

ROMPETROL WELL SERVICES SA

STANDALONE FINANCIAL STATEMENTS UNAUDITED

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

30 June 2022

ROMPETROL WELL SERVICES SA
Stand-alone Financial Statements Unaudited
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ROMPETROL WELL SERVICES SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | Notes | 1 st Half of 2022 | 1 st Half of 2021 |
|--|----------|---------------------------------|---------------------------------|
| Turnover | | 23,204,992 | 22,481,885 |
| Revenues from contracts with customers | 2 | 22,967,704 | 22,284,069 |
| Rental revenues | 2.1 | 237,288 | 197,816 |
| Other operating income | 3.1 | 86,390 | 431,182 |
| OPERATING INCOME – TOTAL | | 23,291,382 | 22,913,067 |
| Expenses with consumables | | (7,063,801) | (5,676,983) |
| Power and water expenses | | (362,628) | (174,924) |
| Merchandise expenses | | (10,974) | (22,214) |
| Payroll costs, out of which: | 5 | (8,571,835) | (8,215,245) |
| - Salaries | | (8,145,159) | (7,825,475) |
| - Social security contributions | | (253,582) | (261,465) |
| Fixed assets' value adjustments, of which | 7,8,9,17 | (2,049,970) | (2,157,614) |
| - Depreciation | | (2,049,970) | (2,157,614) |
| Current assets value adjustment | | 200,565 | 388,388 |
| Expenses with third-party services | 3.2 | (6,599,023) | (5,995,413) |
| Taxes, duties and similar expenses | | (332,617) | (354,165) |
| Other operating expenses | 3.3 | (4,465) | (406,728) |
| OPERATING EXPENSES – TOTAL | | (24,794,748) | (22,614,898) |
| OPERATING RESULT | | (1,503,366) | 298,169 |
| Interest income | | 1,557,649 | 1,383,482 |
| - of which, revenues from related parties | | 1,556,095 | 1,379,759 |
| Other financial income | | 233,243 | 204,140 |
| FINANCIAL INCOME - TOTAL | 4.1 | 1,790,892 | 1,587,622 |
| Other financial expenses | | (852,233) | (491,320) |
| FINANCIAL EXPENSES - TOTAL | 4.2 | (852,233) | (491,320) |
| FINANCIAL RESULT | | 938,659 | 1,096,302 |
| RESULT BEFORE TAX | | (564,707) | 1,394,471 |
| Income tax expense | | - | (110,330) |
| RESULT FOR THE YEAR | | (564,707) | 1,284,141 |
| Earnings per share | 6 | (0.0020) | 0.0046 |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax): | | - | - |
| Actuarial gain / (losses) relating to retirement benefits | | - | - |
| Remeasurement of fair value of equity instruments measured at fair value through other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME, net of tax | | (564,707) | 1,284,141 |

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Finance Manager

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Explanatory notes from 1 to 21 are part of these financial statements.
English translation is for information purposes only. Romanian language text is the official text for submission.

ROMPETROL WELL SERVICES SA
STATEMENT OF FINANCIAL POSITION UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | Notes | 30 June 2022 | 31 December 2021 |
|---------------------------------------|-------|--------------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, Plant & Equipment | 7 | 23,429,437 | 25,053,007 |
| Right of use assets | 17.1 | 13,595,443 | 1,803,236 |
| Investment property | 8 | 442,101 | 451,402 |
| Intangible assets | 9 | 79,806 | 118,254 |
| Equity instruments at FVOCI | 10 | 10,203,550 | 10,203,550 |
| Other financial assets | 11 | 1,914,605 | 1,625,584 |
| Total non-current assets | | 49,664,942 | 39,255,033 |
| Current assets | | | |
| Inventories, net | 12 | 5,486,156 | 4,876,107 |
| Trade and other receivables | 13 | 30,779,886 | 47,694,690 |
| Availabilities in cash pooling system | 19 | 72,551,276 | 55,022,238 |
| Other current assets | 14 | 1,136,386 | 566,987 |
| Collateral cash for guarantee letters | 15.1 | 2,495,780 | 5,797,291 |
| Cash and deposits | 15 | 400,402 | 227,231 |
| Total current assets | | 112,849,886 | 114,184,544 |
| Total assets | | 162,514,828 | 153,439,577 |
| Capital and reserves | | | |
| Capital | | | |
| Share capital, of which: | | 28,557,446 | 28,557,446 |
| Subscribed and paid in share capital | 16.1 | 27,819,090 | 27,819,090 |
| Share capital adjustments | 16.2 | 738,356 | 738,356 |
| Legal reserves | | 5,563,818 | 5,563,818 |
| Other reserves | | 26,259,057 | 56,194,311 |
| Retained earnings | | 12,854,943 | 28,832,880 |
| Retained earnings IFRS transition | | 18,041,378 | 18,041,378 |
| Current result | | (564,707) | 1,629,634 |
| Total equity | | 90,711,935 | 138,819,467 |
| Long-term liabilities | | | |
| Employee benefits liabilities | | 558,423 | 684,006 |
| Deferred tax liabilities | | 1,112,249 | 1,112,249 |
| Lease liabilities | 17.2 | 9,478,031 | 209,813 |
| Other liabilities | | 89,515 | 82,997 |
| Total long-term liabilities | | 11,238,218 | 2,089,065 |
| Current liabilities | | | |
| Trade and other payables | 18 | 57,843,251 | 11,853,922 |
| Income tax payable | | 207,149 | 382,261 |
| Lease liabilities | 17.2 | 2,514,275 | 294,861 |
| Total current liabilities | | 60,564,675 | 12,531,044 |
| Total liabilities | | 71,802,893 | 14,620,109 |
| Total equity and liabilities | | 162,514,828 | 153,439,577 |

