loan fees	-	-	3,304	-
KMG Rompetrol Services Center SRL	Shared services	261,329	284,027	8,507,405	8,678,913
TRG Petrol Ticaret Anonim Sirketi	Petroleum products	-	-	-	-
		4,582,591,163	2,820,271,844	5,781,512,173	3,666,386,581



The Ministry of Public Finance of Romania ("MFPR") held 44.6959% of the share in Rompetrol Rafinare SA from September 2010 until July 2012. Starting July 2012, based on a Government Ordinance, the Ministry of Economy Trade and Business Environment ("MECMA") became shareholder until May 2013 when, following the reorganization of MECMA, the Ministry of Economy ("ME") became the new shareholder. The ministry was later renamed as Ministry of Energy, Small- and Medium-sized Enterprises and Business Environment ("MEIMMMA") and later on renamed as Ministry of Energy ("ME"). According to OUG 68/06.11.2019 it has been renamed to the Ministry, Energy and Business Environment ("MEEMA") and is currently called the Ministry of Energy ("ME").

As a result, MFPR, MECMA, ME, MEIMMMA, MEEMA and Other Authorities are considered to be a related party of the The Group. There are no transactions, balance sheets at the year-end in relation with MFPR, MECMA, ME, MEIMMMA, MEEMA and other Romanian authorities during the time of their affiliation, other than those arising from Romanian fiscal and legislation requirements.

With regard to **purchases in relation to related parties amounting to 5,781,512,173 lei registered in the first semester of 2021 compared to 3,666,386,581 lei in the first semester of 2020**, recorded an increase of 58% mainly due to transactions with KazMunayGas Trading AG, the main supplier of crude oil and other raw materials for Rompetrol Rafinare S.A. In the context of the increased quantity of crude oil purchased and processed by the Company in the first semester of 2021 compared to the same period in 2020, the value of transactions with KazMunayGas Trading AG increased by almost 79% in the first 6 months of 2021 compared to the value recorded in the same period in 2020.

With regard to **sales in relation to related parties of 4,582,591,163 lei recorded in the first semester of 2021 compared to 2,820,271,844 lei in the first semester of 2020**, characterized by an increase of 62%, these are mainly due to transactions in the sale of petroleum products. The main clients of Rompetrol Rafinare S.A. are represented by the parties KazMunayGas Trading AG, Rompetrol Downstream S.R.L, Rompetrol Gas SRL, Rompetrol Bulgaria and Rompetrol Moldova ICS. The increase in transactions in relation to related parties in the first 6 months of 2021 compared to the same period of 2020 was determined by production and sales volumes significantly increased in the refining segment from the semester I 2021.



5.2. LEGAL ASPECTS

Litigation with the State involving criminal charges

Starting with March 22, 2005, a number of criminal investigations have been initiated against certain former shareholders directors, managers and external censors of Rompetrol Rafinare S.A. and other individuals; these investigations were carried out at a formal level and materialized into different criminal proceeding activities (including specialized judicial expertise), currently undergoing the criminal prosecution phase. At the present date, only one of the directors of the Company who is involved in the investigation, still works for KMG International Group.

The charges brought against the defendants upon the initiation of the criminal investigations were:

- a) failure to fulfill the investment commitments undertaken under the privatization contract concerning the Company;
- b) unlawful statement of excises and other debts to the state budget;
- c) incorrect keeping of accounting registries regarding the technological products operations undertaken at the oil terminal owned by Oil Terminal, charges which concern events that took place during April 2001 – October 2002;
- d) adoption of GEO no. 118/2003.

Considering the above-mentioned charges, a freezing order were issued by DIICOT and received on 9- 10 May 2016 (the “Orders”), whereby it was decided to impose a distraint (freezing of the assets) on the movable and immovable assets of KMG International N.V., Rompetrol Rafinare SA and Oilfield Exploration Business Solutions SA (former Rompetrol SA) as well as over the shares these companies held in their Romanian subsidiaries.

