INDIVIDUAL HALF-YEAR REPORT

OF
THE BOARD OF DIRECTORS

ROMPETROL RAFINARE S.A.

("RRC")

FIRST SEMESTER OF 2024 (H1 2024)

ROMPETROL RAFINARE SA
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HALF-YEAR REPORT
ROMPETROL RAFINARE S.A.

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

for the period January 1st – June 30th, 2024

Half-year report according to:	Art. 67 of Law no. 24/2017 on issuers of financial instruments and market operations, republished, and Annex no. 14 to ASF Regulation no. 5/2018 for the 6-month period that ended on June 30, 2024 (First half - year of financial year 2024)

Date: **August 12nd, 2024**

Name of the trade company: **ROMPETROL RAFINARE S.A.**
Registered office: **215 Năvodari Blvd., Pavilion Administrativ, NĂVODARI, Constanţa County**
Telephone number: **0241/50 61 50**
Facsimile number: **0241/50 69 30**
Sole registration code with the Trade Register Office: **RO1860712**
Trade Register number: **J13/534/05.02.1991**
Subscribed and paid share capital: **LEI 2,655,920,572.60**
Regulated market on which the securities are traded: **Bucharest Stock Exchange**
Shares market symbol: **RRC**

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C O N T E N T S

1. GENERAL DESCRIPTION AND OBJECTIVES 5

1.1. Key events during January – June 2024 (S1 2024).. 6
1.2. The objectives of Rompetrol Rafinare investment program for the first half of 2024 ... 9
1.3. Main aspects regarding quality, health, labour security and environment (QHSE) in the first semester 2024 12

2. FINANCIAL STATEMENT ANALYSIS 15

2.1. Financial position statement as of June 30, 2024 16
2.2. Profit and loss account for the 6-month period that ended on June 30, 2024........**Error! Bookmark not defined.**
2.3. Statement of cash flows for the period of 6 months ended June 30, 2024 17

3. ECONOMIC ENVIRONMENT, OPERATIONAL ACTIVITIES AND ANALYSIS OF THE COMPANY'S ACTIVITY 20

3.1. GLOBAL ECONOMIC ENVIRONMENT.. 20
3.2. PRODUCTION ACTIVITY 23
3.2.1. PRODUCTION ACTIVITY of Rompetrol Rafinare – Năvodari Work Point (Petromidia Refinery) – in the 1st Half of 2024 24
3.2.2. PRODUCTION ACTIVITY of Rompetrol Rafinare – Vega Refinery Work Point (located in Ploieşti) – in the 1st Half of 2024 25
3.2.3. PRODUCTION ACTIVITY of Rompetrol Rafinare – Petrochemicals area - in the 1st Half of 2024 26
3.3. COMMERCIAL ACTIVITY... 27
3.3.1. COMMERCIAL ACTIVITY carried out at Năvodari Work Point (Petromidia Refinery) in the 1st Half of 2024 27
3.3.2. COMMERCIAL ACTIVITY carried out at Vega Refinery (in Ploieşti) in the 1st Half of 2024 31
3.3.3. COMMERCIAL ACTIVITY carried out in Petrochemicals Area in the 1st Half of 2024 32
3.4. Elements, events or factors of uncertainty that affect or could affect the Company's liquidity 35
3.5. Capital expenditures, current - first semester 2024 36

ROMPETROL RAFINARE SA
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3.6................. Events, transactions, which affected the income from the core activity 37

4. CHANGES AFFECTING THE SHARE CAPITAL AND THE COMPANY MANAGEMENT..38

4.1. Changes in the administration of the Company 40
- Changes in the composition of the Board of Directors 40
- Committees set up at the level of the Board of Directors 41
- Changes regarding the Executive Management.. 42
- Changes regarding the Financial Auditor of the Company 43

5. IMPORTANT EVENTS – FIRST SEMESTER 2024 44

5.1. RELATED PARTIES 44
5.2. LEGAL MATTERS.. 47
5.3. Other significant transactions 54
5.4. Subsequent events.. 55
5.5. Amendment of the Articles of Association of the Company....................................... 56

6. MAIN FINANCIAL INDICATORS AS OF 30.06.2024.............57

7. ANEXE 58

Annex 1 – Statement of financial position as of 30 June 2024. **Error! Bookmark not defined.**
Annex 2 – Profit and loss account for the 6-month period closed on June 30, 2023 profit and loss .... **Error! Bookmark not defined.**
Annex 3 – Cash flow... 60

1. GENERAL DESCRIPTION AND OBJECTIVES

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

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

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

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

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

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

Rompetrol Rafinare is the parent company for the subsidiaries Rompetrol Quality Control S.R.L., Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Logistics S.R.L. (together with its subsidiary Rompetrol Gas S.R.L.) and Rompetrol Petrochemicals S.R.L.

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1.1. Key events during January – June 2024 (S1 2024)

Events that took place during January – June 2024

Petromidia, 45 of years of development, innovation and performance

Petromidia Refinery, one of the most important refineries in the region and the largest profile unit in the country, is celebrating 45 years of activity, during which it evolved from a simple blueprint to a modern refinery capable of supporting the energy sector.

Petromidia began its activity in 1979, with the commissioning of the Atmospheric Distillation Column. Gradually, new installations entered the operational stream, Petromidia counting today no less than 29 installations specialized in refining, petrochemicals, or utilities.

Due to the high complexity of the refinery, more than 30 distinct main and auxiliary products can be obtained, including fuels (gasoline, diesel, kerosene), liquefied petroleum gases, polyethylene, polypropylene, or petroleum coke. At the same time, the resulting semi-finished products are used in the Vega Ploiesti refinery, the only unit in the country that can produce bitumen or hexane.

During the 45 years of uninterrupted operation, Petromidia processed about 150 million tons of raw materials: about 26 million tons in 1979-1990, 23.2 million tons in 1990-2000 and 26.6 million tons from 2000 until the takeover by the national oil and gas company from Kazakhstan - KazMunayGas. From that moment to the present day, a grace period can be defined for Petromidia, with total volumes of processed raw materials approaching 80 million tons.

Practically, more than half of the total raw materials arriving in Petromidia were refined in the last 17 years, with the support of the sole shareholder of KMGI. Annually, between 60% and 75% of the total crude oil processed comes from Kazakhstan.

The steady development comes in the context of a significant decline in the number and capacities of refining units in Europe, caused also by the decreasing demand for oil products. In 2009 - 2014, the decrease was about 10%, slight increases were recorded in 2015 - 2019, but the effects of the COVID-19 pandemic led to decreases in demand of about 12%.

Despite the obvious fluctuations in the market, KMG International has made efforts to maintain the main production assets – Petromidia and Vega refineries, but also the only petrochemical division in Romania, to the highest standards, a proof of commitment to the development of refining and downstream activities, which maintain the stability of the energy sector, support the

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export balance of Romania, and generate jobs, both directly and horizontally, in related industries. Today, around 2,000 employees of KMG International member companies are active on the Petromidia platform, every day.

Resolution adopted by the General Meeting of Shareholders

On April 26, 2024, the Ordinary General Meeting of Shareholders (OGMS) of the Company was held at the RRC's headquarters, during which the shareholders approved, mainly, the following:

- Audited annual financial statements for 2023 at both the individual and consolidated levels, RRC's 2024 revenue and expense budget, 2024 production program, and 2024 capital budget.
- Discharge of the members of the Board of Directors of RRC for their activities carried out in the financial year 2023.
- Election of three (3) permanent members to the Board of Directors of the Company, namely Ms. Tamila Mikulich and Mr. Constantin Saragea and Mr. Pavel Romanenko for a term of office starting from April 30, 2024, and expiring on April 30, 2026 (the date of expiration of the term of office of the current members of the Board of Directors); Until April 30, 2024 Ms. Tamila Mikulich and Mr. Constantin Saragea held the positions of provisional directors.
- Remuneration Report of the Company's management structure, for the financial year 2023, report submitted for the advisory vote to the OGMS, considering the provisions of Article 107, paragraph (6) of Law No. 24/2017 on issuers of financial instruments and market operations, republished.
- The gross and net monthly remunerations due to the members of the Board of Directors as well as to the members of the Audit Committee and the Strategy Committee for the financial year 2024.
- The reappointment of Ernst & Young Assurance Services S.R.L., as financial auditor of Rompetrol Rafinare S.A., for a period of one (1) year, respectively for the audit of the Company's financial statements for the financial year 2024, the duration of the audit services contract being one (1) year.

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

During the first half of 2024, the Board of Directors held 9 meetings.

On the agenda of the meetings of the Board of Directors were topics related to the day-to-day business of the Company, for example: approval and organization of the Annual Ordinary General Meeting to approve the annual financial results, the Annual Report (individual and consolidated) and all documents and information materials to be submitted for approval at the GMS.

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On the agenda of the meetings of the Board of Directors there were also approvals regarding: (i) the election of Mr. Alexandru Stavarache as Economic Director of Rompetrol Rafinare S.A. as from March 1, 2024 and until 30.04.2026; (ii) the reports and materials related to the preliminary annual financial results for 2023 and of the first quarter of 2024; (ii) the conclusion of significant legal acts for the supply of raw materials, electricity, gas, etc. and the sale of petroleum products, respectively, for the smooth running of the Company's business.

Also on the agenda of the Board of Directors' meetings were other topics for approvals, namely: the resumption of the execution of the contract regarding the execution of financial transactions on crude oil, alternative raw materials and petroleum products as well as information by the Executive Management on, among others, (i) MHC Unit – analysis of the contractual situation of the reactors (liability, warranty, etc.) as well as the losses incurred by RRC during the shutdown of the unit; (ii) presentation of trainings regarding the operational activity performed by RRC for its employees; (iii) Valuation of RRC's shareholdings and tangible assets as of December 31, 2023 by PricewaterhouseCoopers Management Consulting; (iv) concrete measures plan aiming to turnaround the Company's financial position in 2024; (v) RRC's results from hedging transactions in Q1 2024; (vi) QHSE activity in Q1 2024; (vii) presentation of list of RRC affiliates, etc.

Policies, Reports and Regulations – corporate governance

- Following the approval by the OGMS of April 26, 2024, the Remuneration Report of the Company's management structure for the financial year 2023 was published on the Company's website, which report was submitted for the advisory vote to the OGMS, in view of the provisions of Article 107, paragraph (6) of Law No. 24/2017 on issuers of financial instruments and market operations, republished.

The relevant provisions of Article 107, paragraphs (6) and (7) of Law No. 24/2017 are as follows:
"(6) ... The Remuneration Report *for the most recent financial year shall be submitted to a vote at the Annual Ordinary General Meeting of Shareholders provided for in Article 111 of Law No. 31/1990, the opinion of the shareholders at the general meeting on the Remuneration Report, resulting from the vote, being of an advisory nature. The issuer shall explain in the following Remuneration Report how the vote of the general meeting has been considered".*
"(7) ... after the Ordinary General Meeting of Shareholders, issuers shall make the Remuneration Report available to the public on their websites free of charge for 10 years, and may choose to keep it available for a longer period, provided that it no longer contains the personal data of the Directors..."

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1.2. The objectives of Rompetrol Rafinare investment program for the first half of 2024

The investment program of Rompetrol Refinery accomplished in the first semester of 2024 was in the amount of USD 122.9 million, as follows:

I) From the category of **compulsory investments required by environmental and safety regulations**, in the first semester of 2024:

- Work has been carried out to extend the operating permits for pressure equipment and pipelines as part of the project titled **"Expire authorization ISCIR (State Inspection for Control of Boilers, Pressure Vessels and Lifting Installations) for static equipment Refinery Platform (ISCIR 2023-2024)"**. The implementation of the project was initiated during the shutdown period of the technological installations from March to May 2024.
  - The project involves performing all necessary work to extend the operating permits for pressure equipment and pipelines within the technological installations in compliance with legal requirements. The implementation of the project has achieved the following benefits:
    - Safe operation of pressure equipment and pipelines within the refinery's technological installations.
    - Extension of the operating permits for pressure equipment and pipelines, as well as for lifting equipment, in accordance with the applicable Technical Prescriptions.

  The project is scheduled for completion in December 2024.

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

The project aims to ensure all conditions for the optimal operation of the Petromidia Refinery in its future configuration, considering the Cogen Plant (a project developed by Rompetrol Energy S.A., an affiliate of Rompetrol Rafinare S.A.) being in operation. The project was aligned with the 2024 General Overhaul of the Refinery.
The project has been completed and is currently in the stage of technological testing, with integration into the production flow scheduled for August 2024.

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III) In the **Capital Maintenance category**, those implemented during the 2024 General Turnaround of the Refinery played an essential role. Below, the implementation status and activities initiated for these projects are detailed:

- "The **2024 General Turnaround of the Petromidia Refinery, the Petrochemicals**, and the **Vega Refinery**." The General Turnaround is a scheduled interruption of the technological processing to carry out maintenance activities, planned well in advance, on technological equipment. This process involves numerous additional safety measures taken during the shutdown, execution of works, and restart of the installations. On May 15, 2018, the Board of Directors of Rompetrol Rafinare adopted a new strategy for scheduling General Overhauls for the period 2018 – 2026, reducing the current cycle from 5 to 4 years. This cycle is complemented by a planned technological shutdown between two general overhauls, which is carried out every 2 years.

  The main work packages executed consist of:
  - Replacement/Regeneration of Catalysts: Necessary work for replacing and regenerating catalysts to maintain the yields of finished products and ensure product quality.
  - Operational Works: Technological activities on equipment such as decoking, technological inspection of columns and vessels, washing heat exchangers or air coolers when they are not fulfilling their technological role or require high energy consumption to perform their function.
  - Maintenance: Routine repairs, inspections, and necessary checks on technological equipment, requiring the shutdown of installations for execution.

  The benefits of executing the General Turnaround project are as follows:
  - Maintaining the processing capacity of production units.
  - Maintaining the energy efficiency of installations.
  - Achieving and maintaining a high level of mechanical availability of production installations for the next 2 years.
  - Ensuring the reliability/availability of equipment during operation.
  - Enhancing operational safety.

  The activities related to the refinery's general turnaround have been completed, and the projects will be financially closed in August 2024.

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- The "**Catalyst Replacement Program at Petromidia Refinery**" was continued. During the 2024 turnround, the following activities were completed:
    - Replacement of the catalyst for the 352-HPP unit.
    - Replacement of the catalyst in the 220-MHC unit.
    - Replacement of the catalyst in the 125 HDV unit.
    - Replacement of the catalyst in the 120 HB unit.
    - Replacement of the catalyst in the 147-MTBE unit.
    - Replacement of the catalyst in the 130-RC unit.
    - Replacement of the adsorbent in the 120-V101 guard vessel.
    - Replacement of the molecular sieve and ceramic balls in the PP - D214 and D707 units.
    - Replacement of the molecular sieves and ceramic balls for the F211 dryers in the Pyrolysis unit.
    - Replacement of the Prosorb catalyst in the R229 reactors in the Pyrolysis unit.

- The "**Replacement of Static Equipment at the Refinery**" program, **2024 package,** was continued to create the conditions for Petromidia Refinery to operate at maximum crude processing capacity by improving the technological process with higher energy efficiency. During the 2024 general refinery shutdown, the following new equipment was installed:
    - 313V S3: New subassemblies for the heat exchanger (shell, distribution chamber).
    - 220-E302: New air preheater.
    - 138-FV14: New ventilation vessel.
    - 130-S16: New heat exchanger.
    - 135-S12A: New tube bundle.
    - 147-S5, 147-S6: New tube bundles for 147-S5 and 147-S6.
    - 138F-V16, 138F-NV17A, 138F-NV17B, 138F-NV18: New equipment.
    - Economizer Eco640: 10 new tube bundles. Installation activity is not included in the project's scope and will be managed separately during the 2024 general refinery shutdown.
    - 121-V7: New vessel.

  The project has been completed.

- The "**Safety Measures Package for Hydrotreating Units at Petromidia Refinery**" project has been completed. The project aimed to develop and implement a package of measures to increase operational safety at the separation points between high and low-pressure sections of the hydrotreating units at Petromidia Refinery: 120-Gasoline Hydrotreating, 121-Naphtha

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Hydrotreating, 122-Diesel Hydrotreating, 125-Diesel Hydrotreating. The project was completed in June 2024.

- The "**Acquisition and Installation of Two New Reactors in the 125-HDV Unit**" project has been completed. The project involved replacing the existing reactors 125R1, 125R2 in the Vacuum Distillate Hydrodesulfurization unit, converted to diesel hydrotreating, with new, state-of-the-art reactors. The following activities were carried out for the reactor replacement:
  - Civil, mechanical, electrical, and instrumentation works for the installation of the new reactors and their integration into the operational flow.
  - Preparation and commissioning with technical assistance from the unit's licensor.
  - The project was completed in June 2024, and the HDV unit is now operational.

- The execution of the "**Replacement of the Coke Drilling and Cutting System in the DCU** (Delayed Coking Unit)" project was continued.

  - The project involves the design, procurement, and installation of a new coke drilling/cutting system for the Delayed Coking Unit at Petromidia Refinery.
  - The system replacement was aligned with the 2024 General Refinery Overhaul. The following activities have been carried out as part of the project:
    - Delivery of the new drilling/cutting system, replaced during the 2024 General Refinery Turnaround.
    - Calibration of the system for all operational modes, scheduled within six months of commissioning.

    The project is expected to be completed in November 2024.

- The "**Replacement of Subassemblies for Furnace 352-H201**" project has been completed. The following works were carried out as part of the project:
  - All subassemblies were replaced during the 2024 General Refinery Overhaul.
  - The project was completed in May 2024, and the hydrogen plant is now operational.

1.3. Main aspects regarding quality, health, labour security and environment (QHSE) in the first semester 2024

From the QHSE perspective, at the Company level on the Petromidia and Vega platforms, the situation at the level of semester 1 2024 is presented as follows:

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1. All employees were trained in accordance with legal requirements in the field of QHSE and other internal requirements of the Company.

2. No fatal work accidents and cases of occupational diseases were registered; there have been registered 3 (three) work accidents with temporary incapacity for work (DAFWC).

3. In order to increase the awareness of own employees and contractors who carry out their activity on our industrial platforms, it was developed and integrated into the objectives of Rompetrol Rafinare S.A. the "QHSE Execution Plan", with monthly monitoring of the stage of implementation of the foreseen actions. In the same context, new performance indicators were established from the point of view of safety at work, for the personnel in the operational area.

4. For the safe development of the 2024 Turnaround works, dedicated HSE Plans were developed in the context of this project. There were no recorded incidents resulting in injuries. A technical incident (fire) was recorded, resulting in material damage to the HB installation.

5. 58 exercises were carried out, both planned and unplanned, to simulate emergency situations. Were performed confined space drills in Petromidia and Vega refineries with the participation of all representatives of the private service for emergency situations and fire extinguishing exercises taking into account different scenarios from the Internal Emergency Plans. Also, defibrillators were installed on both Industrial Platforms owned by the Company.

6. In order to improve the safety of the processes, the recommendations resulting from the risk analysis and identification of the protective layers (HAZOP&LOPA) for the technological installations are being evaluated and prioritized, to be included in various projects or within the maintenance activity.

7. The monitoring of the implementation of the actions resulting from the internal audits/HSE inspections was carried out by the QHSE department, the findings being resolved by the process managers in proportion to 94%. The rest of the findings are in various stages of implementation, depending on the established completion deadline.

8. 4 (four) complaints were registered for batches of polymer granules regarding difficulties in processing and packaging. Following the technical analyses, appropriate corrective actions were established and implemented, and the batches that could not be processed were replaced.

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

10. The company has maintained all the environmental authorizations it holds (Integrated Environmental permit with annual visa, Greenhouse Gas Permits, respectively Water Management Permits). Also, the Company undertakes all necessary actions to comply with the REACH Regulation regarding the management of hazardous chemical substances and mixtures on site.
    During the reporting period, according to National Authority for Environmental Protection (ANPM) requirements and the schedule for implementing the requirements of the EU-ETS2 Directive (parallel scheme with EU-ETS1 for the marketing of greenhouse gas emissions for buildings, transport and other sectors), the development of supporting documents was initiated in with a view to issuing a new Greenhouse Gas Permit for these activities.

11. The traceability of the categories of waste resulting from the activities carried out and the planned turnaround works was ensured, at the level of the 1st semester, a recovery rate of 68% was obtained in relation to the amount generated.

12. Taking into account the global objective aimed to reduce the carbon footprint, as part of the general turnaround works carried out during the first semester of 2024 a series of technological modernization projects were implemented with a positive impact also in terms of reducing utility consumption, their associated emissions and implicitly the carbon footprint.

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2. FINANCIAL STATEMENT ANALYSIS

The information and the Individual Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2024 presented in this report are not revised by the financial auditor of Rompetrol Rafinare S.A. and were drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards („IFRS"), based on the International Accounting Standard 34 – „Interim financial reporting" passed by the European Union.

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

In the first semester of 2024 the Company recorded a net loss of 501,964,934 lei, compared to a net loss of 243,447,195 lei recorded by Rompetrol Rafinare S.A. in the first semester of 2023.

The net loss recorded by the Company in H1 2024 is mainly due to the refining activity specificity, characterized by a significant volatility and also by the General Turnaround carried out at the two refineries owned by the company, Petromidia and Vega, which began on 8th March and lasted for two months. This turnaround is a significant event that occurs once every four years and is crucial for Rompetrol Rafinare SA. During this period, were conducted comprehensive maintenance, inspections, and upgrades across various units of the refinery to ensure optimal performance and safety standards. It involves shutting down certain operations temporarily to carry out these activities efficiently. Thus, the company recorded reduced volumes of raw materials processed in H1 2024 compared to H1 2023 (35% lower in the Petromidia refinery and 39% lower in the Vega refinery), thus recording lower levels of production and sales of petroleum products in H1 2024 compared to H1 2023.
Another notable element with an impact on the net result recorded in the first half of 2024 by Rompetrol Rafinare SA is the recording of a turnover tax expense specific to the sector of activity in the amount of approximately RON 28.5 million related to the reporting period, as a result of the application of Law 296/2023 in force as of January 1, 2024.

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2.1. Financial position statement as of June 30, 2024

The financial position on June 30, 2024 is presented in **Annex 1**

Indicator (thousand RON)	June 30, 2024	December 31, 2023 (audited)	Variation
Non-current assets	6,912,627	6,532,549	105.82%
Current assets	3,528,538	3,745,102	94.22%
Total assets	**10,441,165**	**10,277,651**	**101.59%**
Non-current liabilities	1,833,845	1,747,476	104.94%
Current liabilities	7,095,047	6,567,561	108.03%
Total liabilities	**8,928,892**	**8,315,037**	**107.38%**
Equity	**1,512,273**	**1,962,614**	**77.05%**
Total liabilities and equity	**10,441,165**	**10,277,651**	**101.59%**

At the end of the first semester of 2024, the Company's **non-current assets** amount to RON 6,912,627,132, registering an increase of approximately 6% as compared to December 31, 2023.

As of June 30th, 2024, **current assets** are in amount of RON 3,528,537,573, registering a decrease of approximately 6% less than the level at the end of 2023.

The **liabilities payable in a period of 1 year** registered an increase from a value of RON 6,567,561,382 at 31.12.2023 to RON 7,095,047,392 on June 30, 2024. The increase is mainly due to the increase in short term loans from banks (up 72% compared to 31.12.2023), as well as the increase in commercial and other debts by around 9%.

Long-term debts records an increase of approximately 5% at 30.06.2024 (RON 1,833,844,862) compared to 31.12.2023 (RON 1,747,476,322).

As regards **provisions**, they shall record at 30.06.2024 the same value as the 31.12.2023.

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2.2. Profit and loss account for the 6-month period that ended on June 30, 2024

In the first semester of 2024 the Company recorded a net loss of 501,964,934 lei, compared to a net loss of 243,447,195 lei recorded by Rompetrol Rafinare S.A. in the first semester of 2023.

Turnover recorded in the first half of 2024 was 6,197,570,045 lei compared to 8,812,286,062 lei reached in the first half of 2023, decreased by 30%, mainly due to the planned General Turnaround.

In the first half of 2024 the Company recorded an operating loss of 117,324,688 lei, compared to the first half of 2023 when there was an operating loss of 25,957,549 lei, on the background of the reduction in the volumes of processed raw materials and the production of petroleum products, implicitly of the reduced volumes of petroleum products sold in H1 2024 compared to H1 2023 in the context of the planned General Turnaround and the lower refinery margins recorded by the company in the first half of 2024 compared to the first half of 2023 due to the higher increase in crude oil market quotations in this period compared to the evolution of petroleum product quotations.

Another notable element with an impact on the net result recorded in the first semester of 2024 by Rompetrol Rafinare SA is the recording of a turnover tax expense specific to the sector of activity in the amount of approximately RON 28.5 million related to the reporting period, as a result of the application of Law 296/2023 in force as of January 1, 2024.

During the first semester of 2024 the financial expenses exceeded the financial income, finally recording a loss from financial activity in the amount of lei 384,640,246 (Semester I 2023: lei 136,574,872). The main increase of the financial loss in H1 2024 vs. H1 2023 is coming from the negative result related to the exchange rate differences recorded by the Company in the first semester of 2024 in amount of lei 171,754,320 compared to the profit of lei 17,351,063 registered in the same period of 2023.

The financial indicators recorded on 30.06.2024 include the results of the activity of the Refinery and Petrochemistry Plants on the Năvodari platform, as well as the Vega Ploiesti refinery.

The profit and loss account for the six-month period ending June 30, 2024 is set out in **Annex 2.**

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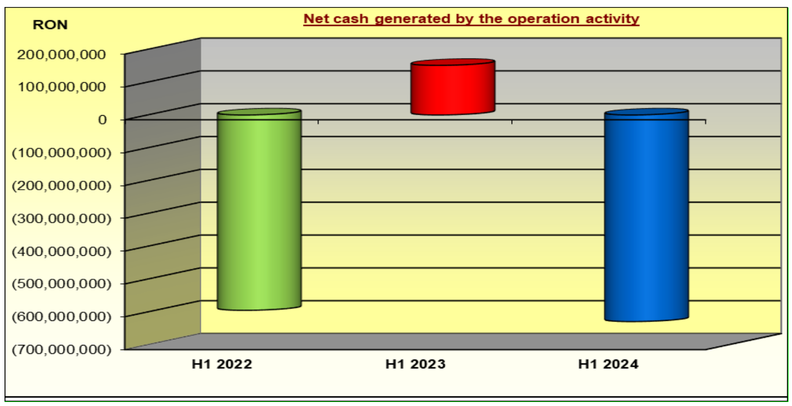
2.3. Statement of cash flows for the period of 6 months ended June 30, 2024

Cash flows from operating activity in the first half of 2024 were significantly impacted by the planned General Turnaround which lasted for approximately 2 months, as well as by the decrease in trade and other payables, aspects that generated significantly reduced cash flows compared to those generated from operating activity in the same period last year. A negative impact on cash flows from operating activity in the first semester of 2024 was the payment of the solidarity contribution in the amount of RON 140.8 million for 2023, calculated according to GEO 186/2022 adopted by Law 119/2023.