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ROMPETROL WELL SERVICES SA
STATEMENT OF CHANGES IN EQUITY UNAUDITED

For the half year ended as at 30 June 2022

(all amounts expressed in Lei ("RON"), unless otherwise specified)

| For the half year ended as at 30 June 2021 | Share capital | Legal reserves | Other reserves | Retained earnings | Retained earnings IFRS transition | Current result | Total equity |
|---|---------------|----------------|----------------|-------------------|-----------------------------------|----------------|--------------|
| Balance at 1 January 2021 | 28,557,446 | 5,563,818 | 23,368,155 | 58,042,925 | 18,041,378 | 4,362,952 | 137,936,674 |
| Current result | - | - | - | - | - | 1,284,141 | 1,284,141 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Remeasurement of fair value of financial assets measured at fair value through other comprehensive income | - | - | - | - | - | - | - |
| Actuarial gain / (losses) relating to retirement benefits | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - | - |
| Profit distribution | - | - | - | 4,362,952 | - | (4,362,952) | - |
| Dividends | - | - | - | (33,572,997) | - | - | (33,572,997) |
| Other movements | - | - | - | - | - | - | - |
| Balance at 30 June 2021 including OCI | 28,557,446 | 5,563,818 | 23,368,155 | 28,832,880 | 18,041,378 | 1,284,141 | 105,647,818 |

| For the half year ended as at 30 June 2022 | Share capital | Legal reserves | Other reserves | Retained earnings | Retained earnings IFRS transition | Current result | Total equity |
|---|---------------|----------------|----------------|-------------------|-----------------------------------|----------------|--------------|
| Balance at 1 January 2022 | 28,557,446 | 5,563,818 | 56,194,311 | 28,832,881 | 18,041,378 | 1,629,634 | 138,819,467 |
| Current result | - | - | - | - | - | (564,707) | (564,707) |
| Other comprehensive income | - | - | - | - | - | - | - |
| Remeasurement of fair value of financial assets measured at fair value through other comprehensive income | - | - | - | - | - | - | - |
| Actuarial gain / (losses) relating to retirement benefits | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | - | - |
| Profit distribution | - | - | - | 1,629,634 | - | (1,629,634) | - |
| Change of the destination of other reserves | - | - | (29,935,254) | 29,935,254 | - | - | - |
| Dividends | - | - | - | (47,542,826) | - | - | (47,542,826) |
| Other Capital Reserves | - | - | - | - | - | - | - |
| Balance at 30 June 2022 including OCI | 28,557,446 | 5,563,818 | 26,259,057 | 12,854,943 | 18,041,378 | (564,707) | 90,711,935 |

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ROMPETROL WELL SERVICES SA
STATEMENT OF CHANGES IN EQUITY UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

The legal reserve is in amount of RON 5,563,818 (2021: RON 5,563,818). The company constituted the legal reserve in accordance with the provisions of the Romanian trading companies law, which requires at least 5% of the annual company's profit before tax to be transferred to legal reserve until the ending balance of this reserve reaches 20% of the company's share capital.

Other reserves represent reserves constituted on the basis of mandatory legislation, respectively reserves for elements of other comprehensive income as well as other capital reserves.

Retained earnings represent reserves constituted through the distribution of prior year profits, respectively the cover of prior year losses.

Retained Earnings IFRS transition represent the retained earnings constituted on the first adoption of IAS, less IAS 29, as well as adoption of other mandatory IFRSs.

