

**ROMPETROL RAFINARE SA**

**INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

PREPARED IN ACCORDANCE WITH  
**INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**AS ENDORSED BY THE EUROPEAN UNION (EU)**

**30 SEPTEMBER 2023**

**ROMPETROL RAFINARE SA**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
Prepared in accordance with  
**International Financial Reporting Standards as endorsed by the European Union (EU)**  
**as at 30 September 2023**

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**ROMPETROL RAFINARE SA**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2023**

(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))

|                                                            | Notes | September 30,<br>2023<br>USD | December 31,<br>2022<br>USD | September 30,<br>2023<br>RON | December 31,<br>2022<br>RON |
|------------------------------------------------------------|-------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| (supplementary info – see Note 2(e))                       |       |                              |                             |                              |                             |
| Intangible assets                                          | 3     | 4,950,472                    | 6,943,884                   | 23,199,895                   | 32,541,816                  |
| Goodwill                                                   | 4     | 82,871,706                   | 82,871,706                  | 388,369,964                  | 388,369,964                 |
| Property, plant and equipment                              | 5     | 1,098,042,470                | 1,178,598,536               | 5,145,866,231                | 5,523,384,179               |
| Right of use Assets                                        | 7     | 253,369,376                  | 124,769,238                 | 1,187,390,248                | 584,718,557                 |
| Long-term receivable                                       |       | 6,775,343                    | 3,811,865                   | 31,751,967                   | 17,863,924                  |
| <b>Total non current assets</b>                            |       | <b>1,446,009,367</b>         | <b>1,396,995,228</b>        | <b>6,776,578,305</b>         | <b>6,546,878,440</b>        |
| Inventories, net                                           | 9     | 428,390,436                  | 333,870,058                 | 2,007,608,938                | 1,564,648,641               |
| Trade and other receivables                                | 10    | 810,582,171                  | 642,376,936                 | 3,798,712,285                | 3,010,435,282               |
| Derivative financial instruments                           | 32.5  | 1,136,684                    | 2,612,061                   | 5,326,956                    | 12,241,163                  |
| Cash and cash equivalents                                  | 11    | 178,942,607                  | 16,973,215                  | 838,596,633                  | 79,543,275                  |
| <b>Total current assets</b>                                |       | <b>1,419,051,898</b>         | <b>995,832,269</b>          | <b>6,650,244,812</b>         | <b>4,666,868,361</b>        |
| <b>TOTAL ASSETS</b>                                        |       | <b>2,865,061,265</b>         | <b>2,392,827,498</b>        | <b>13,426,823,117</b>        | <b>11,213,746,801</b>       |
| Share capital                                              | 12    | 881,102,250                  | 881,102,250                 | 4,129,197,584                | 4,129,197,584               |
| Share premium                                              | 12    | 74,050,518                   | 74,050,518                  | 347,030,348                  | 347,030,348                 |
| Revaluation reserve, net                                   | 12    | 269,752,954                  | 269,752,954                 | 1,264,170,243                | 1,264,170,243               |
| Other reserves                                             | 12    | (7,133,312)                  | (9,293,941)                 | (33,429,553)                 | (43,555,125)                |
| Other reserves - Hybrid loan                               | 12    | 1,059,285,995                | 1,059,285,995               | 4,964,237,887                | 4,964,237,887               |
| Effect of transfers with equity holders                    | 12    | (596,832,659)                | (596,832,659)               | (2,796,996,573)              | (2,796,996,573)             |
| Accumulated losses                                         |       | (1,158,063,347)              | (1,248,687,737)             | (5,427,148,070)              | (5,851,850,211)             |
| Current year result                                        |       | (4,282,089)                  | 90,624,390                  | (20,067,582)                 | 424,702,141                 |
| <b>Equity attributable to equity holders of the parent</b> |       | <b>517,880,310</b>           | <b>520,001,771</b>          | <b>2,426,994,284</b>         | <b>2,436,936,294</b>        |
| Non-Controlling interest                                   |       | 17,528,871                   | 16,782,749                  | 82,147,301                   | 78,650,676                  |
| <b>Total equity</b>                                        |       | <b>535,409,181</b>           | <b>536,784,519</b>          | <b>2,509,141,585</b>         | <b>2,515,586,970</b>        |
| Long-term borrowings from banks                            | 13    | 265,900,000                  | -                           | 1,246,113,760                | -                           |
| Obligations under lease agreements                         | 14    | 244,926,111                  | 120,283,737                 | 1,147,821,727                | 563,697,705                 |
| Deferred tax liabilities                                   | 15    | 56,950,487                   | 56,950,487                  | 266,892,762                  | 266,892,762                 |
| Provisions                                                 | 19    | 115,340,643                  | 115,340,643                 | 540,532,390                  | 540,532,390                 |
| Other non-current liabilities                              |       | 418,359                      | 165,353                     | 1,960,598                    | 774,910                     |
| <b>Total non-current liabilities</b>                       |       | <b>683,535,600</b>           | <b>292,740,220</b>          | <b>3,203,321,237</b>         | <b>1,371,897,767</b>        |
| Trade and other payables                                   | 16    | 1,518,415,098                | 1,295,310,569               | 7,115,900,520                | 6,070,343,464               |
| Contract liabilities                                       | 17    | 49,926,090                   | 41,914,153                  | 233,973,628                  | 196,426,487                 |
| Derivative financial instruments                           | 32.5  | -                            | 4,592,619                   | -                            | 21,522,850                  |
| Obligations under lease agreements                         | 14    | 7,553,218                    | 4,723,011                   | 35,397,401                   | 22,133,919                  |
| Short-term borrowings from banks                           | 18    | 33,046,642                   | 86,210,918                  | 154,869,783                  | 404,018,846                 |
| Profit tax payable                                         |       | 37,175,436                   | 130,551,489                 | 174,218,963                  | 611,816,498                 |
| <b>Total current liabilities</b>                           |       | <b>1,646,116,484</b>         | <b>1,563,302,759</b>        | <b>7,714,360,295</b>         | <b>7,326,262,064</b>        |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>          |       | <b>2,865,061,265</b>         | <b>2,392,827,498</b>        | <b>13,426,823,117</b>        | <b>11,213,746,801</b>       |

**BATYRZHAN TERGEUSSIZOV**  
**CHAIRMAN of the BOARD of DIRECTORS**

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**RAMONA-GEORGIANA GALATEANU**  
**FINANCE MANAGER**

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**FLORIAN - DANIEL POP**  
**GENERAL MANAGER**

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**ROMPETROL RAFINARE SA**  
**INTERIM CONSOLIDATED INCOME STATEMENT**  
**for the period ended 30 September 2023**

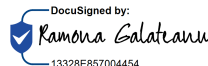
(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))

|                                                                        | Notes | <u>September 30,</u><br><u>2023</u> | <u>September 30,</u><br><u>2022</u> | <u>September 30,</u><br><u>2023</u>                    | <u>September 30,</u><br><u>2022</u> |
|------------------------------------------------------------------------|-------|-------------------------------------|-------------------------------------|--------------------------------------------------------|-------------------------------------|
|                                                                        |       | USD                                 | USD                                 | RON                                                    | RON                                 |
| Revenues from contracts with customers                                 | 20    | 3,194,430,211                       | 3,982,253,354                       | (supplementary info – see Note 2(e))<br>14,970,377,739 | 18,662,432,118                      |
| Cost of sales                                                          | 21    | (2,877,232,429)                     | (3,594,261,337)                     | (13,483,862,055)                                       | (16,844,146,330)                    |
| <b>Gross profit</b>                                                    |       | <b><u>317,197,782</u></b>           | <b><u>387,992,016</u></b>           | <b><u>1,486,515,684</u></b>                            | <b><u>1,818,285,788</u></b>         |
| Selling, general and administrative expenses, including logistic costs | 22    | (206,730,687)                       | (172,320,411)                       | (968,822,690)                                          | (807,562,374)                       |
| Other operating income                                                 | 23    | 33,342,899                          | 155,642,636                         | 156,258,162                                            | 729,403,649                         |
| Other operating expenses                                               | 23    | (43,454,456)                        | (181,061,088)                       | (203,644,963)                                          | (848,524,683)                       |
| <b>Operating profit/(loss)</b>                                         |       | <b><u>100,355,538</u></b>           | <b><u>190,253,154</u></b>           | <b><u>470,306,193</u></b>                              | <b><u>891,602,380</u></b>           |
| Finance cost                                                           | 24    | (108,988,055)                       | (77,114,335)                        | (510,761,621)                                          | (361,388,620)                       |
| Finance income                                                         | 24    | 51,905,135                          | 35,070,034                          | 243,248,225                                            | 164,352,207                         |
| Foreign exchange loss, net                                             | 24    | (4,753,501)                         | 17,383,206                          | (22,276,807)                                           | 81,464,657                          |
| <b>(Loss)/Profit before income tax</b>                                 |       | <b><u>38,519,117</u></b>            | <b><u>165,592,059</u></b>           | <b><u>180,515,990</u></b>                              | <b><u>776,030,624</u></b>           |
| Income tax                                                             | 25    | (42,055,084)                        | (4,348,246)                         | (197,086,946)                                          | (20,377,620)                        |
| <b>(Loss)/Profit for the period</b>                                    |       | <b><u>(3,535,967)</u></b>           | <b><u>161,243,814</u></b>           | <b><u>(16,570,956)</u></b>                             | <b><u>755,653,004</u></b>           |
| Attributable to:                                                       |       |                                     |                                     |                                                        |                                     |
| Equity holders of the parent                                           |       | (4,282,089)                         | 164,101,870                         | (20,067,582)                                           | 769,047,004                         |
| Non-Controlling interests                                              |       | 746,122                             | (2,858,057)                         | 3,496,626                                              | (13,394,000)                        |
| <b>Earnings per share (US cents/share)</b>                             |       |                                     |                                     |                                                        |                                     |
| Basic                                                                  | 28    | (0.016)                             | 0.618                               | (0.075)                                                | 2.896                               |

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**RAMONA-GEORGIANA GALATEANU**  
**FINANCE MANAGER**

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**FLORIAN - DANIEL POP**  
**GENERAL MANAGER**

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**ROMPETROL RAFINARE SA**  
**INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**for the period ended 30 September 2023**


(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))

|                                                                                                               | Notes | <u>September<br/>30, 2023</u><br>USD | <u>September 30,<br/>2022</u><br>USD | <u>September<br/>30, 2023</u><br>RON<br>(supplementary info – see Note 2(e)) | <u>September 30,<br/>2022</u><br>RON |
|---------------------------------------------------------------------------------------------------------------|-------|--------------------------------------|--------------------------------------|------------------------------------------------------------------------------|--------------------------------------|
| <b>(Loss)/Profit for the period</b>                                                                           |       | <b><u>(3,535,967)</u></b>            | <b><u>161,243,814</u></b>            | <b><u>(16,570,956)</u></b>                                                   | <b><u>755,653,004</u></b>            |
| <b>Other comprehensive income</b>                                                                             |       |                                      |                                      |                                                                              |                                      |
| <i>Other comprehensive income to be reclassified to income statement in subsequent periods (net of tax):</i>  |       |                                      |                                      |                                                                              |                                      |
| Net gain/(loss) on cash flow hedges                                                                           | 32.5  | 2,160,629                            | (59,360,449)                         | 10,125,572                                                                   | (278,186,808)                        |
| <b>Net other comprehensive income to be reclassified to income/(loss) statement in subsequent periods</b>     |       | <b><u>2,160,629</u></b>              | <b><u>(59,360,449)</u></b>           | <b><u>10,125,572</u></b>                                                     | <b><u>(278,186,808)</u></b>          |
| <b>Net other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods</b> |       | <b><u>=</u></b>                      | <b><u>=</u></b>                      | <b><u>=</u></b>                                                              | <b><u>=</u></b>                      |
| <b>Total other comprehensive income/ (loss) for the period, net of tax</b>                                    |       | <b><u>2,160,629</u></b>              | <b><u>(59,360,449)</u></b>           | <b><u>10,125,572</u></b>                                                     | <b><u>(278,186,808)</u></b>          |
| <b>Total comprehensive result for the period, net of tax</b>                                                  |       | <b><u>(1,375,338)</u></b>            | <b><u>101,883,365</u></b>            | <b><u>(6,445,384)</u></b>                                                    | <b><u>477,466,196</u></b>            |
| <i>Attributable to:</i>                                                                                       |       |                                      |                                      |                                                                              |                                      |
| Equity holders of the parent                                                                                  |       | (2,121,460)                          | 104,741,422                          | (9,942,010)                                                                  | 490,860,196                          |
| Non-Controlling interests                                                                                     |       | 746,122                              | (2,858,057)                          | 3,496,626                                                                    | (13,394,000)                         |
| <b>Total comprehensive result for the period</b>                                                              |       | <b><u>(1,375,338)</u></b>            | <b><u>101,883,365</u></b>            | <b><u>(6,445,384)</u></b>                                                    | <b><u>477,466,196</u></b>            |

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**FLORIAN - DANIEL POP**  
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**ROMPETROL RAFINARE SA**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the period ended 30 September 2023**

(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))

|                                                                                                                                 | Notes  | September<br>30, 2023<br>USD | September<br>30, 2022<br>USD | September 30,<br>2023<br>RON<br>(supplementary info – see Note<br>2(e)) | September 30,<br>2022<br>RON  |
|---------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------|------------------------------|-------------------------------------------------------------------------|-------------------------------|
| <b>(Loss)/Profit before income tax</b>                                                                                          |        | <b><u>38,519,117</u></b>     | <b><u>165,592,059</u></b>    | <b><u>180,515,990</u></b>                                               | <b><u>776,030,624</u></b>     |
| <i>Adjustments for:</i>                                                                                                         |        |                              |                              |                                                                         |                               |
| Depreciation and amortization of property, plant and equipment and intangibles assets                                           | 21, 22 | 94,354,102                   | 101,052,209                  | 442,181,064                                                             | 473,571,072                   |
| Depreciation of right-of-use assets                                                                                             | 7      | 9,635,168                    | 5,838,078                    | 45,154,251                                                              | 27,359,569                    |
| Provisions for receivables and inventories (incl write-off)                                                                     | 23     | 3,375,041                    | 21,089,640                   | 15,816,792                                                              | 98,834,489                    |
| Impairment for property, plant and equipment (incl write-off)                                                                   | 23     | 7,191,823                    | -                            | 33,703,759                                                              | -                             |
| Late payment interest                                                                                                           | 24     | 3,275,056                    | 3,189,297                    | 15,348,222                                                              | 14,946,321                    |
| Other financial income                                                                                                          | 24     | (618,970)                    | (884,868)                    | (2,900,741)                                                             | (4,146,845)                   |
| Unwinding of discount leasing                                                                                                   | 24     | 11,114,811                   | 5,667,125                    | 52,088,450                                                              | 26,558,415                    |
| Interest income                                                                                                                 | 24     | (51,286,165)                 | (34,185,166)                 | (240,347,484)                                                           | (160,205,362)                 |
| Interest expense and bank charges                                                                                               |        | 90,819,144                   | 64,513,964                   | 425,614,836                                                             | 302,338,241                   |
| Adjustments for gain loss on disposals of property, plant and equipment                                                         | 23     | (21,472)                     | (71,184)                     | (100,626)                                                               | (333,597)                     |
| Unrealised foreign exchange (gain)/loss                                                                                         |        | <u>(2,966,716)</u>           | <u>(19,320,754)</u>          | <u>(13,903,218)</u>                                                     | <u>(90,544,782)</u>           |
| <b>Cash from operations before working capital changes</b>                                                                      |        | <b><u>203,390,939</u></b>    | <b><u>312,480,399</u></b>    | <b><u>953,171,295</u></b>                                               | <b><u>1,464,408,145</u></b>   |
| <i>Net working capital changes:</i>                                                                                             |        |                              |                              |                                                                         |                               |
| Receivables and prepayments                                                                                                     |        | 19,491,325                   | (47,869,720)                 | 91,344,145                                                              | (224,336,656)                 |
| Inventories                                                                                                                     |        | (96,696,434)                 | (77,717,343)                 | (453,158,168)                                                           | (364,214,556)                 |
| Adjustments for increase (decrease) in trade and other payables and adjustments for increase (decrease) in contract liabilities |        | <u>124,112,996</u>           | <u>(120,249,633)</u>         | <u>581,643,145</u>                                                      | <u>(563,537,884)</u>          |
| <b>Change in working capital</b>                                                                                                |        | <b><u>46,907,887</u></b>     | <b><u>(245,836,696)</u></b>  | <b><u>219,829,122</u></b>                                               | <b><u>(1,152,089,096)</u></b> |
| <b>Income tax paid</b>                                                                                                          |        | <b><u>(127,380,136)</u></b>  | <b><u>(4,575,754)</u></b>    | <b><u>(596,954,269)</u></b>                                             | <b><u>(21,443,814)</u></b>    |
| <b>Net cash inflow from operating activities</b>                                                                                |        | <b><u>122,918,690</u></b>    | <b><u>62,067,950</u></b>     | <b><u>576,046,148</u></b>                                               | <b><u>290,875,235</u></b>     |
| <b>Cash flows from investing activities</b>                                                                                     |        |                              |                              |                                                                         |                               |
| Purchase of property, plant and equipment                                                                                       | 5      | (19,004,036)                 | (52,391,874)                 | (89,060,514)                                                            | (245,529,278)                 |
| Purchase of intangible assets                                                                                                   | 3      | (84,608)                     | (234,757)                    | (396,507)                                                               | (1,100,165)                   |
| Proceeds from sale of property, plant and equipment                                                                             |        | 109,592                      | 100,455                      | 513,592                                                                 | 470,772                       |
| <b>Net cash (outflow) from investing activities</b>                                                                             |        | <b><u>(18,979,052)</u></b>   | <b><u>(52,526,176)</u></b>   | <b><u>(88,943,429)</u></b>                                              | <b><u>(246,158,671)</u></b>   |
| <b>Cash flows from financing activities</b>                                                                                     |        |                              |                              |                                                                         |                               |
| Cash flows from (used in) cash pooling, classified as financing activities                                                      | 10,16  | (97,784,850)                 | 76,424,885                   | (458,258,921)                                                           | 358,157,581                   |
| Long - term loans received from banks                                                                                           | 18     | 306,770,363                  | 48,270,948                   | 1,437,648,629                                                           | 226,216,971                   |
| Long - term loans repaid to banks                                                                                               |        | (40,870,363)                 | -                            | (191,534,869)                                                           | -                             |
| Proceeds from current borrowings from banks                                                                                     | 18     | 301,310,133                  | 141,792,006                  | 1,412,059,807                                                           | 664,494,057                   |
| Repayments of current borrowings from banks                                                                                     | 18     | (354,802,295)                | (194,900,168)                | (1,662,745,475)                                                         | (913,380,147)                 |
| Lease repayments                                                                                                                | 14     | (17,641,147)                 | (9,302,627)                  | (82,673,471)                                                            | (43,595,831)                  |
| Interest and bank charges paid, net                                                                                             |        | <u>(38,952,087)</u>          | <u>(30,402,392)</u>          | <u>(182,545,061)</u>                                                    | <u>(142,477,770)</u>          |
| <b>Net cash inflow (outflow) from financing activities</b>                                                                      |        | <b><u>58,029,754</u></b>     | <b><u>31,882,652</u></b>     | <b><u>271,950,639</u></b>                                               | <b><u>149,414,861</u></b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                                                     |        | <b><u>161,969,392</u></b>    | <b><u>41,424,426</u></b>     | <b><u>759,053,358</u></b>                                               | <b><u>194,131,425</u></b>     |
| <b>Cash and cash equivalents at the beginning of the year</b>                                                                   |        | <b><u>16,973,215</u></b>     | <b><u>50,091,261</u></b>     | <b><u>79,543,275</u></b>                                                | <b><u>234,747,686</u></b>     |
| <b>Cash and cash equivalents at the end of the period</b>                                                                       |        | <b><u>178,942,607</u></b>    | <b><u>91,515,686</u></b>     | <b><u>838,596,633</u></b>                                               | <b><u>428,879,111</u></b>     |

**BATYRZHAN TERGEUSSIZOV**  
**CHAIRMAN of the BOARD of DIRECTORS**

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**RAMONA-GEORGIANA GALATEANU**  
**FINANCE MANAGER**

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**FLORIAN - DANIEL POP**  
**GENERAL MANAGER**

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**ROMPETROL RAFINARE SA**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the period ended 30 September 2023**

(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))

**Amount in USD**

|                                  | <u>Share capital</u> | <u>Share premium</u> | <u>Accumulated losses</u> | <u>Revaluation reserves</u> | <u>Deferred income tax related to revaluation, recognised in equity</u> | <u>Effect of transfers with equity holders</u> | <u>Other reserves</u> | <u>Equity attributable to equity holders of the parent</u> | <u>Non-Controlling interest</u> | <u>Total equity</u> |
|----------------------------------|----------------------|----------------------|---------------------------|-----------------------------|-------------------------------------------------------------------------|------------------------------------------------|-----------------------|------------------------------------------------------------|---------------------------------|---------------------|
| 31 December 2021                 | <u>881,102,250</u>   | <u>74,050,518</u>    | <u>(1,298,468,408)</u>    | <u>371,331,557</u>          | <u>(59,695,226)</u>                                                     | <u>(596,832,659)</u>                           | <u>1,074,096,710</u>  | <u>445,584,742</u>                                         | <u>16,995,744</u>               | <u>462,580,486</u>  |
| Net gain for 2022                | -                    | -                    | 164,101,870               | -                           | -                                                                       | -                                              | -                     | 164,101,870                                                | (2,858,057)                     | 161,243,814         |
| Hedging reserves                 | -                    | -                    | -                         | -                           | -                                                                       | -                                              | (59,360,449)          | (59,360,449)                                               | -                               | (59,360,449)        |
| Total other comprehensive income | =                    | =                    | =                         | =                           | =                                                                       | =                                              | <u>(59,360,449)</u>   | <u>(59,360,449)</u>                                        | =                               | <u>(59,360,449)</u> |
| Total comprehensive income       | =                    | =                    | <u>164,101,870</u>        | =                           | =                                                                       | =                                              | <u>(59,360,449)</u>   | <u>104,741,422</u>                                         | <u>(2,858,057)</u>              | <u>101,883,365</u>  |
| 30 September 2022                | <u>881,102,250</u>   | <u>74,050,518</u>    | <u>(1,134,366,537)</u>    | <u>371,331,557</u>          | <u>(59,695,226)</u>                                                     | <u>(596,832,659)</u>                           | <u>1,014,736,262</u>  | <u>550,326,164</u>                                         | <u>14,137,687</u>               | <u>564,463,851</u>  |
| 31 December 2022                 | <u>881,102,250</u>   | <u>74,050,518</u>    | <u>(1,158,063,347)</u>    | <u>321,550,886</u>          | <u>(51,797,932)</u>                                                     | <u>(596,832,659)</u>                           | <u>1,049,992,054</u>  | <u>520,001,771</u>                                         | <u>16,782,749</u>               | <u>536,784,519</u>  |
| Net loss for 2023                | -                    | -                    | (4,282,089)               | -                           | -                                                                       | -                                              | -                     | (4,282,089)                                                | 746,122                         | (3,535,967)         |
| Hedging reserves                 | -                    | -                    | -                         | -                           | -                                                                       | -                                              | 2,160,629             | 2,160,629                                                  | -                               | 2,160,629           |
| Total other comprehensive income | =                    | =                    | =                         | =                           | =                                                                       | =                                              | <u>2,160,629</u>      | <u>2,160,629</u>                                           | =                               | <u>2,160,629</u>    |
| Total comprehensive income       | =                    | =                    | <u>(4,282,089)</u>        | =                           | =                                                                       | =                                              | <u>2,160,629</u>      | <u>(2,121,460)</u>                                         | <u>746,122</u>                  | <u>(1,375,338)</u>  |
| 30 September 2023                | <u>881,102,250</u>   | <u>74,050,518</u>    | <u>(1,162,345,436)</u>    | <u>321,550,886</u>          | <u>(51,797,932)</u>                                                     | <u>(596,832,659)</u>                           | <u>1,052,152,683</u>  | <u>517,880,310</u>                                         | <u>17,528,871</u>               | <u>535,409,181</u>  |

**BATYRZHAN TERGEUSSIZOV**  
**CHAIRMAN of the BOARD of DIRECTORS**

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**RAMONA-GEORGIANA GALATEANU**  
**FINANCE MANAGER**

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**FLORIAN - DANIEL POP**  
**GENERAL MANAGER**

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**ROMPETROL RAFINARE SA**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the period ended 30 September 2023**

(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))


**Amount in RON (supplementary info – see Note 2(e))**

|                                         | <u>Share capital</u> | <u>Share premium</u> | <u>Accumulated losses</u> | <u>Revaluation reserves</u> | <u>Deferred income tax related to revaluation, recognised in equity</u> | <u>Effect of transfers with equity holders</u> | <u>Other reserves</u> | <u>Equity attributable to equity holders of the parent</u> | <u>Non-Controlling interest</u> | <u>Total equity</u>  |
|-----------------------------------------|----------------------|----------------------|---------------------------|-----------------------------|-------------------------------------------------------------------------|------------------------------------------------|-----------------------|------------------------------------------------------------|---------------------------------|----------------------|
| 31 December 2021                        | <u>4,129,197,584</u> | <u>347,030,348</u>   | <u>(6,085,142,347)</u>    | <u>1,740,208,209</u>        | <u>(279,755,707)</u>                                                    | <u>(2,796,996,573)</u>                         | <u>5,033,646,822</u>  | <u>2,088,188,336</u>                                       | <u>79,648,855</u>               | <u>2,167,837,191</u> |
| Net gain for 2022                       | -                    | -                    | 769,047,004               | -                           | -                                                                       | -                                              | -                     | 769,047,004                                                | (13,394,000)                    | 755,653,004          |
| Hedging reserves                        | -                    | -                    | -                         | -                           | -                                                                       | -                                              | (278,186,808)         | (278,186,808)                                              | -                               | (278,186,808)        |
| <b>Total other comprehensive income</b> | =                    | =                    | =                         | =                           | =                                                                       | =                                              | <b>(278,186,808)</b>  | <b>(278,186,808)</b>                                       | =                               | <b>(278,186,808)</b> |
| <b>Total comprehensive income</b>       | =                    | =                    | <b>769,047,004</b>        | =                           | =                                                                       | =                                              | <b>(278,186,808)</b>  | <b>490,860,196</b>                                         | <b>(13,394,000)</b>             | <b>477,466,196</b>   |
| 30 September 2022                       | <u>4,129,197,584</u> | <u>347,030,348</u>   | <u>(5,316,095,343)</u>    | <u>1,740,208,209</u>        | <u>(279,755,707)</u>                                                    | <u>(2,796,996,573)</u>                         | <u>4,755,460,014</u>  | <u>2,579,048,532</u>                                       | <u>66,254,855</u>               | <u>2,645,303,387</u> |
| 31 December 2022                        | <u>4,129,197,584</u> | <u>347,030,348</u>   | <u>(5,427,148,070)</u>    | <u>1,506,916,072</u>        | <u>(242,745,829)</u>                                                    | <u>(2,796,996,573)</u>                         | <u>4,920,682,762</u>  | <u>2,436,936,294</u>                                       | <u>78,650,676</u>               | <u>2,515,586,970</u> |
| Net loss for 2023                       | -                    | -                    | (20,067,582)              | -                           | -                                                                       | -                                              | -                     | (20,067,582)                                               | 3,496,626                       | (16,570,956)         |
| Hedging reserves                        | -                    | -                    | -                         | -                           | -                                                                       | -                                              | 10,125,572            | 10,125,572                                                 | -                               | 10,125,572           |
| <b>Total other comprehensive income</b> | =                    | =                    | =                         | =                           | =                                                                       | =                                              | <b>10,125,572</b>     | <b>10,125,572</b>                                          | =                               | <b>10,125,572</b>    |
| <b>Total comprehensive income</b>       | =                    | =                    | <b>(20,067,582)</b>       | =                           | =                                                                       | =                                              | <b>10,125,572</b>     | <b>(9,942,010)</b>                                         | <b>3,496,626</b>                | <b>(6,445,384)</b>   |
| 30 September 2023                       | <u>4,129,197,584</u> | <u>347,030,348</u>   | <u>(5,447,215,652)</u>    | <u>1,506,916,072</u>        | <u>(242,745,829)</u>                                                    | <u>(2,796,996,573)</u>                         | <u>4,930,808,334</u>  | <u>2,426,994,284</u>                                       | <u>82,147,301</u>               | <u>2,509,141,585</u> |

**BATYRZHAN TERGEUSSIZOV**  
**CHAIRMAN of the BOARD of DIRECTORS**

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**FLORIAN - DANIEL POP**  
**GENERAL MANAGER**

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The accompanying notes from 1 to 33 are an integral part of these consolidated financial statements.