Major investment projects in the first semester of 2024 concerned works related to the planned General Turnaround, the authorization/reauthorization of equipment from the point of view of ISCIR, the projects of replacement catalysts, the project of acquisition and Install of 2 new Reactors -125-DHT, the project of replace cut/drilling system DCU unit and other specific projects for the refinery. With a significant impact on the cash flows used in the investment activity, the General Turnaround carried out in 2024 is a significant event that occurs once every four years and is crucial for our operations. During this period, were conducted comprehensive maintenance, inspections, and upgrades across various units of the Petromidia and Vega refineries to ensure optimal performance and safety standards. It involves shutting down certain operations temporarily to carry out these activities efficiently.

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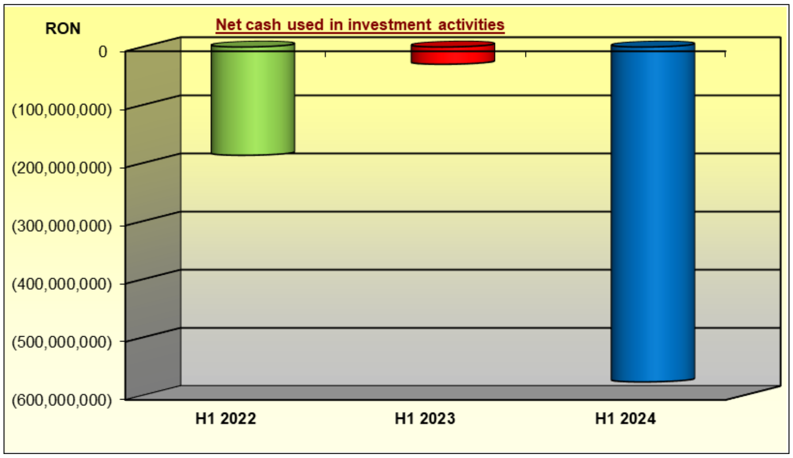
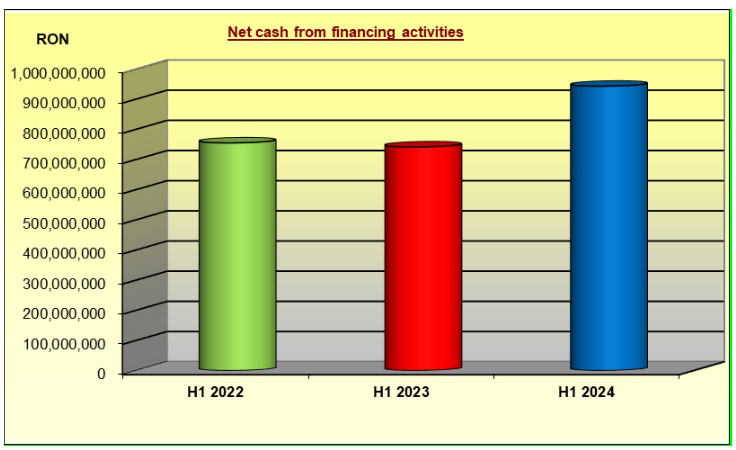


Cash flow from financing activities in the first semester of 2024 was influenced by the fact that the Company benefited from a Cash pooling contract – a system for optimising cash balances, in order to support both the needs generated by the investment activity and the development of the operational activity of the refinery, its usage level registering an increase of 82% on 30.06.2024 compared to the balance recorded on 31.12.2023 and almost double compared to the balance recorded on 30.06.2023.

Other major factor that influenced cash in the financing activity was the increasing use of short-term and long-term loans contracted from banks, as well as the use of a short-term loan in the amount of RON 18.6 million contracted from the Rompetrol Gas SRL subsidiary in order to cover the necessary for the payment of the specific turnover tax for the first quarter of 2024.



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

3.1. GLOBAL ECONOMIC ENVIRONMENT[1]

		H1 2024	H1 2023	%
Brent Dated	USD/bbl	84.1	79.7	6%
CPC Blend CIF	USD/bbl	80.4	75.9	6%
Brent-CPC Differential	USD/bbl	3.7	3.7	-1%
Premium Unleaded 10 ppm FOB Med	USD/ton	846	830	2%
Diesel ULSD 10 ppm FOB Med	USD/ton	793	773	3%
RON/USD Average exchange rate		4.60	4.57	1%
RON/USD Closing exchange rate		4.65	4.58	2%
RON/EURO Average exchange rate		4.97	4.93	1%
RON/EURO Closing exchange rate		4.98	4.96	0%
USD/EURO Closing rate		1.07	1.08	-1%
Inflation in Romania		2.57%	4.19%	-39%

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

For the first half of 2024, **Dated Brent** crude oil prices increased by +4.4$/bbl. (+6%) in H1 2024 compared to H1 2023 and settled to an average of 84.1$/bbl.

Similarly, the **CPC** quotation saw an increase of +4.4$/bbl. (+6%) in H1 2024 compared to H1 2023, with an average price of 80.4$/bbl.

The Dated Brent market in H1 2024, displayed an overall upward trend with the price surging by +23%, from 75.7$/bbl. early January to 93.3$/bbl. at the beginning of April, the highest level since October 2023. This increase was primarily driven by geopolitical tensions and disruptions in the oil supply chain.

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

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In January, tensions escalated in the Middle East with increased Houthi attacks on ships in the Red Sea leading to disruptions in oil shipments. At the same time, Iran's missile strike on what was suspected to be an Israeli spy base in Iraq heightened tensions further in the region. OPEC's decision to reduce oil production, with notable cuts from countries like Iraq and Kuwait contributed to tightening the oil supply. Furthermore, Russia's oil-processing rates plummeted following drone strikes on its refineries by Ukrainian forces.

February witnessed another Houthi strike in the Red Sea, heightening concerns over crude production and trade in the region. Meanwhile, robust Lunar New Year spending in China signaled a rebound in consumption, boosting market optimism.

In March OPEC+ extended existing production cuts through end-June, while Russia announced an additional production reduction, surprising markets with their proactive measures. However, tensions escalated further as Yemeni Houthi rebels claimed responsibility for an attack on a US vessel, intensifying concerns to Red Sea security. Meanwhile, drone attacks on Russian refineries continued, impacting crude-refining capabilities.

Following these events, the Dated Brent price experienced a downward trend, decreasing by -18.6%, from 93.3$/bbl. at the beginning of April to 75.9$/bbl. at the beginning of June, the lowest level since December 2023 driven by increased oil inventories and a slowdown in demand. Subsequently, the price increased by +14.4% to 86.8$/bbl. at the end of June driven by renewed conflicts in the Red Sea region.

At the beginning of April, oil prices spiked due to geopolitical tensions. However, these concerns were soon overshadowed by dominant supply and demand dynamics. A moderate global growth forecast reduced prices further, as significant builds in global oil inventories were recorded, with 19.3 million barrels added in April and 48.2 million barrels in May. A noticeable slowdown in oil demand, particularly in OECD countries and China, contributed to weaker prices. Although, OPEC+'s 2nd of June announcement to gradually unwind production cuts led to a price drop, prices later recovered as traders took into account low global inventory levels and conditional production increases.

Goldman Sachs revised its Brent forecasts to 86$ for second half of 2024 (previously 85$) and 82$ for 2025 (previously 80$/bbl.).

In H1 2024, European refinery margins decreased by -17.7$/MT (-16.9%) compared to H1 2023 and settled to an average level of 87.2$/MT.

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During the first half of 2024, refinery margins showed an upward trend rising from approximately 80$/MT to 140$/MT by February 9th. This increase was primarily due to geopolitical tensions impacting diesel supply and maintenance shutdowns in key regions. However, after this peak, the European refinery margins constantly decreased to 57$/MT at the end of June, as high natural gas prices raised operating costs for many refineries. There was a notable uptick in May, with margins rising to 87.9$/MT driven by falling natural gas prices and an increase in product cracks, particularly for diesel and gasoline. By June, margins dropped again to 57$/MT as the initial benefits from lower gas prices diminished and other operational challenges occurred.

European gasoline cracks displayed significant fluctuations in the first half of 2024. Initially, in January and February, gasoline cracks were sustained by increased demand and reduced refinery output due to maintenance activity. The trend continued into March as the market reacted to geopolitical tensions and logistical disruptions. However, by April and May, gasoline cracks faced downward pressure due to significant inventory builds and a slowdown in demand growth, particularly in the OECD countries. The easing of supply constraints and the stabilization of global gasoline production also contributed to a more balanced market. By June, cracks experienced a mild recovery as driving season in Europe and the US began, boosting gasoline consumption.

Throughout the first half of 2024, **European diesel cracks** experienced significant volatility, primarily driven by geopolitical tensions and supply disruptions. In early 2024, diesel cracks surged due to concerns over Russian supply and increased demand during the winter months. The EU's sanctions on Russian oil products intensified supply constraints, leading to record-high diesel cracks in January and February. By the end of Q1, the cracks began to stabilize as alternative supply sources were secured, but they remained elevated compared to historical levels. However, refinery maintenance and operational issues, especially in France and Germany, kept the market tight and cracks high throughout the first half of the year.

Jet fuel cracks in Europe experienced substantial volatility in the first half of 2024. Early in the year, jet cracks were high due to robust air travel demand and supply tightness caused by refinery maintenance and geopolitical tensions. This trend continued into the second quarter, although the rate of increase in cracks slowed as the market adapted to new supply chains and strategic reserves were utilized. In April and May, jet cracks were underpinned by seasonal travel demand and a slow recovery in international travel. However, the market remained sensitive to fluctuations in crude prices and refinery outputs. By June, despite some improvements in jet fuel availability, cracks remained elevated, reflecting ongoing demand recovery and limited supply flexibility.

Looking ahead to the second half of 2024 European refinery margins are expected to face pressure due to modest global oil demand growth, potential increases in oil supply from the unwinding of OPEC+ cuts, and economic challenges including weak industrial activity and increasing vehicle

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efficiency. While recovering air travel and potential geopolitical disruptions may offer some support, overall market conditions suggest limited upside potential for refinery margins.

Against this background, internally, the RON/EUR exchange rate witnessed fluctuations on the higher pillar, showing a sharp decrease at the end of February 2024 followed by surges until mid-March 2024, reaching an average level of 4.9735 in Q1 2024.

In Q2 2024, the RON/EUR exchange rate displayed significant fluctuations, mirroring broader economic trends in the region. The average rate during this period hovered around 4.97 to 4.98 RON/EUR. The fluctuations were influenced by external factors such as European Central Bank policies, as well as internal factors like inflation and economic growth concerns in Romania. The RON showed some volatility, particularly influenced by changes in investor sentiment and regional economic stability.

In terms of RON/USD exchange rate, it continued to fluctuate, showing a sharp increase at the beginning of February 2024 followed by a steady pace towards the end of February 2024 up until mid-March 2024 only to increase sharply at the end of March 2024, reaching an average level of 4.5827 in Q1 2024, similar to the average level observed in Q1 2023.

The RON/USD rate in Q2 2024 was marked by increased volatility compared to Q1. The average rate settled around 4.60 to 4.65 RON/USD, with notable peaks occurring due to shifts in global USD strength and domestic economic policies. This period saw the RON fluctuating in response to both international market dynamics and Romania's internal fiscal and monetary policies.

As a conclusion, throughout the first half of 2024, both the RON/EUR and RON/USD exchange rates experienced periods of volatility. The RON/EUR rate averaged between 4.95 and 4.98, reflecting a stable yet slightly depreciating trend compared to previous periods. The RON/USD rate, meanwhile, showed more pronounced swings, averaging around 4.60 to 4.65, influenced by global economic conditions and Romania's monetary policy responses.

In Romania the inflation in 2024 (June 2024 as against December 2023) reached 2.57%, calculated based on CPI - i.e. Consumer Price Index.

3.2. PRODUCTION ACTIVITY

Total feedstock processed in the first half of 2024 in Rompetrol Refinery (Petromidia, Vega and Petrochemicals areas) was 1.709 million tons, out of which 1.286 million tons crude oil.

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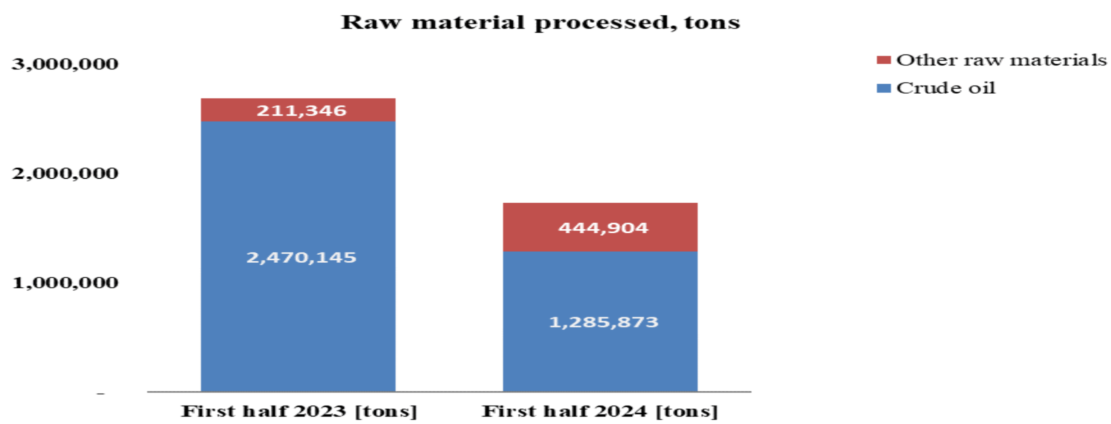
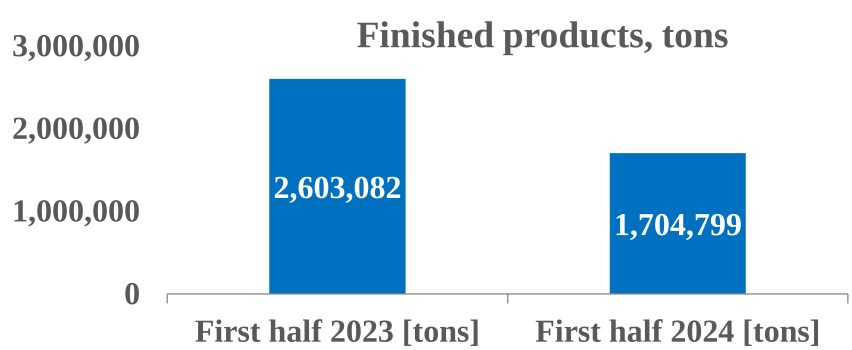
Total raw material planned for Petromidia Refinery in 2024 is around 4.956 million tons, out of which 4.650 tons crude oil, for Vega Refinery around 413 thousand tons and for Petrochemicals area total polimer production of 146.13 thousand tons.

3.2.1. PRODUCTION ACTIVITY of Rompetrol Rafinare – Năvodari Work Point (Petromidia Refinery) – in the 1st Half of 2024

In first half of 2024, the total throughput for Petromidia refinery was 1.73 million tons, lower by 35% than previous year the same period when the total throughput was 2.68 million tons being corelated with planned shutdown for Turnaround Activity and lower throughput of 10.67 kt/day considering operation of Petromidia refinery without Mild Hydrotreater (MHC unit), due to the incident occurred on 21st of June 2023, the unit being restarting on 26th of February 2024.



The quantityof finished products obtained by Petromidia Refiney in first half 2024 was lower by 34.51% comapared to the same period for last year being corelated with total feedstock procesed.



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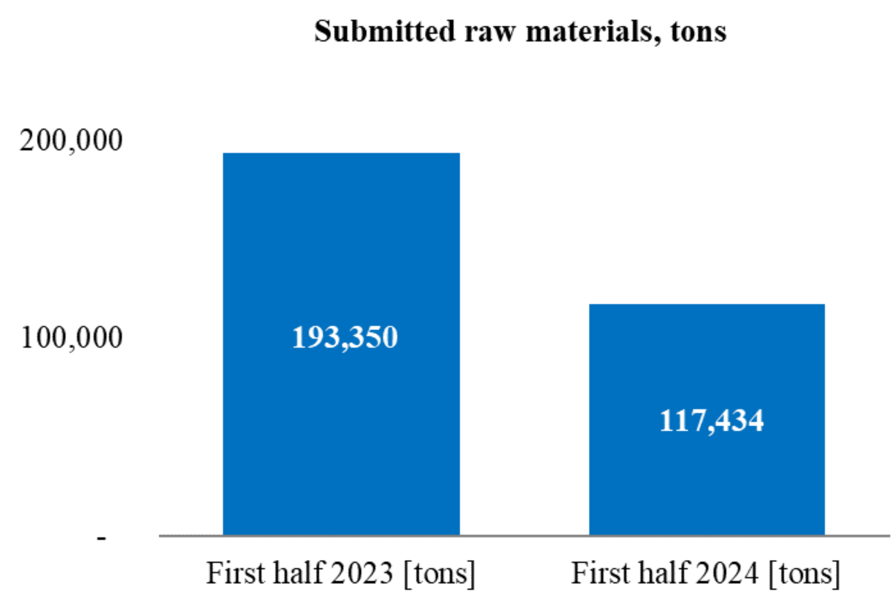
Petromidia refinery managed to achieve in H1 2024 a very good refining operational performance for the main operational parameters, such as:

- White finished products yield of 87.04%wt higher than previous year by 2.65%wt corelated with different structure of raw material (Diesel & Jet components import to assure internal market demand in planned general turnaround)
- Technological loss of 0.6%wt lower by 0.05%wt vs. previous year due to Diesel & Jet components import vs. last year
- Energy Intensity Index of 108.24% higher than previous year by 12.18 points considering refinery operation at 10.5 kt/day.

3.2.2. PRODUCTION ACTIVITY of Rompetrol Rafinare – Vega Refinery Work Point (located in Ploieşti) – in the 1st Half of 2024

The quantity of raw materials processed by Vega Refinery in the first half of 2024 was lower by 39.26% compared to similar period of 2023 corelated with availability of feedstock from Petromia and tehnological turnaround.



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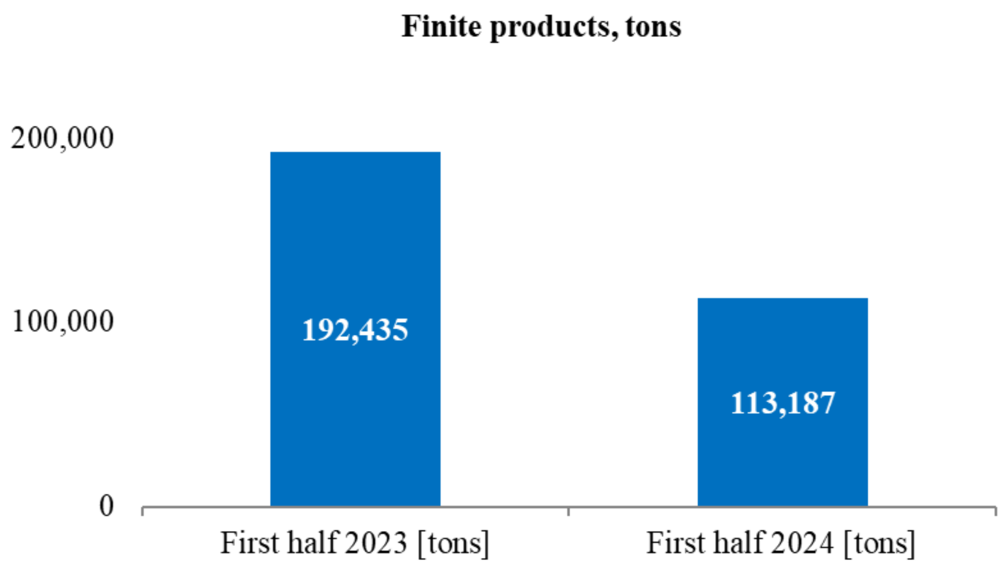
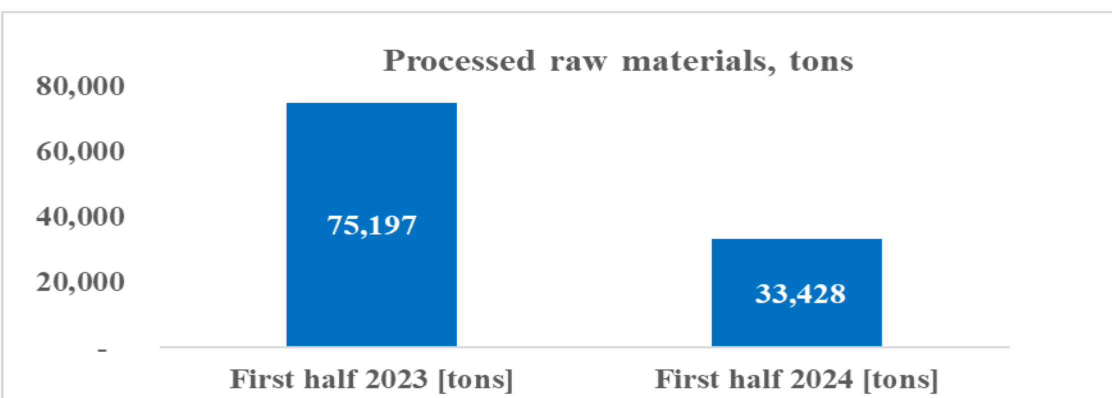
The quantity of finished products obtained in Vega Refinery in the first semester of 2024 was with 41.18% below the similar period of 2023 according with the quantity of raw materials processed.



3.2.3. PRODUCTION ACTIVITY of Rompetrol Rafinare – Petrochemicals area - in the 1st Half of 2024

The quantity of raw materials processed in Petrochemicals in the 1st semester of 2024 lower by 55.5 % compared to the similar period of 2023 due to LDPE unit shut down during the first months of 2024 and due to units General Turnaround planned in 2024.



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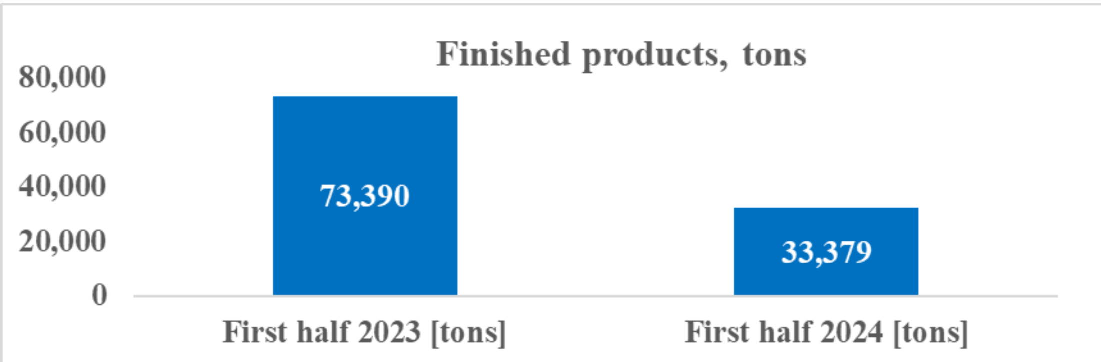
The quantity of end products obtained in Petrochemicals in the 1st semester of 2024 was lower 55.9 % compared to the similar period of 2023 correlated with the quantity of raw materials



3.3. COMMERCIAL ACTIVITY

3.3.1. COMMERCIAL ACTIVITY carried out at Năvodari Work Point (Petromidia Refinery) in the 1st Half of 2024

A. Feedstock supply

In the first half of 2024, Rompetrol Rafinare S.A. – Petromidia Refinery purchased crude oil and other feedstock from external and domestic sources, as indicated in the table below:

Feedstock purchases	Quantity (tons)
Crude Oil	1,320,436
Other feedstock	433,167
Total feedstock purchases	**1,753,603**
Total external purchases	**1,715,631**
Total internal purchases	**37,972**

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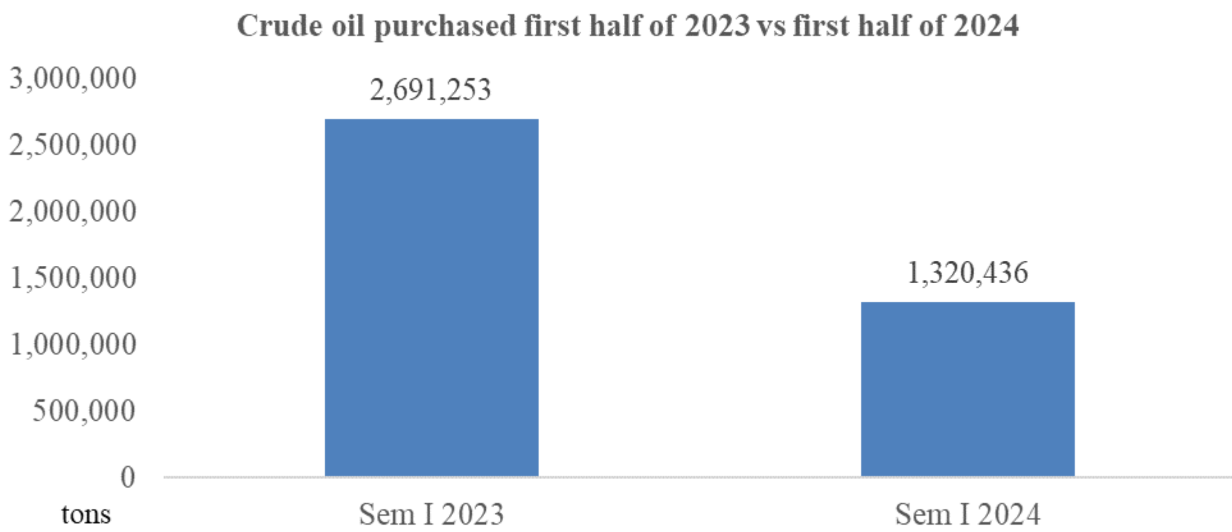

In the first half of 2024, crude oil purchases were lower than the same period of last year because of the planned turnaround performed in March - May 2024.

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

The main internal suppliers of feedstock were:

- Bunge Biocombustibil
- Expur SA.
- Socar Petroleum

B. Sales

The sales in the first half of 2024 amounted to a total of 1,504,808 tons as compared to 2,277,722 tons in the same period in 2023. The net value of end products sales was USD 1,230,892,426 as compared to USD 1,735,664,060 in the first half of 2023, the equivalent of RON 5,666,220,798 compared to RON 7,928,860,764.