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ROMPETROL WELL SERVICES SA
STATEMENT OF CASH FLOW UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Indirect method

| Name of item | Period | |
|---|-----------------------------|-----------------------------|
| | Ended as at 30 June 2022 | Ended as at 30 June 2021 |
| Cash flows from operating activities: | | |
| Net result before tax | (564,707) | 1,394,471 |
| Adjustments for: | | |
| Depreciation and adjustments related to tangible assets and investment properties | 1,741,818 | 1,978,596 |
| Depreciation and adjustments related to right of use assets | 269,704 | 131,707 |
| Depreciation and adjustments related to intangible assets | 38,448 | 38,447 |
| Provisions for post-employment benefits plans and other provisions | (125,583) | (198,225) |
| Adjustments for inventory depreciation | - | (345,840) |
| Allowance for trade and other receivables | (200,565) | (42,548) |
| Trade receivables and sundry debtors write off | - | 52,011 |
| Interest income, net | (952,117) | (1,372,403) |
| Loss / (gain) from disposal of property, plant and equipment | (85,920) | (406,946) |
| Net foreign exchange differences | 150,636 | 288,711 |
| Operating profit before working capital changes | 271,715 | 1,517,982 |
| Increase / (Decrease) of performance guarantees | 3,012,490 | 3,665,250 |
| Increase / (Decrease) of trade and other receivables | 16,545,615 | 1,464,267 |
| Decrease / (Increase) of inventories | (610,049) | (44,683) |
| Increase / (Decrease) of trade and other debts | (1,698,891) | (1,866,509) |
| Paid income tax | (175,112) | (375,893) |
| Net cash flow from operating activities | 17,345,769 | 4,360,414 |
| Cash flows from investing activities: | | |
| Purchase of tangible and intangible assets | (109,061) | (641,527) |
| Proceeds from sale of tangible and intangible assets | 86,024 | 517,140 |
| Increase of cash pooling balance | (17,412,335) | (5,467,634) |
| Interest received | 1,440,947 | 1,412,313 |
| Net cash from investing activities | (15,994,426) | (4,179,707) |
| Cash flows from financing activities: | | |
| Payments of principal portion of lease liabilities | (1,142,466) | (164,644) |
| Dividends paid to equity holders | (35,706) | (18,375) |
| Net cash flows from financing activities | (1,178,172) | (183,019) |
| Net (decrease) / increase of cash and cash equivalents | 172,246 | (2,364) |
| Net foreign exchange differences | 925 | 51 |
| Cash and cash equivalents at the beginning of the financial year | 227,231 | 151,117 |
| Cash and cash equivalents at the end of the financial year | 400,402 | 148,804 |

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ROMPETROL WELL SERVICES SA
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES

Rompetro Well Services SA ("the Company") is a stock company, registered office located in Ploiesti, Clopotei Street, No. 2 bis, Romania. The Company is registered with the Trade Register under the number J29/110/05.03.1991.

It was turned into a joint-stock company named SC PETROS SA based on the Government Decision no. 1213 of November 1990, under the Law 15/1990, and operated under such name until September 2001 when its name was changed into ROMPETROL WELL SERVICES SA.

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

The ultimate parent of KazMunayGas International is the National Wealth Fund JSC "Samruk-Kazyna", an entity based in Kazakhstan.

The company's main scope of business mainly consists of: special well operations, rent of special well tools and devices, other services provision. The Company provides services for both domestic and foreign markets. Its long history in both the domestic and the foreign oil industry makes it a competitive, reliable and serious partner for a large range of services:

- Primary and secondary cementing;
- Acidizing and cracking services;
- Sand-Control services (reinforcement and packing);
- Well nitrogen treatment services;
- Well testing services;
- Well lining services;
- Drilling tools and instrumentation rental services.

These stand-alone financial statements are public and available on <https://rompetrolwellservices.kmginternational.com/>, on Investor Relations section.

1.1. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Starting with 31 December 2012, the financial statements of the Company are prepared in accordance with the Order no. 1286/2012 of the Ministry of Public Finance, the latest regulation being Order no. 2844/2016 of the Ministry of Public Finance, approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market. Such provisions are aligned with the requirements of the International Financial Reporting Standards adopted by the European Union, except for the provisions of IAS 21 - The Effects of Changes in Foreign Exchange Rates regarding the functional currency.

In order to prepare these financial statements, pursuant to the Romanian legal requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

The financial statements of the Company are based on the historical cost principle. The stand-alone financial statements are presented in RON and all amounts are rounded up in RON unless otherwise specified.