**ROMPETROL RAFINARE SA**  
**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 September 2023**

*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**1. GENERAL**

Romp petrol Rafinare SA (hereinafter referred to as “the Parent Company” or “the Company” or “the Parent” or “RRC”) is a company incorporated under Romanian law. The Parent Company operates Petromidia and Vega refineries. Petromidia refinery, located on the Black Sea coast, processes imported crude oil and produces E.U. standard motor fuels, other petroleum products and certain petrochemicals. Petromidia refinery was designed and built during 1975 - 1977 and was further modernized in the early 1990's and from 2005 to 2012. Vega refinery is located in Ploiesti and is one of the oldest refineries in Romania. Vega Refinery is a niche refinery specialized in the production of solvents, hexane and bitumen (being the only Romanian producer).

Romp petrol Rafinare SA and its subsidiaries (hereinafter referred to as “the Group”) are involved in refining of oil, production of petrochemicals and downstream activities, and have all production facilities located in Romania (see Note 8). The number of employees of the Group at the end of September 2023 and December 2022 was 1,986 and 1,882 respectively.

The registered address of Romp petrol Rafinare SA is Bd. Navodari no. 215, Navodari, Constanta, Romania. Romp petrol Rafinare SA and its subsidiaries are part of KMG International N.V. group with its registered address located at World Trade Centre, Strawinskylaan 807, Tower A, 8th floor, 1077 XX Amsterdam, the Netherlands.

The Group's ultimate parent company is “National Welfare Fund Samruk Kazyna” JSC, an entity with its headquarters in Kazakhstan, owned company of the Republic of Kazakhstan.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation and statement of compliance**

These consolidated financial statements as of 30 September 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as endorsed by the European Union (“EU”).

The consolidated financial statements are prepared under the historical cost convention except for derivative financial instruments and property, plant and equipment that have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period.

**b) Going concern**

The financial statements of the Group are prepared on a going concern basis. As of 30 September 2023 and 31 December 2022 the Group reported net assets including non-controlling interest, of USD 535.4 million and 536.8 million respectively. For the period ended 30 September 2023, the Group recorded losses in amount of USD 4.3 million (30 September 2022: profit of USD 164.1 million) and net current liabilities of USD 227.1 million (2022: net current liabilities of USD 567.5 million). The loss incurred during 2023 was affected by a lower operational profit of USD 100.3 million (30 September 2022: operational profit USD 190.3 million) and financial losses of USD 61.8 million (30 September 2022: USD 24.6 million). The accumulated losses recorded until present are due to the fact that the Group was impacted by the refining activity specificity, characterized by a significant volatility and low refinery margins in the past years.

**ROMPETROL RAFINARE SA**  
**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 September 2023**

*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c) Changes in accounting policies**

**New and amended standards and interpretations**

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

Management is in process of assessing the impact at Group level from application of these amendments.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

Management is in process of assessing the impact at Group level from application of these amendments.

- **IFRS 17: Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The group does not issue contracts in scope of IFRS 17; therefore its application does not have an impact on the group's financial performance, financial position or cash flows.

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU. Management is in process of assessing the impact at Group level from application of these amendments.

**ROMPETROL RAFINARE SA**  
**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 September 2023**

*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d) Standards issued but not yet effective and not early adopted**

The Group has not early adopted the following standards/interpretations:

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU.

Management is in process of assessing the impact at Group level from application of these amendments.

- **16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU.

Management is in process of assessing the impact at Group level from application of these amendments.

**ROMPETROL RAFINARE SA**  
**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 September 2023**

*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Foreign currency translation**

The Group's consolidated financial statements are presented in US dollars ("USD"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of Group entities, has been determined to be USD based on the analysis of the primary economic environment in which they operate.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of transaction. Exchange rate differences arising on the settlement of monetary assets and liabilities or on reporting them at rates different from those at which they were initially recorded during the period or reported in the previous financial statements, are recognized in the income statement in the period they arise.

**Monetary assets and liabilities**

Cash and cash equivalents, receivables, payables and short-term loans have been translated into USD at the year-end exchange rate. Gain or loss on translation of these assets and liabilities is recorded in the income statement.

**Non-monetary assets and liabilities**

Non-monetary assets and liabilities are translated from their historical cost or valuation by applying the exchange rate USD / RON from the date of acquisition, valuation or contribution to the statement of financial position.

**Consolidated statement of income**

Consolidated statement of income items has been translated applying the exchange rate from the month when the items were initially recorded to the consolidated income statement.

The gain and / or loss on foreign exchange differences related to the revaluation of items that are not denominated in USD are reflected in the consolidated income statement for the year.

**Other matters**

**Romanian lei translation for information purposes basis**

Amounts in Romanian lei for both 2023 and 2022 are provided for information purpose basis only and are translated by multiplying the values in USD with the 30 September 2023 closing exchange rate published by Romanian national Bank of RON 4.6864 = USD 1. Translation is performed for all primary statements using the closing exchange rate.

**ROMPETROL RAFINARE SA**  
**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 September 2023**

*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f) Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of the assets or liabilities affected in the future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The matters presented below are considered to be the most important in understanding the judgments that are involved in preparing these consolidated financial statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cash flows.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that can lead to material adjustments to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- Revaluation of property, plant and equipment

The Group carries its property, plant and equipment at fair value, with the reflection of the changes from this revaluation in the financial statements prepared for that year. The fair value is determined on the basis of revaluations usually carried by qualified evaluation professionals, members of a nationally and internationally recognized professional body in the valuation expertise field.

Revaluations are carried out with sufficient regularity so that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date. The frequency of revaluations depends on changes in the fair values of revalued property, plant and equipment. If the fair value of a revalued asset differs materially from its carrying amount, a new revaluation is required. Annual revaluations are needed where there are significant and volatile movements in values. Where fair values are stable over a long period, as might be the case with plant and machinery, valuations might be required less frequently.

The fair value of property, plant and equipment determined after revaluation becomes the depreciable amount of those assets at the beginning of the financial year following the one for which the revaluation was performed.

If the carrying amount of an asset is increased as a result of a revaluation, that increase must be recognized directly in other comprehensive income. However, the increase must be recognized in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognized in profit or loss.

A revaluation surplus is credited to other comprehensive income and accumulated in equity under the heading of revaluation surplus. An exception is a gain on revaluation that reverses a revaluation decrease (impairment) on the same asset previously recognised as an expense. Gains are first credited to the income statement to the extent that the gain reverses a loss previously recognised in the income statement.

**ROMPETROL RAFINARE SA**  
**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 September 2023**

*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

A revaluation decrease should be charged against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus (that is, in reserves) in respect of that same asset. Any balance of the decrease should then be recognised as an expense in profit and loss. A negative revaluation reserve cannot be created.

The revaluation surplus included in equity can be transferred directly to retained earnings when the surplus is realized, usually when the asset is de-recognized. The transfer is made through reserves, not through the income statement. The revaluation surplus can also be transferred as the asset is used by the entity. The amount transferred is the difference between depreciation based on the asset's revalued carrying amount and depreciation based on the asset's original cost. This amount can be transferred from revaluation surplus to retained earnings each year, by means of a reserve transfer.

- Impairment of Goodwill on acquisitions

The Group's impairment test for goodwill is based on fair value less costs to sell calculations that use a discounted cash flow model for the CGU to which Goodwill has been allocated. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to undertake. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes (Note 4).

- Impairment of non- financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the carrying amounts for major property, plant and equipment and right of use assets are tested for impairment. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is higher of fair value less costs to sell, and value in use determined as the amount of estimated discounted future cash flows. Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs. Budgets and forecasts used for impairment calculation generally cover the period of five years. Also, budgets and forecasts are based on management estimates of future commodity prices, market supply and demand and product margins.

Impairment assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs and future capital expenditures. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the CGUs.

The energy transition is likely to impact future demand for certain refined products and prices of oil and crack level which may affect the recoverable amount of property plant and equipment.

The Group constantly monitors the latest reglementations in relation to climate related matters as well as the developments in the sector with respect to energy transition. The significant accounting estimates made by management incorporate the future effects of the Group's own strategic decisions and commitments on having its portfolio adhered to the energy transition targets, medium and long-term impacts of climate-related matters and energy transition to lower carbon energy sources. The Group will adjust the key assumptions used in fair value less cost of disposal calculations and sensitivity to changes in assumptions should a change be required.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 6.

**ROMPETROL RAFINARE SA**  
**NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 September 2023**

*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Provision for environmental liability

The Group is involved in refining and petrochemicals, wholesale and retail and other related services. Environmental damage caused by such substances may require the Group to incur restoration costs to comply with the relevant regulations, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Group together with its technical and legal advisers, in order to determine the probability, timing and amount of probable required outflow of resources. Estimated restoration costs, for which disbursements are determined to be probable, are recognized as a provision in the Group's financial statements. When the final determination of such obligation amounts differs from the recognized provisions, the Group's income statement is impacted.

The climate change and energy transition may bring forward additional environmental cost for oil and gas industry assets thereby increasing the present value of associated environmental provisions, however considering the ongoing process to analyze the potential impact of the climate change, Management does not expect any reasonable change in the expected timeframe to have a material effect on the environmental provisions.

Further details on provision for environmental liability are provided in Note 19.

- Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized and for environmental provision. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business.

Further details on deferred tax assets and for those losses carried forward for which deferred tax assets has not been recognized are provided in Notes 15 and 25.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Carrying value of trade and other receivables

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers trade and other receivables in default when contractual payments are 360 days past due.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

- Provision for litigations

The Group analyses its legal exposure regularly in order to determine whether provisions are required. In determining the amount of the provision, assumptions and estimates are made in relation to the probability of losing the case, considering also the external lawyers' advice, the expected claim to be paid and the expected timing of the payments. Changes to these assumptions could have a significant impact on the amount of the provision.

Further details on the provisions relating to litigations are provided in Notes 19, 23 and 30.

**g) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at 30 September 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

**h) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquire. For each business combination, the acquirer measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquired a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group analyses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*i. Financial assets*

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (r) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group measures financial assets at amortized cost, except for financial instruments on EUA certificates, refinery margin and base operating stock which are measured at fair value through other comprehensive income.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Impairment of financial assets**

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*ii. Financial liabilities*

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss;
- Loans and borrowings at amortized cost.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*iii. Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**j) Property, plant and equipment**

After initial recognition, property plant and equipment, except for construction in progress, are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

The revaluation surplus of property, plant and equipment for the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the initial cost of the asset will be transferred to retained earnings while the assets are used by the Group.

Upon derecognition of property, plant and equipment, any revaluation surplus related to that asset is transferred to retained earnings, to the extent that such transfer has not already been made during the use of the revalued asset.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been commissioned, such as repairs and maintenance are charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus. A negative revaluation reserve cannot be created.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Construction in progress represents plant and properties under construction and is stated at cost, less any impairment loss. This includes cost of construction and other direct costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation for property, plant and equipment except land and construction in progress is computed using the straight-line method over the following estimated useful lives.

|                                   | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings and other constructions | 5 to 50      |
| Storage tanks                     | 5 to 40      |
| Tank cars                         | 5 to 30      |
| Machinery and other equipment     | 1 to 30      |
| Gas pumps                         | 5 to 20      |
| Vehicles                          | 1 to 5       |
| Furniture and office equipment    | 1 to 20      |
| Computers                         | 1 to 10      |

Following the change in the accounting policy regarding property, plant and equipment from historic cost model to revaluation method, also the economic remaining useful life of the property, plant and equipment was revised as at 31 December 2021. The depreciation of property, plant and equipment based on the revaluated remaining useful life applies starting 1 January 2022. The change from cost to revaluation provide a transparent and up to date picture of the value of the Group assets.

The Group reviews the estimated residual values and expected useful lives of assets with a certain regularity. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

Assets held under finance leases are recorded in the statement of financial position and depreciated over their expected useful lives on the same basis as owned assets, or where shorter the term of the relevant lease.

**k) Intangible assets**

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

Intangible assets consist of software and licenses and are amortized on a straight-line basis over 3 to 5 years.

Development costs for specific projects which are reasonably anticipated to be recovered through commercial activity as well as expenditure on acquired computer software licenses are capitalized and amortized using the straight-line method over their useful lives, generally 3 years. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. External and internal costs specifically associated with the maintenance of already existing computer software programs are expensed as incurred.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**l) Impairment of non-financial assets**

At each annual reporting date the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is property, plant and equipment stated at revalued amount in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

*Goodwill*

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicated that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

**m) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense related to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Additional comments on the following specific liabilities are:

- *Environmental provisions*

Environmental provision that relates to current or future revenues is expensed or capitalized as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is expensed.

The Group has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licenses. In order to comply with all rules and regulations the Group has set up a monitoring system in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements.

The value of the environmental obligation is estimated based on the relevant environmental studies.

Liabilities for environmental remediation costs are recognized when environmental assessments or clean-ups are probable, and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

**n) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i. Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The most significant category in right-of-used-assets refers to gas station buildings and equipment, land (on which the gas station is located) or rent for road utilization (for access to the gas station), for which the depreciation period is the lease contract term, from 25 up to 30 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section I) Impairment of non-financial assets.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ii. Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

A lessee shall determine the lease term as a non-cancellable period of a lease, together with both:

- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- Period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option

The Group's lease liabilities are included in Lease (see Note 14).

**iii. Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases lower than USD 5,000. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

**o) Inventories**

Inventories of raw material, petroleum products, including work-in-process are stated at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, minus the costs of completion, marketing and distribution. Cost comprises the acquisition cost and other costs that have been incurred in bringing the inventories to their present location and condition and is determined by weighted average method for all the inventories.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**p) Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in section i) i) Financial instruments -initial recognition and subsequent measurement (financial assets).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

**q) Cash and cash equivalents**

Cash includes cash on hand, cash with banks and checks in course of being cashed. Cash equivalents are short-term, highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

**r) Revenue from contracts with customers**

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The normal credit term is 30 to 90 days upon delivery.

In recognizing revenue, the Group applies the five-step model based on the requirements of IFRS 15:

- a) identifying the contract with the customer;
- b) identifying performance obligations under the contract;
- c) determining the transaction price;
- d) allocating the transaction price to performance obligations;
- e) recognizing revenue at (or during) performance of obligation.

*(i) Variable consideration*

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of petroleum products provide customers volume rebates. The volume rebates give rise to variable consideration.

*(ii) Volume rebates*

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

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*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(iii) Significant financing component*

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be less than one year.

**Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section i) Financial instruments – initial recognition and subsequent measurement and section p) Trade receivables.

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

**s) Interest bearing loans and borrowings**

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest method.

Gains and losses are recognized in the income statement when the liabilities are derecognized as well through the amortization process.

**t) Borrowings costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All the other costs are expensed in the period they occur.

Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**u) Retirement benefit costs**

Payments made to state - managed retirement benefit plans are dealt with as defined contribution plans where the Group pays fixed contributions into the state-managed fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior period. The contributions are charged as an expense in the same period when the employee service was rendered.

Under collective labor agreements in certain of the Group's entities, employees are entitled to specified retirement benefits, payable on retirement, if they are employed with these entities at the date of their retirement. These amounts are estimated as of the reporting date based on the following information: applicable benefits provided in the agreement; the number of employees with the relevant Group entities; and actuarial assumptions on future liabilities. The defined benefit liability as of reporting date comprises the present value of the defined benefit obligation with the related service cost charged to the income statement. All actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur for all defined benefit plans. The related service cost and interest expense are charged to period profit and loss, while all the actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur.

The Group has no other liabilities with respect to future pension, health and other costs for its employees.

**v) Taxes**

- *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

- *Sales and acquisition tax*

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**w) Dividends**

Dividends are recorded in the year in which they are approved by the shareholders.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**x) Foreign Currency Transactions**

The Group translates its foreign currency transactions and balances into functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of transaction. Exchange rate differences arising on the settlement of monetary assets and liabilities or on reporting them at rates different from those at which they were initially recorded during the period or reported in the previous financial statements are recognized in the consolidated income statement in the period they arise.

**y) Derivative Financial Instruments**

The Group enters into contracts to purchase and sell crude oil, oil products and CO2 emission rights (CO2 allowances) at future delivery dates. These contracts expose the Group primarily to commodity risks of changes in fair value of crude oil and related oil products and volatility of the price for EUA certificates. The Group also uses financial instruments (primarily Options, Swaps and forwards) to hedge its risks associated with fair value fluctuation relating to certain firm commitments and forecasted transactions.

The use of financial derivatives is governed by the Group's policies approved by board of directors, which provide written principles on the use of financial derivatives.

Derivative financial instruments are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items
- at the inception of the hedging relationship there is a formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. Documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements
- the hedging relationship meets the following hedge effectiveness requirements:
  - existence of an economic relationship between the hedged item and the hedging instrument
  - the effect of credit risk does not dominate the value changes that result from that economic relationship
  - the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge the quantity of hedged item.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item attributable to the hedged risk are offset by changes in the fair value or cash flows of the hedging instrument. Hedging instruments are considered to be highly effective when the effectiveness is between 80% - 125%.

Effectiveness should be recognized to the extent the notional amount of the hedging instrument after considering tax effects.

Hedge effective is assessed based on:

- prospective testing performed at the time when the transactions are executed, based on hypothetical derivative method;
- retrospective testing at balance sheet date.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

*Fair value hedge*

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or a previously unrecognized firm commitment or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss.

The Group buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc.). The Group also acquires CO<sub>2</sub> emission rights for the purpose of meeting the annual quota in accordance with the European Union legislation related to Carbon Emissions, trading and delivering.

The Group hedges priced inventories (both raw materials and finished products) above BOS (basis operating stock) and CO<sub>2</sub> emission rights using futures instruments for a period that approximately matches the operating cycle.

Hedge accounting is applied for the futures instruments. The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as Cost of Sales. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the inventory and is also recognized in the statement of profit or loss as Cost of Sales. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss (see Note 32.5).

*Cash Flow Hedge*

A cash flow hedge is a hedge of the exposure to variability in cash flows that:

- is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction;
- and
- could affect profit or loss.

The Group buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc.) and EUA certificates. Throughout a given period, the volatility associated with the oil market, both in crudes and in finished products, is transmitted to the Group's refinery margin (difference between the purchase price of crude oil and the selling price of finished products). Also, the volatility of CO<sub>2</sub> emission rights may expose the Group to significant cash flow variability. To reduce these volatilities, the Group hedges the margin with a swap on a hedged basket as relevant for the period and CO<sub>2</sub> emission rights.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash flow hedge is applied for the refinery margin Swap instruments and CO2 emission rights futures instruments.

Cash flow hedge is accounted as following:

- The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in the Equity;
- as Other Comprehensive Income;
- any ineffective portion is recognized immediately in the statement of profit or loss.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss (see Note 32.5).

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in period profit or loss as they arise.

**z) Emission Rights**

CO2 (certificates) emission rights quota are allocated to the Group's refining and petrochemicals operations. For the period 2021 - 2025 the allowances have been validated by European Union and are posted on the Romanian Environmental Ministry website. The Group accounts for the liability resulting from generating of these emissions using the net liability method. The liability is recognized only at a point where the actual emissions exceed the quota allocated to the respective group companies. Income is recognized only when excess certificates are sold on the market.

**aa) Fair value measurement**

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**ab) Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**ac) Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

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**3. INTANGIBLE ASSETS**

**Amounts in USD**

|                                                  | <u>Software</u>            | <u>Other</u>               | <u>Intangibles<br/>in progress</u> | <u>Total</u>               |
|--------------------------------------------------|----------------------------|----------------------------|------------------------------------|----------------------------|
| <b>Cost</b>                                      |                            |                            |                                    |                            |
| <b>Opening balance as of<br/>January 1, 2022</b> | <b><u>41,642,164</u></b>   | <b><u>44,120,441</u></b>   | <b><u>1,918,286</u></b>            | <b><u>87,680,891</u></b>   |
| Additions                                        | 17,000                     | 2,188                      | 499,931                            | 519,119                    |
| Transfers from CIP                               | 227,248                    | 504,603                    | (731,850)                          | -                          |
| Transfers and reclassifications*                 | -                          | -                          | 193,395                            | 193,395                    |
| <b>Closing balance as of December 31, 2022</b>   | <b><u>41,886,412</u></b>   | <b><u>44,627,231</u></b>   | <b><u>1,879,761</u></b>            | <b><u>88,393,404</u></b>   |
| Additions                                        | -                          | -                          | 84,608                             | 84,608                     |
| Transfers from CIP                               | 19,374                     | 424,204                    | (443,578)                          | -                          |
| Transfers and reclassifications*                 | 262,543                    | (252,499)                  | (99,903)                           | (89,859)                   |
| <b>Closing balance as of September 30, 2023</b>  | <b><u>42,168,329</u></b>   | <b><u>44,798,936</u></b>   | <b><u>1,420,888</u></b>            | <b><u>88,388,153</u></b>   |
| <b>Accumulated amortization</b>                  |                            |                            |                                    |                            |
| <b>Opening balance as of<br/>January 1, 2022</b> | <b><u>(38,102,683)</u></b> | <b><u>(39,585,121)</u></b> | <b><u>(523,380)</u></b>            | <b><u>(78,211,184)</u></b> |
| Charge for the year                              | (1,024,509)                | (2,213,828)                | -                                  | (3,238,337)                |
| <b>Closing balance as of December 31, 2022</b>   | <b><u>(39,127,192)</u></b> | <b><u>(41,798,949)</u></b> | <b><u>(523,380)</u></b>            | <b><u>(81,449,521)</u></b> |
| Charge for the year                              | (1,119,731)                | (868,429)                  | -                                  | (1,988,160)                |
| Reclassification between categories*             | (935,518)                  | 935,518                    | -                                  | -                          |
| <b>Closing balance as of September 30, 2023</b>  | <b><u>(41,182,441)</u></b> | <b><u>(41,731,860)</u></b> | <b><u>(523,380)</u></b>            | <b><u>(83,437,681)</u></b> |
| <b>Net book value</b>                            |                            |                            |                                    |                            |
| <b>As of December 31, 2022</b>                   | <b><u>2,759,220</u></b>    | <b><u>2,828,283</u></b>    | <b><u>1,356,381</u></b>            | <b><u>6,943,884</u></b>    |
| <b>As of September 30, 2023</b>                  | <b><u>985,888</u></b>      | <b><u>3,067,076</u></b>    | <b><u>897,508</u></b>              | <b><u>4,950,472</u></b>    |

\*) includes, transfer from property, plant and equipment, reclassifications between categories and other adjustments.

Major part of "other" (intangible assets) relates to licenses.

**Amounts in RON (supplementary info – see note 2(e))**

|                                                  | <u>Software</u>             | <u>Other</u>                | <u>Intangibles<br/>in progress</u> | <u>Total</u>                |
|--------------------------------------------------|-----------------------------|-----------------------------|------------------------------------|-----------------------------|
| <b>Cost</b>                                      |                             |                             |                                    |                             |
| <b>Opening balance as of<br/>January 1, 2022</b> | <b><u>195,151,837</u></b>   | <b><u>206,766,035</u></b>   | <b><u>8,989,856</u></b>            | <b><u>410,907,728</u></b>   |
| Additions                                        | 79,669                      | 10,254                      | 2,342,877                          | 2,432,800                   |
| Transfers from CIP                               | 1,064,975                   | 2,364,771                   | (3,429,746)                        | -                           |
| Transfers and reclassifications*                 | -                           | -                           | 906,326                            | 906,326                     |
| <b>Closing balance as of December 31, 2022</b>   | <b><u>196,296,481</u></b>   | <b><u>209,141,060</u></b>   | <b><u>8,809,313</u></b>            | <b><u>414,246,854</u></b>   |
| Additions                                        | -                           | -                           | 396,507                            | 396,507                     |
| Transfers from CIP                               | 90,794                      | 1,987,990                   | (2,078,784)                        | -                           |
| Transfers and reclassifications*                 | 1,230,382                   | (1,183,311)                 | (468,185)                          | (421,114)                   |
| <b>Closing balance as of September 30, 2023</b>  | <b><u>197,617,657</u></b>   | <b><u>209,945,739</u></b>   | <b><u>6,658,851</u></b>            | <b><u>414,222,247</u></b>   |
| <b>Accumulated amortization</b>                  |                             |                             |                                    |                             |
| <b>Opening balance as of<br/>January 1, 2022</b> | <b><u>(178,564,414)</u></b> | <b><u>(185,511,711)</u></b> | <b><u>(2,452,768)</u></b>          | <b><u>(366,528,893)</u></b> |
| Charge for the year                              | (4,801,259)                 | (10,374,886)                | -                                  | (15,176,145)                |
| <b>Closing balance as of December 31, 2022</b>   | <b><u>(183,365,673)</u></b> | <b><u>(195,886,597)</u></b> | <b><u>(2,452,768)</u></b>          | <b><u>(381,705,038)</u></b> |
| Charge for the year                              | (5,247,507)                 | (4,069,807)                 | -                                  | (9,317,314)                 |
| Reclassification between categories*             | (4,384,212)                 | 4,384,212                   | -                                  | -                           |
| <b>Closing balance as of September 30, 2023</b>  | <b><u>(192,997,392)</u></b> | <b><u>(195,572,192)</u></b> | <b><u>(2,452,768)</u></b>          | <b><u>(391,022,352)</u></b> |
| <b>Net book value</b>                            |                             |                             |                                    |                             |
| <b>As of December 31, 2022</b>                   | <b><u>12,930,808</u></b>    | <b><u>13,254,463</u></b>    | <b><u>6,356,545</u></b>            | <b><u>32,541,816</u></b>    |
| <b>As of September 30, 2023</b>                  | <b><u>4,620,265</u></b>     | <b><u>14,373,547</u></b>    | <b><u>4,206,083</u></b>            | <b><u>23,199,895</u></b>    |

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**4. GOODWILL**

The carrying value of goodwill as of 30 September 2023 and 31 December 2022 was USD 82,871,706 (RON: 388,369,964).

The whole carrying amount of goodwill has been allocated to Downstream Romania Cash Generating Unit ("Downstream Romania CGU"). Two other cash generating units in the Group are: Refineries and Petrochemicals.

The Downstream Romania CGU comprises the retail and wholesale operations of Rompetrol Downstream SRL and the wholesale activity supported by the storage depots owned by Rom Oil SA.

**Impairment test**

Impairment tests have been performed by the Group for the carrying value of goodwill as of 31 December 2022 on the Downstream Romania cash generating units ("CGU"). Based on the impairment test no impairment has been identified. For further details see Note 6.

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**5. PROPERTY, PLANT AND EQUIPMENT**

**Amounts in USD**

|                                                  | <u>Land</u>               | <u>Buildings</u>            | <u>Plant and equipment</u>  | <u>Vehicles and others</u> | <u>Construction in progress</u> | <u>Total</u>                |
|--------------------------------------------------|---------------------------|-----------------------------|-----------------------------|----------------------------|---------------------------------|-----------------------------|
| <b>Cost</b>                                      |                           |                             |                             |                            |                                 |                             |
| <b>As of January 1, 2022</b>                     | <b><u>91,780,532</u></b>  | <b><u>542,649,964</u></b>   | <b><u>698,233,103</u></b>   | <b><u>26,812,635</u></b>   | <b><u>96,861,824</u></b>        | <b><u>1,456,338,059</u></b> |
| Acquisitions                                     | -                         | 421,710                     | 854,148                     | 684,434                    | 67,516,473                      | 69,476,765                  |
| Transfers from CIP                               | -                         | 27,889,297                  | 27,265,592                  | 3,914,960                  | (59,069,849)                    | -                           |
| Disposals                                        | -                         | (50,449)                    | (100,513)                   | (220,398)                  | (6,068,720)                     | (6,440,080)                 |
| Transfers and reclassifications*                 | -                         | 154,776                     | (382,500)                   | 208,795                    | (470,939)                       | (489,868)                   |
| <b>As of December 31, 2022</b>                   | <b><u>91,780,532</u></b>  | <b><u>571,065,298</u></b>   | <b><u>725,869,830</u></b>   | <b><u>31,400,426</u></b>   | <b><u>98,768,789</u></b>        | <b><u>1,518,884,876</u></b> |
| Additions                                        | -                         | 674,735                     | 232,877                     | 187,525                    | 17,908,899                      | 19,004,036                  |
| Transfers from CIP                               | -                         | 8,964,715                   | 23,052,867                  | 3,400,467                  | (35,418,049)                    | -                           |
| Disposals                                        | (46,177)                  | (64,099)                    | (115,473)                   | (217,128)                  | -                               | (442,877)                   |
| Transfers and reclassifications*                 | -                         | -                           | -                           | (12,500)                   | 98,285                          | 85,785                      |
| <b>As of September 30, 2023</b>                  | <b><u>91,734,355</u></b>  | <b><u>580,640,649</u></b>   | <b><u>749,040,101</u></b>   | <b><u>34,758,790</u></b>   | <b><u>81,357,924</u></b>        | <b><u>1,537,531,819</u></b> |
| <b>Accumulated depreciation &amp; impairment</b> |                           |                             |                             |                            |                                 |                             |
| <b>As of January 1, 2022</b>                     | <b><u>10,017,503</u></b>  | <b><u>(109,167,409)</u></b> | <b><u>(62,863,488)</u></b>  | <b><u>62,611</u></b>       | <b><u>(32,742,925)</u></b>      | <b><u>(194,693,707)</u></b> |
| Charge for the year                              | (1,422,768)               | (44,098,090)                | (81,649,013)                | (10,031,828)               | -                               | (137,201,699)               |
| Accumulated depreciation of disposals            | -                         | 23,433                      | 54,147                      | 93,729                     | -                               | 171,309                     |
| Impairment                                       | -                         | (3,242,117)                 | (5,730,809)                 | (133,899)                  | 544,582                         | (8,562,243)                 |
| <b>As of December 31, 2022</b>                   | <b><u>8,594,735</u></b>   | <b><u>(156,484,183)</u></b> | <b><u>(150,189,163)</u></b> | <b><u>(10,009,387)</u></b> | <b><u>(32,198,343)</u></b>      | <b><u>(340,286,340)</u></b> |
| Charge for the year                              | (880,094)                 | (28,053,856)                | (58,857,447)                | (4,574,545)                | -                               | (92,365,942)                |
| Accumulated depreciation of disposals            | -                         | 29,079                      | 95,585                      | 214,939                    | -                               | 339,603                     |
| Impairment                                       | -                         | (2,874,011)                 | (4,286,280)                 | (16,378)                   | -                               | (7,176,669)                 |
| <b>As of September 30, 2023</b>                  | <b><u>7,714,641</u></b>   | <b><u>(187,382,971)</u></b> | <b><u>(213,237,305)</u></b> | <b><u>(14,385,371)</u></b> | <b><u>(32,198,343)</u></b>      | <b><u>(439,489,349)</u></b> |
| <b>Net book value as of December 31, 2022</b>    | <b><u>100,375,268</u></b> | <b><u>414,581,115</u></b>   | <b><u>575,680,667</u></b>   | <b><u>21,391,040</u></b>   | <b><u>66,570,446</u></b>        | <b><u>1,178,598,536</u></b> |
| <b>Net book value as of September 30, 2023</b>   | <b><u>99,448,996</u></b>  | <b><u>393,257,678</u></b>   | <b><u>535,802,796</u></b>   | <b><u>20,373,419</u></b>   | <b><u>49,159,581</u></b>        | <b><u>1,098,042,470</u></b> |

\*) Includes, transfer from property, plant and equipment to inventories and intangibles and other adjustments in amount of USD 86 thousand (2022: USD 490 thousand).