The freezing of the assets does not impact the inventories, receivables and the bank account of Rompetrol Rafinare and this allows to the company to continue normally the day by day operations.

Rompetrol Rafinare challenged the asset freeze in Court. After two hearings in front of the Constanta Court, the case was assigned to be settled by the High Court of Justice and Cassation, who rejected in full the challenging submitted by Group’s subsidiaries on 17 June 2016.

Meanwhile, the companies also challenged on 30 May 2016 the Orders to the superior prosecutor. The submission was rejected in December 2016.



Considering the nature of the allegations submitted by DIICOT, the KMGI companies applied for a motion of disjoining (*cerere de disjungere* in Romanian) in order to have two different cases which shall settle the allegations for RRC' privatization and post-privatization period – one file and a second one for the allegations related to the issuance of the bonds by RRC (OUG 118/2003). No reply received yet from DIICOT on this topic.

Since the KMGI companies had no capacity in the file till 2016 and it seems the entire process (with minor exceptions) of gathering the evidences by DIICOT have been performed before May 2016, the Companies submitted on April 7, 2017 their own application for, on the one hand, evidences to be attached to the file in order to defend and on the other hand to be redone some evidences (such as expertise report) performed before 2016. No reply received yet from DIICOT on this topic.

On April 12, 2017, the companies submitted also their application by which they asked the dismissals of the allegations regarding the OUG 248/200 (regarding the privatization of RRC) and OUG 118/2003 (the issuance of bonds) taking into consideration the recent Constitutional Court decision no. 68/2017 by which the Court settled that the legislative process, as well as the aspects regarding the opportunity and/or lawfulness of a deed issued either by the Parliament and Government cannot be subject of a criminal inquiry and the Constitution provides other leverages assigned to other public authorities to control such kind of things. No reply received yet from DIICOT on this topic.

On May 10 and June 28, 2017, the Companies submitted their Statement of claims against the DIICOT allegations for the following topics: Libya receivables, RRC privatization and post-privatization period, privatization of Vega refinery and the issuance of bonds (OUG 118/2003), intra-companies transactions and budgetary taxes and duties.

On July 17, 2017 DIICOT issued an Ordinance which generally keeps the approach of the Orders issued in 2016 but let the civil parties namely, Ministry of Energy and Ministry of Finance, to provide the figures for the alleged damage they incurred as well as the evidences for supporting any alleged damage. The only alleged damage party which requested the alleged damage is Faber Invest & Trade, by its legal representative, for an amount of USD 96.6 million.

A statement of defense against the July 2017 Ordinance has been submitted on December 22, 2017 as well a challenge against it submitted in front of the higher prosecutor on September 29, 2017.

On April 12, 2018 DIICOT issued an Ordinance which cancelled the previous Ordinances dated July 17, 2017, September 18, 2017 and December 6, 2017 issued by the in-charge prosecutor of



the file by which it was an extension of the inquiry to various individuals and/or some of the criminal offences have been approached in a worse manner for some of the defendants.

Considering that those 3 ordinances cancelled have as background the April 2016 Ordinance issued by in-charge prosecutor by which the freezing orders were imposed over the assets of KMGI, the Group companies KMG International N.V., RRC, OEBS have submitted on April 20, 2018 a new challenge in front of the High Court of Cassation and Justice for lifting the asset freeze. On May 22, 2018 the Court rejected again the challenges submitted by the Group. An appeal against this court resolution was submitted to assess from constitutional point of view if a legal provision based on which the challenges were rejected match with the Constitution principles. The first hearing of the appeal was scheduled for October 8, 2018. The court postponed the issuance of a resolution for October 22, 2018 when the Court rejected the forwarding of the case to the Constitutional Court as well.

A similar challenge was submitted on November 23, 2018. On December 4, 2018 the prosecutor agreed in principle with a partial release of the seizure provided that an expertise will be performed, and the final report will show that the value of the assets frozen exceed the alleged claims. The report was submitted to DIICOT on March 15, 2019. A new request for partial release of seizure was filed in on April 8, 2019.

