Rompetrol Rafinare S.A. (symbols, Bucharest Stock Exchange: RRC, Reuters: ROMP.BX, Bloomberg: RRC RO) has released today its third quarter and 9 months 2024 financial and operational unaudited results. The figures include unaudited consolidated financial statements for this period prepared by the company in accordance with International Financial Reporting Standards („IFRS").

Consolidated financial statements of Rompetrol Rafinare include the results of the parent company Rompetrol Rafinare S.A and its subsidiaries Rompetrol Downstream S.R.L, Rompetrol Gas S.R.L, Rompetrol Quality Control S.R.L, Rom Oil SA, Rompetrol Logistics S.R.L and Rompetrol Petrochemicals S.R.L.

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HIGHLIGHTS – CONSOLIDATED

		Q3 2024	Q3 2023	%	9M 2024	9M 2023	%
Financial							
Gross Revenues	USD	1,458,748,406	1,348,121,203	8%	3,572,094,536	4,054,601,269	-12%
Net Revenues	USD	1,102,034,766	1,050,370,966	5%	2,685,514,904	3,194,430,211	-16%
EBITDA	USD	80,357,524	97,122,028	-17%	125,280,246	214,029,241	-41%
EBITDA margin	%	7.3%	9.2%		4.7%	6.7%	
EBIT	USD	41,982,562	71,429,259	-41%	19,048,861	100,355,538	-81%
Net profit / (loss)	USD	8,469,235	30,609,073	-72%	(66,702,425)	(3,535,967)	1786%
Net Profit / (loss) margin	%	0.8%	2.9%		-2.5%	-0.1%	

Rompetrol Rafinare S.A. consolidated gross revenues reached over USD 1.4 billion in Q3 2024 and over USD 3.5 billion in 9 months 2024, higher by 8%, respectively lower by 12% as against same periods last year, having as background the planned general turnaround in place since 8th of March 2024, for a period of approximately 2 months.

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ECONOMIC ENVIRONMENT*

		Q3 2024	Q3 2023	%	9M 2024	9M 2023	%
Brent Dated	USD/bbl	80.3	86.7	-7%	82.8	82.1	1%
CPC Blend CIF	USD/bbl	77.7	84.7	-8%	79.5	78.9	1%
Brent-CPC Differential	USD/bbl	2.6	2.1	26%	3.3	3.2	5%
Premium Unleaded 10 ppm FOB Med	USD/ton	768	930	-17%	819	864	-5%
Diesel ULSD 10 ppm FOB Med	USD/ton	716	881	-19%	766	809	-5%
RON/USD Average exchange rate		4.53	4.55	0%	4.58	4.56	0%
RON/USD Closing exchange rate		4.45	4.69	-5%	4.45	4.69	-5%
RON/EURO Average exchange rate		4.97	4.95	1%	4.97	4.94	1%
RON/EURO Closing exchange rate		4.98	4.97	0%	4.98	4.97	0%
USD/EURO Closing rate		1.12	1.06	5%	1.12	1.06	5%
Inflation in Romania		1.17%	1.48%	-20%	3.77%	5.74%	-34%

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

In Q3 2024**, Dated Brent** crude oil prices declined by -6.4$/bbl. (a -7% decrease) compared to Q3 2023 settling at an average of 80.3$/bbl. For 9M 2024, Dated Brent increased by +0.7$/bbl. (about +1%) compared to 9M 2023 and settled to an average of 82.8$/bbl.

Similarly, the **CPC** quotation for Q3 2024 was lower by -7$/bbl. (-8%) compared to Q3 2023 averaging at 77.7$/bbl. Over 9M 2024, the CPC quotation saw a modest increase of +0.5$/bbl. (about +1%) compared to 9M 2023, with an average price of 79.5$/bbl.

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.

During Q3 2024, Dated Brent prices saw a significant drop of -17%, from 88$/bbl. at the beginning of July to 72.9$/bbl. at the end of September. The decline was primarily driven by weakening global demand and economic concerns, particularly in China.

In July, China's post-pandemic rebound slowed down, with shrinking factory activity and a marginal contraction in oil demand, which raised worries about global consumption. The International Energy Agency reported the weakest demand growth in over a year, adding to bearish market sentiment.

By August, oil prices continued falling as US manufacturing contracted and European diesel prices hit a 14-month low, reflecting extensive economic weakness. Meanwhile, OPEC+ confirmed plans to restore 2.2 million barrels per day of crude output in Q4, raising concerns about oversupply. Russian exports also fell, but the impact was limited by the overall weak demand.

The downward trend accelerated in September with prices reaching 70.56$/bbl., the lowest level since December 2021. Despite supply disruptions from Libya and hurricanes in the US Gulf, the market was more focused on oversupply and weak demand. Even escalating tensions in the Middle East failed to offset the bearish sentiment, with hedge funds turning net bearish on Brent for the first time.

Goldman Sachs forecasts a December 2025 Brent price of 74$/bbl. and expects the tightening impact of modestly lower OPEC+ supply, in coming months, to be roughly offset by the easing effect from ongoing softness in their China demand nowcast and from a quicker than previously expected recovery of Libyan supply.

In Q3 2024, **European refinery margins** decreased by -77.3$/MT (-65.3%) compared to Q3 2023 and settled to an average level of 41.1$/MT. Over 9M 2024 margins dropped by -37.9$/MT (-35.4%) compared to 9M 2023 and settled to an average level of 69.35$/MT.

Refinery margins showed an upward trend, at the beginning of the year, 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$/MT at the end of June, as high natural gas prices raised operating costs for many refineries. During Q3 2024, the European refining margins decreased significantly (-75%) from 55.7$/MT at the beginning of July to 13.8$/MT at the end of August, reaching their lowest levels since February 2022, due to weak demand and high product inventories. However, by September, margins showed a modest recovery, increasing to 44.4$/MT at the end of the quarter, as the autumn maintenance season intensified and refinery throughput decreased, providing some relief to the oversupplied market.

European gasoline cracks displayed significant fluctuations in the first 9 months of 2024. Initially, in January and February, gasoline cracks were sustained by increased demand and reduced refinery output due to maintenance activities. 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. In July, cracks hit their lowest level of the year as Nigeria, a major export market, reduced gasoline imports due to financial problems and the removal of fuel subsidies. Exports to the US also slow down because of high stockpiles there. By

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September, gasoline cracks in Northwest Europe recovered slightly, rising by about 2$/bbl., but the overall outlook stayed weak. Demand was slowing down with the end of summer, and supply was expected to increase as Nigeria's Dangote refinery boosted its production, limiting further improvement in gasoline cracks.

Throughout the first 9 months 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. In July, cracks fell due to weak demand from industrial and construction sectors and rising borrowing costs. By August, diesel cracks hit their lowest levels since April 2023, driven by robust imports from the US and the Middle East, which kept European stocks elevated. Despite some supply disruptions in September, such as flooding in Central Europe, the market remained oversupplied, limiting any potential recovery in diesel cracks.

Jet fuel cracks in Europe experienced substantial volatility in the first 9 months 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. In July, cracks increased on the back of strong global demand for jet fuel as the summer travel season peaked. However, by August and September, jet cracks weakened as the demand tail-off became evident post-summer. The European market faced persistent weakness, with flight volumes still below pre-pandemic levels and overflowing supply from East of Suez regions, contributing to ongoing pressure on jet cracks.

Turnarounds in Nord-West Europe and the Mediterranean region are not forecasted to get much heavier than this over the end of the year, with supply not projected to fall more than products demand during post-summer season. This dynamic will continue to put pressure on margins in the foreseeable future, but, at the same time, it is unlikely to see new lows, with the incentive for deeper run cuts now obvious.

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.

The RON/EUR exchange rate tended to remain on the higher level also in Q3 2024, with variations between a minimum level for the year, of 4.9655 reached on 16th of July and a maximum level of 4.9773 reached on 19th of August, in the circumstances of the temporary deterioration of the perception of the risk associated with the region because of the political events in Europe.

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.

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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.

In Q3 2024, the RON/USD rate fluctuated on a lower pillar, reaching the minimum level for the year, of 4.4451 in the last day of the quarter.

As a conclusion, throughout the first 9 months of 2024, both the RON/EUR and RON/USD exchange rates experienced periods of volatility. The RON/EUR rate averaged between 4.97 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 4.62 to 4.53, influenced by global economic conditions and Romania's monetary policy responses.

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

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REFINING SEGMENT

		Q3 2024	Q3 2023	%	9M 2024	9M 2023	%
Financial							
Gross Revenues	USD	1,270,010,074	1,140,823,828	11%	3,003,865,726	3,461,968,417	-13%
Net Revenues	USD	961,811,826	903,950,958	6%	2,274,254,128	2,762,392,906	-18%
EBITDA	USD	60,314,593	100,875,781	-40%	94,204,743	213,902,229	-56%
EBITDA margin	%	6.3%	11.2%		4.1%	7.7%	
EBIT	USD	38,355,716	88,095,739	-56%	35,755,282	135,669,972	-74%
Net profit / (loss)	USD	8,596,285	53,876,192	-84%	(38,730,232)	39,264,475	N/A
Net profit / (loss) margin	%	0.9%	6.0%		-1.7%	1.4%	
Gross cash refinery margin/ton (Petromidia)	USD/ton	86.2	131.9	-35%	82.5	104.6	-21%
Gross cash refinery margin/bbl (Petromidia)	USD/bbl	11.9	18.2	-35%	11.4	14.4	-21%
Net cash refinery margin/ton (Petromidia)	USD/ton	45.2	89.0	-49%	31.1	57.7	-46%
Net cash refinery margin/bbl (Petromidia)	USD/bbl	6.2	12.2	-49%	4.3	7.9	-46%
Operational							
Feedstock processed in Petromidia refinery	thousand tons	1,431	1,158	24%	3,162	3,840	-18%
Feedstock processed in Vega refinery	thousand tons	85	94	-9%	203	287	-29%
Gasoline produced	thousand tons	397	314	26%	818	1,032	-21%
Diesel & jet fuel produced	thousand tons	735	559	31%	1,701	1,895	-10%
Motor fuels sales - domestic	thousand tons	648	596	9%	1,621	1,847	-12%
Motor fuels sales - export	thousand tons	415	245	69%	776	943	-18%
Export	%	39%	29%		32%	34%	
Domestic	%	61%	71%		68%	66%	

Refining segment comprises the results of the company Rompetrol Rafinare related to Petromidia and Vega refineries.
Rompetrol Rafinare computes Gross refinery margin as follows - (Oil Product Sales – Cost of Feedstock) / Quantity of sales.
Net Refinery margin is the EBITDA divided by quantity of sales.

Petromidia refinery is one of the most modern in the Black Sea region and represents approximately 40% of the refining capacity in Romania. The unit located in Navodari city has a stable flow of raw materials, mainly thanks to deliveries of Kazakh crude oil made with the support of KazMunayGas, the national oil and gas company of Kazakhstan. In 2024, in vast proportion, Petromidia processed Kazakh crude oil – KEBCO and CPC.

Gross revenues of refining segment reached approximately USD 1.3 billion in Q3 2024 and over USD 3 billion in 9 months 2024, showing a 11% increase, respectively 13% decrease, as against same periods last year.

In Q3 and 9M 2024 the total throughput for Petromidia refinery was 1.43 million tons, respectively 3.16 million tons, higher by 24% and lower by 18% as against same periods last year, when the total throughput was 1.16 million tons for Q3 2023 and 3.84 million tons for 9M 2023, decrease corelated with:

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- lower throughput of 10.67 kt/day considering operation of Petromidia refinery without Mild Hydrotreater (MHC unit) in Q1 2024;
- planned shutdown for turnaround activity starting with 8th of March 2024 and finalized in May 2024.

In Q3 and 9M 2024 the refining capacity utilization in Petromidia refinery was 90.3%, respectively 74.4%, corelated with events described above.

Petromidia refinery achieved in 9M 2024 a good refining operational performance for the main operational parameters, such as:

- White finished products yield of 86.83%wt higher than previous year by 2.72%wt corelated with different structure of raw material (finished products components imports in order to assure internal market demand in planned shutdown period);
- Technological loss of 0.7%wt higher by ~ 0.05%wt vs. previous year.

In respect of Vega refinery (the only domestic producer of bitumen and hexane), the total throughput was 85,138 tons in Q3 2024 and 202,573 tons in 9M 2024, lower by 9%, respectively lower by 29% compared with the same periods last year when the total throughput was 93,739 tons in Q3 2023 and 287,088 tons in 9M 2023.

In Q3 and 9M 2024 the refining capacity utilization for Vega refinery was lower by 10.42%, respectively higher by 34.15% compared with the same periods last year.

Vega refinery also managed to achieve in 9M 2024 good refining performance results, of which the following are emphasized:

- Technological loss of 0.81%;
- Energy consumption of 2.62 GJ/t;
- Mechanical Availability of 98.8%.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania’s fiscal budget with over USD 456 million in Q3 2024 and over USD 1.126 billion in 9M 2024 of which USD 30.3 million representing solidarity contribution for year 2023, paid in June 2024 and USD 6.1 million representing turnover tax for Q1 and Q2 2024, paid in April and July 2024.

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PETROCHEMICALS SEGMENT

		Q3 2024	Q3 2023	%	9M 2024	9M 2023	%
Financial							
Revenues	USD	19,369,976	27,362,375	-29%	53,489,275	98,313,692	-46%
EBITDA	USD	(8,744,128)	(20,865,223)	-58%	(32,676,524)	(58,615,840)	-44%
EBIT	USD	(11,037,232)	(23,973,905)	-54%	(40,473,940)	(68,762,456)	-41%
Net profit / (loss)	USD	(5,360,181)	(24,244,241)	-78%	(34,382,076)	(64,567,263)	-47%
Operational							
Propylene processed	thousand tons	24	28	-15%	57	90	-36%
Ethylene processed	thousand tons	-	-	N/A	-	14	-100%
Total polymers production	thousand tons	18	21	-10%	43	78	-45%
Sold from own production	thousand tons	15	28	-45%	46	91	-50%
Sold from trading	thousand tons	-	-	N/A	0.0	0.0	36%
Total sold	thousand tons	15	28	-45%	46	91	-50%
Export	%	45%	51%		45%	47%	
Domestic	%	55%	49%		55%	53%	

Petrochemicals segment comprises the petrochemicals activity from Rompetrol Rafinare and the activity of Rompetrol Petrochemicals SRL

The polypropylene (PP) plant operates with raw material produced and delivered internally by the Petromidia refinery, and the low-density polyethylene (LDPE) plant uses imported ethylene as a raw material.

In Q3 and 9M 2024 the total production of polymers in petrochemical division was 18 thousand tons an respectively 43 thousand tons, lower compared to the similar periods of last year when it produced 21 thousand tons in Q3 2023 and 78 thousand tons in 9M 2023, a decrease mainly influenced by LDPE plant which remained shut down, due to unfavorable petrochemicals market conditions for these products and due to turnaround activities planned, starting with March 8th, 2024.

The petrochemical segment is the only producer of polypropylene and polyethylene in Romania, with the ability to regain its competitive position on the domestic and regional market, once the profile market stabilizes.

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MARKETING SEGMENT

		Q3 2024	Q3 2023	%	9M 2024	9M 2023	%
Financial							
Gross Revenues	USD	885,431,045	958,260,230	-8%	2,430,659,313	2,596,227,086	-6%
EBITDA	USD	24,952,280	23,137,744	8%	64,587,023	63,123,556	2%
EBIT	USD	11,598,331	14,086,471	-18%	26,874,128	40,080,157	-33%
Net profit / (loss)	USD	2,168,638	7,757,452	-72%	9,550,491	28,402,901	-66%
Operational							
Fuels quantities sold in retail	thousand tons	332	327	2%	910	845	8%
Fuels quantities sold in wholesale	thousand tons	123	202	-39%	386	624	-38%
LPG quantities sold	thousand tons	76	64	19%	170	208	-18%

Marketing segment includes the results of Rompetrol Downstream, Rom Oil, Rompetrol Quality Control, Rompetrol Logistics and Rompetrol Gas

In Q3 and 9M 2024 the marketing segment had a turnover of over USD 885 million, respectively over USD 2.43 billion, lower by 8% as compared with Q3 2023 and lower by 6% as compared with 9M 2023.

In the Q3 2024, the average Platts quotations (FOB Med Italy) in USD (reference currency) decreased by -19% for diesel and by -17% for gasoline compared with the similar period of 2023. Due to the ~0.4% appreciation of the RON against the US dollar (Q3 2024 vs. Q3 2023, on average) the international diesel quotation decreased in the national currency by -19%, at the same time the international gasoline quotation decreased in the national currency by -18% compared to Q3 2023.

In 9M 2024, the average Platts quotations (FOB Med Italy) in USD (reference currency) decreased by -5% for diesel also by -5% for gasoline compared with the similar period of 2023. Due to the ~0.4% depreciation of the RON against the US dollar (9M 2024 vs. 9M 2023, on average) the international diesel quotation decreased in the national currency by -5%, at the same time the international gasoline quotation decreased in the national currency by -5% compared to 9M 2023.

In terms of retails sales to Romanian market, they increased by 2% in Q3 2024 and increased by 8% in 9M 2024 as against same periods last year. This is due to company strategy to address Romanian market needs with priority. For Q3 and 9M 2024 the sales in wholesale decreased compared with Q3 and 9M 2023.

At the end of September 2024, the Rompetrol Downstream's distribution segment contained 1328 points of sale, including the network of owned stations, partner stations and mobile stations: expres, cuves and internal bases.

