

**ROMPETROL RAFINARE S.A.
INDIVIDUAL HALF-YEAR REPORT
OF BOARD OF DIRECTORS
FOR THE 1ST HALF OF 2023**



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**INDIVIDUAL HALF-YEAR REPORT
OF
THE BOARD OF DIRECTORS
ROMPETROL RAFINARE S.A.
("RRC")
FIRST SEMESTER OF 2023 (H1 2023)**

**ROMPETROL RAFINARE S.A.
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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, 2023

Half-year report according to: Art. 67 of Law no. 24/2017 on issuers of financial instruments and market operations, republished, and Annex no. 14 to ASF Regulation no. 5/2018 for the 6-month period that ended on June 30, 2023 (First half - year of financial year 2023)

Date: August 10, 2023

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 2,655,920,572.60
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 subsidiaries Rompetrol Quality Control S.R.L., Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Logistics S.R.L. (together with its subsidiary Rompetrol Gas S.R.L.) and Rompetrol Petrochemicals S.R.L.

During the first semester of year 2023, the activity of Rompetrol Rafinare, developed under the main budget premises.

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1.1. Key events during January – June 2023 (S1 2023)

Events that took place during January – June 2023

On April 27, 2023, at RRC's head office, the Ordinary General Meeting of Shareholders (OGMS) of the Company was held, at which the shareholders mainly approved the following:

- The audited annual financial statements for 2022 at both individual and consolidated levels, the RRC's 2023 income and expenditure budget, the 2023 production program, and the 2023 investment budget;
- Proposal of the Board of Directors of Rompetrol Rafinare S.A. on the distribution of the net profit for the financial year 2022, in the amount of RON 666,277,159, as follows:
 - Allocation of RON 62,195,597 for the legal reserve and
 - RON 604,081,562 to cover losses carried forward from previous years, as provided for in the note presented to shareholders.
- Discharge of the members of the Board of Directors of RRC for their activities carried out in the fiscal year 2022;
- The revised version of the Company's Remuneration Policy, in the form attached to the Note relating to this OGMS's agenda item (item 9), which has been made available to shareholders according to the law;
- Termination of the term of office of Mr. Yedil Utekov and Mr. Askar Abilov as members of the Board of Directors of Rompetrol Rafinare S.A. following their request to resign from these positions as of May 1, 2023 (the last day of their term of office is April 30, 2023);
- Election of 2 (two) new members to the Board of Directors of the Company, namely Mr. Batyrzhan Tergeussizov and Mr. Adrian Tohănean for a term of office starting from May 1st, 2023, and expiring on April 30th, 2026 (the date of expiry of the term of office of the current members of the Board of Directors).
- The gross and net monthly remuneration of members of the Board of Directors as well as to the members of the Audit Committee and the Strategy Committee for the fiscal year 2023, namely: remuneration for the period January 1 to April 30, 2023, and from May 1, 2023.
- The gross and net monthly remuneration of the Chairman of the Audit Committee until April 30, 2023, and from May 1, 2023.
- Remuneration Report of the Company's management structure for the fiscal year 2022, report submitted to the advisory vote of the OGMS, given the provisions of Article 107 para. (6) of Law No. 24/2017 on issuers of financial instruments and market operations, republished.

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On the same date, April 27, 2023, the Extraordinary General Meeting of Shareholders (EGMS) of the Company was held, at which the shareholders mainly approved the following:

- Amendment, completion and updating of the Articles of Association of Rompetrol Rafinare S.A., according to item 1 of the agenda of the EGMS of April 27, 2023. The amendment concerns: ***the amendment of Article 15 “Responsibilities”, item 15.1. (g) of Chapter V entitled “Company Management (one-tier governance system)”***. Board of Directors” of the Articles of Association of the Company, as follows:

“15.1. The Board of Directors has the following main responsibilities:

... g) except for the legal documents for whose adoption/ conclusion the approval of the General Meeting of Shareholders is necessary, according to the imperative provisions of the law, approving the adoption/conclusion on behalf of the Company of the legal documents whose object exceeds the value of:

- (i) USD 50,000,000 as regards the legal documents having as object the purchase of crude oil, respectively the sale of the following products: Gasoline, Diesel, Jet A1, and Liquefied Petroleum Gas.***
 - (ii) USD 20,000,000 as regards the legal documents having another object than the purchase of crude oil, respectively, the sale of the products referred to in (i) above, including the approval of participation in the formation of companies or an increase in their share capital with a contribution exceeding this value limit.”***
- Ratification of the conclusion of Addendum No. 3 to the Framework Agreement for the Sale and Purchase of Crude Oil No. 09046/2021, in order to approve the content, form, terms and conditions outlined in this Addendum concluded between Rompetrol Rafinare S.A., Buyer, and KazMunayGas Trading A.G., Seller, considering the supporting materials related to item 1¹ on the agenda of the EGMS, documents which were made available to shareholders within the legal deadline.

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

During the first half of 2023, the Board of Directors held 15 meetings.

On the agenda of the meetings of the Board of Directors were matters concerning the current business conducted by the Company, for example: approval and the organization of the Annual Ordinary General Meeting of Shareholders to approve the annual financial results, of the Annual Report (individual and consolidated), as well as of the documents and information materials for approval in the GMS; approval and the organization, including the endorsement of documents and information materials for approval in the EGMS of April 27, 2023, regarding the approval of the

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amendment Article 15 “Responsibilities”, item 15.1. (g) of Chapter V entitled “*Company Management (one-tier governance system)*”. Board of Directors” of the Articles of Association of the Company; approval of the completion of the agenda of the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders, at the request of the majority shareholder KMG International N.V., with the inclusion on the agenda of the OGMS and EGMS of April 27, 2023, of the items concerning: (i) for the OGMS: “*Approval of the gross monthly remuneration of the Chairman of the Audit Committee in the amount of RON 6,837 corresponding to a net monthly remuneration of RON 4,000 until April 30, 2023, and a gross monthly remuneration in the amount of RON 8,548 corresponding to a net monthly remuneration of RON 5,000 as from May 1st, 2023*”; (ii) for the EGMS: “*Ratification of the conclusion of the Additional Act No. 3 to the Framework Agreement for the Sale and Purchase of Crude Oil No. 09046/2021 in order to approve the content, form, terms, and conditions outlined in this Addendum concluded between Rompetrol Rafinare S.A., Buyer, and KazMunayGas Trading A.G., Seller, considering the supporting materials related to item 1^l on the agenda, documents which were made available to shareholders within the legal deadline.*”

On the agenda of the meetings of the Board of Directors were also approvals regarding: (i) the election of Mr. Batyrzhan Tergeussizov as Chairman of the Board of Directors of Rompetrol Rafinare S.A. for the period of his membership in the Board of Directors, i.e., 01.05.2023 - 30.04.2026, following his election by the OGMS on April 27, 2023; (ii) election of Mr. Batyrzhan Tergeussizov as member of the Strategy Committee and Mr. Adrian Tohanean as member of the Audit Committee, both for terms of office from May 1, 2023, to April 30, 2026.

At the same time, the agenda of the meetings of the Board of Directors also included other approvals, namely: reports and materials related to the financial results for the first quarter of 2023; conclusion of significant legal acts for the supply of raw materials, electricity, natural gas, etc. and the sale of petroleum products, respectively, for the proper conduct of the Company's business; the extension of credit facilities necessary for the proper conduct of business, as well as briefings by the Executive Management on, inter alia: (i) the Vega Lagoons Remediation Project, execution status and approach in relations with authorities; (ii) RRC's results from hedging transactions in Q4 2022, financial year (FY) 2022 and Q1 2023; (iii) QHSE activity in Q4 2022, FY 2022 and Q1 2023; (iv) Execution in Q4 2022, FY 2022 and Q1 2023 of the Framework Agreement for the Sale and Purchase of Crude Oil No. 09046/2021, respectively No. RR1/01.01.2021 concluded between RRC (as a buyer) and KazMunayGas Trading A.G. (as a seller), as amended by Addenda No. 1 and 2; (vi) the technical incident (fire) that occurred on June 21st, 2023, on the Petromidia Refinery Platform, at the Mild Hydrocracking Unit (MHC facility); etc.

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Policies, Reports and Regulations – corporate governance

- The Ordinary General Meeting of Shareholders held on April 27, 2023, **approved the revised version of the Company's Remuneration Policy**, in the form attached to the Note relating to item 9 on the agenda of the Meeting. The revised Policy came into effect from the date of the OGMS on April 27, 2023, and was published on the Company's website in the Investor Relations Section, Corporate Governance Documents Subsection.
- Following the approval by the OGMS on April 27, 2023, the Remuneration Report of the Company's management structure for the fiscal year 2022 was published on the Company's website. The report was submitted to the advisory vote of the OGMS, given the provisions of Article 107 para. (6) of Law No. 24/2017 on issuers of financial instruments and market operations, republished.

The relevant provisions of Article 107, paragraphs (6) and (7) of Law 24/2017 are as follows:

“(6) ... The Remuneration Report for the most recent financial year shall be submitted to a vote at the Annual Ordinary General Meeting of Shareholders provided for in Article 111 of Law No. 31/1990, the opinion of the shareholders at the general meeting on the Remuneration Report, resulting from the vote, being of an advisory nature. The issuer shall explain in the following Remuneration Report how the vote of the general meeting has been considered”.

“(7) ... after the Ordinary General Meeting of Shareholders, the issuers shall make the Remuneration Report available to the public on their websites free of charge for 10 years, and may choose to keep it available for a longer period, provided that it no longer contains the personal data of the Directors...”

After the end of the first half of 2023, the following significant corporate events occurred:

The decision of the Board of Directors of RRC:

- **July 24, 2023**

The Board of Directors, in its meeting of July 24th, 2023, approved the appointment, as of August 1st, 2023, of Ms. Tamila Mikulich and Mr. Constantin Saragea as interim members of the Board of Directors, on the two positions left vacant following the election, as of May 1st, 2023, by the Ordinary General Meeting of Shareholders of April 27th, 2023, of two candidates on the four seats vacant on the abovementioned date.

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The two (2) new interim members of the Board of Directors of Rompetrol Rafinare S.A. have been appointed for a term of office starting on August 1, 2023, and until the next meeting of the Ordinary General Meeting of Shareholders of Rompetrol Rafinare S.A. which will discuss the confirmation of the mandate of the provisional directors and the election and appointment of new directors, but not later than April 30, 2026 (the date of expiry of the mandate of the current members of the Board of Directors).

- August 3, 2023

The Board of Directors, in its meeting of August 3rd, 2023, approved the appointment of Ms. Tamila Mikulich and Mr. Constantin Saragea as member of the Strategy Committee of Rompetrol Rafinare S.A., for a mandate starting with August 1, 2023, and until the next Ordinary General Meeting of the Shareholders of the Company which will debate on the confirmation of the mandate and the election and nomination of new directors.

1.2. The objectives of Rompetrol Rafinare investment program for the first half of 2023

The investment program of Rompetrol Refinery accomplished in the first semester of 2023 was in the amount of USD 6.71 million, as follows:

I) From the category of compulsory investments required by environmental and safety regulations, in the first semester of 2023:

- The project “**Expire authorization ISCIR (State Inspection for Control of Boilers, Pressure Vessels and Lifting Installations) for static equipment Refinery Platform (ISCIR 2023-2024)**” with documentation prepared in terms of scope and budget, to be started. This project being closely correlated with Refinery General Turnaround 2024 project.
- 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 finalized the project “**Package 2022 - Fire-fighting Water Main Replacement sections T073, T078, T080**”. The main goal of a fire-fighting system is to prevent, extinguish, localize, or block fires, trying to preserve live, protect property and limit environmental possible negative impact. The water network will be permanently rehabilitated through specific works, such as: replacement of pipes, hydrants and water cannons, wells for new or repaired taps, under-crossings of the existing infrastructure. A new package was started based on prioritization performed at the

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operational level by **Fire-fighting Water Main Replacement Package 2023 – sections T065, T069, T072, T079, T077, T061 project.**

The materials delivery stage was finalized.

The estimated project completion date is June 2024.

II) In the Development category we mention the project „Transform CO Boiler from natural circulation boiler in multiple forced circulation boiler”.

The project business objective is to ensure all the conditions for optimum operation of PEM Refinery in accordance with future configuration, considering Cogen unit in operation (project developed by Rompetrol Energy S.A., affiliate of Rompetrol Rafinare S.A. The project phase 1 was finalized in June 2023 (Basic design and Detailed Design Execution stages) and the phase 2 was started with main equipment acquisition and execution stage. The project is corelated with Refinery General Turnaround 2024.

III) In the Capital Maintenance category, a very important place is the project “Petromidia Refinery, Petrochemicals and Vega Refinery 2024 General Turnaround (203 effort based on preparation works for Refinery General Turnaround 2024)”. The project started with the ordering of equipment with a long lead time.

For refinery, shutdown means a scheduled large-scale maintenance activity wherein an entire process unit is taken off stream for an extended period for comprehensive revamp and renewal. This operation involves many preparations and requires many precautions, especially at during startup. Rompetrol Refinery Board of Administration 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.

To reach refinery goal by having a high mechanical availability, refinery must have high reliability at low cost. This can be assured only by having periodically refinery turn around.

The main works packages consist of:

- Catalyst Replacement / Regeneration and Catalyst Services - all work related to the replacement of end-of-life catalysts with new or regenerated catalysts - to maintain a high gasoline / diesel production efficiency, and to obtain products with high economic value.
- Operational works - The other activities, which do not refer to maintenance repairs or modernization, but which are required in order to achieve good efficiency in the refinery, mandatory activities in order to prevent possible damage or defects of equipment due to corrosion, erosion and/or deposits in the 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.

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- Unexpected/found works – works that appear after the equipment opening.

The project benefits are as follows:

- Maintain Refinery at its nominal monthly capacity.
- Maintain the efficiency of the units from the perspective of mechanical availability, at a high percentage;
- Increase reliability / availability of equipment during operation.
- Safety—zero incidents (human accidents or damage to equipment)

The project was started with equipment and materials acquisition stage, which will be replaced and repaired during Refinery General Turnaround planned for 2024.

- The „**Refinery Catalyst Change**” programme was continued. Catalysts were purchased for NHT and DHT units at the end of 2022 year. It was started the preparatory and contracting activities for „2024 Refinery General Turnaround – catalyst change” for 352- Flare Gas Recovery, 220-MHC Unit, 125 DHT, 120 NHT, 147-MTBE Unit, 130-Platforming Unit, adsorbent from 120-V101 Guard vessel, molecular sieve and ceramic balls D214 and D707 in PP unit, molecular sieve and ceramic balls for dryers F211 in Steam Cracker.
- The „**Replace Refinery static equipment Program**” was continued. The program was started to create conditions for operating of the Refinery at maximum capacity of crude oil processed, by ensuring efficient cooling of gaseous fractions converted into gasoline, an improvement of the technological process, higher efficiency and an increase in quality and production. Main activity of the program is manufacturing and replacement of static equipment for a proper functioning of the refinery units.