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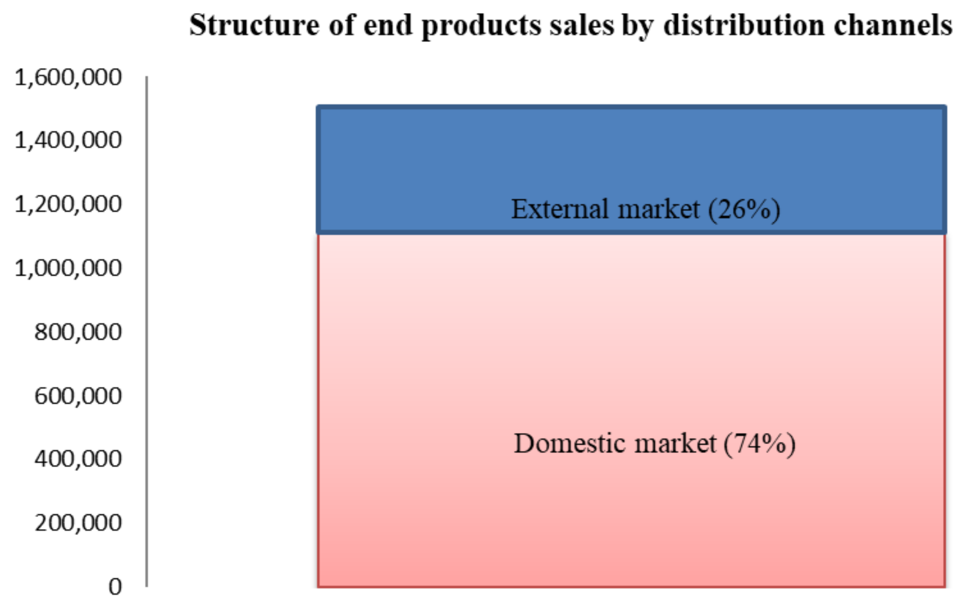
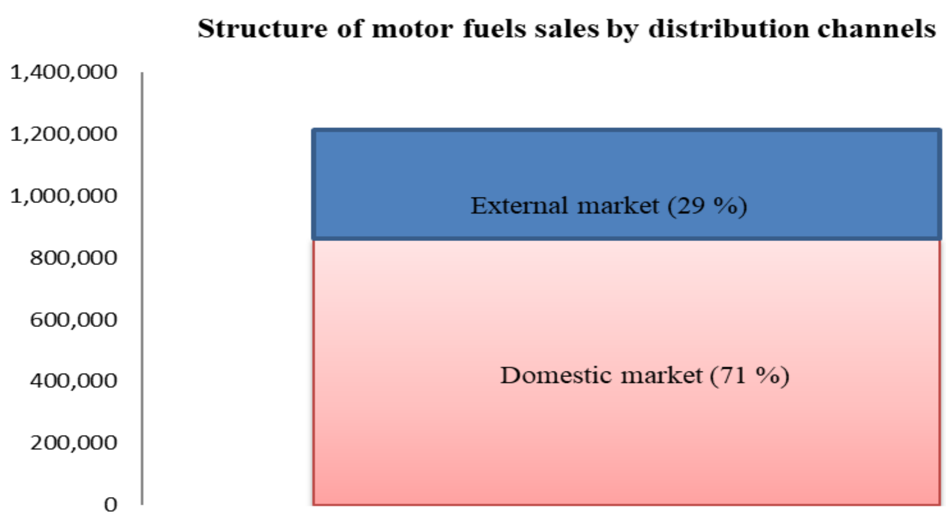
In terms of sales markets, the share of domestic sales was higher (74%) than external market. On the external markets, sales amounted to a total 392,542 tons and a net value of USD 296,588,426.



Approximately 81% of the total quantity of end products sold was represented by gasoline and diesel sales (1,213,863 tons). Regarding the distribution channels, the share of domestic market was higher (71%) compared to the external market. On the external market, 354,173 tons of motor fuels (gasoline and diesel) were sold.



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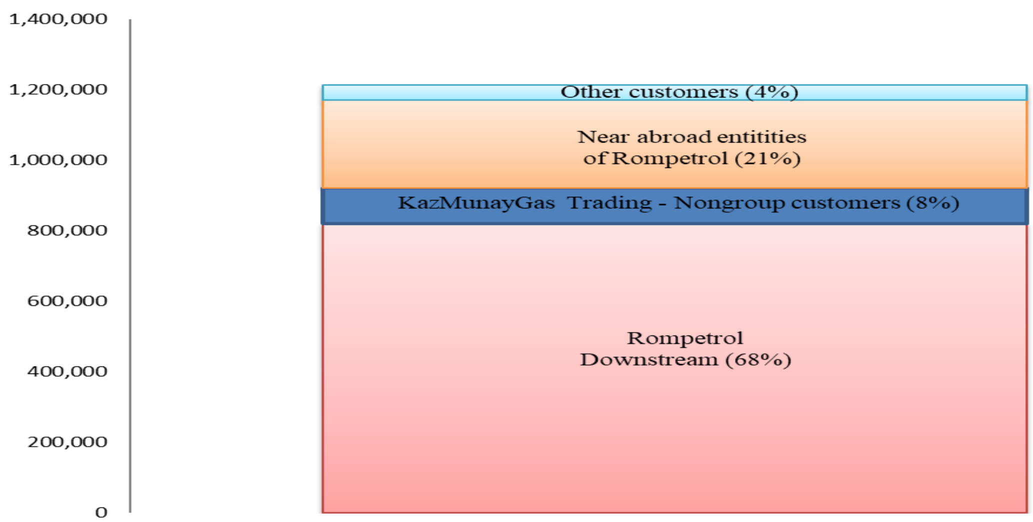
As regards the distribution channels, the highest volume of gasoline/diesel was sold to Rompetrol Downstream (68%).



Gasoline

Of the total quantity of 367,903 tons of gasoline sold, approx. 60% was sold on the external market, whereas the remaining percentage was sold on the domestic market. Approx. 88% of the total quantity of gasoline was unleaded europlus gasoline.

Diesel

Between January and June 2024, were sold 845,960 tons of motor diesel, the percentage of domestic sales (84%) exceeding that of external sales.

LPG

A total of 63,738 tons of liquefied petroleum gases was sold to Rompetrol Gas.

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

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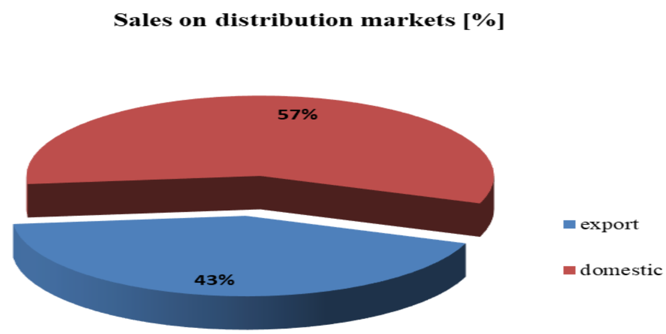
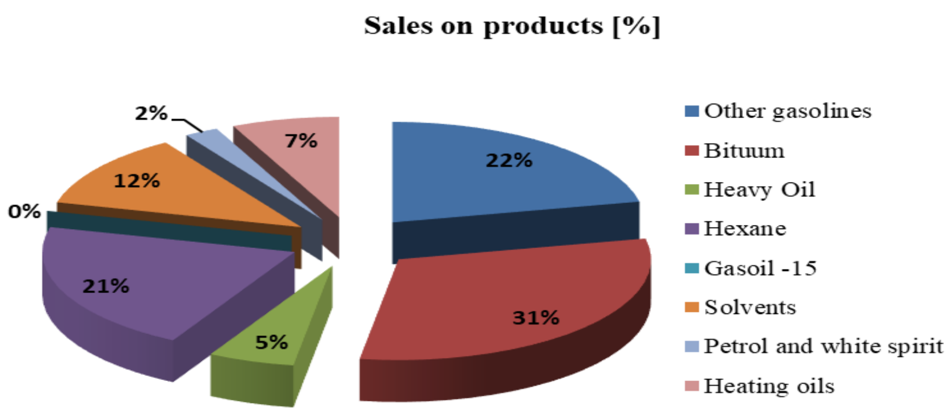
3.3.2. COMMERCIAL ACTIVITY carried out at Vega Refinery (in Ploieşti) in the 1st Half of 2024

The sales of Vega Refinery in Ploieşti in the first half of 2024 amounted to a total of 110,574 tons compared to 200,094 tons sold in the same period of the year 2023, meaning an decrease of 45%. By sales market, the domestic sales were higher (57%) than the external sales (43%). 47,352 tons were sold on the external market compared to 108,817 tons sold in first part of 2023.



White product sales (gasoline naphtha, ecologic solvents, n-hexane, white spirit) represented about 57% of the total sales in first half of 2024.



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

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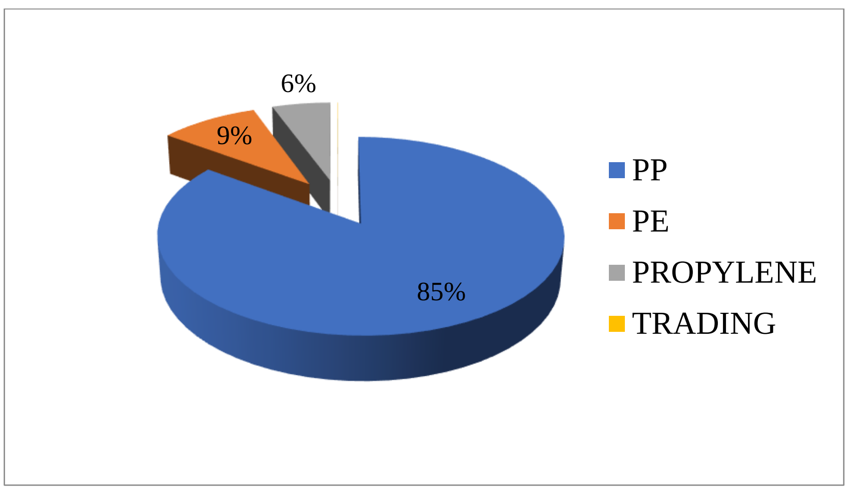
3.3.3. COMMERCIAL ACTIVITY carried out in Petrochemicals Area in the 1st Half of 2024

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

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

The sales of the Petrochemicals Area in the first half of 2024 amounted to a total quantity of 30,645 tons, down by 52% compared to the same period last year, the availability of materials being impacted by the non-operation of the facilities during the general overhaul.

In the first half of 2024, 85% of the total sales were represented by polypropylene (PP), 9% by polyethylene (PE: LDPE and HDPE) and the remaining 6% represents the sales of propylene.



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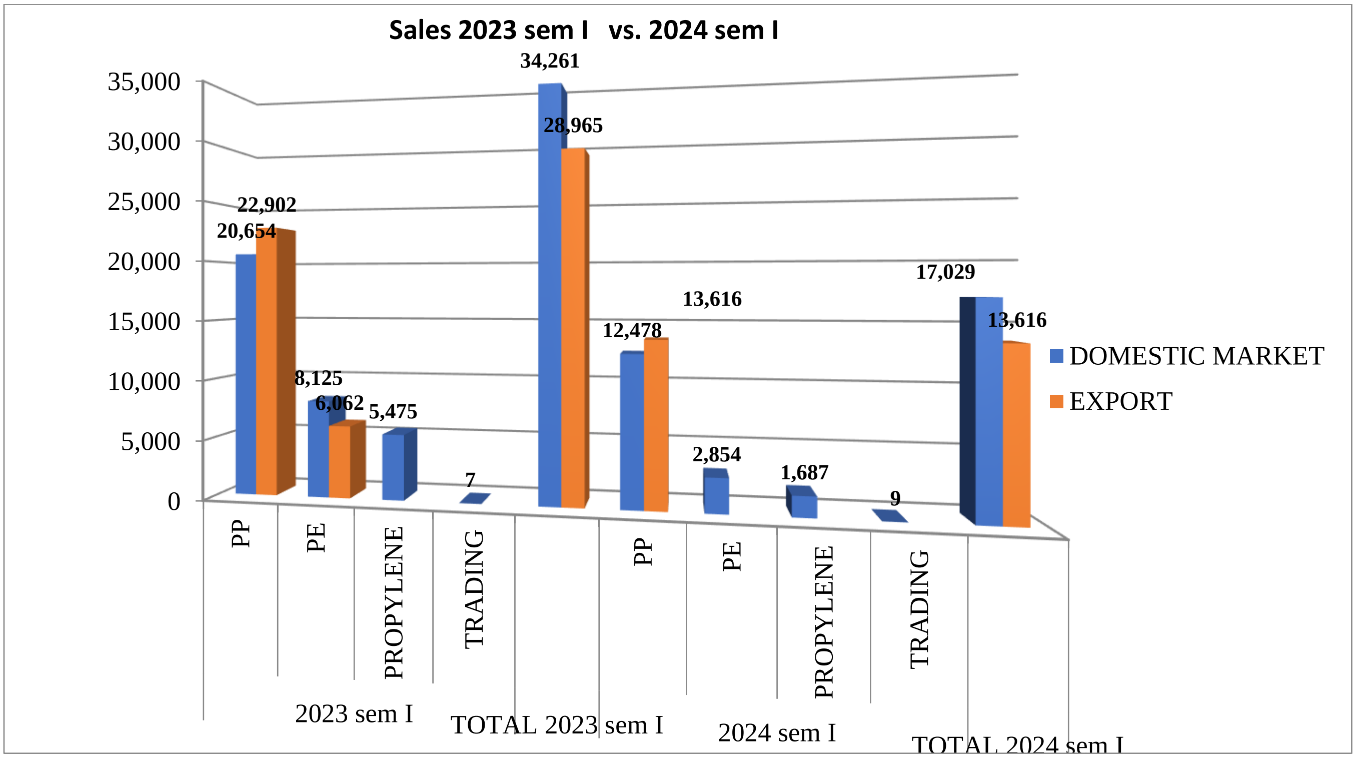
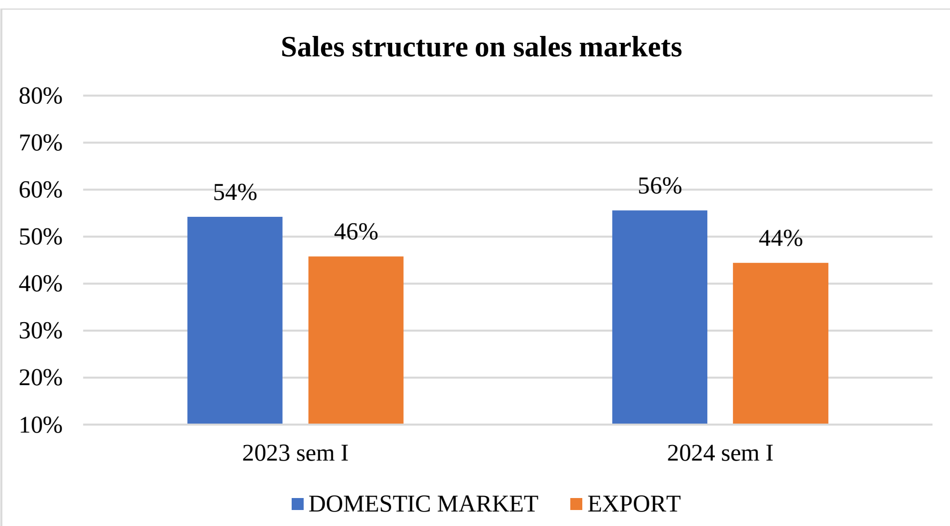


Out of total sales, 56% is the domestic market and the rest of 44% represents exports.



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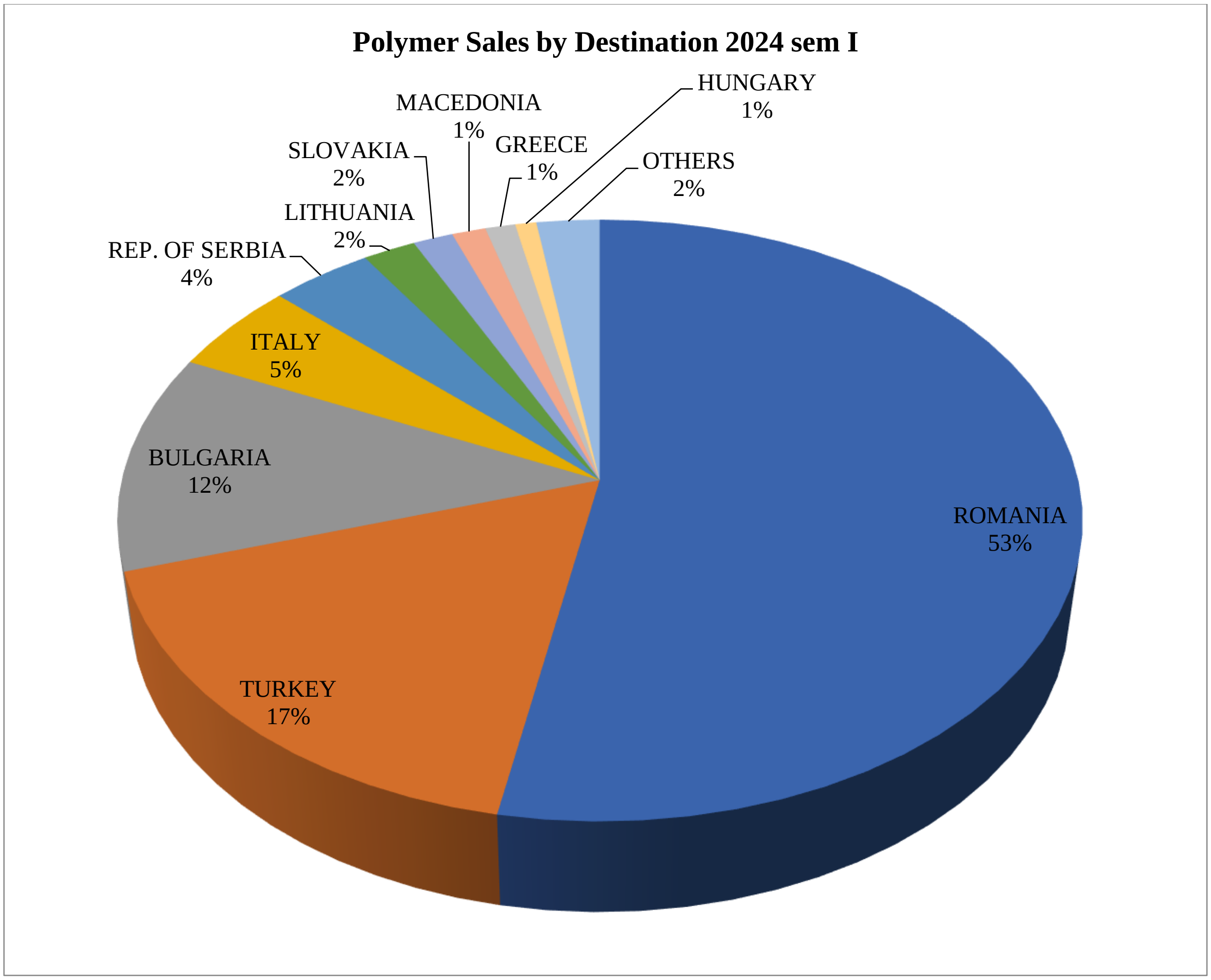
The most important distribution channels for polymers (PP, LDPE and HDPE) are Romania-53%, Turkey-17%, Bulgaria-12% and Italy-5%.
The external sales of polymers were targeted to both the European Union and third countries. The intra-communitarian deliveries represented approx. 51% of the total export sales of finished goods, the difference representing the export sales on the non EU markets.

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



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

The first semester of 2024 was mainly impacted by the 4-year General Turnaround planned in the two refineries, Petromidia and Vega lasting for a period of approximately 2 months starting with March 8, 2024, as well as by the volatility of the oil and natural gas market environment, which led to significantly higher quatations for crude oil and other raw materials in H1 2024 vs H1 2023 compared to those recorded for petroleum products resulting from their processing, which generated lower refining margins in H1 2024 compared to H1 2023.

Considering that Rompetrol Rafinare is subject to the solidarity contribution as regulated by the Government Emergency Ordinance 186 of December 28, 2022, adopted by Law no. 119/2023, a measure based on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare recorded a contribution for 2023 of 141 mln. RON paid in H1 2024.

The company made efforts to maintain the capacity to cover current liabilities from current assets, with the current liquidity indicator increasing compared to the same period last year, 0.50 in the first semester of 2024 versus 0.63 in the first semester of 2023.

The liquidity risk derives from the possibility that the financial sources may not be available so as to honor the Company's due obligations on time. The company's management monitors daily with the help of the forecasted cash the level of liquidity and ensuring the fulfillment of obligations towards suppliers, the state budget, local budgets, etc. according to their enforceability. The current and immediate liquidity ratios are continuously monitored.

Among the factors that may influence the Company's liquidity in the future are:

- The volatility of the international oil and gas market with an impact on refinery margins;
- Potential changes to the legislative framework in Romania and/or the EU in the field of greenhouse gas emission reduction, environmental protection and energy;
- Fluctuations in interest rates and exchange rates;
- The volume of maintenance and development investments;
- Tax rates, including the introduction of new taxes.

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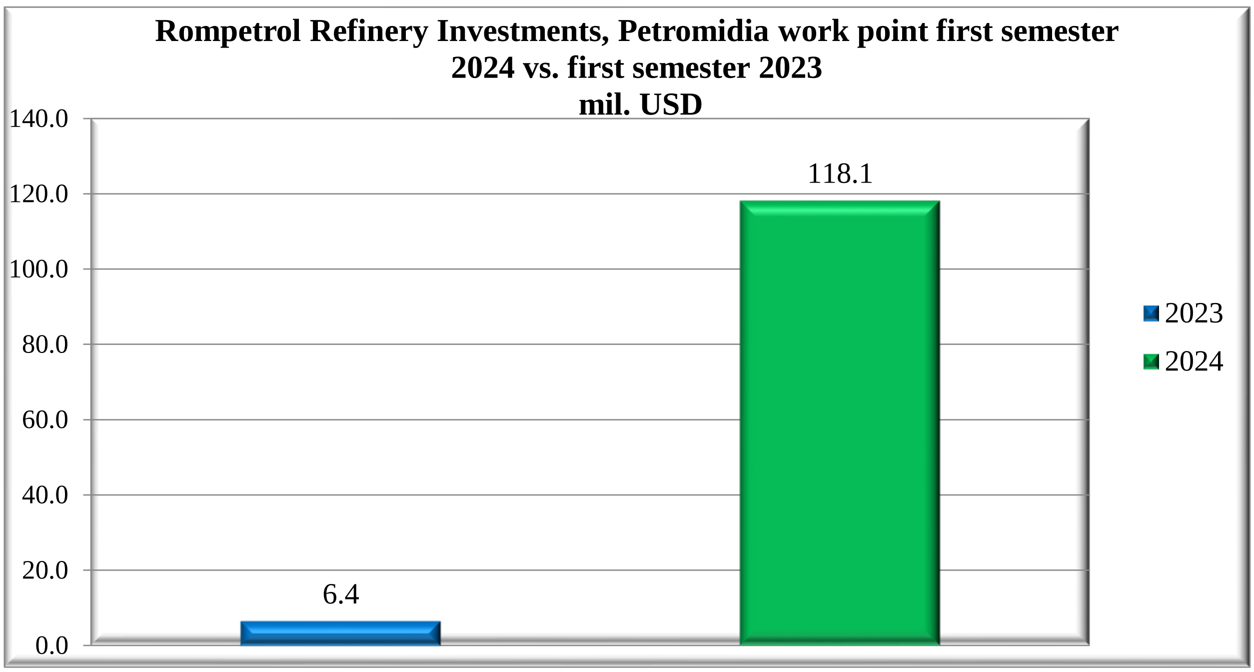
3.5. Capital expenditures, current - first semester 2024

Between **January and June 2024**, the company has made investments in a total amount of approx. **USD 122.9 million**.

Out of this amount, **USD 118.1 million** was used by Petromidia Refinery in its investment projects described in the “Objectives of the Investment Program” Section.

A comparative analysis of the investments in the first half of 2024 vs. the first half of 2023 for both the Petromidia and VEGA refineries is shown in the diagrams below:



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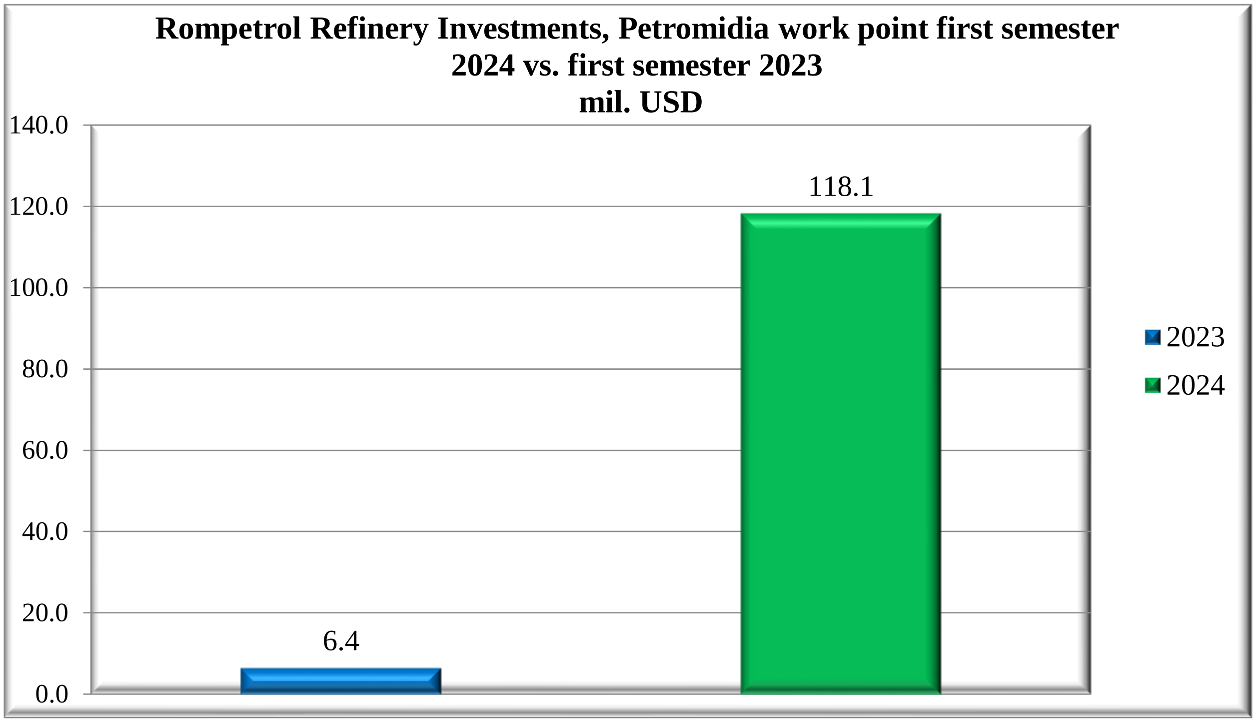

3.6. Events, transactions, which affected the income from the core activity

In the first semester of 2024 net turnover decreased by 30% compared to the same period last year, mainly due to the planned General Turnaround, which began on 8th March and lasted for approximately two months. This turnaround is a significant event that occurs once every four years and is crucial for Rompetrol Rafinare SA operations. During this period, were conducted comprehensive maintenance, inspections, and upgrades across various units of the refinery to ensure optimal performance and safety standards. It involves shutting down certain operations temporarily to carry out these activities efficiently.

In first half of 2024, the total throughput for Petromidia refinery was 1.73 million tons, lower by 35% than previous year the same period when the total throughput was 2.68 million tons being corelated with planned shutdown for General Turnaround activity and lower throughput of 10.67 kt/day considering operation of Petromidia refinery without Mild Hydrotreater (MHC unit), due to the incident occurred on 21st of June 2023, the unit being restarted on 26th of February 2024. In this context, the company recorded lower volumes of production and sale of petroleum products in H1 2024 compared to H1 2023, aspects that generated a lower turnover recorded by Rompetrol Rafinare in the first semester of 2024 vs. H I 2023.

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4. CHANGES AFFECTING THE SHARE CAPITAL AND THE COMPANY MANAGEMENT

During the period under review there were no cases where the Company was unable to meet its obligations.