APPENDIX 1 – CONSOLIDATED INCOME STATEMENT Q3 AND 9M 2024, UNAUDITED

Amounts in USD

	Q3 2024	Q3 2023	%	9M 2024	9M 2023	%
Gross Revenues	1,458,748,406	1,348,121,203	8%	3,572,094,536	4,054,601,269	-12%
Sales taxes and discounts	(356,713,640)	(297,750,237)	20%	(886,579,632)	(860,171,058)	3%
Net revenues	**1,102,034,766**	**1,050,370,966**	**5%**	**2,685,514,904**	**3,194,430,211**	**-16%**
Cost of sales	(972,008,229)	(915,536,400)	6%	(2,400,154,701)	(2,877,232,429)	-17%
Gross margin	**130,026,537**	**134,834,566**	**-4%**	**285,360,203**	**317,197,782**	**-10%**
Selling, general and administration	(91,446,464)	(75,004,583)	22%	(268,042,264)	(206,730,687)	30%
Other expenses, net	3,402,489	11,599,276	-71%	1,730,922	(10,111,557)	N/A
EBIT	**41,982,562**	**71,429,259**	**-41%**	**19,048,861**	**100,355,538**	**-81%**
Finance, net	(24,878,440)	(22,628,432)	10%	(74,822,317)	(57,082,920)	31%
Net foreign exchange gains / (losses)	(5,627,394)	1,403,089	N/A	(1,884,522)	(4,753,501)	-60%
EBT	**11,476,728**	**50,203,916**	**-77%**	**(57,657,978)**	**38,519,117**	**N/A**
Profit tax	(3,007,493)	(19,594,843)	-85%	(9,044,447)	(42,055,084)	-78%
Net result	**8,469,235**	**30,609,073**	**-72%**	**(66,702,425)**	**(3,535,967)**	**1786%**
EBITDA	**80,357,524**	**97,122,028**	**-17%**	**125,280,246**	**214,029,241**	**-41%**

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APPENDIX 2 – CONSOLIDATED BALANCE SHEET SEPTEMBER 30, 2024, UNAUDITED

Amounts in USD

	September 30, 2024	December 31, 2023	%
Assets			
Non-current assets			
Intangible assets	3,483,140	27,415,224	-87%
Goodwill	82,871,706	82,871,706	0%
Property, plant and equipment	927,549,364	877,540,150	6%
Right of use assets	257,151,244	259,327,666	-1%
Financial assets and other	8,745,697	12,448,780	-30%
Deferred tax asset	12,828,037	12,828,037	0%
Total Non Current Assets	**1,292,629,188**	**1,272,431,563**	**2%**
Current assets			
Inventories	442,587,570	416,671,058	6%
Trade and other receivables	651,994,545	630,160,187	3%
Derivative financial Instruments	7,765,248	-	N/A
Cash and cash equivalents	135,105,579	155,955,200	-13%
Total current assets	**1,237,452,942**	**1,202,786,445**	**3%**
Total assets	**2,530,082,130**	**2,475,218,008**	**2%**
Equity and liabilities			
Total Equity	**226,307,447**	**286,338,066**	**-21%**
Non-current liabilities			
Long-term debt	275,900,000	265,900,000	4%
Provisions	116,060,824	116,060,824	0%
Obligations under lease agreements	268,362,548	262,011,550	2%
Other	19,457,401	19,711,448	-1%
Total non-current liabilities	**679,780,773**	**663,683,822**	**2%**
Current Liabilities			
Trade and other payables	1,521,568,592	1,361,853,389	12%
Contract liabilities	84,801,078	76,372,127	11%
Derivative financial instruments	65,074	251,864	-74%
Obligations under lease agreements	9,708,148	8,366,145	16%
Short-term debt	5,035,468	42,856,586	-88%
Profit tax payable	2,815,550	35,496,009	-92%
Total current liabilities	**1,623,993,910**	**1,525,196,120**	**6%**
Total equity and liabilities	**2,530,082,130**	**2,475,218,008**	**2%**

ROMPETROL RAFINARE SA
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www.rompetrol.com

The financial figures are extracted from Company's consolidated unaudited IFRS financial report as of 30 September 2024.

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

____
Sergey Khegay

General Manager	**Finance Manager**
________________________	________________________
Florian-Daniel Pop	**Alexandru Stavarache**

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ROMPETROL RAFINARE SA

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

30 SEPTEMBER 2024

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

	Notes	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
				(supplementary info – see Note 2(e))	
Intangible assets	3	3,483,140	27,415,224	15,482,906	121,863,412
Goodwill	4	82,871,706	82,871,706	368,373,020	368,373,020
Property, plant and equipment	5	927,549,364	877,540,150	4,123,049,678	3,900,753,721
Right of use Assets	7	257,151,244	259,327,666	1,143,062,995	1,152,737,408
Long-term receivable		8,745,697	12,448,780	38,875,498	55,336,072
Deferred tax asset	15	12,828,037	12,828,037	57,021,907	57,021,907
Total non current assets		**1,292,629,188**	**1,272,431,563**	**5,745,866,004**	**5,656,085,540**
Inventories, net	9	442,587,570	416,671,058	1,967,346,007	1,852,144,520
Trade and other receivables	10	651,994,545	630,160,187	2,898,180,952	2,801,125,047
Derivative financial instruments	32.5	7,765,248	-	34,517,304	-
Cash and cash equivalents	11	135,105,579	155,955,200	600,557,809	693,236,460
Total current assets		**1,237,452,942**	**1,202,786,445**	**5,500,602,072**	**5,346,506,027**
TOTAL ASSETS		**2,530,082,130**	**2,475,218,008**	**11,246,468,076**	**11,002,591,567**
Share capital	12	881,102,250	881,102,250	3,916,587,611	3,916,587,611
Share premium	12	74,050,518	74,050,518	329,161,958	329,161,958
Revaluation reserve, net	12	225,635,669	225,635,669	1,002,973,111	1,002,973,111
Other reserves	12	(2,926,479)	(9,598,285)	(13,008,492)	(42,665,337)
Other reserves - Hybrid loan	12	1,059,285,995	1,059,285,995	4,708,632,176	4,708,632,176
Effect of transfers with equity holders	12	(596,832,659)	(596,832,659)	(2,652,980,853)	(2,652,980,853)
Accumulated losses		(1,366,853,176)	(1,124,346,139)	(6,075,799,052)	(4,997,831,022)
Current year result		(67,861,238)	(242,507,037)	(301,649,989)	(1,077,968,030)
Equity attributable to equity holders of the parent		**205,600,880**	**266,790,312**	**913,916,470**	**1,185,909,614**
Non-Controlling interest		20,706,567	19,547,754	92,042,761	86,891,721
Total equity		**226,307,447**	**286,338,066**	**1,005,959,231**	**1,272,801,335**
Long-term borrowings from banks	13	275,900,000	265,900,000	1,226,403,090	1,181,952,090
Obligations under lease agreements	14	268,362,548	262,011,550	1,192,898,362	1,164,667,541
Deferred tax liabilities	15	19,272,484	19,272,484	85,668,119	85,668,119
Provisions	19	116,060,824	116,060,824	515,901,969	515,901,969
Other non-current liabilities		184,917	438,964	821,975	1,951,239
Total non-current liabilities		**679,780,773**	**663,683,822**	**3,021,693,515**	**2,950,140,958**
Trade and other payables	16	1,521,568,592	1,361,853,389	6,763,524,549	6,053,574,500
Contract liabilities	17	84,801,078	76,372,127	376,949,272	339,481,742
Derivative financial instruments	32.5	65,074	251,864	289,260	1,119,561
Obligations under lease agreements	14	9,708,148	8,366,145	43,153,689	37,188,351
Short-term borrowings from banks	18	5,035,468	42,856,586	22,383,159	190,501,810
Profit tax payable		2,815,550	35,496,009	12,515,401	157,783,310
Total current liabilities		**1,623,993,910**	**1,525,196,120**	**7,218,815,330**	**6,779,649,274**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,530,082,130**	**2,475,218,008**	**11,246,468,076**	**11,002,591,567**

SERGEY KHEGAY
CHAIRMAN of the BOARD of DIRECTORS

ALEXANDRU STAVARACHE
FINANCE MANAGER

FLORIAN - DANIEL POP
GENERAL MANAGER

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

	Notes	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
				(supplementary info – see Note 2(e))	
Revenues from contracts with customers	20	2,685,514,904	3,194,430,211	11,937,382,300	14,199,561,731
Cost of sales	21	(2,400,154,701)	(2,877,232,429)	(10,668,927,661)	(12,789,585,870)
Gross profit		**285,360,203**	**317,197,782**	**1,268,454,639**	**1,409,975,861**
Selling, general and administrative expenses, including logistic costs	22	(268,042,264)	(206,730,687)	(1,191,474,668)	(918,938,577)
Other operating income	23	29,153,982	33,342,899	129,592,365	148,212,520
Other operating expenses	23	(27,423,060)	(43,454,456)	(121,898,244)	(193,159,403)
Operating (loss) / profit		**19,048,861**	**100,355,538**	**84,674,092**	**446,090,401**
Finance cost	24	(110,932,159)	(108,988,055)	(493,104,540)	(484,462,803)
Finance income	24	36,109,842	51,905,135	160,511,859	230,723,516
Foreign exchange (loss) /gain, net	24	(1,884,522)	(4,753,501)	(8,376,889)	(21,129,787)
(Loss)/Profit before income tax		**(57,657,978)**	**38,519,117**	**(256,295,478)**	**171,221,327**
Income tax credit/(charge)	25	(9,044,447)	(42,055,084)	(40,203,471)	(186,939,054)
(Loss)/Profit for the period		**(66,702,425)**	**(3,535,967)**	**(296,498,949)**	**(15,717,727)**
Attributable to:					
Equity holders of the parent		(67,861,238)	(4,282,089)	(301,649,989)	(19,034,314)
Non-Controlling interests		1,158,813	746,122	5,151,040	3,316,587
Earnings per share *(US cents/share)*					
Basic	28	(0.256)	(0.016)	(1.138)	(0.071)

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FINANCE MANAGER

FLORIAN - DANIEL POP
GENERAL MANAGER

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

	Notes	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
				(supplementary info – see Note 2(e))	
(Loss)/Profit for the period		**(66,702,425)**	**(3,535,967)**	**(296,498,949)**	**(15,717,727)**
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	32.5	6,671,806	2,160,629	29,656,845	9,604,212
Net other comprehensive income to be reclassified to income/(loss) statement in subsequent periods		**6,671,806**	**2,160,629**	**29,656,845**	**9,604,212**
Other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax):					
Net other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods		**-**	**-**	**-**	**-**
Total other comprehensive income/ (loss) for the period, net of tax		**6,671,806**	**2,160,629**	**29,656,845**	**9,604,212**
Total comprehensive result for the period, net of tax		**(60,030,619)**	**(1,375,338)**	**(266,842,104)**	**(6,113,515)**
Attributable to:					
Equity holders of the parent		(61,189,432)	(2,121,460)	(271,993,144)	(9,430,102)
Non-Controlling interests		1,158,813	746,122	5,151,040	3,316,587
Total comprehensive result for the period		**(60,030,619)**	**(1,375,338)**	**(266,842,104)**	**(6,113,515)**

SERGEY KHEGAY
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ALEXANDRU STAVARACHE
FINANCE MANAGER

FLORIAN - DANIEL POP
GENERAL MANAGER

ROMPETROL RAFINARE SA
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 September 2024
(Amounts in US dollars represent the functional and presentation currency. Amounts in RON are supplementary financial information (see Note 2e))

	Notes	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
				(supplementary info – see Note 2(e))	
(Loss)/Profit before income tax		**(57,657,978)**	**38,519,117**	**(256,295,478)**	**171,221,327**
Adjustments for:					
Depreciation and amortization of property, plant and equipment and intangibles assets	3,5	91,417,803	94,354,102	406,361,276	419,413,419
Depreciation of right-of-use assets	7	15,126,480	9,635,168	67,238,716	42,829,285
Provisions for receivables and inventories (incl write-off)	23	(1,194,139)	3,375,041	(5,308,067)	15,002,395
Impairment for property, plant and equipment (incl write-off)	23	(1,028)	7,191,823	(4,570)	31,968,372
Late payment interest	24	1,288,166	3,275,056	5,726,027	14,557,951
Other financial income	24	(447,803)	(618,970)	(1,990,529)	(2,751,384)
Unwinding of discount leasing	24	16,973,626	11,114,811	75,449,465	49,406,446
Interest income	24	(35,662,039)	(51,286,165)	(158,521,330)	(227,972,132)
Interest expense and bank charges		87,407,326	90,819,144	388,534,305	403,700,177
Adjustments for gain loss on disposals of property, plant and equipment	23	(277,143)	(21,472)	(1,231,928)	(95,445)
Unrealised foreign exchange (gain)/loss	24	2,465,586	(2,966,716)	10,959,776	(13,187,349)
Cash flows from operations before working capital changes		**119,438,857**	**203,390,939**	**530,917,663**	**904,093,062**
Net working capital changes:					
Receivables and prepayments		15,958,616	19,491,325	70,937,644	86,640,889
Inventories		(3,011,618)	(96,696,434)	(13,386,943)	(429,825,319)
Adjustments for increase (decrease) in trade and other payables and adjustments for increase (decrease) in contract liabilities		119,623,326	124,112,996	531,737,646	551,694,681
Change in working capital		**132,570,324**	**46,907,887**	**589,288,347**	**208,510,251**
Income tax paid		(33,536,245)	(127,380,136)	(149,071,963)	(566,217,443)
Net cash inflow from operating activities		**218,472,936**	**122,918,690**	**971,134,047**	**546,385,870**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(139,633,526)	(19,004,036)	(620,684,986)	(84,474,840)
Purchase of intangible assets	3	(128,084)	(84,608)	(569,346)	(376,091)
Proceeds from sale of property, plant and equipment		(319,168)	109,592	(1,418,734)	487,147
Net cash (outflow) from investing activities		**(140,080,778)**	**(18,979,052)**	**(622,673,066)**	**(84,363,784)**
Cash flows from financing activities					
Cash flows from (used in) cash pooling, classified as financing activities	10,16	6,049,145	(97,784,850)	26,889,054	(434,663,437)
Long - term loans received from banks	18	10,000,000	306,770,363	44,451,000	1,363,624,941
Long - term loans repaid to banks	18	-	(40,870,363)	-	(181,672,851)
Proceeds from current borrowings from banks	18	57,969,341	301,310,133	257,679,518	1,339,353,672
Repayments of current borrowings from banks	18	(95,549,313)	(354,802,295)	(424,726,251)	(1,577,131,682)
Lease repayments	14	(25,470,472)	(17,641,147)	(113,218,795)	(78,416,663)
Interest and bank charges paid, net		(52,240,480)	(38,952,087)	(232,214,158)	(173,145,922)
Net cash inflow (outflow) from financing activities		**(99,241,779)**	**58,029,754**	**(441,139,632)**	**257,948,058**
Net increase (decrease) in cash and cash equivalents		**(20,849,621)**	**161,969,392**	**(92,678,651)**	**719,970,144**
Cash and cash equivalents at the beginning of the year		**155,955,200**	**16,973,215**	**693,236,460**	**75,447,638**
Cash and cash equivalents at the end of the period		**135,105,579**	**178,942,607**	**600,557,809**	**795,417,782**

SERGEY KHEGAY
CHAIRMAN of the BOARD of DIRECTORS

ALEXANDRU STAVARACHE
FINANCE MANAGER

FLORIAN - DANIEL POP
GENERAL MANAGER

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

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

Amount in USD

	Share capital	Share premium	Accumulated losses	Revaluation reserves	Deferred income tax related to revaluation, recognised in equity	Effect of transfers with equity holders	Other reserves	Equity attributable to equity holders of the parent	Non-Controlling interest	Total equity
31 December 2022	881,102,250	74,050,518	(1,158,063,347)	321,550,886	(51,797,932)	(596,832,659)	1,049,992,054	520,001,771	16,782,749	536,784,519
Net loss for 2023	-	-	(4,282,089)	-	-	-	-	(4,282,089)	746,122	(3,535,967)
Hedging reserves	-	-	-	-	-	-	2,160,629	2,160,629	-	2,160,629
Total other comprehensive income	-	-	-	-	-	-	2,160,629	2,160,629	-	2,160,629
Total comprehensive income	-	-	(4,282,089)	-	-	-	2,160,629	(2,121,460)	746,122	(1,375,338)
30 September 2023	881,102,250	74,050,518	(1,162,345,436)	321,550,886	(51,797,932)	(596,832,659)	1,052,152,683	517,880,310	17,528,871	535,409,181
31 December 2023	881,102,250	74,050,518	(1,366,853,176)	269,089,071	(43,453,402)	(596,832,659)	1,049,687,710	266,790,312	19,547,754	286,338,066
Net loss for 2024	-	-	(67,861,238)	-	-	-	-	(67,861,238)	1,158,813	(66,702,425)
Hedging reserves	-	-	-	-	-	-	6,671,806	6,671,806	-	6,671,806
Total other comprehensive income	-	-	-	-	-	-	6,671,806	6,671,806	-	6,671,806
Total comprehensive income	-	-	(67,861,238)	-	-	-	6,671,806	(61,189,432)	1,158,813	(60,030,619)
30 September 2024	881,102,250	74,050,518	(1,434,714,414)	269,089,071	(43,453,402)	(596,832,659)	1,056,359,516	205,600,880	20,706,567	226,307,447

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CHAIRMAN of the BOARD of DIRECTORS

ALEXANDRU STAVARACHE
FINANCE MANAGER

FLORIAN - DANIEL POP
GENERAL MANAGER

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

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

	Share capital	Share premium	Accumulated losses	Revaluation reserves	Deferred income tax related to revaluation, recognised in equity	Effect of transfers with equity holders	Other reserves	Equity attributable to equity holders of the parent	Non-Controlling interest	Total equity
31 December 2022	3,916,587,611	329,161,958	(5,147,707,384)	1,429,325,843	(230,246,988)	(2,652,980,853)	4,667,319,679	2,311,459,866	74,600,998	2,386,060,864
Net loss for 2023	-	-	(19,034,314)	-	-	-	-	(19,034,314)	3,316,587	(15,717,727)
Hedging reserves	-	-	-	-	-	-	9,604,212	9,604,212	-	9,604,212
Total other comprehensive income	-	-	-	-	-	-	9,604,212	9,604,212	-	9,604,212
Total comprehensive income	-	-	(19,034,314)	-	-	-	9,604,212	(9,430,102)	3,316,587	(6,113,515)
30 September 2023	3,916,587,611	329,161,958	(5,166,741,698)	1,429,325,843	(230,246,988)	(2,652,980,853)	4,676,923,891	2,302,029,764	77,917,585	2,379,947,349
31 December 2023	3,916,587,611	329,161,958	(6,075,799,052)	1,196,127,827	(193,154,716)	(2,652,980,853)	4,665,966,839	1,185,909,614	86,891,721	1,272,801,335
Net loss for 2024	-	-	(301,649,989)	-	-	-	-	(301,649,989)	5,151,040	(296,498,949)
Hedging reserves	-	-	-	-	-	-	29,656,845	29,656,845	-	29,656,845
Total other comprehensive income	-	-	-	-	-	-	29,656,845	29,656,845	-	29,656,845
Total comprehensive income	-	-	(301,649,989)	-	-	-	29,656,845	(271,993,144)	5,151,040	(266,842,104)
30 September 2024	3,916,587,611	329,161,958	(6,377,449,041)	1,196,127,827	(193,154,716)	(2,652,980,853)	4,695,623,684	913,916,470	92,042,761	1,005,959,231

SERGEY KHEGAY
CHAIRMAN of the BOARD of DIRECTORS

FLORIAN - DANIEL POP
GENERAL MANAGER

ALEXANDRU STAVARACHE
FINANCE MANAGER

1. GENERAL

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

Rompetrol Rafinare SA and its subsidiaries (hereinafter referred to as “the Group”) are involved in refining of oil, production of petrochemicals and downstream activities, and have all production facilities located in Romania (see Note 8). The number of employees of the Group at the end of September 2024 and December 2023 was 1,958 and 1,930 respectively.