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

Amounts in RON (supplementary info – see note 2(e))

|                                                    | <u>Land</u>        | <u>Buildings</u>     | <u>Plant and<br/>equipment</u> | <u>Vehicles and<br/>others</u> | <u>Construction<br/>in progress</u> | <u>Total</u>           |
|----------------------------------------------------|--------------------|----------------------|--------------------------------|--------------------------------|-------------------------------------|------------------------|
| <b>Cost</b>                                        |                    |                      |                                |                                |                                     |                        |
| <b>As of January 1, 2022</b>                       | <b>430,120,285</b> | <b>2,543,074,791</b> | <b>3,272,199,614</b>           | <b>125,654,733</b>             | <b>453,933,257</b>                  | <b>6,824,982,680</b>   |
| Acquisitions                                       | -                  | 1,976,302            | 4,002,879                      | 3,207,531                      | 316,409,199                         | 325,595,911            |
| Transfers from CIP                                 | -                  | 130,700,401          | 127,777,470                    | 18,347,069                     | (276,824,940)                       | -                      |
| Disposals                                          | -                  | (236,424)            | (471,044)                      | (1,032,873)                    | (28,440,449)                        | (30,180,790)           |
| Transfers and reclassifications*                   | -                  | 725,342              | (1,792,548)                    | 978,497                        | (2,207,009)                         | (2,295,718)            |
| <b>As of December 31, 2022</b>                     | <b>430,120,285</b> | <b>2,676,240,412</b> | <b>3,401,716,371</b>           | <b>147,154,957</b>             | <b>462,870,058</b>                  | <b>7,118,102,083</b>   |
| Additions                                          | -                  | 3,162,078            | 1,091,355                      | 878,817                        | 83,928,264                          | 89,060,514             |
| Transfers from CIP                                 | -                  | 42,012,240           | 108,034,956                    | 15,935,949                     | (165,983,145)                       | -                      |
| Disposals                                          | (216,404)          | (300,394)            | (541,153)                      | (1,017,553)                    | -                                   | (2,075,504)            |
| Transfers and reclassifications*                   | -                  | -                    | -                              | (58,580)                       | 460,603                             | 402,023                |
| <b>As of September 30, 2023</b>                    | <b>429,903,881</b> | <b>2,721,114,336</b> | <b>3,510,301,529</b>           | <b>162,893,590</b>             | <b>381,275,780</b>                  | <b>7,205,489,116</b>   |
| <b>Accumulated depreciation &amp; Impairment</b>   |                    |                      |                                |                                |                                     |                        |
| <b>As of January 1, 2022</b>                       | <b>46,946,026</b>  | <b>(511,602,146)</b> | <b>(294,603,450)</b>           | <b>293,420</b>                 | <b>(153,446,439)</b>                | <b>(912,412,589)</b>   |
| Charge for the year                                | (6,667,660)        | (206,661,289)        | (382,639,935)                  | (47,013,159)                   | -                                   | (642,982,043)          |
| Accumulated depreciation<br>of disposals           | -                  | 109,816              | 253,755                        | 439,252                        | -                                   | 802,823                |
| Impairment                                         | -                  | (15,193,857)         | (26,856,863)                   | (627,504)                      | 2,552,129                           | (40,126,095)           |
| <b>As of December 31, 2022</b>                     | <b>40,278,366</b>  | <b>(733,347,476)</b> | <b>(703,846,493)</b>           | <b>(46,907,991)</b>            | <b>(150,894,310)</b>                | <b>(1,594,717,904)</b> |
| Charge for the year                                | (4,124,473)        | (131,471,591)        | (275,829,540)                  | (21,438,148)                   | -                                   | (432,863,752)          |
| Accumulated depreciation<br>of disposals           | -                  | 136,276              | 447,950                        | 1,007,287                      | -                                   | 1,591,513              |
| Impairment                                         | -                  | (13,468,765)         | (20,087,223)                   | (76,754)                       | -                                   | (33,632,742)           |
| <b>As of September 30, 2023</b>                    | <b>36,153,893</b>  | <b>(878,151,556)</b> | <b>(999,315,306)</b>           | <b>(67,415,606)</b>            | <b>(150,894,310)</b>                | <b>(2,059,622,885)</b> |
| <b>Net book value as of<br/>December 31, 2022</b>  | <b>470,398,651</b> | <b>1,942,892,936</b> | <b>2,697,869,878</b>           | <b>100,246,966</b>             | <b>311,975,748</b>                  | <b>5,523,384,179</b>   |
| <b>Net book value as of<br/>September 30, 2023</b> | <b>466,057,774</b> | <b>1,842,962,780</b> | <b>2,510,986,223</b>           | <b>95,477,984</b>              | <b>230,381,470</b>                  | <b>5,145,866,231</b>   |

\*) Includes, transfer from property plant and equipment to inventories and intangible assets and other adjustments in amount of RON 402 thousand (2022: RON 2.3 million).

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

- *Construction in progress*

In 2023, out of the total acquisitions for construction in progress the most significant refers to the following projects in respect of Rompetrol Rafinare SA: State Inspection for Control of Boilers, Pressure Vessels and Hoisting (ISCIR) authorizations amounting USD 2.5 million, Refinery MHC unit restart amounting to USD 0.9 million, Catalyst Replacement amounting USD 4.2 million, Tank rehabilitation amounting to USD 3.6 million, Emergency Shutdown of 100 CDU, 120 NHT, amounting USD 0.9 million, Replacement static equipment Refinery and Petrochemicals amounting USD 0.5 million.

Total acquisitions for construction in progress for Vega refinery in amount of USD 0.6 million, and for Rompetrol Downstream in amount of USD 1.2 million. Part of these projects have been transferred to the other property, plant and equipment categories.

At the end of September 2023 the main projects remaining in construction in progress refers to the following: Refinery MHC unit restart and reliability amounting to USD 2.3 million, Replacement of Petromidia strategic equipment amounting to USD 4.5 million, State Inspection for Control of Boilers, Pressure Vessels and Hoisting (ISCIR) authorizations amounting to USD 2.5 million, Refinery Catalyst Replacement amounting to USD 7.5 million, Tank rehabilitation amounting to USD 3.2 million, Replace cut/drilling system DCU unit amounting to USD 1.1 million, Preparing to 2024 general repair and 2020 HPP Unit amounting to, USD 1.8 million, and other refinery ongoing projects (approximately USD 8.5 million).

For Vega refinery the projects remaining in construction in progress refers to refinery ongoing projects (Emergency replacement of Vega equipment, Rehabilitation tank A63, JET working point in Vega, Installation of water-cooling system for metal tanks) approximately USD 2 million.

In Rompetrol Downstream at the end of September 2023 the main projects remaining in construction in progress refers to the following: construction of new stations (RBI, Cuves, Doex, STB) amounting to USD 2.1 million, acquisition Fill&GO devices amounting to USD 0.8 million, capital maintenance amounting to USD 2.4 million like replacement of electrical circuits in stations and acquisitions of new equipment such as: CCTV system; air conditioner etc.

In Romoil at the end of September 2023 the main projects remaining in construction in progress refers to the following: Compliance to OMAI firefighting amounting to USD 3.8 million, Replacement of truck loading skids in Mo amounting to USD 0.45 million, Reconstruction sewage system Mogosoaia amounting to USD 0.25 million, Upgrade facilities for storage tanks amounting to USD 0.25 million, Replacement of product pumps in all depos amounting to USD 0.24 million.

In 2022, out of the total acquisitions for construction in progress the most significant refers to the following projects in respect of Rompetrol Rafinare SA: Refinery shut down amounting USD 15.1 million and Petrochemicals shut down amounting USD 3.53 million, State Inspection for Control of Boilers, Pressure Vessels and Hoisting (ISCIR) authorizations amounting USD 7.2 million, Refinery Restart\_ 2021 Incident amounting to USD 4 million, Replacement of Petromidia strategic equipment amounting to USD 1.2 million, Catalyst Replacement amounting USD 6.3 million, Replacement of static equipment amounting USD 1.2 million, Tank rehabilitation amounting to USD 5.9 million. Total acquisitions for construction in progress for Vega refinery in amount of USD 2.7 million, for Rompetrol Downstream the most significant for construction in progress refers to the following projects: Construction of 44 gas stations (equipment) amounting to USD 5.5 million, construction of new stations (RBI, Cuves, Doex, STB) amounting to USD 2.1 million, acquisition Fill&GO devices amounting to USD 0.6 million, capital maintenance amounting to USD 0.8 million, and USD 2.1 million for acquisitions of new equipment such as: CCTV system; air conditioner etc, for Romoil in amount of USD 1.7 million and for Rompetrol Gas in amount of USD 1 million. Part of these projects have been transferred to the other property, plant and equipment categories.

At the end of 2022 the main projects remaining in construction in progress refers to the following: Refinery Restart\_ 2021 Incident amounting to USD 1.1 million, Replacement of Petromidia strategic equipment amounting to USD 5.9 million, State Inspection for Control of Boilers, Pressure Vessels and Hoisting (ISCIR) authorizations amounting to USD 9.2 million, Refinery Catalyst Replacement amounting to USD 3.6 million, Preparing to 2024 general repair and 2020 HPP Unit amounting to USD 1.9 million, tank

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

rehabilitation amounting to USD 5.2 million, Mild Hydrocracking Unit Reliability amounting to USD 1.4 million, and other refinery ongoing projects (approximately USD 9.4 million).

For Vega refinery the main projects remaining in construction in progress refers to the Replace heater in VD unit, amounting to USD 4.2 million, and other refinery ongoing projects (Emergency replacement of Vega equipment, Rehabilitation tank A63, Installation of water-cooling system) approximately USD 2 million.

In Rompetrol Downstream at the end of 2022 the main projects remaining in construction in progress refers to the following: construction of new stations (RBI, Cuves, Doex, STB) amounting to USD 3.5 million, acquisition Fill&GO devices amounting to USD 0.6 million, capital maintenance amounting to USD 0.8 million, replace electrical circuits in stations amounting to USD 0.3 million, USD 2.8 million for acquisitions of new equipment such as: CCTV system; air conditioner etc.

In Romoil at the end of 2022 the main projects remaining in construction in progress refers to the following: Compliance to OMAI firefighting amounting to USD 5.4 million, Replacement of truck loading skids amounting to USD 0.8 million, Upgrade facilities for storage tanks amounting to USD 0.4 million, Replacement of product pumps in all depo amounting to USD 0.3 million, Reconstruction sewage system Mogosoia amounting to USD 0.25 million.

- *Disposals*

In 2022, USD 6 million disposed assets are in respect of Rompetrol Downstream referring to IT and technological equipment for highway retail network development which were transferred to Rompetrol Development.

- *Borrowing costs capitalized*

As of September 30, 2023, capital projects were financed from Groups' operating cash flow, therefore no borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets was capitalized during the period ended as of September 30, 2023 (2022: USD nil). The Group's borrowing funds are generally obtained for the business and are not used for the purpose of obtaining a qualifying asset, thus Management determined that no borrowing cost is considered eligible in the first nine months of 2023 and for the year 2022 for capitalization by applying a capitalization rate to the expenditure on the asset.

- *Impairment*

The Group performs an annual assessment for all entities, based on specific asset considerations, as applicable, to identify whether impairment indicators exist and taking into consideration expectations on future estimated cash flows. Impairment tests have been performed by the Group for the carrying value of goodwill, property plant and equipment and right of use assets as of 31 December 2022 on the cash generating units ("CGUs") listed below in Note 6.

In June 2023 Rompetrol Rafinare SA recognized an impairment provision in amount of USD 7.2 million in respect of Mild Hydrocracker Unit (MHC Unit) assets affected by the fire incident occurred on June 21<sup>st</sup>.

Rompetrol Rafinare SA has certain items of plant and equipment related to production lines that were no longer used. Related to the assets currently not in use an impairment provision was recognized in amount of USD 8 million out of which the amount related to Petromidia Refinery is of USD 6.9 million (of which HDPE unit amounts USD 5.4 million and the Aromatic complex amounts USD 1.5 million) and USD 1 million for Vega Refinery as of December 31, 2022.

In respect of HDPE unit, considering that "Swing HDPE to PP" project was temporary put on hold given the current economic environment, Group Management performed a technical assessment of the future use of HDPE components. Following the assessment prepared it was concluded that, out of the total net book value as of 31 December 2022 in amount of USD 14.5 million, USD 8.8 million represent components which were preliminary assessed as being used in the foreseeable future for the current

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

petrochemicals operational activity, USD 0.28 million was assessed as scrap, and for the remaining of USD 5.4 million an impairment adjustment was recorded as of 31 December 2022.

- *Revaluation of Property, plant and equipment*

Starting with the financial year ended December 31, 2021, the Group implements the voluntary change of the accounting policy regarding the measurement of equipment and land of the Group at fair value as the new method leads to obtaining more relevant and reliable information. Buildings are measured using revalued amount following the voluntary change of accounting as of 31 December 2017.

As at the date of revaluation on 31 December 2021, the properties' fair values are based on valuations performed by PricewaterhouseCoopers Management Consultants S.R.L., an accredited independent appraiser with experience on similar valuation exercises. Fair value of the properties was determined using net replacement cost approach for majority of assets, but also the market approach was applied for a number of assets like land and residential buildings. The valuations of equipment was performed by the appraiser based on net replacement cost method and subsequently the items were tested for impairment.

Considering that property plant and equipment of the Group are recognized at fair value, and their last evaluation was carried out on December 31, 2021, a depreciation test was carried out as at December 31, 2022, to check if an additional revaluation of the fixed assets is necessary at year end. The value in use was estimated based on the 5-year Business Plan (2023-2027) prepared by the company's management. Following the tests carried out, the resulting use value of tangible assets is close to, but higher than, the accounting value of the assets, so no adjustment of the accounting value was necessary as at December 31, 2022.

- *Pledged property, plant and equipment*

As at September 30, 2023 the Group has pledged property, plant and equipment with a carrying value of USD 381.5 million (31 December 2022: USD 399.6 million) net, for securing banking facilities granted to Group entities.

In 2010, for Rompetrol Rafinare SA (the "Company") it was established by ANAF an asset freeze on all fixed assets and investments and on the equity as well as on the shares, amounting to RON 1,595,020,055 in favor of the Romanian state (represented by ANAF). On these titles there was set up a rank 2 guarantee in favor of KMG International N.V.

On the guarantees in favor of ANAF, on 10 September 2010, ANAF has established an asset freeze on the investments held by the Company in its subsidiaries and on the movable and immovable assets of the Company, except inventories. The asset freeze is based on article 129 of the Fiscal Procedure Code and the main result is that the Company cannot sell / transfer the assets under freeze.

Rompetrol Rafinare filled in a complaint against ANAF to release the precautionary measures imposed back in 2010 when the historical bonds issued by RRC (according to the Emergency Ordinance no. 118/2003) were converted into shares in September 2010 and therefore the Romanian State (Ministry of Energy) became shareholder of RRC for 44.69%.

The last hearing was set for December 6, 2021 and a decision issued on December 20, 2021 in favour of the company by releasing the seizure. The decision was appealed by ANAF to Supreme Court. The first term was set in the appeal for May 25, 2023 when the Court postponed a decision for June 22, 2023 when the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal.

On 9 May 2016, Rompetrol Rafinare SA was notified that it was included as a civil responsible party in a file under investigation by DIICOT (See Note 30). Also, on the same date, the movable and immovable assets of Rompetrol Rafinare SA, as well as all the investments in subsidiaries, were subject to an asset freeze.

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

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, discharged all allegations and lifted the criminal seizure over RRC assets, but still kept a precautionary seizures over 4 installations (for a value of USD 106.5 million) 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.

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**6. IMPAIRMENT TEST**

Impairment tests have been performed by the Group for the carrying value of goodwill, property plant and equipment and right of use assets as of 31 December 2022 on the cash generating units ("CGUs") Refining, Petrochemicals and Downstream Romania. Based on the impairment tests performed, no impairment has been identified.

**7. RIGHT OF USE ASSETS**

Amounts in USD

|                                             | <u>Land, buildings<br/>and special<br/>constructions</u> | <u>Plant and<br/>equipment</u> | <u>Vehicles</u>    | <u>Total</u>        |
|---------------------------------------------|----------------------------------------------------------|--------------------------------|--------------------|---------------------|
| <b>Cost:</b>                                |                                                          |                                |                    |                     |
| <b>As of January 1, 2022</b>                | <b>125,402,673</b>                                       | <b>401,294</b>                 | <b>1,743,053</b>   | <b>127,547,020</b>  |
| Additions                                   | 22,472,286                                               | -                              | 192,457            | 22,664,743          |
| Disposals                                   | -                                                        | -                              | (61,853)           | (61,853)            |
| Reclassifications and other transfers       | -                                                        | -                              | (2,894)            | (2,894)             |
| Re-measurement                              | 420,812                                                  | 190,574                        | -                  | 611,386             |
| <b>As of December 31, 2022</b>              | <b>148,295,772</b>                                       | <b>591,867</b>                 | <b>1,870,763</b>   | <b>150,758,402</b>  |
| Additions                                   | 136,073,315                                              | -                              | 20,961             | 136,094,276         |
| Disposals                                   | (34,022)                                                 | -                              | (1,843)            | (35,865)            |
| Re-measurement                              | 1,957,960                                                | 23,491                         | 159,540            | 2,140,991           |
| <b>As of September 30, 2023</b>             | <b>286,293,025</b>                                       | <b>615,358</b>                 | <b>2,049,421</b>   | <b>288,957,804</b>  |
| <b>Depreciation and Impairment:</b>         |                                                          |                                |                    |                     |
| <b>As of January 1, 2022</b>                | <b>(16,798,321)</b>                                      | <b>(331,913)</b>               | <b>(811,818)</b>   | <b>(17,942,052)</b> |
| Depreciation                                | (7,520,619)                                              | (122,413)                      | (468,395)          | (8,111,427)         |
| Accumulated depreciation<br>of disposals    | 102                                                      | -                              | 61,853             | 61,954              |
| Reclassifications and other transfers       | (535)                                                    | -                              | 2,895              | 2,360               |
| <b>As of December 31, 2022</b>              | <b>(24,319,374)</b>                                      | <b>(454,326)</b>               | <b>(1,215,465)</b> | <b>(25,989,165)</b> |
| Depreciation                                | (9,234,049)                                              | (86,943)                       | (314,176)          | (9,635,168)         |
| Accumulated depreciation<br>of disposals    | 34,037                                                   | -                              | 1,868              | 35,905              |
| <b>As of September 30, 2023</b>             | <b>(33,519,386)</b>                                      | <b>(541,269)</b>               | <b>(1,527,773)</b> | <b>(35,588,428)</b> |
| <b>Net Book value at December 31, 2022</b>  | <b>123,976,398</b>                                       | <b>137,541</b>                 | <b>655,298</b>     | <b>124,769,238</b>  |
| <b>Net Book value at September 30, 2023</b> | <b>252,773,639</b>                                       | <b>74,089</b>                  | <b>521,648</b>     | <b>253,369,376</b>  |

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**7. RIGHT OF USE ASSETS (continued)**

Amounts in RON (supplementary info – see note 2(e))

|                                             | <u>Land, buildings<br/>and special<br/>constructions</u> | <u>Plant and<br/>equipment</u> | <u>Vehicles</u>           | <u>Total</u>                |
|---------------------------------------------|----------------------------------------------------------|--------------------------------|---------------------------|-----------------------------|
| <b>Cost:</b>                                |                                                          |                                |                           |                             |
| <b>As of January 1, 2022</b>                | <b>587,687,087</b>                                       | <b>1,880,624</b>               | <b>8,168,644</b>          | <b>597,736,355</b>          |
| Additions                                   | 105,314,121                                              | -                              | 901,930                   | 106,216,051                 |
| Disposals                                   | -                                                        | -                              | (289,868)                 | (289,868)                   |
| Reclassifications and other transfers       | -                                                        | -                              | (13,562)                  | (13,562)                    |
| Re-measurement                              | <u>1,972,093</u>                                         | <u>893,106</u>                 | -                         | <u>2,865,199</u>            |
| <b>As of December 31, 2022</b>              | <b><u>694,973,301</u></b>                                | <b><u>2,773,730</u></b>        | <b><u>8,767,144</u></b>   | <b><u>706,514,175</u></b>   |
| Additions                                   | 637,693,983                                              | -                              | 98,232                    | 637,792,215                 |
| Disposals                                   | (159,441)                                                | -                              | (8,637)                   | (168,078)                   |
| Re-measurement                              | <u>9,175,784</u>                                         | <u>110,088</u>                 | <u>747,668</u>            | <u>10,033,540</u>           |
| <b>As of September 30, 2023</b>             | <b><u>1,341,683,627</u></b>                              | <b><u>2,883,818</u></b>        | <b><u>9,604,407</u></b>   | <b><u>1,354,171,852</u></b> |
| <b>Depreciation and Impairment:</b>         |                                                          |                                |                           |                             |
| <b>As of January 1, 2022</b>                | <b>(78,723,652)</b>                                      | <b>(1,555,477)</b>             | <b>(3,804,504)</b>        | <b>(84,083,633)</b>         |
| Depreciation                                | (35,244,629)                                             | (573,676)                      | (2,195,086)               | (38,013,391)                |
| Accumulated depreciation<br>of disposals    | 478                                                      | -                              | 289,868                   | 290,346                     |
| Reclassifications and other transfers       | <u>(2,507)</u>                                           | -                              | <u>13,567</u>             | <u>11,060</u>               |
| <b>As of December 31, 2022</b>              | <b><u>(113,970,310)</u></b>                              | <b><u>(2,129,153)</u></b>      | <b><u>(5,696,155)</u></b> | <b><u>(121,795,618)</u></b> |
| Depreciation                                | (43,274,447)                                             | (407,450)                      | (1,472,354)               | (45,154,251)                |
| Accumulated depreciation<br>of disposals    | 159,511                                                  | -                              | 8,754                     | 168,265                     |
| <b>As of September 30, 2023</b>             | <b><u>(157,085,246)</u></b>                              | <b><u>(2,536,603)</u></b>      | <b><u>(7,159,755)</u></b> | <b><u>(166,781,604)</u></b> |
| <b>Net Book value at December 31, 2022</b>  | <b><u>581,002,991</u></b>                                | <b><u>644,577</u></b>          | <b><u>3,070,989</u></b>   | <b><u>584,718,557</u></b>   |
| <b>Net Book value at September 30, 2023</b> | <b><u>1,184,598,381</u></b>                              | <b><u>347,215</u></b>          | <b><u>2,444,652</u></b>   | <b><u>1,187,390,248</u></b> |

Total additions from the first nine months of 2023 of USD 136.1 million are in respect of Rompetrol Downstream for 10 stations built and opened in accordance with the contract with CNAIR and Rompetrol Development SRL.

The additions during 2022 represent mainly contracts concluded by Rompetrol Downstream for the rental of gas stations from Rompetrol Development, USD 22 million.

The Group recognized right of use assets for the following main categories of leases.

**Land, buildings and special construction** category includes mainly:

- Rent agreements for gas stations - in Rompetrol Downstream, in this category are included rent agreements for gas station buildings, land (on which the gas station is located) or rent for road utilization (for access to the gas station);
- Rental of administrative buildings;
- Rent for usage of maritime port - berths of Midia Port used by Rompetrol Rafinare;
- Depots rent – used for storage of petroleum products.

|                                    | <b>Net book value at<br/>September 30, 2023</b> | <b>Net book value at<br/>December 31, 2022</b> |
|------------------------------------|-------------------------------------------------|------------------------------------------------|
| <b>USD</b>                         |                                                 |                                                |
| Rent agreements for gas stations   | 239,069,449                                     | 111,048,874                                    |
| Rental of administrative buildings | 1,845,673                                       | 280,678                                        |
| Rent for usage of maritime port    | 11,796,685                                      | 12,196,669                                     |
| Depots rent                        | <u>61,832</u>                                   | <u>450,178</u>                                 |
| <b>Total</b>                       | <b>252,773,639</b>                              | <b>123,976,398</b>                             |

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**7. RIGHT OF USE ASSETS (continued)**

**Plant and equipment** category includes mainly equipment for industrial water pumping stations.

**Vehicles and other** category includes mainly the agreements in relation the car fleet rental.

The right-of-use assets are also subject to impairment and assessed within the CGUs to which they belong.

**8. INVESTMENTS**

**Investments in Consolidated Subsidiaries**

Details of the Group consolidated subsidiaries at 30 September 2023 and 31 December 2022 are as follows:

| Company name                       | Country of incorporation | Range of activity                       | Effective ownership<br>30 September<br>2023<br>% | Control<br>30<br>September<br>2023<br>% | Effective ownership<br>31 December<br>2022<br>% | Control<br>31 December<br>2022<br>% |
|------------------------------------|--------------------------|-----------------------------------------|--------------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------------------------|
| Romp petrol<br>Downstream SRL      | Romania                  | Retail Trade of Fuels<br>and Lubricants | 100                                              | 100                                     | 100                                             | 100                                 |
| Rom Oil SA                         | Romania                  | Wholesale of Fuels;<br>fuel storage     | 100                                              | 100                                     | 100                                             | 100                                 |
| Romp petrol Logistics<br>SRL       | Romania                  | Logistics operations                    | 66.19                                            | 100                                     | 66.19                                           | 100                                 |
| Romp petrol<br>Petrochemicals SRL  | Romania                  | Petrochemicals                          | 100                                              | 100                                     | 100                                             | 100                                 |
| Romp petrol Quality<br>Control SRL | Romania                  | Quality Control<br>Services             | 100                                              | 100                                     | 100                                             | 100                                 |
| Romp petrol Gas SRL                | Romania                  | LPG Sales                               | 66.19                                            | 100                                     | 66.19                                           | 100                                 |

Effective ownership interests for the Group takes into consideration indirect shareholding weighted with corresponding Group ownership in the intermediate shareholder and this percentage is used for consolidation, while the control percent takes into consideration the total interest controlled directly and indirectly.

- *Disposals through sales of subsidiaries and liquidations*

During 2023 and 2022, there was no disposal of companies.