The financial statements of the Company are prepared based on the going concern principle.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

1.2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a) The going concern principle

The interim financial statements have been prepared on the basis that the Company will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

Impact of sanction risks and conflict in Ukraine

In the context of the military conflict between Russia and Ukraine, started in February 2022, the EU, USA, UK and other countries imposed various sanctions against Russia, including financing restrictions on certain Russian banks and state-owned companies as well as personal sanctions against a number of individuals. Considering the geopolitical tensions, there has been an increase in financial markets volatility, exchange rate depreciation pressure, as well as impact on activities of various sectors of the economy. This resulted in increases in energy prices and supply chain disturbances.

The Company does not have direct exposures to related parties and/or key customers or suppliers from those countries since the Company and its main customers operate only on local market, therefore the sanctions imposed against Russia do not have a direct impact on the Company's activity.

b) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss resulted from the re-conversion of non-monetary items is treated in line with the recognition of gain or loss upon the change in fair value (i.e., the exchange rate differences on items whose fair value gain or loss is recognised in Other elements of global earnings, or the profit or loss are also recognised in Other elements of global earnings, profit or loss, respectively).

The exchange rates used to translate the balances denominated in foreign currency as at 30 June 2022 were, for RON:

| | 31 December 2021 | 30 June 2022 |
|-------|-----------------------------|-------------------------|
| 1 EUR | 4.9481 | 4.9454 |
| 1 USD | 4.3707 | 4.7424 |

c) Financial instruments

A financial instrument is any contract which produces a financial asset for a company and a financial liability or equity instrument for another entity. The Company's financial assets include cash and cash equivalents, trade receivables and other receivables (including loans to related parties) and financial investments. The Company's financial liabilities include trade liabilities and other liabilities. The accounting policies for the recognition and measurement of each item are described in this Note.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

Initial and subsequent measurement

Financial assets and liabilities are initially measured at fair value. Transaction costs which are directly attributable to acquisition or issuance of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added at initial recognition or deducted from the fair value of respective financial asset or liability, as the case may be.

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

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

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.

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

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

Financial liabilities are classified as subsequently measured at amortized cost, except for (a) *financial liabilities at fair value through profit or loss*, (b) *financial liabilities* that arise when a transfer of a financial asset does not qualify for derecognition, (c) *financial guarantee contracts*, who is subsequently measured at the higher of the value of the loss adjustment and the amount initially recognized, (d) *commitments to provide a loan* at a below-market interest rate which is subsequently measured at the higher of the value of the loss adjustment and the amount initially recognized, (e) *contingent consideration recognized by an acquirer in a business combination* which subsequently is measured at fair value with changes recognized in profit or loss.

For purposes of subsequent measurement, the company's specific financial assets and liabilities are classified in three categories:

- Financial asset measured at amortized cost (Receivables and loans granted); and
- Trade payables and other liabilities;
- Financial assets measured at fair value through other comprehensive income (Financial assets, Note 1h).

Receivables and loans

This category is the most relevant to the Company. Receivables and loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

Trade payables and other liabilities

Trade payables and other liabilities are subsequently measured at amortized cost, using the effective interest rate. The effective interest method is a method to calculate the amortized cost of a financial liability and to allocate interest expenses from the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the financial liability (including all paid or received commissions which are part of the effective interest rate, transaction costs and other bonuses or discounts) or (if the case) on a shorter period, to the net carrying amount from the initial recognition.

Derecognition

A financial asset is primarily derecognised when:

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

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

A financial liability is derecognised 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 recognised in the statement of profit or loss.

Offsetting of financial instruments

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

d) Impairment of financial assets

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

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less cumulative depreciation and, if the case, less loss from impairment, in the financial statements of the Company.

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 put to operation, such as repairs and maintenance are charged to the profit and loss statement in the period in which the costs are incurred. In cases where it can be proved that expenses have increased the future economic benefits obtained from the use of intangible assets besides the standard evaluation of its performance, the expenditure is capitalized as additional costs of the property, plant and equipment.

Construction in progress represents plant and properties under construction and is stated at cost, less any impairment loss. This includes the cost of construction and other direct costs. Depreciation of these and other assets is registered starting with the date when they are ready to be used for the activity they are intended for.

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 | 5 - 60 |
| Machinery and other equipment | 3 - 27 |
| Vehicles | 3 - 15 |

The useful life and methods of depreciation of intangible assets are revised at each fiscal year end and adjusted prospectively if the case.

When assets are sold or disposed of, their cost and related accumulated depreciation are removed and any income or loss resulting from their output is included in the profit or loss account.

f) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are disclosed at their historical cost less the provisions for depreciation and impairment. Depreciation of investment properties is computed using straight-line method through their useful life of between 35 and 40 years.