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of preparation and statement of compliance

These consolidated financial statements as of 30 September 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union (“EU”).

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

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

b) Going concern

The financial statements of the Group are prepared on a going concern basis. As of 30 September 2024, and 31 December 2023 the Group reported net assets including non-controlling interest, of USD 226.3 million and 286.3 million respectively. For the period ended 30 September 2024, the Group recorded losses in amount of USD 67.9 million (30 September 2023: loss of USD 4.3 million) and net current liabilities of USD 386.5 million (2023: net current liabilities of USD 322.4 million). The loss incurred during 2024 was comprised of operational profit USD 19 million (30 September 2023: profit of USD 100.3 million) and financial losses of USD 76.7 million (30 September 2023: USD 61.8 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 Group will have available resources to cover the liabilities as they will become due.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

For climate related matters and impact on Group financial statements please refer to Note 31.

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

c) Changes in accounting policies

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 not early adopted

The Group 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 Group level.

e) Foreign currency translation

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

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

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

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

Monetary assets and liabilities

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

Non-monetary assets and liabilities

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

Consolidated statement of income

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Other matters

Romanian lei translation for information purposes basis

Amounts in Romanian lei for both 2024 and 2023 are provided for information purpose basis only and are translated by multiplying the values in USD with the 30 September 2024 closing exchange rate published by Romanian national Bank of RON 4.4451 = USD 1. Translation is performed for all primary statements using the closing exchange rate.

f) Significant accounting judgments, estimates and assumptions

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

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

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

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

- Revaluation of property, plant and equipment

The Group carries its property, plant and equipment at fair value, with the reflection of the changes from this revaluation in the financial statements prepared for that year. The fair value is determined on the basis of revaluations usually carried by qualified evaluation professionals, members of a nationally and internationally recognized professional body in the valuation expertise field. 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 Group 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 j), Note 5 and Note 6.

- Impairment of Goodwill on acquisitions

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Group's impairment test for goodwill is based on fair value less costs to sell calculations that use a discounted cash flow model for the CGU to which Goodwill has been allocated. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to undertake.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows, the growth rate used for extrapolation purposes and potential cash outflows triggered by the new taxes applicable starting with 2023 (Note 6).

- Impairment of non- financial assets

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

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

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

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

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

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

- Provision for environmental liability

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

The climate change and energy transition may bring forward additional environmental cost for oil and gas industry assets thereby increasing the present value of associated environmental provisions, however

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

Main assumptions used for the computation of the environmental obligations are as following: estimated timeline for the finalization of the rehabilitation works related to Vega lagoons, tariffs used for computation considering recent market information for all components of the services to be performed, quantities of contaminated soil to be treated considering that volumes after treatments applied can differ from the quantities stated in the valid environmental permit, discount rate.

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

- Deferred tax assets

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

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

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

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

- Carrying value of trade and other receivables

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

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

- Provision for litigations

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

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

g) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at 30 September 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

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

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

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

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

h) Business combinations and goodwill

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

i) Financial instruments

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

i. Financial assets

Initial recognition and measurement

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

This category includes derivative instruments for which the Group does not apply hedge accounting. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

Financial assets at fair value through OCI

Upon initial recognition, the Group 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 Group 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 group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

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

Or

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

Impairment of financial assets

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

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

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

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

ii. Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss;

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- Loans and borrowings at amortized cost.

Derecognition

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

iii. Offsetting of financial instruments

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

j) Property, plant and equipment

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

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

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

	Years
Buildings and other constructions (including gas stations and tanks with a maximum useful life of 50 years)	5 to 50
Storage tanks	5 to 40
Tank cars	5 to 30
Machinery and other equipment	1 to 30
Gas pumps	5 to 20
Vehicles	1 to 5
Furniture and office equipment	1 to 20
Computers	1 to 10

Following the change in the accounting policy regarding property, plant and equipment from historic cost model to revaluation method, also the economic remaining useful life of the property, plant and equipment was revised as at 31 December 2023. The depreciation of property, plant and equipment based on the revaluated remaining useful life applies starting 1 January 2024. The change from cost to revaluation provide a transparent and up to date picture of the value of the Group assets.

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

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

k) Intangible assets

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

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

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

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

l) Impairment of non-financial assets

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

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

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

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

Goodwill

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

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

m) Provisions

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

Provisions are not recognized for future operating losses.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Additional comments on the following specific liabilities are:

- *Environmental provisions*

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

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

Liabilities for environmental remediation costs are recognized when 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.

n) Leases

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

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

i. Right-of-use assets

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

ii. Lease liabilities

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

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

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

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

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

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

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

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

o) Inventories

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Trade receivables

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

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

q) Cash and cash equivalents

Cash includes cash on hand, cash with banks and checks in course of being cashed. Cash equivalents are short-term, highly liquid deposits with 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.

r) Revenue from contracts with customers

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

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

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

(i) Variable consideration

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

(ii) Volume rebates

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(iii) Significant financing component

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

s) Interest bearing loans and borrowings

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

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

t) Borrowings costs

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

u) Retirement benefit costs

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

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

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

v) Taxes

- *Current income tax*

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

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

- *Deferred tax*

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

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

- *Sales and acquisition tax*

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

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

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

w) Dividends

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

x) Foreign Currency Transactions

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

y) Derivative Financial Instruments

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

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

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

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

Effectiveness should be recognized to the extent of 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 Group buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc.). The Group also acquires 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 Group 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 recognized in the statement of profit or loss as Cost of Sales. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the inventory and is also recognized in the statement of profit or loss as Cost of Sales. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss (see Note 32.5).

Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that:
- is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction;
  and
- could affect profit or loss.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Cash flow hedge is accounted as following:

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

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

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

z) Emission Rights

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

The liability component is measured at the amount that it is expected to cost the entity to settle the obligation in addition to the cost of any certificates purchased. The Group measures the provision as the expected cost of the shortfall in number of CO2 allowances, meaning the amount of emissions exceeding the total amount of allowance and purchases, at their market price at the balance sheet date.

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 or inventories if the surplus is available for sale, 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.
Emission rights that are accounted for as inventories are required to be stated at the lower of cost and net realizable value (NRV).

aa) Fair value measurement

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

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

- In the principal market for the asset or liability;

Or

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

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

ab) Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Group classifies all other liabilities as non-current.

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

ac) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.
A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

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

3. INTANGIBLE ASSETS

Amounts in USD

	Software	Other	Intangibles in progress	Total
Cost				
Opening balance as of January 1, 2023	**41,886,412**	**44,627,231**	**1,879,761**	**88,393,404**
Additions	1,092	22,805,891	357,418	23,164,401
Transfers from CIP	289,907	469,283	(759,190)	-
Disposals	(10,769)	-	-	(10,769)
Transfers and reclassifications*	262,543	(242,750)	(112,083)	(92,290)
Closing balance as of December 31, 2023	**42,429,185**	**67,659,655**	**1,365,906**	**111,454,746**
Additions	-	154,398	(26,314)	128,084
Transfers from CIP	166,319	43,222	(209,541)	-
Transfer to inventories		(22,786,565)	-	(22,786,565)
Transfers and reclassifications*	-	14,403	3,329	17,732
Closing balance as of September 30, 2024	**42,595,504**	**45,085,113**	**1,133,380**	**88,813,997**
Accumulated amortization				
Opening balance as of January 1, 2023	**(39,127,192)**	**(41,798,949)**	**(523,380)**	**(81,449,521)**
Charge for the year	(1,452,082)	(1,148,688)	-	(2,600,770)
Accumulated amortization of disposals	10,769	-	-	10,769
Reclassification between categories*	(935,518)	935,518	-	-
Closing balance as of December 31, 2023	**(41,504,023)**	**(42,012,119)**	**(523,380)**	**(84,039,522)**
Charge for the year	(536,309)	(755,026)	-	(1,291,335)
Closing balance as of September 30, 2024	**(42,040,332)**	**(42,767,145)**	**(523,380)**	**(85,330,857)**
Net book value				
As of December 31, 2023	**925,162**	**25,647,536**	**842,526**	**27,415,224**
As of September 30, 2024	**555,172**	**2,317,968**	**610,000**	**3,483,140**

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

During 2023 Rompetrol Rafinare acquired a number of 251,000 CO2 allowances amounting USD 22.8 million, representing the estimated quantity of CO2 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, CO2 emissions were lower considering new refinery flow without MHC unit in function, as a result the CO2 allowances deficit resulted based on actual emissions was of 97,438 CO2 allowances amounting USD 9 million was accounted for as liability (Note 16), in line with the accounting policy detailed in Note 2 z).

In September 2024 Rompetrol Rafinare met its obligation to the Romanian authority by complying with the 2023 quota.

In 2024, emissions were lower against free allocated quota due to the general turnaround that commenced on 8th March and lasted for two months. During this period, Rompetrol Rafinare conducted comprehensive maintenance, inspections, across refinery units to ensure optimal performance and safety standards. This planned turnaround involved suspending operations, contributing to emissions being lower than the free allocated quota for 2024.

Upon further analysis of the company’s operational activity in 2024, it was determined that the surplus of 153,562 CO2 allowances should be more appropriately classified as inventory. As a result, the surplus CO2 allowances were reclassified from intangible assets to inventories during 2024.

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

3. INTANGIBLE ASSETS (continued)

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

	Software	Other	Intangibles in progress	Total
Cost				
Opening balance as of January 1, 2023	**186,189,290**	**198,372,505**	**8,355,726**	**392,917,521**
Additions	4,854	101,374,466	1,588,759	102,968,079
Transfers from CIP	1,288,666	2,086,010	(3,374,676)	-
Disposals	(47,869)	-	-	(47,869)
Transfers and reclassifications*	1,167,030	(1,079,048)	(498,220)	(410,238)
Closing balance as of December 31, 2023	**188,601,971**	**300,753,933**	**6,071,589**	**495,427,493**
Additions	-	686,315	(116,968)	569,347
Transfers from CIP	739,305	192,126	(931,431)	-
Transfer to inventories		(101,288,560)	-	(101,288,560)
Transfers and reclassifications*	-	64,023	14,798	78,821
Closing balance as of September 30, 2024	**189,341,276**	**200,407,837**	**5,037,988**	**394,787,101**
Accumulated amortization				
Opening balance as of January 1, 2023	**(173,924,281)**	**(185,800,508)**	**(2,326,476)**	**(362,051,265)**
Charge for the year	(6,454,650)	(5,106,035)	-	(11,560,685)
Accumulated amortization of disposals	47,869	-	-	47,869
Reclassification between categories*	(4,158,471)	4,158,471	-	-
Closing balance as of December 31, 2023	**(184,489,533)**	**(186,748,072)**	**(2,326,476)**	**(373,564,081)**
Charge for the year	(2,383,947)	(3,356,167)	-	(5,740,114)
Closing balance as of September 30, 2024	**(186,873,480)**	**(190,104,239)**	**(2,326,476)**	**(379,304,195)**
Net book value				
As of December 31, 2023	**4,112,438**	**114,005,861**	**3,745,113**	**121,863,412**
As of September 30, 2024	**2,467,796**	**10,303,598**	**2,711,512**	**15,482,906**

4. GOODWILL

The carrying value of goodwill as of 30 September 2024 and 31 December 2023 was USD 82,871,706 (RON: 368,373,020).

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

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

Impairment test

Impairment tests have been performed by the Group for the carrying value of goodwill as of 31 December 2023 on the Downstream Romania cash generating units ("CGU"). Based on the impairment test no impairment has been identified. For further details see Note 6.

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

5. PROPERTY, PLANT AND EQUIPMENT

Amounts in USD

	Land	Buildings	Plant and equipment	Vehicles and others	Construction in progress	Total
Cost						
As of January 1, 2023	**91,780,532**	**571,065,298**	**725,869,830**	**31,400,426**	**98,768,789**	**1,518,884,876**
Acquisitions	-	699,448	424,384	358,261	57,775,686	59,257,779
Transfers from CIP	-	9,656,741	28,299,275	5,015,489	(42,971,505)	-
Revaluation adjustment	(15,459,101)	(30,154,161)	(205,036,758)	6,020,003	-	(244,630,017)
Disposals	(46,177)	(803,904)	(1,406,857)	(1,071,538)	91,083	(3,237,393)
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	(181,749,195)	(220,973,629)	(15,251,768)	-	(417,974,592)
Transfers and reclassifications*	9,903,032	(9,903,032)	-	(19,792)	109,316	89,524
As of December 31, 2023	**86,178,286**	**358,811,195**	**327,176,245**	**26,451,081**	**113,773,369**	**912,390,176**
Additions	-	3,800	432,690	958,308	138,238,728	139,633,526
Transfers from CIP	-	893,207	126,591,938	3,138,596	(130,623,741)	-
Disposals	-	(1,443,368)	(4,674,381)	(4,189)	629,334	(5,492,604)
Transfers and reclassifications*	-	-	-	(14,403)	(80,780)	(95,183)
As of September 30, 2024	**86,178,286**	**358,264,834**	**449,526,492**	**30,529,393**	**121,936,910**	**1,046,435,915**
Accumulated depreciation & Impairment						
As of January 1, 2023	**8,594,735**	**(156,484,183)**	**(150,189,163)**	**(10,009,387)**	**(32,198,343)**	**(340,286,340)**
Charge for the year	-	(37,141,762)	(77,664,022)	(6,110,743)	-	(120,916,527)
Accumulated depreciation of disposals	-	78,151	1,145,600	744,301	-	1,968,052
Impairment	-	3,203,864	5,733,956	124,061	(2,651,683)	6,410,198
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	181,749,195	220,973,629	15,251,768	-	417,974,592
Transfers and reclassifications*	(8,594,735)	8,594,735	-	-	-	-
As of December 31, 2023	**-**	**-**	**-**	**-**	**(34,850,026)**	**(34,850,026)**
Charge for the year	(743,334)	(27,207,401)	(51,411,419)	(10,764,314)	-	(90,126,468)
Accumulated depreciation of disposals	-	1,407,797	4,674,035	8,111	-	6,089,943
As of September 30, 2024	**(743,334)**	**(25,799,604)**	**(46,737,384)**	**(10,756,203)**	**(34,850,026)**	**(118,886,551)**
Net book value as of December 31, 2023	**86,178,286**	**358,811,195**	**327,176,245**	**26,451,081**	**78,923,343**	**877,540,150**
Net book value as of September 30, 2024	**85,434,952**	**332,465,230**	**402,789,108**	**19,773,190**	**87,086,884**	**927,549,364**

*) *Includes, transfer from property, plant and equipment to inventories and intangibles and other adjustments in amount of USD 95 thousand (2023: USD 89 thousand).*

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Land	Buildings	Plant and equipment	Vehicles and others	Construction in progress	Total
Cost						
As of January 1, 2023	**407,973,643**	**2,538,442,356**	**3,226,563,981**	**139,578,034**	**439,037,144**	**6,751,595,158**
Acquisitions	-	3,109,116	1,886,429	1,592,506	256,818,702	263,406,753
Transfers from CIP	-	42,925,179	125,793,107	22,294,350	(191,012,636)	-
Revaluation adjustment	(68,717,250)	(134,038,261)	(911,408,893)	26,759,515	-	(1,087,404,889)
Disposals	(205,261)	(3,573,434)	(6,253,620)	(4,763,094)	404,873	(14,390,536)
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	(807,893,347)	(982,249,878)	(67,795,634)	-	(1,857,938,859)
Transfers and reclassifications*	44,019,968	(44,019,968)	-	(87,977)	485,920	397,943
As of December 31, 2023	**383,071,100**	**1,594,951,641**	**1,454,331,126**	**117,577,700**	**505,734,003**	**4,055,665,570**
Additions	-	16,891	1,923,350	4,259,775	614,484,970	620,684,986
Transfers from CIP	-	3,970,394	562,713,824	13,951,373	(580,635,591)	-
Disposals	-	(6,415,915)	(20,778,091)	(18,621)	2,797,453	(24,415,174)
Transfers and reclassifications*	-	-	-	(64,023)	(359,075)	(423,098)
As of September 30, 2024	**383,071,100**	**1,592,523,011**	**1,998,190,209**	**135,706,204**	**542,021,760**	**4,651,512,284**
Accumulated depreciation & Impairment						
As of January 1, 2023	**38,204,457**	**(695,587,842)**	**(667,605,848)**	**(44,492,726)**	**(143,124,854)**	**(1,512,606,813)**
Charge for the year	-	(165,098,847)	(345,224,345)	(27,162,864)	-	(537,486,056)
Accumulated depreciation of disposals	-	347,389	5,092,307	3,308,492	-	8,748,188
Impairment	-	14,241,496	25,488,008	551,464	(11,786,995)	28,493,973
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	807,893,347	982,249,878	67,795,634	-	1,857,938,859
Transfers and reclassifications*	(38,204,457)	38,204,457	-	-	-	-
As of December 31, 2023	**-**	**-**	**-**	**-**	**(154,911,849)**	**(154,911,849)**
Charge for the year	(3,304,194)	(120,939,618)	(228,528,898)	(47,848,452)	-	(400,621,162)
Accumulated depreciation of disposals	-	6,257,798	20,776,553	36,054	-	27,070,405
As of September 30, 2024	**(3,304,194)**	**(114,681,820)**	**(207,752,345)**	**(47,812,398)**	**(154,911,849)**	**(528,462,606)**
Net book value as of December 31, 2023	**383,071,100**	**1,594,951,641**	**1,454,331,126**	**117,577,700**	**350,822,154**	**3,900,753,721**
Net book value as of September 30, 2024	**379,766,906**	**1,477,841,191**	**1,790,437,864**	**87,893,806**	**387,109,911**	**4,123,049,678**

*) Includes, transfer from property plant and equipment to inventories and intangible assets and other adjustments in amount of RON 423 thousand (2023: RON 398 thousand).