Static equipment’s replacement – **2023 Package** (9 items) includes the following:

- Replace tubular bundle for 100S5, 100 CDU unit; equipment was delivered and installed;
- Replace tubular bundle for 120S2A, 120 NHT unit; equipment was delivered and installed;
- Replace tubular section for 220A2/1 air cooler, MHC unit; equipment was delivered and installed;
- Replace tubular section for 220A2/2 air cooler, MHC unit; montage not included into SoW; equipment was delivered; equipment was delivered and installed;
- Replace recycle cooler for 322E108G, LDPE unit; delivery in progress; montage not included into scope.
- Replace tubular bundle for heat exchanger E951, PP unit; montage not included into SoW; equipment was delivered;
- Replace caps for E243, Steam Cracker unit; equipment was delivered;
- 100A1/7 and 100A1/8 equipment take put from project scope with approved change request.

The estimated term for program finalizing is December 2023.

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○ The project „**Safety measures package for Petromidia Refinery hydrotreaters units**” was continued by starting the phase II.

The project scope is to develop and implement of a safety measures package for separation points between high-pressure and low-pressure sections for PEM Refinery hydrotreaters units: 120-Naphta Hydrotreater, 121-Kero Hydrotreater, 122-Diesel Hydrotreater, 125-Diesel Hydrotreater. Project is planned to be performed in two phases:

- Phase 1, finalized in December 2022 – consisted in internal formalities for project start-up; contracting of the Engineering services (Basic Design and Detailed Design); project documentation provided to designer; reports with proposed measures for low pressure/high pressure separation points issued and validated for each unit;
- Phase 2, started in 2023 – consist in implementation of the project with re-evaluated of entire project cost, procurement, construction and mounting works, commissioning and start-up activities (correlated with Refinery General Turnaround 2024).

The project implementation will be completed in June 2024.

○ The project „**New Traveling crane with clamshell bucket**” was started.

Delayed Coker Unit is equipped with two portal cranes (big grid with lattices). These have the role of extracting the coke resulting from the production process from the evacuation basin and storing it in the drying and storage silo.

The project considers the replacement of the Portal Crane with clamshell bucket (double beam with brackets) M2.

The tender process for equipment acquisition and construction related was started, project being correlated with Refinery General Turnaround 2024 project.

IV) A very important place is held by projects from „**Tanks rehabilitation program**” area.

The scope for 2023 is to rehabilitate the following tanks:

- A gasoline tank with a capacity of 5,000 cubic meters with construction works planned to be performed in 2023 year (B6 tank); the construction related activities are in progress, project being estimated to be finalized in November 2023.
- A vacuum hydrofined distillate tank, with a capacity of 5,000 cubic meters with inspection and detail design activities planned for 2023 (DV21 tank); the tank emptying activities are in progress in order to start with tank cleaning works; the estimated date of phase I finalizing is March 2024.
- Four diesel tanks with a capacity of 10,000 cubic meters with design and execution related activities planned to be performed during 2023 as follows:
 - Two tanks with detailed design related activities (M95 tank and C99 tank); design stage (phase I) was finalized for both tanks.
 - Two tanks with construction related activities (M92 tank and C101 tank); M92 tank was finalized in May 2023; the construction related activities for C101 tank are in progress; the estimated date of finalizing is August 2024.

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1.3. Main aspects regarding quality, health, labour security and environment (QHSE) in the first semester 2023

From the QHSE perspective, at the Company level on the Petromidia and Vega platforms, the situation at the level of semester 1 2023 is presented as follows:

1. In the first semester of 2023, all employees were trained up to date in accordance with the plan approved at the Company level for 2023.
2. In semester 1, there were 4 (four) work accidents resulting in 2 (two) cases of fatality (FTL) and 3 (three) cases with temporary incapacity for work (DAFWC); also a property damaged case was registered as a result of the technical incident resulting in a fire in the MHC facility on June 21, 2023 (major accident). Currently, the competent authorities are investigating fatality cases and major accidents.
3. In order to increase the awareness of the security measures of both our own employees and the contractors who carry out their activity on the industrial platforms, continuous actions were taken aimed at reiterating the rules of security at work and training the staff, including through the participation of some employees in courses first aid.
4. 56 exercises were carried out, both planned and unplanned, to simulate emergency situations.
5. To improve process safety, the Company continued the process of performing risk analyzes and identifying protective layers (HAZOP&LOPA) for technological installations, a process started in 2022, with external consultancy. Thus, in semester 1 2023, HAZOP analyzes (identification of operational hazards) were carried out for 4 (four) technological installations (LDPE, HPM, HB, Hexane) and LOPA analyzes (identification of protective layers) for 7 (seven) installations (SRU, HPR). , HDV, HB, HPM, LDPE and Hexane).
6. The monitoring of the implementation of the actions resulting from the internal audits/HSE inspections was carried out by the QHSE department, the findings being resolved by the process managers in proportion to 78%, the other findings being in various stages of implementation depending on the established completion deadline.
7. No cases of occupational diseases were registered, no accidental pollutions were registered.
8. 6 (six) complaints were registered for batches of polymer granules regarding difficulties in processing and packaging; following the technical analyses, appropriate corrective actions were

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established and implemented, and the batches that could not be processed were replaced at the customers.

9. The certification body for QHSE Management Systems (Quality, Health and Safety at Work, Environmental Protection), respectively Energy Management carried out two surveillance audits of the implemented systems, the Company maintaining its ISO 9001, ISO 14001, ISO 45001 and ISO 50001.

10. The traceability of the categories of waste resulting from the activities carried out was ensured, at the level of the 1st semester, a recovery rate of 94.76% was obtained.

11. Regarding the global objective aimed to reduce the carbon footprint through the implementation of decarbonization projects, 2 (two) feasibility studies were drawn up at the level of the KMGI Group, aiming either at the construction of a bioethanol factory (second generation) using straw as raw material, or the possibility of hydrotreating some vegetable raw materials through co-processing in the HDV installation, in order to identify and subsequently implement the optimal variant to be approached.

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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, 2023 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 2023 the Company recorded a net loss of 243,447,195 lei, compared to a net profit of 94,960,746 lei recorded by Rompetrol Rafinare S.A. in the first semester of 2022.

The net loss recorded by the Company in H1 2023 is mainly due to the reduced refining margins recorded by the company in H1 2023 compared to H1 2022 amid the decrease in quotations for crude oil and petroleum products on the international market. However, the company recorded higher volumes of processed raw materials, higher levels of production and sales of petroleum products in H1 2023 compared to H1 2022. Another significant element with an impact on the net result recorded in the first semester of 2023 by Rompetrol Rafinare is the recognition of an estimated expenditure with the solidarity contribution of approximately RON 81 million for the reporting period.

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2.1. Financial position statement as of June 30, 2023

The financial position on June 30, 2023 is presented in **Annex 1**

| Indicator (thousand RON) | June 30, 2023 | December 31, 2022 (audited) | Variation |
|-------------------------------------|-------------------|--------------------------------|----------------|
| Non-current assets | 7,164,386 | 7,401,543 | 96.80% |
| Current assets | 4,193,341 | 2,938,203 | 142.72% |
| Total assets | 11,357,727 | 10,339,746 | 109.85% |
| Non-current liabilities | 2,003,024 | 787,656 | 254.30% |
| Current liabilities | 6,668,430 | 6,632,097 | 100.55% |
| Total liabilities | 8,671,454 | 7,419,753 | 116.87% |
| Equity | 2,686,273 | 2,919,993 | 92.00% |
| Total liabilities and equity | 11,357,727 | 10,339,746 | 109.85% |

At the end of the first semester of 2023, the Company's **non-current assets** amount to RON 7,164,385,638, slightly decreased as compared to December 31, 2022.

As of June 30th, 2023, **current assets** are in amount of RON 4,193,341,486, registering an increase of approximately 43% more than the level at the end of 2022. This is mainly due to the increase in value of the receivables (from 1,676,716,096 RON on 31.12.2022, to RON 2,032,420,460 at June 30, 2023) and the increase in cash and cash equivalents (from RON 23,243,490 on 31.12.2022, to RON 886,544,812 at June 30, 2023).

The **liabilities payable in a period of 1 year** registered a slightly increase from a value of RON 6,632,096,896 at 31.12.2022 to RON 6,668,429,865 on June 30, 2023.

Long-term debts records an increase of about 154% at 30.06.2023 (RON 2,003,023,836) compared to 31.12.2022 (RON 787,656,032) mainly as a result of the use of RON 1,216,492,500 from the new credit facility signed in April 2023 (credit facility granted by a consortium of banks through Banca Comerciala Romana S.A. (BCR) - paying and security agent) in amount of USD 531.8 million with the possibility of increasing to USD 600 million to refinance the former USD 435 million syndicated loan, which generated an increase in the value of long-term loans from banks.

As regards **provisions**, they shall record at 30.06.2023 the same value as the 31.12.2022.

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2.2. Profit and loss account for the 6-month period that ended on June 30, 2023

In the first semester of 2023 the Company recorded a net loss of 243,447,195 lei, compared to a net profit of 94,960,746 lei recorded by Rompetrol Rafinare S.A. in the first semester of 2022.

The net loss recorded by the Company in H1 2023 is due is mainly due to the reduced refining margins recorded by the company in H1 2023 compared to H1 2022 amid the decrease in quotations for crude oil and petroleum products on the international market. However, the company recorded higher volumes of processed raw materials, higher levels of production and sales of petroleum products in H1 2023 compared to H1 2022. Another significant element with an impact on the net result recorded in the first semester of 2023 by Rompetrol Rafinare is the recognition of an estimated expenditure with the solidarity contribution of approximately lei 81 million for the reporting period.

Turnover recorded in the first half of 2023 was 8,812,286,062 lei compared to 10,226,300,510 lei reached in the first half of 2022, decreased by 14%, mainly due to lower market quotations for petroleum products compared to the same period last year, although the company recorded increased levels of quantities of products sold in H1 2023 vs. H1 2022.

In the first half of 2023 the Company recorded an operating loss of 25,957,549 lei, compared to the first half of 2022 when there was an operating profit of 605,602,932 lei.

During the first semester of 2023 the financial expenses exceeded the financial income, finally recording a loss from financial activity in the amount of lei 136,574,872 (Semester I 2022: lei 510,642,185). The main decrease of the financial loss in H1 2023 vs. H1 2022 is coming from the positive result related to the exchange rate differences recorded by the Company in the first semester of 2023 in amount of lei 17,351,063 compared to the loss of lei 379,578,301 registered in the same period of 2022.

The financial indicators recorded on 30.06.2023 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, 2023 is set out in **Annex 2**.

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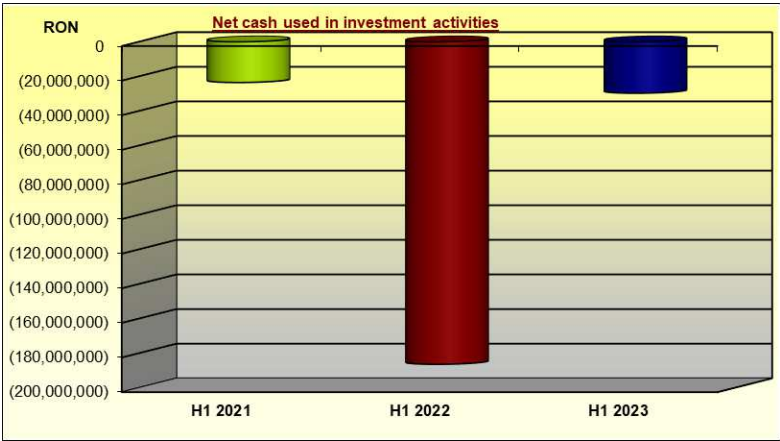
2.3. Statement of cash flows for the period of 6 months ended June 30, 2023

Cash flows from operating activity in the first half of 2023 were significantly impacted by lower refining margins recorded in the first half of 2023 compared to the first half of 2022, as well as by the increase in trade receivables and liabilities and in the value of inventories compared to the same period last year. A significant impact on cash flows from the operating activity in the first semester of 2023 was the payment of the solidarity contribution of lei 577.6 million, calculated according to GEO 186/2022 adopted by Law 119/2023.



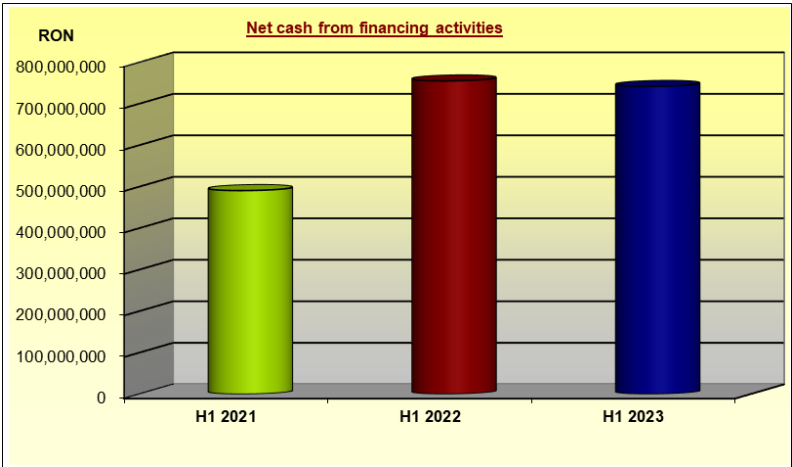
Major investment projects in the first semester of 2023 concerned works related to the authorization/reauthorization of equipment from the point of view of ISCIR, the projects of replacement catalysts, tank rehabilitation projects, the project Emergency Shutdown of 100 CDU, 120 NHT and other specific projects for the refinery.

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Cash flow from financing activities in the first half of 2023 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, its usage level registering a decrease of 34% on 30.06.2023 compared to the balance recorded on 30.06.2022.

Other major factor that influenced cash in the financing activity was the significant increased use of long-term loans contracted from banks compared to the previous period mainly due to the usage of the new credit facility signed in April 2023 (credit facility granted by a consortium of banks through Banca Comerciala Romana S.A. (BCR) - paying and security agent) in amount of USD 531.8 million with the possibility of increasing to USD 600 million to refinance the former USD 435 million syndicated loan.



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

3.1. GLOBAL ECONOMIC ENVIRONMENT

| | | H1 2023 | H1 2022 | % |
|------------------------------------|-----------|---------|---------|------|
| Brent Dated | USD/bbl | 79.7 | 107.9 | -26% |
| CPC Blend CIF | USD/bbl | 75.9 | 99.8 | -24% |
| Brent-CPC Differential | USD/bbl | 3.7 | 8.2 | -54% |
| Premium Unleaded 10 ppm FOB Med | USD/tonne | 830 | 1,069 | -22% |
| Diesel ULSD 10 ppm FOB Med | USD/tonne | 773 | 1,040 | -26% |
| RON/USD Average exchange rate | | 4.57 | 4.52 | 1% |
| RON/USD Closing exchange rate | | 4.58 | 4.74 | -4% |
| RON/EURO Average exchange rate | | 4.93 | 4.95 | 0% |
| RON/EURO Closing exchange rate | | 4.96 | 4.95 | 0% |
| USD/EURO Closing rate | | 1.08 | 1.04 | 4% |
| Inflation in Romania ^{1*} | | 4.19% | 9.98% | -58% |

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

Dated Brent decreased by -28.2\$/bbl. (-26%) in H1 2023 vs. H1 2022 and settled to an average of 79.7\$/bbl.

The CPC quotation decreased by -23.8\$/bbl. (-24%) vs. H1 2022 and settled to an average of 75.9\$/bbl., as the oil market corrected from the highest level reached in March 2022, level that was not seen since 2008.