A new ordinance was issued by DIICOT on November 9, 2018 which changes the legal framework for all deeds investigated in the case.

On July 22, 2016 NC KMG and KMGI submitted to the Romanian authorities the Notice of Investment Dispute based on the Agreement between the Government of Romania and the Government of the Republic of Kazakhstan, the Agreement between the Government of the Kingdom of the Netherlands and the Government of Romania and the Energy Charter Treaty.

The submission of the aforementioned Notice represents the first procedural step that might give rise to an arbitration dispute between an investor and the country where the investment was made. Should a settlement between KMGI and Romania fail to be reached, the case will be referred to and settled by the International Centre for Settlement of Investment Disputes under World Bank, headquartered in Washington, D.C or to the Arbitration Institute of the Stockholm Chamber of Commerce, in line with the provisions of the treaties and with KMG companies' envisaged reliefs and measures to be obtained.

As 23/10/2019, all the shares seized back in May 2016 as well as the KMGI assets, and assets of Refinery located on the Vega, Ploiesti Platform and OEBS assets were released from seizure (on April 22, 2019). Therefore, the only assets still remaining under freezing orders are the ones of RRC located in Navodari on the Petromidia refinery Platform. On June 12 and July 29, 2019, the



Group submitted another statement of defence by challenging the allegations mentioned within the case.

On December 5, 2019 DIICOT issued another Ordinance by which all criminal charges have been dismissed either on merits or because of passing the status of limitation period.

The seizure is lifted entirely but to protect the civil parties, namely Faber and State Authority which manages the State assets, a temporary seizure is kept up to USD 106 million over 4 Rompetrol Rafinare S.A.' installations for a limited period of 30 days. If the said civil parties will not fill in a civil claim to the civil courts against Group companies, this temporary seizure is also null and void. If they still do, then it is up to the civil court to assess the grounds for keeping such a seizure in place until the civil claim will be settled.

Both Faber and AAAS and the Group challenged it. The Group challenged the Ordinance on December 27, 2019, requiring having the relevant criminal charges dismissed on merits and not because of passing the status of limitation. On February 7, 2020 DIICOT rejected the Group challenge against December 5, 2019 Ordinance. The group submitted to Supreme Court challenge against the DIICOT rejection and the first hearing is scheduled for April 8, 2020. The last term was schedule for May 29, 2020 and the Court postpone it for June 26, 2020 to allow the parties to prepare their defences. On July 10, 2020, the Supreme Court issued the final decision according to which all the complaints formulated against the dismissal ordinance issued on December 5, 2019, were rejected as inadmissible.

Faber submitted a civil claim to the Bucharest court against both the Group companies and defendants.

On May 25, the Bucharest Court rejected the request of Faber for settlement of the stamp fee that Faber should pay for its claim (for the time being is USD 530,000). On July 8, Bucharest Court annulled Faber's claim as unstamped.

On the other hand, Faber resumed one of the older files by which Faber challenged the increasing of the Rompetrol Rafinare S.A. share capital back in 2003 - 2005. The hearing was scheduled for April 14, but the case has been suspended due to the emergency enforced since 16 March 2020. On July 20, 2021, Ialomita Tribunal rejected Faber's and Balkan's claim.

Also, please note that in December 2020, Faber resumed some files out of those suspended back in 2005/2006. The hearings are scheduled during May 2021. By the Decisions pronounced by the Constanta Tribunal, respectively the Constanta Court of Appeal, the exceptions invoked by Rompetrol Rafinare were admitted, the actions were found as obsolete and the requests for



resuming the claims as being formulated by a person without quality. Briefly, the files regard the followings:

1. Cancellation of the statutory documents issued in 2001 when the share capital was increased due to the evaluation of fixed assets. The first stage of the file was won, now Faber is asking to resume the appeal.
2. Cancellation of the statutory documents issued in 2001 regarding the change of the name of the company (Rompetrol Rafinare S.A.), additional activities and change the Articles of Association (“AoA”) according to the company law;
3. Cancellation of the statutory documents issued in 2003 regarding the evaluation of land and increasing the share capital by Rompetrol S.A. (“RPSA”) with this land;
4. Cancellation of the statutory documents issued in 2002 regarding the evaluation of assets (construction, equipment) by which RPSA contributed to Rompetrol Rafinare S.A. share capital increase
5. Cancellation of the statutory documents issued in 2003 regarding the contribution in kind made by Rompetrol Downstream (“DWS”), Rompetrol Well Services (“RWS”), RPSA to Rompetrol Rafinare S.A. share capital;
6. Cancellation of the statutory documents issued in 2001 regarding the share capital increase according to the privatization contract;

Plus, Faber submitted a request for the revision of a decision by which the court closed a file being out of date/obsolete (when Court asked the plaintiff to do something and it doesn't within 6 months /1 year). On April 28, 2021, Constanta Tribunal admitted the exception raised by Rompetrol Rafinare and decided that the revision filed by Faber is late.

Against the Decisions pronounced in the above cases, Faber together with Balkan filed appeals, some of them being already registered with the Constanta Court of Appeal, with trial terms being established during September and October 2021.



5.3. Other significant transactions

În mod constant și regulat au loc tranzacții semnificative, având ca obiect furnizarea de bunuri și servicii, cu companii din Grupul KMG International.

Rompetrol Rafinare a raportat actele juridice încheiate în cursul semestrului I 2021 de către Societate în conformitate cu art. 92³ din Legea nr. 24/2017 așa cum a fost completată și modificată prin Legea nr. 158/2020 și cu art. 144 lit. B din Regulamentul ASF nr. 5/2018, prin Rapoartele curente înregistrate la Societate cu nr. 988 din data de 17.02.2021 și nr. 3547 din data de 25.06.2021. Raportele au fost transmise operatorului de piață (respectiv Bursei de Valori București), postate pe site-ul societății în secțiunea Relația cu Investitorii www.rompetrol-rafinare.ro subsecțiunea Rapoarte Curente precum și pe site-ul ASF (www.asfromania.ro) în secțiunea: Supraveghere/Piața de capital/Raportări electronice.

5.4. Subsequent events

- On July 2, 2021 there was an explosion followed by a fire at Petromidia refinery, Diesel Hydrotreatment Unit (in Romanian “instalatia Hidrofinare Petrol Motorina” hereinafter HPM plant), which affected both HPM unit and Kerosene Hydrotreater (“HPR”) and Catalytic Reformer (“RC”) units. Pipes belonging to the Naphta Hydrotreater and Saturated Gases (“FG”) units were also affected whose route was in the vicinity of the areas affected by the fire. As a result of the incident, 1 (one) employee of the company died and 4 (four) employees were hospitalized in Constanta. Out of four, two employees were transferred at an Emergency Clinical Hospital in Bucharest and then were transferred for medical treatment to a specialized clinic abroad. Despite all efforts of the medical staff, the two colleagues who were transferred to a specialized medical unit abroad died.

The criminal investigations are carried out by the Prosecutor's Office attached to the Constanta Tribunal; a technical expertise is being carried out by INCD INSEMEX Petrosani, at the request of the criminal investigation bodies; in the criminal case the company has the quality of a civilly responsible party; hearings of the employees involved in the event are held. At the same time, the collective work accident is being investigated by the Territorial Labor Inspectorate according to the incident legislation.



As a consequence of this event, starting with July 02, 2021 the entire Petromidia Refinery production has been temporarily stopped, until the facilities damaged by this incident will be in function again. The company is currently making its own assessments in order to estimate the level of the caused damages by the accident, depending on which it will be estimated the period necessary to carry out the necessary repairs and verifications in order to put the refinery's units back into operation safely, following to adequately reflect the financial impact as soon as it is known.