During the period under review, there were no changes that could influence the value of the Company's share capital.

As of 30.06.2024, the Company's share capital registered with the Depozitarul Central S.A. was represented by 26,559,205,726 shares, with a par value of RON 0.10 per share, in the total amount of RON 2,655,920,572.60.

The consolidated summary structure of ROMPETROL RAFINARE S.A. shareholders, according to the Consolidated Register of Shareholders as of 30.06.2024 issued by the Depozitarul Central S.A. is as follows:

SHAREHOLDER (as of 30.06.2024)	**NUMBER OF SHARES** (as of 30.06.2024)	**PERCENTAGE OF PARTICIPATION IN THE SHARE CAPITAL** (as of 30.06.2024)
KMG INTERNATIONAL N.V.	12,778,577,732	48.1136%
THE ROMANIAN STATE represented by the Ministry of Energy	11,870,877,580	44.6959%
Shareholders (Legal entities) who each own less than 10% of the share capital, together holding:	1,759,997,453	6.6267%
Shareholders (Individuals) who each own less than 10% of the share capital, together holding:	149,752,961	0.5638%
TOTAL	**26,559,205,726**	100%

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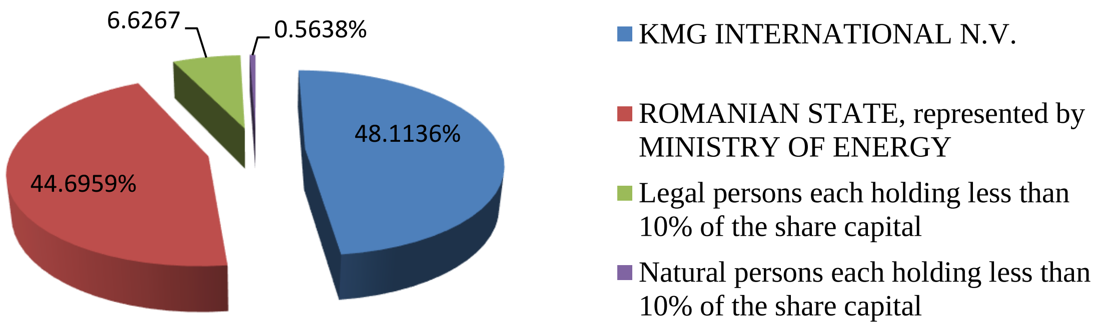
The structure consolidated by the Depozitarul Central S.A. on June 30,



Note:
On June 30, 2024, the shareholders of the KMG International Group hold 14,510,324,147 shares, representing 54.6339% of the share capital

It should be noted that Rompetrol Rafinare S.A. (part of the KMG International Group) operates the Petromidia and Vega refineries and holds a controlling interest in the following companies:

directly:

- Rompetrol Downstream S.R.L. (99,994688898% ownership)
- ROM OIL S.A. (de 99,9998508% ownership)
- Rompetrol Quality Control S.R.L (70,91%)
- Rompetrol Logistics S.R.L (66,1911% ownership)
- Rompetrol Petrochemicals S.R.L. (100% ownership)

indirectly:

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

As a result, Rompetrol Rafinare S.A.'s shareholdings automatically affect the companies in which Rompetrol Rafinare directly and indirectly holds a controlling interest. Rompetrol Rafinare operates the Petromidia refinery and the Vega refinery, Rompetrol Downstream operates Rompetrol's filling station network and Rompetrol Downstream operates Rompetrol's network of refineries and Rom Oil operates Company's network of depots.

At the end of the first half of 2024, the Company has two working points, namely:

i) Working Point located in Navodari, 1-283 Navodari Boulevard, Constanta County, named *"Rompetrol Rafinare – Petromidia Refinery Working Point"*.

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ii) Working Point located in Ploiesti, 146 Valeni Street, Prahova County, which carries out its activity in the space owned by the Company, named *"Rompetrol Rafinare – Vega Refinery Working Point"*.

4.1. Changes in the administration of the Company

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

During the first half of 2024, the following changes occurred in the Board of Directors:

- *April 26, 2024:* Pursuant to Resolution No. 2/2024 adopted by the Ordinary General Meeting of Shareholders, starting with May 1, 2024, the election of Mrs. Tamila Mikulich and Mr. Pavel Romanenko and Mr. Constantin Saragea as new permanent members of the Company's Board of Directors for a term of office **expiring on April 30, 2026** (the date of expiration of the term of office of the current members of the Board of Directors) was approved for the 3 positions of directors. During 2024 and until April 30, 2024, Mrs. Tamila Mikulich and Mr. Constantin Saragea served as provisional directors of RRC.
  Also, Mrs. Zhamiliya Meshitbay held the position of provisional director between January 1 and April 30, 2024, being appointed to this position pursuant to Decision no. 1 adopted by the Board of Directors on September 25th, 2023.

The Directors of the Company in office on June 30, 2024, are:

- **Batyrzhan Tergeussizov**, a citizen of the Republic of Kazakhstan, Chairman of the Board of Directors - non-executive director;
- **Pavel Romanenko,** a citizen of the Republic of Kazakhstan, member of the Board of Directors - non-executive director;
- **Adrian Tohănean,** a citizen of Romania, member of the Board of Directors - non-executive director;
- **Tamila Mikulich,** a citizen of the state of Ukraine, member of the Board of Directors - non-executive director;
- **Nicolae Bogdan Codrut Stanescu**[2]**,** a citizen of Romania, member of the Board of Directors appointed by the Ministry of Energy - independent non-executive director;

[2] *Proposed to the Board of Directors of the Company by the significant shareholder Romanian State through the Ministry of Energy. Elected as member of the Board of Directors by Resolution No. 3/2018 adopted by the Ordinary General Meeting of Shareholders on April 27, 2018 and re-elected by Resolution No. 3/2022 OGMS of April 28, 2022, for a new term of office of 4 years, i.e. from May 1, 2022 until April 30, 2026. He was also a director of the Company from June 12, 2015, to April 27, 2016.*

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- **Bogdan-Catalin Steriopol**[3]**,** a citizen of Romania, member of the Board of Directors appointed by the Ministry of Energy - independent non-executive
- **Constantin Saragea**[4]**,** a citizen of Romania, member of the Board of Directors appointed by the Ministry of Energy - non-executive director.

There have been no changes in the composition of the Board of Directors since June 30, 2024, as of the date of this Half-Year Report.

Committees set up at the level of the Board of Directors

In its activity, the Board of Directors is supported by two advisory committees, namely the Audit Committee and the Strategy Committee, which are in charge of analyzing and making recommendations to the Board of Directors in specific areas and are required to submit regular activity reports to the members of the Board of Directors.

Audit Committee

During the first half of 2024, the Audit Committee structure has not changed since December 31, 2023:

Thus, the composition of the Audit Committee as of June 30, 2024, is as follows:

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

[3]*Proposed to the Board of Directors of the Company by the significant shareholder Romanian State through the Minister of Energy. Mr. Bogdan Catalin Steriopol was interim director of the Board of Directors from June 4, 2020, to September 18, 2020, then elected permanent director by Resolution No. 6/2020 of the Ordinary General Meeting of Shareholders of September 18, 2020, for a term of office that expired on April 30, 2022. He was re-elected on April 28, 2022, for a new 4-year term of office, i.e. from May 1, 2022, to April 30, 2026.*

[4]*Proposed to the Board of Directors of the Company by the significant shareholder Romanian State through the Minister of Energy. Mr. Constantin Saragea was interim director of the Board of Directors from August 1, 2023 to April 30, 2024, then elected permanent director by Resolution No. 2/2024 of the Ordinary General Meeting of Shareholders of April 26, 2024, for a term of office from May 1, 2024 to April 30, 2026.*

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➢ **Strategy Committee**

During the first half of 2024, the structure of the Strategy Committee changed as follows:

For the period January 1, 2024, through April 30, 2024, the Strategy Committee structure was as follows:

- **Batyrzhan Tergeussizov,** non-executive director, elected by Decision No. 2 adopted by the Board of Directors on May 3, 2023 – *Chairman*
- **Tamila Mikulich,** non-executive director – *Member*
- **Zhamilya Meshitbay,** non-executive director – *Member*
- **Bogdan-Catalin Steriopol,** independent non-executive director – *Member*
- **Constantin Saragea,** non-executive director – *Member*

For the period May 1, 2024 - June 30, 2024, the structure of the Strategy Committee was as follows:

- **Batyrzhan Tergeussizov,** non-executive director – *Chairman*
- **Tamila Mikulich,** non-executive director – *Member*
- **Bogdan-Catalin Steriopol,** independent non-executive director – *Member*
- **Constantin Saragea,** non-executive director – *Member*

• Changes regarding the Executive Management

According to the provisions of the Articles of Association of the Company, **the only positions to which the management of the Company is delegated under the provisions of Article 143 of Law 31/1991 on Companies are those of General Manager and Economic Director**. Any other managerial position within the Company (Human Resources Director, Commercial Director, Administrative Director, IT Director, etc.), regardless of its title, does not also involve the management of the Company.

The term of office of the Executive Directors may not exceed the term of office of the directors who appointed them.

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General Manager

During the first semester of 2024, Mr. Florian Daniel Pop held the position of General Manager of Rompetrol Rafinare S.A.

According to the Articles of Association, the other organizational structures of the Company are directly subordinated to the General Manager of the Company, and the General Manager is directly subordinated to the Board of Directors.

Financial Manager

During the first semester of 2024, Mr. Alexandru Stavarache held the position of Economic Director of Rompetrol Rafinare S.A.

Starting with 01.12.2023 and until 29.02.2024, Mr. Alexandru Stavarache held the position of Interim Financial Manager of Rompetrol Rafinare S.A. The Board of Directors, in the meeting held on 27 February 2024, decided to appoint Mr. Alexandru Stavarache to the position of Financial Manager for a term starting from March 1, 2024 and until April 30, 2026.

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

According to Decision No. 4/2024 adopted by the Ordinary General Meeting of Shareholders of April 26, 2024, it was approved the reappointment of ERNST & YOUNG ASSURANCE SERVICES S.R.L. (Romanian legal entity, with registered office in Bucharest, 15-17 Ion Mihalache Boulevard, Bucharest Tower Center Building, 21st floor, District 1, registered at the Trade Register Office of the Bucharest Court under No. J40/5964/1999, Unique Registration Code 11909783), as a financial auditor of the Company, **for one (1) year, respectively for the audit of the financial statements of the Company for the financial year 2024, the duration of the audit services contract being one (1) year.**

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5. IMPORTANT EVENTS – FIRST SEMESTER 2024

5.1. RELATED PARTIES

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

A. At 30 June 2024 and 31 December 2023, Rompetrol Rafinare SA had the following balances with the related parties:

	Receivables and other assets	
	June 30, 2024	**December 31, 2023**
KazMunayGas Trading AG	175,805,860	230,506,456
Rompetrol Downstream S.R.L	913,266,422	749,865,007
Rompetrol Petrochemicals S.R.L.	481	481
KMG International N.V.	443,086	545,327
Rompetrol Gas SRL	3,495,990	27,008,023
Rompetrol Moldova ICS	48,605,977	28,148,161
Rompetrol Bulgaria JSC	151	1,832,551
Rominserv S.R.L.	299,240	47,196,399
Rompetrol Quality Control S.R.L.	251,077	165,739
Rompetrol Logistics S.R.L	1,891	2,071
Midia Marine Terminal S.R.L.	1,328,362	1,195,121
Midia Green Energy SA (former Uzina Termoelectrica Midia SA)	274,985	274,985
KMG Rompetrol SRL	103,669,407	210,411,841
Global Security Systems S.A.	609,020	608,033
Rompetrol Energy S.A.	69,023,166	80,788,696
Byron Shipping Ltd.	1,931	2,695
Oilfield Exploration Business Solutions S.A.	3,016,782	2,964,917
Rompetrol Financial Group SRL	11,269	11,194
KMG Rompetrol Services Center SRL	46,223	44,916
KMG Rompetrol Development SRL	1,519,038	-
Total	**1,321,670,357**	**1,381,572,613**

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	Payables, loans and other liabilities	
	June 30, 2024	**December 31, 2023**
KazMunayGas Trading AG	3,524,838,428	3,911,405,971
Rompetrol Downstream S.R.L	32,995,310	72,264,156
Rompetrol Petrochemicals S.R.L.	8,315,590	8,315,590
Rompetrol Gas SRL - loan	18,600,000	-
Rompetrol Gas SRL - interest loan	124,000	-
Rompetrol Gas SRL	6,855,924	3,248,392
Rompetrol Moldova ICS	51,858,075	66,076,957
Rominserv S.R.L.	309,886,168	150,601,133
Rompetrol Quality Control S.R.L.	5,374,635	23,672,159
Rompetrol Logistics S.R.L	16,295	-
Midia Marine Terminal S.R.L.-trade debts	9,016,720	12,340,927
Midia Green Energy SA (former Uzina Termoelectrica Midia SA)	415	415
KMG Rompetrol SRL- debt cash pooling	2,275,701,648	1,404,248,845
KMG Rompetrol SRL-interest cash pooling	14,660,394	9,038,687
KMG Rompetrol SRL-trade debts	8,290,938	27,424,489
Global Security Systems S.A.	1,357,022	1,357,022
Global Security Systems Fire Services S.R.L.	1,714,230	2,637,941
KMG Rompetrol Development	-	7,425,858
Rompetrol Energy S.A.	51,582,373	37,594,909
KMG Rompetrol Services Center SRL	1,522,371	1,612,763
TRG Petrol Ticaret Anonim Sirketi	10,346	10,346
Total	**6,322,720,882**	**5,739,276,560**

The company concluded a Cash Pooling agreement for implementing a cash balance optimization system, in which KMG Rompetrol SRL is the “Coordinating company” and Rompetrol Rafinare SA is a participating company; maturity on 4 August 2025, with annual automatic prolongation of maturity.

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B. In the first semester of 2024, respectively in the first semester of 2023, Rompetrol Rafinare had the following transactions with the related parties.

Name of related party	Nature of transaction , sales / purchases	Sales		Purchases	
		January - June 2024	January - June 2023	January - June 2024	January - June 2023
KazMunayGas Trading AG	Raw materials / Petroleum products	809,251,368	1,541,316,772	5,226,464,328	7,782,227,488
Rompetrol Downstream S.R.L	Petroleum products, rent, utilities and other	3,455,999,769	3,810,964,158	1,311,506	1,397,289
Rompetrol Petrochemicals S.R.L.	Rent, utilities and other	-	-	-	821
KMG International N.V.	Loan interest, management services	-	-	3,455,972	4,161,905
Rompetrol Gas SRL	Platform operation, propane / Petroleum products, rent, loan interest, other	123,666,622	262,187,856	571,716	523,034
Rompetrol Moldova ICS	Sales intermediary services	569,966,191	898,255,153	-	-
Rompetrol Bulgaria JSC	Sales intermediary services	12,890,802	21,172,812	-	-
Rominserv S.R.L.	Acquisition and maintenance of fixed assets	1,667,557	1,773,664	604,359,220	102,043,563
Rompetrol Quality Control S.R.L.	Laboratory analysis/Rent, utilities, other services, dividends	866,116	966,004	26,631,790	15,902,113
Rompetrol Logistics S.R.L	Transport, rent/Rent, utilities	50,471	7,549	82,162	82,162
Midia Marine Terminal S.R.L.	Handling services/ Rent,utilities, reinvoicing, others	560,713	976,893	43,672,022	33,197,704
Rompetrol Well Services S.A.	Loan interest	-	-	109	85
Rompetrol Energy S.A.	Acquistion of utilities	71,312,689	242,288,822	117,662,465	121,781,472
KMG Rompetrol S.R.L.	Loan interest, management services	8,409,235	22,524,282	95,402,926	95,178,279
Global Security Systems S.A.	Security and protection services	830	819	4,937,915	4,931,362
Global Security Systems Fire Services SRL	Security and protection services	-	-	4,639,095	4,610,166
Byron Shipping S.R.L.	Demurrage /Rent, reinvoices of other services	12,852	12,105	-	-
Romoil S.A.	Reinvoicing bank loan fees	96,905	-	10,245	634,730
KMG Rompetrol Services Center SRL	Shared services	231,228	228,953	6,797,961	5,932,638
		5,054,983,348	**6,802,675,842**	**6,135,999,432**	**8,172,604,811**

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

As a result, MFPR, MECMA, ME, MEIMMMA, MEEMA and Other Authorities are considered to be a related party of the The Group. There are no transactions, balance sheets at the year-end in relation with MFPR, MECMA, ME, MEIMMMA, MEEMA and other Romanian authorities

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during the time of their affiliation, other than those arising from Romanian fiscal and legislation requirements.

With regard to **purchases in relation to related parties amounting to 6,135,999,432 lei registered in the first semester of 2024 compared to 8,172,604,811 lei in the first semester of 2023**, recorded a decrease of 25% mainly due to transactions with KazMunayGas Trading AG, the main supplier of crude oil and other raw materials for Rompetrol Rafinare S.A. In the context of the decreased quantities of crude oil purchased and processed by the Company as a result of the planned General Turnaround in the first semester of 2024 compared to the same period in 2023, the value of transactions with KazMunayGas Trading AG reduced by almost 33% in the first 6 months of 2024 compared to the value recorded in the same period in 2023.

With regard to **sales in relation to related parties of 5,054,983,348 lei recorded in the first semester of 2024 compared to 6,802,675,842 lei in the first semester of 2023**, characterized by a decrease of 26%, these are mainly due to transactions in the sale of petroleum products. The main clients of Rompetrol Rafinare S.A. are represented by the parties KazMunayGas Trading AG, Rompetrol Downstream S.R.L, Rompetrol Gas SRL, Rompetrol Bulgaria and Rompetrol Moldova ICS. The decrease in transactions value in relation to related parties in the first 6 months of 2024 compared to the same period of 2023 was determined by the lower volume of petroleum products sold to them in H1 2024 compared to H1 2023 as a result of the decrease in the volumes of processed raw materials and the production of petroleum products in the context of the General Turnaround planned during this period.

5.2. LEGAL MATTERS

Litigation with the State involving criminal charges

I. Criminal case

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

Further prosecutor orders as well statements of defenses were issued and submitted during 2016 – 2019 and finally on December 5, 2019 Prosecutor's Office of Romania closed the criminal file, discharged all allegations and lifted the criminal seizure over Rompetrol Rafinare's assets, but still

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kept a precautionary seizures over 4 installations (for a value of $106.5m) in case any alleged civil party is damaged by the said ordinance.

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

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

II. Civil files

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

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

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

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

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

Given that no appeals or second appeals were filled the Decisions remained definitive and all in favor of Rompetrol Rafinare.

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

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

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

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

In the file registered for this purpose at the Constitutional Court under no. 1639D/2019, the Court issued its decision on 30 January 2024, rejecting the exception of unconstitutionality raised by Rompetrol Rafinare.

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Following this solution, it is expected that The High Court of Cassation and Justice will reopen its recourse file and a hearing date will be fixed and announced to the parties, when the recourse will have to be solved

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

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

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

The next hearing is scheduled for September 24, 2024.

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

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

<u>Litigation on Tax Assessments received by Rompetrol Rafinare SA in 2017</u>

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

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

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

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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 and on February 22, 2024, the Court admitted partially the challenge of Rompetrol The court canceled mainly the fiscal authority decision regarding the amount of RON 6.47 million (referring to withholding tax for non-residents and related penalties) and sets that the amount of RON 80.5 million should be included in the fiscal loss. The solution is not final, it can be appealed by Rompetrol Rafinare in a term of 15 days from the day that the motivated Decision will be communicated.

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

Criminal case concerning Petromidia Refinery incident on July 2nd 2021

On July 2, 2021, there was an explosion followed by a fire at Petromidia refinery, Diesel Hydrotreatment Unit (in Romanian “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, bythe party expert as well as and the company's specialists, objections and point of view of the party expert being submitted as well as requests for clarifications issued by the case prosecutor; the company has the quality of a civilly responsible party, hearings of the employees involved in the incident were performed. At this point the criminal investigation is ongoing. At the same time, the collective work accident is being investigated by the Territorial Labour Inspectorate according to the incident legislation who submitted in frond of the criminal investigators their Work Accident Investigation Report

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

DIICOT Criminal Investigation File in connection with **Vega lagoons greening Project**

During the investigation carried out by the Directorate for the Investigation of Organized Crime and Terrorism ("DIICOT"), investigation which is the subject of criminal case 279 / D / P / 2020, to the Company were communicated during 2021 a series of ordinances by which was requested to provide the documents to the criminal investigation bodies in connection with the works contracted for the greening of the lagoon 18 from the Vega refinery. On the date of drawing up

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this half-yearly report, the company has no quality in the criminal case. The suspicions of the criminal investigation bodies concern the alleged fictitious character of some services for which the Company would have unjustifiably paid the amount of approximately 10 million RON. On 23.02.2022, DIICOT informed the Company if it intends to become a civil party in the criminal proceedings mentioned above, the Company reserve right in relation to the evolution of the criminal case that is the subject of criminal case 279 / D / P / 2020, to make such a request to become a civil party, if the case.

The trial was sent to the regular panel and is expected a first hearing to be established. On March 2, 2023, the court kept the judicial control over the company's employees but lifting the interdiction for leaving the country. On March 9, 2023 the court finally lifted also the judicial control. Next hearing is set on September 12, 2024.

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

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

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

On June 21, 2023, a fire occurred in the Petromidia refinery, at the MHC plant, with no recorded victims. Criminal investigations are carried out by the Prosecutor's Office next to the Constanța 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 Petroşani was ordered to carry out a technical judicial expertise in order to establish the causes of the incident. The Report was issued by INSEMEX at the begging of July. The Company has until end of August to submit the point of view in respect of INSEMEX Report. At the same time, the incident, falling under the category of major incidents in accordance with the legislation in force, is also being investigated by the Constanta Territorial Labor Inspectorate.

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Windfall tax litigation

Following the enactment of Emergency Ordinance No. 186/2022 regarding the emergency intervention to address the high energy prices, Rompetrol Rafinare paid on June 2023 the amount of RON 578 million.

After fulfilling the mandatory administrative procedure for challenging this tax which was rejected by the fiscal authorities, the Company filed in on March 8, 2024, the challenge in front of the court. The hearing was scheduled for June 10, 2024, and the Court should issue a preliminary decision on July 10, 2024. On July 10 the court settled the file framework and the fiscal authorities should be defendants in the file. The other procedural items claimed by the court have been rejected for the time being and they will be considered on the judgment on merits. The case file is in the first stages. The next hearing is scheduled for September 9, 2024, for the exception of unconstitutionality of the Emergency Ordinance to be discussed.

Vega Refinery (wastewater treatment supply services)

On June 7, 2024, Astra Ecoclean SRL unilaterally ceased providing wastewater treatment services for the Vega Refinery, which is not connected to the central sewer system of Ploiești and needs the collection and treatment of wastewater at the Corlătești Wastewater Treatment Plant owned by New Century Development SRL.

The pipeline system for wastewater collection is used by households and enterprises, local authorities located in the immediate vicinity of the Vega Refinery, which cannot connect to Ploiești's central sewer network as well.

The Corlătești Plant has been providing wastewater treatment services for the Vega Refinery even before privatization occurred in 1999. The Plant was operated by Gentoil SRL until December 2023. Subsequently, the treatment facilities were managed by Ecorin SRL, which provided services to the Vega Refinery until May 2024. The price for wastewater treatment services at that time ranged from 3 to 4.93 RON/m3 of treated wastewater.

In May 2024, the treatment facilities were leased to Astra Ecoclean SRL, which initially requested a service fee of 38-40 Euros/m3, later reducing it to 35 Euros/m3. Rompetrol Rafinare did not accept this proposal at a meeting held on May 31, 2024.

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On June 6, 2024, Astra Ecoclean SRL sent a letter to Rompetrol Rafinare stating that the wastewater treatment will be limited to 2,000 m3/month, while the Vega Refinery's planned discharge is 90,000 m3/month. On June 7, 2024, Astra Ecoclean SRL completely stopped treating wastewater from the Vega Refinery.

On June 10, 2024, Rompetrol Rafinare sent a complaint letter to Astra Ecoclean SRL. Then, on June 13, 2024, it submitted a court injunction to prohibit Astra Ecoclean SRL from stopping wastewater treatment. Despite the arguments presented, the court rejected the application on grounds that Astra Ecoclean SRL does not have permission to operate the treatment facilities.

A main claim was submitted on June 17, 2024.

On June 20, 2024 the Court rejected the injunction relief but the Company appealed the decision on June 26, 2024. First hearing in appeal is scheduled for August 8, 2024.

Meanwhile, the Company received on July 3, 2024, a preliminary letter from the Local Environmental Authority which informed the Company that it should accomplish some measures regarding both as regards the evacuation of the industrial wasted water of the site and remediation of the Vega lagoons are accomplished otherwise the Environmental permit may be suspended which triggered the suspension of the Vega activity.

5.3. Other significant transactions

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

Rompetrol Rafinare reported the legal documents concluded during the first quarter of 2024 by the Company in accordance with art. 108 of Law no. 24/2017, republished and with art. 144 letter B of the ASF Regulation no. 5/2018, through the Current Report registered with the Company under no. 3671 as of June 12nd, 2024, no. 3921 as of July 27th, 2024 and no. 4543 as of July 2024. The reports were sent to the market operator (respectively the Bucharest Stock Exchange), posted on the company's website in the Investor Relations section https://rompetrol-rafinare.kmginternational.com/, Current Reports subsection as well as on the website ASF (www.asfromania.ro) in the section: Supervision/Capital market/Electronic reports.

Also, other major transactions concluded by the Company with the persons with whom it acts in concert or in which these persons were involved during the reported period, were the transactions subject to the approval of the Board of Directors according to the legal provisions and the

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provisions of the Constitutive Act, information presented in the section regarding *"Main resolutions of the Board of Directors (BoD) of RRC"*:

5.4. Subsequent events

- *Rompetrol Rafinare S.A credit facility in amount of EURO 30 million granted by Banca Transilvania was extended until July 27, 2025.*

- *Rompetrol Rafinare S.A credit facility in amount of EURO 27,96 million granted by Banca Transilvania was extended until July 27, 2025.*

- *On July 26, 2024 Rompetrol Rafinare SA received from Rompetrol Gas SRL a loan of RON 12 million for the purpose of covering the funds necessary to Rompetrol Rafinare SA to pay the turnover tax for the 2nd quarter of 2024. Maturity of the loan is for a period of 12 months.*

- ***Notification no. 169/02.07.2024, communicated on 03.07.2024 by the Prahova Environmental Protection Agency, prior to the suspension of the Integrated Environmental Permit no. PH 9/07.2015 revised on 09.11.2022***

Following the inspection carried out by the representatives of Prahova Environmental Protection Agency relating of the annual visa procedure of the regulatory act issued for operation of the Vega refinery, from environmental legislation point of view, received on 03.07.2024 the prior notification of suspension of the Integrated Environmental Permit no. PH 9/08.07.2015 revised on 09.11.2022.
Through prior notification of suspension of the regulatory act, a period of 60 days was granted for fulfillment of some measures, as follows:
- presentation of a firm contract for taking over, transporting and discharging waste water from the site.
- presentation of a contract or the way of carrying out the greening activity of the existing acid tar lagoons on the site.