Looking only into Q1 2023 Dated Brent movement, the crude price had a volatile evolution, reaching 88.21\$/bbl. on 23rd of January, the highest level since early December on optimism that Chinese demand will recover rapidly following the abandonment of Covid Zero restrictions

¹ *The information is based on analysis provided by JBC Energy GmbH, OPEC and National Bank of Romania

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and due to a weaker US currency. The crude price also increased following some supply disruptions in the Middle East and Turkey (after the two earthquakes from February).

On the other hand, at the mid of March the crude price decreased to the level of 71.71\$/bbl. following the bankruptcy of the Silicon Valley Bank, the biggest US bank collapse since 2008.

However, the downward movement didn't last too much, as in the end of Q1, the OPEC+ announced a "voluntary" collective output cut totaling 1.66 million b/d, which started taking effect from May until the end of 2023.

After that, the Dated Brent sharply decreased around 75\$/bbl. and stayed around this level for the entire Q2 because of concerns over China's economic outlook, a cooling US labor market, renewed concern about the US banking sector as the Federal Reserve signaled that rate increases it's not yet over.

The downslide of crude prices, erasing all the gains that the OPEC+ production cut brought about, has put many in the oil markets in a difficult spot.

According to JP Morgan the new crude price regime will be \$75-80\$/bbl. + rather than the \$70-75\$/bbl.

The OPEC+ production cuts mean that the global oil market will be tight in the second half of the year even if China continues to show "sluggish" economic growth, according to IEA (i.e. International Energy Agency).

European margins decreased by -22.8\$/MT (-18.3%) in H1 2023 vs. H1 2022 and settled to an average level of 101.4\$/MT.

The refinery margins had a downward trend during January-April, and reached 38\$/MT, the lowest level since the geopolitical situation began in February 2022 due to a combination of factors: rising diesel stocks in Europe before the Russian diesel embargo from 5th of February, weak macroeconomic indicators which have reduced expectations of demand in the market, consistent price increase of crude oil following OPEC+ agreement to cut production, refineries starting to emerge from maintenance season, especially in the Mediterranean region.

After that, the margins constantly recovered until June, to the level of 105\$/MT due to some unplanned outages at European refineries and increasing demand as the summer season started.

Gasoline cracks were high during H1, as European gasoline demand appears to close to levels of a year ago (and 2019 levels).

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Diesel cracks were under pressure in H1 as ARA (Amsterdam-Rotterdam-Antwerp) diesel inventories are above both 2021 and 2022 levels, despite the fall in imports from Russian Federation. This highlights a flat European diesel demand, which is usually a good leading indicator for economic performance, pointing to ongoing economic headwinds up ahead.

Jet cracks were high during H1 with considerable increase in travelers over Easter period in Europe, Eid Mubarak celebrations in the Middle East and with holiday season started in June. European air traffic reached 88% of 2019 levels (Platts) with ARA (Amsterdam-Rotterdam-Antwerp) jet stocks coming relatively close to the lower bound of the 5-year range.

In JBC Energy view, European refining margins will come under significant pressure, especially towards the end of 2023 and early next year, as domestic demand for petroleum products declines and supply from added competitive refining capacity in the Middle East and Asia increases.

In terms of exchange rates, internally, the RON/EUR exchange rate remained relatively stable, on the higher level, reaching an average level of 4.9335 in H1 2023.

In terms of RON/USD exchange rate, it continued its downward evolution, reaching an average level of 4.5654 in H1 2023.

In Romania the inflation in 2023 (June 2023 as against December 2022) reached 4.19%, calculated based on CPI - i.e. Consumer Price Index.

3.2. PRODUCTION ACTIVITY

The quantity of raw materials processed during the first half of year 2023 by Rompetrol Rafinare (Petromidia and Vega Refineries as well as the Petrochemical Plant) amounted to approximately 2.656 million tons, out of which approximately 2.47 million tons of crude oil, compared to a total level of approximately 2.313 million tons, out of which approximately 2.033 million tons of crude oil, corresponding to the first semester of year 2022.

For the entire year 2023, Petromidia Refinery proposed to process a quantity of raw materials of approximately 5.683 million tons, out of which 5.313 million tons of crude oil, Vega Refinery approximately 474.47 thousand tons and for Petrochemical area total planned production of polymers is approximately 168.2 thousand tons.

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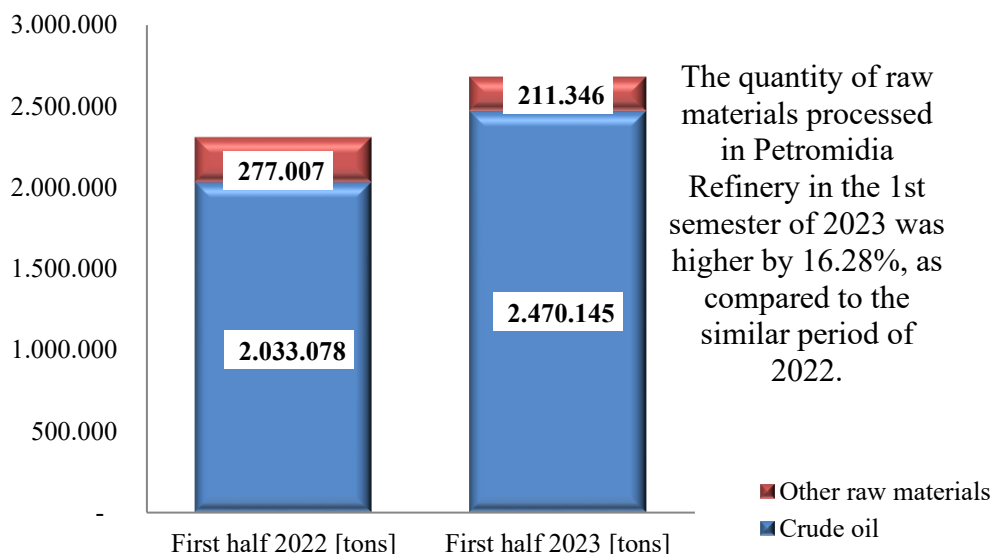


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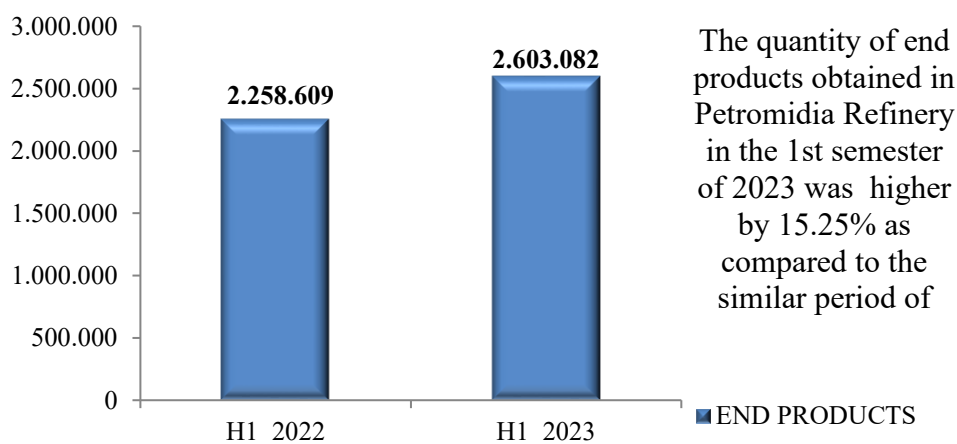
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3.2.1. PRODUCTION ACTIVITY of Rompetrol Rafinare – Năvodari Work Point (Petromidia Refinery) – in the 1st Half of 2023

Raw material processed, tons



End products, tons



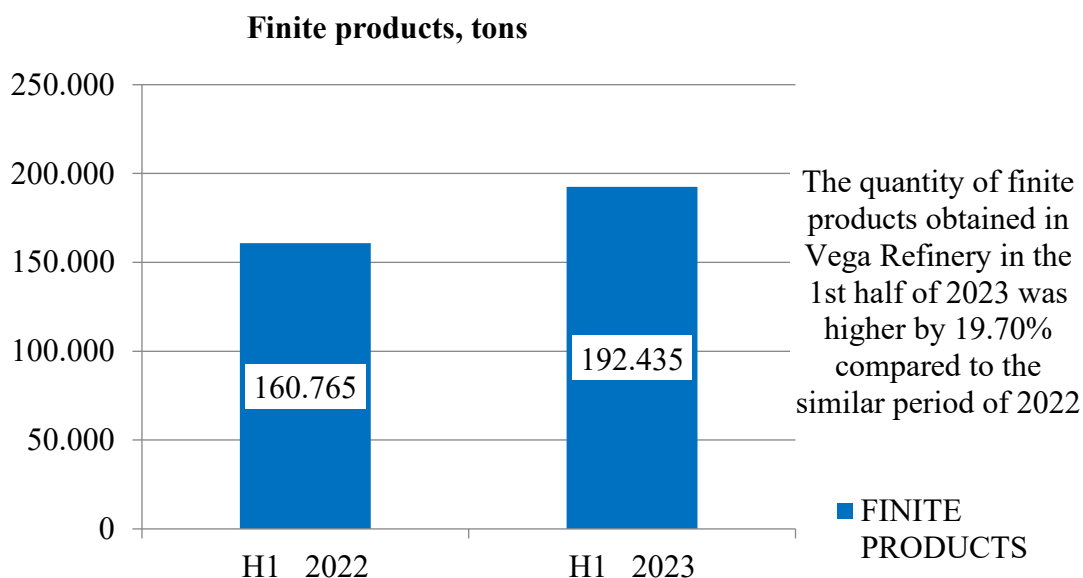
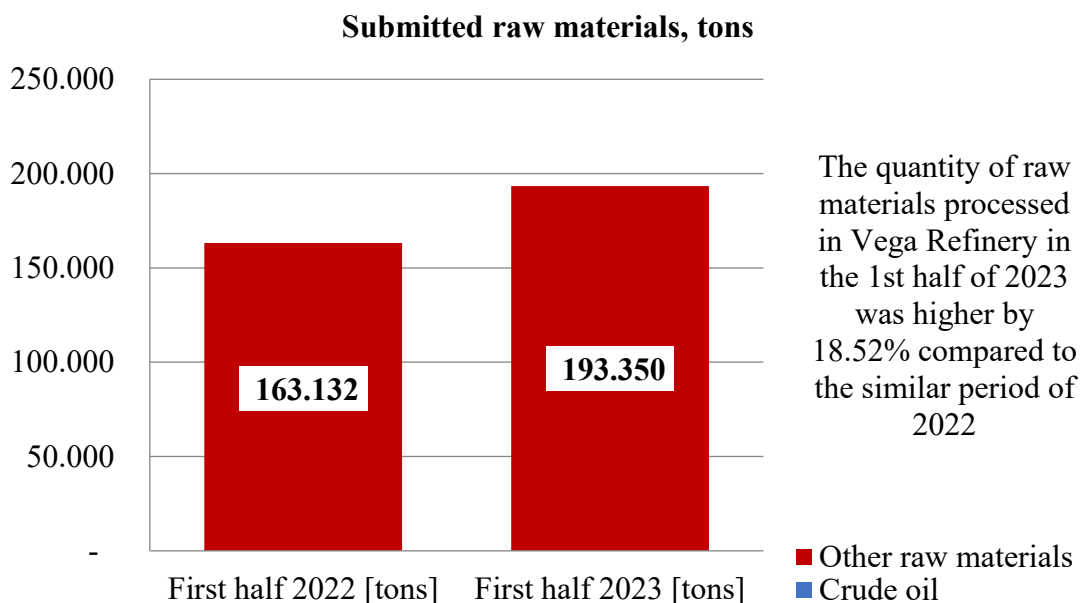
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3.2.2. PRODUCTION ACTIVITY of Rompetrol Rafinare – Vega Refinery Work Point (located in Ploiești) – in the 1st Half of 2023



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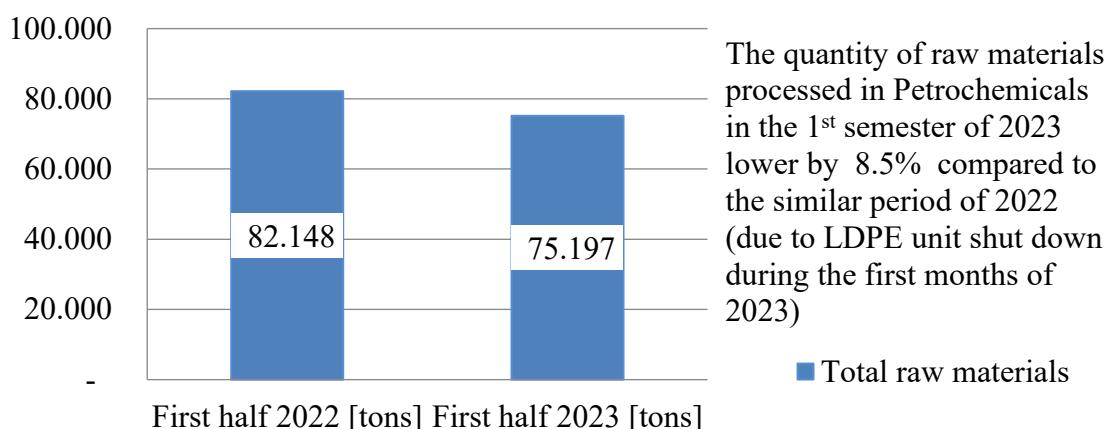


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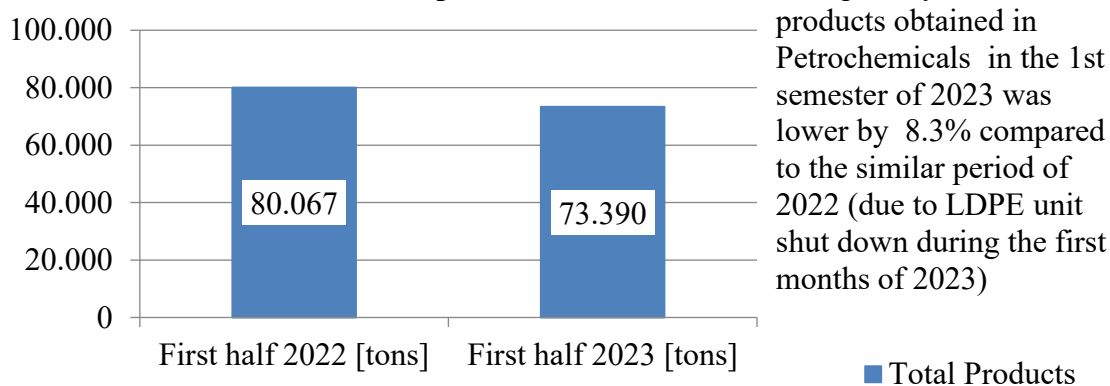
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3.2.3. PRODUCTION ACTIVITY of Rompetrol Rafinare – Petrochemicals area - in the 1st Half of 2023

Processed raw materials, tons



End products, tons



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3.3. COMMERCIAL ACTIVITY

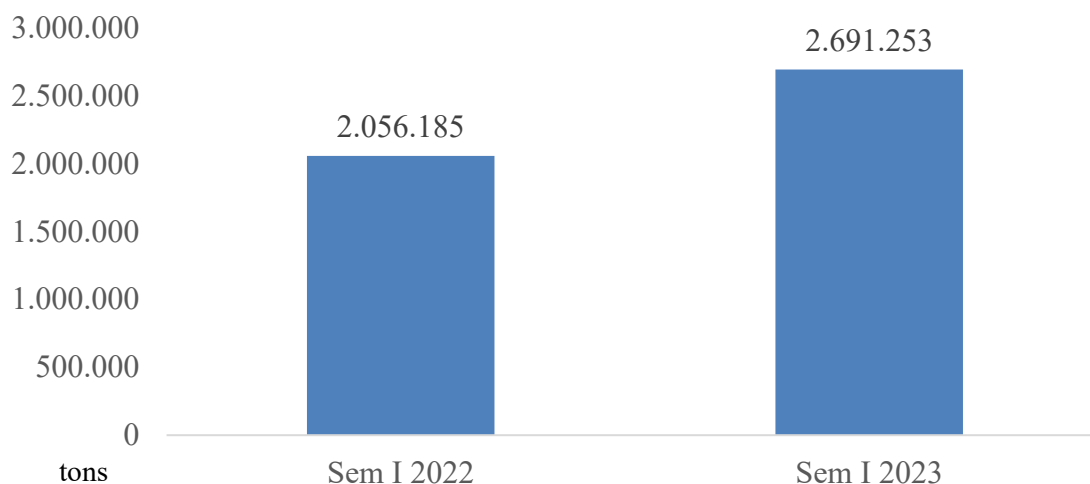
3.3.1. COMMERCIAL ACTIVITY carried out at Năvodari Work Point (Petromidia Refinery) in the 1st Half of 2023

A. Feedstock supply

In the first half of 2023, Rompetrol Rafinare S.A. – Petromidia Refinery purchased crude oil and other feedstock from external and domestic sources, as indicated in the table below:

| Feedstock purchases | Quantity (tons) |
|---|------------------|
| 1.Crude oil | 2,691,253 |
| 2.Other feedstock | 97,695 |
| 3.Total external purchases (1+2) | 2,788,948 |
| 4.Total internal purchases | 52,754 |

Crude oil purchased first half of 2023 vs first half of 2022



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In the first half of 2023, crude oil purchases were higher than the same period of last year when was planned turnaround performed in march-april 2022 and the geopolitical factors due to war between Russia and Ukraine affected the crude supply in first part of the year 2022.