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**9. INVENTORIES, NET**

The inventories balance in 2023 and 2022 is provided below:

|                                                                                     | <u>September</u><br><u>30, 2023</u><br>USD | <u>December</u><br><u>31, 2022</u><br>USD | <u>September</u><br><u>30, 2023</u><br>RON<br>(supplementary info – see Note 2(e)) | <u>December</u><br><u>31, 2022</u><br>RON |
|-------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------|
| Crude oil and other feedstock materials (at lower of cost and net realisable value) | 195,880,266                                | 150,187,088                               | 917,973,277                                                                        | 703,836,770                               |
| Petroleum and petrochemical products (at lower of cost and net realisable value)    | 143,252,985                                | 120,884,520                               | 671,340,789                                                                        | 566,513,215                               |
| Work in progress (at cost)                                                          | 59,513,605                                 | 32,881,936                                | 278,904,558                                                                        | 154,097,905                               |
| Spare parts (at cost less inventories write-down)                                   | 4,545,276                                  | 4,713,148                                 | 21,300,981                                                                         | 22,087,697                                |
| Consumables and other raw materials (at cost less inventories write-down)           | 5,037,645                                  | 5,320,012                                 | 23,608,420                                                                         | 24,931,704                                |
| Merchandises (at cost less inventories write-down)                                  | 18,227,657                                 | 17,512,960                                | 85,422,092                                                                         | 82,072,736                                |
| Other inventories (at cost less inventories write-down)                             | <u>1,933,002</u>                           | <u>2,370,394</u>                          | <u>9,058,821</u>                                                                   | <u>11,108,614</u>                         |
|                                                                                     | <b><u>428,390,436</u></b>                  | <b><u>333,870,058</u></b>                 | <b><u>2,007,608,938</u></b>                                                        | <b><u>1,564,648,641</u></b>               |

Movements in inventories reserve:

|                                            | <u>September</u><br><u>30, 2023</u><br>USD | <u>December 31,</u><br><u>2022</u><br>USD | <u>September 30,</u><br><u>2023</u><br>RON<br>(supplementary info – see Note 2(e)) | <u>December 31,</u><br><u>2022</u><br>RON |
|--------------------------------------------|--------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------|
| <b>Reserve as of January 1</b>             | <b>(38,665,890)</b>                        | <b>(26,934,093)</b>                       | <b>(181,203,827)</b>                                                               | <b>(126,223,933)</b>                      |
| Accrued provision                          | (29,934,311)                               | (39,447,604)                              | (140,284,155)                                                                      | (184,867,251)                             |
| Reversal of provision                      | 27,768,982                                 | 27,715,807                                | 130,136,557                                                                        | 129,887,358                               |
| <b>Reserve as of the end of the period</b> | <b><u>(40,831,219)</u></b>                 | <b><u>(38,665,890)</u></b>                | <b><u>(191,351,425)</u></b>                                                        | <b><u>(181,203,826)</u></b>               |

The inventories provisions mainly represent the provision for net realizable value in relation to refineries and petrochemical plant inventories (such as petroleum and petrochemicals products from production and trading, raw materials).

The Group has pledged inventories in gross amount of USD 437.6 million (2022: USD 273 million) to secure banking facilities.

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**10. TRADE AND OTHER RECEIVABLES**

As mentioned in Note 1 the Parent company and its subsidiaries are part of KMG International Group. The balances with related parties are disclosed in Note 27.

|                                                                   | <b>September<br/>30, 2023<br/>USD</b> | <b>December 31,<br/>2022<br/>USD</b> | <b>September 30,<br/>2023<br/>RON</b>       | <b>December 31,<br/>2022<br/>RON</b> |
|-------------------------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|--------------------------------------|
|                                                                   |                                       |                                      | <i>(supplementary info – see Note 2(e))</i> |                                      |
| Trade receivables                                                 | 217,794,522                           | 245,406,406                          | 1,020,672,248                               | 1,150,072,582                        |
| Advances to suppliers                                             | 17,770,705                            | 24,948,120                           | 83,280,632                                  | 116,916,870                          |
| Sundry debtors                                                    | 81,652,606                            | 74,226,928                           | 382,656,773                                 | 347,857,075                          |
| VAT to be recovered                                               | 71,276                                | 101,922                              | 334,028                                     | 477,647                              |
| Cash pooling receivables                                          | 466,454,907                           | 267,473,915                          | 2,185,994,276                               | 1,253,489,755                        |
| Fuel subsidy                                                      | 25,805,421                            | 39,501,703                           | 120,934,525                                 | 185,120,781                          |
| Other receivables                                                 | 37,438,252                            | 26,862,483                           | 175,450,624                                 | 125,888,340                          |
| Provision for expected credit losses related to trade receivables | <u>(36,405,518)</u>                   | <u>(36,144,539)</u>                  | <u>(170,610,821)</u>                        | <u>(169,387,768)</u>                 |
|                                                                   | <b><u>810,582,171</u></b>             | <b><u>642,376,936</u></b>            | <b><u>3,798,712,285</u></b>                 | <b><u>3,010,435,282</u></b>          |

Movement in the above provision is disclosed below and in Note 23.

Fuel subsidy in amount of USD 25.8 million is in relation to 0.25 RON fuel subvention according to Government Emergency Ordinance OUG 106; the subsidy is to be offset with Rompetrol Downstream tax liabilities.

Included in Sundry debtors as of September 30, 2023 is an amount of USD 5.4 million (2022: USD 5.4 million) for principal liabilities and related penalties paid to ANAF following General Tax Inspection Report covering 2011 - 2015 period; the amount is fully provided as at December 31, 2022. The fiscal provision recognized in 2022 is in amount of USD 2.5 million, and the opening balance of USD 2.9 million was reclassified between "Provision for sundry debtors and other receivables" to "Fiscal provision" under "Other provisions" category, the amounts provided being in relation with a tax inspection for which a legal challenge is ongoing (see Note 30).

Another amount included in Sundry debtors refers to USD 2.56 million in respect of Omniasig Vienna Insurance for insurance claim following the 2nd of July 2021 incident.

In 2022 USD 0.8 million in sundry debtors are for payment made by Rompetrol Rafinare SA to Navodari City Hall following the fiscal audit on local taxes (in respect of revaluation of buildings) - the inspection team considered that for year 2012, certain buildings were not revalued within three years of the previous revaluation and applied a higher local tax rate of 10% for the buildings, and as a consequence assessed an additional tax on buildings and related penalties in total amount of RON 20.4 million (USD 4.5 million), out of which the principal is RON 11.2 million (USD 2.5 million) and the penalties and accessories are RON 9.2 million (USD 2 million) (calculated until the date of the report).

The company challenged the said decision and in July 2021 the Supreme Court ruled in favour of the Company and found the City-hall liable to pay back to the Company the amount of RON 13.7 million.

As of 30 September 2023 Rompetrol Rafinare SA enforced the total amount of RON 13.7 (USD 3 million) million by various set-off operations with Navodari City Hall.

Also, included in Sundry debtors category is an amount of USD 63.4 million (2022: USD 62.2 million) relating to Rompetrol Petrochemicals SRL receivables against KMG International N.V. ("KMGI") as a result of Rompetrol Petrochemicals SRL assignment of receivables to KMGI starting with November 2017 for Rompetrol Rafinare SA debts (see Note 12). Following the contract agreement in place Rompetrol Petrochemicals SRL charges interest for late payment from KMGI. As of 30 September 2023, the interest receivable is in amount of USD 0.53 million, during 2023 the interest accrued and received was in amount of USD 4.6 million.

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**10. TRADE AND OTHER RECEIVABLES (continued)**

On 28 February 2011, Rompetrol Rafinare S.A. won the court case against the Romanian Government and the Ministry of Environment which required the Romanian authorities to allocate to Rompetrol Rafinare an additional number of 2,577,938 CO2 emission certificates for the entire period 2008 - 2012 (Decision 69/CA/2011). On October 30, 2012, the Supreme Court confirmed this resolution. In June 2020 the court admitted the Company' claim (the countervalue of the said 2.5 million CO2 certificates in amount of EUR 36 million). During December 2020 – May 2022 the Romanian Government and Ministry of Environment paid the entire amount as follows USD 7.5 million in 2020, USD 11 million in 2021 and USD 17.4 million in 2022.

In 2023, out of the total amount of USD 17.8 million (2022: 24.9 million) representing advances to suppliers, USD 14.6 million (2022: 20.5 million) are in respect of other raw materials, investment projects, and CO2 certificates acquisition in Rompetrol Rafinare and USD 2.4 million (2022: 2.1 million) are in respect of investment projects related to the construction of new stations, rebranding process, advance for utilities and petroleum product in Rompetrol Downstream and USD 0.4 million in Romoil.

Cash pooling receivables refers to: Rompetrol Downstream USD 216.2 million (2022: USD 84.7 million), Rompetrol Rafinare USD 147.1 million (2022: USD 84.8 million), Rompetrol Gas USD 75.4 million (2022: USD 74.5 million), Rompetrol Quality Control USD 2.8 million (2022: USD 3.1 million), Rompetrol Logistics USD 6 million (2022: USD 6.4 million) and Rompetrol Petrochemicals USD 18.9 million (2022: USD 14 million).

Also, in other receivables an amount of USD 16.57 million (2022: USD 14.36 million) refers to excise receivables in Rompetrol Rafinare.

|                                                    | <b><u>September</u></b><br><b><u>30, 2023</u></b><br><b>USD</b> | <b><u>December 31,</u></b><br><b><u>2022</u></b><br><b>USD</b> | <b><u>September 30,</u></b><br><b><u>2023</u></b><br><b>RON</b><br><i>(supplementary info – see Note 2(e))</i> | <b><u>December 31,</u></b><br><b><u>2022</u></b><br><b>RON</b> |
|----------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Sundry debtors                                     | 81,652,606                                                      | 74,226,928                                                     | 382,656,773                                                                                                    | 347,857,075                                                    |
| Other receivables                                  | 37,438,252                                                      | 26,862,483                                                     | 175,450,624                                                                                                    | 125,888,340                                                    |
| Provision for sundry debtors and other receivables | (2,299,172)                                                     | (2,317,828)                                                    | (10,774,840)                                                                                                   | (10,862,269)                                                   |

Out of the total amount of other receivables and sundry debtors of USD 119.1 million (2022: USD 101.1 million) an amount of USD 2.3 million (2022: USD 2.3 million) is provisioned.

No additional provision was considered in respect of Rompetrol Petrochemicals SRL receivables against KMGI as a result of Rompetrol Petrochemicals SRL assignment of receivables to KMGI starting with November 2017 for Rompetrol Rafinare SA debts.

The movement in provision for expected credit losses is as follows:

|                                                                             | <b><u>September</u></b><br><b><u>30, 2023</u></b><br><b>USD</b> | <b><u>December</u></b><br><b><u>31, 2022</u></b><br><b>USD</b> | <b><u>September</u></b><br><b><u>30, 2023</u></b><br><b>RON</b><br><i>(supplementary info – see Note 2(e))</i> | <b><u>December</u></b><br><b><u>31, 2022</u></b><br><b>RON</b> |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <b>Balance at the beginning of the year</b>                                 | <b>(36,144,539)</b>                                             | <b>(40,343,673)</b>                                            | (169,387,768)                                                                                                  | (189,066,589)                                                  |
| Charge for the year                                                         | (3,616,794)                                                     | (2,399,026)                                                    | (16,949,743)                                                                                                   | (11,242,795)                                                   |
| Utilised                                                                    | 2,157,281                                                       | 33,621                                                         | 10,109,880                                                                                                     | 157,561                                                        |
| Unused amounts reversed                                                     | 587,488                                                         | 1,387,519                                                      | 2,753,204                                                                                                      | 6,502,469                                                      |
| Recalssification between categories trade receivables and other receivables | -                                                               | 2,946,175                                                      | -                                                                                                              | 13,806,955                                                     |
| Exchange rate differences                                                   | 611,046                                                         | 2,230,844                                                      | 2,863,606                                                                                                      | 10,454,632                                                     |
| <b>Balance at the end of the year</b>                                       | <b>(36,405,518)</b>                                             | <b>(36,144,539)</b>                                            | <b>(170,610,821)</b>                                                                                           | <b>(169,387,768)</b>                                           |

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**10. TRADE AND OTHER RECEIVABLES (continued)**

Trade receivables totaling USD 124.1 million as at 30 September 2023 and USD 149 million as at 31 December 2022 are pledged to obtain credit facilities (see Notes 13 and 18).

**11. CASH AND CASH EQUIVALENTS**

|                  | <u>September</u><br><u>30, 2023</u><br>USD | <u>December 31,</u><br><u>2022</u><br>USD | <u>September</u><br><u>30, 2023</u><br>RON<br>(supplementary info – see Note 2(e)) | <u>December 31,</u><br><u>2022</u><br>RON |
|------------------|--------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------|
| Cash at bank     | 172,758,715                                | 12,907,647                                | 809,616,441                                                                        | 60,490,397                                |
| Cash on hand     | 3,793,419                                  | 3,919,676                                 | 17,777,479                                                                         | 18,369,170                                |
| Cash equivalents | <u>2,390,473</u>                           | <u>145,892</u>                            | <u>11,202,713</u>                                                                  | <u>683,708</u>                            |
|                  | <b><u>178,942,607</u></b>                  | <b><u>16,973,215</u></b>                  | <b><u>838,596,633</u></b>                                                          | <b><u>79,543,275</u></b>                  |

Cash equivalents represent mainly cheques in the course of being cashed.

**12. EQUITY**

Shareholders' structure as at 30 September 2023 is as follows:

| <b>Shareholders</b>                                     | <b>Ownership</b>   | <b>Amount per<br/>statutory<br/>documents<br/>[RON]</b> | <b>Amount under<br/>IFRS [USD]</b> | <b>Amount under<br/>IFRS [RON]</b> |
|---------------------------------------------------------|--------------------|---------------------------------------------------------|------------------------------------|------------------------------------|
| KMG International N.V.                                  | 48.11%             | 1,277,857,773                                           | 423,929,605                        | 1,986,703,700                      |
| Romanian State represented by the<br>Ministry of Energy | 44.70%             | 1,187,087,758                                           | 393,816,632                        | 1,845,582,263                      |
| Rompetrol Financial Group S.R.L.                        | 6.47%              | 171,851,155                                             | 57,011,660                         | 267,179,442                        |
| Rompetrol Well Services S.A.                            | 0.05%              | 1,323,486                                               | 439,067                            | 2,057,643                          |
| Others (not State or KMGI Group)                        | 0.67%              | <u>17,800,400</u>                                       | <u>5,905,287</u>                   | <u>27,674,536</u>                  |
| <b>Total</b>                                            | <b><u>100%</u></b> | <b><u>2,655,920,573</u></b>                             | <b><u>881,102,250</u></b>          | <b><u>4,129,197,584</u></b>        |

Shareholders' structure as at 31 December 2022 was as follows:

| <b>Shareholders</b>                                     | <b>Ownership</b>   | <b>Amount per<br/>statutory<br/>documents<br/>[RON]</b> | <b>Amount under<br/>IFRS [USD]</b> | <b>Amount under<br/>IFRS [RON]</b> |
|---------------------------------------------------------|--------------------|---------------------------------------------------------|------------------------------------|------------------------------------|
| KMG International N.V.                                  | 48.11%             | 1,277,857,773                                           | 423,929,605                        | 1,986,703,700                      |
| Romanian State represented by the<br>Ministry of Energy | 44.70%             | 1,187,087,758                                           | 393,816,632                        | 1,845,582,263                      |
| Rompetrol Financial Group S.R.L.                        | 6.47%              | 171,851,155                                             | 57,011,660                         | 267,179,442                        |
| Rompetrol Well Services S.A.                            | 0.05%              | 1,323,486                                               | 439,067                            | 2,057,643                          |
| Others (not State or KMGI Group)                        | 0.67%              | <u>17,800,400</u>                                       | <u>5,905,287</u>                   | <u>27,674,536</u>                  |
| <b>Total</b>                                            | <b><u>100%</u></b> | <b><u>2,655,920,573</u></b>                             | <b><u>881,102,250</u></b>          | <b><u>4,129,197,584</u></b>        |

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**12. EQUITY (continued)**

*Share premium and effect of transfers with equity holders*

Share premium and effect of transfers with equity holders are the result of conversion of bonds into ordinary shares as at 30 September 2010 in favor of the Romanian State represented by the Ministry of Finance, based on the Emergency Ordinance ("EGO") 118/2003 ratified by Law 89/2005.

The transactions resulted in an impact on the Effect of transfer with equity holders reserve amounting USD 596.83 million and share premium of USD 74 million.

*Hybrid Loan*

In 2012, USD 800 million of the total outstanding balance of the loan payable to KMG International NV was converted into an unsecured hybrid loan, repayable after 51 years. During 2013, an additional USD 200 million were converted (USD 150 million related to Rompetrol Rafinare and USD 50 million to Rompetrol Downstream), the hybrid loan amounting to USD 1,000 million. The loan is subordinated to any present and future liability of the companies. At maturity the loan can be repaid in cash or fully or partially converted into shares at the option of the issuer. The interest rate for this loan is 15% of the aggregate amount of the company's annual EBIT (operational profit), and it is computed and becomes payable if the below conditions are met cumulatively:

- ✓ the company records net profit after tax in the year;
- ✓ the company will be able to distribute dividends as per the Romanian law requirements.

In 2017, an additional USD 72.2 million related to Rompetrol Rafinare SA were converted to hybrid loan repayable after 51 years. As of 31 December 2017, the total value of the hybrid loan is amounting USD 1,072 million. The additional loan is subordinated to any present and future liability of the companies. At maturity the loan can be repaid in cash or fully or partially converted into shares. The interest rate for this loan is 2% of the aggregate amount of the company's annual EBIT (operational profit), and it is computed and becomes payable if the below conditions are met cumulatively:

- ✓ the company records net profit after tax in the year;
- ✓ the company will be able to distribute dividends as per the Romanian law requirements.

Also, in 2017 management carried out an assessment on the potential hybrid loan interest liability and recorded an amount of USD 14.6 million, based on the projected profitability of the business for the upcoming period. This liability was updated in 2018 to USD 17 million and no change in the interest assessment resulted for 2019. On annual basis, a reassessment of the future interest is performed with direct impact in the current year result.

As of 31 December 2020, management carried out an assessment on the potential hybrid loan interest liability and it resulted that no interest payable should be recorded based on the projected profitability of the business by the end of the contractual period, considering the current accumulated accounting losses. As result of the assessment performed, the potential hybrid loan interest liability was reversed through the current year result.

In May 2021, the parent company concluded addendums to the hybrid loan agreements stating that interest will be computed and becomes payable when:

- ✓ the company records net profit after tax in the year;
- ✓ the company will distribute dividends as per the Romanian law requirements.

*Revaluation reserve*

As of 31 December 2021, the balance of the revaluation reserves is affected by revaluation surplus of USD 233.2 million due to voluntary change of accounting policy for property, plant and equipment. The above impact is partially offset by the transfer in retained earnings of the difference between depreciation based on revalued carrying amount and depreciation based on the initial cost of assets in the buildings category. The revaluation surplus included in the revaluation reserve is capitalized by the transfer in retained earnings as a result of the use of the asset or disposal. Thus, as of 31 December 2022, the revaluation surplus transferred to retained earnings was USD 49.8 million (2021: USD 11.5 million).

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**13. LONG-TERM BORROWINGS FROM BANKS**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u>September</u><br><u>30, 2023</u><br>USD | <u>December</u><br><u>31, 2022</u><br>USD | <u>September</u><br><u>30, 2023</u><br>RON<br><i>(supplementary info – see<br/>Note 2(e))</i> | <u>December</u><br><u>31, 2022</u><br>RON |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------|
| <b>BCR, ING Bank, Raiffeisen Bank, UniCredit Bank, Alpha Bank, Garanti Bank and OTP Bank</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 266,257,623                                | -                                         | 1,247,789,724                                                                                 | -                                         |
| Romp petrol Rafinare: General corporate purposes and working capital facility of USD 531,800,000 with possibility to increase up to USD 600,000,000 considering an accordion clause of USD 68,200,000. The facility consists of two parts: (I) USD 265,9 million committed line and the maturity date is April 13, 2026 with an option of adding another 2 years until 2028 and (II) USD 265,9 million uncommitted line for a period of 1 year, with yearly possibility of prolongation. The facility is secured by: inventories, receivables, depots, gas stations and current accounts. |                                            |                                           |                                                                                               |                                           |
| <b>Amount payable within one year principal</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (357,623)                                  | -                                         | (1,675,964)                                                                                   | -                                         |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b><u>265,900,000</u></b>                  | <b>=</b>                                  | <b><u>1,246,113,760</u></b>                                                                   | <b>=</b>                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u>September</u><br><u>30, 2023</u><br>USD | <u>December</u><br><u>31, 2022</u><br>USD | <u>September</u><br><u>30, 2023</u><br>RON<br><i>(supplementary info – see<br/>Note 2(e))</i> | <u>December</u><br><u>31, 2022</u><br>RON |
| One year or less - principal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 357,623                                    | -                                         | 1,675,964                                                                                     | -                                         |
| Between two and five years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>265,900,000</u>                         | -                                         | <u>1,246,113,760</u>                                                                          | -                                         |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b><u>266,257,623</u></b>                  | <b>=</b>                                  | <b><u>1,247,789,724</u></b>                                                                   | <b>=</b>                                  |

The loans bearing guarantees are secured with pledges on property plant and equipment of USD 381.5 million (2022: USD 399.6), inventories of USD 437.6 million (2022: USD 273 million) and trade receivables of USD: 124.1 million (2022: USD 149 million).

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**14. OBLIGATIONS UNDER LEASE AGREEMENTS**

|                                       | <u>September<br/>30, 2023</u><br>USD | <u>December 31,<br/>2022</u><br>USD | <u>September<br/>30, 2023</u><br>RON | <u>December 31,<br/>2022</u><br>RON |
|---------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|                                       |                                      |                                     | (supplementary info – see Note 2(e)) |                                     |
| <b>As at 1 January</b>                | <b>125,006,748</b>                   | <b>111,916,989</b>                  | <b>585,831,624</b>                   | <b>524,487,777</b>                  |
| Additions                             | 136,094,226                          | 22,665,080                          | 637,791,981                          | 106,217,631                         |
| Re-measurement                        | 2,140,992                            | 611,388                             | 10,033,545                           | 2,865,209                           |
| Payments                              | (17,641,147)                         | (12,355,932)                        | (82,673,471)                         | (57,904,840)                        |
| Interest accrued                      | 11,114,811                           | 8,092,995                           | 52,088,450                           | 37,927,012                          |
| Exchange rate impact                  | (4,236,301)                          | (5,923,772)                         | (19,853,001)                         | (27,761,165)                        |
| <b>As at 30 September/31 December</b> | <b><u>252,479,329</u></b>            | <b><u>125,006,748</u></b>           | <b><u>1,183,219,128</u></b>          | <b><u>585,831,624</u></b>           |
| Non-current                           | 244,926,111                          | 120,283,737                         | 1,147,821,727                        | 563,697,705                         |
| Current                               | 7,553,218                            | 4,723,011                           | 35,397,401                           | 22,133,919                          |

The following amounts were recognized in profit or loss:

|                                                                | <u>September<br/>30, 2023</u><br>USD | <u>September<br/>30, 2022</u><br>USD | <u>September<br/>30, 2023</u><br>RON | <u>September<br/>30, 2022</u><br>RON |
|----------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                                                |                                      |                                      | (supplementary info – see Note 2(e)) |                                      |
| <b>Recognised in profit or loss</b>                            |                                      |                                      |                                      |                                      |
| Depreciation expense of right-of-use assets                    | 9,635,168                            | 5,838,078                            | 45,154,251                           | 27,359,569                           |
| Interest expense on lease liabilities                          | 11,114,811                           | 5,667,125                            | 52,088,450                           | 26,558,415                           |
| Variable lease payments (included in selling and distribution) | <u>5,855,575</u>                     | <u>5,113,950</u>                     | <u>27,441,567</u>                    | <u>23,966,015</u>                    |
| <b>Total amount recognised in profit or loss</b>               | <b><u>26,605,554</u></b>             | <b><u>16,619,153</u></b>             | <b><u>124,684,268</u></b>            | <b><u>77,883,999</u></b>             |

The Group has lease contracts for gas stations that contains a fixed payment plus a variable payment based on of petroleum quantities sold:

|                                    | <u>September 30, 2023</u> |                              | <u>December 31, 2022</u>  |                              |
|------------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|
|                                    | <u>Fixed<br/>payments</u> | <u>Variable<br/>payments</u> | <u>Fixed<br/>payments</u> | <u>Variable<br/>payments</u> |
| Fixed rent                         | 17,641,147                | -                            | 12,355,932                | -                            |
| Variable rent with minimum payment | -                         | 5,855,575                    | -                         | 6,736,557                    |
| <b>Total</b>                       | <b><u>17,641,147</u></b>  | <b><u>5,855,575</u></b>      | <b><u>12,355,932</u></b>  | <b><u>6,736,557</u></b>      |

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**15. DEFERRED TAX ASSETS AND LIABILITIES**

Deferred tax, net balances are presented in the statement of financial position as follows:

|                                              | <u>September 30,</u><br><u>2023</u><br><u>USD</u> | <u>December 31,</u><br><u>2022</u><br><u>USD</u> | <u>September 30,</u><br><u>2023</u><br><u>RON</u> | <u>December 31,</u><br><u>2022</u><br><u>RON</u> |
|----------------------------------------------|---------------------------------------------------|--------------------------------------------------|---------------------------------------------------|--------------------------------------------------|
|                                              |                                                   |                                                  | (supplementary info – see Note 2(e))              |                                                  |
| Deferred tax liabilities                     | 56,950,487                                        | 56,950,487                                       | 266,892,762                                       | 266,892,762                                      |
| <b>Deferred tax (asset) / liability, net</b> | <b>56,950,487</b>                                 | <b>56,950,487</b>                                | <b>266,892,762</b>                                | <b>266,892,762</b>                               |

The deferred tax (assets) / liabilities are comprised of the tax effect of the temporary differences related to:

**USD**

|                                                      | <u>Opening balance</u> | <u>Charged / (Credited) to income</u> | <u>Charged / (Credited) to equity</u> | <u>Closing balance</u> |
|------------------------------------------------------|------------------------|---------------------------------------|---------------------------------------|------------------------|
| <b>2023</b>                                          |                        |                                       |                                       |                        |
| <b>Temporary differences</b>                         |                        |                                       |                                       |                        |
| Intangible assets                                    | 49,238                 | -                                     | -                                     | 49,238                 |
| Property, plant and equipment                        | 452,881,112            | -                                     | -                                     | 452,881,112            |
| Inventories                                          | 82,619                 | -                                     | -                                     | 82,619                 |
| Provisions                                           | (97,071,769)           | -                                     | -                                     | (97,071,769)           |
| Other                                                | (663)                  | -                                     | -                                     | (663)                  |
| <b>Total temporary differences (asset)/liability</b> | <b>355,940,538</b>     | -                                     | -                                     | <b>355,940,538</b>     |
| <b>Deferred tax effect</b>                           |                        |                                       |                                       |                        |
| Intangible assets                                    | 7,878                  | -                                     | -                                     | 7,878                  |
| Property, plant and equipment                        | 72,460,978             | -                                     | -                                     | 72,460,978             |
| Inventories                                          | 13,219                 | -                                     | -                                     | 13,219                 |
| Provisions                                           | (15,531,483)           | -                                     | -                                     | (15,531,483)           |
| Other                                                | (106)                  | -                                     | -                                     | (106)                  |
| <b>Deferred tax (asset)/liability recognized</b>     | <b>56,950,487</b>      | -                                     | -                                     | <b>56,950,487</b>      |

**RON (supplementary info – see note 2(e))**

|                                                      | <u>Opening balance</u> | <u>Charged / (Credited) to income</u> | <u>Charged / (Credited) to equity</u> | <u>Closing balance</u> |
|------------------------------------------------------|------------------------|---------------------------------------|---------------------------------------|------------------------|
| <b>2023</b>                                          |                        |                                       |                                       |                        |
| <b>Temporary differences</b>                         |                        |                                       |                                       |                        |
| Intangible assets                                    | 230,749                | -                                     | -                                     | 230,749                |
| Property, plant and equipment                        | 2,122,382,048          | -                                     | -                                     | 2,122,382,048          |
| Inventories                                          | 387,186                | -                                     | -                                     | 387,186                |
| Provisions                                           | (454,917,133)          | -                                     | -                                     | (454,917,133)          |
| Other                                                | (3,107)                | -                                     | -                                     | (3,107)                |
| <b>Total temporary differences (asset)/liability</b> | <b>1,668,079,743</b>   | -                                     | -                                     | <b>1,668,079,743</b>   |
| <b>Deferred tax effect</b>                           |                        |                                       |                                       |                        |
| Intangible assets                                    | 36,919                 | -                                     | -                                     | 36,919                 |
| Property, plant and equipment                        | 339,581,132            | -                                     | -                                     | 339,581,132            |
| Inventories                                          | 61,950                 | -                                     | -                                     | 61,950                 |
| Provisions                                           | (72,786,742)           | -                                     | -                                     | (72,786,742)           |
| Other                                                | (497)                  | -                                     | -                                     | (497)                  |
| <b>Deferred tax (asset)/liability recognized</b>     | <b>266,892,762</b>     | -                                     | -                                     | <b>266,892,762</b>     |

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**15. DEFERRED TAX ASSETS AND LIABILITIES (continued)**

The deferred tax (assets) / liabilities recognized at each company level is presented below:

**USD**

| <b>Deferred tax (asset) / liability recognized</b> | <b>Opening balance</b> | <b>Charged / (Credited) to income</b> | <b>Charged / (Credited) to equity</b> | <b>Closing balance</b> |
|----------------------------------------------------|------------------------|---------------------------------------|---------------------------------------|------------------------|
| Rompetrol Rafinare SA                              | 44,119,040             | -                                     | -                                     | 44,119,040             |
| Rompetrol Downstream S.R.L.                        | 4,719,165              | -                                     | -                                     | 4,719,165              |
| Rom Oil S.A.                                       | 5,981,412              | -                                     | -                                     | 5,981,412              |
| Rompetrol Gas S.R.L.                               | 739,413                | -                                     | -                                     | 739,413                |
| Rompetrol Logistics S.R.L.                         | 1,352,361              | -                                     | -                                     | 1,352,361              |
| Rompetrol Quality Control SRL                      | 39,094                 | -                                     | -                                     | 39,094                 |
| <b>Deferred tax (asset)/liability recognized</b>   | <b>56,950,487</b>      | <b>-</b>                              | <b>-</b>                              | <b>56,950,487</b>      |