According to the notification mentioned above, the Company has obligation to inform the competent environmental authority regarding fulfillment of the measures established in its charge within given term.
Until resolution of the annual visa procedure, the Integrated Environmental Permit no. PH 9/08.07.2015 revised on 09.11.2022 remain valid.

- **Summons no. 7669/19.07.2024, communicated on 19.07.2024 by A.N. "Apele Romane" Buzau-Ialomita Water Administration - Prahova Water Management**

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System, prior to the suspension of Water *Management Authorization no. 31/28/02/2023, valid until 01/03/2025.*

Following the inspection performed by the representatives of the Prahova Water Management System, the Company received the above-mentioned Summons on 19.07.2024, by which a deadline of 60 days was granted for the submission of a contract concluded with the operator of the treatment plant that will take over the waste water from the Vega Ploiesti Refinery, in order to comply with the provisions of the water management authorization no. 31/28.02.2023 or to justify the modification of the authorization.

Otherwise, the Buzau-Ialomita Water Administration - Prahova Water Management System will apply the other measures provided by Order no. 3147/2023 of the Ministry of Environment, Water and Forests regarding the suspension or withdrawal of the water management authorization. Until the issues mentioned in the summons are resolved, the Water Management Authorization No. 31/28.02.2023 remains valid.

5.5. Amendment of the Articles of Association of the Company

During the analyzed period, there was no updating of the Constitutive Act of Rompetrol Rafinare S.A.

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6. MAIN FINANCIAL INDICATORS AS OF 30.06.2024

Indicators	Calculcation	U.of M	Value 30.06.2024*)
1. Current liquidity indicator	Current assets/Current liabilities	**X**	**0.50**
2. Debt liquidity indicator			
2.1. Debt ration indicator (1)	Borrowed capital/Own capital x 100	**%**	84.81%
2.2. Debt ratio indicator (2)	Borrowed capital/Committed capital x 100	**%**	45.89%
2.3. Debt ratio indicator (3)	Net Borrowings*** / Equity (including shareholder and related parties loans)	%	82.53%
3. Rotation tempo of debits – clients	Average balance for receivables/Revenues x 180	**Days**	**34.69**
4. Assets rotation tempo **)	Revenues/Non-current assets		**1.79**

**) Based on the Individual Interim Financial Accounting on the date and for the period of 6 months closed on June 30, 2024;*
***) Assets rotation tempo is calculated based on annualized turnover for the period January-June 2024 (360 days/180 days).*
****) The difference between Debt (excluding shareholder and related parties loans) and Cash and cash equivalents*

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7. ANEXE

Annex 1 – Statement of financial position as of 30 June 2024

	June 30, 2024	December 31, 2023
		Lei
Intangible assets	109,827,010	111,338,667
Goodwill	152,720	152,720
Property, plant and equipment	3,158,396,139	2,775,931,136
Rights of use assets	49,565,185	50,440,933
Investments in subsidiaries	3,531,898,492	3,531,898,492
Deferred tax asset	21,533,586	21,533,586
Long-term receivables	41,254,000	41,254,000
Total non current assets	**6,912,627,132**	**6,532,549,534**
Inventories, net	1,476,681,586	1,411,718,964
Receivables and prepayments, net	1,649,011,890	1,719,861,179
Derivative Financial Instruments	51,623,700	-
Cash and cash equivalents	351,220,397	613,521,713
Total current assets	**3,528,537,573**	**3,745,101,856**
TOTAL ASSETS	**10,441,164,705**	**10,277,651,390**
Subscribed share capital	2,655,920,573	2,655,920,573
Share premium	232,637,107	232,637,107
Revaluation reserves, net of deferred tax impact	648,509,953	648,509,953
Other reserves	3,526,030,864	3,474,407,165
Accumulated losses	(5,048,861,112)	(4,498,505,945)
Current period result	(501,964,934)	(550,355,167)
Total equity	**1,512,272,451**	**1,962,613,686**
Long-term borrowings from banks	1,282,631,510	1,195,433,220
Provisions	499,613,187	499,613,187
Long-term lease debts	51,600,165	52,429,915
Total non-current liabilities	**1,833,844,862**	**1,747,476,322**
Trade and other payables	6,473,441,594	5,956,570,269
Contract liabilities	249,777,924	274,823,341
Short-term lease debts	2,942,745	2,693,673
Derivatives	18,110,678	-
Short-term borrowings from related parties	18,724,000	-
Short-term borrowings from banks	332,050,451	192,674,641
Profit tax payable	-	140,799,458
Total current liabilities	**7,095,047,392**	**6,567,561,382**
TOTAL LIABILITIES AND EQUITY	**10,441,164,705**	**10,277,651,390**

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Annex 2 – Profit and loss account for the 6-month period closed on June 30, 2024 profit and loss

Lei

	January - June 2024	**January - June 2023**
Net revenues from contracts with customers	6,197,570,045	8,812,286,062
Cost of sales	(5,999,129,901)	(8,554,164,767)
Gross profit	**198,440,144**	**258,121,295**
Selling, general and administrative expenses	(340,902,418)	(192,097,476)
Other operating expenses	(69,596,223)	(170,815,819)
Other operating income	94,733,809	78,834,451
Operating loss	**(117,324,688)**	**(25,957,549)**
Financial expenses	(235,586,115)	(193,153,526)
Financial revenues	22,700,189	39,227,591
Net foreign exchange gains / (losses)	(171,754,320)	17,351,063
Loss before income tax	**(501,964,934)**	**(162,532,421)**
Income tax	-	(80,914,774)
Net Loss for the period	**(501,964,934)**	**(243,447,195)**
Earnings per share *(bani/share)* **Basis**	(1.89)	(0.92)

ROMPETROL RAFINARE SA
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Annex 3 – Cash flow

	June 30, 2024	June 30, 2023
		Lei
Net result before income tax	**(501,964,934)**	**(162,532,421)**
Adjustments for:		
Depreciation and amortisation	197,057,622	235,605,535
Provisions for inventories	(30,991,929)	57,724,665
Allowance for trade and other receivables	5,197,590	31,398,876
Expenses with penalties	3,371,346	8,334,916
Unwinding of discount - lease	886,617	921,011
Interest expenses	234,699,498	192,232,515
Inrerest income	(22,601,205)	(39,227,591)
Income from dividends	(98,984)	-
(Gain)/Loss on sale or disposal of assets	-	(504)
Unrealised foreign exchange (gain)/loss	147,134,843	15,733,273
Cash generated from operations before working capital changes	**32,690,464**	**340,190,275**
Net working capital changes in:		
Receivables and prepayments	(38,188,948)	(215,537,151)
Inventories	(33,970,693)	(105,724,892)
Trade and other payables and contract liabilities	(449,043,092)	709,642,843
Changes in working capital	**(521,202,733)**	**388,380,800**
Income tax paid	(140,799,458)	(577,634,789)
Net cash (outflow) / inflow from operating activities	**(629,311,727)**	**150,936,286**
Cash flows from investing activities		
Purchase of property, plant and equipment	(576,262,609)	(29,572,243)
Purchase of intangible assets	(5,048)	(90,460)
Receipts from selling of assets	-	504
Net cash outflow from investing activities	**(576,267,657)**	**(29,662,199)**
Cash flows from financing activities		
Cash pooling movement	976,138,758	(201,481,241)
Short - term loans received from banks	139,856,532	37,156,136
Long - term loans received from banks	45,763,000	1,100,962,756
Short - term loans repaid to shareholders and related parties	18,600,000	-
Lease repayments	(2,380,723)	(2,377,901)
Interest and bank charges paid, net	(234,699,499)	(192,232,515)
Net cash inflow from financing activities	**943,278,068**	**742,027,235**
Increase / (Decrease) in cash and cash equivalents	**(262,301,316)**	**863,301,322**
Cash and cash equivalents at the beginning of period	**613,521,713**	**23,243,490**
Cash and cash equivalents at the end of the period	**351,220,397**	**886,544,812**

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Note:

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

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

____

General Manager	**Financial Manager**
Florian-Daniel POP	**Alexandru STAVARACHE**

________ ______________________

ROMPETROL RAFINARE SA
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ROMPETROL RAFINARE SA

UNAUDITED INTERIM STANDALONE FINANCIAL STATEMENTS

Prepared in compliance with
Order of the Minister of Public Finance no. 2844/2016

30 JUNE 2024

CONTENTS:	**PAGE**
Unaudited Interim Standalone Statement of the Financial Position	3
Unaudited Interim Standalone Income Statement	4
Unaudited Interim Standalone Statement of Other Comprehensive Income	5
Unaudited Interim Standalone Statement of Cash Flows	6
Unaudited Interim Standalone Statement of Changes in Equity	7
Notes to Unaudited Interim Standalone Financial Statements	8 - 73

	Notes	June 30, 2024	December 31, 2023
Intangible assets	3	109,827,010	111,338,667
Goodwill	4	152,720	152,720
Property, plant and equipment	5	3,158,396,139	2,775,931,136
Rights of use assets	6	49,565,185	50,440,933
Investments in subsidiaries	7	3,531,898,492	3,531,898,492
Deferred tax asset	23	21,533,586	21,533,586
Long-term receivables		41,254,000	41,254,000
Total non current assets		**6,912,627,132**	**6,532,549,534**
Inventories, net	8	1,476,681,586	1,411,718,964
Receivables and prepayments, net	9	1,649,011,890	1,719,861,179
Derivative Financial Instruments	30	51,623,700	-
Cash and cash equivalents	10	351,220,397	613,521,713
Total current assets		**3,528,537,573**	**3,745,101,856**
TOTAL ASSETS		**10,441,164,705**	**10,277,651,390**
Subscribed share capital	11	2,655,920,573	2,655,920,573
Share premium	11	232,637,107	232,637,107
Revaluation reserves, net of deferred tax impact	11	648,509,953	648,509,953
Other reserves	11	3,526,030,864	3,474,407,165
Accumulated losses		(5,048,861,112)	(4,498,505,945)
Current period result		(501,964,934)	(550,355,167)
Total equity		**1,512,272,451**	**1,962,613,686**
Long-term borrowings from banks	15	1,282,631,510	1,195,433,220
Provisions	17	499,613,187	499,613,187
Long-term lease debts	16	51,600,165	52,429,915
Total non-current liabilities		**1,833,844,862**	**1,747,476,322**
Trade and other payables	12	6,473,441,594	5,956,570,269
Contract liabilities	13	249,777,924	274,823,341
Short-term lease debts	16	2,942,745	2,693,673
Derivatives	30	18,110,678	-
Short-term borrowings from related parties	14	18,724,000	-
Short-term borrowings from banks	14	332,050,451	192,674,641
Profit tax payable	23	-	140,799,458
Total current liabilities		**7,095,047,392**	**6,567,561,382**
TOTAL LIABILITIES AND EQUITY		**10,441,164,705**	**10,277,651,390**

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

Prepared by, Alexandru Cornel Anton
Chief Accountant

	Notes	January - June 2024	January - June 2023
Net revenues from contracts with customers	18	6,197,570,045	8,812,286,062
Cost of sales	19	(5,999,129,901)	(8,554,164,767)
Gross profit		**198,440,144**	**258,121,295**
Selling, general and administrative expenses	20	(340,902,418)	(192,097,476)
Other operating expenses	21	(69,596,223)	(170,815,819)
Other operating income	21	94,733,809	78,834,451
Operating loss		**(117,324,688)**	**(25,957,549)**
Financial expenses	22	(235,586,115)	(193,153,526)
Financial revenues	22	22,700,189	39,227,591
Net foreign exchange gains / (losses)	22	(171,754,320)	17,351,063
Loss before income tax		**(501,964,934)**	**(162,532,421)**
Income tax charge	23	-	(80,914,774)
Loss for the period		**(501,964,934)**	**(243,447,195)**
Earnings per share *(bani/share)* **Basis**	26	(1.89)	(0.92)

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

Prepared by, Alexandru Cornel Anton
Chief Accountant

	January - June 2024	January - June 2023
Net Loss	**(501,964,934)**	**(243,447,195)**
Other comprehensive income	**-**	**-**
Other comprehensive income to be reclassified to income statement in subsequent periods (net of tax):		
Net gain/(loss) on cash flow hedges	51,623,699	9,727,579
Total comprehensive income to be reclassified to income statement in subsequent periods (net of tax):	**51,623,699**	**9,727,579**
Other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax):		
Total other comprehensive result for the period, net of tax	**51,623,699**	**9,727,579**
Total comprehensive result for the period, net of tax	**(450,341,235)**	**(233,719,616)**

BATYRZHAN TERGEUSSIZOV
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Financial Manager

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General Manager

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Chief Accountant

	Notes	June 30, 2024	June 30, 2023
Net result before income tax		**(501,964,934)**	**(162,532,421)**
Adjustments for:			
Depreciation and amortisation	19, 20	197,057,622	235,605,535
Provisions for inventories		(30,991,929)	57,724,665
Allowance for trade and other receivables	21	5,197,590	31,398,876
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Unwinding of discount - lease	16	886,617	921,011
Interest expenses		234,699,498	192,232,515
Inrerest income		(22,601,205)	(39,227,591)
Income from dividends		(98,984)	-
(Gain)/Loss on sale or disposal of assets		-	(504)
Unrealised foreign exchange (gain)/loss	22	147,134,843	15,733,273
Cash generated from operations before working capital changes		**32,690,464**	**340,190,275**
Net working capital changes in:			
Receivables and prepayments		(38,188,948)	(215,537,151)
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Cash and cash equivalents at the end of the period		**351,220,397**	**886,544,812**

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General Manager

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Chief Accountant

	Share capital	Share premium	Acumulated losses	Revaluation reserves	Deferred tax on the revaluation reserve	Other reserves	Total equity
1st of January 2023	**2,655,920,573**	**232,637,107**	**(4,641,846,600)**	**1,434,873,687**	**(229,579,794)**	**3,467,988,066**	**2,919,993,039**
Net loss for H1 2023	**-**	**-**	**(243,447,195)**	**-**	**-**	**-**	**(243,447,195)**
Net gain/(loss) on cash flow hedges	-	-	-	-	-	9,727,579	**9,727,579**
Total other comprehensive income for H1 2023	**-**	**-**	**-**	**-**	**-**	**9,727,579**	**9,727,579**
Total comprehensive income for H1 2023	**-**	**-**	**(243,447,195)**	**-**	**-**	**9,727,579**	**(233,719,616)**
30th of June 2023	**2,655,920,573**	**232,637,107**	**(4,885,293,795)**	**1,434,873,687**	**(229,579,794)**	**3,477,715,645**	**2,686,273,423**
1st of January 2024	**2,655,920,573**	**232,637,107**	**(5,048,861,112)**	**772,035,663**	**(123,525,710)**	**3,474,407,165**	**1,962,613,686**
Net loss for H1 2024	**-**	**-**	**(501,964,934)**	**-**	**-**	**-**	**(501,964,934)**
Net gain/(loss) on cash flow hedges	-	-	-	-	-	51,623,699	**51,623,699**
Total other comprehensive income for H1 2024	**-**	**-**	**-**	**-**	**-**	**51,623,699**	**51,623,699**
Total comprehensive income for H1 2024	**-**	**-**	**(501,964,934)**	**-**	**-**	**51,623,699**	**(450,341,235)**
30th of June 2024	**2,655,920,573**	**232,637,107**	**(5,550,826,046)**	**772,035,663**	**(123,525,710)**	**3,526,030,864**	**1,512,272,451**

BATYRZHAN TERGEUSSIZOV
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FLORIAN-DANIEL POP
General Manager

Prepared by, Alexandru Cornel Anton
Chief Accountant

1. GENERAL

Rompetrol Rafinare SA (hereinafter referred to as "the Company" or "Rompetrol Rafinare") is a company incorporated under Romanian laws. The Company operates two refineries Petromidia and Vega and also a petrochemical plant. Petromidia Refinery is the one with the highest capacity (of 5 million tons/annum, nameplate capacity) and the only Romanian refinery at the Romanian Black Sea shore, which processes exclusively imported crude oil and produces E.U. standard motor fuels, other petroleum products and certain petrochemicals. Petromidia refinery was designed and built during 1975 and 1977 and was further upgraded in the early '90s and between 2005 - 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).

Rompetrol Rafinare SA production facilities are located in Romania. The number of employees of the Company as at 30 June 2024 is 1,150, respectively 1,176 as at 31 December 2023.

The registered address of Rompetrol Rafinare SA is 215 Navodari Blvd., Constanta, Romania.

Rompetrol Rafinare SA is a joint stock company listed in the Bucharest Stock Exchange since 2004.

The Company is a part of the KMG International N.V Group. The consolidated financial statements are prepared at the level of the parent company KMG International N.V., with the head office located at World Trade Center, Strawinskylaan 807, Tower A, 8th Floor, 1077 XX, Amsterdam, The Netherlands.

The ultimate parent of the KMG International N.V. is the company "National Welfare Fund Samruk Kazyna" JSC, an entity with its headquarters in Kazakhstan.

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

The company also prepares consolidated financial statements that have a public character and are available on the website of the company, https://rompetrol-rafinare.kmginternational.com/, at the section Relation with Investors.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of preparation and statement of compliance

Effective as of 31 December 2012, the interim standalone financial statements of the Company are prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 subsequent amended by Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting regulations in compliance with the International Financial Reporting Standards applicable to the companies whose real shares are accepted for transaction on a regulated market. These stipulations are compliant with the requirements of the International Financial Reporting Standards as approved by the European Union, except the regulations of IAS 21, *the Effects of the exchange rate variation* with regards to the functional currency.

For the purpose of preparing these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

The interim standalone financial statements were prepared based on the historical cost, except for financial instruments and investments in subsidiaries which are classified and measured at the fair value through profit and loss and property, plant and equipment which are measured at fair value through other comprehensive income, respectively.

The interim standalone financial statements are presented in RON and all the values are rounded up to the closest amount in RON, if not otherwise indicated.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) The going concern

The financial statements of the Company are prepared on a going concern basis. As at 30 June 2024 and 31 December 2023, the Company's net assets amount to 1,512 million and RON 1,963 million, respectively. For the period ending 30 June 2024 the Company reported a loss of RON 502 million (30 June 2023: loss of RON 244). The loss incurred during 2024 was comprised of operational loss RON 117 million (30 June 2023: loss of RON 26 million) and financial losses of RON 385 million (30 June 2023: RON 137 million). The results recorded during 2024 are triggered by the refining activity specificity, characterized by a significant volatility and also by the general turnaround, which began on 8th March lasted for two months. This turnaround is a significant event that occurs once every four years and is crucial for our operations. During this period, were conducted comprehensive maintenance, inspections, and upgrades across various units of the refinery to ensure optimal performance and safety standards. It involves shutting down certain operations temporarily to carry out these activities efficiently.

The management analyzed the approved budgets for the next years, including the related cash flow projections that consider contracted bank loans and undrawn credit facilities, and concluded that the Company will have available resources to cover the liabilities as they will become due.

For climate related matters and impact on Company's financial statements please refer to Note 29.

Considering the Company's budget for next years, its medium term development strategy, which assumes that the Company will continue its activity in the predictable future by increased margins and operating profits, will pay all its liabilities in the normal course of business ,Company's Management considers that the preparation of the financial statements on a going concern basis is appropriate.

c) Changes in accounting policies

i) Voluntary change of accounting policy for property, plant and equipment

As of 31 December 2021, the Company's re-assessed its accounting for property, plant and equipment with respect to measurement of property, plant and equipment after initial recognition. The Company had previously measured all property, plant and equipment, except for buildings, using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the assets were carried at cost less accumulated depreciation and accumulated impairment losses. Buildings category are measured at fair value less accumulated depreciation and impairment losses recognized after the date of revaluation.

Starting with financial year ended 31 December 2021, the Company's elected to change the method of accounting for property plant and equipment and applied the revaluation model prospectively, except for construction in progress which is measured at cost less any impairment.

With regards the Company's operations, reasons for the voluntary change the accounting policy are as following:
- The transition from cost to revaluation will provide a more transparent and up-to-date picture of the value of the Company's assets.
- The revaluation model provides users with information about the real value of the Company's assets, since fair value reflects the market value. Following the listing on the stock exchange, the parent -company is already exposed to indicators determined based on the market value (Price earnings ratio (PER = Price / EPS), Price / Sales (P/S), Price / Book value (P/BV - price to book value), Price / Cash flow (P/CF - price to cash flow = Price / Cash flow).
- The Company's will measure its assets to reflect any increase or decrease in the market price.
- Shareholders are interested in the future performance of the Company's. The fair value measurement of tangible assets dynamically reflects the evolution of their value in close correlation with trend in oil prices, providing investors with long and medium-term outlook of investment performance.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

ii) Voluntary change of accounting policy for measurement of investments in subsidiaries

As of 31 December 2021, the entity chooses to apply IFRS 9, in this case the investments in subsidiaries being measured at fair value through profit or loss (FVTPL) by changing the accounting policy. It represents a change in accounting policy that is applied retrospectively, as if it had always been used.

Thus, the Company restated the comparative amounts for the previous period ending on 31 December 2020, as well as the initial balance on 1 January 2020 with the cumulative effects of applying the change to previous periods.

The Company considers that the evaluation of these investments at FVTPL will provide the users of the standalone financial statements with more relevant information about the value and performance of these entities.

The accounting policies adopted are consistent with those of the previous financial year. The amendments with an application date starting with January 1, 2024 do not have a material impact on the interim financial statements.

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

The Company has not early adopted standards/amendments that are not yet effective, whether they have been endorsed by the European Union or not; management being in the process of assessing the impact at the Company level.

e) Significant professional judgements, estimates and assumptions

The preparation of the financial statements requires that the management should issue professional 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 that are the basis of the accounting judgements are constantly reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects that period or in the period of the revision and the future periods if the revision affects both current and the future periods.

The matters presented below are considered to be the most important in understanding the professional judgments that affect the preparation of these financial statements and the uncertainties that could affect the result of the operations, the financial position and the 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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- ***Revaluation of property, plant and equipment***

The Company's 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. The revaluations entail an economic obsolescence test for the revalued assets that is corroborate with the impairment test performed at CGU level to which the respective assets are allocated.

The Company engaged an independent valuation specialist to assess fair value as at 31 December 2023 for the property, plant and equipment.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered given the progress of the decarbonization strategy established at KMGI Group level.

The key assumptions used to determine the fair value are disclosed in Note 2 g), Note 5.

- ***Impairment of non-financial assets***

The Company assesses annually at December 31 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 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 Company bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Company'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 Company constantly monitors the latest government legislation in relation to climate related matters as well as the developments in the sector with respect to energy transition. The material accounting estimates made by management incorporate the future effects of the Company'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 Company will adjust the key assumptions used in fair value less cost of disposal calculations to reflect sensitivity to changes in assumptions.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 5.

- Fair value measurement of investments in subsidiaries

The company has investment in subsidiaries as of 31 December 2023 which are measured at fair value through profit or loss. The company assesses annually the fair value of the subsidiaries through external valuation.

Their measurement represents Level 3 fair value hierarchy, for which quoted prices in an active market are unavailable and whose value is determined by internal valuation techniques that generally use non-observable data.

The Company bases its fair value calculation on detailed budgets and forecasts, which are prepared separately for each subsidiary. Budgets and forecasts used 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. When determining fair value measurement the Company considers also potential climate-related matters including legislation.

Further details on investment in subsidiaries are disclosed and further explained in Note 7.

- ***Provision for environmental liability***

The Company is involved in refining and petrochemicals. Environmental damage caused by such activities may require the Company to incur restoration costs to comply with the regulations in force. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which cash outflow may be probable, are recognized as a provision in the Company's financial statements. When the final determination of such obligations differs from the recognized provisions, difference is registered in the Company's Income statement.

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.

Additional details on the provisions related to the environment-related obligations are set out in Note 17.

- ***Deferred tax assets***

Deferred tax assets resulting from the unused tax losses are recognized only 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 Company 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Further details on deferred tax assets and for those losses carried forward for which deferred tax assets has and has not been recognized are provided in Note 23.

- ***Carrying value of trade and other receivables***

The Company 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 Company considers trade and other receivables in default when contractual payments are 360 days past due.

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

- ***Provision for litigations***

The Company 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 litigation considering also the external lawyers' advice, the expected claim to be paid and the expected timing of the payments. Changes to these estimates could have a significant impact on the amount of the provision.

Further details on the provisions relating to litigations are provided in Notes 17, 21, 28.

f) 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.

a. 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 Company measures financial assets at amortized cost, except for financial instruments on EUA allowances, refinery margin and base operating stock which are measured at fair value through other comprehensive income.

The Company'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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 Company 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.

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 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 and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Financial assets at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its financial instruments used to hedge the risk of price related to CO_2 allowances and base operating stock ("BOS") for crude oil, other feedstock, diesel, gasoline and jet under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- The rights to receive cash flows from the asset have expired;
  Or

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment of financial assets

The Company 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 Company 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 recognised 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 Company'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 Credits.

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.

c. Offsetting of financial instruments

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

d. Impairment of financial assets

When the Company 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 Company continues to recognised the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company has retained.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

g) 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 Company.

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 custom duties and non-refundable purchase taxes and any costs directly attributable to bringing the asset to the location and the condition necessary for operation. Expenses incurred after commissioning of the asset, such as repairs and maintenance costs are charged to income in the period in which the costs occurred. In situations where it can be demonstrated that expenses have increased the future economic benefits obtained from the use of intangible assets besides the standard evaluation of its performance, the expenditure is capitalized as additional costs of the tangible assets.

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.

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.

Assets in progress represent installations and buildings in construction and are presented at cost, less any impairment losses. This includes the cost of construction and other direct costs. Depreciation of these assets and the others is registered starting with the date when they are ready to be used for the activity they are intended.

Depreciation of property, plant and equipment less land and immobilization in progress is calculated using the linear method throughout their estimated lifetime:

	Years
Buildings and other constructions	5 to 30
Tanks	5 to 30
Tools and other technological equipment	1 to 30
Vehicles	1 to 5
Furniture and office equipment	1 to 15
Computers	1 to 10

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Following the change in the accounting policy regarding property, plant and equipment from historic cost model to revaluation method, also the economic useful remaining life of the property, plant and equipment was revised as at 31 December 2023. The depreciation of property, plant and equipment based on the revised remaining useful life applies starting 1 January 2024. The change from cost to revaluation provide a more transparent and up to date picture of the value of the Company's assets.
The Company reviews the estimated residual values and expected useful lives of assets with a certain regularity. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

Assets purchased 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.

h) Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits should be attributable to the asset and flow to the enterprise and if 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 – 5 years, respectively 24 - 25 years for the licenses for transmission of technological data from the plant to the Refinery command center.

Development costs for specific projects which are reasonably anticipated to be recovered through commercial activity as well as r 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 necessaryExternal and internal costs specifically associated with the maintenance of already existing computer software programs are expensed as incurred.

Emission rights that are accounted for as intangible assets are unlikely to be amortized as their depreciable amount is usually nil. Their expected residual value at inception will be equal to their fair value. The economic benefits are realized by surrendering the rights to settle obligations under the scheme for emissions made, or by selling rights to another party. They are tested for impairment according to IAS 36 whenever there is an indication of impairment.

i) Investments in subsidiaries

The company elected to measure its investments in subsidiaries in accordance with IFRS 9.