The supplier of imported feedstock (crude) was KazMunayGas Trading AG.

The main internal suppliers of feedstock were:

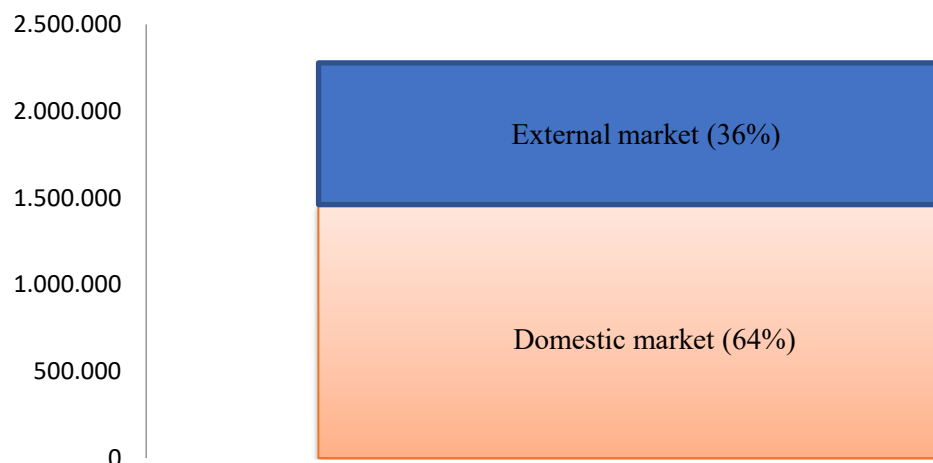
- Bunge Biocombustibil
- Expur SA.
- Socar Petroleum

B. Sales

The sales in the first half of 2023 amounted to a total of 2,277,722 tons as compared to 1,924,803 tons in the same period in 2022. The net value of end products sales was 1,735,664,060 USD as compared to 2,000,831,491 USD in the first half of 2022, respectively 7,928,860,764 RON as compared to 9,128,968,936 RON in the first half of 2022. The volumes were higher than the same period of the last year but value was lower due significant decreasing of quotation on the international markets.

In terms of sales markets, the share of domestic sales was higher (64%) than external market. On the external markets, sales amounted to a total 817,309 tons and a net value of 574,761,770 USD.

Structure of end products sales by distribution channels

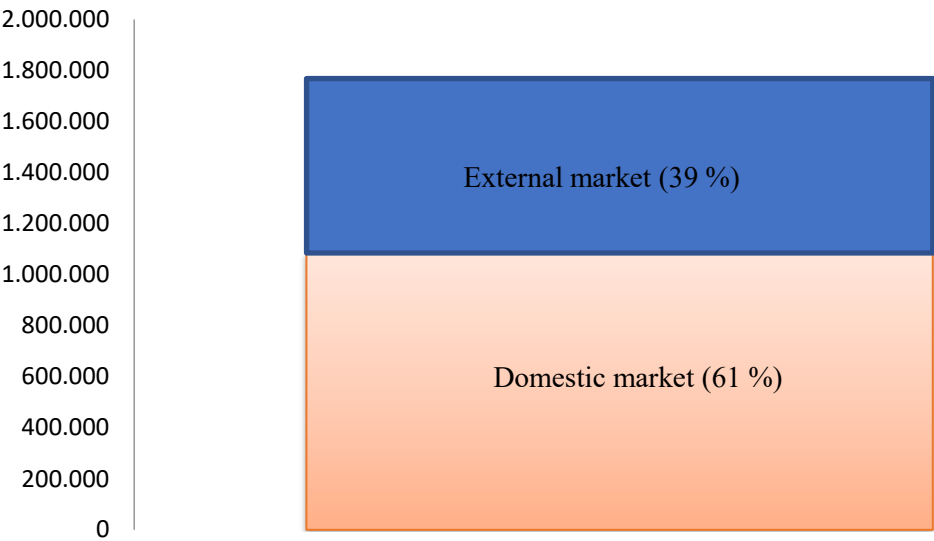


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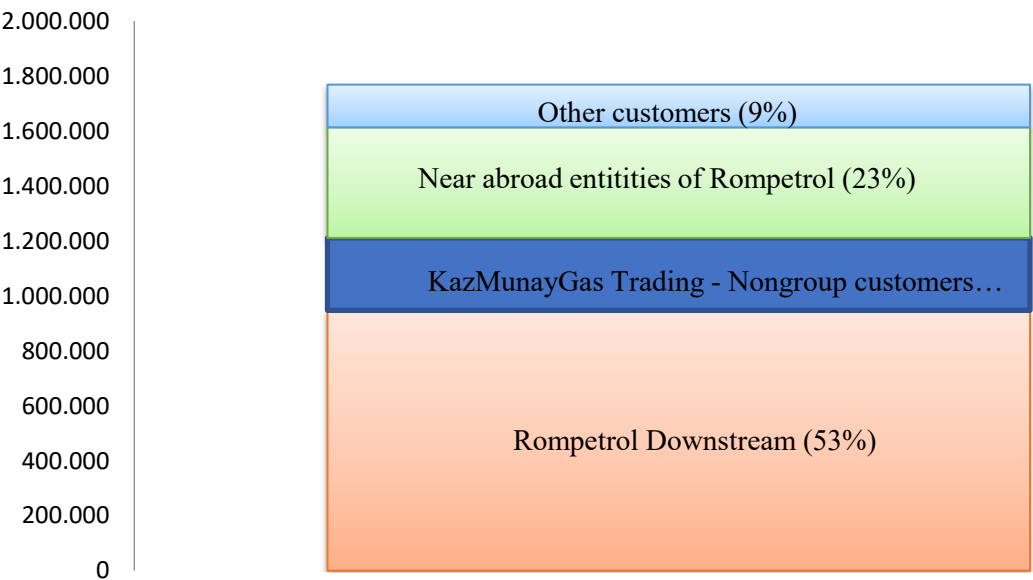


Approximately 78% of the total quantity of end products sold was represented by gasoline and diesel sales, respectively 1,768,580 tons. Regarding the distribution channels, the share of domestic market was higher (61%) compared to the external market. On the external market, 683,456 tons of motor fuels (gasoline and diesel) were sold.

Structure of motor fuels sales by distribution channels



As regards the distribution channels, the highest volume of gasoline and /diesel was sold to Rompetrol Downstream (53%).



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Gasoline

Of the total quantity of 606,006 tons of gasoline sold, approx. 67% was sold on the external market, whereas the remaining percentage was sold on the domestic market. Approx. 93% of the total quantity of gasoline was unleaded europlus gasoline.

Diesel

Between January and June 2023, were sold 1,168,573 tons of motor diesel, the percentage of domestic sales (76%) exceeding that of external sales.

LPG

A total of 117,938 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) and lower than the external ones (petcoke and sulphur).

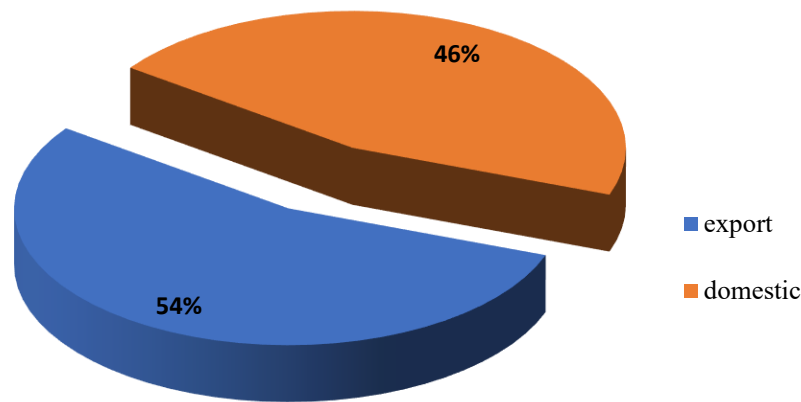
3.3.2. COMMERCIAL ACTIVITY carried out at Vega Refinery (in Ploiești) in the 1st Half of 2023

The sales of Vega Refinery in Ploiești in the first half of 2023 amounted to a total of 200,094 tons compared to 160,260 tons sold in the same period of the year 2022, meaning an increase by 25%. By sales market, the external sales were higher (54%) than the domestic sales (46%). 108,817 tons were sold on the external market compared to 94,272 tons sold in first part of 2022.

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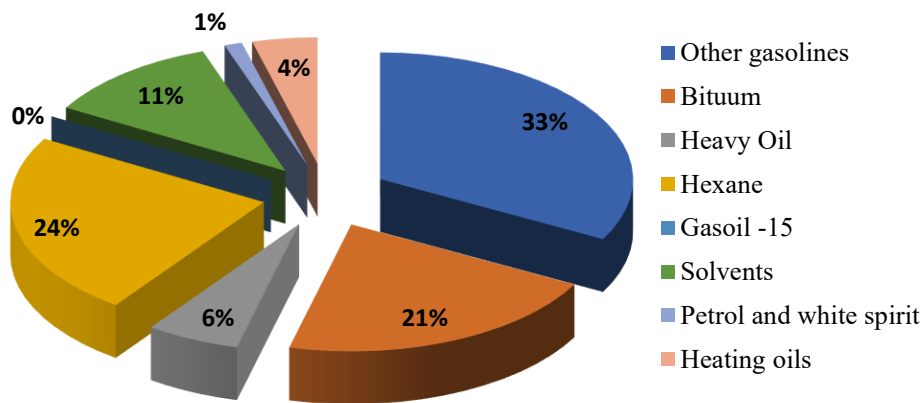


Sales on distribution markets [%]



White product sales (gasoline naphtha, ecologic solvents, n-hexane, white spirit) represented about 69% of the total sales in first half of 2023.

Sales on products [%]



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

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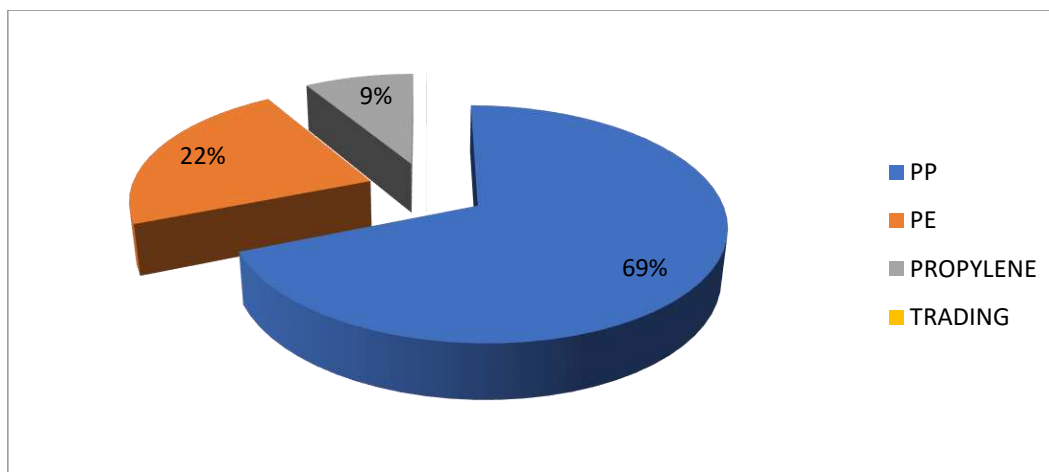
3.3.3. COMMERCIAL ACTIVITY carried out in Petrochemicals Area in the 1st Half of 2023