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- *Construction in progress*

The below tables detail main significant acquisitions for construction in progress and main projects remaining in contraction in progress at 30 September 2024 and 31 December 2023:

Amount in USD	**Additions during the year 2024**	**Balance as at 30 September**
Rompetrol Rafinare SA out of which:	**136,608,147**	**74,188,393**
BU Refining General Turnaround 2024	57,646,696	-
Refinery MHC unit restart - Incident June 2023	6,413,182	-
Refinery Catalyst Replacement	7,751,029	1,767,379
Expire authorization ISCIR	19,026,348	24,547,178
Tank rehabilitation	204,473	1,086,767
Acquisition and installation of 2 new Reactors -125-DHT	11,152,464	-
Replace subassembly of reformer heater 352-H201	5,028,352	574,527
Replace cut/drilling system DCU unit	10,541,950	11,669,971
Replacement of Petromidia strategic equipment (rotors)	-	4,499,611
Replacement static equipment Refinery and Petrochemicals	1,617,175	1,916,304
Safety measures package for PEM Refinery	2,507,196	2,788,987
Flue gas pipe support system expert.N-PG-138F-030	2,027,331	2,198,764
New Traveling crane with clamshell bucket 12,5 t	1,010,898	1,466,616
Other projects	6,376,756	15,269,917
Vega projects	5,304,296	6,402,374
Rompetrol Downstream SRL out of which	**721,496**	**3,718,895**
Construction of new stations RBI, Cuves, Doex, STB, acquisition Fill & GO devices, capital maintenance, acquisitions of new equipment	621,891	3,087,883
Other projects	99,605	631,012
Romoil SA out of which	**381,619**	**4,359,836**
Modernization for administrative offices	381,619	4,359,836

Construction in progress as at 31 December 2023

Amount in USD	**Additions during the year**	**Balance as at 31 December**
Rompetrol Rafinare SA out of which:	**51,799,817**	**62,858,013**
Refinery MHC unit restart - Incident June 2023	19,734,879	19,734,879
Refinery Catalyst Replacement	7,026,122	10,403,693
Expire authorization ISCIR	5,606,881	5,591,770
Tank rehabilitation	4,207,137	964,479
Acquisition and install of 2 new Reactors -125-DHT	3,982,755	3,987,522
Replace subassembly of reformer heater 352-H201	3,407,551	3,407,551
Replace cut/drilling system DCU unit	263,675	1,130,713
Replacement of PEM strategic equipment (rotors)	166,197	4,499,611
Other projects	6,250,949	11,520,003
Vega projects	1,153,671	1,617,792
Rompetrol Downstream SRL out of which	**3,387,865**	**7,401,536**
Construction of new stations RBI, Cuves, Doex, STB, acquisition Fill & GO devices, capital maintenance, acquisitions of new equipment	2,755,017	6,124,823
Other projects	632,848	1,276,713
Romoil SA out of which	**2,275,266**	**4,654,316**
Modernization for administrative offices	2,275,266	4,654,316

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- *Disposals*

In the first quarter of year 2024 Rompetrol Rafinare S.A. disposed the Old Hydrogen Plant – Line I as part of Install of two 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 of disposal was nil (zero), therefore no expenses with disposal of assets were recorded.

In 2023, the transfer of USD 8.6 million between “Land” and “Buildings” categories refer to a land improvement.

- *Borrowing costs capitalized*

As of September 30, 2024, capital projects were financed from Groups’ operating cash flow, therefore no borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets was capitalized during the period ended as of September 30, 2024 (2023: USD nil). The Group’s borrowing funds are generally obtained for the business and are not used for the purpose of obtaining a qualifying asset, thus Management determined that no borrowing cost is considered eligible in the first nine months of 2024 and for the year 2023 for capitalization by applying a capitalization rate to the expenditure on the asset.

- *Specific impairment*

In June 2023, an incident occurred affecting the Mild Hydrocracker (MHC) unit and based on a preliminary technical assessment specific impairment in amount of USD 7.4 million was recorded, reversed as part the revaluation exercise conducted as of 31 December 2023.

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 USD 8 million was recognized as of 31 December 2022 that was fully reversed due to revaluation performed as of 31 December 2023.

The conversion project for HDPE unit, was temporary put on hold given the current economic environment and a technical assessment for its future use was performed in 2022. Following the assessment prepared it was concluded that a specific impairment is needed and recorded in amount of USD 5.4 million which is included in the total specific impairment adjustment of USD 8 million. The specific impairment was fully reversed due to revaluation performed as of 31 December 2023.

The Group performs an annual assessment for all entities, based on specific asset considerations, as applicable, to identify whether carrying amounts for property, plant 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 Group 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 tests have been performed by the Group for the carrying value of goodwill, property plant and equipment and right of use assets as of 31 December 2023 on the cash generating units (“CGUs”) listed below in Note 6.

- *Revaluation of Property, plant and equipment*

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

As at 31 December 2023, a new revaluation process was conducted, the 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,

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

but also the market approach was applied for a number of 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 for economic obsolescence. A net revaluation deficit of property plant and equipment of USD 17.88 million was recognized in OCI and a net revaluation loss of USD 227 million was recognized in profit or loss as of 31 December 2023.

The fair value measurement of property, plant and equipment is considered as Level 3 as 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.

Description of key inputs used for valuation used for Property, plant and equipment

Asset	Valuation technique	Significant unobservable input	Range (weighted average)
Petromidia Refinery	Net replacement cost	Projected crude oil processing capacity of the refinery	5,320K tons/year (110K 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 Refinery	Net replacement cost	Average 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
Rompetrol Downstream	Net replacement cost	Tank - cost capacity method	18,499 USD – 30,719 USD
		Underground construction related to tank – cost capacity method	15,808 USD – 35,638 USD
		Pipelines and technological network – acquisition cost adjusted with CET index / inflation rate	899 USD/sqm – 1,565 USD/sqm
Rompetrol Gas	Net replacement cost	GPL and water tanks – cost capacity method	USD 174 thousand – USD 454 thousand
RomOil	Net replacement cost	Tank – cost capacity method	337 USD for tanks with capacity of 1,000 cubic meter – 952 USD for tanks with capacity of 5,000 cubic meter
		Special construction (i.e. platforms) – replacement cost estimated based on IROVAL catalogue	126 USD/sqm

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

The fair value of the Group’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 special buildings and constructions, for which technical information was available, was estimated on the basis of technical characteristics, 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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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 estimated based on acquisition date and subsequent upgrades, the environment of use and the normal / technical operating times for each 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 obsolescence test as performed for the revalued property, plant and equipment of the Group. The value in use was estimated based on the approved 5-year Business Plan (2024-2028) prepared by the Group's management. The results of the economic obsolescence test are incorporated in the revaluation exercise.

The economic obsolescence test covering Refinery and Petrochemicals CGUs had impact at the level of Rompetrol Rafinare leading to recognition of revaluation deficit and revaluation loss, while in case of the other entities from the group that represent Downstream CGU, it was concluded that the fair value estimated based on cost is below recoverable amount as determined through the economic obsolescence test.

- *Pledged property, plant and equipment*

As at September 30, 2024 the Group has pledged property, plant and equipment with a carrying value of USD 316.6 million (31 December 2023: USD 352.4 million) net, for securing banking facilities granted to Group entities.

In 2010, for Rompetrol Rafinare SA (the “Company”) it was established by ANAF an asset freeze on all fixed assets and investments and on the equity as well as on the shares, amounting to RON 1,595,020,055 in favor of the Romanian state (represented by ANAF) – see details under Note 29 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 30 - 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.

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

6. IMPAIRMENT TEST

The Group performed impairment test as of 31 December 2023. Management assessed the financial performance of the Refining, Downstream 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 Group 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 and Downstream Romania. 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 at Note 5.

7. RIGHT OF USE ASSETS

Amounts in USD

	Land, buildings and special constructions	Plant and equipment	Vehicles	Total
Cost:				
As of January 1, 2023	**148,295,772**	**591,867**	**1,870,763**	**150,758,402**
Additions	144,578,004	-	48,402	144,626,406
Disposals	(34,034)	-	(29,288)	(63,322)
Re-measurement	1,665,264	23,491	159,540	1,848,295
As of December 31, 2023	**294,505,006**	**615,358**	**2,049,417**	**297,169,781**
Additions	10,159,054	-	25,453	10,184,507
Disposals	-	-	(17,028)	(17,028)
Re-measurement	2,466,957	187,133	114,753	2,768,843
As of September 30, 2024	**307,131,017**	**802,491**	**2,172,595**	**310,106,103**
Depreciation and Impairment:				
As of January 1, 2023	**(24,319,374)**	**(454,326)**	**(1,215,465)**	**(25,989,165)**
Depreciation	(11,361,004)	(114,203)	(413,657)	(11,888,864)
Accumulated depreciation of disposals	34,023	-	1,891	35,914
As of December 31, 2023	**(35,646,355)**	**(568,529)**	**(1,627,231)**	**(37,842,115)**
Depreciation	(14,759,435)	(80,423)	(286,622)	(15,126,480)
Accumulated depreciation of disposals	-	-	13,736	13,736
As of September 30, 2024	**(50,405,790)**	**(648,952)**	**(1,900,117)**	**(52,954,859)**
Net Book value at December 31, 2023	**258,858,651**	**46,829**	**422,186**	**259,327,666**
Net Book value at September 30, 2024	**256,725,227**	**153,539**	**272,478**	**257,151,244**

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

7. RIGHT OF USE ASSETS (continued)

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

	Land, buildings and special constructions	Plant and equipment	Vehicles	Total
Cost:				
As of January 1, 2023	**659,189,536**	**2,630,908**	**8,315,729**	**670,136,173**
Additions	642,663,686	-	215,152	642,878,838
Disposals	(151,285)	-	(130,188)	(281,473)
Re-measurement	7,402,265	104,420	709,171	8,215,856
As of December 31, 2023	**1,309,104,202**	**2,735,328**	**9,109,864**	**1,320,949,394**
Additions	45,158,011	-	113,141	45,271,152
Disposals	-	-	(75,691)	(75,691)
Re-measurement	10,965,871	831,825	510,089	12,307,785
As of September 30, 2024	**1,365,228,084**	**3,567,153**	**9,657,403**	**1,378,452,640**
Depreciation and Impairment:				
As of January 1, 2023	**(108,102,049)**	**(2,019,525)**	**(5,402,863)**	**(115,524,437)**
Depreciation	(50,500,800)	(507,644)	(1,838,747)	(52,847,191)
Accumulated depreciation of disposals	151,236	-	8,406	159,642
As of December 31, 2023	**(158,451,613)**	**(2,527,169)**	**(7,233,204)**	**(168,211,986)**
Depreciation	(65,607,166)	(357,488)	(1,274,063)	(67,238,717)
Accumulated depreciation of disposals	-	-	61,058	61,058
As of September 30, 2024	**(224,058,779)**	**(2,884,657)**	**(8,446,209)**	**(235,389,645)**
Net Book value at December 31, 2023	**1,150,652,589**	**208,159**	**1,876,660**	**1,152,737,408**
Net Book value at September 30, 2024	**1,141,169,305**	**682,496**	**1,211,194**	**1,143,062,995**

Following a public auction initiated by the National Company for Road Infrastructure administration ("CNAIR"), whose winner was Rompetrol Downstream SRL, a service concession agreement was concluded between the two parties. The object of the contract is to build on the land plots, property of the CNAIR and operate 12 gas stations on A1 highway. Considering the agreement, Rompetrol Downstream SRL opened in 2023 10 stations on the A1 highway. The construction of the gas stations was further subcontracted to KMG Rompetrol Development, a subsidiary of KMG International Group. When gas stations will become operational, KMG Rompetrol Development will lease the gas stations to Rompetrol Downstream for a period of 18 years. During 2023 11 gas stations were opened and one gas stations was opened subsequently in February 2024. This is part of the framework agreement signed in 2019 between Rompetrol Downstream and KMG Rompetrol Development SRL which states that a number of 66 gas stations will be developed over a period of 5 years. Gas stations will be further operated by Rompetrol Downstream.

The A1 highway stations have been developed on a new concept which ensures a natural development of the "Hei" brand, by turning it into an umbrella brand and by creating three distinctive service lines - Hei & Gourmet for the assisted service for the restaurant food type, Hei & Go for the shop products and Hei & Coffee for coffee, pastry and sandwiches.

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

7. RIGHT OF USE ASSETS (continued)

Land, buildings and special construction category includes mainly:

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

USD	Net book value at September 30, 2024	Net book value at December 31, 2023
Rent agreements for gas stations	244,158,673	245,473,872
Rental of administrative buildings	1,285,538	1,703,246
Rent for usage of maritime port	11,262,659	11,663,178
Depots rent	18,357	18,355
Total	**256,725,227**	**258,858,651**

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

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

The right-of-use assets are also subject to impairment and assessed within the CGUs to which they belong. For details please refer to Note 6.

8. INVESTMENTS

Investments in Consolidated Subsidiaries

Details of the Group consolidated subsidiaries at 30 September 2024 and 31 December 2023 are as follows:

Company name	Country of incorporation	Range of activity	Effective ownership 30 September 2024 %	Control 30 September 2024 %	Effective ownership 31 December 2023 %	Control 31 December 2023 %
Rompetrol Downstream SRL	Romania	Retail Trade of Fuels and Lubricants	100	100	100	100
Rom Oil SA	Romania	Wholesale of Fuels; fuel storage	100	100	100	100
Rompetrol Logistics SRL	Romania	Logistics operations	66.19	100	66.19	100
Rompetrol Petrochemicals SRL	Romania	Petrochemicals	100	100	100	100
Rompetrol Quality Control SRL	Romania	Quality Control Services	100	100	100	100
Rompetrol Gas SRL	Romania	LPG Sales	66.19	100	66.19	100

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

- *Disposals through sales of subsidiaries and liquidations*

During 2024 and 2023, there was no disposal of companies.

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

9. INVENTORIES, NET

The inventories balance in 2024 and 2023 is provided below:

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Crude oil and other feedstock materials (at lower of cost and net realisable value)	180,486,520	185,604,494	802,280,630	825,030,536
Petroleum and petrochemical products (at lower of cost and net realisable value)	178,376,667	143,938,958	792,902,122	639,823,062
Work in progress (at cost)	42,506,043	56,972,518	188,943,612	253,248,540
Spare parts (at cost less inventories write-down)	2,285,105	4,745,210	10,157,520	21,092,933
Consumables and other raw materials (at cost less inventories write-down)	5,181,603	5,432,882	23,032,743	24,149,704
Merchandises (at cost less inventories write-down)	18,261,601	18,180,089	81,174,643	80,812,314
Other inventories (at cost less inventories write-down)	15,490,031	1,796,907	68,854,737	7,987,431
	442,587,570	**416,671,058**	**1,967,346,007**	**1,852,144,520**

Movements in inventories reserve:

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Reserve as of January 1	**(36,494,551)**	**(38,665,890)**	**(162,221,929)**	**(171,873,748)**
Accrued provision	(22,805,651)	(35,430,394)	(101,373,399)	(157,491,644)
Reversal of provision	23,178,784	37,601,733	103,032,013	167,143,463
Reserve as of Dec 31	**(36,121,418)**	**(36,494,551)**	**(160,563,315)**	**(162,221,929)**

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).

In 2024 the surplus of CO2 allowances (a no. of 153,562 certificates) in amount of USD 13.8 million were reclassified from intangible assets to inventories during 2024 for details see note 3, and were measured at fair value, using the lower of cost and net realizable value (NRV), with a negative impact of USD 2.5 million.

The Group has pledged inventories in gross amount of USD 424.9 million (2023: USD 410 million) to secure banking facilities.

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

10. TRADE AND OTHER RECEIVABLES

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

	September 30, 2024 USD	**December 31, 2023** USD	**September 30, 2024** RON	**December 31, 2023** RON
			(supplementary info – see Note 2(e))	
Trade receivables	223,631,247	215,398,520	994,063,256	957,467,961
Advances to suppliers	28,449,101	17,421,914	126,459,099	77,442,150
Sundry debtors	75,506,857	84,475,319	335,635,530	375,501,240
VAT to be recovered	228,660	81,942	1,016,417	364,240
Cash pooling receivables	335,209,767	296,644,802	1,490,040,935	1,318,615,810
Fuel subsidy	5,912,199	22,628,786	26,280,316	100,587,217
Other receivables	27,096,222	38,420,002	120,445,416	170,780,751
Provision for expected credit losses related to trade receivables and provision for sundry debtors and other receivables	(44,039,508)	(44,911,098)	(195,760,017)	(199,634,322)
	651,994,545	**630,160,187**	**2,898,180,952**	**2,801,125,047**

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

Fuel subsidy in amount of USD 5.9 million is in relation to 0.25 RON/liter fuel subvention according to Government Emergency Ordinance OUG 106 that was applicable in 2021; the subsidy is to be offset with Rompetrol Downstream tax liabilities and was fully offset in October 2024.

Included in Sundry debtors as of September 30, 2024, is an amount of USD 5.6 million (2023: USD 5.6 million) for principal liabilities and related penalties paid to ANAF following General Tax Inspection Report covering 2011 - 2015 period; the amount is fully provided as at December 31, 2022

Also, included in Sundry debtors category is an amount of USD 68.9 million (2023: USD 64.1 million) relating to Rompetrol Petrochemicals SRL receivables against KMG International N.V. ("KMGI") as a result of Rompetrol Petrochemicals SRL assignment of receivables to KMGI starting with November 2017 for Rompetrol Rafinare SA debts (see Note 12). Following the contract agreement in place Rompetrol Petrochemicals SRL charges interest for late payment from KMGI. As of 30 September 2024, the interest receivable is in amount of USD 4.5 million, during 2024 the interest accrued was in amount of USD 4.5 million.