At each balance sheet date the investments in subsidiaries are remeasured to fair value and any change in fair value is recognised in profit or loss accounts.

In accordance with IFRS 9, if the fair value of investment in subsidiaries that was previously recognised at fair value through profit or loss decreases below zero, that investments becomes a financial liability that should be measured at fair value through profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Impairment of non-financial assets,

At each reporting date the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the respective 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 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.

The Company constantly monitors the latest government legislation 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 Company'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 Company 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.

k) Provisions

Provisions are recognized when the Company 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 can be made of the amount of the obligation. Where the Company 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.

Additional comments on the following specific liabilities are:

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Environmental provisions

The company has an environmental policy in accordance with existing legislation and any obligations resulting from its environmental and operational licenses. In order to comply with all rules and regulations the Company has set up a monitoring system in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any future known environmental requirements.
The value of the environmental obligation is estimated on the basis of relevant environmental studies.

Liabilities for environmental remediation costs are recognized when there is a past event, such environmental damage, for which an outflow of resources is probable and an estimate can be made 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.

l) Leases

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

<u>i. Right-of-use assets</u>

The Company 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 rent for usage of maritime port - berths of Midia Port, for which the depreciation period is the rent contract term, up to 25 years.

If ownership of the leased asset transfers to the Company 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 j) Impairment of non-financial assets.

<u>ii. Lease liabilities</u>

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

In calculating the present value of lease payments, the Company 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 Company's lease liabilities are included in Lease (see Note 16).

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

The Company 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.

m) Inventories

Inventories, 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, less 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.

n) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in section f) 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.

o) Cash and cash equivalents

Cash includes cash on hand, cash with banks and cheques in course of being settled. Cash equivalents are short-term, highly liquid deposits with an original 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION(continued)

p) 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 Company expects to be entitled in exchange for those goods or services. The normal credit term is 30 to 90 days upon delivery.

In recognising revenue, the Company 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) recognising revenue at (or during) performance of obligation.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company 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 recognised 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 Company 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 Company 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 Company then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

(iii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company 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 Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company'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 n) Trade receivables.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION(continued)

Contract liabilities

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

q) 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 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.

r) 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 consists of interest and other cost that an entity incurs in connection with the borrowing of funds.

s) Retirement benefit costs

Payments made to state - managed retirement plans are dealt with as defined contribution plans where the Company 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, the employees are entitled to specified retirement benefits, payable on retirement, if they are employed with the Company at the date of their retirement. These amounts are estimated as of the reporting date, based on the following information’s: applicable benefits provided in the agreement; the number of employees in the Company and the actuarial estimates of the future loans. 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 recognised in other comprehensive income items 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 Company has no other liabilities with respect to future pensions, health plans and other costs for its employees.

t) 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 or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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 until the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss account is recognized outside profit or loss account. 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 recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- ***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.

u) Dividends

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

v) Foreign Currency Transactions

For the purpose of preparing these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

The exchange rates RON / USD and RON / EUR are the following:

Currency	30 June 2024	31 December 2023
RON / USD	4.6489	4.4958
RON / EUR	4.9771	4.9746

The Company translates its transactions and balances in foreign currency, in the functional currency by applying 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.

w) Derivative financial instruments

The Company enters into contracts to purchase and sell crude oil, oil products and CO_2 emission rights (CO_2 allowances) at future delivery dates. These contracts expose the Company primarily to commodity risks of changes in fair value of crude oil and related oil products and volatility of the price for CO_2 emissions rights. The Company 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 Company'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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 hedge items;
- at the inception of the hedging relationship there is a formal designation and documentation of the hedging relationship and the Company'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 Company 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 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 Company actually hedges and the quantity of the hedging instrument that the Company 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 recognised 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 recognised 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 Company 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).

At the inception of a hedge relationship, the Company 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 hedging instrument notional amount 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 Company buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc).

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Company also acquires CO2 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 Company hedges priced inventories (both raw materials and finished products) above BOS (basis operating stock) and CO2 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 recognised 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 recognised in the statement of profit or loss as Cost of Sales. If the hedged item is derecognised, the unamortized fair value is recognised immediately in profit or loss (see Note 19).

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 Company buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc.) and CO2 emission rights. Throughout a given period, the volatility associated with the oil market, both in crudes and in finished products, is transmitted to the Company refinery margin (difference between the purchase price of crude oil and the selling price of finished products). Also, the volatility of CO2 emission rights may expose the Company to significant cash flow variability. To reduce these volatilities, the Company hedges the margin with a swap on a hedged basket as relevant for the period and CO2 emission rights.

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 19).

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.

x) Emission Rights

CO2 (allowances) emission rights quota are allocated to the Company'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 Company accounts for the liability resulting from generating of these emissions using the net liability approach. The liability is recognized only at a point where the actual emissions exceed the quota allocated to the respective companies and purchase rights are also initially recognized at cost, but the Company remeasures (to fair value) the emission rights that it holds and can use to settle the liability up the amount of emission made in the period; the liability component is measures at the best estimate of the cost to settle the liability taking into account the cost of any allowances currently held (and remeasured to fair value). Remeasurement to fair value is made using the latest available price for CO2 allowance at the end of the reporting period.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income is recognized only when excess certificates are sold on the market, on the other hand in case the certificates surplus is kept for operations compliance of future periods. Emission rights acquired during the period to comply with the quota are accounted for as intangible assets, while the emission rights representing the deficit are accounted for as liability.
Emission rights that are accounted for as intangible assets are unlikely to be amortized as their depreciable amount is usually nil. Their expected residual value at inception will be equal to their fair value. The economic benefits are realized by surrendering the rights to settle obligations under the scheme for emissions made, or by selling rights to another party. They are tested for impairment according to IAS 36 whenever there is an indication of impairment.

y) Fair value measurement

The Company 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 Company.

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 Company 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.

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 recognised in the financial statements at fair value on a recurring basis, the Company 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 Company 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

z) Current versus non-current classification

The Company 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 Company classifies all other liabilities as non-current.

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

aa) Contingencies

Contingent liabilities are not recognized in the 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.

3. INTANGIBLE ASSETS

	Software / Licenses	Other	Intangibles in progress	Total
Cost				
Opening balance as of January 1, 2023	**73,891,434**	**5,104,316**	**39,659**	**79,035,409**
Additions	-	103,731,426	418,235	104,149,661
Transfers*	-	90,460	(90,460)	-
Closing balance as of December 31, 2023	**73,891,434**	**108,926,201**	**367,435**	**183,185,070**
Additions	-	-	7,398	7,398
Transfers, reclassifications and adjustments*	372,483	-	(374,833)	(2,350)
Closing balance as of June 30, 2024	**74,263,917**	**108,926,201**	**-**	**183,190,118**
Accumulated amortization				
Opening balance as of January 1, 2023	**(62,350,060)**	**(3,188,080)**	**-**	**(65,538,140)**
Charge for the year	(5,298,998)	(1,009,266)	-	(6,308,264)
Closing balance as of December 31, 2023	**(67,649,058)**	**(4,197,345)**	**-**	**(71,846,403)**
Charge for the year	(1,080,707)	(435,997)	-	(1,516,704)
Closing balance as of June 30, 2024	**(68,729,765)**	**(4,633,342)**	**-**	**(73,363,108)**
Net book value				
As of December 31, 2023	**6,242,376**	**104,728,856**	**367,435**	**111,338,667**
As of June 30, 2024	**5,534,151**	**104,292,859**	**-**	**109,827,011**

**) Includes transfers from assets in progress, transfers in/from tangible assets, reclassifications to other categories and other adjustments.*

During 2023 Rompetrol Rafinare acquired a number of 251,000 CO_2 allowances amounting RON 103.7 million, representing the estimated quantity of CO_2 allowances needed to comply with the quota for 2023 accounted for as intangible asset as of 31 December 2023. Following the incident that affected the MHC unit, CO_2 emissions were lower considering new refinery flow without MHC unit in function, as a result the CO_2 allowances deficit resulted based on actual emissions was of 97,438 CO_2 allowances amounting RON 40.8 million was accounted for as liability, in line with the accounting policy detailed in Note 2 z).

4. GOODWILL

The goodwill amounting to RON 152,720 represents fractions of the goodwill of the companies Oilfield Exploration Business Solutions SA (former Rompetrol S.A)., Rompetrol Downstream SRL and Rompetrol Well Services SA, following purchase of shares from these companies in Rom Oil SA.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Furniture and others	Construction in progress	Total
Cost or valuation						
As of January 1, 2023	**283,899,987**	**1,389,986,434**	**2,807,305,482**	**9,699,804**	**201,293,300**	**4,692,185,008**
Acquisitions	-	110,972	2,103,736	28,203	235,277,258	237,520,169
Revaluation	(63,193,237)	(255,306,907)	(884,863,820)	(2,692,293)	-	(1,206,056,258)
Transfers from CIP	-	34,910,729	103,778,108	-	(138,688,837)	-
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	(13,610,597)	(274,562,335)	(643,202,354)	(1,771,737)	-	(933,147,024)
As of December 31, 2023	**207,096,153**	**895,138,892**	**1,385,121,151**	**5,263,978**	**297,881,722**	**2,790,501,896**
Acquisitions	-	-	3,421,759	870,336	571,968,164	576,260,259
Transfers from CIP	-	434,003	78,485,750	24,730	(78,942,133)	2,350
As of June 30, 2024	**207,096,153**	**895,572,895**	**1,467,028,660**	**6,159,044**	**790,907,753**	**3,366,764,506**
Accumulated depreciation & Impairment						
As of January 1, 2023	**(8,265,581)**	**(164,926,607)**	**(351,743,540)**	**(923,632)**	**(3,171,485)**	**(529,030,844)**
Charge for the year	(5,345,016)	(122,178,843)	(316,415,534)	(848,703)	-	(444,788,096)
Impairment	-	12,543,115	24,956,720	597	(11,399,274)	26,101,157
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	13,610,597	274,562,335	643,202,354	1,771,737	-	933,147,024
As of December 31, 2023	**-**	**-**	**-**	**-**	**(14,570,759)**	**(14,570,760)**
Charge for the year	(3,053,833)	(61,692,263)	(128,578,174)	(473,338)	-	(193,797,607)
As of June 30, 2024	**(3,053,833)**	**(61,692,263)**	**(128,578,174)**	**(473,338)**	**(14,570,759)**	**(208,368,366)**
Net book value as of December 31, 2023	**207,096,153**	**895,138,892**	**1,385,121,151**	**5,263,977**	**283,310,962**	**2,775,931,136**
Net book value as of June 30, 2024	**204,042,320**	**833,880,632**	**1,338,450,486**	**5,685,706**	**776,336,994**	**3,158,396,139**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- Construction in progress

In first 6 months of the year 2024, the significant contribution to the total acquisitions for construction in progress is represented by the projects of replacement catalysts (approximately RON 35.1 million), Refinery General Turnaround (about RON 251.5 million), the ISCIR projects within the two refineries (about RON 86.6 million), Replace cut/drilling system DCU unit (about RON 32.2 million), Refinery MHC unit restart (approximately RON 24.5 million), the project of acquisition and Install of 2 new Reactors - 125-DHT (about RON 50.4 million), the project of Replace subassembly of reformer heater 352-H201 (about RON 23.4 million) and other projects totaling RON 55.3 million.

In 2023, the significant contribution to the total acquisitions for construction in progress is represented by the projects of replacement catalysts (approximately RON 32.7 million), Tank rehabilitation projects (about RON 19.3 million), the ISCIR projects within the two refineries (about RON 26.7 million), the project Fire-fighting Water Main Replacement (about RON 4.8 million), Refinery MHC unit restart (approximately RON 88.5 million), the project of acquisition and Install of 2 new Reactors -125-DHT (about RON 17.8 million), the project of replace subassembly of reformer heater 352-H201 (about RON 15.2 million) and other projects totaling RON 30.3 million.

At the end of 2023, the main projects remaining in construction in progress refers to the following ISCIR projects within the two refineries (about RON 26.6 million), Refinery MHC unit restart (about RON 88.5 million), Replacement of PEM strategic equipment (rotors) (about RON 20.5 million RON), Mild Hydrocracking Unit Reliability (about RON 5.7 million) Tank rehabilitation projects (about RON 6.2 million), Preparing to 2024 general repair and 2020 HPP Unit (about RON 7.5 million), the projects of replacement catalysts (about RON 48.0 million), acquisition and Install of 2 new Reactors -125-DHT (about RON 17.8 million), replace subassembly of reformer heater 352-H201 (about RON 15.2 million) and other refinery ongoing project totaling RON 62.0 million.

- Disposal

In the first semester of year 2024 the Company disposed the Old Hydrogen Plant – Line I as part of Install of 2 new Reactors -125-DHT project. Staring with 2012 the Old Hydrogen Plant (around 7000 m3/hours cumulated capacity of all 3 lines) was no longer used since the New Hydrogen Plant was put in function with bigger capacity (40.000 m3/hour), based on latest available technologies. The net book value of Old Hydrogen Plant – Line I at the date o disposal was nill (zero), therefore no expenses with disposal of assets were recorded.

No asset disposals were recorded in the first semester of the year 2023.

- *Capitalization of borrowing costs*

In the first semester of the year 2024 the capital projects were financed from Company's operating cash flow, therefore no borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets was capitalized during first 6 months of the year 2024 (2023: RON nil).
The Company's borrowing funds obtained for generally for the business are not used for the purpose of obtaining a qualifying asset, thus Management determined that no borrowing cost is considered eligible in first semester of the year 2024 and 2023 for capitalization by applying a capitalization rate to the expenditure on the asset.

- Specific impairment

In June 2023 Rompetrol Rafinare SA recognized an impairment provision in amount of RON 31.4 million in respect of Mild Hydrocracker Unit (MHC Unit) assets affected by the fire incident occurred on June 21, 2023.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Rompetrol Rafinare SA has certain items of plant and equipment related to production lines that were no longer used for which an impairment provision in amount of RON 37.5 million was recognized as of 31 December 2022. The amounts were reversed as of 31 December 2023 when the company reflected the results of the revaluation process (fair values incorporating also the effects of the impairment losses) .

At 31 December 2023 the Company recognized an impairment provision in amount of RON 11.4 million for construction in progress related to projects that are temporary put on hold following the current economic environment (of which RON 4.2 million refers to MHC capacity increase project, RON 3 million refers to Swing HDPE to PP project, RON 1.2 million referring to design costs for gasoline tanks increase capacity and RON 2.8 million referring to other smaller projects on hold.

The Company performs an annual assessment, based on specific asset considerations, as applicable, to identify carrying amounts for property, plan and equipment differ significantly as compared to their fair value as of reporting date taking into consideration expectations on future market conditions. . As differences were anticipated, the Company proceeded to perform a revaluation of property plan and equipment that also embedded an economic obsolescence test as detailed below in Note 5.

Subsequently impairment test have been performed by the Company for the carrying value of goodwill, property plant and equipment and right of use assets as of 31 December 2023 on the cash generating units ("CGUs") listed below in Note 5.1.

- **Revaluation of property, plant and equipment**

Starting with the financial year ended December 31, 2021, the Company implements the voluntary change of the accounting policy for land and equipments of the Company 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 31 December 2023, a new revaluation process was conducted, the properties fair values for property, plant and equipment 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 several assets like land and residential buildings. The valuation of equipment was performed by the appraiser based on net replacement cost method and subsequently the items were tested foreconomic obsolescence. A revaluation deficit forproperty was recognized in OCI (RON 519.5 million) and a net revaluation loss of RON 685.5 million was recognized in profit or loss (RON 686.5 millionas of 31 December 2023.

The fair value measurement of property, plant and equipment is considered as Level 3 as that valuation techniques use inputs which have a significant effect on the recorded fair value that are not based on observable market data. Details about valuation techniques used and key inputs are detailed below.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Description of valuation and key inputs used for to valuation of the property, plant and equipment

Rafinery	Valuation technique	Significant unobservable input	Range (weighted average)
Petromidia Equipment	Net replacement cost	Projected crude oil processing capacity of the refinery	5,320 K tons/year (110 K bbl/day)
		The unit cost of an atmospheric distillation for a heavy crude oil refinery, assuming “ISBL” costs - Inside Battery Limit and “overnight” costs (excluding off-site, financing or other costs);	35.7 USD/ton
Vega Equipment	Net replacement cost	Projected crude oil processing capacity of the refinery	500K tons/year (11K bbl/day)
		The unit cost of an atmospheric distillation for a heavy crude oil refinery, assuming “ISBL” costs - Inside Battery Limit and “overnight” costs (excluding off-site, financing or other costs);	70 USD / ton
		The Nelson complexity factor	Vacuum distillation plant 2,0 n-Hexan 1,5 Rectification 1,0

Due to the fact that in some cases Nelson complexity factors are either not available (sulfur recovery) or are too general for an accurate estimate, the gross replacement cost for the remaining units was estimated based on the unit cost of the investment. These units are: Amine Treatment (DGRS), New and Old SRU, Nitrogen Plant, HPP, MHC and G1, G100, G200, G300 Cooling Towers.

Description of valuation techniques used for valuation of Property, plant and equipment

The fair value of the Company’s land was estimated using the market-based approach, the method of direct comparison. For the selection of comparable properties used in the application of the direct comparison method, the offers of similar properties were analyzed by in terms of differences and similarities compared to the lands subject to this valuation, such as category of land (i.e. industrial, agricultural, etc), location, size, surface.

The gross replacement cost for buildings and constructions was applied, depending on the type of building, technical characteristics and construction, surface, using catalogs for appropriate construction costs and adjustments.

The gross replacement cost for railways, ramps, cooling towers and tanks were estimated on the basis of unit costs and volumes. Gross replacement cost for refinery specialized assets resulted from updating the acquisition value / revalued value with specific indices or the consumer price index. In case of gas stations, the gross replacement cost for each asset category was estimated based on the Group's recent work statements for each type of station expressed in USD and current offers of specialized suppliers, for different elements of the stations.

Physical impairment was based on acquisition date and subsequent upgrades, the environment of use and the normal / technical operating times for each for the different category of assets. Physical impairment was applied to gross replacement cost leading to net replacement cost.

As part of the revaluation process carried out as of December 31, 2023 an economic obsolescencetest was performed for the revalued property, plant and equipment of Rompetrol Rafinare. The value in use was estimated based on the approved 5-year Business Plan (2024-2028) prepared by the Company's management. The results of the economic obsolescence test are incorporated in the revaluation exercise. The economic obsolescence test leading to recognition of revaluation deficit and revaluation loss.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- ***Pledged property, plant and equipment***

The company pledged property, plant and equipment with a carrying value of of RON 647,046,421 (2023: RON 980,878,704). for securing banking facilities granted to the Company.

In 2010, for Rompetrol Rafinare SA 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) – see details under Note 27 Distress assets – Hybrid Conversion. 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.
According with the Memorandum of Understanding signed with the Romanian State and approved by Government Decision no. 35/2014, ANAF should remove and revoke the asset freeze established on 10 September 2010.

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 28 - *Litigation with the State involving criminal charges - Case 225*) and at that date, the movable and immovable assets of Rompetrol Rafinare SA, as well as all the investments in subsidiaries, were subject to asset freeze.

On 22 April 2019, DIICOT issued an ordinance whereby all participations held by the company to its subsidiaries, as well as part of the movable and immovable property of Rompetrol Rafinare S.A. were released from the criminal seizure. On 5 December 2019, DIICOT issued another Ordinance by which all criminal charges have been dismissed either on merits or because of passing the status of limitation period. As result, the seizure is lifted entirely but to protect the civil parties, namely Faber and State Authority which manages the State assets, seizure on assets is kept up to USD 106 m over four Rompetrol Rafinare S.A.' installations.

On 10 July 2020, the Supreme Court issued the final decision according to which all the complaints formulated against the dismissal ordinance issued on 5 December 2019, issued in file no. 225 / D / P / 2006 by PICCJ-DIICOT were rejected as inadmissible.
Considering the final decision issued by the Supreme Court, in 2020, Rompetrol Rafinare filled in a complaint against ANAF to release all precautionary measures imposed back in 2010, including the partial seizure on assets decided in 2019.

On 20 December 2021, a decision was issued in favor of the company by releasing the seizure. The decision was appealed by ANAF to the Supreme Court and on 22 June 2023, the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal. The next hearing was scheduled on 5 February 2024, when the Court admitted the claim and lifted the seizure. The resolution was appealed and the appeal will be settled by the Supreme Court. The first hearing is established for January 31, 2025.

5.1 IMPAIRMENT TEST

The Company performed impairment test as of 31 December 2023. Management assessed the financial performance of the Refining and Petrochemicals CGU and the future market conditions, including the acceleration of the pace of transition to a lower carbon economy and energy system, and concluded that indicators for impairment exist as of 31 December 2023.

Impairment tests have been performed by the Company for the carrying value of goodwill, property plant and equipment and right of use assets as of 31 December 2023 on the cash generating units ("CGUs") Refining, Petrochemicals. Based on the impairment tests performed, no impairment has been identified in addition to the effect of revaluation of property, plant and equipment already reflected in the carrying amounts as detailed above.

6. RIGHTS OF USE ASSETS

	Land, building and special constructions	Plant and equipment	Vehicles and others	Total
Initial cost / revalued				
Opening balance at January 01, 2023	**60,979,574**	**2,553,982**	**2,840,704**	**66,374,260**
Re-measurement and other adjustments	-	106,795	77,939	184,734
Closing balance at December 31, 2023	**60,979,574**	**2,660,777**	**2,918,643**	**66,558,994**
Re-measurement and other adjustments	-	867,562	-	867,562
Closing balance at June 30, 2024	**60,979,574**	**3,528,340**	**2,918,643**	**67,426,556**
Opening balance at January 01, 2023	**(9,376,286)**	**(1,948,779)**	**(1,279,294)**	**(12,604,359)**
Charge for the year	(2,422,300)	(497,388)	(594,014)	(3,513,701)
Closing balance at December 31, 2023	**(11,798,585)**	**(2,446,167)**	**(1,873,308)**	**(16,118,060)**
Charge for the year	(1,198,774)	(246,860)	(297,677)	(1,743,311)
Closing balance at June 30, 2024	**(12,997,359)**	**(2,693,027)**	**(2,170,986)**	**(17,861,371)**
Net book value as of December 31, 2023	**49,180,989**	**214,610**	**1,045,334**	**50,440,933**
Net book value as of June 30, 2024	**47,982,215**	**835,313**	**747,657**	**49,565,185**

The re-measurement during the period represent mainly contracts concluded by the Company for industrial water pumping stations.

The Company recognized right of use assets for the following main categories of operational lease.

Land, buildings and special construction category includes mainly:
- Rent for usage of maritime port - berths of Midia Port.

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

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

7. INVESTMENT IN SUBSIDIARIES

	30 June 2024	31 December 2023
Investments in subsidiaries	3,531,898,492	3,531,898,492
Total	**3,531,898,492**	**3,531,898,492**

In 2021, Rompetrol Rafinare SA chooses to apply IFRS 9, in this case the investments in subsidiaries being measured at fair value through profit or loss (FVTPL) by changing the accounting policy. The reasoning is detailed in Summary of material accounting policy information, Note 2 i).

Details regarding subsidiaries at 30 June 2024 and 31 December 2023 are as follows:

	Range of activity	Ownership at 30 June 2024	Ownership at 31 December 2023	Balance at 30 June 2024	Balance at 31 December 2023
Rompetrol Downstream SRL	Retail Trade of Fuels and Lubricants	99.99%	99.99%	2,636,679,161	2,636,679,161
Rompetrol Petrochemicals SRL	Petrochemicals	100.00%	100.00%	410,642,057	410,642,057
Rom Oil SA	Wholesale of Fuels; fuel storage	99.99%	99.99%	196,286,906	196,286,906
Rompetrol Logistics SRL	Fuels Transportation	66.19%	66.19%	263,789,344	263,789,344
Rompetrol Quality Control SRL	Quality Control Services	70.91%	70.91%	24,501,024	24,501,024
Total investments				**3,531,898,492**	**3,531,898,492**

**Note: all subsidiaries are Romanian companies*

As at the date of revaluation on 31 December 2023, the investments' fair values are based on valuations performed by PricewaterhouseCoopers Management Consultants SRL, an accredited independent valuer who has valuation experience for similar properties. The fair values of the non-listed equity investments have been estimated using a DCF model in case of Rompetrol Downstream SRL, Rom Oil SA and Rompetrol Quality Control SRL, while for Rompetrol Petrochemicals SRL and Rompetrol Logistics SRL the fair values were estimated using net asset approach. The valuation using DCF model requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments. Considering that techniques used for the fair value of investments in subsidiaries are not based on observable market data, the fair values are classified as Level 3.

8. INVENTORIES, NET

	June 30, 2024	December 31, 2023
Crude oil and other feedstock materials (at lower of cost and net realisable value)	896,337,546	817,257,429
Finished products (at lower of cost and net realisable value)	311,255,602	285,123,020
Work in progress (at cost)	223,293,479	262,405,751
Spare parts (at cost less inventories write-down)	14,750,855	16,143,084
Other consumables (at cost less inventories write-down)	24,793,751	24,958,884
Merchandises (at cost less inventories write-down)	42,087	79,630
Other inventories (at cost less inventories write-down)	6,208,266	5,751,166
Total	**1,476,681,586**	**1,411,718,964**

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 and provision of old spare parts.

The movement of the provision for inventories in the first 6 months of the year 2024 and 2023 is presented below:

	June 30, 2024	December 31, 2023
Reserve at the beginning of the year	**(175,811,979)**	**(158,742,661)**
Accrued provision	(62,975,967)	(196,081,227)
Reversal provision inventories reserve	93,967,896	179,011,909
Reserve at the end of the period	**(144,820,050)**	**(175,811,979)**

The provisions for inventories represent provisions related to crude oil and other feedstock materials, finished products and spare parts calculated as the difference between the cost value and the net realizable value.

9. RECEIVABLES AND PREPAYMENTS, NET

	June 30, 2024	December 31, 2023
Trade receivables	1,465,110,526	1,290,259,409
Advances to suppliers	48,310,464	65,183,063
Sundry debtors	28,497,630	60,363,794
VAT to be recovered	3,391,217	16,060,627
Other receivables	181,204,110	360,272,586
Reserve for bad and doubtful debts	(77,502,057)	(72,278,300)
Total	**1,649,011,890**	**1,719,861,179**

Included in Sundry debtors in 2024 is an amount of RON 25.1 million (2023: RON 25.1 million) for principal liabilities and related penalties paid to ANAF following General Tax Inspection Report covering 2011 - 2015 period; the amount is fully provisioned as at June 30, 2024.

At 30 June 2024, out of the total amount of RON 48.3 million (2023: RON 65.2 million) representing advances to suppliers, RON 47.5 million (2023: RON 64.4 million) are in respect of other raw materials, utilities, investment projects.

Out of the total balance for other receivables of RON 181.2 million (2023: RON 360.3 million), an amount of RON 101 million (2023: RON 206 million) relates to cash pooling receivables. Also, in other receivables an amount of RON 46.2 million (2023: RON 113.5 million) refers to excise receivables.

The balances with related parties are presented in Note 25. The movement of provision is presented in Note 21.