For the purpose of disclosure of fair values are consequently assessed by an accredited external, independent valuator, by applying a valuation model recommended by the International Valuation Standards Committee. The revaluation is performed at least every 3 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change of use. If an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change of use.

g) Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After the initial recognition, intangible assets are measured at cost less the 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 mainly of software and licenses and are amortized on a straight-line basis over 3 to 5 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 programmers are expensed as incurred.

h) Equity instruments at FVOCI

Equity instruments at FVOCI represent strategic long term investments and are recorded at fair value through other comprehensive income.

Dividends received from entities in which the Company has shares are recognized in profit and loss account of the year when the right of the Company to collect dividends is established and it is probable that they will be collected.

The changes in fair value are recognized in other elements of the comprehensive income until the investment is derecognized or depreciated, moment when the cumulative gain or losses are reclassified from other comprehensive income in a retained earnings account for the respective period.

Fair value is the price received from selling an asset or the price paid to transfer a liability in a normal transaction between market participants, at the date of the valuation.

Valuation at fair value implies that the asset is exchanged in a normal transaction for the sale of the asset or transfer of the debt, between market participants, at the valuation date, under current market conditions. In a valuation at fair value it is assumed that the transaction of sale of the asset takes place either:

- on the main market of the asset, or
- in the absence of a main market, on the market most advantageous for the asset.

The valuation at fair value of an asset is based on the assumption that market participants would use when determining the value of the asset, assuming that market participants act to obtain maximum economic benefit.

The Company uses valuation techniques appropriate to the circumstances and for which there are available sufficient data for fair value valuation, using to the maximum the relevant observable input data and minimizing the unobservable input data used.

The financial assets that are the object of valuation at fair value are classified within the fair value hierarchy, based on the input data, which is the necessary basis for selecting and using the necessary approach for its reliable determination. The data entry hierarchy consists of three levels:

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- (i) Level 1 - prices quotations (unadjusted) on active markets for identical assets and liabilities, to which the entity has access to at the valuation date;
- (ii) Level 2 - entry data, other than the price quotations included in level one, which are observed for assets or liabilities, either directly or indirectly;
- (iii) Level 3 - non-observable entry data for assets or liabilities.

Additional details on structure of financial assets, classified according to IFRS 9 in financial assets valued at fair value through other comprehensive income, are presented in Note 10.

i) Impairment of non-financial assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In order to determine the recoverable amount of property, plant and equipment, the Company uses value in use, this being assessed based on estimated future cash flows that are discounted to their present value using a pre-tax discount rate. The discount rate 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 already.

The company bases its impairment computation on detailed budgets and forecast calculations which cover a period of 7 years. A long-term growth rate is calculated and applied to the future cash flows determined based on the company's budgets and forecasts.

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

When an impairment loss is reversed, 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 if no impairment loss had 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.

j) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed partially or totally, the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. The expense related to any provision is presented in the profit and loss statement net of any reimbursement. If the effect of the time value of money is material, the 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 interest cost.

Provisions are not recognized for future operating losses.

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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. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

k) Leases

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises 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 Company recognises 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 recognised, 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, as follows:

| | |
|-------------------|-------------|
| ▶ Machinery | 10 years |
| ▶ Other equipment | 3 – 5 years |

ii) Lease liabilities

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

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

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

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

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. 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.

m) Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 9.

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. 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.

n) Cash and cash equivalents

Cash includes petty cash, cash at banks and cheques in course of being cashed. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash in less than three months to maturity from the date of acquisition and that are subject to an insignificant risk of devaluation.

o) Revenue from contracts with customers

Revenue is recognised at the level of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company's business model establish the identification of performance obligations as the written requests of clients, which represent the commitment to purchase goods or services, based on the framework contract.

The Company has framework agreements concluded with customers, services provided/merchandise sold being made based on purchase order. The Company has assessed, by type of contract, the goods

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

and/or services promised in each type of contract and has identified the following contracts as separate performance obligations (POs):

- contracts for well services: specific well operation to a specific defined well.
- Other segments: rental (distinct space and vehicle), ITP services (specific vehicle verification) and other merchandise (distinct goods).

The transaction price is the client's promise to pay in cash a fixed amount of the consideration. The company analyzed the transaction price and concluded that it did not include a significant financing component or a variable component.

The company has determined for each performance obligation identified at the beginning of the contract whether it will be fulfilled over time or at a specific time. The company collects commercial receivables within 30 - 90 days. Revenue is recorded based on job ticket which is approved by the customer at the end of the well work.

p) Retirement benefit costs

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

Under the provisions of the collective labor agreement, employees are entitled to specified retirement benefits, payable on retirement, if they are employed with the Company at the date of their retirement. These amounts are estimated as of the reporting date and the measurement process applied is subject to uncertainty. The retirement benefit is determined through a measurement technique applied judgments and estimates such as applicable benefits provided in the agreement, the Company headcount and specific actuarial estimates such as discount rate, price inflation and key demographic figures like mortality rates. The defined benefit liability as of reporting date comprises the estimated present value of the defined benefit obligation and while the related current year service cost recorded in the profit and loss statement. All actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur.

Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

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

q) 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 tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit and loss 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.

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

- Deferred tax

Deferred tax is recorded 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 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.
- ▶ The deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures when the reversal of such temporary differences can be controlled and likely not to be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused losses and tax credits, 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 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 case of deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures, the deferred tax asset is recognised only when the temporary differences are likely to be reversed in a foreseeable future and when there can be a taxable profit for which temporary differences may be used.

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

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

Deferred tax relating to items recognized outside the profit and loss statement is recognized outside the profit or loss account. Deferred tax items are recognized depending on the nature of 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 are collected by the same tax authority.

- Revenue related taxes

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 tax authority, in which case the sales tax is recognized as part of the acquisition cost of the asset or as part of the expense item as the case may be.
- ▶ Receivables and payables whose taxes are included in their amount.

The net amount of sales tax recoverable from, or payable to, the tax authority is included in the receivables or payables in the balance sheet.

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

r) Dividends

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

s) Contingent assets and liabilities

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

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

1.3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's stand-alone financial statements requires the 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 balance sheet date. The estimates and associated assumptions rely on the 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 in the future periods.

The estimates and assumptions that accounting judgements rely on are subject to constant review. Revisions to accounting estimates are recognized in the period in which the estimate is revised if such revision only affects that period or in the period of the revision and future periods if such revision affects both current and future periods.

1.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year. The amendments effective since January 1, 2022 do not have a material effect on the interim financial statements.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below there is an analysis of Company's revenues:

| | Sales in H1 2022 | Sales in H1 2021 |
|-----------------------------|---------------------|---------------------|
| Revenue from well services | 22,866,466 | 22,219,832 |
| Revenue from other services | 39,148 | 36,512 |
| Revenue from goods sold | 62,090 | 27,725 |
| Total | 22,967,704 | 22,284,069 |
| | | |
| | Sales in H1 2022 | Sales in H1 2021 |
| Export | - | - |
| Internal market sales | 22,967,704 | 22,284,069 |
| Total sales | 22,967,704 | 22,284,069 |

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2. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

The Company analyzed the criteria for defining an operational segment according to IFRS 8 Operating segments and concluded that business is organized as single cash generating unit, with one segment, considering the nature of the services provided, the type of customers and the method used to provide services. For the purpose of making decisions about resource allocation and performance assessment, Management analyze and monitors the operating results of the business as a single segment.

2.1 RENTAL REVENUES

Below there is an analysis of Company's rental revenues:

| | Sales in H1 2022 | Sales in H1 2021 |
|----------------------------------|-----------------------------|-----------------------------|
| Revenue from office space rental | 231,328 | 188,876 |
| Revenue from equipment's rental | 5,960 | 8,940 |
| Total | 237,288 | 197,816 |

OTHER REVENUES AND OTHER EXPENSES

3.1. Other operating income

In the table below other operating revenues are being detailed depending on their nature:

| | H1 2022 | H1 2021 |
|---|----------------|----------------|
| Other operating income: | | |
| - earnings from sale of waste | - | 42,560 |
| - earnings from disposal of fixed assets | 85,910 | 369,602 |
| - earnings from compensations and penalties | - | 19,000 |
| - other revenues | 480 | 20 |
| Total | 86,390 | 431,182 |

3.2. Expenses with third-party services

In the table below expenses for third party services are being detailed depending on their nature:

| | H1 2022 | H1 2021 |
|---|------------------|------------------|
| Travel expenses | 454,972 | 575,981 |
| Maintenance and repair expenses | 482,181 | 491,771 |
| Royalties and rental expenses | 488,626 | 318,810 |
| Insurance premiums | 333,707 | 320,317 |
| Postage and telecommunications | 6,111 | 29,614 |
| Bank commissions and similar charges | 8,200 | 34,732 |
| Entertaining, promotion and advertising | 4,594 | 7,083 |
| Other third party services, from which: | 4,820,633 | 4,217,104 |
| Goods transportation services | 1,643,775 | 1,796,960 |
| Well services rendered –by subcontractors | 400,970 | 74,089 |
| Outsourced activities services | 1,076,349 | 952,613 |
| Dedicated management assistance and specialized technical consulting services | 871,450 | 662,845 |
| Security services | 342,056 | 322,969 |
| Others | 350,657 | 351,140 |
| Consultancy and audit | 135,376 | 56,489 |
| Total | 6,599,023 | 5,995,413 |

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3.2. Expenses with third-party services (continued)

The weight of these expenses in the structure of the operating costs is specific to the main activity, regarding the service delivery at the headquarters of the beneficiaries with auto type equipment and the flexible adaptability to the current market conditions.