In 2024, out of the total amount of USD 28.4 million (2023: 17.4 million) representing advances to suppliers, USD 26.4 million (2023: 13.9 million) are in respect of other raw materials, investment projects related to Rompetrol Rafinare and USD 0.9 million (2023: 2.6 million) are in respect of investment projects related to the construction of new stations, rebranding process, advance for utilities and petroleum product related to Rompetrol Downstream and USD 0.5 million related to Romoil.

Cash pooling receivables refers to: Rompetrol Downstream USD 235 million (2023: USD 173.7 million), Rompetrol Rafinare USD 26.8 million (2023: USD 45.8 million), Rompetrol Gas USD 39.6 million (2023: USD 47.8 million), Rompetrol Quality Control USD 5.2 million (2023: USD 1.7 million), Rompetrol Logistics USD 5.6 million (2023: USD 6.3 million) and Rompetrol Petrochemicals USD 23 million (2023: USD 21.5 million).

Also, in other receivables an amount of USD 11 million (2023: USD 24.73 million) refers to excise receivables in Rompetrol Rafinare

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

10. TRADE AND OTHER RECEIVABLES (continued)

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Sundry debtors	75,506,857	84,475,319	335,635,530	375,501,240
Other receivables	27,096,222	38,420,002	120,445,416	170,780,751
Provision for expected credit losses related to sundry debtors and other receivables	(8,036,758)	(7,968,192)	(35,724,193)	(35,419,410)

Out of the total amount of other receivables and sundry debtors of USD 102.6 million (2023: USD 122.9 million) an amount of USD 8 million (2023: USD 8 million) is provisioned.

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

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

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Balance at the beginning of the year	**(44,911,098)**	**(36,144,539)**	**(199,634,322)**	**(160,666,090)**
Charge for the year	(3,908,322)	(2,649,824)	(17,372,882)	(11,778,733)
Utilised	2,032,832	172,032	9,036,142	764,699
Unused amounts reversed	2,706,513	795,849	12,030,721	3,537,628
Reclassification between categories trade and other receivables and other provisions	-	(5,424,701)	-	(24,113,338)
Exchange rate differences	40,567	(1,659,915)	180,324	(7,378,488)
Balance at the end of the year	**(44,039,508)**	**(44,911,098)**	**(195,760,017)**	**(199,634,322)**

Trade receivables totaling USD 143.3 million as at 30 September 2024 and USD 123.4 million as at 31 December 2023 are pledged to obtain credit facilities (see Notes 13 and 18).

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

11. CASH AND CASH EQUIVALENTS

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Cash at bank	132,191,066	149,073,317	587,602,507	662,645,802
Cash on hand	1,582,554	4,909,759	7,034,611	21,824,370
Cash equivalents	1,331,959	1,972,124	5,920,691	8,766,288
	135,105,579	**155,955,200**	**600,557,809**	**693,236,460**

Cash equivalents represent mainly cheques and promissory notes in the course of being settled.

12. EQUITY

Shareholders' structure as at 30 September 2024 is as follows:

Shareholders	**Ownership**	**Amount per statutory documents [RON]**	**Amount under IFRS [USD]**	**Amount under IFRS [RON]**
KMG International N.V.	48.11%	1,277,857,773	423,929,605	1,884,409,485
Romanian State represented by the Ministry of Energy	44.70%	1,187,087,758	393,816,632	1,750,554,310
Rompetrol Financial Group S.R.L.	6.47%	171,851,155	57,011,660	253,422,529
Rompetrol Well Services S.A.	0.05%	1,323,486	439,067	1,951,696
Others (not State or KMGI Group)	0.67%	17,800,400	5,905,287	26,249,591
Total	**100%**	**2,655,920,573**	**881,102,250**	**3,916,587,611**

Shareholders' structure as at 31 December 2023 was as follows:

Shareholders	**Ownership**	**Amount per statutory documents [RON]**	**Amount under IFRS [USD]**	**Amount under IFRS [RON]**
KMG International N.V.	48.11%	1,277,857,773	423,929,605	1,884,409,485
Romanian State represented by the Ministry of Energy	44.70%	1,187,087,758	393,816,632	1,750,554,310
Rompetrol Financial Group S.R.L.	6.47%	171,851,155	57,011,660	253,422,529
Rompetrol Well Services S.A.	0.05%	1,323,486	439,067	1,951,696
Others (not State or KMGI Group)	0.67%	17,800,400	5,905,287	26,249,591
Total	**100%**	**2,655,920,573**	**881,102,250**	**3,916,587,611**

12. EQUITY (continued)

Share premium and effect of transfers with equity holders

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

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

Hybrid Loan

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

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

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

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

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

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

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

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

Revaluation reserve

As of 31 December 2023, the balance of the revaluation reserves is affected by revaluation deficit of USD 17.8 million following the revaluation process carried out at the end of 2023 for property, plant and equipment. The above impact is partially offset by the transfer in retained earnings of the difference between depreciation based on revalued carrying amount and depreciation based on the initial cost of assets in the buildings category. The revaluation surplus included in the revaluation reserve is capitalized by the transfer in retained earnings as a result of the use of the asset or disposal. Thus, as of 31 December 2023, the revaluation surplus transferred to retained earnings was USD 33.7 million.

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

13. LONG-TERM BORROWINGS FROM BANKS

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
BCR, ING Bank, Raiffeisen Bank, UniCredit Bank, Alpha Bank, Garanti Bank and OTP Bank Rompetrol Rafinare: General corporate purposes and working capital facility of USD 531,800,000 with possibility to increase up to USD 600,000,000 considering an accordion clause of USD 68,200,000. The facility consists of two parts: (I) USD 265,9 million committed line and the maturity date is April 23, 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.	275,900,000	265,900,000	1,226,403,090	1,181,952,090
Total	**275,900,000**	**265,900,000**	**1,226,403,090**	**1,181,952,090**

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
One year or less - principal	58,211	299,357	258,754	1,330,672
Between two and five years	275,900,000	265,900,000	1,226,403,090	1,181,952,090
Total	**275,958,211**	**266,199,357**	**1,226,661,844**	**1,183,282,762**

The loans bearing guarantees are secured with pledges on property plant and equipment of 316.6 million (31 December 2023: USD 352.4 million), inventories of USD 424.9 million (31 December 2023: USD 410 million) and trade receivables of USD: 143.3 million (31 December 2023: USD 123.4 million).

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

14. OBLIGATIONS UNDER LEASE AGREEMENTS

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
As at 1 January	**270,377,695**	**125,006,748**	**1,201,855,892**	**555,667,496**
Additions	10,184,518	144,626,336	45,271,201	642,878,526
Re-measurement	2,765,510	1,848,295	12,292,969	8,215,856
Payments	(25,470,472)	(20,019,855)	(113,218,795)	(88,990,257)
Interest accrued	16,973,629	12,896,849	75,449,478	57,327,783
Exchange rate impact	3,239,816	6,046,720	14,401,306	26,878,275
Other changes	-	(27,398)	-	(121,787)
As at 30 September / 31 December	**278,070,696**	**270,377,695**	**1,236,052,051**	**1,201,855,892**
Non-current	268,362,548	262,011,550	1,192,898,362	1,164,667,541
Current	9,708,148	8,366,145	43,153,689	37,188,351

As of 31 December 2023, the Group recognized leasing additions amounting to USD 144.6 million (2022: USD 22. 6 million) out of which the most significant relate to Rompetrol Downstream USD 92.9 million in 2023, mainly are related to service concession contracts concluded between Rompetrol Downstream and the National Company for Road Infrastructure Administration ("CNAIR").See also Note 7 for details related to Rompetrol Downstream additions.

The following amounts were recognized in profit or loss:

Recognised in profit or loss	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Depreciation expense of right-of-use assets	19,302,824	9,635,168	85,802,983	42,829,285
Interest expense on lease liabilities	16,973,629	11,114,811	75,449,478	49,406,446
Variable lease payments (included in selling and distribution)	7,358,598	5,855,575	32,709,704	26,028,616
Total amount recognised in profit or loss	**43,635,051**	**26,605,554**	**193,962,165**	**118,264,347**

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

	September 30, 2024		December 31, 2023	
	Fixed payments	Variable payments	Fixed payments	Variable payments
Fixed rent	25,470,472	-	20,019,855	-
Variable rent with minimum payment	-	7,358,598	-	7,406,353
Total	**25,470,472**	**7,358,598**	**20,019,855**	**7,406,353**

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

15. DEFERRED TAX ASSETS AND LIABILITIES

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

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Deferred tax assets	(12,828,037)	(12,828,037)	(57,021,907)	(57,021,907)
Deferred tax liabilities	19,272,484	19,272,484	85,668,119	85,668,119
Deferred tax (asset) / liability, net	**6,444,447**	**6,444,447**	**28,646,212**	**28,646,212**

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

USD

2024	**Opening balance**	**Charged / (Credited) to income**	**Charged / (Credited) to equity**	**Closing balance**
Temporary differences				
Intangible assets	49,238	-	-	49,238
Property, plant and equipment	140,104,874	-	-	140,104,874
Inventories	82,619	-	-	82,619
Provisions	(99,958,269)	-	-	(99,958,269)
Other	(663)	-	-	(663)
Total temporary differences (asset)/liability	**40,277,800**	**-**	**-**	**40,277,800**
Deferred tax effect				
Intangible assets	7,878	-	-	7,878
Property, plant and equipment	22,416,780	-	-	22,416,780
Inventories	13,219	-	-	13,219
Provisions	(15,993,323)	-	-	(15,993,323)
Other	(106)	-	-	(106)
Deferred tax (asset)/liability recognized	**6,444,447**	**-**	**-**	**6,444,447**

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

2024	**Opening balance**	**Charged / (Credited) to income**	**Charged / (Credited) to equity**	**Closing balance**
Temporary differences				
Intangible assets	218,868	-	-	218,868
Property, plant and equipment	622,780,175	-	-	622,780,175
Inventories	367,250	-	-	367,250
Provisions	(444,324,501)	-	-	(444,324,501)
Other	(2,947)	-	-	(2,947)
Total temporary differences (asset)/liability	**179,038,845**	**-**	**-**	**179,038,845**
Deferred tax effect				
Intangible assets	35,018	-	-	35,018
Property, plant and equipment	99,644,825	-	-	99,644,825
Inventories	58,760	-	-	58,760
Provisions	(71,091,920)	-	-	(71,091,920)
Other	(471)	-	-	(471)
Deferred tax (asset)/liability recognized	**28,646,212**	**-**	**-**	**28,646,212**

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

15. DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

USD

Deferred tax (asset)/liability recognized	Opening balance	Charged / (Credited) to income	Charged / (Credited) to equity	Closing balance
Rompetrol Rafinare S.A.	(12,828,045)	-	-	(12,828,045)
Rompetrol Downstream S.R.L.	10,981,510	-	-	10,981,510
Rom Oil S.A.	5,890,917	-	-	5,890,917
Rompetrol Gas S.R.L.	950,225	-	-	950,225
Rompetrol Logistics S.R.L.	1,380,294	-	-	1,380,294
Rompetrol Quality Control S.R.L.	69,546	-	-	69,546
Deferred tax (asset)/liability recognized	**6,444,447**	**-**	**-**	**6,444,447**

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

Deferred tax (asset)/liability recognized	Opening balance	Charged / (Credited) to income	Charged / (Credited) to equity	Closing balance
Rompetrol Rafinare S.A.	(57,021,942)	-	-	(57,021,942)
Rompetrol Downstream S.R.L.	48,813,910	-	-	48,813,910
Rom Oil S.A.	26,185,715	-	-	26,185,715
Rompetrol Gas S.R.L.	4,223,845	-	-	4,223,845
Rompetrol Logistics S.R.L.	6,135,545	-	-	6,135,545
Rompetrol Quality Control S.R.L.	309,139	-	-	309,139
Deferred tax (asset)/liability recognized	**28,646,212**	**-**	**-**	**28,646,212**

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

15. DEFERRED TAX ASSETS AND LIABILITIES (continued)

USD

2023	Opening balance	Charged / (Credited) to income	Charged / (Credited) to equity	Closing balance
Temporary differences				
Intangible assets	49,238	-	-	49,238
Property, plant and equipment	452,881,112	(261,173,619)	(51,602,619)	140,104,874
Inventories	82,619	-	-	82,619
Provisions	(97,071,769)	(2,886,500)	-	(99,958,269)
Other	(663)	-	-	(663)
Total temporary differences (asset)/liability	**355,940,538**	**(264,060,119)**	**(51,602,619)**	**40,277,800**
Deferred tax effect				
Intangible assets	7,878	-	-	7,878
Property, plant and equipment	72,460,978	(41,787,779)	(8,256,419)	22,416,780
Inventories	13,219	-	-	13,219
Provisions	(15,531,483)	(461,840)	-	(15,993,323)
Other	(106)	-	-	(106)
Deferred tax (asset)/liability recognized	**56,950,487**	**(42,249,619)**	**(8,256,419)**	**6,444,447**

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

2023	Opening balance	Charged / (Credited) to income	Charged / (Credited) to equity	Closing balance
Temporary differences				
Intangible assets	218,868	-	-	218,868
Property, plant and equipment	2,013,101,831	(1,160,942,854)	(229,378,802)	622,780,175
Inventories	367,250	-	-	367,250
Provisions	(431,493,720)	(12,830,781)	-	(444,324,501)
Other	(2,947)	-	-	(2,947)
Total temporary differences (asset)/liability	**1,582,191,282**	**(1,173,773,635)**	**(229,378,802)**	**179,038,845**
Deferred tax effect				
Intangible assets	35,018	-	-	35,018
Property, plant and equipment	322,096,293	(185,750,856)	(36,700,612)	99,644,825
Inventories	58,760	-	-	58,760
Provisions	(69,038,995)	(2,052,925)	-	(71,091,920)
Other	(471)	-	-	(471)
Deferred tax (asset)/liability recognized	**253,150,605**	**(187,803,781)**	**(36,700,612)**	**28,646,212**

As of 31 December 2023, the Group 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 19), lead to an increase of USD 0.5 million in the related deferred tax asset. Also, an increase of USD 36 million of deferred tax asset was recognized for revaluation losses charged to P&L 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 Group to generate taxable profits in the future.

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

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

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

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

16. TRADE AND OTHER PAYABLES

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Trade payables	1,071,801,256	964,445,294	4,764,263,763	4,287,055,777
Excise taxes	994	698	4,418	3,103
Special fund tax for oil products	6,200,316	6,130,311	27,561,025	27,249,845
VAT payable	41,747,586	37,161,013	185,572,195	165,184,419
Other taxes payable	8,098,079	(3,403)	35,996,771	(15,127)
Employees and social obligations	10,185,209	11,466,191	45,274,273	50,968,366
Cash pooling payables	374,879,235	330,265,125	1,666,375,687	1,468,061,507
Other liabilities	8,655,917	12,388,160	38,476,417	55,066,610
Total	**1,521,568,592**	**1,361,853,389**	**6,763,524,549**	**6,053,574,500**

The Group entered into a cash pooling contract for optimizing cash, with KMG Rompetrol SRL ("Master Company"). The amounts in balance as of 30 September 2024 are for the following companies: Rompetrol Rafinare S.A. USD 359.8 million (2023: USD 314.4 million), Romoil USD 15.1 million (2023: USD 14.2 million).
Also, in other liabilities are included short term guarantees in Rompetrol Downstream SRL, in amount of USD 6.78 million (2023: USD 6.68 million).

Trade payables line include payable in relation to KazMunayGas Trading AG in amount of USD 898.9 million as of 30 September 2024 (2023: USD 794.8 million) which represents the liability for the acquisition of crude oil. Acquisitions of crude oil are financed through a series of credit facilities obtained by KazMunayGas Trading AG from different financial institutions. According to the agreements, the liability is due in a period up to 720 days from withdrawn date and different interest rates are applied. Further, according to the agreement concluded between Rompetrol Rafinare SA and KazMunayGas Trading AG, interest rate is calculated differently depending on the financing institution, as well as penalties in case payments are not made by Rompetrol Rafinare according to the agreed payments terms (Note 24).

17. CONTRACT LIABILITIES

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Short-term advances from wholesale customers	22,914,910	22,527,821	101,859,066	100,138,417
Short-term advances from other customers	52,934,862	45,881,624	235,300,756	203,948,407
Deferred revenues	8,951,306	7,962,682	39,789,450	35,394,918
Total short-term advances	**84,801,078**	**76,372,127**	**376,949,272**	**339,481,742**

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

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

18. SHORT-TERM BORROWINGS FROM BANKS

DEBT SHORT-TERM	**September 30, 2024 USD**	**December 31, 2023 USD**	**September 30, 2024 RON**	**December 31, 2023 RON**
			(supplementary info – see Note 2(e))	
Banca Transilvania Rompetrol Rafinare S.A.: Two revolving credit ceiling on short term credit facility, one up to EUR 30 million and the second up to EUR 27.96 million, for issue of letters of credit and letters of guarantee. Maturity date is July 27, 2025. Drawings in USD/EUR/RON.	-	34,559,797	-	153,621,753
BCR, ING Bank, Raiffeisen Bank, UniCredit Bank, Alpha Bank, Garanti Bank and OTP Bank Rompetrol Rafinare: General corporate purposes and working capital facility of USD 531,800,000 with possibility to increase up to USD 600,000,000 considering an accordion clause of USD 68,200,000. The facility consists of two parts: (I) USD 265,9 million committed line and the maturity date is April 23, 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.	4,977,257	7,997,432	22,124,405	35,549,385
Current portion of long-term debt	58,211	299,357	258,754	1,330,672
	5,035,468	**42,856,586**	**22,383,159**	**190,501,810**

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

18. SHORT-TERM BORROWINGS FROM BANKS (continued)

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

The loans bearing guarantees are secured with pledges on property plant and equipment of 316.6 million (31 December 2023: USD 352.4 million), inventories of USD 424.9 million (31 December 2023: USD 410 million) and trade receivables of USD: 143.3 million (31 December 2023: USD 123.4 million).