	June 30, 2024	December 31, 2023
Sundry debtors	28,497,630	60,363,794
Other receivables	181,204,110	360,272,586
Provision for sundry debtors and other receivables	(26,361,654)	(26,361,654)

Out of the total amount of other receivables and sundry debtors of RON 209.7 million (2023: RON 420.6 million) an amount of RON 26.4 million (2023: RON 26.4 million) is provisioned.

The movement in the provision for expected credit losses related to trade receivables and provision for sundry debtors and other receivables is as follows:

	June 30, 2024	December 31, 2023
Balance at the beginning of the year	**(72,278,300)**	**(44,755,759)**
Charge for the year	(5,302,394)	(3,176,332)
Utilized	104,804	771,435
Reclassification between balance sheet items	-	(25,141,319)
Exchange rate differences	(26,167)	23,675
Balance at the end of the period	**(77,502,057)**	**(72,278,300)**

9. RECEIVABLES AND PREPAYMENTS, NET (continued)

As at 30 June 2024 and 31 December 2023, the aging analysis of trade receivables and the respective balance of expected credit loss is as follows:

		Trade receivables					
			Days past due				
30 June 2024	**Total**	**Current**	**1 - 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 120 days**	**> 120 days**
Expected credit loss rate	**3.11%**	**0.00%**	**0.27%**	**0.21%**	**0.04%**	**0.26%**	**90.91%**
Estimated total gross carrying amount at default	**1,465,098,234**	910,268,304	452,217,983	5,456,255	33,901,887	14,508,894	48,744,912
Expected credit loss	**45,600,260**	-	1,224,375	11,355	12,592	38,037	44,313,902

		Trade receivables					
			Days past due				
31 December 2023	**Total**	**Current**	**1 - 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 120 days**	**> 120 days**
Expected credit loss rate	**3.13%**	**0.00%**	**1.94%**	**8.79%**	**21.05%**	**30.00%**	**95.48%**
Estimated total gross carrying amount at default	**1,290,247,116**	1,181,235,887	62,996,860	1,567,717	2,474,438	2,413,908	39,558,306
Expected credit loss	**40,376,503**	-	1,224,375	137,870	520,782	724,172	37,769,304

			Past due but not impaired				
	Total	**Neither past due not impaired**	**1 – 30 days**	**30 – 60 days**	**60 – 90 days**	**90 - 120 days**	**>120 days**
30 June 2024	**1,419,497,974**	910,268,304	450,993,608	5,444,900	33,889,295	14,470,857	4,431,010
31 December 2023	**1,249,870,613**	1,181,235,887	61,772,485	1,429,847	1,953,656	1,689,736	1,789,002

At 30 June 2024, the trade receivables at the initial value of RON 45.6 million (2023: RON 40.4 milion) have been considered uncertain and provisioned.

The movement of the receivable provision is to be found below:

	Collectively impaired
At January 1, 2023	**(37,995,282)**
Value adjustments for impairment of receivables	(3,176,332)
Reversed provisions	771,435
Exchange rate difference	23,675
At December 31, 2023	**(40,376,503)**
Value adjustments for impairment of receivables	(5,302,394)
Reversed provisions	104,804
Exchange rate difference	(26,167)
At June 30, 2024	**(45,600,261)**

10. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023
Cash at bank	350,589,504	612,681,924
Cash on hand	1,928	9,227
Transitory amounts	-	213,335
Other cash equivalents	628,965	617,227
Total	**351,220,397**	**613,521,713**

Other cash equivalents represent in the greatest part cheques and promissory notes in course of being settled.

11. EQUITY

11.1 SHARE CAPITAL

As at 30 June 2024 and 31 December 2023 the share capital consists in 26,559,205,726 ordinary shares, authorized, wholly issued and paid up, with a nominal value of RON 0.1 per each share.

The shareholder structure at 30 June 2024 and 31 December 2023:

Shareholders	Percent held (%)	Statutory amounts in [RON]
KMG International N.V	48.11%	1,277,857,773
The Romanian State represented by The Ministry of Energy	44.70%	1,187,087,758
Rompetrol Financial Group SRL	6.47%	171,851,155
Rompetrol Well Services SA	0.05%	1,323,486
Rompetrol Rafinare SA	0.01%	369,858
Others (not State or KMGI Group)	0.66%	17,430,542
Total	**100%**	**2,655,920,573**

Following the Extraordinary General Meeting of Shareholders of 30 June 2010, which approved the capital increase with up to RON 450 million, Rompetrol subscribed and paid a total of 3,294,914,165 shares (equivalent of USD 100,222,279), and minority shareholders have subscribed and paid a total number of 6,506 shares (USD 198). These shares have been registered with the Trade Regist er.

The proceeds of the capital increase were used to partially redeem the bonds held by the Romanian state.

After the Extraordinary General Meeting of Shareholders on 30 September 2010, the Company converted remaining unredeemed bonds into shares in favor of the Romanian State, resulting a total of 19,715,009,053 shares amounting to RON 1,971,500,905 (USD 627,546,964).

Consequently, the Romanian state, through the Ministry of Finance owns 44.7% in the Company.

The Extraordinary General Meeting of Shareholders („EGMS") of Rompetrol Rafinare held on August 06, 2021 approved the following decision for share capital reduction: The Company's share capital will be reduced by 1,755,000,000 RON from 4,410,920,572.60 RON to 2,655,920,572.60 RON by reducing the number of shares by 17,550,000,000 shares, respectively from 44,109,205,726 shares to 26,559,205,726 shares according to the art. 207 (1) (a) of the Companies Law no. 31/1990. The decision was published on September 03, 2021 into the Official Gazette of Romania and it took effect on 5 November 2021.

11. EQUITY (continued)

11.2 SHARE PREMIUM

The share premium is the result of conversion of bonds into ordinary shares on 30 September 2010, in favor of the Romanian State, represented by the Ministry of Finance, bonds which were issued based on the Emergency Ordinance ("EGO") 118/2003 ratified by Law 89/2005.

11.3 REVALUATION RESERVES

At 31 December 2023, the Revaluation reserves balance (presented in net amount of RON 648.5 million) is affected by the decrease in revaluation reserves of RON 519.5 Million related to the revaluation performed for property, plant and equipment at 31 December 2023. The above impact is partially offset by the transfer to retained earnings of the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the assets.

The revaluation surplus included in the revaluation reserves is realized by transferring it to retained earnings as the use of the asset or upon disposal of the asset, unless a transfer has not already been made during utilization period of the revaluated asset.

Thus, as of 31 December 2023 the realized revaluation reserve is in 2023 in amount of RON 143.3 million, for which a reduction of previously recognized deferred tax liability in amount of RON 22.9 million was recorded.

Also the Company recognized in 2023 a deferred tax on the decrease in revaluation reserves in amount of RON 83.2 million.

11.4 OTHER RESERVES

Hybrid Loan

The "Other reserves" item includes the equity component of the hybrid loan as measured at its initial recognition in amount of RON 3,449 million (USD 1,022 million).

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 150 million were converted, the hybrid loan amounting to USD 950 million. The loan is unsecured, subordinated to any present and future liability of the company. 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 (as per the addendum to the hybrid loan contract concluded in May 2021):

- the company records net profit after tax for that year;
- the company will distribute dividends.

The contract states that the interest rate mentioned above will be adjusted if the market conditions impose it, depending on the level of market interest existing at the time of the contract execution.

In 2017, an additional USD 72.2 million were converted to hybrid loan by conversion of a debt held in front of KMG International NV. The additional loan is unsecured, repayable after 51 years and 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 (as per the addendum to the hybrid loan contract concluded in May 2021):

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

The addendums have retroactive effects.

12. TRADE AND OTHER PAYABLES

	June 30, 2024	December 31, 2023
Trade payables	3,898,802,569	4,294,946,460
VAT payable	180,294,966	166,636,930
Special found tax for oil products	27,560,632	27,560,632
Taxes payable	12,381,715	(88,023)
Employees and social obligations	28,763,078	33,733,551
Other liabilities	2,325,638,634	1,433,780,719
Total	**6,473,441,594**	**5,956,570,269**

The increase in trade payables is mainly related to the increase in debts in relation to KMG Trading for crude oil purchases.
The Company has a cash pooling agreement in place in order to implement a cash balance optimization system, where KMG Rompetrol SRL is "Coordinating Company", and the group companies are participating companies.

The cash pooling debt amounts to RON 2,293.52 million (2023: RON 1,413.25 million) and is recognised in "Other liabilities".

13. CONTRACT LIABILITIES

	June 30, 2024	December 31, 2023
Short-term advances from other customers	249,777,924	274,823,341
Total short-term advances	**249,777,924**	**274,823,341**

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

14. SHORT-TERM BORROWINGS

Short-term loan from related parties:

	30 June 2024	31 December 2023
Rompetrol Gas SRL	**18,600,000**	**-**
Loan of RON 18.6 million for the purpose of covering the funds necessary to pay the turnover tax for the 1st quarter of 2024. Maturity of the loan is for a period of 12 months.		
Interest due	124,000	-
TOTAL	**18,724,000**	**-**

Short-term loan from banks:

	30 June 2024	31 December 2023
Banca Transilvania	**103,614,723**	**112,131,624**
Revolving credit ceiling on short term credit facility of up to EUR 30 million, for working capital purposes, for issue of letters of credit and letters of guarantee. Maturity date is July 28, 2024; guarantee on the credit balances of all current accounts; Corporate unconditional and irrevocable guarantee issued by KMG International; mortgage on the delayed coking unit; pledge on machinery and equipment; mortgage on real estate land area of 30,380.96 m2; assignment of rights from insurance compensation.		
Banca Transilvania	**45,086,850**	**43,242,307**
Short-term credit facility type cash and non-cash amounting to EUR 27,961,890 for the current activity, issuing letters of credit and letters of guarantee, due on July 28, 2024; guarantee on the credit balances of all current accounts; Corporate unconditional and irrevocable guarantee issued by KMG I; assignment of rights from insurance compensation; rank mortgage on installations: HDV = EUR 9.3 million; DAV = EUR 14,3 million; DGRS =EUR 7.3 million; AFPE = EUR 16.08 million; GA (G1 + G3) = EUR 5.2 million; ON202 = EUR 5.7 million; warranty on land and buildings - EUR 181,000; warranty on the equipment; pledge on movable production assets EUR 10.9 million.		
Interest due	865,127	1,345,850
	149,566,700	**156,719,782**
Syndicated loan – auxiliary component representing overdraft loan granted by Garanti Bank	28,115,000	13,434,880
Syndicated loan – auxiliary component representing overdraft loan granted by Alpha Bank Romania	80,165,106	18,048,944
Syndicated loan – auxiliary component representing overdraft loan granted by OTP Bank Romania	27,771,770	4,471,035
Syndicated loan – auxiliary component representing overdraft loan granted by Banca Comerciala Intessa Sanpaolo Romania	46,431,875	-
TOTAL	**332,050,451**	**192,674,641**

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

15. LONG-TERM BORROWINGS

Long-term loan from banks

	30 June 2024	31 December 2023
Loan facility – through BCR (Banca Comerciala Romana) as payer agent 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. Facility granted by a consortium of banks, namely Banca Comerciala Romana S.A. (BCR), ING Bank N.V Amsterdam – Bucharest Branch, Raiffeisen Bank S.A., UniCredit Bank S.A., Alpha Bank Romania S.A., Garanti Bank S.A. and OTP Bank Romania S.A.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.	1,282,631,510	1,195,433,220
TOTAL	**1,282,631,510**	**1,195,433,220**

The movement of loans in the first 6 months 2024 is presented below:

	At January 01, 2024	Movement	At June 30, 2024
Long-term borrowings from banks	1,195,433,220	87,198,290	1,282,631,510
Short-term borrowings from banks	191,328,791	139,856,532	331,185,323
Short-term borrowings from shareholders and related parties	-	18,600,000	18,600,000
Total	**1,386,762,011**	**245,654,822**	**1,632,416,833**
Interest short-term borrowings from banks	1,345,850	(480,723)	865,127
Interest short-term borrowings from shareholders and related parties	-	124,000	124,000
Total	**1,345,850**	**(356,723)**	**989,127**

16. OBLIGATION UNDER LEASE AGREEMENTS

	2024	2023
Opening balance at 01 January	**55,123,588**	**57,560,826**
Re-measurement	867,562	184,734
Payments	(2,380,723)	(4,726,595)
Interest accrued	886,617	1,824,610
Exchange rate impact	45,866	280,013
As at 30 June / 31 December	**54,542,910**	**55,123,588**
Non-current	51,600,165	52,429,915
Current	2,942,745	2,693,673

As of 30 June 2024 there are no sale and leaseback agreements and no lease agreements signed and not commenced yet.

The amount related to re-measurement of RON 0.9 million in 2024 refers to extension of lease agreements for water pumping stations.

The amount related to re-measurement of RON 0.2 million in 2023 refers to extension of lease agreements for cars and equipments.

17. PROVISIONS

The movement of the provisions is presented below:

	As at 1 January 2024	Other comprehensive income	Arising during the year	Unwinding of discount	Reclassification between balance sheet items	As at 30 June 2024
Provision for litigations	3,600,000	-	-	-	-	3,600,000
Retirement benefit provision	46,620,785	-	-	-	-	46,620,785
Environmental provision	449,392,402	-	-	-	-	449,392,402
Total	**499,613,187**	**-**	**-**	**-**	**-**	**499,613,187**

Environmental provision

Vega lagoons

As of 31 December 2023, the Company recognized an environmental provision of RON 424.0 million (2022: RON 426.9 million) based on reassessment of the site restoration provision. Reassessment was performed considering the following change in assumptions as compared with previous period:

- updated prices for rehabilitation work related to lagoons 16, 19 - 20, 7 - 12, 13 - 15 considering the evolution of prices for additives and fuel, also the increase of the minimum gross salary. The updated prices use as reference basis last offers available aligned with a benchmark review from an independent specialist. Moreover, tariffs are indexed on an annual basis with a market factor increase, representing the forecasted inflation rate as per Romanian National Statistics Institute for the period 2024 – 2027;
- Quantities of acid tars and contaminated soil used for the estimation of costs are the quantities as per Environmental Permit issued on 14 Jan 2021 to which an increase of 30% was considered given that according to the Environmental Permit, volumes after treatment can be higher with 30%
- Updated contingency considering an additional increase in quantities of contaminated soil, from 40% as per previous assessment to 50% and in addition, potential effect of the recent developments of the infringement procedure against Romania in respect of non-compliance with European environmental obligations for deposit of waste.

17. PROVISIONS (continued)

- updated variable indicators over the project timeline (i.e. exchange rate, discount rate, inflation rate) as following: exchange rate changed from 4.6346 RON/USD to 4.4958 RON/USD, decreased discount rate from 7.17% used for the provision assessment as of 31 December 2022 to 6.19% as of 31 December 2023 and updated inflation rate forecast as per Romanian National Institute of Statistics;
- extended timeline for the rehabilitation plan until the end of 2027.

The results of the reassessment lead to a net decrease of provision by RON 2.85 million (2022: RON 136.0 million increase), mainly triggered by updated computation due to change in assumptions and foreign exchange effect of RON 13.3 million, offset by an unwinding of discount effect of RON 10.5 million (2022: RON 5.1 million).

As of 30 June 2024, the provision recognised at the end of 2023 (as stated above) is considered as being appropriate.

Vadu cassettes

During the previous period, the Company conducted due diligence procedures according to Law 74/2019 for the biological waste storage area resulting from IAZ no.1 ("Vadu cassettes"), a process ongoing in compliance with EPA Constanta. Technical project was submitted to the authority at the establish deadline. Also, the procedure in order to obtain Environmental agreement is ongoing, the Company submitted necessary documentation.

Management determined a constructive obligation for parent company rehabilitation of the cassettes, prompting an assessment as of December 31, 2021, resulting in a provision computation.

As at 31 December 2023, considering the information available, the provision was updated to RON 25.4 million (2022: RON 21.7 million). As of 30 June 2024, the provision recognised at the end of 2023 is considered as being appropriate.

Retirement benefit provision

Under the collective labor agreement in force, employees are entitled to specific retirement benefits that are payable on retirement, if the employees are employed with the entity 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 updated Collective Labour Agreement signed in 2022; the number of employees working within the entity; and actuarial assumptions on future liabilities.. 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.

18. NET REVENUES FROM CONTRACT WITH CUSTOMERS

	January - June 2024		TOTAL 2024	January - June 2023		TOTAL 2023
	Refining	Petrochemicals		Refining	Petrochemicals	
Gross revenues from the sale of finished oil products	7,880,875,548	156,711,578	8,037,587,126	10,575,613,504	323,788,537	10,899,402,041
Revenues from petrochemicals trading	-	-	-	-	46,173	46,173
Revenues from other merchandise sales	79,767,836	23,143	79,790,979	1,750,126	-	1,750,126
Revenues from utilities sold	9,317,512	1,781,470	11,098,982	15,032,396	-	15,032,396
Revenues from the sale other products	-	-	-	153,058	-	153,058
Revenues from other services	8,952,730	-	8,952,730	8,623,445	-	8,623,445
Gross Revenues	**7,978,913,627**	**158,516,190**	**8,137,429,817**	**10,601,172,529**	**323,834,710**	**10,925,007,239**
Less sales taxes	(1,939,859,772)	-	(1,939,859,772)	(2,112,721,177)	-	(2,112,721,177)
Total	**6,039,053,854**	**158,516,190**	**6,197,570,045**	**8,488,451,351**	**323,834,710**	**8,812,286,062**

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

19. COST OF SALES

	January - June 2024	January - June 2023
Crude oil and other raw materials	5,335,944,995	7,540,734,794
Consumables and other materials	16,641,961	38,489,645
Utilities	304,394,257	542,898,408
Staff costs	70,171,521	79,230,703
Transportation	114,749	104,913
Maintenance	54,027,557	66,133,166
Insurance	8,627,736	5,482,939
Environmental expenses	6,681,317	47,058,666
Other	32,115,858	30,362,144
Cash production cost	**5,828,719,950**	**8,350,495,378**
Depreciation and amortization	125,162,239	205,183,083
Production costs	**5,953,882,189**	**8,555,678,461**
Less: Change in inventories	2,064,728	(17,887,242)
Less: Own production of property, plant & equipment	(3,216,558)	(773,480)
Cost of petrochemicals trading	36,915	45,469
Cost of other merchandise sales	78,829,211	1,706,918
Cost of utilities sold	9,788,791	15,394,641
Realised (gains)/losses on derivatives	(42,255,375)	-
Total	**5,999,129,901**	**8,554,164,767**

20. SELLING, GENERAL AND ADMINISTRATIVE COSTS, INCLUDING LOGISTIC COSTS

	January - June 2024	January - June 2023
Staff costs	48,235,846	23,950,491
Utilities	34,593,025	13,747,761
Transportation	27,903,042	34,092,964
Professional and consulting fees	22,014,876	19,458,383
Consumables	1,781,220	754,588
Marketing	125,790	1,617
Taxes	31,963,519	2,269,203
Communications	13,741	19,982
Insurance	5,439,309	1,303,080
IT related expenditures	6,588,512	3,867,376
Environmental expenses	2,368,342	5,426,478
Maintenance	24,899,010	11,108,962
Fees and penalties	15,845,391	17,646,874
Other expenses	47,235,411	28,027,266
Costs before depreciation	**269,007,035**	**161,675,025**
Depreciation and amortisation	71,895,383	30,422,451
Total	**340,902,418**	**192,097,476**

In 2024 in Selling taxes is included RON 28.5 million in respect of specific turnover tax for oil & gas recognised for H1 2024, introduced starting January 1, 2024 by Law 296/2023.

21. OTHER OPERATING (INCOME) / EXPENSES, NET

	January - June 2024	**January - June 2023**
Loss / (gain) from impairment of property, plant and equipment, net	-	31,398,876
Provision for receivables, net and write-off, net	5,197,590	(11,042)
Provision for inventories, net and write-off net	(29,674,067)	57,735,707
Other, net	(661,110)	2,857,827
Total	**(25,137,586)**	**91,981,368**

The movement in provisions is presented in Notes 5, 8 and 9.

22. FINANCIAL COST, FINANCE INCOME AND FOREIGN EXCHANGE

	January - June 2024	**January - June 2023**
Finance cost		
Interest expense	58,907,064	29,919,233
Interest expense shareholders and related parties	69,720,505	74,498,247
Unwinding of discount - lease	886,617	921,011
Other financial expense	106,071,929	87,815,035
	235,586,115	**193,153,526**
Finance income		
Interest income	(20,471,193)	(38,088,785)
Other financial income	(2,228,996)	(1,138,806)
	(22,700,189)	**(39,227,591)**
Finance cost / (income), net	**212,885,926**	**153,925,935**
Unrealized net foreign exchange losses/(gains)	147,134,843	15,733,273
Realized net foreign exchange losses/(gains)	24,619,477	(33,084,336)
Foreign exchange (gain)/loss, net	**171,754,320**	**(17,351,063)**
Total	**384,640,246**	**136,574,872**

23. INCOME TAX

a. The current income tax rate in first semester of the year 2024 was 16%, the same as in 2023.

	June 30, 2024 RON	**June 30, 2023 RON**
Tax expense comprises:		
Current expense with income tax, out of which	**-**	**80,914,774**
Current income tax	-	-
Solidarity contribution	-	*80,914,774*
Deferred tax expense / (income)	**-**	**-**
Total tax expense / (income)	**-**	**80,914,774**

23. INCOME TAX (continued)

b. The deferred tax assets and liabilities

	Balance at 1 January 2024	Charged to Profit & loss	Charged to Equity	Balance at 30 June 2024
Temporary differences				
Asset/Liability				
Property, plant and equipment	565,978,638	-	-	565,978,638
Provisions	(700,563,549)	-	-	(700,563,549)
Total temporary differences (Asset)/Liability	**(134,584,911)**	**-**	**-**	**(134,584,911)**
Property, plant and equipment	90,556,582	-	-	90,556,582
Provisions	(112,090,168)	-	-	(112,090,168)
Differed tax (assets)/liability recognised	**(21,533,586)**	**-**	**-**	**(21,533,586)**

As of 31 December 2023, the Company recognized deferred tax asset for the provision related to Vega and Vadu Environmental projects. The reassessment of the provisions as of 31 December 2023 (Note 17), lead to an increase of RON 0.1 million (2022 RON 21.8 million) in the related deferred tax asset. Also, an increase of RON 110 million of deferred tax asset was recognized for revaluation losses charged to P&L and an increase of RON 106 million RON of deferred tax asset was recognized for revaluation losses charged to Equity, following the revaluation process concluded at the end of the year.

The related deferred tax asset was recorded considering Management's assessment on the ability of the Company to generate taxable profits in the future.

The ability of the Company to obtain recovery of its deferred tax asset depends on the Company's ability, arisen to generate sufficient taxable income to cover the applicable tax losses available.

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 half of 2023 of RON 80.9 million.

The actual level of the contribution was determined by June 25th, 2024, the legal deadline for the payment of the contribution, in accordance with the applicable law. Rompetrol Rafinare SA paid in June 2024 a contribution of RON 140.8 million.

24. OPERATING SEGMENT INFORMATION

a) Business segments

For management purposes, the company is organized on two segments-refining and petrochemical.

June 30, 2024 Profit and loss

	Refining	Petrochemicals	Unalocated amounts between the segments	Total
Net turnover	6,039,053,854	158,516,190	-	6,197,570,045
Cost of sales	(5,753,787,196)	(245,342,705)	-	(5,999,129,901)
Gross profit / (loss)	**285,266,658**	**(86,826,514)**	**-**	**198,440,144**
Selling, general and administrative expenses	(292,866,759)	(48,035,659)	-	(340,902,418)
Other operating revenues / expenses, net	25,137,586	-	-	25,137,586
Operating profit / (loss)	**17,537,485**	**(134,862,173)**	**-**	**(117,324,688)**
Financial expenses	-	-	(235,586,116)	(235,586,116)
Financial revenues	-	-	22,700,188	22,700,188
Net foreign exchange gains / (losses)	-	-	(171,754,319)	(171,754,319)
Profit / (loss) before income tax	**17,537,485**	**(134,862,173)**	**(384,640,246)**	**(501,964,934)**
Income tax	-	-	-	-
Net Profit / (Loss)	**17,537,485**	**(134,862,173)**	**(384,640,246)**	**(501,964,934)**
out of which Depreciation and amortization	**(163,372,725)**	**(33,684,897)**	**-**	**(197,057,622)**

24. OPERATING SEGMENT INFORMATION (continued)

June 30, 2023 Profit and loss

	Refining	Petrochemicals	Unalocated amounts between the segments	Total
Net turnover	8,488,451,352	323,834,710	-	8,812,286,062
Cost of sales	(8,069,266,369)	(484,898,398)	-	(8,554,164,767)
Gross profit / (loss)	**419,184,983**	**(161,063,688)**	**-**	**258,121,295**
Selling, general and administrative expenses	(166,413,484)	(25,683,992)	-	(192,097,476)
Other operating revenues / (expenses), net	(91,981,368)	-	-	(91,981,368)
Operating profit / (loss)	**160,790,131**	**(186,747,680)**	**-**	**(25,957,549)**
Financial expenses	-	-	(193,153,526)	(193,153,526)
Financial revenues	-	-	39,227,591	39,227,591
Net foreign exchange gains / (losses)	-	-	17,351,063	17,351,063
Profit / (loss) before income tax	**160,790,131**	**(186,747,680)**	**(136,574,872)**	**(162,532,421)**
Income tax	-	-	(80,914,774)	(80,914,774)
Net Profit / (Loss)	**160,790,131**	**(186,747,680)**	**(217,489,646)**	**(243,447,195)**
out of which Depreciation and amortization	**(204,107,717)**	**(31,497,818)**	**-**	**(235,605,535)**

b) Geographical segments

All the production facilities of the Company are located in Romania. The following breakdown provides an analysis of the net turnover of the Company depending on the geographical market (based on customers location):

	June 30, 2024	June 30, 2023
Romania	4,528,351,082	5,701,052,355
Europe	1,619,961,942	2,988,395,967
Asia	49,257,021	122,837,740
Total	**6,197,570,045**	**8,812,286,062**

25. RELATED PARTIES

The ultimate parents of the Company are the company National Welfare Fund "Samruk-Kazyna" Joint Stock Company (87.42%) and National Bank of Republic of Kazakhstan (9.58%), companies with its headquarters in Kazakhstan, entirely owned by the Kazakh State plus Other shareholders (3%). The related parties and the nature of relationship is presented below:

Name of the affiliated entity	Nature of the relation
KMG International N.V.	Majority shareholder
Oilfield Exploration Business Solutions SA	Company held by KMG International N.V
Rominserv SRL	Company held by KMG International N.V
KazMunayGas Trading AG	Company held by KMG International N.V
Rompetrol Well Services SA	Company held by KMG International N.V
Rompetrol Bulgaria JSC	Company held by KMG International N.V
Intreprinderea Mixta Rompetrol Moldova SA	Company held by KMG International N.V
Rompetrol Georgia LTD	Company held by KMG International N.V
Midia Marine Terminal SRL	Company held by KMG International N.V
Rompetrol Financial Group SRL	Company held by KMG International N.V
Dyneff SAS	A company of Rompetrol France group, where KMG International N.V. owns 49%
KMG Rompetrol SRL	Company held by KMG International N.V
Byron Shipping Ltd	Company held by KMG International N.V
Byron Shipping SRL	Company held by KMG International N.V
Midia Green Energy SA (former Uzina Termoelectrica Midia SA)	Company held by KMG International N.V (KMG International group holds: 43.42%)
Global Security Sistem SA	Company held by KMG International N.V (indirect ownership by KMG International N.V.: 51%)
Global Security Systems Fire Services SRL	Company held by KMG International N.V (indirect ownership by KMG International N.V.: 51%)
Rompetrol Downstream SRL	Company affiliated to the Company
Rompetrol Petrochemicals SRL	Company affiliated to the Company
Rom Oil SA	Company affiliated to the Company
Rompetrol Logistics SRL	Company affiliated to the Company
Rompetrol Quality Control SRL	Company affiliated to the Company
Rompetrol Gas SRL	Company held by KMG International N.V
Rompetrol France SAS	A company of Rompetrol France group, where KMG International N.V. owns 49%
TRG Petrol Ticaret AS	Company held by KMG International N.V (indirect ownership by KMG International N.V.: 51%)
Rompetrol Energy S.A	Company held by KMG International N.V (KMG International owns: 99%)
KMG Rompetrol Services Center SRL	Company held by KMG International N.V
Rompetrol Renewables SRL (former Rompetrol Drilling SRL)	Company held by KMG International N.V
Benon Rompetrol LLC	Company held by KMG International N.V (indirect ownership by KMG International N.V.: 40%)
The Romanian State and the Romanian Authorities	Significant shareholder
Fondul de Investitii in Energie Kazah-Roman SA	Company held by KMG International N.V
KMG Rompetrol Development SRL	Company held by KMG International N.V

25. RELATED PARTIES (continued)

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.