**RON (supplementary info - see Note 2(e))**

| <b>Deferred tax (asset) / liability recognized</b> | <b>Opening balance</b> | <b>Charged / (Credited) to income</b> | <b>Charged / (Credited) to equity</b> | <b>Closing balance</b> |
|----------------------------------------------------|------------------------|---------------------------------------|---------------------------------------|------------------------|
| Rompetrol Rafinare SA                              | 206,759,471            | -                                     | -                                     | 206,759,471            |
| Rompetrol Downstream S.R.L.                        | 22,115,897             | -                                     | -                                     | 22,115,897             |
| Rom Oil S.A.                                       | 28,031,291             | -                                     | -                                     | 28,031,291             |
| Rompetrol Gas S.R.L.                               | 3,465,187              | -                                     | -                                     | 3,465,187              |
| Rompetrol Logistics S.R.L.                         | 6,337,706              | -                                     | -                                     | 6,337,706              |
| Rompetrol Quality Control SRL                      | 183,210                | -                                     | -                                     | 183,210                |
| <b>Deferred tax (asset)/liability recognized</b>   | <b>266,892,762</b>     | <b>-</b>                              | <b>-</b>                              | <b>266,892,762</b>     |

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**15. DEFERRED TAX ASSETS AND LIABILITIES (continued)**

**USD**

|                                                      | Opening<br>balance | Charged /<br>(Credited)<br>to income | Charged /<br>(Credited)<br>to equity | Closing<br>balance |
|------------------------------------------------------|--------------------|--------------------------------------|--------------------------------------|--------------------|
| <b>2022</b>                                          |                    |                                      |                                      |                    |
| <b>Temporary differences</b>                         |                    |                                      |                                      |                    |
| Intangible assets                                    | 49,238             | -                                    | -                                    | 49,238             |
| Property, plant and equipment                        | 525,512,357        | (22,850,573)                         | (49,780,671)                         | 452,881,112        |
| Inventories                                          | 82,619             | -                                    | -                                    | 82,619             |
| Provisions                                           | (71,523,893)       | (25,547,875)                         | -                                    | (97,071,769)       |
| Other                                                | (663)              | -                                    | -                                    | (663)              |
| <b>Total temporary differences (asset)/liability</b> | <b>454,119,656</b> | <b>(48,398,448)</b>                  | <b>(49,780,671)</b>                  | <b>355,940,538</b> |
| <b>Deferred tax effect</b>                           |                    |                                      |                                      |                    |
| Intangible assets                                    | 7,878              | -                                    | -                                    | 7,878              |
| Property, plant and equipment                        | 84,081,977         | (3,656,092)                          | (7,964,907)                          | 72,460,978         |
| Inventories                                          | 13,219             | -                                    | -                                    | 13,219             |
| Provisions                                           | (11,443,823)       | (4,087,660)                          | -                                    | (15,531,483)       |
| Other                                                | (106)              | -                                    | -                                    | (106)              |
| <b>Deferred tax (asset)/liability recognized</b>     | <b>72,659,146</b>  | <b>(7,743,752)</b>                   | <b>(7,964,907)</b>                   | <b>56,950,487</b>  |

**RON (supplementary info – see note 2(e))**

|                                                      | Opening<br>balance   | Charged /<br>(Credited)<br>to income | Charged /<br>(Credited)<br>to equity | Closing<br>balance   |
|------------------------------------------------------|----------------------|--------------------------------------|--------------------------------------|----------------------|
| <b>2022</b>                                          |                      |                                      |                                      |                      |
| <b>Temporary differences</b>                         |                      |                                      |                                      |                      |
| Intangible assets                                    | 230,749              | -                                    | -                                    | 230,749              |
| Property, plant and equipment                        | 2,462,761,110        | (107,086,925)                        | (233,292,132)                        | 2,122,382,048        |
| Inventories                                          | 387,186              | -                                    | -                                    | 387,186              |
| Provisions                                           | (335,189,572)        | (119,727,561)                        | -                                    | (454,917,133)        |
| Other                                                | (3,107)              | -                                    | -                                    | (3,107)              |
| <b>Total temporary differences (asset)/liability</b> | <b>2,128,186,366</b> | <b>(226,814,486)</b>                 | <b>(233,292,132)</b>                 | <b>1,668,079,743</b> |
| <b>Deferred tax effect</b>                           |                      |                                      |                                      |                      |
| Intangible assets                                    | 36,919               | -                                    | -                                    | 36,919               |
| Property, plant and equipment                        | 394,041,777          | (17,133,910)                         | (37,326,735)                         | 339,581,132          |
| Inventories                                          | 61,950               | -                                    | -                                    | 61,950               |
| Provisions                                           | (53,630,332)         | (19,156,410)                         | -                                    | (72,786,742)         |
| Other                                                | (497)                | -                                    | -                                    | (497)                |
| <b>Deferred tax (asset)/liability recognized</b>     | <b>340,509,817</b>   | <b>(36,290,320)</b>                  | <b>(37,326,735)</b>                  | <b>266,892,762</b>   |

As of 31 December 2022, the Group recognized deferred tax asset for the provision related to Vega Environmental project. The reassessment of the provision as of 31 December 2022 (Note 19), lead to an increase of USD 4 million in the related deferred tax asset.

The ability of the Group to obtain recovery of its deferred tax asset depends on the entities ability, where tax losses have arisen to generate sufficient taxable income to cover the applicable tax losses available.

See also Note 25 for details for the income tax rate and other related matters.

Deferred tax assets and liabilities cannot be offset between the companies from Romania.

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**16. TRADE AND OTHER PAYABLES**

|                                   | <u>September</u><br><u>30, 2023</u><br><u>USD</u> | <u>December 31,</u><br><u>2022</u><br><u>USD</u> | <u>September 30,</u><br><u>2023</u><br><u>RON</u> | <u>December 31,</u><br><u>2022</u><br><u>RON</u> |
|-----------------------------------|---------------------------------------------------|--------------------------------------------------|---------------------------------------------------|--------------------------------------------------|
|                                   |                                                   |                                                  | (supplementary info – see Note 2(e))              |                                                  |
| Trade payables                    | 931,647,534                                       | 770,724,269                                      | 4,366,073,007                                     | 3,611,922,224                                    |
| Excise taxes                      | 743                                               | 417                                              | 3,482                                             | 1,954                                            |
| Special fund tax for oil products | 5,880,888                                         | 5,946,758                                        | 27,560,194                                        | 27,868,887                                       |
| VAT payable                       | 48,832,781                                        | 80,795,835                                       | 228,849,945                                       | 378,641,601                                      |
| Other taxes payable               | 8,269                                             | 19,160                                           | 38,752                                            | 89,791                                           |
| Employees and social obligations  | 13,339,356                                        | 15,125,388                                       | 62,513,558                                        | 70,883,618                                       |
| Cash pooling payables             | 511,204,344                                       | 410,008,202                                      | 2,395,708,038                                     | 1,921,462,438                                    |
| Other liabilities                 | 7,501,183                                         | 12,690,541                                       | 35,153,544                                        | 59,472,951                                       |
| <b>Total</b>                      | <b><u>1,518,415,098</u></b>                       | <b><u>1,295,310,569</u></b>                      | <b><u>7,115,900,520</u></b>                       | <b><u>6,070,343,464</u></b>                      |

The Group entered into a cash pooling contract for optimizing cash, with KMG Rompetrol SRL (“Master Company”). The amounts in balance as of 30 September 2023 are for the following companies: Rompetrol Rafinare S.A. USD 461.8 million (2022: USD 365.4 million), Romoil USD 13.8 million (2022: USD 13.4 million) and Rompetrol Gas USD 35.6 million (2022: USD 31.2 million).

Also, in other liabilities are included short term guarantees in Rompetrol Downstream SRL, in amount of USD 5.29 million (2022: USD 5.51 million).

**17. CONTRACT LIABILITIES**

|                                              | <u>September</u><br><u>30, 2023</u><br><u>USD</u> | <u>December 31,</u><br><u>2022</u><br><u>USD</u> | <u>September 30,</u><br><u>2023</u><br><u>RON</u> | <u>December 31,</u><br><u>2022</u><br><u>RON</u> |
|----------------------------------------------|---------------------------------------------------|--------------------------------------------------|---------------------------------------------------|--------------------------------------------------|
|                                              |                                                   |                                                  | (supplementary info – see Note 2(e))              |                                                  |
| Short-term advances from wholesale customers | 21,844,353                                        | 22,051,856                                       | 102,371,376                                       | 103,343,819                                      |
| Short-term advances from other customers     | 20,884,267                                        | 12,705,053                                       | 97,872,029                                        | 59,540,960                                       |
| Deferred revenues                            | <u>7,197,470</u>                                  | <u>7,157,244</u>                                 | <u>33,730,223</u>                                 | <u>33,541,708</u>                                |
| <b>Total short-term advances</b>             | <b><u>49,926,090</u></b>                          | <b><u>41,914,153</u></b>                         | <b><u>233,973,628</u></b>                         | <b><u>196,426,487</u></b>                        |

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) the Group performs under the contract.

The disclosed amounts refer to advances from customers is in respect of petroleum products sales and excises.

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**18. SHORT-TERM BORROWINGS FROM BANKS**

| <b>DEBT SHORT-TERM</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>September 30,<br/>2023<br/>USD</b> | <b>December 31,<br/>2022<br/>USD</b> | <b>September 30,<br/>2023<br/>RON<br/><i>(supplementary info – see Note 2(e))</i></b> | <b>December 31,<br/>2022<br/>RON</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------|
| <b>Banca Transilvania</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 28,690,043                            | 36,181,181                           | 134,453,018                                                                           | 169,559,487                          |
| Romp petrol Rafinare S.A.: Two revolving credit ceiling on short term credit facility, one up to EUR 30 million and the second up to EUR 27.96 million, for issue of letters of credit and letters of guarantee. Maturity date is July 28, 2024. Drawings in USD/EUR/RON.                                                                                                                                                                                                                                                                                                                 |                                       |                                      |                                                                                       |                                      |
| <b>Unicredit Bank, ING Bank, BCR, Raiffeisen Bank</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                                     | 25,000,000                           | -                                                                                     | 117,160,000                          |
| Romp petrol Rafinare: General corporate purposes and working capital facility of USD 405,000,000. The facility consists of three parts: (I) USD 240 million committed line and the maturity date is April 23, 2023, (II) USD 75 million revolving facility with maturity April 23, 2023 and (III) USD 90 million uncommitted with the maturity date for BCR, ING Bank and Raiffeisen Bank is April 23, 2023. The facility is secured by: inventories, receivables, depots, current accounts. The facility was refinanced by the new loan agreement signed on April 13, 2023.              |                                       |                                      |                                                                                       |                                      |
| <b>Unicredit Bank, ING Bank, BCR, Raiffeisen Bank</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                                     | 25,000,000                           | -                                                                                     | 117,160,000                          |
| Romp petrol Downstream: General corporate purposes and working capital facility of USD 405,000,000. The facility consists of three parts: (I) USD 240 million committed line and the maturity date is April 23, 2023, (II) USD 75 million revolving facility with maturity April 23, 2023 and (III) USD 90 million uncommitted with the maturity date for BCR, ING Bank and Raiffeisen Bank is April 23, 2023. The facility is secured by: inventories, receivables, depots, current accounts. The facility was refinanced by the new loan agreement signed on April 13, 2023.            |                                       |                                      |                                                                                       |                                      |
| <b>BCR, ING Bank, Raiffeisen Bank, UniCredit Bank, Alpha Bank, Garanti Bank and OTP Bank</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3,998,976                             | -                                    | 18,740,801                                                                            | -                                    |
| Romp petrol Rafinare: General corporate purposes and working capital facility of USD 531,800,000 with possibility to increase up to USD 600,000,000 considering an accordion clause of USD 68,200,000. The facility consists of two parts: (I) USD 265,9 million committed line and the maturity date is April 13, 2026 with an option of adding another 2 years until 2028 and (II) USD 265,9 million uncommitted line for a period of 1 year, with yearly possibility of prolongation. The facility is secured by: inventories, receivables, depots, gas stations and current accounts. |                                       |                                      |                                                                                       |                                      |
| Accrued interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | -                                     | 29,737                               | -                                                                                     | 139,359                              |
| Current portion of long-term debt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 357,623                               | -                                    | 1,675,964                                                                             | -                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>33,046,642</b>                     | <b>86,210,918</b>                    | <b>154,869,783</b>                                                                    | <b>404,018,846</b>                   |

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**18. SHORT-TERM BORROWINGS FROM BANKS (continued)**

At the level of KMG International NV, loan covenants are tested every 6 months, at half-year and at year end.

The loans bearing guarantees are secured with pledges on property plant and equipment of USD 381.5 million (2022: USD 399.6), inventories of USD 437.6 million (2022: USD 273 million) and trade receivables of USD: 124.1 million (2022: USD 149 million).

The movement in loans is presented below:

| <b>USD</b>                                | <b><u>At 1 January</u><br/><u>2023</u></b> | <b><u>Drawings</u></b>    | <b><u>Repayment</u></b>     | <b><u>Interest</u><br/><u>accrual</u></b> | <b><u>Reclassification</u><br/><u>between LT and</u><br/><u>ST</u></b> | <b><u>Exchange</u><br/><u>rate</u><br/><u>impact</u></b> | <b><u>September 30,</u><br/><u>2023</u></b> |
|-------------------------------------------|--------------------------------------------|---------------------------|-----------------------------|-------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------|
| Long-term borrowings from banks           | -                                          | 306,770,363               | (40,870,363)                | -                                         | -                                                                      | -                                                        | 265,900,000                                 |
| Short-term borrowings from banks          | 86,181,181                                 | 301,310,133               | (355,168,372)               | -                                         | -                                                                      | 366,077                                                  | 32,689,019                                  |
| Interest Long-term borrowings banks       | -                                          | -                         | (9,065,484)                 | 9,065,484                                 | -                                                                      | -                                                        | -                                           |
| Interest Short-term borrowings from banks | 29,737                                     | -                         | 4,315,885                   | (3,987,999)                               | -                                                                      | -                                                        | 357,623                                     |
| <b>Total</b>                              | <b><u>86,210,918</u></b>                   | <b><u>608,080,496</u></b> | <b><u>(400,788,334)</u></b> | <b><u>5,077,485</u></b>                   | <b><u>-</u></b>                                                        | <b><u>366,077</u></b>                                    | <b><u>298,946,642</u></b>                   |

| <b>RON (supplementary info – see Note 2(e))</b> | <b><u>At 1 January</u><br/><u>2023</u></b> | <b><u>Drawings</u></b>      | <b><u>Repayment</u></b>       | <b><u>Interest</u><br/><u>accrual</u></b> | <b><u>Reclassification</u><br/><u>between LT and</u><br/><u>ST</u></b> | <b><u>Exchange</u><br/><u>rate</u><br/><u>impact</u></b> | <b><u>September 30,</u><br/><u>2023</u></b> |
|-------------------------------------------------|--------------------------------------------|-----------------------------|-------------------------------|-------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------|
| Long-term borrowings from banks                 | -                                          | 1,437,648,629               | (191,534,869)                 | -                                         | -                                                                      | -                                                        | 1,246,113,760                               |
| Short-term borrowings from banks                | 403,879,487                                | 1,412,059,807               | (1,664,461,057)               | -                                         | -                                                                      | 1,715,583                                                | 153,193,820                                 |
| Interest Long-term borrowings banks             | -                                          | -                           | (42,484,484)                  | 42,484,484                                | -                                                                      | -                                                        | -                                           |
| Interest Short-term borrowings from banks       | 139,359                                    | -                           | 20,225,963                    | (18,689,359)                              | -                                                                      | -                                                        | 1,675,963                                   |
| <b>Total</b>                                    | <b><u>404,018,846</u></b>                  | <b><u>2,849,708,436</u></b> | <b><u>(1,878,254,447)</u></b> | <b><u>23,795,125</u></b>                  | <b><u>-</u></b>                                                        | <b><u>1,715,583</u></b>                                  | <b><u>1,400,983,543</u></b>                 |

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**18. SHORT-TERM BORROWINGS FROM BANKS (continued)**

| <b>USD</b>                                | <b><u>At 1 January<br/>2022</u></b> | <b><u>Drawings</u></b>    | <b><u>Repayment</u></b>     | <b><u>Interest<br/>accrual</u></b> | <b><u>Reclassification<br/>between LT and<br/>ST</u></b> | <b><u>Exchange<br/>rate<br/>impact</u></b> | <b><u>At 31 December<br/>2022</u></b> |
|-------------------------------------------|-------------------------------------|---------------------------|-----------------------------|------------------------------------|----------------------------------------------------------|--------------------------------------------|---------------------------------------|
| Long-term borrowings from banks           | 191,729,052                         | 48,270,948                | -                           | -                                  | (240,000,000)                                            | -                                          | -                                     |
| Short-term borrowings from banks          | 42,372,534                          | 280,123,646               | (475,609,147)               | -                                  | 240,000,000                                              | (705,851)                                  | 86,181,181                            |
| Interest Short-term borrowings from banks | 49,261                              | -                         | (11,211,633)                | 11,192,110                         | -                                                        | -                                          | 29,737                                |
| <b>Total</b>                              | <b><u>234,150,846</u></b>           | <b><u>328,394,594</u></b> | <b><u>(486,820,781)</u></b> | <b><u>11,192,110</u></b>           | <b><u>-</u></b>                                          | <b><u>(705,851)</u></b>                    | <b><u>86,210,918</u></b>              |

| <b>RON (supplementary info – see Note 2(e))</b> | <b><u>At 1 January<br/>2022</u></b> | <b><u>Drawings</u></b>      | <b><u>Repayment</u></b>       | <b><u>Interest<br/>accrual</u></b> | <b><u>Reclassification<br/>between LT and<br/>ST</u></b> | <b><u>Exchange<br/>rate<br/>impact</u></b> | <b><u>At 31 December<br/>2022</u></b> |
|-------------------------------------------------|-------------------------------------|-----------------------------|-------------------------------|------------------------------------|----------------------------------------------------------|--------------------------------------------|---------------------------------------|
| Long-term borrowings from banks                 | 898,519,029                         | 226,216,971                 | -                             | -                                  | (1,124,736,000)                                          | -                                          | -                                     |
| Short-term borrowings from banks                | 198,574,643                         | 1,312,771,455               | (2,228,894,711)               | -                                  | 1,124,736,000                                            | (3,307,900)                                | 403,879,487                           |
| Interest Short-term borrowings from banks       | 230,857                             | -                           | (52,542,202)                  | 52,450,704                         | -                                                        | -                                          | 139,359                               |
| <b>Total</b>                                    | <b><u>1,097,324,529</u></b>         | <b><u>1,538,988,426</u></b> | <b><u>(2,281,436,913)</u></b> | <b><u>52,450,704</u></b>           | <b><u>-</u></b>                                          | <b><u>(3,307,900)</u></b>                  | <b><u>404,018,846</u></b>             |

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**19. PROVISIONS**

Provisions comprise the following:

|                         | <u>September 30,</u><br><u>2023</u><br><u>USD</u> | <u>December 31,</u><br><u>2022</u><br><u>USD</u> | <u>September 30,</u><br><u>2023</u><br><u>RON</u><br><i>(supplementary info – see Note 2(e))</i> | <u>December 31,</u><br><u>2022</u><br><u>RON</u> |
|-------------------------|---------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Non-current provisions  | 115,340,643                                       | 115,340,643                                      | 540,532,390                                                                                      | 540,532,390                                      |
| <b>Total Provisions</b> | <b><u>115,340,643</u></b>                         | <b><u>115,340,643</u></b>                        | <b><u>540,532,390</u></b>                                                                        | <b><u>540,532,390</u></b>                        |

The movement in provisions is presented below:

| <b>USD</b>                       | <u>At 1 January</u><br><u>2023</u> | <u>At 30</u><br><u>September 2023</u> |
|----------------------------------|------------------------------------|---------------------------------------|
| Provision for retirement benefit | 11,983,718                         | 11,983,718                            |
| Environmental provisions         | 97,141,972                         | 97,141,972                            |
| Other provisions                 | 6,214,953                          | 6,214,953                             |
| <b>Total</b>                     | <b><u>115,340,643</u></b>          | <b><u>115,340,643</u></b>             |

| <b>RON (supplementary info – see Note 2(e))</b> | <u>At 1 January</u><br><u>2023</u> | <u>At 30 September</u><br><u>2023</u> |
|-------------------------------------------------|------------------------------------|---------------------------------------|
| Provision for retirement benefit                | 56,160,497                         | 56,160,497                            |
| Environmental provisions                        | 455,246,137                        | 455,246,137                           |
| Other provisions                                | 29,125,756                         | 29,125,756                            |
| <b>Total</b>                                    | <b><u>540,532,390</u></b>          | <b><u>540,532,390</u></b>             |

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**19. PROVISIONS (continued)**

| <b>USD</b>                       | <b><u>At 1 January<br/>2022</u></b> | <b><u>Charged to<br/>equity</u></b> | <b><u>Arising during the<br/>year</u></b> | <b><u>Utilised</u></b>     | <b><u>Unwinding of<br/>discount</u></b> | <b><u>Reclassification<br/>between balance<br/>sheet items</u></b> | <b><u>At 31<br/>December<br/>2022</u></b> |
|----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------|----------------------------|-----------------------------------------|--------------------------------------------------------------------|-------------------------------------------|
| Provision for retirement benefit | 12,568,630                          | (1,659,340)                         | 1,720,667                                 | (646,239)                  | -                                       | -                                                                  | 11,983,718                                |
| Environmental provisions         | 71,594,097                          | -                                   | 37,530,618                                | (10,880,185)               | (1,102,558)                             | -                                                                  | 97,141,972                                |
| Other provisions                 | 443,486                             | -                                   | 2,825,292                                 | -                          | -                                       | 2,946,175                                                          | 6,214,953                                 |
| <b>Total</b>                     | <b><u>84,606,213</u></b>            | <b><u>(1,659,340)</u></b>           | <b><u>42,076,578</u></b>                  | <b><u>(11,526,425)</u></b> | <b><u>(1,102,558)</u></b>               | <b><u>2,946,175</u></b>                                            | <b><u>115,340,643</u></b>                 |

|                                                 | <b><u>At 1 January<br/>2022</u></b> | <b><u>Charged to<br/>equity</u></b> | <b><u>Arising<br/>during the<br/>year</u></b> | <b><u>Utilised</u></b>     | <b><u>Unwinding<br/>of<br/>discount</u></b> | <b><u>Reclassification<br/>between<br/>balance sheet<br/>items</u></b> | <b><u>At 31<br/>December<br/>2022</u></b> |
|-------------------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------------------|----------------------------|---------------------------------------------|------------------------------------------------------------------------|-------------------------------------------|
| <b>RON (supplementary info – see Note 2(e))</b> |                                     |                                     |                                               |                            |                                             |                                                                        |                                           |
| Provision for retirement benefit                | 58,901,628                          | (7,776,331)                         | 8,063,734                                     | (3,028,534)                | -                                           | -                                                                      | 56,160,497                                |
| Environmental provisions                        | 335,518,576                         | -                                   | 175,883,488                                   | (50,988,899)               | (5,167,028)                                 | -                                                                      | 455,246,137                               |
| Other provisions                                | 2,078,353                           | -                                   | 13,240,448                                    | -                          | -                                           | 13,806,955                                                             | 29,125,756                                |
| <b>Total</b>                                    | <b><u>396,498,557</u></b>           | <b><u>(7,776,331)</u></b>           | <b><u>197,187,670</u></b>                     | <b><u>(54,017,433)</u></b> | <b><u>(5,167,028)</u></b>                   | <b><u>13,806,955</u></b>                                               | <b><u>540,532,390</u></b>                 |

*Environmental provision*

**Vega lagoons**

As of 31 December 2022, the Group recognized an environmental provision of USD 92.11 million (2021: USD 66.56 million) based on reassessment of the site restoration provision. Reassessment was performed considering the following change in assumptions as compared with previous period:

- obligation to set up the closure and post-closure monitoring fund of the hazardous waste landfill, obligation established in the Company responsibility by the competent environmental authority through revised Environmental Integrated Permit issued for Vega refinery; the amount of the previously mentioned fund will be set up based on the closing project, developed pursuant to OG no. 2/2021, by an accredited environmental studies developer, document that will be approved by the Environment Fund Administration;
- updated prices for rehabilitation works related to lagoons 19 - 20, 7 - 12, 13 - 15 and remaining works for the rehabilitation of lagoons 16. The updated prices use as reference basis the prices included in the agreements concluded for the rehabilitation of lagoons already cleaned, the prices increased as a result of the offers received, formulated considering the evolution of prices for additives and fuel, also the increase of the minimum gross salary, rehabilitation works performed during the year;
- updated variable indicators over the project timeline (i.e. exchange rate, discount rate, inflation rate) as following: exchange rate changed from 4.3707 RON/USD to 4.6346 RON/USD, increased discount rate from 6.5% used for the provision assessment as of 31 December 2021 to 7.17% as of 31 December 2022 and updated inflation rate prevision as per Romanian National Institute of Statistics;
- extended timeline for the rehabilitation plan until 30 June 2025, which is under advance discussions with the environmental authorities.

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**19. PROVISIONS (continued)**

The results of the reassessment lead to a net increase of provision by USD 25.55 million (2021: USD 6.1 million increase), being mainly generated by the additional costs of USD 37.53 million, impacted the unwinding of discount effect of USD 1.1 million (2021: USD 4.9 million) and the costs incurred of USD 10.8 million (2021: USD 4.3 million) related to the works performed during the 2022.

As of 30 September 2023, the provision recognised at the end of 2022 (as stated above) is considered as being appropriate.

**Vadu cassettes**

During 2021, the Group has carried out the due diligence procedures in accordance with Law 74/2019 in relation to the storage area of the biological waste resulted from IAZ no.1 ("Vadu cassettes"). The process is ongoing and performed in accordance with the requirements of the competent environmental authorities ("EPA Constanta").

During 2021, a detailed investigation report was provided to the environmental authorities. The feasibility study was also contracted and completed, the next steps for remedial actions will be communicated by the competent authority. Based on the feasibility study and correspondence with environmental authorities, Management concluded that the parent company has a constructive obligation for the rehabilitation of the cassettes, thus an assessment of the obligation was performed as of 31 December 2021. In this respect, a provision of USD 4.9 million was recorded as of 31 December 2021. As at 30 September 2023 and 31 December 2022, considering the information available, Management assessed the provision recorded as of 31 December 2021 as being appropriate.

*Retirement benefit provision*

Under the collective labor agreements that certain of the Group's entities have in force, employees are entitled to specific retirement benefits that are payable upon retirement, if the employees are employed with Group entities at the date of their retirement. The level of benefits provided depends on the member's length of service, the employees is entitled to a fix amount per each year of service. A corresponding provision has been recognized based on: the specific benefits provided in the agreement; the number of employees working within the relevant Group entities; and actuarial assumptions on future liabilities. These liabilities are recorded at their fair values as of the balance sheet date. For the computation an actuarial valuation is involved making various assumptions that may differ from actual developments in the future. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

*Other provisions*

In 2022, other provisions in amount of USD 6.21 million (2021: USD 0.4 million) refers mainly to the provision recorded in relation to the litigation with the National Agency for Tax Administration ("ANAF"), in amount of USD 5.4 million out of which additional charge recorded during 2022 is of USD 2.5 million (Note 30).