The Net book value at June 30, 2021 of the affected installations by the incident are: HPM (RON 28.5 million); HPR (RON 27.5 million); RC (RON 63.5 million); HB (RON 43.1 million); FG (RON 12.7 million).

- Rompetrol Rafinare S.A credit facility in amount of EURO 30 million granted by Banca Transilvania was extended until January 31, 2022.

- Rompetrol Rafinare S.A credit facility in amount of EURO 27,96 million granted by Banca Transilvania was extended until January 31, 2022.

5.5. Amendment of the Articles of Association of the Company

By Resolution no. 4/2021 of the Extraordinary General Meeting of Shareholders of April 28, 2021 the amendment and updating of the Articles of Association of Rompetrol Rafinare SA were approved, in accordance with the Note presented to shareholders for this item on the agenda (item 1 of the EGMS agenda from April 28, 2021). The amendment concerns: the transfer made by the Depozitarul Central S.A. (Bucharest Central Depository) of the shares held by the Romanian State issued by Rompetrol Rafinare, from the Romanian State account through the Ministry of Economy, Energy and Business Environment to the Romanian State account through the Ministry of Energy as a result of the implementation of the provisions of art. 12, para. (2) of HG 316/2021 on the organization and functioning of the Ministry of Energy and the updating of the corresponding articles of the Articles of Association of the Company, in this case sub-item 2) of article 1 called "Shareholders", point 1.1., Letter A. "Significant shareholders" of the Articles of Association of the Company as follows:

"2) The Romanian State represented by the Ministry of Energy holds 19,715,009,053 shares, fully paid, amounting to RON 1,971,500,905.3, representing 44.6959% of the share capital;";



6. MAIN FINANCIAL INDICATORS AS OF 30.06.2021

Indicators	Calculation	U.of M	Value 30.06.2021*)
1. Current liquidity indicator	Current assets/Current liabilities	x	0.46
2. Debt liquidity indicator			
2.1. Debt ration indicator (1)	Borrowed capital/Own capital x 100	%	55.55%
2.2. Debt ratio indicator (2)	Borrowed capital/Committed capital x 100	%	35.71%
3. Rotation tempo of debits – clients	Average balance for receivables/Revenues x 180	Days	34.26
4. Assets rotation tempo **)	Revenues/Non-current assets		2.33

*) Based on the Individual Interim Financial Accounting on the date and for the period of 6 months closed on June 30, 2021;

**) Assets rotation tempo is calculated based on annualized turnover for the period January-June 2021 (360 days/180 days).



7. ANEXE

Annex 1 – Statement of financial position as of 30 June 2021

	Lei	
	June 30, 2021	December 31, 2020
Intangible assets	27,403,404	26,873,710
Goodwill	152,720	152,720
Property, plant and equipment	3,454,307,319	3,623,946,290
Rights of use assets	57,157,021	58,002,943
Investments in subsidiaries	1,629,023,359	1,629,020,055
Total non current assets	5,168,043,823	5,337,995,718
Inventories, net	981,264,823	527,073,050
Receivables and prepayments, net	1,514,916,548	1,167,390,890
Derivative Financial Instruments	188,200	-
Cash and cash equivalents	158,308,076	365,595,493
Total current assets	2,654,677,647	2,060,059,433
TOTAL ASSETS	7,822,721,470	7,398,055,151
Subscribed share capital	4,410,920,573	4,410,920,573
Share premium	232,637,107	232,637,107
Revaluation reserves, net of deferred tax impact	496,303,998	509,938,277
Other reserves	3,389,297,090	3,395,246,289
Accumulated losses	(7,199,500,822)	(6,567,312,044)
Current year result	(256,401,130)	(645,823,057)
Total equity	1,073,256,816	1,335,607,145
Long-term borrowings from banks	596,159,985	570,759,324
Provisions	297,034,901	297,034,901
Long-term lease debts	56,973,416	56,981,732
Deferred tax liability	9,417,626	9,417,626
Total non-current liabilities	959,585,928	934,193,583
Trade and other payables	5,389,018,774	4,774,877,899
Contract liabilities	82,388,516	91,363,247
Short-term lease debts	2,694,366	2,542,555
Derivatives	11,401,673	617,651
Short-term borrowings from related parties	-	48,949,030
Short-term borrowings from banks	304,375,397	209,904,041
Total current liabilities	5,789,878,726	5,128,254,423
TOTAL LIABILITIES AND EQUITY	7,822,721,470	7,398,055,151