The movement in loans is presented below:

USD	At 1 January 2024	Drawings	Repayment	Interest accrual	Exchange rate impact	September 30, 2024
Long-term borrowings from banks (Note 13)	265,900,000	10,000,000	-	-	-	275,900,000
Short-term borrowings from banks	42,557,229	57,969,341	(95,580,351)	-	31,038	4,977,257
Interest Long-term borrowings banks (Note 13)	-	-	(16,942,042)	16,942,042	-	-
Interest Short-term borrowings from banks	299,357	-	(2,234,454)	1,993,308	-	58,211
Total	**308,756,586**	**67,969,341**	**(114,756,847)**	**18,935,350**	**31,038**	**280,935,468**

RON (supplementary info – see Note 2(e))	At 1 January 2024	Drawings	Repayment	Interest accrual	Exchange rate impact	September 30, 2024
Long-term borrowings from banks (Note 13)	1,181,952,090	44,451,000	-	-	-	1,226,403,090
Short-term borrowings from banks	189,171,138	257,679,518	(424,864,218)	-	137,967	22,124,405
Interest Long-term borrowings banks (Note 13)	-	-	(75,309,071)	75,309,071	-	-
Interest Short-term borrowings from banks	1,330,672	-	(9,932,371)	8,860,453	-	258,754
Total	**1,372,453,900**	**302,130,518**	**(510,105,660)**	**84,169,524**	**137,967**	**1,248,786,249**

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

18. SHORT-TERM BORROWINGS FROM BANKS (continued)

USD	**At 1 January 2023**	**Drawings**	**Repayment**	**Interest accrual**	**Exchange rate impact**	**At 31 December 2023**
Long-term borrowings from banks (Note 13)	-	306,770,363	(40,870,363)	-	-	265,900,000
Short-term borrowings from banks	86,181,181	318,263,981	(362,254,496)	-	366,563	42,557,229
Interest Long-term borrowings banks (Note 13)	-	-	(14,591,803)	14,591,803	-	-
Interest Short-term borrowings from banks	29,737	-	(5,359,390)	5,629,010	-	299,357
Total	**86,210,918**	**625,034,344**	**(423,076,052)**	**20,220,813**	**366,563**	**308,756,586**

RON (supplementary info – see Note 2(e))	**At 1 January 2023**	**Drawings**	**Repayment**	**Interest accrual**	**Exchange rate impact**	**At 31 December 2023**
Long-term borrowings from banks (Note 13)	-	1,363,624,941	(181,672,851)	-	-	1,181,952,090
Short-term borrowings from banks	383,083,968	1,414,715,222	(1,610,257,460)	-	1,629,408	189,171,138
Interest Long-term borrowings banks (Note 13)	-	-	(64,862,024)	64,862,024	-	-
Interest Short-term borrowings from banks	132,184	-	(23,823,024)	25,021,512	-	1,330,672
Total	**383,216,152**	**2,778,340,163**	**(1,880,615,359)**	**89,883,536**	**1,629,408**	**1,372,453,900**

During 2023, the Group reimbursed in full the previous syndicated loan and entered into a new senior facilities agreement obtained at KMG International Group level (detailed also in note 13). Under the terms of the new contract, KMG International Group secured up USD 600 million revolving facility, comprising two components out of which: USD 275.9 million are committed over 3 years period with an option of adding another 2 years period (extended maturity by April 2028), and USD 275.9 million as overdraft over one-year period, being an uncommitted facility (maturity by April 2025).

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

19. PROVISIONS

Provisions comprise the following:

	September 30, 2024 USD	December 31, 2023 USD	September 30, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Non-current provisions	116,060,824	116,060,824	515,901,969	515,901,969
Total Provisions	**116,060,824**	**116,060,824**	**515,901,969**	**515,901,969**

The movement in provisions is presented below:

USD	At 1 January 2024	Arising during the year	Utilised	At 30 September 2024
Provision for retirement benefit	15,121,584	-	-	15,121,584
Environmental provisions	100,028,475	338,406	(338,406)	100,028,475
Other provisions	910,765	-	-	910,765
Total	**116,060,824**	**338,406**	**(338,406)**	**116,060,824**

	At 1 January 2024	Arising during the year	Utilised	At 30 September 2024
RON (supplementary info – see Note 2(e))				
Provision for retirement benefit	67,216,953	-	-	67,216,953
Environmental provisions	444,636,575	1,504,249	(1,504,249)	444,636,575
Other provisions	4,048,441	-	-	4,048,441
Total	**515,901,969**	**1,504,249**	**(1,504,249)**	**515,901,969**

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

19. PROVISIONS (continued)

USD	At 1 January 2023	Charged to equity	Arising during the year	Utilised	Unwinding of discount	Reclassification between balance sheet items	At 31 December 2023
Provision for retirement benefit	11,983,718	2,164,198	2,253,128	(1,279,460)	-	-	15,121,584
Environmental provisions	97,141,972	-	1,367,789	(455,867)	1,974,581	-	100,028,475
Other provisions	6,214,953	-	120,513	-	-	(5,424,701)	910,765
Total	**115,340,643**	**2,164,198**	**3,741,430**	**(1,735,327)**	**1,974,581**	**(5,424,701)**	**116,060,824**

RON (supplementary info – see Note 2(e))	At 1 January 2023	Charged to equity	Arising during the year	Utilised	Unwinding of discount	Reclassification between balance sheet items	At 31 December 2023
Provision for retirement benefit	53,268,825	9,620,077	10,015,379	(5,687,328)	-	-	67,216,953
Environmental provisions	431,805,780	-	6,079,959	(2,026,374)	8,777,210	-	444,636,575
Other provisions	27,626,088	-	535,692	-	-	(24,113,339)	4,048,441
Total	**512,700,693**	**9,620,077**	**16,631,030**	**(7,713,702)**	**8,777,210**	**(24,113,339)**	**515,901,969**

Environmental provision

Vega lagoons

As of 31 December 2023, the Group recognized an environmental provision of USD 94.32 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;
- 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 prevision as per Romanian National Institute of Statistics;
- extended timeline for the rehabilitation plan until the end of 2027.

19. PROVISIONS (continued)

The results of the reassessment lead to a net increase of provision by USD 2.2 million, being mainly triggered by updated computation due to change in assumptions and foreign exchange effect of USD 4.52 million offset by unwinding of discount effect of USD 2.32 million.

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

Vadu cassettes

During the previous period, the Group 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 Group 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 USD 5.6 million. As of 30 September 2024, the provision recognized at the end of 2023 is considered as being appropriate.

Retirement benefit provision

Under the collective labor agreements that certain of the Group’s entities have in force, employees are entitled to specific retirement benefits that are payable upon retirement, if the employees are employed with Group entities at the date of their retirement. The level of benefits provided depends on the member’s length of service, the employees is entitled to a fix amount per each year of service. A corresponding provision has been recognized based on: the specific benefits provided in the updated Collective Labor Agreement signed in 2022; the number of employees working within the relevant Group entities; 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.

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

20. REVENUES FROM CONTRACTS WITH CUSTOMERS

2024

USD	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	2,979,955,118	-	-	282,747,929	3,262,703,047
Less sales taxes from petroleum products production	(729,611,598)	-	-	693,597,774	(36,013,824)
Net revenues from petroleum products production	**2,250,343,520**	**-**	**-**	**976,345,703**	**3,226,689,223**
Gross revenues from petroleum products trading	-	-	2,229,412,073	(2,189,155,090)	40,256,983
Less sales taxes petroleum products trading	-	-	(703,080,848)	1,712,213	(701,368,635)
Less commercial discounts petroleum products trading	-	-	(151,440,077)	2,242,904	(149,197,173)
Net revenues from petroleum products trading	**-**	**-**	**1,374,891,148**	**(2,185,199,973)**	**(810,308,825)**
Revenues from petrochemicals production	-	53,484,215	-	-	53,484,215
Revenues from petrochemicals trading	-	5,060	-	-	5,060
Revenues from merchandise sales	17,292,930	-	181,540,957	-	198,833,887
Revenues from utilities sold	3,621,325	-	-	(110,527)	3,510,798
Revenues from transportation fees	-	-	2,192,532	-	2,192,532
Revenues from rents and other services	2,996,353	-	17,513,751	(9,402,090)	11,108,014
Total Net Revenues	**2,274,254,128**	**53,489,275**	**1,576,138,388**	**(1,218,366,887)**	**2,685,514,904**

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	13,246,198,495	-	-	1,256,842,819	14,503,041,314
Less sales taxes from petroleum products production	(3,243,196,514)	-	-	3,083,111,465	(160,085,049)
Net revenues from petroleum products production	**10,003,001,981**	**-**	**-**	**4,339,954,284**	**14,342,956,265**
Gross revenues from petroleum products trading	-	-	9,909,959,606	(9,731,013,291)	178,946,315
Less sales taxes petroleum products trading	-	-	(3,125,264,677)	7,610,958	(3,117,653,719)
Less commercial discounts petroleum products trading	-	-	(673,166,286)	9,969,933	(663,196,353)
Net revenues from petroleum products trading	**-**	**-**	**6,111,528,643**	**(9,713,432,400)**	**(3,601,903,757)**
Revenues from petrochemicals production	-	237,742,684	-	-	237,742,684
Revenues from petrochemicals trading	-	22,492	-	-	22,492
Revenues from merchandise sales	76,868,802	-	806,967,708	-	883,836,510
Revenues from utilities sold	16,097,152	-	-	(491,304)	15,605,848
Revenues from transportation fees	-	-	9,746,024	-	9,746,024
Revenues from rents and other services	13,319,089	-	77,850,373	(41,793,228)	49,376,234
Total Net Revenues	**10,109,287,024**	**237,765,176**	**7,006,092,748**	**(5,415,762,648)**	**11,937,382,300**

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

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

20. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

2023

USD	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	3,454,042,732	-	-	291,313,364	3,745,356,096
Less sales taxes from petroleum products production	(699,575,511)	-	-	657,576,889	(41,998,622)
Net revenues from petroleum products production	**2,754,467,221**	**-**	**-**	**948,890,253**	**3,703,357,474**
Gross revenues from petroleum products trading	-	-	2,419,668,409	(2,386,991,557)	32,676,852
Less sales taxes petroleum products trading	-	-	(662,451,720)	1,238,829	(661,212,891)
Less commercial discounts petroleum products trading	-	-	(158,745,795)	1,786,250	(156,959,545)
Net revenues from petroleum products trading	**-**	**-**	**1,598,470,894**	**(2,383,966,478)**	**(785,495,584)**
Revenues from petrochemicals production	-	98,303,347	-	-	98,303,347
Revenues from petrochemicals trading	-	10,345	-	-	10,345
Revenues from merchandise sales	411,788	-	159,557,827	(390)	159,969,225
Revenues from utilities sold	4,629,588	-	-	(150,342)	4,479,246
Revenues from transportation fees	-	-	2,675,609	-	2,675,609
Revenues from rents and other services	2,884,309	-	14,325,241	(6,079,001)	11,130,549
Total Net Revenues	**2,762,392,906**	**98,313,692**	**1,775,029,571**	**(1,441,305,958)**	**3,194,430,211**

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	15,353,565,348	-	-	1,294,917,034	16,648,482,382
Less sales taxes from petroleum products production	(3,109,683,104)	-	-	2,922,995,029	(186,688,075)
Net revenues from petroleum products production	**12,243,882,244**	**-**	**-**	**4,217,912,063**	**16,461,794,307**
Gross revenues from petroleum products trading	-	-	10,755,668,045	(10,610,416,170)	145,251,875
Less sales taxes petroleum products trading	-	-	(2,944,664,141)	5,506,719	(2,939,157,422)
Less commercial discounts petroleum products trading	-	-	(705,640,933)	7,940,060	(697,700,873)
Net revenues from petroleum products trading	**-**	**-**	**7,105,362,971**	**(10,596,969,391)**	**(3,491,606,420)**
Revenues from petrochemicals production	-	436,968,207	-	-	436,968,207
Revenues from petrochemicals trading	-	45,985	-	-	45,985
Revenues from merchandise sales	1,830,439	-	709,250,496	(1,734)	711,079,201
Revenues from utilities sold	20,578,982	-	-	(668,285)	19,910,697
Revenues from transportation fees	-	-	11,893,350	-	11,893,350
Revenues from rents and other services	12,821,041	-	63,677,129	(27,021,766)	49,476,404
Total Net Revenues	**12,279,112,706**	**437,014,192**	**7,890,183,946**	**(6,406,749,113)**	**14,199,561,731**

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

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

21. COST OF SALES

	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Crude oil and other raw materials	2,028,535,051	2,435,683,112	9,017,041,155	10,826,855,001
Consumables and other materials	5,713,420	9,907,553	25,396,723	44,040,064
Utilities	99,719,818	153,938,576	443,264,563	684,272,364
Staff costs	30,375,739	32,284,068	135,023,197	143,505,911
Transportation	167,202	155,780	743,230	692,458
Maintenance and repairs	21,867,394	22,528,544	97,202,753	100,141,631
Insurance	2,974,030	1,916,123	13,219,861	8,517,358
Environmental expenses	1,420,204	11,186,817	6,312,949	49,726,520
Other	7,265,613	8,307,935	32,296,376	36,929,602
Total	**2,198,038,471**	**2,675,908,508**	**9,770,500,807**	**11,894,680,909**
Depreciation and amortization	45,493,631	66,012,502	202,223,739	293,432,173
Total	**2,243,532,102**	**2,741,921,010**	**9,972,724,546**	**12,188,113,082**
Plus: Change in inventories	(13,217,904)	(31,612,721)	(58,754,905)	(140,521,706)
Less: Own production of property, plant & equipment	(3,303,994)	(231,971)	(14,686,584)	(1,031,134)
Cost of petroleum products trading	41,728,881	36,622,750	185,489,049	162,791,786
Cost of petrochemicals trading	9,590	9,329	42,629	41,468
Cost of merchandise sold	160,670,351	127,886,302	714,195,777	568,467,401
Cost of utilities resold	3,339,973	3,624,636	14,846,514	16,111,869
Realized (gains)/losses on derivatives	(32,604,298)	(986,906)	(144,929,365)	(4,386,896)
Total	**2,400,154,701**	**2,877,232,429**	**10,668,927,661**	**12,789,585,870**

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

	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Staff costs	32,322,377	24,941,339	143,676,198	110,866,746
Utilities	8,718,543	7,537,109	38,754,795	33,503,203
Transportation	62,860,250	61,086,242	279,420,100	271,534,455
Professional and consulting fees	22,783,107	23,061,533	101,273,189	102,510,820
Royalties and rents	5,389,303	7,528,041	23,955,991	33,462,895
Consumables	565,678	151,724	2,514,495	674,428
Marketing	1,257,158	1,904,827	5,588,193	8,467,146
Taxes	21,728,810	2,323,466	96,586,733	10,328,039
Communications	537,271	490,264	2,388,223	2,179,273
Insurance	2,399,664	1,418,758	10,666,746	6,306,521
IT services	8,423,181	7,140,647	37,441,882	31,740,890
Environmental expenses	84,900	1,018,977	377,389	4,529,455
Maintenance and repairs	13,644,849	9,968,872	60,652,718	44,312,633
Other expenses	26,276,521	20,182,120	116,801,763	89,711,542
Costs before depreciation	**206,991,612**	**168,753,919**	**920,098,415**	**750,128,046**
Depreciation and amortisation	61,050,652	37,976,768	271,376,253	168,810,531
Total	**268,042,264**	**206,730,687**	**1,191,474,668**	**918,938,577**

In 2024 in Selling taxes are included USD 19.6 million in respect of specific turnover tax for oil & gas companies recognised for the first nine months of 2024, introduced starting January 1, 2024 by Law296/2023 as follows: Rompetrol Rafinare SA USD 11.3 million, Rompetrol Downstream SRL USD 7.8 million and Rompetrol Gas SRL USD 0.52 million.

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

23. OTHER OPERATING INCOME / (EXPENSES), NET

	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Net gain /(loss) on disposal of assets	277,143	21,472	1,231,928	95,445
(Reserve)/reversal for/of impairment of tangible assets, net	-	(7,176,669)	-	(31,901,011)
Provision for receivables and write-off, net	1,153,261	(1,194,911)	5,126,361	(5,311,499)
Provision for inventories, net	373,133	(2,165,326)	1,658,613	(9,625,092)
Tangible and intangible assets write-off	1,028	(15,154)	4,570	(67,361)
Inventories write-off	(332,255)	(14,804)	(1,476,907)	(65,805)
Other provisions, net	(338,406)	(348,756)	(1,504,249)	(1,550,255)
Other, net	597,018	782,591	2,653,805	3,478,695
Total	**1,730,922**	**(10,111,557)**	**7,694,121**	**(44,946,883)**

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

24. FINANCE COST, FINANCE INCOME AND FOREIGN EXCHANGE

	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Finance cost				
Late payment interest	(1,288,166)	(3,275,056)	(5,726,027)	(14,557,951)
Interest expense	(51,939,866)	(58,387,061)	(230,877,898)	(259,536,325)
Unwinding of discount - lease	(16,973,629)	(11,114,811)	(75,449,478)	(49,406,446)
Other financial expense	(40,730,498)	(36,211,127)	(181,051,137)	(160,962,081)
Total	**(110,932,159)**	**(108,988,055)**	**(493,104,540)**	**(484,462,803)**
Finance income				
Interest income	35,662,039	51,286,165	158,521,330	227,972,132
Other financial income	447,803	618,970	1,990,529	2,751,384
Total	**36,109,842**	**51,905,135**	**160,511,859**	**230,723,516**
Finance income/(cost) net	**(74,822,317)**	**(57,082,920)**	**(332,592,681)**	**(253,739,287)**
Unrealized net foreign exchange (losses)/gains	(2,465,586)	2,966,716	(10,959,777)	13,187,350
Realized net foreign exchange (losses)/gains	581,064	(7,720,217)	2,582,888	(34,317,137)
Foreign exchange gain/(loss), net	**(1,884,522)**	**(4,753,501)**	**(8,376,889)**	**(21,129,787)**
Total	**(76,706,839)**	**(61,836,421)**	**(340,969,570)**	**(274,869,074)**

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

25. INCOME TAX

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

	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Tax expense comprises:				
Current tax expense	(8,299,099)	(7,980,596)	(36,890,325)	(35,474,547)
Solidarity tax	(745,348)	(34,074,488)	(3,313,146)	(151,464,507)
Total tax (expense)/income	**(9,044,447)**	**(42,055,084)**	**(40,203,471)**	**(186,939,054)**

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

c) Other taxes – Solidarity contribution

Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022, adopted by Law no. 119/2023, a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution for the first nine months of 2023 of USD 34 million.