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**20. REVENUES FROM CONTRACTS WITH CUSTOMERS**

**2023**

| <b>USD</b>                                             | <b>Refining</b>      | <b>Petrochemicals</b> | <b>Marketing</b>     | <b>Consolidation<br/>adjustments</b> | <b>Consolidated</b>  |
|--------------------------------------------------------|----------------------|-----------------------|----------------------|--------------------------------------|----------------------|
| Gross revenues from petroleum products production      | 3,454,042,732        | -                     | -                    | 291,313,364                          | 3,745,356,096        |
| Less sales taxes from petroleum products production    | (699,575,511)        | -                     | -                    | 657,576,889                          | (41,998,622)         |
| <b>Net revenues from petroleum products production</b> | <b>2,754,467,221</b> | -                     | -                    | <b>948,890,253</b>                   | <b>3,703,357,474</b> |
| Gross revenues from petroleum products trading         | -                    | -                     | 2,419,668,409        | (2,386,991,557)                      | 32,676,852           |
| Less sales taxes petroleum products trading            | -                    | -                     | (662,451,720)        | 1,238,829                            | (661,212,891)        |
| Less commercial discounts petroleum products trading   | -                    | -                     | (158,745,795)        | 1,786,250                            | (156,959,545)        |
| <b>Net revenues from petroleum products trading</b>    | -                    | -                     | <b>1,598,470,894</b> | <b>(2,383,966,478)</b>               | <b>(785,495,584)</b> |
| Revenues from petrochemicals production                | -                    | 98,303,347            | -                    | -                                    | 98,303,347           |
| Revenues from petrochemicals trading                   | -                    | 10,345                | -                    | -                                    | 10,345               |
| Revenues from merchandise sales                        | 411,788              | -                     | 159,557,827          | (390)                                | 159,969,225          |
| Revenues from utilities sold                           | 4,629,588            | -                     | -                    | (150,342)                            | 4,479,246            |
| Revenues from transportation fees                      | -                    | -                     | 2,675,609            | -                                    | 2,675,609            |
| Revenues from rents and other services                 | 2,884,309            | -                     | 14,325,240           | (6,079,000)                          | 11,130,549           |
| <b>Total Net Revenues</b>                              | <b>2,762,392,906</b> | <b>98,313,692</b>     | <b>1,775,029,570</b> | <b>(1,441,305,957)</b>               | <b>3,194,430,211</b> |

| <b>RON (supplementary info – see Note 2(e))</b>        | <b>Refining</b>       | <b>Petrochemicals</b> | <b>Marketing</b>     | <b>Consolidation<br/>adjustments</b> | <b>Consolidated</b>    |
|--------------------------------------------------------|-----------------------|-----------------------|----------------------|--------------------------------------|------------------------|
| Gross revenues from petroleum products production      | 16,187,025,860        | -                     | -                    | 1,365,210,949                        | 17,552,236,809         |
| Less sales taxes from petroleum products production    | (3,278,490,675)       | -                     | -                    | 3,081,668,333                        | (196,822,342)          |
| <b>Net revenues from petroleum products production</b> | <b>12,908,535,185</b> | -                     | -                    | <b>4,446,879,282</b>                 | <b>17,355,414,467</b>  |
| Gross revenues from petroleum products trading         | -                     | -                     | 11,339,534,031       | (11,186,397,232)                     | 153,136,799            |
| Less sales taxes petroleum products trading            | -                     | -                     | (3,104,513,741)      | 5,805,648                            | (3,098,708,093)        |
| Less commercial discounts petroleum products trading   | -                     | -                     | (743,946,294)        | 8,371,082                            | (735,575,212)          |
| <b>Net revenues from petroleum products trading</b>    | -                     | -                     | <b>7,491,073,996</b> | <b>(11,172,220,502)</b>              | <b>(3,681,146,506)</b> |
| Revenues from petrochemicals production                | -                     | 460,688,805           | -                    | -                                    | 460,688,805            |
| Revenues from petrochemicals trading                   | -                     | 48,481                | -                    | -                                    | 48,481                 |
| Revenues from merchandise sales                        | 1,929,803             | -                     | 747,751,800          | (1,828)                              | 749,679,775            |
| Revenues from utilities sold                           | 21,696,101            | -                     | -                    | (704,563)                            | 20,991,538             |
| Revenues from transportation fees                      | -                     | -                     | 12,538,974           | -                                    | 12,538,974             |
| Revenues from rents and other services                 | 13,517,026            | -                     | 67,133,805           | (28,488,626)                         | 52,162,205             |
| <b>Total Net Revenues</b>                              | <b>12,945,678,115</b> | <b>460,737,286</b>    | <b>8,318,498,575</b> | <b>(6,754,536,237)</b>               | <b>14,970,377,739</b>  |

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**20. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)**

**2022**

| <b>USD</b>                                             | <b>Refining</b>             | <b>Petrochemicals</b>     | <b>Marketing</b>            | <b>Consolidation<br/>adjustments</b> | <b>Consolidated</b>         |
|--------------------------------------------------------|-----------------------------|---------------------------|-----------------------------|--------------------------------------|-----------------------------|
| Gross revenues from petroleum products production      | 4,143,303,457               | -                         | -                           | 307,926,411                          | 4,451,229,868               |
| Less sales taxes from petroleum products production    | <u>(682,780,992)</u>        | -                         | -                           | <u>657,590,205</u>                   | <u>(25,190,787)</u>         |
| <b>Net revenues from petroleum products production</b> | <b><u>3,460,522,465</u></b> | -                         | -                           | <b><u>965,516,616</u></b>            | <b><u>4,426,039,081</u></b> |
| Gross revenues from petroleum products trading         | -                           | -                         | 2,798,073,526               | (2,696,708,254)                      | 101,365,272                 |
| Less sales taxes petroleum products trading            | -                           | -                         | (683,696,025)               | 2,387,607                            | (681,308,418)               |
| Less commercial discounts petroleum products trading   | -                           | -                         | <u>(184,632,492)</u>        | <u>3,711,018</u>                     | <u>(180,921,475)</u>        |
| <b>Net revenues from petroleum products trading</b>    | -                           | -                         | <b><u>1,929,745,009</u></b> | <b><u>(2,690,609,630)</u></b>        | <b><u>(760,864,621)</u></b> |
| Revenues from petrochemicals production                | -                           | 166,399,887               | -                           | -                                    | 166,399,887                 |
| Revenues from merchandise sales                        | 8,753,041                   | -                         | 125,651,298                 | (147)                                | 134,404,192                 |
| Revenues from utilities sold                           | 4,218,475                   | -                         | -                           | (126,503)                            | 4,091,972                   |
| Revenues from transportation fees                      | -                           | -                         | 2,057,148                   | -                                    | 2,057,148                   |
| Revenues from rents and other services                 | <u>2,858,441</u>            | -                         | <u>13,449,243</u>           | <u>(6,181,989)</u>                   | <u>10,125,694</u>           |
| <b>Total Net Revenues</b>                              | <b><u>3,476,352,421</u></b> | <b><u>166,399,887</u></b> | <b><u>2,070,902,698</u></b> | <b><u>(1,731,401,652)</u></b>        | <b><u>3,982,253,354</u></b> |

| <b>RON (supplementary info – see Note 2(e))</b>        | <b>Refining</b>              | <b>Petrochemicals</b>     | <b>Marketing</b>            | <b>Consolidation<br/>adjustments</b> | <b>Consolidated</b>           |
|--------------------------------------------------------|------------------------------|---------------------------|-----------------------------|--------------------------------------|-------------------------------|
| Gross revenues from petroleum products production      | 19,417,177,313               | -                         | -                           | 1,443,066,333                        | 20,860,243,646                |
| Less sales taxes from petroleum products production    | <u>(3,199,784,841)</u>       | -                         | -                           | <u>3,081,730,737</u>                 | <u>(118,054,104)</u>          |
| <b>Net revenues from petroleum products production</b> | <b><u>16,217,392,472</u></b> | -                         | -                           | <b><u>4,524,797,070</u></b>          | <b><u>20,742,189,542</u></b>  |
| Gross revenues from petroleum products trading         | -                            | -                         | 13,112,891,778              | (12,637,853,562)                     | 475,038,216                   |
| Less sales taxes petroleum products trading            | -                            | -                         | (3,204,073,052)             | 11,189,281                           | (3,192,883,771)               |
| Less commercial discounts petroleum products trading   | -                            | -                         | <u>(865,261,711)</u>        | <u>17,391,315</u>                    | <u>(847,870,396)</u>          |
| <b>Net revenues from petroleum products trading</b>    | -                            | -                         | <b><u>9,043,557,015</u></b> | <b><u>(12,609,272,966)</u></b>       | <b><u>(3,565,715,951)</u></b> |
| Revenues from petrochemicals production                | -                            | 779,816,430               | -                           | -                                    | 779,816,430                   |
| Revenues from merchandise sales                        | 41,020,251                   | -                         | 588,852,243                 | (689)                                | 629,871,805                   |
| Revenues from utilities sold                           | 19,769,461                   | -                         | -                           | (592,844)                            | 19,176,617                    |
| Revenues from transportation fees                      | -                            | -                         | 9,640,618                   | -                                    | 9,640,618                     |
| Revenues from rents and other services                 | <u>13,395,798</u>            | -                         | <u>63,028,532</u>           | <u>(28,971,273)</u>                  | <u>47,453,057</u>             |
| <b>Total Net Revenues</b>                              | <b><u>16,291,577,982</u></b> | <b><u>779,816,430</u></b> | <b><u>9,705,078,408</u></b> | <b><u>(8,114,040,702)</u></b>        | <b><u>18,662,432,118</u></b>  |

There is no significant time difference between payment and transfer of control over goods and/or services.

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**21. COST OF SALES**

|                                                     | <u>September 30,</u><br><u>2023</u><br><u>USD</u> | <u>September 30,</u><br><u>2022</u><br><u>USD</u> | <u>September 30,</u><br><u>2023</u><br><u>RON</u> | <u>September 30,</u><br><u>2022</u><br><u>RON</u> |
|-----------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
|                                                     |                                                   |                                                   | (supplementary info – see Note 2(e))              |                                                   |
| Crude oil and other raw materials                   | 2,435,683,112                                     | 2,892,199,215                                     | 11,414,585,336                                    | 13,554,002,397                                    |
| Consumables and other materials                     | 9,907,553                                         | 10,262,416                                        | 46,430,756                                        | 48,093,786                                        |
| Utilities                                           | 153,938,576                                       | 162,695,213                                       | 721,417,743                                       | 762,454,846                                       |
| Staff costs                                         | 32,284,068                                        | 22,278,720                                        | 151,296,056                                       | 104,406,993                                       |
| Transportation                                      | 155,780                                           | 156,197                                           | 730,047                                           | 732,002                                           |
| Maintenance and repairs                             | 22,528,544                                        | 19,542,276                                        | 105,577,769                                       | 91,582,922                                        |
| Insurance                                           | 1,916,123                                         | 1,641,363                                         | 8,979,719                                         | 7,692,084                                         |
| Environmental expenses                              | 11,186,817                                        | 20,975,019                                        | 52,425,899                                        | 98,297,329                                        |
| Other                                               | 8,307,935                                         | 8,203,665                                         | 38,934,307                                        | 38,445,656                                        |
| <b>Total</b>                                        | <b>2,675,908,508</b>                              | <b>3,137,954,084</b>                              | <b>12,540,377,632</b>                             | <b>14,705,708,015</b>                             |
| Depreciation and amortization                       | 66,012,502                                        | 68,058,162                                        | 309,360,989                                       | 318,947,770                                       |
| <b>Total</b>                                        | <b>2,741,921,010</b>                              | <b>3,206,012,246</b>                              | <b>12,849,738,621</b>                             | <b>15,024,655,785</b>                             |
| Plus: Change in inventories                         | (31,612,721)                                      | (42,791,866)                                      | (148,149,856)                                     | (200,539,801)                                     |
| Less: Own production of property, plant & equipment | (231,971)                                         | (2,930,991)                                       | (1,087,109)                                       | (13,735,796)                                      |
| Cost of petroleum products trading                  | 36,622,750                                        | 104,101,361                                       | 171,628,856                                       | 487,860,618                                       |
| Cost of petrochemicals trading                      | 9,329                                             | -                                                 | 43,719                                            | -                                                 |
| Cost of merchandise sold                            | 127,886,302                                       | 110,663,896                                       | 599,326,366                                       | 518,615,282                                       |
| Cost of utilities resold                            | 3,624,636                                         | 1,713,008                                         | 16,986,494                                        | 8,027,841                                         |
| Realized (gains)/losses on derivatives              | (986,906)                                         | 217,493,684                                       | (4,625,036)                                       | 1,019,262,401                                     |
| <b>Total</b>                                        | <b><u>2,877,232,429</u></b>                       | <b><u>3,594,261,337</u></b>                       | <b><u>13,483,862,055</u></b>                      | <b><u>16,844,146,330</u></b>                      |

During the first nine months of 2023 the positive Realized hedging impact of USD 0.99 million resulted from Rompetrol Downstream, mainly from auctions hedging program which protects against market price increase.

On the other hand, during January – September 2022 the negative realized hedging was USD 221.8 million following the higher exposure of Rompetrol Rafinare and Rompetrol Downstream hedge instruments, and especially because the market increased to the highest levels, last time seen in 2008, following Ukraine geopolitical context.

- The main negative impact resulted from Rompetrol Rafinare SA Urals-Dated Brent differential Swaps (USD -106.8 million). With the swap instruments, the Urals-Dated Brent differential was set in January – September '22 at -2.03 USD / bbl. compared to the budget of -0.83 USD / bbl. for 10.3 million barrels (approx. 50% of Urals processed in the first nine months of 2022). However, during this period the Urals-Dated Brent differential collapsed to un-precedented level of -17.14 USD/bbl., triggered by the drop in demand for Russian crude oil because of geopolitical context.
- The other negative hedging impact resulted from Rompetrol Rafinare Futures for Around BOS stocks (-35.2 million USD) and Rompetrol Downstream Futures for Around benchmark stocks (-23.5mil USD). When prices decrease the stocks depreciate, but the hedging instruments creates positive effect, offsetting the physical loss. In the first nine months of 2022, Dated Brent increased by 74% from USD 79 (1st Jan) to USD 137.6 (8th Mar) per bbl., generating a loss on hedging instruments.

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**22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, INCLUDING LOGISTIC COSTS**

|                                  | <b><u>September 30,</u></b><br><b><u>2023</u></b><br><b>USD</b> | <b><u>September 30,</u></b><br><b><u>2022</u></b><br><b>USD</b> | <b><u>September</u></b><br><b><u>30, 2023</u></b><br><b>RON</b> | <b><u>September 30,</u></b><br><b><u>2022</u></b><br><b>RON</b> |
|----------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
|                                  |                                                                 |                                                                 | <i>(supplementary info – see Note 2(e))</i>                     |                                                                 |
| Staff costs                      | 24,941,339                                                      | 19,273,248                                                      | 116,885,091                                                     | 90,322,149                                                      |
| Utilities                        | 7,537,109                                                       | 6,729,745                                                       | 35,321,908                                                      | 31,538,277                                                      |
| Transportation                   | 61,086,242                                                      | 45,568,724                                                      | 286,274,564                                                     | 213,553,263                                                     |
| Professional and consulting fees | 23,061,533                                                      | 21,163,513                                                      | 108,075,568                                                     | 99,180,687                                                      |
| Royalties and rents              | 7,528,041                                                       | 3,164,172                                                       | 35,279,411                                                      | 14,828,576                                                      |
| Consumables                      | 151,724                                                         | 29,411                                                          | 711,039                                                         | 137,832                                                         |
| Marketing                        | 1,904,827                                                       | 2,183,748                                                       | 8,926,781                                                       | 10,233,917                                                      |
| Taxes                            | 2,323,466                                                       | 1,452,679                                                       | 10,888,691                                                      | 6,807,835                                                       |
| Communications                   | 490,264                                                         | 475,625                                                         | 2,297,573                                                       | 2,228,969                                                       |
| Insurance                        | 1,418,758                                                       | 1,067,542                                                       | 6,648,867                                                       | 5,002,929                                                       |
| IT related expenditures          | 7,140,647                                                       | 6,633,044                                                       | 33,463,928                                                      | 31,085,097                                                      |
| Environmental expenses           | 1,018,977                                                       | 4,204,774                                                       | 4,775,334                                                       | 19,705,253                                                      |
| Maintenance and repairs          | 9,968,872                                                       | 8,343,943                                                       | 46,718,122                                                      | 39,103,054                                                      |
| Other expenses                   | 20,182,120                                                      | 13,198,120                                                      | 94,581,487                                                      | 61,851,670                                                      |
| <b>Costs before depreciation</b> | <b>168,753,919</b>                                              | <b>133,488,287</b>                                              | <b>790,848,364</b>                                              | <b>625,579,508</b>                                              |
| Depreciation and amortisation    | 37,976,768                                                      | 38,832,124                                                      | 177,974,326                                                     | 181,982,866                                                     |
| <b>Total</b>                     | <b><u>206,730,687</u></b>                                       | <b><u>172,320,411</u></b>                                       | <b><u>968,822,690</u></b>                                       | <b><u>807,562,374</u></b>                                       |

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**23. OTHER OPERATING INCOME / (EXPENSES), NET**

|                                                | <u>September 30,</u><br><u>2023</u><br>USD | <u>September 30,</u><br><u>2022</u><br>USD | <u>September</u><br><u>30, 2023</u><br>RON | <u>September 30,</u><br><u>2022</u><br>RON |
|------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
|                                                |                                            |                                            | (supplementary info – see Note 2(e))       |                                            |
| Net gain /(loss) on disposal of assets         | 21,472                                     | 71,184                                     | 100,626                                    | 333,597                                    |
| Reserve for impairment of tangible assets, net | (7,176,669)                                | -                                          | (33,632,742)                               | -                                          |
| Provision for receivables and write-off, net   | (1,194,911)                                | (449,032)                                  | (5,599,831)                                | (2,104,344)                                |
| Provision for inventories, net                 | (2,180,130)                                | (20,640,608)                               | (10,216,960)                               | (96,730,146)                               |
| Tangible and intangible assets write-off       | (15,154)                                   | -                                          | (71,018)                                   | -                                          |
| Other provisions, net                          | (348,756)                                  | (9,319,483)                                | (1,634,410)                                | (43,674,825)                               |
| Other, net                                     | 782,591                                    | 4,919,487                                  | 3,667,534                                  | 23,054,684                                 |
| <b>Total</b>                                   | <b><u>(10,111,557)</u></b>                 | <b><u>(25,418,452)</u></b>                 | <b><u>(47,386,801)</u></b>                 | <b><u>(119,121,034)</u></b>                |

The movement in provisions is presented in Notes 5, 9 and 10.

**24. FINANCE COST, FINANCE INCOME AND FOREIGN EXCHANGE**

|                                                | <u>September</u><br><u>30, 2023</u><br>USD | <u>September</u><br><u>30, 2022</u><br>USD | <u>September</u><br><u>30, 2023</u><br>RON | <u>September 30,</u><br><u>2022</u><br>RON |
|------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
|                                                |                                            |                                            | (supplementary info – see Note 2(e))       |                                            |
| <b>Finance cost</b>                            |                                            |                                            |                                            |                                            |
| Late payment interest                          | (3,275,056)                                | (3,189,297)                                | (15,348,222)                               | (14,946,321)                               |
| Interest expense                               | (58,387,061)                               | (46,057,507)                               | (273,625,123)                              | (215,843,901)                              |
| Unwinding of discount - lease                  | (11,114,811)                               | (5,667,125)                                | (52,088,450)                               | (26,558,415)                               |
| Other financial expense                        | (36,211,127)                               | (22,200,406)                               | (169,699,826)                              | (104,039,983)                              |
| <b>Total</b>                                   | <b><u>(108,988,055)</u></b>                | <b><u>(77,114,335)</u></b>                 | <b><u>(510,761,621)</u></b>                | <b><u>(361,388,620)</u></b>                |
| <b>Finance income</b>                          |                                            |                                            |                                            |                                            |
| Interest income                                | 51,286,165                                 | 34,185,166                                 | 240,347,484                                | 160,205,362                                |
| Other financial income                         | 618,970                                    | 884,868                                    | 2,900,741                                  | 4,146,845                                  |
| <b>Total</b>                                   | <b><u>51,905,135</u></b>                   | <b><u>35,070,034</u></b>                   | <b><u>243,248,225</u></b>                  | <b><u>164,352,207</u></b>                  |
| <b>Finance income/(cost) net</b>               | <b><u>(57,082,920)</u></b>                 | <b><u>(42,044,301)</u></b>                 | <b><u>(267,513,396)</u></b>                | <b><u>(197,036,413)</u></b>                |
| Unrealized net foreign exchange (losses)/gains | 2,966,716                                  | 14,180,879                                 | 13,903,218                                 | 66,457,267                                 |
| Realized net foreign exchange (losses)/gains   | (7,720,217)                                | 3,202,328                                  | (36,180,025)                               | 15,007,390                                 |
| <b>Foreign exchange gain/(loss), net</b>       | <b><u>(4,753,501)</u></b>                  | <b><u>17,383,206</u></b>                   | <b><u>(22,276,807)</u></b>                 | <b><u>81,464,657</u></b>                   |
| <b>Total</b>                                   | <b><u>(61,836,421)</u></b>                 | <b><u>(24,661,094)</u></b>                 | <b><u>(289,790,203)</u></b>                | <b><u>(115,571,756)</u></b>                |

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**25. INCOME TAX**

**a. The current income tax rate in 2023 was 16%, the same as in 2022.**

|                                   | <u>September 30.</u><br><u>2023</u><br>USD | <u>September 30.</u><br><u>2022</u><br>USD | <u>September</u><br><u>30, 2023</u><br>RON  | <u>September 30.</u><br><u>2022</u><br>RON |
|-----------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------------------|--------------------------------------------|
|                                   |                                            |                                            | <i>(supplementary info – see Note 2(e))</i> |                                            |
| Tax expense comprises:            |                                            |                                            |                                             |                                            |
| Current tax expense               | 7,980,596                                  | 4,348,246                                  | 37,400,265                                  | 20,377,620                                 |
| Solidarity tax                    | <u>34,074,488</u>                          | <u>-</u>                                   | <u>159,686,681</u>                          | <u>-</u>                                   |
| <b>Total tax expense/(income)</b> | <b><u>42,055,084</u></b>                   | <b><u>4,348,246</u></b>                    | <b><u>197,086,946</u></b>                   | <b><u>20,377,620</u></b>                   |

**b) The deferred tax assets and liabilities details are disclosed in Note 15.**

**c) Other taxes – Solidarity contribution**

Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022, adopted by Law no. 119/2023, a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution for the first nine months of 2023 of USD 34.1 million.

**26. OPERATING SEGMENT INFORMATION**

**a. Operating Segments**

For management purposes the Group is currently organized in 3 segments – refining, petrochemicals and marketing. Refining comprises Petromidia and Vega refineries, Petrochemicals comprises petrochemical division of Rompetrol Rafinare SA and Rompetrol Petrochemicals operations and Marketing comprises the operations of Rompetrol Downstream, Rom Oil, Rompetrol Logistics, Rompetrol Gas and Rompetrol Quality Control SRL.

For the income statement, management analysis is made separately for the 3 segments: Refining, Petrochemicals and Marketing. The balance sheet is analyzed by management at cumulated level for Refining and Petrochemicals segments. As a result, the balance sheet information for segments Refining and Petrochemicals are presented together.

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**26. OPERATING SEGMENT INFORMATION (continued)**

**Income Statement information for the period January – September 2023**

| <b>USD</b>                                   | <b>Refining</b>           | <b>Petrochemicals</b>      | <b>Amounts not allocated<br/>between Refining &amp;<br/>Petrochemicals segments</b> | <b>Marketing</b>          | <b>Impact from<br/>transactions<br/>between<br/>segments</b> | <b>Consolidated</b>       |
|----------------------------------------------|---------------------------|----------------------------|-------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------|---------------------------|
| Net revenues "external customers"            | 1,326,805,188             | 98,313,692                 | -                                                                                   | 1,769,311,331             | -                                                            | 3,194,430,211             |
| Net revenues "Inter segment"                 | 1,435,587,718             | -                          | -                                                                                   | 5,718,239                 | (1,441,305,957)                                              | -                         |
| Cost of sales                                | <u>(2,567,174,460)</u>    | <u>(158,409,717)</u>       | -                                                                                   | <u>(1,617,668,676)</u>    | <u>1,466,020,424</u>                                         | <u>(2,877,232,429)</u>    |
| <b>Gross margin</b>                          | <b><u>195,218,446</u></b> | <b><u>(60,096,025)</u></b> | <b>=</b>                                                                            | <b><u>157,360,894</u></b> | <b><u>24,714,467</u></b>                                     | <b><u>317,197,782</u></b> |
| Selling, general and administrative expenses | (49,917,202)              | (8,662,946)                | -                                                                                   | (116,774,983)             | (31,375,556)                                                 | (206,730,687)             |
| Other operating income/(expenses), net       | <u>(9,631,272)</u>        | <u>(3,485)</u>             | -                                                                                   | <u>(505,755)</u>          | <u>28,955</u>                                                | <u>(10,111,557)</u>       |
| <b>Operating margin (EBIT)</b>               | <b><u>135,669,972</u></b> | <b><u>(68,762,456)</u></b> | <b>=</b>                                                                            | <b><u>40,080,156</u></b>  | <b><u>(6,632,134)</u></b>                                    | <b><u>100,355,538</u></b> |
| Financial expenses, net                      | -                         | -                          | (51,854,159)                                                                        | (5,224,816)               | (3,945)                                                      | (57,082,920)              |
| Net foreign exchange result                  | -                         | -                          | (5,376,283)                                                                         | 622,782                   | -                                                            | (4,753,501)               |
| <b>Profit/(loss) before income tax</b>       | <b><u>135,669,972</u></b> | <b><u>(68,762,456)</u></b> | <b><u>(57,230,442)</u></b>                                                          | <b><u>35,478,122</u></b>  | <b><u>(6,636,079)</u></b>                                    | <b><u>38,519,117</u></b>  |
| Income tax                                   | -                         | -                          | (34,979,862)                                                                        | (7,075,222)               | -                                                            | (42,055,084)              |
| <b>Net Profit/(Loss)</b>                     | <b><u>135,669,972</u></b> | <b><u>(68,762,456)</u></b> | <b><u>(92,210,304)</u></b>                                                          | <b><u>28,402,900</u></b>  | <b><u>(6,636,079)</u></b>                                    | <b><u>(3,535,967)</u></b> |
| Depreciation and amortization                | 68,506,085                | 10,146,800                 | -                                                                                   | 23,056,563                | 2,279,822                                                    | 103,989,270               |

| <b><u>RON (supplementary info – see Note 2(e))</u></b> | <b>Refining</b>           | <b>Petrochemicals</b>       | <b>Amounts not allocated<br/>between Refining &amp;<br/>Petrochemicals segments</b> | <b>Marketing</b>          | <b>Impact from<br/>transactions<br/>between<br/>segments</b> | <b>Consolidated</b>         |
|--------------------------------------------------------|---------------------------|-----------------------------|-------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------|-----------------------------|
| Net revenues "external customers"                      | 6,217,939,833             | 460,737,286                 | -                                                                                   | 8,291,700,620             | -                                                            | 14,970,377,739              |
| Net revenues "Inter segment"                           | 6,727,738,282             | -                           | -                                                                                   | 26,797,955                | (6,754,536,237)                                              | -                           |
| Cost of sales                                          | <u>(12,030,806,389)</u>   | <u>(742,371,298)</u>        | -                                                                                   | <u>(7,581,042,483)</u>    | <u>6,870,358,115</u>                                         | <u>(13,483,862,055)</u>     |
| <b>Gross margin</b>                                    | <b><u>914,871,726</u></b> | <b><u>(281,634,012)</u></b> | <b>=</b>                                                                            | <b><u>737,456,092</u></b> | <b><u>115,821,878</u></b>                                    | <b><u>1,486,515,684</u></b> |
| Selling, general and administrative expenses           | (233,931,975)             | (40,598,030)                | -                                                                                   | (547,254,280)             | (147,038,405)                                                | (968,822,690)               |
| Other operating income/(expenses), net                 | <u>(45,135,993)</u>       | <u>(16,332)</u>             | -                                                                                   | <u>(2,370,170)</u>        | <u>135,694</u>                                               | <u>(47,386,801)</u>         |
| <b>Operating margin (EBIT)</b>                         | <b><u>635,803,758</u></b> | <b><u>(322,248,374)</u></b> | <b>=</b>                                                                            | <b><u>187,831,642</u></b> | <b><u>(31,080,833)</u></b>                                   | <b><u>470,306,193</u></b>   |
| Financial expenses, net                                | -                         | -                           | (243,009,331)                                                                       | (24,485,577)              | (18,488)                                                     | (267,513,396)               |
| Net foreign exchange result                            | -                         | -                           | (25,195,413)                                                                        | 2,918,606                 | -                                                            | (22,276,807)                |
| <b>Profit/(loss) before income tax</b>                 | <b><u>635,803,758</u></b> | <b><u>(322,248,374)</u></b> | <b><u>(268,204,744)</u></b>                                                         | <b><u>166,264,671</u></b> | <b><u>(31,099,321)</u></b>                                   | <b><u>180,515,990</u></b>   |
| Income tax                                             | -                         | -                           | (163,929,625)                                                                       | (33,157,320)              | -                                                            | (197,086,946)               |
| <b>Net Profit/(Loss)</b>                               | <b><u>635,803,758</u></b> | <b><u>(322,248,374)</u></b> | <b><u>(432,134,369)</u></b>                                                         | <b><u>133,107,351</u></b> | <b><u>(31,099,321)</u></b>                                   | <b><u>(16,570,956)</u></b>  |
| Depreciation and amortization                          | 321,046,917               | 47,551,964                  | -                                                                                   | 108,052,277               | 10,684,158                                                   | 487,335,317                 |

For additional information regarding operating segments and streams please also see Note 20 Revenues from contract with customers.