3.3. Other operating expenses

In the table below other operating expenses are being detailed depending on their nature:

| | H1 2022 | H1 2021 |
|--|----------------|----------------|
| Compensations, fines, penalties | 997 | 1,122 |
| Amounts or goods granted as sponsorship | 2,584 | - |
| Write-off trade receivables and sundry debtors | - | 52,011 |
| Destroyed / improper stocks | 881 | - |
| Other operating expenses | 3 | 353,595 |
| Total | 4,465 | 406,728 |

4. FINANCIAL EXPENSES AND REVENUES

4.1. Financial revenues

| | H1 2022 | H1 2021 |
|--|------------------|------------------|
| Interest income, from which: | 1,557,649 | 1,383,482 |
| Income obtained from the entities within the group | 1,556,095 | 1,379,759 |
| Income from exchange rate differences | 232,639 | 203,503 |
| Other financial income | 604 | 637 |
| Total financial income | 1,790,892 | 1,587,622 |

The line "Income obtained from the entities within the group" in amount of RON 1,556,095 (2021: RON 1,379,759) represents interest revenue from cash-pooling.

4.2. Financial expenses

| | H1 2022 | H1 2021 |
|---|----------------|----------------|
| Expenses from exchange rate differences | 247,387 | 480,726 |
| Other financial expenses, out of which | 604,846 | 10,594 |
| Interest expense on the lease liability | 604,536 | 9,957 |
| Total financial expenses | 852,233 | 491,320 |

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5. EXPENSES WITH EMPLOYEES

The expenses with salaries and taxes, recorded during first half of 2022 and 2021 are as follows:

| | <u>H1 2022</u> | <u>H1 2021</u> |
|---|-------------------------|-------------------------|
| Expenses related to salaries and allowances | 8,145,159 | 7,825,475 |
| Other expenses with employees benefits | 173,094 | 128,305 |
| Contributions to special funds | 67,857 | 81,190 |
| Expenses related to the social insurances | 185,725 | 180,275 |
| Total | <u>8,571,835</u> | <u>8,215,245</u> |

6. EARNINGS PER SHARE

The value of earning per share is calculated by dividing the net profit of the year attributable to shareholders by the weighted average number of shares outstanding during the period.

The following report present the net profit and the number of shares used in computing earnings per share:

| | <u>30 June 2022</u> | <u>30 June 2021</u> |
|---|-------------------------|-------------------------|
| Net result attributable to shareholders | (564,707) | 1,284,142 |
| Weighted average number of shares | 278,190,900 | 278,190,900 |
| Earnings per share (RON / share) | <u>(0.0020)</u> | <u>0.0046</u> |

There was no issue or cancellation of shares between the date of the report and the date of the presentation of the financial statements.

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7. PROPERTY, PLANT & EQUIPMENT

| | Land | Buildings and special constructions | Technical equipment and machinery and other tangible assets | Advances and Tangible assets in progress | Total |
|------------------------------------|-----------|-------------------------------------|---|--|--------------|
| Cost | | | | | |
| On 1 January 2021 | 5,585,846 | 7,972,691 | 92,619,295 | 5,355,858 | 111,533,690 |
| Additions | - | 10 | 268,262 | 2,396,711 | 2,664,984 |
| Disposals | (145,617) | (12,879) | (11,387,752) | - | (11,546,248) |
| Transfers | - | 101,977 | 3,971,996 | (4,073,973) | - |
| On 31 December 2021 | 5,440,229 | 8,061,799 | 85,471,802 | 3,678,596 | 102,652,424 |
| Additions | - | - | 71,442 | 37,619 | 109,061 |
| Disposals | - | - | (996,112) | - | (996,112) |
| Transfers | - | - | 1,123,560 | (1,123,560) | - |
| On 30 June 2022 | 5,440,229 | 8,061,799 | 85,670,692 | 2,592,655 | 101,765,373 |
| Depreciation and Impairment | | | | | |
| On 1 January 2021 | - | 3,014,991 | 81,862,346 | - | 84,877,339 |
| Depreciation charge for the year | - | 418,697 | 3,192,692 | - | 3,611,388 |
| Disposals | - | (12,879) | (11,385,098) | - | (11,397,977) |
| Depreciation | - | - | 508,671 | - | 508,671 |
| On 31 December 2021 | - | 3,420,808 | 74,178,610 | - | 77,599,419 |
| Depreciation charge for the year | - | 168,495 | 1,564,022 | - | 1,732,517 |
| Disposals | - | - | (995,999) | - | (995,999) |
| Depreciation | - | - | - | - | - |
| On 30 June 2022 | - | 3,589,303 | 74,746,633 | - | 78,335,936 |
| Net accounting value | | | | | |
| On 30 June 2022 | 5,440,229 | 4,472,496 | 10,924,059 | 2,592,655 | 23,429,437 |
| On 31 December 2021 | 5,440,229 | 4,640,991 | 11,293,192 | 3,678,596 | 25,053,005 |
| On 1 January 2021 | 5,585,846 | 4,957,701 | 10,756,949 | 5,355,858 | 26,656,351 |

All presented tangible assets are the property of the Company.