A. At 30 June 2024 and 31 December 2023, Rompetrol Rafinare had the following balances with the related parties:

	Receivables and other assets	
	June 30, 2024	**December 31, 2023**
KazMunayGas Trading AG	175,805,860	230,506,456
Rompetrol Downstream S.R.L	913,266,422	749,865,007
Rompetrol Petrochemicals S.R.L.	481	481
KMG International N.V.	443,086	545,327
Rompetrol Gas SRL	3,495,990	27,008,023
Rompetrol Moldova ICS	48,605,977	28,148,161
Rompetrol Bulgaria JSC	151	1,832,551
Rominserv S.R.L.	299,240	47,196,399
Rompetrol Quality Control S.R.L.	251,077	165,739
Rompetrol Logistics S.R.L	1,891	2,071
Midia Marine Terminal S.R.L.	1,328,362	1,195,121
Midia Green Energy SA (former Uzina Termoelectrica Midia SA)	274,985	274,985
KMG Rompetrol SRL	103,669,407	210,411,841
Global Security Systems S.A.	609,020	608,033
Rompetrol Energy S.A.	69,023,166	80,788,696
Byron Shipping Ltd.	1,931	2,695
Oilfield Exploration Business Solutions S.A.	3,016,782	2,964,917
Rompetrol Financial Group SRL	11,269	11,194
KMG Rompetrol Services Center SRL	46,223	44,916
KMG Rompetrol Development SRL	1,519,038	-
Total	**1,321,670,357**	**1,381,572,613**

25. RELATED PARTIES (continued)

	Payables, loans and other liabilities	
	June 30, 2024	**December 31, 2023**
KazMunayGas Trading AG	3,524,838,428	3,911,405,971
Rompetrol Downstream S.R.L	32,995,310	72,264,156
Rompetrol Petrochemicals S.R.L.	8,315,590	8,315,590
Rompetrol Gas SRL - loans(note14)	18,600,000	-
Rompetrol Gas SRL - interest	124,000	-
Rompetrol Gas SRL - trade debts	6,855,924	3,248,392
Rompetrol Moldova ICS	51,858,075	66,076,957
Rominserv S.R.L.	309,886,168	150,601,133
Rompetrol Quality Control S.R.L.	5,374,635	23,672,159
Rompetrol Logistics S.R.L	16,295	-
Midia Marine Terminal S.R.L.-trade debts	9,016,720	12,340,927
Midia Green Energy SA (former Uzina Termoelectrica Midia SA)	415	415
KMG Rompetrol SRL- debt cash pooling	2,275,701,648	1,404,248,845
KMG Rompetrol SRL-interest cash pooling	14,660,394	9,038,687
KMG Rompetrol SRL-trade debts	8,290,938	27,424,489
Global Security Systems S.A.	1,357,022	1,357,022
Global Security Systems Fire Services S.R.L.	1,714,230	2,637,941
KMG Rompetrol Development	-	7,425,858
Rompetrol Energy S.A.	51,582,373	37,594,909
KMG Rompetrol Services Center SRL	1,522,371	1,612,763
TRG Petrol Ticaret Anonim Sirketi	10,346	10,346
Total	**6,322,720,882**	**5,739,276,560**

The company concluded a Cash Pooling agreement for implementing a cash balance optimization system, in which KMG Rompetrol SRL is the "Coordinating company" and Rompetrol Rafinare SA is a participating company; maturity on 4 August 2025 with annual automatic prolongation of maturity.

25. RELATED PARTIES (continued)

In the first semester of the year 2024, respectively in the first semester 2023, Rompetrol Rafinare had the following transactions with the related parties:

0	0	Sales		Purchases	
Name of related party	**Nature of transaction , sales / purchases**	**January - June 2024**	**January - June 2023**	**January - June 2024**	**January - June 2023**
KazMunayGas Trading AG	Raw materials / Petroleum products	809,251,368	1,541,316,772	5,226,464,328	7,782,227,488
Rompetrol Downstream S.R.L	Petroleum products, rent, utilities and other	3,455,999,769	3,810,964,158	1,311,506	1,397,289
Rompetrol Petrochemicals S.R.L.	Rent, utilities and other	-	-	-	821
KMG International N.V.	Loan interest, management services	-	-	3,455,972	4,161,905
Rompetrol Gas SRL	Platform operation, propane / Petroleum products, rent, loan interest, other	123,666,622	262,187,856	571,716	523,034
Rompetrol Moldova ICS	Sales intermediary services	569,966,191	898,255,153	-	-
Rompetrol Bulgaria JSC	Sales intermediary services	12,890,802	21,172,812	-	-
Rominserv S.R.L.	Acquisition and maintenance of fixed assets	1,667,557	1,773,664	604,359,220	102,043,563
Rompetrol Quality Control S.R.L.	Laboratory analysis/Rent, utilities, other services, dividends	866,116	966,004	26,631,790	15,902,113
Rompetrol Logistics S.R.L	Transport, rent/Rent, utilities	50,471	7,549	82,162	82,162
Midia Marine Terminal S.R.L.	Handling services/ Rent,utilities, reinvoicing, others	560,713	976,893	43,672,022	33,197,704
Rompetrol Well Services S.A.	Loan interest	-	-	109	85
Rompetrol Energy S.A.	Acquistion of utilities	71,312,689	242,288,822	117,662,465	121,781,472
KMG Rompetrol S.R.L.	Loan interest, management services	8,409,235	22,524,282	95,402,926	95,178,279
Global Security Systems S.A.	Security and protection services	830	819	4,937,915	4,931,362
Global Security Systems Fire Services SRL	Security and protection services	-	-	4,639,095	4,610,166
Byron Shipping S.R.L.	Demurrage /Rent, reinvoices of other services	12,852	12,105	-	-
Romoil S.A.	Reinvoicing bank loan fees	96,905	-	10,245	634,730
KMG Rompetrol Services Center SRL	Shared services	231,228	228,953	6,797,961	5,932,638
		5,054,983,348	**6,802,675,842**	**6,135,999,432**	**8,172,604,811**

25. 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.

26. EARNINGS PER SHARE

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

	June 30, 2024	**June 30, 2023**
Net profit (+), loss (-)	(501,964,934)	(243,447,195)
Average number of shares	26,559,205,726	26,559,205,726
Result per share - base (bani/share)	(1.89)	(0.92)

27. CONTINGENT LIABILITIES

Rompetrol 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 Rompetrol Rafinare S.A., at the option of the Company..

In accordance with the above mentioned deed, Rompetrol Rafinare S.A. performed several steps by increasing the share capital in June 2010 with USD 100m, redeemed 2,160,000 Bonds for EUR 54m in August 2010 and converted into shares the remaining bods 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 course 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 Rompetrol Rafinare S.A. and its affiliates as well as on all movable and immovable assets of Rompetrol Rafinare S.A. except inventories.

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 Rompetrol 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.

Following conclusion of MOU, Rompetrol Rafinare submitted to the Romanian authorities a requirement for the annulment of the seizure. 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 28 - *Litigation with the State involving criminal charges - Case 225*) and at that date, the movable and immovable assets of Rompetrol Rafinare SA, as well as all the investments in subsidiaries, were subject to asset freeze.

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 MOU and given the final decision issued in 2020 by the Supreme Court in file no. 225 / D / P / 2006, Rompetrol Rafinare submitted to the Romanian authorities a request for the annulment of the precautionary seizure.

On 20 December 2021, a decision was issued in favor of the company by releasing the seizure. The decision was appealed by ANAF to the Supreme Court and on 22 June 2023, the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal. The next hearing was scheduled on 5 February 2024, when the Court admitted the claim and lifted the seizure. The resolution was appealed, and the appeal will be settled by the Supreme Court. First hearing is established for January 31, 2025.

27. CONTINGENT LIABILITIES (continued)

Risk management and internal control

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

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

The Rompetrol'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 Company. The Code creates a frame of reference for understanding and putting into practice the Company's expectations as to each person's behavior, in light of the Companys principles of action. Company's employees undergo regular professional trainings, trainings on ethical standards and anti-corruption conduct. The Code of Ethics and Conduct explicitly prohibits engaging in bribery or corruption in any form. Anti bribery and corruption policies and procedures in place at Group level include measures and guidance to assess risks, understand relevant laws and report concerns.

Whistleblowing incidents are taken very seriously by the Company and its directors. Any complaints or allegations received are investigated properly by the assigned departments. The Company 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 2024 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.

28. 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 $106.5m) in case any alleged civil party is damaged by the said ordinance.

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

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

II. Civil files

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

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

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

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

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

28. LEGAL MATTERS (continued)

Given that no appeals or second appeals were filled the Decisions remained definitive and all in favor of Rompetrol Rafinare.

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

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

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

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

In the file registered for this purpose at the Constitutional Court under no. 1639D/2019, the Court issued its decision on 30 January 2024, rejecting the exception of unconstitutionality raised by Rompetrol Rafinare.

Following this solution, it is expected that The High Court of Cassation and Justice will reopen its recourse file and a hearing date will be fixed and announced to the parties, when the recourse will have to be solved.

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

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

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

The next hearing is scheduled for September 24, 2024.

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

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

28. LEGAL MATTERS (continued)

Litigation on Tax Assessments received by Rompetrol Rafinare SA in 2017

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

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

The tax assessment on VAT group and Rompetrol Rafinare SA was challenged on 26 February 2018. The contestation received a partial negative answer and the Company 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 and on February 22, 2024, the Court admitted partially the challenge of Rompetrol The court canceled mainly the fiscal authority decision regarding the amount of RON 6.47 million (referring to withholding tax for non-residents and related penalties) and sets that the amount of RON 80.5 million should be included in the fiscal loss. The solution is not final, it can be appealed by Rompetrol Rafinare in a term of 15 days from the day that the motivated Decision will be communicated.

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

Criminal case concerning Petromidia Refinery incident on July 2nd 2021

On July 2, 2021 there was an explosion followed by a fire at Petromidia refinery, Diesel Hydrotreatment Unit (in Romanian "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 and the company's specialists, objections and point of view of the party expert being submitted as well as requests for clarifications issued by the case prosecutor; the company has the quality of a civilly responsible party, hearings of the employees involved in the incident were performed. At this point the criminal investigation is ongoing. At the same time, the collective work accident is being investigated by the Territorial Labour Inspectorate according to the incident legislation, who submitted in front of the criminal investigators their Work Accident Investigation Report.

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

28. LEGAL MATTERS (continued)

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 as of the date of the current financial situations. 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 Company's 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 September 12, 2024.

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

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

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

On June 21, 2023, a fire occurred in the Petromidia refinery, at the MHC plant, with no recorded victims. Criminal investigations are carried out by the Prosecutor's Office next to the Constanța 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 Petroşani was ordered to carry out a technical judicial expertise in order to establish the causes of the incident. The Report was issued by INSEMEX at the begging of July. The Company has until end of August to submit the point of view in respect of INSEMEX Report. At the same time, the incident, falling under the category of major incidents in accordance with the legislation in force, is also being investigated by the Constanta Territorial Labor Inspectorate.

Windfall tax litigation

Following the enactment of Emergency Ordinance No. 186/2022 regarding the emergency intervention to address the high energy prices, Rompetrol Rafinare paid on June 2023 the amount of RON 578 million.

After fulfilling the mandatory administrative procedure for challenging this tax which was rejected by the fiscal authorities, the Company filed in on March 8, 2024, the challenge in front of the court. The hearing was scheduled for June 10, 2024, and the Court should issue a preliminary decision on July 10, 2024. On July 10 the court settled the file framework and the fiscal authorities should be defendants in the file. The other procedural items claimed by the court have been rejected for the time being and they will be considered on the judgment on merits. The case file is in the first stages. The next hearing is scheduled for September 9, 2024, for the exception of unconstitutionality of the Emergency Ordinance to be discussed.

28. LEGAL MATTERS (continued)

Vega Refinery (wastewater treatment supply services)

On June 7, 2024, Astra Ecoclean SRL unilaterally ceased providing wastewater treatment services for the Vega Refinery, which is not connected to the central sewer system of Ploiești and needs the collection and treatment of wastewater at the Corlătești Wastewater Treatment Plant owned by New Century Development SRL.

The pipeline system for wastewater collection is used by households and enterprises, local authorities located in the immediate vicinity of the Vega Refinery, which cannot connect to Ploiești's central sewer network as well.

The Corlătești Plant has been providing wastewater treatment services for the Vega Refinery even before privatization occurred in 1999. The Plant was operated by Gentoil SRL until December 2023. Subsequently, the treatment facilities were managed by Ecorin SRL, which provided services to the Vega Refinery until May 2024. The price for wastewater treatment services at that time ranged from 3 to 4.93 RON/m3 of treated wastewater.

In May 2024, the treatment facilities were leased to Astra Ecoclean SRL, which initially requested a service fee of 38-40 Euros/m3, later reducing it to 35 Euros/m3. Rompetrol Rafinare did not accept this proposal at a meeting held on May 31, 2024.

On June 6, 2024, Astra Ecoclean SRL sent a letter to Rompetrol Rafinare stating that the wastewater treatment will be limited to 2,000 m3/month, while the Vega Refinery's planned discharge is 90,000 m3/month. On June 7, 2024, Astra Ecoclean SRL completely stopped treating wastewater from the Vega Refinery.

On June 10, 2024, Rompetrol Rafinare sent a complaint letter to Astra Ecoclean SRL. Then, on June 13, 2024, it submitted a court injunction to prohibit Astra Ecoclean SRL from stopping wastewater treatment. Despite the arguments presented, the court rejected the application on grounds that Astra Ecoclean SRL does not have permission to operate the treatment facilities.

A main claim was submitted on June 17, 2024.

On June 20, 2024 the Court rejected the injunction relief but the Company appealed the decision on June 26, 2024. First hearing in appeal is scheduled for August 8, 2024.

Meanwhile, the Company received on July 3, 2024, a preliminary letter from the Local Environmental Authority which informed the Company that it should accomplish some measures regarding both as regards the evacuation of the industrial wasted water of the site and remediation of the Vega lagoons are accomplished otherwise the Environmental permit may be suspended which triggered the suspension of the Vega activity.

29. COMMITMENTS

Environmental risks and obligation

The company's business activity is 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 Company's activities.

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

As of 31 December 2023, the Company reassessed environmental provision considering changes in assumptions as compared with previous period as mentioned in Note 17.

29. COMMITMENTS (continued)

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

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

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.

Rompetrol Rafinare 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 Company'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 Company's reasonable expectations of how the next 5 years will progress.

The Company 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.

Group strategy is focused on decarbonization measures and transition of the Group from being a traditional oil and gas downstream company into a diversified downstream player. This option has been chosen out of four strategic after the assessment of several criteria such as KMGI strategic targets, decarbonization targets, its capabilities, the long-term business model sustainability or the value creation potential. This option sets forth pursuit of gradual diversification, including into new biofuels (bioethanol and biodiesel), renewable electricity production, expanding EV charging network. A portfolio of 6 projects has been shortlisted following the assessment of more than 40 decarbonization solutions which can be implemented in the medium and long-term. Decarbonization projects lead to improved profitability and capability to offer low-carbon products and services, thus improving KMGI's brand image & long-term company resilience.

War and conflict riks

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.

29. COMMITMENTS (continued)

At present, we are monitoring very closely the current situation and developments of sanctions and related restrictions applied to Russian environment by relevant international stakeholders and regularly conduct a risk assessment on this basis. We are in constant dialogue with our customers and suppliers in the region and try to stay in connection with competent authorities in order to identify any potential impact of newly issued sanctions on our business and supply chains at an early stage and act accordingly.

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

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 Company. The risks are not only technical but also business related and may lead to operational disruptions, fraud or theft of sensitive information.

The Company is heavily dependent on the information technology systems, including the network infrastructure for the safe and effective operation of the business. The Company 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.

The Company continuously improves cyber security capabilities. and supervise the cyber security activity, ensuring the protection of the confidentiality, integrity and availability of data. Also, the Company 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 the employees is a priority of the company, and the company 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.

Besides the set of measures and policies in place, work accidents can still occur, however the company's top priorities remain the improvement of industrial safety, reduce work-related injuries and accidents-free operation of production facilities.

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS

A. CAPITAL RISK

The Company manages its capital to ensure that it 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 Company consists of bank debt and shareholder loans (see Notes 14 and 15), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the "Statement of Changes in the Shareholders' Equity".

B. GEARING RATIO

The debt – to - equity ratio at the end of the year is as follows:

	June 30, 2024	**December 31, 2023**
Debt (excluding shareholder and related parties loans)	1,614,681,961	1,388,107,861
Cash and cash equivalents	(351,220,397)	(613,521,713)
Net Borrowings	**1,263,461,564**	**774,586,148**
Equity (including shareholder and related parties loans)	1,530,996,451	1,962,613,686
Gearing ratio	**82.5%**	**39.5%**

<u>The computation method as per 13A appendix from ASF Regulation no. 5/2018</u>

	June 30, 2024	**December 31, 2023**
Long-term borrowings	1,282,631,510	1,195,433,220
Total equity	1,512,272,451	1,962,613,686
Gearing ratio	**84.81%**	**60.91%**

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

C. FINANCIAL INSTRUMENTS

	30 June 2024	31 December 2023
Financial assets		
Investments in subsidiaries	3,531,898,492	3,531,898,492
Trade receivables and other receivables	1,416,106,099	1,278,344,903
Long-term receivables	41,254,000	41,254,000
Derivatives	51,623,700	-
Cash and bank accounts	351,220,397	613,521,713
TOTAL FINANCIAL ASSETS	**5,392,102,688**	**5,465,019,108**

Financial liabilities	30 June 2024	31 December 2023
Short term borrowings from shareholders and related parties	18,724,000	-
Derivatives	18,110,678	-
Commercial liabilities and other liabilities	6,245,099,366	5,752,887,700
Short term loans	332,050,451	192,674,641
Long term borrowings from banks	1,282,631,510	1,195,433,220
Lease debts	54,542,910	55,123,588
Profit tax payable	-	140,799,458
TOTAL FINANCIAL LIABILITIES	**7,951,158,915**	**7,336,918,607**

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

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

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

- Excises taxes;
- Special fund for oil products (FSPP);
- VAT payable;
- Profit tax payable;
- Salary taxes payable;
- Other taxes;

The estimated fair values of these instruments approximate their carrying amounts.

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 Company enters into derivative financial instruments with various counterparties. As at 30 June 2024, the marked to market value of derivative position is for financial instruments recognised at fair value.

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

Fair value hierarchy

The Company 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.

	30 June 2024	Level 1	Level 2	Level 3
Financial assets				
Investments in subsidiaries	3,531,898,492	-	-	3,531,898,492
Trade receivables and other receivables	1,416,106,099	-	1,416,106,099	-
Long-term receivables	41,254,000	-	41,254,000	-
Derivatives	51,623,700	-	51,623,700	-
Cash and bank accounts	351,220,397	351,220,397	-	-
TOTAL FINANCIAL ASSETS	**5,392,102,688**	**351,220,397**	**1,508,983,799**	**3,531,898,492**
Financial liabilities				
Short term borrowings from shareholders and related parties	18,724,000	-	18,724,000	-
Derivatives	18,110,678	-	18,110,678	-
Commercial liabilities and other liabilities	6,245,099,366	-	6,245,099,366	-
Short term loans	332,050,451	-	332,050,451	-
Long term borrowings from banks	1,282,631,510	-	1,282,631,510	-
Lease debts	54,542,910	-	54,542,910	-
TOTAL FINANCIAL LIABILITIES	**7,951,158,915**	**-**	**7,951,158,915**	**-**

	31 December 2023	Level 1	Level 2	Level 3
Financial assets				
Investments in subsidiaries	3,531,898,492	-	-	3,531,898,492
Trade receivables and other receivables	1,278,344,903	-	1,278,344,903	-
Long-term receivables	41,254,000	-	41,254,000	-
Cash and bank accounts	613,521,713	613,521,713	-	-
TOTAL FINANCIAL ASSETS	**5,465,019,108**	**613,521,713**	**1,319,598,903**	**3,531,898,492**
Financial liabilities				
Commercial liabilities and other liabilities	5,752,887,700	-	5,752,887,700	-
Short term loans	192,674,641	-	192,674,641	-
Long term borrowings from banks	1,195,433,220	-	1,195,433,220	-
Lease debts	55,123,588	-	55,123,588	-
Profit tax payable	140,799,458	-	140,799,458	-
TOTAL FINANCIAL LIABILITIES	**7,336,918,607**	**-**	**7,336,918,607**	**-**

At 30 June 2024, 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.

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

D. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Company performs hedging transactions regarding the risk of increasing USD interest rates.

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 are recognized in profit or loss as they arise.

E. MARKET RISK

The Company'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 Company's overall risk management main objective is to minimize the potential adverse effects on the financial performance of the Company.

F. FOREIGN CURRENCY RISK MANAGEMENT

For the purpose of preparing these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

Crude oil imports, loans and a significant part of petroleum products are all denominated principally in US Dollars. Therefore, in respect of liabilities the Company is exposed to the risk of US dollar appreciation to the detriment of local currency, while in respect of foreign currency receivables, exposure arises in the context of depreciation of US dollar currency. Moreover, certain assets and liabilities are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Company Treasury is responsible for handling the Company foreign currency transactions.

G. FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to the USD and EUR fluctuation risk.

The following table details the Company's sensitivity to a 5% increase and decrease in the RON exchange rate against the relevant foreign currencies. The sensitivity analysis includes only the foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in the exchange rates. A positive number below indicates an increase in profit and other equity here generated by a positive exchange rate RON/USD of 5% and generated by a negative exchange rate RON/EUR of 5%. For a 5% weakening of the exchange rate RON against USD and an increase of the exchange rate RON against EUR there would be a negative impact in the profit, with the same value.

	USD		**EUR**	
	30 June 2024	**31 December 2023**	**30 June 2024**	**31 December 2023**
RON				
5%	(289,033,586)	(260,092,755)	(222,723)	10,827,187
(5%)	289,033,586	260,092,755	222,723	(10,827,187)

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

H. 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 Company has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Company to both fair value and cash flow risk. Details of the interest rate terms, which apply to the Company's borrowings, are provided in Notes 14, 15.

The sensitivity analyses below have been determined based on the financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If the interest rates had varied by + / - 50 points and all the other variables had remained constant, the net result of the Company as at 30 June 2024 would decrease / increase by RON 31.6 million (2023: decrease / increase by RON 27.0 million).

I. OIL PRODUCTS and RAW MATERIAL PRICE RISK

The Company is affected by the volatility of crude oil, oil product and refinery margin prices.

The operating activities of the Company require ongoing purchase of crude oil to be used in its production as well as for the supply of petroleum products to its customers. Due to significantly increased volatility of crude oil prices, the management developed a hedge policy which was presented to the Company'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 Company started on January 2011 to hedge commodities held by Rompetrol Rafinare.

According to the hedge policy, on the commodity side, the flat price risk for priced inventories above a certain threshold (called base operating stock) can be hedged using future contracts traded on ICE Exchange and some OTC instruments for the secondary risks. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Company, 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 Company can sell or buy 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 Refining activity of the Company is exposed to the increase of the EUA certificates prices. Rompetrol Refinery CO_2 emissions are offset with EUA certificates. For the current year, the Company has covered the need for certificates. As a mitigation measure, the Financial Risk Management Department is monitoring the EUA market in order to hedge EUA deficit of the Refinery for the remaining years of first part of phase IV (2024-2025) as well as the following years. When the market price will be within the target level of the Company, hedge operations will be carried on.

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

J. CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or purchase contracts, which leads to a financial loss. The Company 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

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of aging.

Financial instruments and bank deposits

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

31.SUBSEQUENT EVENTS

Rompetrol Rafinare S.A credit facility in amount of EURO 30 million granted by Banca Transilvania was extended until July 27, 2025.

Rompetrol Rafinare S.A credit facility in amount of EURO 27,96 million granted by Banca Transilvania was extended until July 27, 2025.

On July 26, 2024 Rompetrol Rafinare SA received from Rompetrol Gas SRL a loan of RON 12 million for the purpose of covering the funds necessary to Rompetrol Rafinare SA to pay the turnover tax for the 2nd quarter of 2024. Maturity of the loan is for a period of 12 months.

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

Prepared by, Alexandru Cornel Anton
Chief Accountant

AFFIDAVIT

The undersigned, Batyrzhan Tergeussizov, acting as Chairman of the Board of Directors, Florian-Daniel Pop, acting as General Manager of Rompetrol Rafinare S.A. and Alexandru Stavarache, acting as Financial Manager of Rompetrol Rafinare SA, in consideration of art. 67, alin (2) lit. c) of the Law no. 24/2017 regarding the issuers of financial instruments and market operations,

Hereby declare that, as far as we are aware, the individual unaudited half-year financial-accounting statements as of 30.06.2024, drafted in compliance with the applicable accounting standards, provide a correct and accurate image of the actual assets, liabilities, financial status, profit and losses account of Rompetrol Rafinare S.A. and, respectively, of its subsidiaries included in the financial statements' consolidation process, as well as that the Reports of the Board of Directors (on the individual financial statements drafted in compliance with the Order of the Minister of Public Finance no. 2844/2016 for approval of the accounting regulations in compliance with the International Financial Reporting Standards ("IFRS") and on the consolidated financial statements drafted in compliance with IFRS) are presenting the information concerning the Company's activity in a correct and complete manner.

Chairman of the Board of Directors of
Rompetrol Rafinare S.A.

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Batyrzhan Tergeussizov

General Manager

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Florian-Daniel Pop

Financial Manager

____

Alexandru Stavarache

Date: August 12, 2024

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