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*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

**26. OPERATING SEGMENT INFORMATION (continued)**

**Statement of financial position information as at September 30, 2023**

| <b>USD</b>                                            | <b><u>Refining &amp;<br/>Petrochemicals</u></b> | <b><u>Marketing</u></b>     | <b><u>Consolidation<br/>adjustments</u></b> | <b><u>Consolidated</u></b>  |
|-------------------------------------------------------|-------------------------------------------------|-----------------------------|---------------------------------------------|-----------------------------|
| Total non current assets                              | 1,569,031,973                                   | 479,447,965                 | (602,470,571)                               | 1,446,009,367               |
| Total current assets                                  | 1,072,000,342                                   | 616,683,193                 | (269,631,637)                               | 1,419,051,898               |
| <b>TOTAL ASSETS</b>                                   | <b><u>2,641,032,315</u></b>                     | <b><u>1,096,131,158</u></b> | <b><u>(872,102,208)</u></b>                 | <b><u>2,865,061,265</u></b> |
| Total equity                                          | 717,114,898                                     | 428,260,203                 | (609,965,920)                               | 535,409,181                 |
| Total non-current liabilities                         | 433,680,509                                     | 250,027,592                 | (172,501)                                   | 683,535,600                 |
| Total current liabilities                             | 1,490,236,908                                   | 417,843,363                 | (261,963,787)                               | 1,646,116,484               |
| <b>TOTAL LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> | <b><u>2,641,032,315</u></b>                     | <b><u>1,096,131,158</u></b> | <b><u>(872,102,208)</u></b>                 | <b><u>2,865,061,265</u></b> |
| Capital expenditure                                   | 16,105,834                                      | 3,011,174                   | (28,364)                                    | 19,088,644                  |

| <b><u>RON (supplementary info – see Note 2(e))</u></b> | <b><u>Refining &amp;<br/>Petrochemicals</u></b> | <b><u>Marketing</u></b>     | <b><u>Consolidation<br/>adjustments</u></b> | <b><u>Consolidated</u></b>   |
|--------------------------------------------------------|-------------------------------------------------|-----------------------------|---------------------------------------------|------------------------------|
| Total non current assets                               | 7,353,111,438                                   | 2,246,884,950               | (2,823,418,083)                             | 6,776,578,305                |
| Total current assets                                   | 5,023,822,403                                   | 2,890,024,113               | (1,263,601,704)                             | 6,650,244,812                |
| <b>TOTAL ASSETS</b>                                    | <b><u>12,376,933,841</u></b>                    | <b><u>5,136,909,063</u></b> | <b><u>(4,087,019,787)</u></b>               | <b><u>13,426,823,117</u></b> |
| Total equity                                           | 3,360,687,258                                   | 2,006,998,614               | (2,858,544,287)                             | 2,509,141,585                |
| Total non-current liabilities                          | 2,032,400,337                                   | 1,171,729,309               | (808,409)                                   | 3,203,321,237                |
| Total current liabilities                              | 6,983,846,246                                   | 1,958,181,140               | (1,227,667,091)                             | 7,714,360,295                |
| <b>TOTAL LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b>  | <b><u>12,376,933,841</u></b>                    | <b><u>5,136,909,063</u></b> | <b><u>(4,087,019,787)</u></b>               | <b><u>13,426,823,117</u></b> |
| Capital expenditure                                    | 75,478,380                                      | 14,111,566                  | (132,925)                                   | 89,457,021                   |

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**26. OPERATING SEGMENT INFORMATION (continued)**

**Income Statement information for the period January – September 2022**

| <b>USD</b>                                   | <b>Refining</b>           | <b>Petrochemicals</b>      | <b>Amounts not allocated<br/>between Refining &amp;<br/>Petrochemicals segments</b> | <b>Marketing</b>          | <b>Impact from<br/>transactions<br/>between<br/>segments</b> | <b>Consolidated</b>       |
|----------------------------------------------|---------------------------|----------------------------|-------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------|---------------------------|
| Net revenues "external customers"            | 1,750,798,388             | 166,399,887                | -                                                                                   | 2,065,055,079             | -                                                            | 3,982,253,354             |
| Net revenues "Inter segment"                 | 1,725,554,033             | -                          | -                                                                                   | 5,847,619                 | (1,731,401,652)                                              | -                         |
| Cost of sales                                | (3,162,625,288)           | (216,551,508)              | -                                                                                   | (1,958,488,558)           | 1,743,404,016                                                | (3,594,261,337)           |
| <b>Gross margin</b>                          | <b><u>313,727,133</u></b> | <b><u>(50,151,621)</u></b> | <b>=</b>                                                                            | <b><u>112,414,140</u></b> | <b><u>12,002,364</u></b>                                     | <b><u>387,992,016</u></b> |
| Selling, general and administrative expenses | (46,306,265)              | (6,914,774)                | -                                                                                   | (94,289,359)              | (24,810,013)                                                 | (172,320,411)             |
| Other operating income/(expenses), net       | (25,588,109)              | (291)                      | -                                                                                   | (40,415)                  | 210,363                                                      | (25,418,452)              |
| <b>Operating margin (EBIT)</b>               | <b><u>241,832,760</u></b> | <b><u>(57,066,686)</u></b> | <b>=</b>                                                                            | <b><u>18,084,366</u></b>  | <b><u>(12,597,286)</u></b>                                   | <b><u>190,253,154</u></b> |
| Financial expenses, net                      | -                         | -                          | (45,508,061)                                                                        | 3,467,688                 | (3,928)                                                      | (42,044,301)              |
| Net foreign exchange result                  | -                         | -                          | 33,128,441                                                                          | (15,745,234)              | -                                                            | 17,383,206                |
| <b>Profit/(loss) before income tax</b>       | <b><u>241,832,760</u></b> | <b><u>(57,066,686)</u></b> | <b><u>(12,379,620)</u></b>                                                          | <b><u>5,806,820</u></b>   | <b><u>(12,601,214)</u></b>                                   | <b><u>165,592,059</u></b> |
| Income tax                                   | -                         | -                          | (221,831)                                                                           | (4,126,415)               | -                                                            | (4,348,246)               |
| <b>Net Profit/(Loss)</b>                     | <b><u>241,832,760</u></b> | <b><u>(57,066,686)</u></b> | <b><u>(12,601,452)</u></b>                                                          | <b><u>1,680,405</u></b>   | <b><u>(12,601,214)</u></b>                                   | <b><u>161,243,814</u></b> |
| Depreciation and amortization                | 71,846,806                | 10,724,227                 | -                                                                                   | 23,330,455                | 988,800                                                      | 106,890,288               |

| <b>RON (supplementary info – see Note 2(e))</b> | <b>Refining</b>             | <b>Petrochemicals</b>       | <b>Amounts not allocated<br/>between Refining &amp;<br/>Petrochemicals segments</b> | <b>Marketing</b>          | <b>Impact from<br/>transactions<br/>between<br/>segments</b> | <b>Consolidated</b>         |
|-------------------------------------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------|-----------------------------|
| Net revenues "external customers"               | 8,204,941,562               | 779,816,430                 | -                                                                                   | 9,677,674,126             | -                                                            | 18,662,432,118              |
| Net revenues "Inter segment"                    | 8,086,636,420               | -                           | -                                                                                   | 27,404,282                | (8,114,040,702)                                              | -                           |
| Cost of sales                                   | (14,821,327,146)            | (1,014,846,987)             | -                                                                                   | (9,178,260,778)           | 8,170,288,581                                                | (16,844,146,330)            |
| <b>Gross margin</b>                             | <b><u>1,470,250,836</u></b> | <b><u>(235,030,557)</u></b> | <b>=</b>                                                                            | <b><u>526,817,630</u></b> | <b><u>56,247,879</u></b>                                     | <b><u>1,818,285,788</u></b> |
| Selling, general and administrative expenses    | (217,009,680)               | (32,405,397)                | -                                                                                   | (441,877,652)             | (116,269,645)                                                | (807,562,374)               |
| Other operating income/(expenses), net          | (119,916,114)               | (1,364)                     | -                                                                                   | (189,401)                 | 985,845                                                      | (119,121,034)               |
| <b>Operating margin (EBIT)</b>                  | <b><u>1,133,325,042</u></b> | <b><u>(267,437,318)</u></b> | <b>=</b>                                                                            | <b><u>84,750,577</u></b>  | <b><u>(59,035,921)</u></b>                                   | <b><u>891,602,380</u></b>   |
| Financial expenses, net                         | -                           | -                           | (213,268,977)                                                                       | 16,250,973                | (18,409)                                                     | (197,036,413)               |
| Net foreign exchange result                     | -                           | -                           | 155,253,122                                                                         | (73,788,465)              | -                                                            | 81,464,657                  |
| <b>Profit/(loss) before income tax</b>          | <b><u>1,133,325,042</u></b> | <b><u>(267,437,318)</u></b> | <b><u>(58,015,855)</u></b>                                                          | <b><u>27,213,085</u></b>  | <b><u>(59,054,330)</u></b>                                   | <b><u>776,030,624</u></b>   |
| Income tax                                      | -                           | -                           | (1,039,589)                                                                         | (19,338,031)              | -                                                            | (20,377,620)                |
| <b>Net Profit/(Loss)</b>                        | <b><u>1,133,325,042</u></b> | <b><u>(267,437,318)</u></b> | <b><u>(59,055,444)</u></b>                                                          | <b><u>7,875,054</u></b>   | <b><u>(59,054,330)</u></b>                                   | <b><u>755,653,004</u></b>   |
| Depreciation and amortization                   | 336,702,872                 | 50,258,017                  | -                                                                                   | 109,335,844               | 4,633,912                                                    | 500,930,645                 |

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**26. OPERATING SEGMENT INFORMATION (continued)**

In total net revenues are included customers that own more than 10% of total sales (i.e. KazMunayGas Trading AG), their value amounting USD 487 million in 2023 and USD 720 million in 2022, for the period January - September.

**Statement of financial position information as at December 31, 2022**

| <b>USD</b>                                        | <b>Refining &amp; Petrochemicals</b> | <b>Marketing</b>          | <b>Consolidation adjustments</b> | <b>Consolidated</b>         |
|---------------------------------------------------|--------------------------------------|---------------------------|----------------------------------|-----------------------------|
| Total non current assets                          | 1,637,677,873                        | 359,519,320               | (600,201,965)                    | 1,396,995,228               |
| Total current assets                              | 657,999,470                          | 451,902,111               | (114,069,312)                    | 995,832,269                 |
| <b>TOTAL ASSETS</b>                               | <b><u>2,295,677,343</u></b>          | <b><u>811,421,431</u></b> | <b><u>(714,271,276)</u></b>      | <b><u>2,392,827,498</u></b> |
| Total equity                                      | 740,318,786                          | 399,795,575               | (603,329,842)                    | 536,784,519                 |
| Total non-current liabilities                     | 167,976,956                          | 124,943,896               | (180,631)                        | 292,740,220                 |
| Total current liabilities                         | 1,387,381,602                        | 286,681,960               | (110,760,803)                    | 1,563,302,759               |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b><u>2,295,677,343</u></b>          | <b><u>811,421,431</u></b> | <b><u>(714,271,276)</u></b>      | <b><u>2,392,827,498</u></b> |
| Capital expenditure                               | 55,676,506                           | 14,319,377                | -                                | 69,995,884                  |

| <b><u>RON (supplementary info – see Note 2(e))</u></b> | <b><u>Refining &amp; Petrochemicals</u></b> | <b><u>Marketing</u></b>     | <b><u>Consolidation adjustments</u></b> | <b><u>Consolidated</u></b>   |
|--------------------------------------------------------|---------------------------------------------|-----------------------------|-----------------------------------------|------------------------------|
| Total non current assets                               | 7,674,813,590                               | 1,684,851,341               | (2,812,786,491)                         | 6,546,878,440                |
| Total current assets                                   | 3,083,648,716                               | 2,117,794,053               | (534,574,408)                           | 4,666,868,361                |
| <b>TOTAL ASSETS</b>                                    | <b><u>10,758,462,306</u></b>                | <b><u>3,802,645,394</u></b> | <b><u>(3,347,360,899)</u></b>           | <b><u>11,213,746,801</u></b> |
| Total equity                                           | 3,469,429,959                               | 1,873,601,983               | (2,827,444,972)                         | 2,515,586,970                |
| Total non-current liabilities                          | 787,207,207                                 | 585,537,074                 | (846,514)                               | 1,371,897,767                |
| Total current liabilities                              | 6,501,825,140                               | 1,343,506,337               | (519,069,413)                           | 7,326,262,064                |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      | <b><u>10,758,462,306</u></b>                | <b><u>3,802,645,394</u></b> | <b><u>(3,347,360,899)</u></b>           | <b><u>11,213,746,801</u></b> |
| Capital expenditure                                    | 260,922,378                                 | 67,106,328                  | -                                       | 328,028,706                  |

- Inter - segment revenues are eliminated on consolidation.
- Transfer pricing between operating segments is determined based on market rules agreed between the segments. These transfer prices take in to account the latest Crude/Refined products prices on markets adjusted by various margins / discounts taking into account quantity, quality, payment terms, transportation costs etc.

**b. Geographical segments**

All the Group's production facilities are located in Romania. The following table provides an analysis of the Group's net revenues by geographical market (based on customers' location) for the period January – September 2023, respectively January – September 2022:

|                     | <b><u>September 30, 2023</u></b><br><b>USD</b> | <b><u>September 30, 2022</u></b><br><b>USD</b> | <b><u>September 30, 2023</u></b><br><b>RON</b> | <b><u>September 30, 2022</u></b><br><b>RON</b> |
|---------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Net revenues</b> |                                                |                                                | <i>(supplementary info – see Note 2(e))</i>    |                                                |
| <b>Romania</b>      | <b>2,231,604,946</b>                           | <b>2,670,033,203</b>                           | <b>10,458,193,419</b>                          | <b>12,512,843,603</b>                          |
| <b>Export</b>       | <b><u>962,825,265</u></b>                      | <b><u>1,312,220,151</u></b>                    | <b><u>4,512,184,320</u></b>                    | <b><u>6,149,588,515</u></b>                    |
| <i>out of which</i> |                                                |                                                |                                                |                                                |
| <b>Europa</b>       | 926,711,281                                    | 1,278,622,327                                  | 4,342,939,746                                  | 5,992,135,673                                  |
| <b>Asia</b>         | 36,106,724                                     | 33,111,463                                     | 169,210,551                                    | 155,173,560                                    |
| <b>America</b>      | 7,260                                          | 486,361                                        | 34,023                                         | 2,279,282                                      |
| <b>Total</b>        | <b><u>3,194,430,211</u></b>                    | <b><u>3,982,253,354</u></b>                    | <b><u>14,970,377,739</u></b>                   | <b><u>18,662,432,118</u></b>                   |

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**27. RELATED PARTIES**

The ultimate parent of the Group is the “National Welfare Fund Samruk Kazyna” JSC, an entity with its headquarters in Kazakhstan, fully owned by State of Kazakhstan. The related parties and the nature of relationship is presented below:

| <b>Name of related party</b>                                   | <b>Nature of relationship</b>                                                 |
|----------------------------------------------------------------|-------------------------------------------------------------------------------|
| KMG International N.V.                                         | Majority Shareholder                                                          |
| The Romanian State and the Romanian Authorities                | Significant shareholder                                                       |
| Byron Shipping Ltd.                                            | Company owned by KMG International Group                                      |
| Byron Shipping S.R.L.                                          | Company owned by KMG International Group                                      |
| Fondul de Investitii in Energie Kazah - Roman S.A.             | Company owned by KMG International Group                                      |
| Global Security Sistem S.A.                                    | Company owned by KMG International Group                                      |
| Global Security Systems Fire Services S.R.L.                   | Company owned by KMG International Group                                      |
| KazMunayGas Engineering B.V.                                   | Company owned by KMG International Group - Merged into KMG International N.V. |
| KazMunayGas –Engineering LLP                                   | Company owned by KMG International Group - Divested on 26 July 2021           |
| KazMunayGas Trading AG                                         | Company owned by KMG International Group                                      |
| KMG Rompetrol S.R.L.                                           | Company owned by KMG International Group                                      |
| KMG Rompetrol Services Center S.R.L.                           | Company owned by KMG International Group                                      |
| KMG Rompetrol Development S.R.L.                               | Company owned by KMG International Group                                      |
| Midia Marine Terminal S.R.L.                                   | Company owned by KMG International Group                                      |
| Oilfield Exploration Business Solutions S.A.                   | Company owned by KMG International Group                                      |
| Palplast S.A.                                                  | Company owned by KMG International Group - Sold on 1 November 2021            |
| Rominerv S.R.L.                                                | Company owned by KMG International Group                                      |
| Rominerv Valves Iafco S.R.L.                                   | Company owned by KMG International Group - Sold on 07 April 2021              |
| Rompetrol Bulgaria                                             | Company owned by KMG International Group                                      |
| Rompetrol Energy S.A.                                          | Company owned by KMG International Group                                      |
| Rompetrol Financial Group S.R.L.                               | Company owned by KMG International Group                                      |
| Rompetrol Georgia                                              | Company owned by KMG International Group                                      |
| Rompetrol Moldova S.A.                                         | Company owned by KMG International Group                                      |
| Rompetrol Well Services S.A.                                   | Company owned by KMG International Group                                      |
| TRG Petrol Ticaret Anonim Sirketi                              | Company owned by KMG International Group                                      |
| Midia Green Energy S.A. former Uzina Termoelectrica Midia S.A. | Associate of KMG International Group                                          |

The sales to and purchases from related parties are made in the ordinary course of business and are undertaken on a basis that considers prevailing market terms and conditions as applicable to the nature of goods and services provided or received.

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**27. RELATED PARTIES (continued)**

| Name of related party                                          | <b>Receivables and other assets</b> |                          |                                             |                          |
|----------------------------------------------------------------|-------------------------------------|--------------------------|---------------------------------------------|--------------------------|
|                                                                | <b>September 30, 2023</b>           | <b>December 31, 2022</b> | <b>September 30, 2023</b>                   | <b>December 31, 2022</b> |
|                                                                | <b>USD</b>                          | <b>USD</b>               | <b>RON</b>                                  | <b>RON</b>               |
|                                                                |                                     |                          | <i>(supplementary info – see Note 2(e))</i> |                          |
| KazMunayGas Trading AG                                         | 4,036,640                           | 13,924,420               | 18,917,310                                  | 65,255,402               |
| Rominserv S.R.L.                                               | 9,122,429                           | 3,409,025                | 42,751,351                                  | 15,976,055               |
| KMG International N.V.                                         | 61,456,963                          | 62,247,992               | 288,011,911                                 | 291,718,990              |
| KMG Rompetrol S.R.L.                                           | 313,404                             | 1,404,469                | 1,468,737                                   | 6,581,904                |
| KMG Rompetrol S.R.L. - cash pooling                            | 466,454,907                         | 267,473,915              | 2,185,994,276                               | 1,253,489,755            |
| Oilfield Exploration Business Solutions S.A.                   | 1,049,173                           | 1,054,528                | 4,916,844                                   | 4,941,940                |
| Rompetrol Well Services S.A.                                   | 85,953                              | 68,995                   | 402,810                                     | 323,338                  |
| KMG Rompetrol Services Center S.R.L.                           | 12,721                              | 36,958                   | 59,616                                      | 173,200                  |
| Rompetrol Bulgaria                                             | 917,208                             | 1,294,939                | 4,298,404                                   | 6,068,602                |
| Rompetrol Moldova S.A.                                         | 2,158,658                           | 188,833                  | 10,116,335                                  | 884,947                  |
| Rompetrol Financial Group S.R.L.                               | 2,407                               | 2,418                    | 11,280                                      | 11,332                   |
| Rompetrol Energy S.A.                                          | 19,111,197                          | 18,853,747               | 89,562,714                                  | 88,356,200               |
| Byron Shipping S.R.L.                                          | 1,661                               | 2,174                    | 7,784                                       | 10,188                   |
| Midia Marine Terminal S.R.L.                                   | 150,691                             | 230,577                  | 706,198                                     | 1,080,576                |
| Rompetrol Georgia                                              | 1,270                               | 1,277                    | 5,952                                       | 5,985                    |
| Midia Green Energy S.A. former Uzina Termoelectrica Midia S.A. | 58,676                              | 59,334                   | 274,979                                     | 278,063                  |
| KMG Rompetrol Development S.R.L.                               | 6,895,978                           | 6,973,833                | 32,317,311                                  | 32,682,171               |
| Global Security Sistem S.A.                                    | 141,099                             | 131,178                  | 661,246                                     | 614,753                  |
| <b>Total</b>                                                   | <b>571,971,035</b>                  | <b>377,358,611</b>       | <b>2,680,485,058</b>                        | <b>1,768,453,401</b>     |

| Name of related party                        | <b>Payables, loans and other liabilities</b> |                          |                                             |                          |
|----------------------------------------------|----------------------------------------------|--------------------------|---------------------------------------------|--------------------------|
|                                              | <b>September 30, 2023</b>                    | <b>December 31, 2022</b> | <b>September 30, 2023</b>                   | <b>December 31, 2022</b> |
|                                              | <b>USD</b>                                   | <b>USD</b>               | <b>RON</b>                                  | <b>RON</b>               |
|                                              |                                              |                          | <i>(supplementary info – see Note 2(e))</i> |                          |
| KazMunayGas Trading AG                       | 801,605,099                                  | 541,944,575              | 3,756,642,136                               | 2,539,769,056            |
| Rominserv S.R.L.                             | 19,621,939                                   | 25,031,950               | 91,956,255                                  | 117,309,730              |
| KMG International N.V.                       | 1,097,414                                    | 1,125,355                | 5,142,921                                   | 5,273,864                |
| KMG Rompetrol S.R.L.                         | 6,719,167                                    | 9,404,374                | 31,488,704                                  | 44,072,658               |
| KMG Rompetrol S.R.L. - cash pooling          | 511,204,344                                  | 410,008,202              | 2,395,708,038                               | 1,921,462,438            |
| Oilfield Exploration Business Solutions S.A. | 356,264                                      | 318,388                  | 1,669,596                                   | 1,492,094                |
| Rompetrol Well Services S.A.                 | 252,030                                      | 396,773                  | 1,181,113                                   | 1,859,437                |
| KMG Rompetrol Services Center S.R.L.         | 1,372,623                                    | 2,670,446                | 6,432,660                                   | 12,514,778               |
| Rompetrol Bulgaria                           | 247,116                                      | 207,669                  | 1,158,084                                   | 973,220                  |
| Rompetrol Moldova S.A.                       | 5,602,433                                    | 3,142,021                | 26,255,242                                  | 14,724,767               |
| Byron Shipping Ltd.                          | 2,057                                        | 2,069                    | 9,640                                       | 9,696                    |
| Rompetrol Energy S.A.                        | 5,108,381                                    | 9,269,247                | 23,939,917                                  | 43,439,399               |
| Byron Shipping S.R.L.                        | 68                                           | 4,087                    | 319                                         | 19,153                   |
| Midia Marine Terminal S.R.L.                 | 1,266,101                                    | 4,165,184                | 5,933,456                                   | 19,519,718               |
| Rompetrol Georgia                            | 50                                           | 50                       | 234                                         | 234                      |
| KMG Rompetrol Development S.R.L.             | 4,407,555                                    | 3,145,027                | 20,655,566                                  | 14,738,855               |
| Global Security Sistem S.A.                  | 188,336                                      | 281,238                  | 882,618                                     | 1,317,994                |
| Global Security Systems Fire Services S.R.L. | 362,454                                      | 318,038                  | 1,698,604                                   | 1,490,453                |
| TRG Petrol Ticaret Anonim Sirketi            | 2,538                                        | 2,538                    | 11,894                                      | 11,894                   |
| <b>Total</b>                                 | <b>1,359,415,969</b>                         | <b>1,011,437,231</b>     | <b>6,370,766,997</b>                        | <b>4,739,999,438</b>     |

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**27. RELATED PARTIES (continued)**

During the period ended September 30, 2023 respectively September 30, 2022, Rompetrol Rafinare Group entered into the following transactions with related parties:

| Name of related party                        | Nature of transaction              | <u>Sales and other revenues</u>  |                                  |                                                                          |                                  |
|----------------------------------------------|------------------------------------|----------------------------------|----------------------------------|--------------------------------------------------------------------------|----------------------------------|
|                                              |                                    | <u>September 30, 2023</u><br>USD | <u>September 30, 2022</u><br>USD | <u>September 30, 2023</u><br>RON<br>(supplementary info – see Note 2(e)) | <u>September 30, 2022</u><br>RON |
| KazMunayGas Trading AG                       | Fuel                               | 486,615,243                      | 719,540,712                      | 2,280,473,675                                                            | 3,372,055,593                    |
| Rominerv S.R.L.                              | Fuel, utilities and other services | 663,631                          | 663,040                          | 3,110,040                                                                | 3,107,271                        |
| KMG International N.V.                       | Interest                           | 5,128,520                        | 4,319,956                        | 24,034,296                                                               | 20,245,042                       |
| KMG Rompetrol S.R.L.                         | Fuel and other services            | 124,919                          | 142,257                          | 585,420                                                                  | 666,673                          |
| Oilfield Exploration Business Solutions S.A. | Fuel                               | 3,285                            | 4,621                            | 15,395                                                                   | 21,656                           |
| Rompetrol Well Services S.A.                 | Fuel and other services            | 640,088                          | 633,002                          | 2,999,708                                                                | 2,966,501                        |
| Rompetrol Bulgaria                           | Fuel                               | 16,530,453                       | 33,926,731                       | 77,468,315                                                               | 158,994,232                      |
| Rompetrol Moldova S.A.                       | Fuel                               | 254,580,757                      | 278,972,526                      | 1,193,067,260                                                            | 1,307,376,846                    |
| KMG Rompetrol Services Center S.R.L.         | Rent and other services            | 91,892                           | 94,195                           | 430,643                                                                  | 441,435                          |
| Midia Marine Terminal S.R.L.                 | Fuel, rent and other services      | 458,957                          | 479,184                          | 2,150,856                                                                | 2,245,648                        |
| Byron Shipping S.R.L.                        | Fuel and other services            | 12,180                           | 15,303                           | 57,080                                                                   | 71,716                           |
| Rompetrol Energy S.A.                        | Other services                     | 26,743,366                       | 31,816,362                       | 125,330,110                                                              | 149,104,199                      |
| Global Security Sistem S.A.                  | Fuel                               | 67,090                           | 78,248                           | 314,411                                                                  | 366,701                          |
| KMG Rompetrol Development S.R.L.             | PPE and other services             | <u>795</u>                       | <u>590</u>                       | <u>3,726</u>                                                             | <u>2,765</u>                     |
| <b>Total</b>                                 |                                    | <b><u>791,661,176</u></b>        | <b><u>1,070,686,725</u></b>      | <b><u>3,710,040,935</u></b>                                              | <b><u>5,017,666,278</u></b>      |

| Name of related party                                          | Nature of transaction                         | <u>Purchases and other costs</u> |                                  |                                                                          |                                  |
|----------------------------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------------|--------------------------------------------------------------------------|----------------------------------|
|                                                                |                                               | <u>September 30, 2023</u><br>USD | <u>September 30, 2022</u><br>USD | <u>September 30, 2023</u><br>RON<br>(supplementary info – see Note 2(e)) | <u>September 30, 2022</u><br>RON |
| KazMunayGas Trading AG                                         | Purchase of crude oil and other raw materials | 2,274,173,743                    | 2,675,515,712                    | 10,657,687,829                                                           | 12,538,536,833                   |
| Rominerv S.R.L.                                                | Acquisition and maintenance of fixed assets   | 42,971,942                       | 61,792,593                       | 201,383,709                                                              | 289,584,808                      |
| KMG International N.V.                                         | Management services                           | 2,007,878                        | 6,312,434                        | 9,409,719                                                                | 29,582,591                       |
| KMG Rompetrol S.R.L.                                           | Management services                           | 26,434,479                       | 23,381,239                       | 123,882,542                                                              | 109,573,838                      |
| Oilfield Exploration Business Solutions S.A.                   | Management services                           | 44,266                           | 40,995                           | 207,448                                                                  | 192,119                          |
| Rompetrol Well Services S.A.                                   | Other services                                | 109                              | 51                               | 511                                                                      | 239                              |
| Rompetrol Bulgaria                                             | Sales intermediary services                   | 122,189                          | 95,524                           | 572,627                                                                  | 447,664                          |
| KMG Rompetrol Services Center S.R.L.                           | Shared services                               | 6,322,901                        | 5,125,399                        | 29,631,643                                                               | 24,019,670                       |
| Midia Marine Terminal S.R.L.                                   | Handling services/Transit                     | 11,286,216                       | 10,174,101                       | 52,891,723                                                               | 47,679,907                       |
| Midia Green Energy S.A. former Uzina Termoelectrica Midia S.A. | Acquisition of utilities                      | -                                | 3,164,345                        | -                                                                        | 14,829,386                       |
| Rompetrol Energy S.A.                                          | Acquisition of utilities                      | 48,238,194                       | 47,136,504                       | 226,063,472                                                              | 220,900,512                      |
| KMG Rompetrol Development S.R.L.                               | Retail                                        | 14,858,474                       | 8,044,771                        | 69,632,753                                                               | 37,701,015                       |
| Global Security Sistem S.A.                                    | Security and protection services              | 2,590,941                        | 2,938,266                        | 12,142,186                                                               | 13,769,890                       |
| Global Security Systems Fire Services S.R.L.                   | Fire protection services                      | <u>1,524,454</u>                 | <u>1,166,982</u>                 | <u>7,144,201</u>                                                         | <u>5,468,944</u>                 |
| <b>Total</b>                                                   |                                               | <b><u>2,430,575,786</u></b>      | <b><u>2,844,888,916</u></b>      | <b><u>11,390,650,363</u></b>                                             | <b><u>13,332,287,416</u></b>     |

The nature of sale transactions consists in sale of petroleum products. Sales to related parties include sales taxes.