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

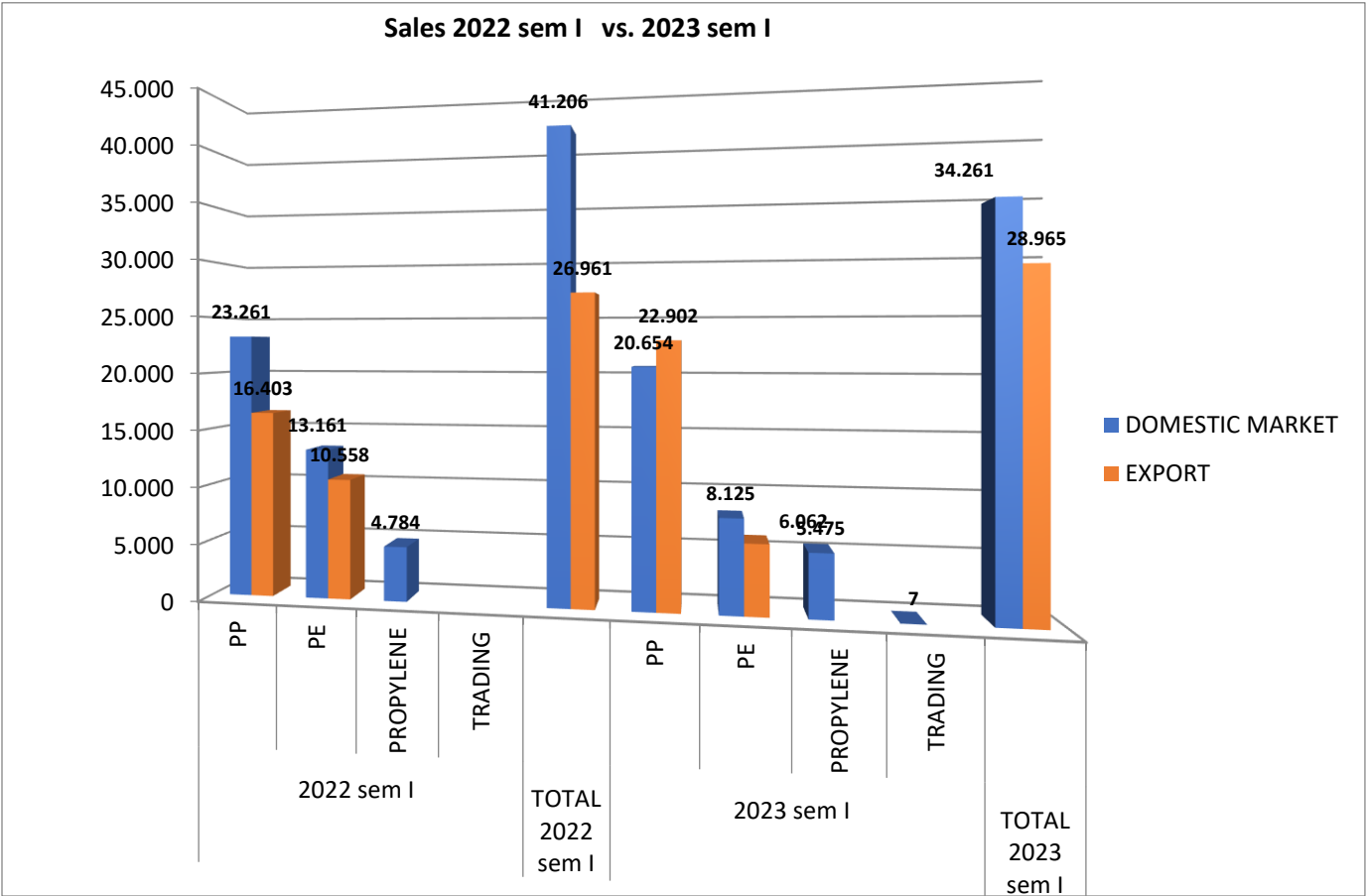
Besides its own products, the Company is now actively selling a wide range of petrochemical products which are not currently produced by the Rompetrol Rafinare – the Petrochemical Plant, but which are in demand on the Romanian market, namely: linear low density polyethylene (LLDPE), PVC, PET and PP.

The sales of the Petrochemicals Area in the first half of 2023 amounted to a total quantity of 63,226 tons.

In the first half of 2023, 69% of the total sales were represented by polypropylene (PP), 22% by polyethylene (PE: LDPE and HDPE) and the remaining 9% represents the sales of propylene.

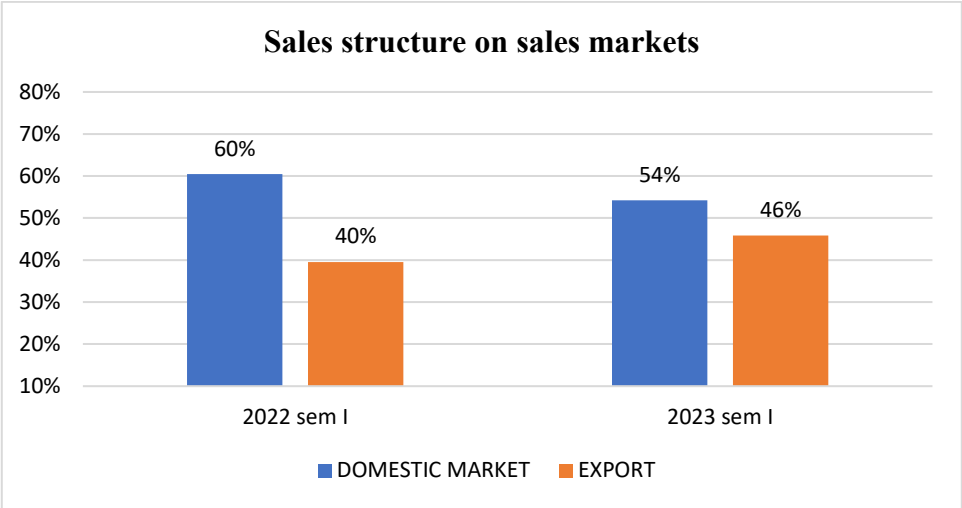


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Out of total sales, 54% is the domestic market and the rest of 46% represents exports.

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The most important distribution channels for polymers (PP, LDPE and HDPE) are Romania - 50%, Bulgaria - 19%, Italy - 6% and Republic of Serbia-5%.

The external sales of polymers were targeted to both the European Union and third countries. The intra-communitarian deliveries represented approx. 75% of the total export sales of finished goods, the difference representing the export sales on the non EU markets.

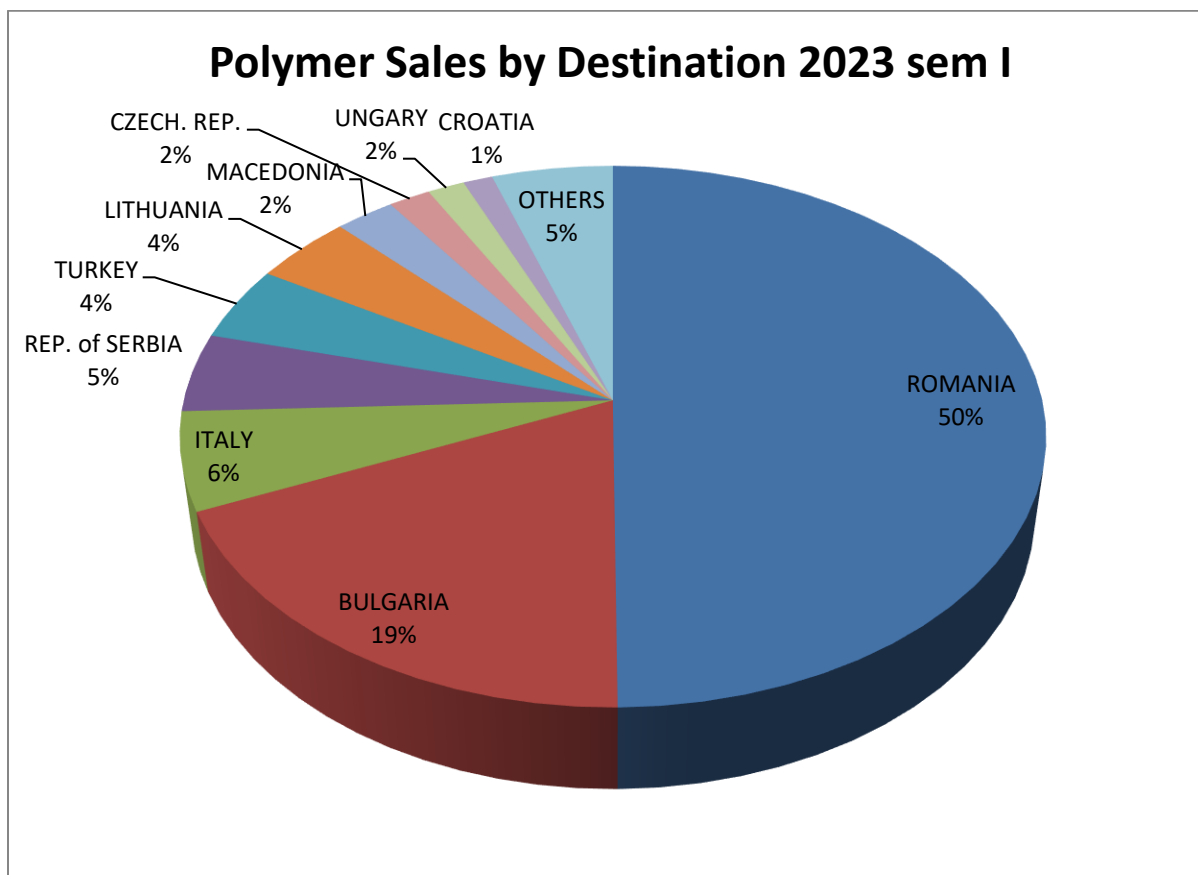
The distribution of petrochemical products sold by Rompetrol Rafinare SA was done by means of auto and railway in the case of sales on the domestic market and, in the case of sales on the foreign market, the distribution of these products was made both by means of automotive and maritime transport through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

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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, 0.63 in the first semester of 2023 versus 0.54 in the first semester of 2022.

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.

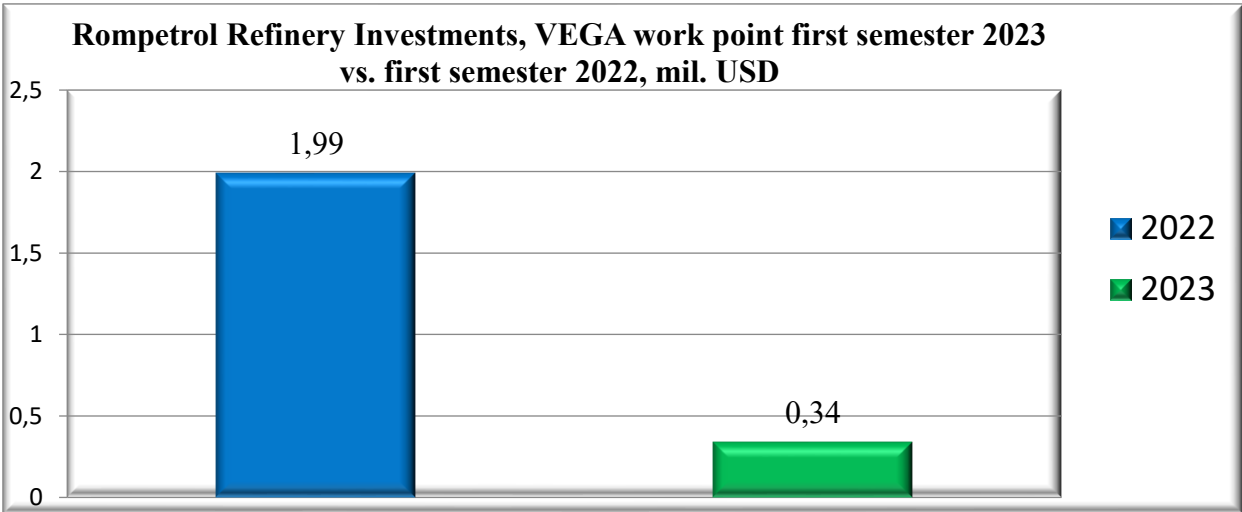
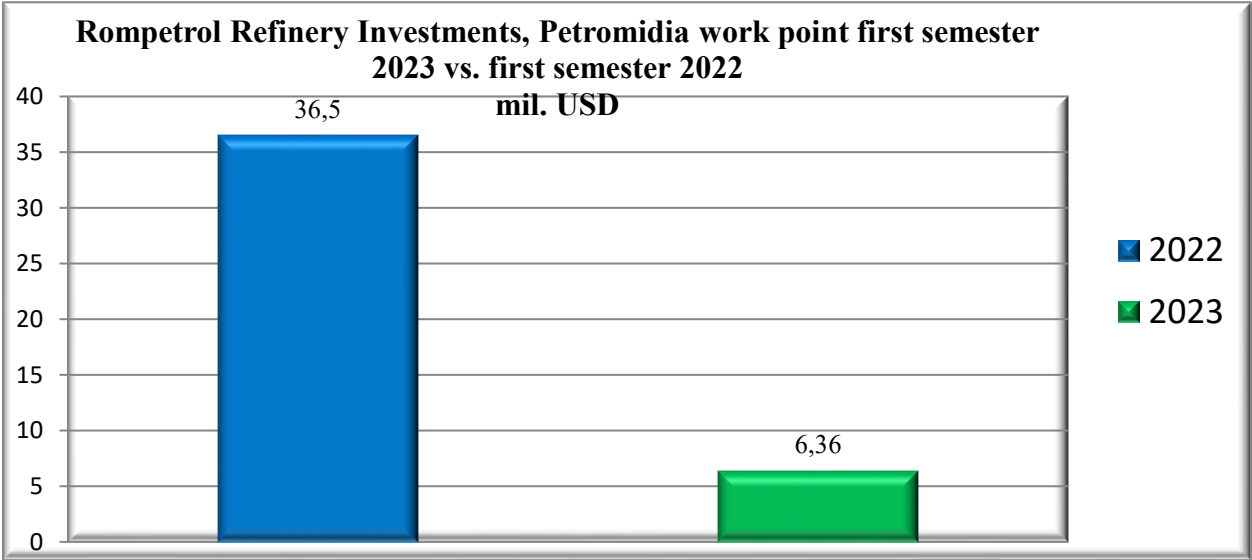
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3.5. Capital expenditures, current - first semester 2023

Between **January and June 2023**, the company has made investments in a total amount of approx. **USD 6.71 million**.

A comparative analysis of the investments in the first half of 2023 vs. the first half of 2022 for both the Petromidia and Vega refineries is shown in the diagrams below:



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

In the first semester of 2023 net turnover decreased by 14% compared to the same period last year, mainly due to lower market quotations for petroleum products compared to the same period last year, although the company recorded increased levels of quantities of products sold in H1 2023 vs. H1 2022.

The level of crude oil processed in the first half of 2023 was 437 thousand tonnes bigger than in the first half of 2022, with an increase of almost 18%.

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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 obligations.

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

As at 30.06.2023, the share capital of the Company registered with the Depozitarul Central S.A. was represented by 26,559,205,726 shares, with a face value of RON 0.10 /share, amounting to RON 2,655,920,572.60.

The consolidated synthetic structure of the shareholders of ROMPETROL RAFINARE S.A., according to the consolidated Shareholders Register as at 30.06.2023 issued by Depozitarul Central S.A. is the following:

| SHAREHOLDER (as of 30.06.2023) | NUMBER OF SHARES (as of 30.06.2023) | PARTICIPATION PERCENTAGE IN THE SHARE CAPITAL (as of 30.06.2023) |
|--|---|--|
| KMG INTERNATIONAL N.V. | 12,778,577,732 | 48.1136% |
| ROMANIAN STATE represented by the Ministry of Energy | 11,870,877,580 | 44.6959% |
| Shareholders – Legal entities – holding each one less than 10% of the share capital, holding together: | 1,763,047,205 | 6.6382% |
| Shareholders – Natural entities – holding each one less than 10% of the share capital, holding together: | 146,703,209 | 0.5524% |
| TOTAL | 26,559,205,726 | 100% |

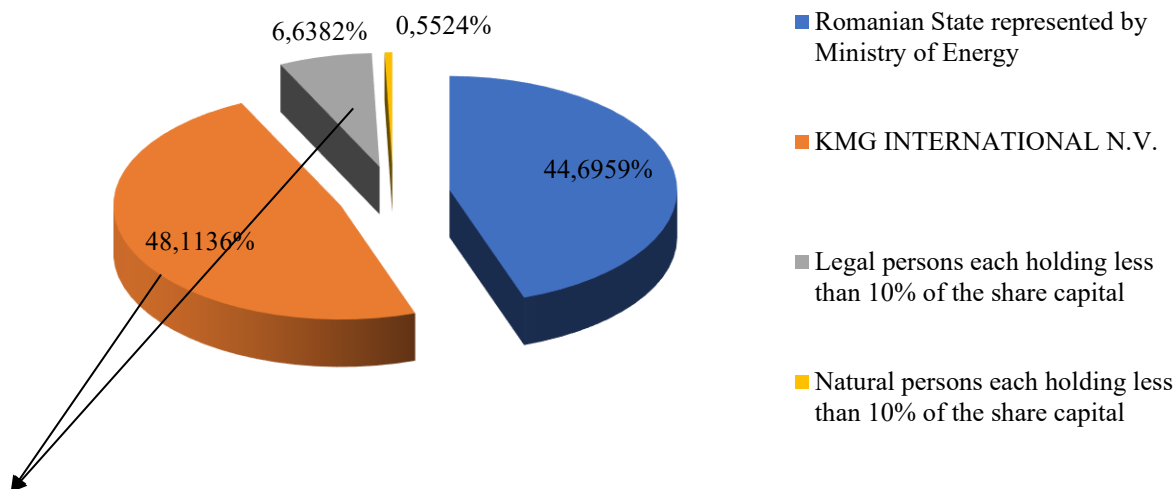
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The structure consolidated by Depozitarul Central S.A. as at 30.06.2023



Note:

As at 30.06.2023, the shareholders belonging to the KMG International Group hold 14,510,324,147 shares, representing 54.6339% of shares capital of Rompetrol Rafinare S.A.