Rompetrol Rafinare SA together with its subsidiaries Rompetrol Quality Control SRL and Rom Oil SA paid in June 2024 a contribution of USD 31.2 million.

26. OPERATING SEGMENT INFORMATION

a. Operating Segments

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

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

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

26. OPERATING SEGMENT INFORMATION (continued)

Income Statement information for the period January – September 2024

USD	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	1,064,927,617	53,489,275	-	1,567,098,012	-	2,685,514,904
Net revenues "Inter segment"	1,209,326,511	-	-	9,040,376	(1,218,366,887)	-
Cost of sales	(2,157,469,078)	(80,079,515)	-	(1,412,247,710)	1,249,641,602	(2,400,154,701)
Gross margin	**116,785,050**	**(26,590,240)**	**-**	**163,890,678**	**31,274,715**	**285,360,203**
Selling, general and administrative expenses	(80,485,549)	(13,757,942)	-	(139,504,693)	(34,294,080)	(268,042,264)
Other operating income/(expenses), net	(544,219)	(125,758)	-	2,488,143	(87,244)	1,730,922
Operating margin (EBIT)	**35,755,282**	**(40,473,940)**	**-**	**26,874,128**	**(3,106,609)**	**19,048,861**
Financial expenses, net	-	-	(66,348,234)	(8,440,084)	(33,999)	(74,822,317)
Net foreign exchange result	-	-	(587,190)	(1,297,332)	-	(1,884,522)
Profit/(loss) before income tax	**35,755,282**	**(40,473,940)**	**(66,935,424)**	**17,136,712**	**(3,140,608)**	**(57,657,978)**
Income tax	-	-	(1,458,226)	(7,586,221)	-	(9,044,447)
Net Profit/(Loss)	**35,755,282**	**(40,473,940)**	**(68,393,650)**	**9,550,491**	**(3,140,608)**	**(66,702,425)**
Depreciation and amortization	58,556,082	7,797,416	-	37,910,963	2,279,822	106,544,283

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	4,733,709,750	237,765,176	-	6,965,907,374	-	11,937,382,300
Net revenues "Inter segment"	5,375,577,274	-	-	40,185,374	(5,415,762,648)	-
Cost of sales	(9,590,165,799)	(355,961,452)	-	(6,277,582,296)	5,554,781,886	(10,668,927,661)
Gross margin	**519,121,225**	**(118,196,276)**	**-**	**728,510,452**	**139,019,238**	**1,268,454,639**
Selling, general and administrative expenses	(357,766,314)	(61,155,428)	-	(620,112,311)	(152,440,615)	(1,191,474,668)
Other operating income/(expenses), net	(2,419,108)	(559,007)	-	11,060,044	(387,808)	7,694,121
Operating margin (EBIT)	**158,935,803**	**(179,910,711)**	**-**	**119,458,185**	**(13,809,185)**	**84,674,092**
Financial expenses, net	-	-	(294,924,535)	(37,517,017)	(151,129)	(332,592,681)
Net foreign exchange result	-	-	(2,610,118)	(5,766,771)	-	(8,376,889)
Profit/(loss) before income tax	**158,935,803**	**(179,910,711)**	**(297,534,653)**	**76,174,397**	**(13,960,314)**	**(256,295,478)**
Income tax	-	-	(6,481,960)	(33,721,511)	-	(40,203,471)
Net Profit/(Loss)	**158,935,803**	**(179,910,711)**	**(304,016,613)**	**42,452,886**	**(13,960,314)**	**(296,498,949)**
Depreciation and amortization	260,287,640	34,660,294	-	168,518,022	10,134,037	473,599,993

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

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

26. OPERATING SEGMENT INFORMATION (continued)

Statement of financial position information as at September 30, 2024

USD	Refining & Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Total non current assets	1,390,542,500	514,395,137	(612,308,449)	1,292,629,188
Total current assets	854,790,246	571,518,918	(188,856,222)	1,237,452,942
TOTAL ASSETS	**2,245,332,746**	**1,085,914,055**	**(801,164,671)**	**2,530,082,130**
Total equity	343,708,178	488,415,249	(605,815,980)	226,307,447
Total non-current liabilities	398,434,629	281,384,065	(37,921)	679,780,773
Total current liabilities	1,503,189,939	316,114,741	(195,310,770)	1,623,993,910
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,245,332,746**	**1,085,914,055**	**(801,164,671)**	**2,530,082,130**
Capital expenditure	137,862,622	1,900,241	(1,253)	139,761,610

RON (supplementary info – see Note 2(e))	Refining & Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Total non current assets	6,181,100,467	2,286,537,824	(2,721,772,287)	5,745,866,004
Total current assets	3,799,628,122	2,540,458,742	(839,484,792)	5,500,602,072
TOTAL ASSETS	**9,980,728,589**	**4,826,996,566**	**(3,561,257,079)**	**11,246,468,076**
Total equity	1,527,817,222	2,171,054,623	(2,692,912,614)	1,005,959,231
Total non-current liabilities	1,771,081,769	1,250,780,308	(168,562)	3,021,693,515
Total current liabilities	6,681,829,598	1,405,161,635	(868,175,903)	7,218,815,330
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,980,728,589**	**4,826,996,566**	**(3,561,257,079)**	**11,246,468,076**
Capital expenditure	612,813,141	8,446,761	(5,570)	621,254,332

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

26. OPERATING SEGMENT INFORMATION (continued)

Income Statement information for the period January – September 2023

USD	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	1,326,805,188	98,313,692	-	1,769,311,331	-	3,194,430,211
Net revenues "Inter segment"	1,435,587,718	-	-	5,718,240	(1,441,305,958)	-
Cost of sales	(2,567,174,460)	(158,409,717)	-	(1,617,668,676)	1,466,020,424	(2,877,232,429)
Gross margin	**195,218,446**	**(60,096,025)**	**-**	**157,360,895**	**24,714,466**	**317,197,782**
Selling, general and administrative expenses	(49,917,202)	(8,662,946)	-	(116,774,983)	(31,375,556)	(206,730,687)
Other operating income/(expenses), net	(9,631,272)	(3,485)	-	(505,755)	28,955	(10,111,557)
Operating margin (EBIT)	**135,669,972**	**(68,762,456)**	**-**	**40,080,157**	**(6,632,135)**	**100,355,538**
Financial expenses, net	-	-	(51,854,159)	(5,224,816)	(3,945)	(57,082,920)
Net foreign exchange result	-	-	(5,376,283)	622,782	-	(4,753,501)
Profit/(loss) before income tax	**135,669,972**	**(68,762,456)**	**(57,230,442)**	**35,478,123**	**(6,636,080)**	**38,519,117**
Income tax	-	-	(34,979,862)	(7,075,222)	-	(42,055,084)
Net Profit/(Loss)	**135,669,972**	**(68,762,456)**	**(92,210,304)**	**28,402,901**	**(6,636,080)**	**(3,535,967)**
Depreciation and amortization	68,506,085	10,146,800	-	23,056,563	2,279,822	103,989,270

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	5,897,781,741	437,014,192	-	7,864,765,798	-	14,199,561,731
Net revenues "Inter segment"	6,381,330,965	-	-	25,418,148	(6,406,749,113)	-
Cost of sales	(11,411,347,192)	(704,147,033)	-	(7,190,699,032)	6,516,607,387	(12,789,585,870)
Gross margin	**867,765,514**	**(267,132,841)**	**-**	**699,484,914**	**109,858,274**	**1,409,975,861**
Selling, general and administrative expenses	(221,886,955)	(38,507,661)	-	(519,076,477)	(139,467,484)	(918,938,577)
Other operating income/(expenses), net	(42,811,967)	(15,491)	-	(2,248,132)	128,707	(44,946,883)
Operating margin (EBIT)	**603,066,592**	**(305,655,993)**	**-**	**178,160,305**	**(29,480,503)**	**446,090,401**
Financial expenses, net	-	-	(230,496,922)	(23,224,830)	(17,535)	(253,739,287)
Net foreign exchange result	-	-	(23,898,115)	2,768,328	-	(21,129,787)
Profit/(loss) before income tax	**603,066,592**	**(305,655,993)**	**(254,395,037)**	**157,703,803**	**(29,498,038)**	**171,221,327**
Income tax	-	-	(155,488,984)	(31,450,070)	-	(186,939,054)
Net Profit/(Loss)	**603,066,592**	**(305,655,993)**	**(409,884,021)**	**126,253,733**	**(29,498,038)**	**(15,717,727)**
Depreciation and amortization	304,516,398	45,103,541	-	102,488,728	10,134,037	462,242,704

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

26. OPERATING SEGMENT INFORMATION (continued)

In total net revenues are included customers that own more than 10% of total sales (i.e. KazMunayGas Trading AG), their value amounting USD 360.4 million in 2024 and USD 486.7 million in 2023 for the period January - September.

Statement of financial position information as at December 31, 2023

USD	Refining & Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Total non current assets	1,345,013,565	530,510,780	(603,092,782)	1,272,431,563
Total current assets	860,615,276	539,512,466	(197,341,297)	1,202,786,445
TOTAL ASSETS	**2,205,628,841**	**1,070,023,246**	**(800,434,079)**	**2,475,218,008**
Total equity	410,335,470	478,708,388	(602,705,792)	286,338,066
Total non-current liabilities	388,888,941	274,829,652	(34,771)	663,683,822
Total current liabilities	1,406,404,430	316,485,206	(197,693,516)	1,525,196,120
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,205,628,841**	**1,070,023,246**	**(800,434,079)**	**2,475,218,008**
Capital expenditure	52,224,623	7,439,356	(28,364)	59,635,615

RON (supplementary info – see Note 2(e))	Refining & Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Total non current assets	5,978,719,799	2,358,173,467	(2,680,807,726)	5,656,085,540
Total current assets	3,825,520,963	2,398,186,863	(877,201,799)	5,346,506,027
TOTAL ASSETS	**9,804,240,762**	**4,756,360,330**	**(3,558,009,525)**	**11,002,591,567**
Total equity	1,823,982,198	2,127,906,655	(2,679,087,518)	1,272,801,335
Total non-current liabilities	1,728,650,232	1,221,645,286	(154,560)	2,950,140,958
Total current liabilities	6,251,608,332	1,406,808,389	(878,767,447)	6,779,649,274
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,804,240,762**	**4,756,360,330**	**(3,558,009,525)**	**11,002,591,567**
Capital expenditure	232,143,672	33,068,681	(126,081)	265,086,272

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

b. Geographical segments

All the Group's production facilities are located in Romania. The following table provides an analysis of the Group's net revenues by geographical market (based on customers' location) for the period January – September 2024, respectively January – September 2023:

Net revenues	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Romania	**1,951,529,917**	**2,231,604,946**	**8,674,745,634**	**9,919,707,145**
Export	**733,984,987**	**962,825,265**	**3,262,636,666**	**4,279,854,586**
out of which				
Europa	712,134,138	926,711,281	3,165,507,458	4,119,324,316
Asia	21,843,589	36,106,724	97,096,937	160,497,999
America	7,260	7,260	32,271	32,271
Total	**2,685,514,904**	**3,194,430,211**	**11,937,382,300**	**14,199,561,731**

27. RELATED PARTIES

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

Name of related party	Nature of relationship
KMG International N.V.	Majority Shareholder
The Romanian State and the Romanian Authorities	Significant shareholder
Byron Shipping Ltd.	Company owned by KMG International Group
Byron Shipping S.R.L.	Company owned by KMG International Group
Fondul de Investitii in Energie Kazah - Roman S.A.	Company owned by KMG International Group
Global Security Sistem S.A.	Company owned by KMG International Group
Global Security Sistems - Fire Services S.R.L.	Company owned by KMG International Group
KazMunayGas Engineering B.V.	Company owned by KMG International Group - Merged into KMG International N.V.
KazMunayGas Trading AG	Company owned by KMG International Group
KMG Rompetrol S.R.L	Company owned by KMG International Group
KMG Rompetrol Services Center S.R.L.	Company owned by KMG International Group
KMG Rompetrol Development S.R.L.	Company owned by KMG International Group
Midia Marine Terminal S.R.L.	Company owned by KMG International Group
Oilfield Exploration Business Solutions S.A.	Company owned by KMG International Group
Rominserv S.R.L.	Company owned by KMG International Group
Rompetrol Bulgaria	Company owned by KMG International Group
Rompetrol Energy S.A.	Company owned by KMG International Group
Rompetrol Financial Group S.R.L.	Company owned by KMG International Group
Rompetrol Georgia	Company owned by KMG International Group
Rompetrol Moldova S.A.	Company owned by KMG International Group
Rompetrol Well Services S.A.	Company owned by KMG International Group
TRG Petrol Ticaret Anonim Sirketi	Company owned by KMG International Group
Midia Green Energy S.A. former Uzina Termoelectrica Midia S.A.	Associate of KMG International Group

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

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

27. RELATED PARTIES (continued)

	Receivables and other assets			
Name of related party	**September 30, 2024 USD**	**December 31, 2023 USD**	**September 30, 2024 RON**	**December 31, 2023 RON**
			(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	9,995,215	1,154,536	44,429,730	5,132,028
Rominserv S.R.L.	15,269,099	10,391,761	67,872,672	46,192,417
KMG International N.V.	68,918,277	64,073,540	306,348,633	284,813,293
KMG Rompetrol S.R.L	428,033	1,132,022	1,902,649	5,031,951
KMG Rompetrol S.R.L. - cash pooling	335,209,767	296,644,802	1,490,040,935	1,318,615,809
Oilfield Exploration Business Solutions S.A.	714,494	1,107,315	3,175,997	4,922,126
Rompetrol Well Services S.A.	116,790	122,458	519,143	544,338
KMG Rompetrol Services Center S.R.L.	11,700	11,824	52,008	52,559
Rompetrol Bulgaria	936,273	1,280,638	4,161,827	5,692,564
Rompetrol Moldova S.A.	11,341,997	6,497,001	50,416,311	28,879,819
Rompetrol Financial Group S.R.L.	2,514	2,490	11,175	11,068
Rompetrol Energy S.A.	12,513,144	17,972,390	55,622,176	79,889,071
Byron Shipping S.R.L.	1,592	2,052	7,077	9,121
Midia Marine Terminal S.R.L.	318,280	274,140	1,414,786	1,218,580
Rompetrol Georgia	1,336	1,321	5,939	5,872
Midia Green Energy S.A. former Uzina Termoelectrica Midia S.A.	61,863	61,165	274,987	271,885
KMG Rompetrol Development S.R.L.	243,789	9,262,774	1,083,666	41,173,957
Global Security Sistem S.A.	245,661	180,580	1,091,988	802,696
Total	**456,329,824**	**410,172,809**	**2,028,431,699**	**1,823,259,154**

	Payables, loans and other liabilities			
Name of related party	**September 30, 2024 USD**	**December 31, 2023 USD**	**September 30, 2024 RON**	**December 31, 2023 RON**
			(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	926,564,702	818,928,912	4,118,672,757	3,640,220,907
Rominserv S.R.L.	66,361,170	37,906,755	294,982,037	168,499,317
KMG International N.V.	551,114	617,922	2,449,757	2,746,725
KMG Rompetrol S.R.L	3,830,353	12,899,763	17,026,302	57,340,737
KMG Rompetrol S.R.L. - cash pooling	374,879,235	330,265,125	1,666,375,687	1,468,061,507
Oilfield Exploration Business Solutions S.A.	459,283	395,469	2,041,559	1,757,899
Rompetrol Well Services S.A.	7,083	228,000	31,485	1,013,483
KMG Rompetrol Services Center S.R.L.	898,177	1,158,852	3,992,487	5,151,213
Rompetrol Bulgaria	159,237	118,966	707,824	528,816
Rompetrol Moldova S.A.	17,535,286	14,589,439	77,946,100	64,851,515
Byron Shipping Ltd.	2,169	2,144	9,641	9,530
Rompetrol Energy S.A.	2,808,144	8,363,402	12,482,481	37,176,158
Byron Shipping S.R.L.	-	287	-	1,276
Midia Marine Terminal S.R.L.	1,930,656	2,747,547	8,581,959	12,213,121
KMG Rompetrol Development S.R.L.	2,842,748	5,604,279	12,636,299	24,911,581
Global Security Sistem S.A.	722,189	688,299	3,210,202	3,059,558
Global Security Sistems - Fire Services S.R.L.	385,853	586,952	1,715,155	2,609,060
TRG Petrol Ticaret Anonim Sirketi	2,538	2,538	11,282	11,282
Total	**1,399,939,937**	**1,235,104,651**	**6,222,873,014**	**5,490,163,685**

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

27. RELATED PARTIES (continued)

During the period ended September 30, 2024 respectively September 30, 2023, Rompetrol Rafinare Group entered into the following transactions with related parties:

Name of related party	Nature of transaction	Sales and other revenues September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
				(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	Fuel	360,409,429	486,708,248	1,602,055,953	2,163,466,833
Rominserv S.R.L.	Fuel, utilities and other services	626,475	664,196	2,784,744	2,952,418
KMG International N.V.	Interest	4,545,644	5,128,520	20,205,842	22,796,784
KMG Rompetrol S.R.L	Fuel and other services	26,432,495	37,440,070	117,495,084	166,424,855
Oilfield Exploration Business Solutions S.A.	Fuel	3,040	3,285	13,513	14,602
Rompetrol Well Services S.A.	Fuel and other services	568,610	628,144	2,527,528	2,792,163
Rompetrol Bulgaria	Fuel	10,979,448	16,597,173	48,804,744	73,776,094
Rompetrol Moldova S.A.	Fuel	235,109,413	254,953,698	1,045,084,852	1,133,294,683
Rompetrol Georgia	Fuel	50	50	222	222
KMG Rompetrol Services Center S.R.L.	Rent and other services	94,995	100,264	422,262	445,684
Midia Marine Terminal S.R.L.	Fuel, rent and other services	333,127	457,998	1,480,783	2,035,847
Byron Shipping S.R.L.	Fuel and other services	11,835	12,012	52,608	53,395
Rompetrol Energy S.A.	Other services	25,958,777	26,766,105	115,389,360	118,978,013
Global Security Sistem S.A.	Fuel	66,650	67,090	296,266	298,222
KMG Rompetrol Development S.R.L.	PPE and other services	615,355	120,152	2,735,315	534,088
Total		**665,755,343**	**829,647,005**	**2,959,349,076**	**3,687,863,903**

Name of related party	Nature of transaction	Purchases and other costs September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
				(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	Purchase of crude oil and other raw materials	1,930,450,456	2,436,388,882	8,581,045,322	10,829,992,219
Rominserv S.R.L.	Acquisition and maintenance of fixed assets	159,404,202	43,118,515	708,567,618	191,666,111
KMG International N.V.	Management services	1,727,972	2,026,590	7,681,008	9,008,395
KMG Rompetrol S.R.L	Management services	62,426,166	70,654,016	277,490,550	314,064,167
Oilfield Exploration Business Solutions S.A.	Management services	47,209	44,266	209,849	196,767
Rompetrol Well Services S.A.	Other services	42,686	44,759	189,744	198,958
Rompetrol Bulgaria	Sales intermediary services	87,255	184,418	387,857	819,756
Rompetrol Moldova SA	Sales intermediary services	46,237	192,095	205,528	853,881
KMG Rompetrol Services Center S.R.L.	Shared services	6,947,871	6,325,311	30,883,981	28,116,640
Midia Marine Terminal S.R.L.	Handling services/Transit	14,130,055	11,285,632	62,809,507	50,165,763
Rompetrol Energy S.A.	Acquisition of utilities	48,216,186	48,895,735	214,325,768	217,346,432
KMG Rompetrol Development S.R.L.	Retail	17,962,236	14,858,473	79,843,935	66,047,398
Global Security Sistem S.A.	Security and protection services	2,631,848	2,590,941	11,698,828	11,516,992
Global Security Sistems - Fire Services S.R.L.	Fire protection services	1,521,678	1,524,454	6,764,011	6,776,350
Total		**2,245,642,057**	**2,638,134,087**	**9,982,103,506**	**11,726,769,829**

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

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

27. RELATED PARTIES (continued)

The Ministry of Public Finance of Romania ("MFPR") held 44.6959% of the share in Rompetrol Rafinare SA from September 2010 until July 2012. Starting July 2012, based on a Government Ordinance, the Ministry of Economy Trade and Business Environment ("MECMA") became shareholder until May 2013 when, following the reorganization of MECMA, the Ministry of Economy ("ME") became the new shareholder. The ministry was later renamed as Ministry of Energy, Small- and Medium-sized Enterprises and Business Environment, afterwards renamed as Ministry of Economy, Energy and Business Environment according to the OUG 68/11.06.2019. Its current name is Ministry of Energy according to the OUG 212/2020.