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**27. RELATED PARTIES (continued)**

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, afterwards renamed as Ministry of Economy, Energy and Business Environment according to the OUG 68/11.06.2019. Its current name is Ministry of Energy according to the OUG 212/2020.

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

The sales to and purchases from related parties are made in the ordinary course of business and are undertaken on a basis that considers prevailing market terms and conditions as applicable to the nature of goods and services provided or received. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 September 2023 and 31 December 2022, the Group has recorded an impairment of receivables relating to Oilfield Exploration Business Solutions S.A. in amount of USD 3.6 million (2022: USD 3.7 million). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

**28. EARNINGS PER SHARE**

The calculation of the basic earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

|                                                                                             | <u>September 30,</u><br><u>2023</u><br><u>USD</u> | <u>September 30,</u><br><u>2022</u><br><u>USD</u> | <u>September 30,</u><br><u>2023</u><br><u>RON</u> | <u>September 30,</u><br><u>2022</u><br><u>RON</u> |
|---------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
|                                                                                             |                                                   |                                                   | <i>(supplementary info – see Note 2(e))</i>       |                                                   |
| <b>Earnings</b>                                                                             |                                                   |                                                   |                                                   |                                                   |
| Profit/(Loss) for the period attributable to ordinary equity holders of the parent entity   | (4,282,089)                                       | 164,101,870                                       | (20,067,582)                                      | 769,047,004                                       |
| <b>Number of shares</b>                                                                     |                                                   |                                                   |                                                   |                                                   |
| Weighted average number of shares for the purpose of basic earnings per share (see Note 12) | 26,559,205,726                                    | 26,559,205,726                                    | 26,559,205,726                                    | 26,559,205,726                                    |
| <b>Earnings per share (US cents/share)</b>                                                  |                                                   |                                                   |                                                   |                                                   |
| Basis                                                                                       | (0.0160)                                          | 0.6180                                            | (0.0750)                                          | 2.8960                                            |

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## **29. CONTINGENCIES**

### **Rompotrol Rafinare SA- Distressed Assets - Hybrid Conversion**

By the Emergency Ordinance (“**EGO**”) 118/2003 approved by Law 89/2005 and the Issuing Convention of 5 December 2003 (“Issuing Convention”), the RON 2,177.7 million of state budget liabilities, including penalties were denominated into 22,812,098 convertible bonds (i.e. a total of EUR 570.3 million at the RON / EUR exchange rate as of 30 September 2003 or 3.8185 RON / EUR or USD 719.4 million at the same date), hereinafter referred to as “Hybrid instruments” or “Bonds”.

The Bonds carried interest and were redeemable on or before maturity, partially or entirely. The bonds not redeemed by 30 September 2010 should be convertible, at a fixed conversion rate, into ordinary shares of Rompotrol Rafinare S.A., at the option of the Company.

In accordance with the above-mentioned deed, Rompotrol Rafinare S.A. performed several steps by increasing the share capital in June 2010 with USD 100 million, redeemed 2,160,000 Bonds for EUR 54 million in August 2010 and converted into shares the remaining bonds in September 2010. Therefore, from October 1, 2010 the State became therefore shareholder of the Company with 44.69%.

The Ministry of Public Finance publicly took an adverse position against such course of action and challenged it in various court procedures and on 10 September 2010 the National Agency of Fiscal Administration (“**ANAF**”) issued a decision for establishment of a precautionary seizure on all the participations held by Rompotrol Rafinare S.A. and its affiliates as well as on all movable and immovable assets of Rompotrol Rafinare S.A. except inventories. This measure is still in force and it is challenged by the Group. By now the seizure has not produced direct effects on the Company’s recurring operations.

Following a first court decision favourable to the Company by which the conversion of bonds into shares that took place in September 2010 was stated as legally, on 15.02.2013 the Group and the Office of the State Ownership and Privatisation in Industry (“**OPSPI**”), representing the Romanian State, concluded a memorandum of understanding aiming at the amiable settlement of the Litigations. As a result of the Memorandum, ANAF waived back the litigations started against the Company.

The Memorandum of Understanding includes also the following aspects:

- OPSPI will sell and the Group will acquire shares owned by OPSPI and representing 26.6959% of Rompotrol Rafinare S.A.’s share capital for a cash consideration of 200 million USD;
- Establishment of an investment fund which will invest in energy project related to its core activities an amount estimated to reach if the market conditions are appropriate 1 USD billion over 7 years;
- The Ministry of Finance will renounce all cases against the GMS decisions related to the conversion and will cancel the forced execution title.

The Shareholders agreement for the set-up the Kazakh Romanian Investment Fund (“**KRF**”) was signed on 26 October 2018, and soon after KRF was registered as a joint stock company. All its managing bodies were organized and are functional.

Further on, according to the said Memorandum, Rompotrol Rafinare submitted to the Romanian authorities a requirement for the annulment of the precautionary seizure but no positive reply was received.

On June 15, 2021, Rompotrol Rafinare SA submitted to Court of Appeal Constanta a request to order ANAF-General Directorate for the Administration of Large Tax Payers to issue the decision to lift the seizure and on December 21, 2021, the court admitted the request made by Rompotrol Rafinare SA. The decision was appealed by ANAF. The first term was set for May 25, 2023 and the Court postponed a decision for June 22, 2023 when the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal.

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**29. CONTINGENCIES (continued)**

***Contingencies – risk management and internal control***

The Group commitment to integrity, responsibility and ethical conduct is particularly important in the area of bribery and corruption prevention and detection.

The Group is committed to conducting its business fairly, honorably, with integrity and honesty and in compliance with all applicable laws. The Group adopts an approach of zero -tolerance to bribery and corruption in all its business dealings and relationships, wherever it operates. The Group has internal standards and guidelines on due diligence with third parties, conflicts of interest, gifts and hospitality, which focus on mitigating potential corruption risks.

Romp petrol's Code of Ethics and Conduct is approved by the Board of Directors and applies to all directors, executives and employees, whatever the nature of their contractual relationship with the Group. The Code creates a frame of reference for understanding and putting into practice the Group's expectations as to each person's behaviour, in light of the Group's principles of action. Rompetrol's employees undergo regular professional trainings, trainings on ethical standards and anti-corruption conduct.

Whistleblowing incidents are taken very seriously by the Group and its directors. Any complaints or allegations received are investigated properly by the assigned departments. The Group has established and maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive enough attention. In line with Irregularity Reporting Policy, the internal investigations conducted during the first nine months of 2023 and up to the approval date of the financial statements did not reveal any cases of ethical misconduct and non-compliance with applicable laws and regulations. The results of all internal investigations were discussed with the Company's statutory bodies, which concluded that the warnings were not confirmed.

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**30. 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, 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 USD 106.5 million) 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 USD 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 USD 55 million as principal (USD 118 million 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, the file is now pending in preliminary procedure.

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**30. LEGAL MATTERS (continued)**

**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 now all claims of Faber either have been withdrawn by Faber or have been dismissed by the Court (for a couple of them a final and irrevocable decision being issued).

At this moment for a couple of case files second appeals can be submitted in front of the High Court of Cassation and Justice by Faber, the decisions not being yet definitive.

***Litigation on Tax Assessments received by Rompetrol Rafinare S.A. 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.

Through 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.

The tax assessment on VAT group and Rompetrol Rafinare S.A. 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 December 7, 2023.

Regarding this legal matter Rompetrol Rafinare booked a provision in amount of USD 2.5 million as of December 31, 2022, the total amount recognized is USD 5.4 million.

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**30. LEGAL MATTERS (continued)**

**Litigations between Rompetrol Rafinare and National Company – Constanta Maritime Port Administration S.A.**

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 million 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 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 of Petromidia refinery on 22 August 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 S.A., 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 December 5, 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 USD 0.8 million.

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**30. LEGAL MATTERS (continued)**

**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 "instalatia 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 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 employees 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. 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 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 group employees but lifting the interdiction for leaving the country. On March 9, 2023, the court finally lifted also the judicial control. Next hearing is set on November 29, 2023.

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

On 16.02.2023 an unplanned inspection was started in the Vega refinery, by the National Environmental Guard - General Commissariat, 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 IEA (Integrated Environmental Authorization), 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

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**30. LEGAL MATTERS (continued)**

County Commissariat. The Prahova Environmental Protection Agency issued and communicated Notification no. 74/25.04.2023 prior to the suspension of IEA with a 60-day compliance deadline.

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 EPA (Environmental Protection Agency).

In parallel, the Company proved to the authorities the fulfilment of the obligations provided for in the IEA and thus the fulfilment 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 EPA, which in turn issued Decision no. 132/22.06.2023 according to which Notification no. 74/25.04.2023 prior to the suspension of IEA 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 Labour 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 Petrosani 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 Labour Inspectorate.

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### **31. COMMITMENTS**

#### **Environmental risks and obligation**

The Group's business activities are subject to constantly changing local, national and European regulations relating to the environment and industrial activity, which entail meeting increasingly complex and restrictive requirements. In this regard, these activities can involve a financial resource in order to comply with the incidental restrictive legislation and regulation relating to the Group activities.

Although the Group has provided for known environmental obligations that are probable and reasonably estimable, it is possible that the Group will continue to incur additional liabilities.

As of 31 December 2022, the Group reassessed environmental provision considering changes in assumptions as compared with previous period:

- obligation to set up the closure and post-closure monitoring fund of the hazardous waste landfill, based on technical project of closure and post-closure monitoring, obligation established in the Company responsibility by the competent environmental authority on October 2022, through revised Environmental Integrated Permit issued for Vega refinery;
- updated prices for rehabilitation works of the remaining lagoons, taking in consideration as reference the prices included in the concluded agreements, increased as a result of the offers received, formulated considering of the price with an increase to reflect the evolution of prices for additives and fuel, also the increase of the minimum gross salary.

As a result of these risks, environmental liabilities will incur additional costs that may impact the Group's results of operations and cash flow.

Group's financial statements account for provisions relating to the costs of environmental obligations that can be reasonably estimated in a reliable manner.

During 2022, the Group has continued with the greening process of Vega lagoons, progress and status of the project being reported on a regular basis to the environmental competent authorities. As a result of the discussions held with the environmental authorities since 2021, they decided that the environmental agreement revised in January 2021 is in force and produce legal effects; also in the revised integrated environmental permit issued for Vega refinery on November 2022 has been mentioned conditions regarding execution of the rehabilitation works without any term, so that the Company can execute the works according to the technical project of closure and post-closure monitoring, which will be developed and approved by the authorities.

In 2021, the Group has carried out the due diligence procedures in accordance with Law 74/2019 in relation to the storage area of the biological waste resulted from IAZ no.1 ("Vadu cassettes"). The process is ongoing and performed in accordance with the requirements of the competent environmental authorities ("EPA Constanta"). During 2021, an external expert performed a feasibility study and the results were communicated to the environmental authorities. Next steps for remedial actions are expected to be communicated by the competent authority in the following period.

As of 31 December 2022, the Group has recognized a provision for restoration costs related to Vega lagoons and also for Vadu cassettes (in 2021), see Note 19.

#### **Climate change and energy transition**

The oil and gas industry is facing new challenges as the world transitions to a low-carbon economy. The world is undergoing rapid changes as the sustainability and, primarily, the climate agenda come into force. In this context, the change is expected to bring both threats and additional opportunities, as the world needs to reduce greenhouse emissions while continuing sustainable economic growth.

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**31. COMMITMENTS (continued)**

KMGI Group is aware of the importance of climate matters and supports European commitments for emissions reduction set out in the Paris Agreement and is aiming to build a sustainable, resilient business in the long run and to reduce CO2 emissions. Estimating global energy demand towards 2050 is an extremely difficult mission. The Group's business plans are built for a period of 5 years and consider certain actions taken to reach its net-zero emissions target by 2050. Our business plans reflect the current economic environment and Group's reasonable expectations of how the next 5 years will progress.

The Group is focused on increasing resilience and profitability by diversification and further transition from diversified downstream player to energy provider. To address these objectives, projects have been defined, corresponding to different time horizons, with highest priority on the short to mid-term projects implemented in the existing markets with the production and distribution capacity already planned. However, meeting the goals of the low-carbon economy is a global aspiration that must be cemented in reality. This requires the world economy to transform in complex and connected ways and Group's consolidated Financial Statements reflect the actual situation as it currently exists and what Management reasonably expects in the foreseeable future based on current facts and evidence.

On the mid-term, it is expected a favourable economic outlook with a positive impact for road fuels demand driven by increasing motorization rate and small electrification rates in CEE. Extensive development of retail and wholesale channels in Romania remains an important direction for development until 2025, to ensure mitigation of oil and refinery margin fluctuations and increase profitability through volumes.

On the long-term (2035+) road fuels demand will be negatively impacted by the population decline, higher electrification rate, as well as vehicle energy efficiency improvement. Decreasing demand for fuels will put pressure on refining volumes, utilization and margins.

**War and conflict risk**

In the context of the military conflict between Russia and Ukraine, started on 24 February 2022, the EU, USA, UK, Switzerland and other countries imposed various sanctions against Russia, including financing restrictions on certain Russian banks and state-owned companies, sectoral sanctions, import/export restrictions as well as personal sanctions against a number of individuals.

Considering the geopolitical tensions, since February 2022, there has been an increase in financial markets volatility and exchange rate depreciation pressure.

The war in the Ukraine and its related short-term consequences are creating increasing geopolitical risks and further challenges for global supply chains are to be expected which will impact the global economy. We anticipate that the global challenging conditions will persist for the following months.

At present, the Group is monitoring very closely the current situation and developments of sanctions and related restrictions applied to Russia by international stakeholders and regularly conduct a risk assessment on this basis. The Group is in constant dialogue with customers and suppliers in the region and stays in connection with competent authorities in order to identify any potential impact of newly issued sanctions on business and supply chains at an early stage and act accordingly.

The Group does not have direct exposures to related parties and/or key customers or suppliers from those countries. The Group's sources for crude oil are not from Russia and the Group does not have operations in Russia or Ukraine.

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**31.COMMITMENTS (continued)**

**Cyber risk**

The progress made toward digitalization certainly brings great benefits, however as the use of new technologies and their capabilities increases, so do the risks derived from their exposure in cyberspace, the reliance on the systems deployed and the information generated by the Group. The risks are not only technical but also business related and may lead to operational disruptions, fraud or theft of sensitive information.

The Group is heavily dependent on the information technology systems, including the network infrastructure for the safe and effective operation of the business. The Group rely on such systems to process, transmit and store electronic information, including financial records and personally identifiable information and to manage or support a variety of business processes, including the supply chain, pipeline operations, gathering and processing operations, retail sales, financial transactions, banking and numerous other processes and transactions. Any interruption or failure of any information technology system, including an interruption or failure due to a cybersecurity breach, could have an adverse effect on the business, financial condition, results of operations and cash flows.

The systems and infrastructure are subject to potential damage or interruption from a number of potential sources including, power failures and cyberattacks and other events and our cybersecurity protections, infrastructure protection technologies, disaster recovery plans and employee training may not be sufficient to defend us against all unauthorized attempts to access our information.

In 2022, the Group was subject to an attempt to gain unauthorized access to the computer network and systems, which did not result in major operational disruptions and have not had a material adverse effect, however this kind of events may occur in the future.

The Group continuously improves cyber security capabilities and supervise the cyber security activity, ensuring the protection of the confidentiality, integrity and availability of data. Also, the Group continuously educates their employees and partners about cyber security risks and support them to act in a responsible way.

**Work safety and safe operations**

Protecting people is a priority of the Group and the Group is committed to safe responsible operations to protect the health and safety of our employees, contractors and communities. This commitment is reflected in our safety system design and our focus on continuous learning and development achieved through training in human rights and work safety.

Although the Group has a set of measures and policies in place, work accidents can still occur. the Group top priorities remain the improvement of industrial safety, reduce work-related injuries and accidents-free operation of production facilities.

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## **32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **32.1. Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of bank debt and shareholder loans (see Note 18), cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the "Consolidated Statement of Changes In The Shareholders' Equity".

### **32.2. Gearing ratio**

The gearing ratio at the year-end was as follows:

|                                                          | <b>September 30, 2023</b> | <b>December 31, 2022</b> |
|----------------------------------------------------------|---------------------------|--------------------------|
|                                                          | <b>USD</b>                | <b>USD</b>               |
| Debt (excluding shareholder loans and related parties)   | 551,425,971               | 211,217,666              |
| Cash and cash equivalents                                | (178,942,607)             | (16,973,215)             |
| <b>Net debt</b>                                          | <b>372,483,364</b>        | <b>194,244,450</b>       |
| Equity (including shareholder loans and related parties) | 535,409,181               | 536,784,519              |
| <b>Net debt to equity ratio</b>                          | <b>0.70</b>               | <b>0.36</b>              |

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group is aiming to have a net debt not higher than equity level and consequently trying to maintain a maximum 1 gearing ratio.

### **32.3. Categories of financial instruments and fair values**

|                                    | <b>September 30, 2023</b> | <b>December 31, 2022</b> |
|------------------------------------|---------------------------|--------------------------|
| <b>Financial assets</b>            |                           |                          |
| Trade and other receivables        | 748,499,952               | 562,176,266              |
| Long-term receivables              | 6,775,343                 | 3,811,865                |
| Derivative financial instruments   | 1,136,684                 | 2,612,061                |
| Cash and cash equivalents          | 178,942,607               | 16,973,215               |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>935,354,586</b>        | <b>585,573,407</b>       |
| <b>Financial liabilities</b>       |                           |                          |
| Long-term borrowings               | 265,900,000               | -                        |
| Derivative financial instruments   | -                         | 4,592,619                |
| Other non-current liabilities      | 418,359                   | 165,353                  |
| Trade and other payables           | 1,450,353,061             | 1,193,423,012            |
| Short-term borrowings banks        | 33,046,642                | 86,210,918               |
| <b>TOTAL FINANCIAL LIABILITIES</b> | <b>1,749,718,062</b>      | <b>1,284,391,902</b>     |

Trade and other receivables are at net recoverable value the following are not considered as financial assets:

- VAT to be recovered;
- Profit tax receivables;
- Other taxes receivables.

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**32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

Similarly, for trade and other payables the following are not considered as financial liabilities:

- Excises taxes;
- Special found tax for oil products;
- VAT payable;
- Profit tax payable;
- Salary taxes payable;
- Other taxes;

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques;
- The Group enters into derivative financial instruments with various counterparties. As at 30 September 2023, the marked to market value of derivative position is for financial instruments recognized at fair value.

**32.4. Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable market data, either directly or indirectly;
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

|                                    | <u>September<br/>30, 2023</u> | <u>Level 1</u>            | <u>Level 2</u>              | <u>Level 3</u> |
|------------------------------------|-------------------------------|---------------------------|-----------------------------|----------------|
| <b>Financial assets</b>            |                               |                           |                             |                |
| Trade and other receivables        | 748,499,952                   | -                         | 748,499,952                 | -              |
| Long-term receivables              | 6,775,343                     | -                         | 6,775,343                   | -              |
| Derivative financial instruments   | 1,136,684                     | -                         | 1,136,684                   | -              |
| Cash and cash equivalents          | <u>178,942,607</u>            | <u>178,942,607</u>        | -                           | -              |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b><u>935,354,586</u></b>     | <b><u>178,942,607</u></b> | <b><u>756,411,979</u></b>   | <b>=</b>       |
| <b>Financial liabilities</b>       |                               |                           |                             |                |
| Long-term borrowings               | 265,900,000                   | -                         | 265,900,000                 | -              |
| Other non-current liabilities      | 418,359                       | -                         | 418,359                     | -              |
| Trade and other payables           | 1,450,353,061                 | -                         | 1,450,353,061               | -              |
| Short-term borrowings banks        | <u>33,046,642</u>             | -                         | <u>33,046,642</u>           | -              |
| <b>TOTAL FINANCIAL LIABILITIES</b> | <b><u>1,749,718,062</u></b>   | <b>=</b>                  | <b><u>1,749,718,062</u></b> | <b>=</b>       |

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**32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

|                                    | December 31,<br>2022 | Level 1           | Level 2              | Level 3 |
|------------------------------------|----------------------|-------------------|----------------------|---------|
| <b>Financial assets</b>            |                      |                   |                      |         |
| Trade and other receivables        | 562,176,266          | -                 | 562,176,266          | -       |
| Long-term receivables              | 3,811,865            | -                 | 3,811,865            | -       |
| Derivative financial instruments   | 2,612,061            | -                 | 2,612,061            | -       |
| Cash and cash equivalents          | 16,973,215           | 16,973,215        | -                    | -       |
| <b>TOTAL FINANCIAL ASSETS</b>      | <b>585,573,407</b>   | <b>16,973,215</b> | <b>568,600,192</b>   | -       |
| <b>Financial liabilities</b>       |                      |                   |                      |         |
| Derivative financial instruments   | 4,592,619            | -                 | 4,592,619            | -       |
| Other non-current liabilities      | 165,353              | -                 | 165,353              | -       |
| Trade and other payables           | 1,193,423,012        | -                 | 1,193,423,012        | -       |
| Short-term borrowings banks        | 86,210,918           | -                 | 86,210,918           | -       |
| <b>TOTAL FINANCIAL LIABILITIES</b> | <b>1,284,391,902</b> | -                 | <b>1,284,391,902</b> | -       |

During the reporting period ending 30 September 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

**32.5 Derivative financial instruments**

The Group uses different commodity derivatives as part of price risk management in trading of crude oil and products.

**Balance Sheet:**

|                                           | September 30,<br>2023 | December 31,<br>2022 |
|-------------------------------------------|-----------------------|----------------------|
| Derivative financial asset                | 1,136,684             | 2,612,061            |
| Derivative financial liability            | -                     | (4,592,619)          |
| <b>Net position – asset / (liability)</b> | <b>1,136,684</b>      | <b>(1,980,558)</b>   |

**Income Statement:**

|                                                        | September 30,<br>2023 | September 30,<br>2022 |
|--------------------------------------------------------|-----------------------|-----------------------|
| Realised (gains)/losses - net                          | (986,906)             | 217,493,684           |
| <b>Total position - loss/(gain) - in Cost of sales</b> | <b>(986,906)</b>      | <b>217,493,684</b>    |

A movement in derivatives assets/ (liabilities) is shown below:

|                                          | September 30,<br>2023 | December 31,<br>2022 |
|------------------------------------------|-----------------------|----------------------|
| <b>Derivative asset/(liability) 2022</b> | <b>(1,980,558)</b>    | <b>20,479,964</b>    |
| Cash payments                            | 956,613               | 3,303,474            |
| Reserves                                 | 2,160,629             | (25,763,996)         |
| <b>Derivative asset/(liability) 2023</b> | <b>1,136,684</b>      | <b>(1,980,558)</b>   |

**ROMPETROL RAFINARE SA**  
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*(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))*

**32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments for fair value hedge are recognized in profit or loss as they arise.

The negative result recorded in 2022 presented in Cost of sales is detailed in Note 21.

As of December 31, 2022 Cash flow hedge in amount of - 25.7 million USD refers to - 2.1 million USD from hedge open position at the end of the year and -23.6 million USD reversal of MTM opening balance (as of 31 December 2021) for CO2 allowances for Rompetrol Rafinare SA.

During 2022 the net impact for EUA strategy is 1 million USD, as a result of EUA certificates that were traded for 2021 EUA compliance according to risk management and cash strategy.

As of 31 December 31, 2022 Rompetrol Rafinare SA had an open position for 770k EUA certificates which was concluded at the of March 2023, when the compliance for 2022 took place.

The Group has the following hedge transactions that qualify for fair value hedge:

| <b>Transaction</b>                                 | <b>Hedged item</b>                                                                                                                 | <b>Risk hedged</b>               | <b>Hedging instrument</b>                |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------|
| Commodity purchase / sell at fixed price           | Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet<br>Priced operational stock above or below BOS | Commodity price risk             | Swap, Future, Purchase put / call option |
| Foreign exchange risk related to monetary item     | Monetary item not in the functional currency of the Group                                                                          | Change in foreign exchange rate  | Swap, currency forward                   |
| Foreign exchange risk related to a firm commitment | Firm commitment not denominated in the functional currency of the Group                                                            | Change in foreign exchange rate  | Swap, currency forward                   |
| Fair value risk related to fixed interest rates    | Receivable or liability at fixed interest rate                                                                                     | Interest related fair value risk | Swap                                     |

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**32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The Group has the following hedge transactions that could qualify for cash flow hedge:

| <b>Transaction</b>                   | <b>Hedged item</b>                                                        | <b>Risk hedged</b>         | <b>Hedging instrument</b>                 |
|--------------------------------------|---------------------------------------------------------------------------|----------------------------|-------------------------------------------|
| Forecasted commodity purchase / sell | Forecasted refinery margin basket and forecasted Dated Brent differential | Commodity price risk       | Swap, Future, Purchased put / call option |
| EUA certificates                     | Forecasted EUA certificates purchase                                      | EUA certificate price risk | Futures                                   |

**32.6 Market risk**

The Group's activities expose it to a variety of risks including the effects of: changes in the international quotations for crude oil and petroleum products, foreign currency exchange rates and interest rates. The Group's overall risk management main objective is to minimize the potential adverse effects on the financial performance of the Group companies.

**32.7. Foreign currency risk management**

The Group's functional currency is United States Dollar ("USD") and crude oil imports and a significant part of petroleum products sales are all denominated principally in US Dollars, therefore, limited foreign currency exposure arises in this context. Certain assets and liabilities are denominated in other currencies, which are translated at the prevailing exchange rate at each balance sheet date. The unrealized differences are charged or credited to the income statement but do not affect cash flows. Group Treasury is responsible for handling the Group foreign currency transactions.

**32.8. Interest rate risk management**

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Group has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Group to both fair value and cash flow risk. Details of the interest rate terms, which apply to the Group's borrowings, are provided in Notes 13 and 18.

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**32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**32.9. Commodity price risk**

The Group is affected by the volatility of prices of crude oil, oil products and by refinery margins. Its operating activities require ongoing purchase of crude oil to be used in its production as well as supplies to its clients. Due to significantly increased volatility of crude oil prices, the management developed a hedge policy which was presented to the Group's Board of Directors and was approved in most significant aspects in 2010 and with some further amendments in February 2011. Following this approval, the Group started on January 2011 to hedge commodities held by Rompetrol Rafinare and in 2014 it was implemented a hedging program in Rompetrol Downstream.

According to the hedge policy, on the commodity side, the flat price risk for priced inventories above a certain threshold (called base operating stock in case of Rompetrol Refinery, benchmark stock for Rompetrol Downstream) can be hedged using future contracts traded on ICE Exchange and some OTC instruments. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Group, hence price fluctuations will not affect the cash-flow.

Trading activities are separated into physical (purchase from third parties and KazmunayGas Group, and sales to third parties and Intercompany) and paper trades (for economic hedging purposes). Each physical transaction is covered through a related futures position according to the exposure parameters set by management (i.e. based on physical quantities sold or purchased). The Group sells or buys the equivalent number of future contracts. This paper trade is done only to hedge the risk of the Physical Trade and not to gain from the trading of these instruments.

The Group's refining activity is exposed to the rising prices of EUA certificates. The CO<sub>2</sub> emissions of the Rompetrol refinery are offset with EUA certificates. For the current year, the Company has covered the certificate requirements. As a mitigation measure, the Financial Risk Management Department is monitoring the EUA certificate market to cover the EUA deficit of the refinery for the remaining years of Phase IV (2024-2025) and the subsequent years. When the market price will be within the target level of the Group, hedge operations will be carried on.

**32.10. Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily for trade receivables and from its financing activities including bank deposits, foreign exchange transactions and other financial instruments.

**Trade receivables**

The retail operational segment is exposed to credit risk. Outstanding customer receivables are regularly monitored. Sales to KazMunayGas Trading AG, a related party represent 15% of the Group's revenues. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of ageing.

**Financial instruments and bank deposits**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury in accordance with the Group's policy.

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**33. SUBSEQUENT EVENTS**

The Group 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.

**BATYRZHAN TERGEUSSIZOV**  
**CHAIRMAN of the BOARD of DIRECTORS**

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**RAMONA-GEORGIANA GALATEANU**  
**FINANCE MANAGER**

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ROMPETROL RAFINARE S.A.  
COMPANY MANAGED IN ONE-TIER MANAGEMENT SYSTEM  
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ROMANIA  
Manufacture of products obtained from crude oil processing - CAEN 1920  
KMG INTERNATIONAL N.V.  
National Welfare Fund "Samruk Kazyna" JSC (87.42%), National Bank of the Republic of Kazakhstan Banca (9.58%)  
and other shareholders (3%)