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.).

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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 2023, the Company holds two points of work, namely:

- i) Work point situated in Navodari, 1-283 Navodari Av., Constanta County, named *“Rompetrol Rafinare – Work point Petromidia Refinery”*;
- ii) Work point in Ploiesti, 146 Valeni street, Prahova county, which carries on its activity in the premises owned by 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 2023, the following changes took place at the level of the Board of Directors:

- *April 27, 2023*: pursuant to Resolution no. 2/2023 adopted by the Ordinary General Meeting of Shareholders, the following was approved:
 - the revocation of Messrs. Yedil Utekov and Askar Abilov as members of the Board of Directors of Rompetrol Rafinare S.A. as a result of them renouncing their mandates as administrators starting on May 1st, 2023 (last day of mandate being April 30th, 2023).
 - the election of Messrs. Batyrzhan Tergeussizov and Adrian Tohănean as new members of the Company's Board of Directors for a term starting on **May 1st, 2023 and expiring on April 30th, 2026** (date of expiration of the mandate of the current members of the Board of Directors) .

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- *May 3, 2023*: pursuant to Decision no. 1 as of May 3rd, 2023, the Board of Directors appointed Mr. Batyrzhan Tergeussizov as President of the Board of Directors of Rompetrol Rafinare S.A. during the period of his mandate as a member of the Board of Directors, respectively 01.05.2023 – 30.04.2026.

The Company's directors in office on June 30th, 2023, are:

- **Batyrzhan Tergeussizov**, citizen of the Republic of Kazakhstan, Chairman of the Board of Directors - non-executive director;
- **Felix Crudu-Tesloveanu²**, Romanian citizen, member of the Board of Directors - executive director;
- **Adrian Tohănean**, Romanian citizen, member of the Board of Directors – non-executive director;
- **Nicolae Bogdan Codruț Stănescu³**, Romanian citizen, member of the Board of Directors, designated by the Ministry of Energy - independent non-executive director.
- **Bogdan-Cătălin Steriopol⁴**, Romanian citizen, member of the Board of Directors, designated by the Ministry of Energy - independent non-executive director.

At the date of the present half-yearly Report, there were changes in the composition of the Board of Directors in the sense of appointing, starting August 1st, 2023, Mrs. Tamila Mikulich and Mr. Constantin Saragea as interim members of the Board of Directors, on the two vacant positions following the election, starting May 1st, 2023, by the Ordinary General Meeting of Shareholders as of April 27th, 2023, of two candidates for the 4 vacant seats on the previously mentioned date.

² He also held the capacity of non-independent executive member of the Board of Directors of RRC starting October 1st, 2020 until April 30th, 2022, being re-elected by OGMS Resolution no. 3/2022 as of April 28th, 2022, for a new 4-year mandate, respectively from May 1st, 2022 to April 30th, 2026

³ Proposed to the Board of Directors of the Company by the significant shareholder - the Romanian State through the Ministry of Energy. He was elected as a member of the Board of Directors by Resolution no. 3/2018 adopted by the Ordinary General Meeting of Shareholders on April 27th, 2018, and re-elected by OGMS Resolution no. 3/2022 as of 28 April 2022, for a new mandate of 4 years, respectively from 1 May 2022 to 30 April 2026. He also held the position of director of the Company between 12.06.2015 and 27.04.2016.

⁴ Proposed to the Board of Directors of the Company by the significant shareholder - the Romanian State through the Minister of Energy. Mister. Bogdan Cătălin Steriopol was interim director of the Board of Directors between June 4th, 2020, and September 18th, 2020, then elected permanent director by Resolution no. 6/2020 of the Ordinary General Meeting of Shareholders as of September 18th, 2020, for a term that expired on April 30th, 2022. He was re-elected on April 28th, 2022, for a new 4-year term, respectively from May 1st, 2022, to April 30th, 2026.

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According to art. 137² of Law no. 31/1990 on companies, republished, with subsequent amendments, and of art. 14.6 of the Constitutive Act of Rompetrol Rafinare S.A., upon the proposal of the members of the Board of Directors, Tamila Mikulich and Constantin Saragea were appointed provisional members of the Board of Directors, starting August 1, 2023, until the next Ordinary General Meeting of Shareholders.

As a result, the **Administrators of the Company in office at the time of drafting the present half-yearly Report**, are:

- **Batyrzhan Tergeussizov**, citizen of the Republic of Kazakhstan, Chairman of the Board of Directors - non-executive director;
- **Felix Crudu-Tesloveanu**, Romanian citizen, member of the Board of Directors - executive director;
- **Adrian Tohănean**, Romanian citizen, member of the Board of Directors - non-executive director;
- **Nicolae Bogdan Codruț Stănescu**, Romanian citizen, member of the Board of Directors - independent non-executive director.
- **Bogdan-Cătălin Steriopol**, Romanian citizen, member of the Board of Directors - independent non-executive director.
- **Tamila Mikulich**, citizen of the Republic of Kazakhstan, member of the Board of Directors - non-executive director.
- **Constantin Saragea**, Romanian citizen, member of the Board of Directors - non-executive director.

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

In its activity, the Board of Directors is supported by two advisory committees, namely: the Audit Committee and the Strategy Committee, being entrusted with concluding analysis and preparing recommendations for the Board of Directors, in the specific areas of activity, having the obligation of submitting periodic activity reports to the members of the Board of Directors.

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➤ **Audit Committee**

During the first semester of 2023, the structure of the Audit Committee underwent the following changes:

From January 1, 2023, to April 30, 2023, the structure of the Audit Committee was as follows:

- **Dan Alexandru Iancu**, financial auditor registered with the Romanian Chamber of Financial Auditors, independent member of the Audit Committee, re-elected based on OGMS Resolution No. 3/2022 from April 28th, 2022 - *Chairman*;
- **Askar Abilov**, non-executive director, elected by the Decision no. 6 adopted by the Board of Directors on May 4th, 2022 - *Member*;
- **Nicolae Bogdan Codruț Stănescu**, independent non-executive director, appointed by Decision no. 6 adopted by the Board of Directors on May 4th, 2022- *Member*.

From May 1st, 2023, to June 30, 2023, the structure of the Audit Committee was as follows:

- **Dan Alexandru Iancu** - *Chairman*;
- **Adrian Tohănean**, non-executive director, elected by the Decision no. 2 adopted by the Board of Directors on May 3rd, 2023 - *Member*;
- **Nicolae Bogdan Codruț Stănescu**, independent non-executive director - *Member*.

➤ **Strategy Committee:**

During the first semester of 2023, the structure of the Strategy Committee underwent the following changes:

From January 1, 2023, to April 30, 2023, the structure of the Strategy Committee was as follows:

- **Yedil Utekov**, non-executive director, re-elected by the Decision adopted by the Board of Directors on May 9, 2022 - *Chairman*;
- **Felix Crudu-Tesloveanu**, executive director, elected by the Decision adopted by the Board of Directors on May 9, 2022 - *Member*;
- **Bogdan-Cătălin Steriopol**, independent non-executive director, elected by the Board of Directors Decision of May 9th, 2022 - *Member*.

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From May 1st, 2023, to June 30, 2023, the structure of the Strategy Committee was as follows:

- **Batyrzhan Tergeussizov**, non-executive director, elected by Decision no. 2 adopted by the Board of Directors on May 3th, 2023 – *Chairman*;
- **Felix Crudu-Tesloveanu**, executive director - *Member*;
- **Bogdan-Cătălin Steriopol**, independent non-executive director - *Member*.

On the date of drafting the present half-yearly Report, there were changes in the composition of the Strategy Committee in the sense of completing the composition of the Strategy Committee starting with August 1st, 2023, with two more members, namely Ms. Tamila Mikulich and Mr. Constantin Saragea.

- **Changes regarding the Executive Management**

In accordance with the provisions of the Acts of Association of the Company, **the only functions to which the management of the Company is delegated under the provisions of art. 143 of Law 31/1991 on companies are those of General Manager and Financial Manager.** Any other position of manager within the Company (human resources manager, commercial manager, administrative manager, IT manager, etc.), regardless of its name, does not involve the management of the Company.

During the analysed period, there were no changes at the level of the Company's Executive management.

As a result, on June 30, 2023, the two directors to whom management was delegated in the sense mentioned above were:

| Name and surname | Function |
|----------------------------|-------------------|
| Felix Crudu-Tesloveanu | Director General |
| Ramona-Georgiana Gălățeanu | Director Economic |

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As mentioned above, both members of the Executive Management exercise their positions for a term that will expire on April 30, 2026 (together with the Directors who appointed them).

- **Changes regarding the Financial Auditor of the Company**

During the analysed period, there were no changes regarding the Financial Auditor of the Company.

According to the Resolution no. 4/2022 adopted by the Ordinary General Meeting of Shareholders on April 28, 2022 approved the re-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), as financial auditor of the Company, for the financial years 2022 and 2023, the duration of the audit contract being two years.

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5. IMPORTANT EVENTS – FIRST SEMESTER 2023

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 2023 and 31 December 2022, Rompetrol Rafinare SA had the following balances with the related parties:

| | Receivables and other assets | |
|--|-------------------------------------|--------------------------|
| | June 30, 2023 | December 31, 2022 |
| KazMunayGas Trading AG | 149,369,978 | 235,100,198 |
| Rompetrol Downstream S.R.L. | 583,093,517 | 393,764,336 |
| Rompetrol Petrochemicals S.R.L. | 481 | 481 |
| Rompetrol Gas SRL | 39,288,546 | 50,798,926 |
| Rompetrol Moldova ICS | 47,297,616 | - |
| Rompetrol Bulgaria JSC | 692,444 | 1,014,345 |
| Rominserv S.R.L. | 34,039,196 | 15,859,443 |
| Rompetrol Quality Control S.R.L. | 163,857 | 191,532 |
| Rompetrol Logistics S.R.L. | 2,134 | 1,780 |
| Midia Marine Terminal S.R.L. | 846,308 | 1,024,824 |
| Midia Green Energy SA (former Uzina Termoelectrica Midia SA) | 274,985 | 274,985 |
| KMG Rompetrol SRL | 512,680,051 | 398,201,670 |
| Global Security Systems S.A. | 607,055 | 606,080 |
| Rompetrol Energy S.A. | 159,311,394 | 87,258,432 |
| Byron Shipping Ltd. | 1,788 | 2,806 |
| Oilfield Exploration Business Solutions S.A. | 2,935,341 | 2,980,529 |
| Rom Oil S.A. | - | 88,313 |
| Rompetrol Financial Group SRL | 11,210 | 11,207 |
| KMG Rompetrol Services Center SRL | 45,410 | 46,238 |
| KMG Rompetrol Development SRL | 1,023,828 | - |
| Total | 1,531,685,138 | 1,187,226,127 |

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Payables, loans and other liabilities
June 30, 2023 December 31, 2022

| | | |
|--|----------------------|----------------------|
| KazMunayGas Trading AG | 3,751,988,727 | 2,684,890,824 |
| Rompetrol Downstream S.R.L. | 40,516,218 | 37,960,211 |
| Rompetrol Petrochemicals S.R.L. | 8,315,590 | 8,315,590 |
| KMG International N.V. | 949,150 | 1,152,218 |
| Rompetrol Gas SRL | 2,848,472 | 2,879,235 |
| Rompetrol Moldova ICS | 75,510,968 | 14,729,346 |
| Rominserv S.R.L. | 43,319,463 | 86,404,563 |
| Rompetrol Quality Control S.R.L. | 3,136,310 | 13,528,786 |
| Midia Marine Terminal S.R.L.-trade debts | 6,378,494 | 19,293,936 |
| Midia Green Energy SA (former Uzina Termoelectrica Midia SA) | 415 | 415 |
| KMG Rompetrol SRL- debt cash pooling | 1,593,649,327 | 1,681,424,077 |
| KMG Rompetrol SRL-interest cash pooling | 10,241,454 | 11,847,300 |
| KMG Rompetrol SRL-trade debts | 4,181,591 | 22,235,373 |
| Global Security Systems Fire Services S.R.L. | 776,626 | 1,473,150 |
| KMG Rompetrol Development | - | 10,014,759 |
| Rompetrol Energy S.A. | 29,833,125 | 30,529,883 |
| KMG Rompetrol Services Center SRL | 1,254,837 | 5,053,254 |
| TRG Petrol Ticaret Anonim Sirketi | 10,346 | 10,346 |
| Total | 5,572,911,113 | 4,631,743,267 |

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 2023, with annual automatic prolongation of maturity.

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B. In the first semester of 2023, respectively in the first semester of 2022, Rompetrol Rafinare had the following transactions with the related parties.

| Name of related party | Nature of transaction , sales / purchases | Sales | | Purchases | |
|--|--|----------------------|----------------------|----------------------|----------------------|
| | | January - June 2023 | January - June 2022 | January - June 2023 | January - June 2022 |
| KazMunayGas Trading AG | Raw materials / Petroleum products | 1,541,316,772 | 2,304,543,441 | 7,782,227,488 | 8,956,356,687 |
| Rompetrol Downstream S.R.L. | Petroleum products, rent, utilities and other | 3,810,964,158 | 4,580,697,854 | 1,397,289 | 1,387,102 |
| Rompetrol Petrochemicals S.R.L. | Rent, utilities and other | - | - | 821 | - |
| KMG International N.V. | Loan interest, management services | - | - | 4,161,905 | 5,142,718 |
| Rompetrol Gas SRL | Platform operation, propane / Petroleum products, rent, other | 262,187,856 | 311,505,226 | 523,034 | 368,848 |
| Rompetrol Moldova ICS | Sales intermediary services | 898,255,153 | 718,028,634 | - | - |
| Rompetrol Bulgaria JSC | Sales intermediary services | 21,172,812 | 57,213,355 | - | - |
| Rominserv S.R.L. | Acquisition and maintenance of fixed assets | 1,773,664 | 1,747,678 | 102,043,563 | 209,759,117 |
| Rompetrol Quality Control S.R.L. | Laboratory analysis/Rent, utilities, other services, dividends | 966,004 | 913,202 | 15,902,113 | 16,353,539 |
| Rompetrol Logistics S.R.L. | Transport, rent/Rent, utilities | 7,549 | 7,488 | 82,162 | 82,162 |
| Midia Marine Terminal S.R.L. | Handling services/ Rent,utilities, re invoicing, loan interest ,others | 976,893 | 919,180 | 33,197,704 | 31,135,689 |
| Rompetrol Well Services S.A. | Loan interest | - | - | 85 | 155 |
| Midia Green Energy SA (former Uzina Termoelectrica Midia SA) | Acquisition of utilities | - | - | - | 21,189,697 |
| Rompetrol Energy S.A. | Acquisition of utilities | 242,288,822 | 103,651,491 | 121,781,472 | 123,621,953 |
| KMG Rompetrol S.R.L. | Loan interest, management services | 22,524,282 | 7,930,067 | 95,178,279 | 81,637,371 |
| Global Security Systems S.A. | Security and protection services | 819 | 816 | 4,931,362 | 6,772,340 |
| Global Security Systems Fire Services SRL | Security and protection services | - | - | 4,610,166 | 3,287,418 |
| Byron Shipping S.R.L. | Demurrage /Rent, reinvoices of other services | 12,105 | 13,983 | - | - |
| Romoil S.A. | Reinvoicing bank loan fees | - | - | 634,730 | - |
| KMG Rompetrol Services Center SRL | Shared services | 228,953 | 227,375 | 5,932,638 | 4,761,954 |
| | | 6,802,675,842 | 8,087,399,790 | 8,172,604,811 | 9,461,856,751 |

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").