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

The sales to and purchases from related parties are made in the ordinary course of business and are undertaken on a basis that considers prevailing market terms and conditions as applicable to the nature of goods and services provided or received. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 September 2024 and 31 December 2023, the Group has recorded an impairment of receivables relating to Oilfield Exploration Business Solutions S.A. in amount of USD 4.2 million (2023: USD 4.2 million). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

28. EARNINGS PER SHARE

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

	September 30, 2024 USD	September 30, 2023 USD	September 30, 2024 RON	September 30, 2023 RON
			(supplementary info – see Note 2(e))	
Earnings				
Profit/(Loss) for the year attributable to ordinary equity holders of the parent entity	(67,861,238)	(4,282,089)	(301,649,989)	(19,034,314)
Number of shares				
Weighted average number of shares for the purpose of basic earnings per share (see Note 12)	26,559,205,726	26,559,205,726	26,559,205,726	26,559,205,726
Earnings per share *(US cents/share)*				
Basis	**(0.256)**	**(0.016)**	**(1.138)**	**(0.071)**

29. CONTINGENCIES

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 KMG International NV.

In accordance with the above-mentioned deed, Rompetrol Rafinare S.A. performed several steps by increasing the share capital in June 2010 with USD 100 million, redeemed 2,160,000 Bonds for EUR 54 million in August 2010 and converted into shares the remaining 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 favorable to KMG International NV ("KMGI Group") 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 Rompetrol Rafinare SA.

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 30 - 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 Memorandum, Rompetrol Rafinare submitted to the Romanian authorities a requirement for the annulment of the precautionary seizure, but no positive reply was received.

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.

29. CONTINGENCIES (continued)

Contingencies – risk management and internal control

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

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

The Group's Code of Ethics and Conduct is approved by the Board of Directors and applies to all directors, executives and employees, whatever the nature of their contractual relationship with the Group. The Code creates a frame of reference for understanding and putting into practice the Group's expectations as to each person's behavior, in light of the Group's principles of action. Group'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 Group and its directors. Any complaints or allegations received are investigated properly by the assigned departments. The Group has established and maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive enough attention. In line with Irregularity Reporting Policy, the internal investigations conducted during 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.

30. LEGAL MATTERS

Litigation with the State involving criminal charges

I. Criminal case

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

Further prosecutor orders as well statements of defenses were issued and submitted during 2016 – 2019 and finally on December 5, 2019 Prosecutor's Office of Romania closed the criminal file, discharged all allegations and lifted the criminal seizure over Rompetrol Rafinare's assets, but still kept a precautionary seizures over 4 installations (for a value of USD 106.5 million) in case any alleged civil party is damaged by the said ordinance.

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

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

II. Civil files

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

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

On February 10, 2022, the Company was informed by the Constanta court that Faber submitted for the third time its civil claim in tort against the Group companies and defendants for the same amount of USD 55 million as principal (USD 118 million including penalties). The Company submitted its reply, pointing out that before any step forward Faber should pay the stamp fee according to the law and, on top of it, previous decisions the Bucharest Court issued before on the same matter. The hearing is scheduled for November 27, 2024.

30. LEGAL MATTERS (continued)

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

Until now all claims of Faber either have been withdrawn by Faber or have been dismissed by the Court (for 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.

Litigation on Tax Assessments received by Rompetrol Rafinare S.A. in 2017

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

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 S.A. was challenged on 26 February 2018. The contestation received a partial negative answer and the Group appealed against it in front of the Court of Appeal Constanta on July 25, 2019.

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

The Company submitted an appeal in front of the High Court of Justice. The first term was set in the appeal for May 25, 2023, when the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal having the first hearing on December 7, 2023 and on February 22, 2024 the Court admitted partially the challenge of Rompetrol The court cancelled mainly the fiscal authority decision regarding the amount of RON 6.47 million (USD 1.41 million) referring to withholding tax for non-residents and related penalties, and sets that the amount of RON 80.5 million (USD 17.5 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 USD 2.5 million as of December 31, 2022, the total amount recognized is USD 5.4 million.

30. LEGAL MATTERS (continued)

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

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

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

Both parties filed for appeal against the solution pronounced by first court. On 27 December 2017, Constanta Court of Appeal admitted the appeal filed by Constanta Port Administration, reject the appeal filed by Rompetrol Rafinare SA and changed the sentence pronounced by the first court, so all the claims of Rompetrol Rafinare against APMC have been rejected. Rompetrol Rafinare submitted 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. On October 17, 2024, the High Court of Justice rejected the Company’s’ recourse as inadmissible. Against this solution the Company will submit in front of the High Court of Justice an annulment appeal and after that a hearing term is to be set.

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

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

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

The next hearing is scheduled for November 19, 2024.

Considering the allegations, each company is facing, a maximum exposure of approximately USD 0.8 million (RON 3.6 million).

Regarding this legal matter Rompetrol Rafinare booked a provision in amount of USD 0.8 million.

30. LEGAL MATTERS (continued)

Criminal case concerning Petromidia Refinery incident on July 2nd 2021

On July 2, 2021 there was an explosion followed by a fire at Petromidia refinery, Diesel Hydrotreatment Unit (in Romanian "instalatia Hidrofinare Petrol Motorina" hereinafter HPM plant). As a result of the incident, 3 employees of the company died and one employee was hospitalized due to a hip fracture. The criminal investigations are carried out by the Prosecutor's Office attached to the Constanta Tribunal, was finalised and communicated to the Company the technical expertise carried out by INCD INSEMEX Petrosani, at the request of the criminal investigation bodies, document analysed both by the criminal lawyers, by the party expert as well as the company's specialists, objections and point of view of the party expert being submitted as well as requests for clarifications issued by the case prosecutor; the company has the quality of a civilly responsible party, hearings of the employees involved in the incident were performed. At 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 employees passed away during the said incident.

DIICOT Criminal Investigation File in connection with Vega lagoons greening Project

During the investigation carried out by the Directorate for the Investigation of Organized Crime and Terrorism ("DIICOT"), investigation which is the subject of criminal case 279 / D / P / 2020, to the Company were communicated during 2021 a series of ordinances by which was requested to provide the documents to the criminal investigation bodies in connection with the works contracted for the greening of the lagoon 18 from the Vega refinery. The company has no quality in the criminal case. The suspicions of the criminal investigation bodies concern the alleged fictitious character of some services for which the Company would have unjustifiably paid the amount of approximately 10 million RON. On 23.02.2022, DIICOT informed the Company if it intends to become a civil party in the criminal proceedings mentioned above, the Company reserve right in relation to the evolution of the criminal case that is the subject of criminal case 279 / D / P / 2020, to make such a request to become a civil party, if the case.

The trial was sent to the regular panel and is expected a first hearing to be established. On March 2 2023, the court kept the judicial control over the group employees but lifting the interdiction for leaving the country. On March 9, 2023, the court finally lifted also the judicial control. On September 12, 2024, the last hearing was held. On October 16, 2024, the court rejected the complaints against the indictment but a challenge against this decision was submitted timely.

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

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

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

On June 21, 2023, a fire occurred in the Petromidia refinery, at the MHC plant, with no recorded victims. Criminal investigations are carried out by the Prosecutor's Office next to the Constanta Court (Judecătorie). The Company, as the injured party, formulated and submitted in the file a criminal complaint with the object of destruction. Also, at the request of both the Company and the Prosecutor's Office next to the Constanta Court, INCD INSEMEX Petrosani was ordered to carry out a technical judicial expertise in order to establish the causes of the incident. The Report was issued by INSEMEX at the begging of July. The Company didn't yet 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

30. LEGAL MATTERS (continued)

legislation in force, is also being investigated by the Constanta Territorial Labour Inspectorate who resumed investigation after receiving the INSEMEX Report.

Wind fall 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 USD 128 million.

After fulfilling the mandatory administrative procedure for challenging this tax, which was rejected by the fiscal authorities, Rompetrol Rafinare SA 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. On September 24, 2024, the Court rejected the submission of the case to the European Court of Justice but admitted the submission to the Constitutional Court. As a result, the case is suspended pending a decision by the Constitutional Court.

Additionally, the Company has filed an administrative challenge regarding the windfall tax paid in 2024 for the fiscal year of 2023.

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.

30. LEGAL MATTERS (continued)

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 which was also rejected on August 9, 2024.

On July 3, 2024, Rompetrol Rafinare received a preliminary letter from the Local Environmental Authority warning that if the necessary measures for wastewater evacuation and lagoon remediation were not taken, the Environmental Permit for the Vega Refinery could be suspended, leading to the suspension of the refinery's activity.

On August 2, 2024, Rompetrol Rafinare submitted a claim to challenge the Environmental Authority's notification and requested the suspension of its effects.

31. COMMITMENTS

Environmental risks and obligation

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

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

As of 31 December 2023, the Group reassessed environmental provision considering changes in assumptions as compared with previous period as mentioned in Note 19.

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

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

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

31. COMMITMENTS (continued)

The Group is focused on increasing resilience and profitability by diversification and further transition from diversified downstream player to energy provider. To address these objectives, projects have been defined, corresponding to different time horizons, with highest priority on the short to mid-term projects implemented in the existing markets with the production and distribution capacity already planned.

However, meeting the goals of the low-carbon economy is a global aspiration that must be cemented in reality. This requires the world economy to transform in complex and connected.

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 risk

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

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

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

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

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

Cyber risk

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

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

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

31. COMMITMENTS (continued)

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

Work safety and safe operations

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

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

32.1. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of bank debt and shareholder loans (see Note 13 and Note 18), cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the "Consolidated Statement of Changes In The Shareholders' Equity".

32.2. Gearing ratio

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

	September 30, 2024	December 31, 2023
	USD	**USD**
Debt (excluding shareholder loans and related parties)	559,006,164	579,134,281
Cash and cash equivalents	(135,105,579)	(155,955,200)
Net debt	**423,900,585**	**423,179,081**
Equity (including shareholder loans and related parties)	226,307,447	286,338,066
Net debt to equity ratio	**1.87**	**1.48**

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

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

32.3. Categories of financial instruments and fair values

	September 30, 2024	December 31, 2023
Financial assets		
Trade and other receivables	604,165,929	563,169,582
Long-term receivables	8,745,697	12,448,780
Derivative financial instruments	7,765,248	-
Cash and cash equivalents	135,105,579	155,955,200
TOTAL FINANCIAL ASSETS	**755,782,453**	**731,573,562**
Financial liabilities		
Long-term borrowings	275,900,000	265,900,000
Derivative financial instruments	65,074	251,864
Other non-current liabilities	184,917	438,964
Trade and other payables	1,455,336,408	1,307,098,579
Short-term borrowings banks	5,035,468	42,856,586
TOTAL FINANCIAL LIABILITIES	**1,736,521,867**	**1,616,545,993**

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

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

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

- Excises taxes;
- Special found tax for oil products;
- VAT payable;
- Profit tax payable;
- Salaries and related taxes payable;
- Other taxes;

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques;
- The Group enters into derivative financial instruments with various counterparties. As at 30 September 2024, the marked to market value of derivative position is for financial instruments recognized at fair value.

32.4. Fair value hierarchy

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

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

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	September 30, 2024	Level 1	Level 2	Level 3
Financial assets				
Trade and other receivables	604,165,929	-	604,165,929	-
Long-term receivables	8,745,697	-	8,745,697	-
Derivative financial instruments	7,765,248	-	7,765,248	-
Cash and cash equivalents	135,105,579	135,105,579	-	-
TOTAL FINANCIAL ASSETS	**755,782,453**	**135,105,579**	**620,676,874**	**-**
Financial liabilities				
Long-term borrowings	275,900,000	-	275,900,000	-
Derivative financial instruments	65,074	-	65,074	-
Other non-current liabilities	184,917	-	184,917	-
Trade and other payables	1,455,336,408	-	1,455,336,408	-
Short-term borrowings banks	5,035,468	-	5,035,468	-
TOTAL FINANCIAL LIABILITIES	**1,736,521,867**	**-**	**1,736,521,867**	**-**

	December 31, 2023	Level 1	Level 2	Level 3
Financial assets				
Trade and other receivables	563,169,582	-	563,169,582	-
Long-term receivables	12,448,780	-	12,448,780	-
Derivative financial instruments	-	-	-	-
Cash and cash equivalents	155,955,200	155,955,200	-	-
TOTAL FINANCIAL ASSETS	**731,573,562**	**155,955,200**	**575,618,362**	**-**
Financial liabilities				
Long-term borrowings	265,900,000	-	265,900,000	-
Derivative financial instruments	251,864	-	251,864	-
Other non-current liabilities	438,964	-	438,964	-
Trade and other payables	1,307,098,579	-	1,307,098,579	-
Short-term borrowings banks	42,856,586	-	42,856,586	-
TOTAL FINANCIAL LIABILITIES	**1,616,545,993**	**-**	**1,616,545,993**	**-**

During the reporting period ending 30 September 2024 and 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

32.5 Derivative financial instruments

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

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Balance Sheet:

	September 30, 2024	December 31, 2023
Derivative financial asset	7,765,248	-
Derivative financial liability	(65,074)	(251,864)
Net position - asset/(liability)	**7,700,174**	**(251,864)**

Income Statement:

	September 30, 2024	September 30, 2023
Realised (gains)/losses - net	(32,604,298)	(986,906)
Total position - loss/(gain) - in Cost of sales	**(32,604,298)**	**(986,906)**

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

	September 30, 2024	December 31, 2023
Derivative asset/(liability) 2022	(251,864)	(1,980,558)
Cash payments	1,280,232	(131,160)
Reserves	6,671,806	1,859,854
Derivative asset/(liability) 2023	**7,700,174**	**(251,864)**

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

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

Transaction	Hedged item	Risk hedged	Hedging instrument
Commodity purchase / sell at fixed price	Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet Priced operational stock above or below BOS	Commodity price risk	Swap, Future, Purchase put / call option
Foreign exchange risk related to monetary item	Monetary item not in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Foreign exchange risk related to a firm commitment	Firm commitment not denominated in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Fair value risk related to fixed interest rates	Receivable or liability at fixed interest rate	Interest related fair value risk	Swap
Forecasted commodity purchase / sell	Forecasted refinery margin basket and forecasted Dated Brent differential	Commodity price risk	Swap, Future, Purchased put / call option
EUA certificates	Forecasted EUA certificates purchase	EUA certificate price risk	Futures

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

32.6 Market risk

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

32.7. Foreign currency risk management

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

32.8. Interest rate risk management

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Group has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Group to both fair value and cash flow risk.

32.9. Commodity price risk

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

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

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

The Group's refining activity is exposed to the rising prices of EUA certificates. The CO2 emissions of the Rompetrol refinery are offset with EUA certificates. For the current year, the Company has covered the certificate requirements. As a mitigation measure, the Financial Risk Management Department is monitoring the EUA certificate market to cover the EUA deficit of the refinery for the remaining years of Phase IV (2024-2025) and the subsequent years. When the market price will be within the target level of the Group, hedge operations will be carried on.

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

32.10. Credit risk

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

Trade receivables

The retail operational segment is exposed to credit risk. Outstanding customer receivables are regularly monitored. Sales to KazMunayGas Trading AG, a related party represent 13% of the Group’s revenues. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of ageing.

Financial instruments and bank deposits

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

33. SUBSEQUENT EVENTS

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

SERGEY KHEGAY
CHAIRMAN of the BOARD of DIRECTORS

ALEXANDRU STAVARACHE
FINANCE MANAGER

FLORIAN – DANIEL POP
GENERAL MANAGER

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National Welfare Fund “Samruk Kazyna” JSC (67.42%), National Bank of the Republic of Kazakhstan (9.58%), Ministry of Finance of the Republic of Kazakhstan (20%) and other shareholders (3%)