Annex 2 – Profit and loss account for the 6-month period closed on June 30, 2021 profit and loss

	Lei	
	January - June 2021	January - June 2020
Net revenues from contracts with customers	6,016,523,533	3,882,494,802
Cost of sales	(5,884,129,865)	(4,127,279,901)
Gross profit / (loss)	132,393,668	(244,785,099)
Selling, general and administrative expenses	(129,263,015)	(197,125,528)
Other operating expenses	(47,038,975)	(161,787,932)
Other operating income	8,806,087	166,669,520
Operating revenue / (loss)	(35,102,235)	(437,029,040)
Financial expenses	(77,032,127)	(98,178,166)
Financial revenues	5,564,138	9,110,068
Rezultatul financiar, net	-	-
Net foreign exchange gains / (losses)	(149,830,906)	(66,016,980)
Loss before income tax	(256,401,130)	(592,114,118)
Deferred tax	-	-
Net Loss	(256,401,130)	(592,114,118)
Earnings per share (bani/share)	(0.58)	(1.34)
Basis		

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Annex 3 – Cash flow

	Lei	
	June 30, 2021	June 30, 2020
Net result before income tax	(256,401,130)	(592,114,118)
<i>Adjustments for:</i>		
Depreciation and amortization	194,297,738	170,663,763
Provisions for receivables and inventories (incl write-off)	12,313,877	(4,563,222)
Expenses with penalties	2,899,194	42,535
Interest expenses	77,032,127	98,178,166
Inrerest income	(5,564,138)	(9,110,068)
(Gain)/Loss on sale or disposal of assets	(1,050)	-
Other non-monetary adjustments	(65,353)	2,391,239
Unrealised foreign exchange (gain)/loss	140,058,850	10,523,785
Cash generated from / (used in) operations before working capital changes	164,570,115	(323,987,920)
<i>Net working capital changes in:</i>		
Receivables and prepayments	(393,263,685)	508,974,219
Inventories	(468,668,172)	317,454,292
Trade and other payables and contract liabilities, including payables variation for capital expenditures	22,556,701	160,506,543
Change in working capital	(839,375,156)	986,935,054
Net cash provided by / (used in) operating activities	(674,805,041)	662,947,134
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,584,060)	(414,750,434)
Purchase of intangible assets	(3,888,193)	(3,062,416)
Purchase of investments	(3,304)	-
Receipts from selling of assets	1,050	-
Net cash used in investing activities	(23,474,507)	(417,812,850)
Cash flows from financing activities		
Cash pooling movement	517,667,789	166,715,337
Short - term loans (paid to) / received from banks	86,186,668	(10,208,223)
Long - term loans received from banks	0	(238,360,396)
Short - term loans repaid to shareholders and related parties	(34,452,042)	(43,677,500)
Lease repayments	(2,340,582)	(5,001,169)
Interest and bank charges paid, net	(76,069,702)	(97,992,626)
Net cash used in financing activities	490,992,131	(228,524,576)
Increase / (Decrease) in cash and cash equivalents	(207,287,417)	16,609,708
Cash and cash equivalents at the beginning of period	365,595,493	22,373,528
Cash and cash equivalents at the end of the period	158,308,076	38,983,236



Note:


I) During the period under review the Articles of Association of the Company was changed on April 29, 2021 as described in section 5.5.

II) Please note that the individual financial statements were prepared in accordance with the Order of the Ministry of Public Finance No. 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards ("IFRS") and have not been audited


**Chairman of the Board of Directors
of ROMPETROL RAFINARE S.A.**

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General Manager

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