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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 8,172,604,811 lei registered in the first semester of 2023 compared to 9,461,856,751 lei in the first semester of 2022**, recorded a decrease of 14% 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 decreased quotations of crude oil purchased and processed by the Company in the first semester of 2023 compared to the same period in 2022, the value of transactions with KazMunayGas Trading AG reduced by almost 13% in the first 6 months of 2023 compared to the value recorded in the same period in 2022.

With regard to **sales in relation to related parties of 6,802,675,842 lei recorded in the first semester of 2023 compared to 8,087,399,790 lei in the first semester of 2022**, characterized by a decrease of 16%, 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 decrease in transactions value in relation to related parties in the first 6 months of 2023 compared to the same period of 2022 was determined by the lower quotations for the petroleum products sold to the related parties in H1 2023 vs. H1 2022.

5.2. LEGAL MATTERS

Litigation with the State involving criminal charges

I. Criminal case

According to an Order issued April 22, 2016, Prosecutor's Office of Romania with the General Headquarters of the Department for Fight Against Organized Crime and Terrorism (DIICOT) investigated the case against 26 suspects under charges of organized crime (few of them being former employees/managers of the Company) allegedly perpetrated during 1999 – 2010 – Case 225.

Further prosecutor orders as well statements of defenses were issued and submitted during 2016 – 2019 and finally on December 5, 2019 Prosecutor's Office of Romania closed the criminal file,

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discharged all allegations and lifted the criminal seizure over Rompetrol Rafinare's assets, but still kept a precautionary seizures over 4 installations (for a value of \$106.5m) in case any alleged civil party is damaged by the said ordinance.

On July 2020 the Supreme Court rejected all the complaints against the closing of the file and on October 14, 2022 the remaining criminal seizure was dismissed by the Court.

The Company lifted the criminal precautionary seizure from the Land Book.

II. Civil files

A. Once the criminal case was closed, Faber (a former minority shareholder of the Company) submitted a civil claim to the Bucharest court against both the Group companies and former criminal defendants. The Court imposed Faber to pay a stamp fee of \$530,000 to have the civil claim duly registered on the court docket.

On May 25, 2020 the Bucharest Court rejected the request of Faber for settlement of the stamp fee that Faber should pay for its claim. On July 8, 2020 Bucharest Court annulled Faber's claim as unstamped. A second similar claim of Faber was rejected again by Bucharest court in January 2022 for non-paying of the stamp fee.

On February 10, 2022 the Company was informed by the Constanta court that Faber submitted for the third time its civil claim in tort against the Group companies and defendants for the same amount of \$55m as principal (\$118m including penalties). The Company submitted its reply, pointing out that before any step forward Faber should pay the stamp fee according to the law and, on top of it, previous decisions the Bucharest Court issued before on the same matter.

B. On the other hand, as Case 225 was finally closed, Faber resumed several civil cases which were suspended back in 2005 - 2007 due to the 225-criminal case and by which Faber challenged the Rompetrol Rafinare corporate documents approved within the privatization process (2001 - 2006) to meet the terms and conditions of the privatization contract.

Until know all claims of Faber either have been withdrew by Faber or have been dismissed by the Court (for couple of them a final and irrevocably decision being issued).

The next hearings in these files were on January 18, 2023. For two cases Faber waived up and withdrew its claims, for the third one the Court postponed the decision for January 25, 2023, when the court dismissed the claim.

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The next hearing in Faber cases is scheduled for March 3, 2023 and the Court postponed a resolution for March 10, 2023 when the court dismissed the appeal. Faber may fill in a second appeal to be ruled by the Supreme Court.

A new hearing in Faber cases was scheduled for April 12, 2023 when the court rejected the Faber's appeal. The decision is subject of a second appeal (*Rom. Recurs*).

At this moment, the High Court of Cassation and Justice has not established trial terms in the second appeals filed by Faber.

Litigations between Rompetrol Rafinare and National Company – Constanta Maritime Port Administration SA

In consideration of the violation by Compania Nationala Administratia Porturilor Maritime Constanta (National Company of Constanta Maritime Ports Administration) of the legal provisions regulating its activity, in the sense that it does not ensure the maintenance in operational parameters of the Midia port found under its administration, so as to ensure the safety of navigation, the preservation of at least the technical features designed for the port, the assurance of safe access and operation, the company initiated court claim against the Constanta Port Administration for Rompetrol Rafinare damages related to lower port drafts during January - May 2015 (0.8 mil USD) and for restitution of dredging expenses (USD 1.7 million). On 19 May 2017, the Court partially admitted the claim of the plaintiff Rompetrol Rafinare SA against the defendant Constanta Port Administration and obliged the defendant to pay to the plaintiff:

- The amount of EUR 1.57 million, representing dredging expenditures paid by Rompetrol Rafinare SA, during the period 30 April 2015 - 11 May 2015;
- The amount of RON 0.079 million representing legal costs.

Both parties filed for appeal against the solution pronounced by first court. On 27 December 2017, Constanta Court of Appeal admitted the appeal filed by Constanta Port Administration, reject the appeal filed by Rompetrol Rafinare SA and changed the sentence pronounced by the first court, so all the claims of Rompetrol Rafinare against APMC have been rejected. Rompetrol Rafinare will submit the appeal within 30 days since the communication of the decision issued by Constanta Court of Appeal. The decision has been communicated and the recourse has been filled by Rompetrol Rafinare SA on 6 August 2018. The case is in filter proceedings, and the first hearing term will be established later. During the filter proceedings, National Company "Administratia Porturilor Maritime" SA has raised the exception of inadmissibility of our recourse, motivated by the fact that, according to art. 483 paragraph 2 of the Civil Procedure Code, the decisions regarding the civil navigation and port activity processes are exempted from the right of recourse. Rompetrol Rafinare SA has raised the exception of unconstitutionality regarding the art. 483 paragraph 2 of the Civil Procedure Code. From this reason, The High Court of Cassation and Justice has suspended the procedure until the Constitutional Court solves the exception submitted by

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Rompetrol Rafinare. We specify that the file registered for this purpose at the Constitutional Court under no. 1639 / D / 2019 does not yet have a set hearing term.

Procedure in which is involved Rompetrol Rafinare SA, Rominserv SRL, and employees of the two companies, following of a technical incident occurred in Petromidia refinery on August 22, 2016

On 22 August 2016 a technical incident occurred within the DAV plant. Following the event, two employees of a Group' subsidiary Rominserv SRL suffered burns and two employees passed away.

Following the completion of the criminal prosecution, Rompetrol Rafinare SA, Rominserv SRL and other three employees were put on trial for: the non-observance of the legal labor health and safety measures, bodily harm by negligence, manslaughter and accidental pollution.

The next hearing is scheduled for September 26, 2023, when the witnesses will provide again their statement.

Considering the allegations, each company is facing, a maximum exposure of approximately RON 3.6 million.

Regarding this legal matter Rompetrol Rafinare booked a provision in amount of RON 3.6 million.

Litigation on Tax Assessments received by Rompetrol Rafinare SA in 2017

In December 2017, the National Agency for Tax Administration finalized the tax inspection in Rompetrol Rafinare (covering the period 2011 - 2015) for: VAT fiscal group (all entities from fiscal group were under fiscal control), income tax, withholding tax and excise.

Thorough the Assessment Decision (received in January 2018), there were imposed the following additional taxes: RON 26.1 million representing VAT (of which RON 13.1 million related to VAT of Rompetrol Rafinare SA the rest belonging to the VAT group companies), RON 6.5 million representing Rompetrol Rafinare SA withholding tax and decrease of Rafinare's fiscal loss with RON 144.4 million. The related penalties assessed are in amount of RON 16.3 million for all VAT group companies. The principal additional taxes and related penalties were partially paid and partially compensated with receivable taxes and the remaining, the difference being paid in cash.

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The tax assessment on VAT group and Rompetrol Rafinare SA was challenged on 26 February 2018. The contestation received a partial negative answer and the Group appealed against it in front of the Court of Appeal Constanta on July 25, 2019.

On April 28, 2021, Constanta Court of Appeal rejected Rompetrol Rafinare claim as ungrounded.

The Company submitted an appeal in front of the High Court of Justice. The first term was set in the appeal for May 25, 2023 when the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal having the first hearing on October 5, 2023.

Regarding this legal matter Rompetrol Rafinare booked a provision in amount of RON 11.5 million as of December 31, 2022, the total amount recognized is RON 25.1 million.

Criminal case concerning Petromidia Refinery incident on July 2nd 2021

On July 2, 2021, there was an explosion followed by a fire at Petromidia refinery, Diesel Hydrotreatment Unit (in Romanian “instalatie Hidrofinare Petrol Motorina” hereinafter HPM plant). As a result of the incident, 3 employees of the company died and one employee was hospitalized due to a hip fracture. The criminal investigations are carried out by the Prosecutor's Office attached to the Constanta Tribunal, was finalised and communicated to the Company the technical expertise carried out by INCD INSEMEX Petrosani, at the request of the criminal investigation bodies, document analysed both by the criminal lawyers, by the party expert as well as and the company's specialists, objections and point of view of the party expert being submitted as well as requests for clarifications issued by the case prosecutor; the company has the quality of a civilly responsible party, hearings of the employees involved in the incident were performed. At the same time, the collective work accident is being investigated by the Territorial Labour Inspectorate according to the incident legislation who submitted in front of the criminal investigators their Work Accident Investigation Report

On July 11, 2022, the company settled the last potential civil claim with the heir of one of the employee passed away during the said incident.

DIICOT Criminal Investigation File in connection with Vega lagoons greening Project

During the investigation carried out by the Directorate for the Investigation of Organized Crime and Terrorism ("DIICOT"), investigation which is the subject of criminal case 279 / D / P / 2020, to the Company were communicated during 2021 a series of ordinances by which was requested to provide the documents to the criminal investigation bodies in connection with the works contracted for the greening of the lagoon 18 from the Vega refinery. On the date of drawing up this half-yearly report, the company has no quality in the criminal case. The suspicions of the criminal investigation bodies concern the alleged fictitious character of some services for which

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the Company would have unjustifiably paid the amount of approximately 10 million RON. On 23.02.2022, DIICOT informed the Company if it intends to become a civil party in the criminal proceedings mentioned above, the Company reserve right in relation to the evolution of the criminal case that is the subject of criminal case 279 / D / P / 2020, to make such a request to become a civil party, if the case.

The trial was sent to the regular panel and is expected a first hearing to be established. On March 2, 2023, the court kept the judicial control over the company's employees but lifting the interdiction for leaving the country. On March 9, 2023 the court finally lifted also the judicial control.

Vega lagoons greening Project located on the territory of the Vega Refinery

On 16.02.2023 an unplanned inspection was started in the Vega refinery, by the National Environmental Guard-Commissariat General, the National Environmental Guard- Prahova County Commissariat and the Environment Fund Administration.

As a result of the inspection carried out, on 20.03.2023 the Administration of the Environmental Fund concluded the Finding Note no. 4637/20.03.2023, by which it was decided that within 20 working days, the technical project for the closure and post-closure monitoring of the deposit, as well as the proof of the establishment at its disposal of the closure fund of the deposit, should be submitted to this institution by the Company. The Company completed on time the measure.

Following the completion of the unplanned inspection carried out by the National Environmental Guard-General Commissariat and the National Environmental Guard-Prahova County Commissariat between February 16 and April 3, 2023, the Finding Note no. 24/03.04.2023 was issued by which a series of measures and compliance deadlines were established for the Company.

Considering the findings mentioned in the above-mentioned control act, the National Guard requested the Prahova Environmental Protection Agency to issue a prior notification in order to suspend AIM, a notification that was communicated to the Company on 25.04.2023 and by which the maximum deadline was granted, of 60 days, in order to carry out the measures imposed by the National Environmental Guard-General Commissariat, the National Environmental Guard-Prahova County Commissariat. The Prahova Environmental Protection Agency issued and communicated Notification no. 74/25.04.2023 prior to the suspension of AIM with a 60-day compliance deadline.

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The preliminary procedures regulated by the administrative litigation law were formulated against the documents mentioned above, later being initiated in court and action to suspend the legal effects of the Notification issued by the APM.

In parallel, the Company proved to the authorities the fulfillment of the obligations provided for in the integrated environmental authorization and thus the fulfillment of all the measures ordered by the Finding Note of April 3, 2023. Thus, based on the documents provided to the National Environmental Guard-General Commissariat and the National Environmental Guard- The Prahova County Commissariat, on June 20, 2023, was issued Finding Note no. 59/20.06.2023 by which it was ascertained that the measures ordered by the control act issued on 04.03.2023 were fulfilled in full and on time.

The Finding Note was also communicated to the APM, which in turn issued Decision no. 132/22.06.2023 according to which Notification no. 74/25.04.2023 prior to the suspension of AIM ceased to be applicable.

Criminal file regarding the incident in the Petromidia refinery – Polypropylene (PP) plant dated May 13, 2023

On May 13, 2023, an incident occurred in the PP plant in the Petromidia refinery, as a result of which 2 company employees died. Criminal investigations are carried out by the Prosecutor's Office of Constanta Court (Tribunal). In the criminal case, the company has no quality, until this moment a series of hearings have been conducted of the employees involved in the event or present at the workplace in the installation. At the same time, the work accident is being investigated by the Territorial Labor Inspectorate according to the legislation on work incidents.

Criminal file regarding the incident in the Petromidia refinery – mild hydrocracking (MHC) plant dated June 21, 2023

On June 21, 2023, a fire occurred in the Petromidia refinery, at the MHC plant, with no recorded victims. Criminal investigations are carried out by the Prosecutor's Office next to the Constanta Court (Judecatorie). The company, as the injured party, formulated and submitted in the file a criminal complaint with the object of destruction. Also, at the request of both the Company and the Prosecutor's Office next to the Constanta Court, INCD INSEMEX Petroșani was ordered to carry out a technical judicial expertise in order to establish the causes of the incident. At the same time, the incident, falling under the category of major incidents in accordance with the legislation in force, is also being investigated by the Constanta Territorial Labor Inspectorate.

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5.3. Other significant transactions

Constantly and regularly, significant transactions take place, with the object of providing goods and services, with companies from the KMG International Group.

Rompetrol Rafinare reported the legal documents concluded during the first quarter of 2023 by the Company in accordance with art. 108 of Law no. 24/2017, republished and with art. 144 letter B of the ASF Regulation no. 5/2018, through the current Report registered with the Company under no. 3140 as of June 16th, 2023, and no. 2840 as of July 28th, 2023. The reports were sent to the market operator (respectively the Bucharest Stock Exchange), posted on the company's website in the Investor Relations section <https://rompetrol-rafinare.kmginternational.com/>, Current Reports subsection as well as on the website ASF (www.asfromania.ro) in the section: Supervision/Capital market/Electronic reports.

Also, other major transactions concluded by the Company with the persons with whom it acts in concert or in which these persons were involved during the reported period, were the transactions subject to the approval of the Board of Directors according to the legal provisions and the provisions of the Constitutive Act, information presented in the section regarding “*Main resolutions of the Board of Directors (BoD) of RRC*”:

- *On January 17, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the conclusion of the Contract for the purchase of about 24,000 +/- 10% tons of diesel component with KazMunayGas Trading A.G. was approved;
- *On January 20, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the conclusion of Addendum no. 1 to the sales-purchase framework agreement no. RR2/03.01.2023 of about 5,000 +/- 10% tons of Euro 5 diesel (without biodiesel) with Rompetrol Moldova was approved;
- *On January 24, 2023.* According to Decision no. 2 of the Board of Directors as of the previously mentioned date, the conclusion of Addendum no. 16 to the natural gas purchase contract between the Company and OMV Petrom S.A. was approved for extending the validity of the contract until April 30, 2023.
- *On April 7, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the conclusion and signing of the documents related to the refinancing of the existing syndicated loan in the amount of USD 435 million through a new syndicated loan of up to USD 600 million was approved. Thus, on April 13, 2023, the Company signed a new syndicated loan in the amount of USD 531.8 million with the possibility of increasing it up to USD 600 million to refinance the existing syndicated loan in the amount of USD 435 million and, at the same time, to finance general corporate purposes. The new

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syndicated facility was arranged by Banca Comerciala Romana S.A., as Coordinator, Mandated Principal Arranger, Bookrunner, Documentation Agent, Guarantees and Payments and creditor together with the following banks ING Bank N.V. through ING Bank N.V. Amsterdam – Bucharest Branch, Raiffeisen Bank S.A, and UniCredit Bank S.A as Mandated Principal Arrangers and creditors, Alpha Bank Romania S.A, as arranger and creditor, as well as by Garanti Bank S.A and OTP Bank Romania S.A, as creditors. The company concluded this loan agreement together with KMG International N.V., and other companies of the Group, respectively KMG Rompetrol S.R.L. and Rompetrol Downstream S.R.L. This loan is guaranteed by KMG International N.V. and can also be used by other companies such as KMG Rompetrol S.R.L. and Rompetrol Downstream S.R.L. Also, to guarantee the loan, mortgages were established on several assets owned by subsidiaries of KMG International N.V., among these assets are fuel distribution stations, depots, stocks of oil products, trade receivables and bank accounts. The purpose of this loan is to cover the general working capital needs of the borrowers. Contracting the loan is in the interest of the activity carried out by the Company, favors the success of the Company, is to its advantage and is in no way disproportionate in relation to the benefits arising from the conclusion of the above-mentioned contract and there is no conflict of interest between the interests of the Company and those of any of its administrators.

- *On April 9, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the Draft Additional Act no. 3 to the Crude Oil Sale-Purchase Framework Agreement no. 09046/2021 between the Company (buyer) and KazMunayGas Trading A.G. (seller) was approved so that it is subject to debate and ratification of its conclusion in order to approve the content, form, terms and conditions during the EGMS on April 27, 2023;
- *On April 28, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the conclusion of the Addendum no. 17 to the natural gas purchase contract no. RR 1/31.12.2015 between RRC (as buyer) and OMV Petrom S.A. (as the seller) was approved for extending the validity of the Contract until May 31, 2023;
- *On May 31, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the conclusion of the Addendum no. 18 to the natural gas purchase contract no. RR 1/31.12.2015 between RRC (as buyer) and OMV Petrom S.A. (as a seller) was approved;
- *On June 15, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the conclusion of the Addendum no. 2 to the Sales Purchase Agreement no. RR 2/02.11.2019 between RRC (as seller) and Rompetrol Downstream S.R.L. (as the buyer) was approved, by which the object of the contract is supplemented with an estimated amount of 30,000 tons of Rompetrol Calor Economic 3;
- *On June 28, 2023.* According to the Decision no. 1 of the Board of Directors as of the previously mentioned date, the signing by the Company of the Addendum no. 30 to the Loan Agreement no. 368 as of 23.07.2007, in the amount of EUR 27,961,890, as amended by subsequent additional acts, regarding the extension of the availability period and the

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validity period of the respective credit agreement, as well as regarding the modification starting from 01.07. 2023 of the annual interest rate for USD, in the sense that the annual LIBOR interest rate will cease to exist and will be replaced by TERM SOFR CME was approved. Also, on the same date, the signing by the Company of Addendum no. 48 to the revolving credit facility agreement for working capital no. 490/17.03.2008 in the amount of EUR 30,000,000, as amended by subsequent additional documents, regarding the extension of the validity period of the respective credit agreement, as well as regarding the modification starting with 01.07.2023 of the annual interest rate for USD , in the sense that the LIBOR annual interest rate will cease to exist and will be replaced by TERM SOFR CME was approved;

- *On June 29, 2023.* According to the Decision of the Board of Directors as of the previously mentioned date, the conclusion of the Additional Act no. 2 to the Electricity Supply Contract no. RR.1 as of 29.12.2021 between Rompetrol Rafinare S.A. (as beneficiary) and Hidroelectrica S.A. (as a supplier), additionally regulating the change in the electricity purchase price starting from July 1, 2023 until December 31, 2023.

5.4. Subsequent events

The Company performed an assessment of the events subsequent to the balance sheet date through the date for the financial statements and determined there are no subsequent adjusting events that may require disclosure in the financial statements.

5.5. Amendment of the Articles of Association of the Company

By Resolution no. 4/2023 of the Extraordinary General Meeting of Shareholders of April 27, 2023, the amendment and updating of the Articles of Association of Rompetrol Rafinare S.A. was approved. The amendment referred to article 15 of the Articles of Association which regulates the main powers of the Board of Directors in the sense of ***clarifying the wording of art. 15.1 letter g), reformulating and updating this article*** as follows:

“Art. 15.1. The Board of Directors has the following main attributions:

... g) Except for the legal documents which, according to the imperative provisions of the law, in order to be adopted/concluded, need the approval of the General Assembly of Shareholders, the Board of Directors will decide upon the adoption/conclusion, Company's behalf, of legal documents having an object which exceeds the value of:

i.50,000,000 USD, in case of legal acts having as object the acquisition of crude oil and

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the selling of the following products: Gasoline, Diesel, Jet A1 and Liquefied Petroleum Gases;

ii. 20,000,000 USD in case of legal acts having another object than the acquisition of crude oil respectively the selling of the products mentioned in point i. above, including the approval of participation in the establishment of companies or the increase of their social capital with a contribution that exceeds this value limit.”.

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6. MAIN FINANCIAL INDICATORS AS OF 30.06.2023

| Indicators | Calculation | U.of M | Value 30.06.2023 ^{*)} |
|--|--|-------------|--------------------------------|
| 1. Current liquidity indicator | Current assets/Current liabilities | X | 0.63 |
| 2. Debt liquidity indicator | | | |
| 2.1. Debt ration indicator (1) | Borrowed capital/Own capital x 100 | % | 45.29% |
| 2.2. Debt ratio indicator (2) | Borrowed capital/Committed capital x 100 | % | 31.17% |
| 2.3. Debt ratio indicator (3) | Net Borrowings*** / Equity (including shareholder and related parties loans) | % | 20.00% |
| 3. Rotation tempo of debits – clients | Average balance for receivables/Revenues x 180 | Days | 28.49 |
| 4. Assets rotation tempo **) | Revenues/Non-current assets | | 2.46 |

**) Based on the Individual Interim Financial Accounting on the date and for the period of 6 months closed on June 30, 2023;*

****) Assets rotation tempo is calculated based on annualized turnover for the period January-June 2023 (360 days/180 days).*

*****) The difference between Debt (excluding shareholder and related parties loans) and Cash and cash equivalents*

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7. ANEXE

Annex 1 – Statement of financial position as of 30 June 2023

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| | June 30, 2023 | December 31, 2022 |
|--|-----------------------|-----------------------|
| Intangible assets | 10,264,203 | 13,497,269 |
| Goodwill | 152,720 | 152,720 |
| Property, plant and equipment | 3,930,801,903 | 4,163,154,164 |
| Rights of use assets | 52,198,255 | 53,769,901 |
| Investments in subsidiaries | 3,170,968,557 | 3,170,968,557 |
| Total non-current assets | 7,164,385,638 | 7,401,542,611 |
| Inventories, net | 1,274,376,214 | 1,226,387,029 |
| Receivables and prepayments, net | 2,032,420,460 | 1,676,716,096 |
| Derivative Financial Instruments | - | 11,856,741 |
| Cash and cash equivalents | 886,544,812 | 23,243,490 |
| Total current assets | 4,193,341,486 | 2,938,203,356 |
| TOTAL ASSETS | 11,357,727,124 | 10,339,745,967 |
| Subscribed share capital | 2,655,920,573 | 2,655,920,573 |
| Share premium | 232,637,107 | 232,637,107 |
| Revaluation reserves, net of deferred tax impact | 1,205,293,893 | 1,205,293,893 |
| Other reserves | 3,477,715,645 | 3,467,988,066 |
| Accumulated losses | (4,641,846,600) | (5,308,123,759) |
| Current period result | (243,447,195) | 666,277,159 |
| Total equity | 2,686,273,423 | 2,919,993,039 |
| Long-term borrowings from banks | 1,216,492,500 | - |
| Provisions | 518,326,405 | 518,326,405 |
| Long-term lease debts | 53,576,302 | 54,700,998 |
| Deferred tax liability | 214,628,629 | 214,628,629 |
| Total non-current liabilities | 2,003,023,836 | 787,656,032 |
| Trade and other payables | 6,112,541,119 | 5,648,166,879 |
| Contract liabilities | 264,870,079 | 98,232,193 |
| Short-term lease debts | 2,882,367 | 2,859,828 |
| Derivatives | - | 21,584,319 |
| Short-term borrowings from banks | 207,221,526 | 283,618,888 |
| Profit tax payable | 80,914,774 | 577,634,789 |
| Total current liabilities | 6,668,429,865 | 6,632,096,896 |
| TOTAL LIABILITIES AND EQUITY | 11,357,727,124 | 10,339,745,967 |

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Annex 2 – Profit and loss account for the 6-month period closed on June 30, 2023 profit and loss

Lei

| | January - June 2023 | January - June 2022 |
|---|----------------------------|----------------------------|
| Net revenues from contracts with customers | 8,812,286,062 | 10,226,300,510 |
| Cost of sales | (8,554,164,767) | (9,354,064,939) |
| Gross profit | 258,121,295 | 872,235,570 |
| Selling, general and administrative expenses | (192,097,476) | (243,269,715) |
| Other operating expenses | (170,815,819) | (672,859,715) |
| Other operating income | 78,834,451 | 649,496,792 |
| Operating profit / (loss) | (25,957,549) | 605,602,932 |
| Financial expenses | (193,153,526) | (140,735,527) |
| Financial revenues | 39,227,591 | 9,671,643 |
| Net foreign exchange gains / (losses) | 17,351,063 | (379,578,301) |
| Profit / (Loss) before income tax | (162,532,421) | 94,960,746 |
| Income tax | (80,914,774) | - |
| Net Profit / (Loss) for the period | (243,447,195) | 94,960,746 |
| Earnings per share (<i>bani/share</i>) | (0.92) | 0.36 |
| Basis | | |

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Annex 3 – Cash flow

| | June 30, 2023 | June 30, 2022 |
|--|----------------------|------------------------|
| Net result before income tax | (162,532,421) | 94,960,746 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 235,605,535 | 237,822,585 |
| Provisions for receivables and inventories (incl write-off) | 57,724,665 | 42,718,327 |
| Impairment for property, plant and equipment (incl write-off), net | 31,398,876 | - |
| Expenses with penalties | 8,334,916 | 9,838,248 |
| Unwinding of discount - lease | 921,011 | 940,980 |
| Interest expenses | 192,232,515 | 139,794,546 |
| Inrerest income | (39,227,591) | (9,671,643) |
| (Gain)/Loss on sale or disposal of assets | (504) | - |
| Unrealised foreign exchange (gain)/loss | 15,733,273 | 109,292,822 |
| Cash generated from operations before working capital changes | 340,190,275 | 625,696,611 |
| <i>Net working capital changes in:</i> | | |
| Receivables and prepayments | (215,537,151) | (1,596,982,586) |
| Inventories | (105,724,892) | (881,882,572) |
| Trade and other payables and contract liabilities | 709,642,843 | 1,258,162,724 |
| Change in working capital | 388,380,800 | (1,220,702,434) |
| Income tax paid | (577,634,789) | - |
| Net cash inflow / (outflow) from operating activities | 150,936,286 | (595,005,823) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (29,572,243) | (186,296,178) |
| Purchase of intangible assets | (90,460) | (21,438) |
| Receipts from selling of assets | 504 | - |
| Net cash (outflow) from investing activities | (29,662,199) | (186,317,616) |
| Cash flows from financing activities | | |
| Cash pooling movement | (201,481,241) | 452,559,621 |
| Short - term loans received from banks | 37,156,136 | 863,009,733 |
| Long - term loans received from / (paid) to banks | 1,100,962,756 | (418,023,119) |
| Lease repayments | (2,377,901) | (2,413,713) |
| Interest and bank charges paid, net | (192,232,515) | (139,794,547) |
| Net cash from financing activities | 742,027,235 | 755,337,975 |
| Increase / (Decrease) in cash and cash equivalents | 863,301,322 | (25,985,464) |
| Cash and cash equivalents at the beginning of period | 23,243,490 | 87,598,088 |
| Cash and cash equivalents at the end of the period | 886,544,812 | 61,612,624 |

**ROMPETROL RAFINARE S.A.
INDIVIDUAL HALF-YEAR REPORT
OF BOARD OF DIRECTORS
FOR THE 1ST HALF OF 2023**



rompetrol

KazMunayGas
International
Group Member

Note:

I) During the period under review the Articles of Association of the Company was changed on April 27, 2023, as described in section 5.5.

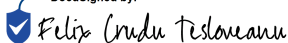
II) Please note that the individual financial statements were prepared in accordance with the Order of the Ministry of Public Finance No. 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards ("IFRS") and have not been audited

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

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**Member and General Manager
Felix CRUDU-TESLOVEANU**

DocuSigned by:

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**Financial Manager
Ramona-Georgiana GĂLĂȚEANU**

DocuSigned by:

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