8. INVESTMENT PROPERTIES

The company has an apartment block in Campina and two apartments in Timisoara, held with the exclusive target to obtain income from rents. These are being classified as investment properties.

| | 30.06.2022 | 31.12.2021 |
|--|------------|------------|
| Initial balance on 1 January | 451,402 | 470,005 |
| Depreciation expenses | (9,301) | (18,603) |
| Ending balance | 442,101 | 451,402 |
| | H1 2022 | H1 2021 |
| Income from rents obtained from real estate investments | 6,203 | 6,001 |
| Direct operational expenses (including repairs and maintenance) which generate income from rents | (18,936) | (17,960) |
| Net result from investment property recorded at cost | (12,733) | (11,959) |

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9. INTANGIBLE ASSETS

| | Patents and licenses | Intangible assets in progress | Total |
|------------------------------------|-------------------------|----------------------------------|---------|
| Costs | | | |
| On 1 January 2021 | 765,916 | - | 765,916 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Transfers | 765,916 | - | 765,916 |
| On 31 December 2021 | - | - | - |
| Additions | - | - | - |
| Disposals | - | - | - |
| Transfers | 765,916 | - | 765,916 |
| On 30 June 2022 | | | |
| Amortisation and impairment | | | |
| On 1 January 2021 | 570,766 | - | 570,766 |
| Depreciation charge for the year | 76,896 | - | 76,896 |
| Disposal | - | - | - |
| On 31 December 2021 | 647,663 | - | 647,663 |
| Depreciation charge for the year | 38,448 | - | 38,448 |
| Disposal | - | - | - |
| On 31 June 2022 | 686,111 | - | 686,111 |
| Net accounting value | | | |
| On 30 June 2022 | 79,804 | - | 79,804 |
| On 31 December 2021 | 118,253 | - | 118,252 |
| On 1 January 2021 | 195,150 | - | 195,150 |

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10. EQUITY INSTRUMENTS AT FVOCI

| Name of the company | Nature of the relationship | Year of investment | Percent held on | | Fair value of the investment on | |
|-------------------------|----------------------------|--------------------|------------------|--------------|---------------------------------|-------------------|
| | | | 31 December 2021 | 30 June 2022 | 31 December 2021 | 30 June 2022 |
| Rompetrol Logistics SRL | Long term investment | 2002/2003/2007 | 6.98% | 6.98% | 8,401,066 | 8,401,066 |
| Rompetrol Rafinare SA* | Long term investment | 2003/2004 | 0.05% | 0.05% | 1,802,384 | 1,802,384 |
| Rompetrol Drilling SRL | Long term investment | 2014 | 1% | 1% | 100 | 100 |
| Total | | | | | 10,203,550 | 10,203,550 |

*Company listed on Bucharest Stock Exchange under RRC symbol.

11. OTHER FINANCIAL ASSETS

| | 30 June 2022 | 31 December 2021 |
|--|------------------|------------------|
| Collateral account for guarantee letters with maturity over one year | 1,218,141 | 890,196 |
| Specific account for dividends | 676,140 | 707,633 |
| Specific accounts for other guarantee | 20,323 | 27,755 |
| Other financial assets | 1,914,605 | 1,625,584 |

The details on the structure of collateral account for guarantee letters with maturity over one year can be found below (see details in Note 20):

| Number | Beneficiary | Currency | Amount equivalent RON | Start date | Maturity date | Currency collateral deposit | Collateral deposit equivalent RON |
|---|----------------|----------|-----------------------|------------|---------------|-----------------------------|-----------------------------------|
| 28471 | SNGN ROMGAZ SA | RON | 1,218,141 | 02-Sep-20 | 22-Sep-22 | RON | 1,218,141 |
| Total collateral accounts with maturity over one year as of 30 June 2022 | | | | | | | 1,218,141 |

| Number | Beneficiary | Currency | Amount equivalent RON | Start date | Maturity date | Currency collateral deposit | Collateral deposit equivalent RON |
|---|----------------|----------|-----------------------|------------|---------------|-----------------------------|-----------------------------------|
| 30495 | SNGN ROMGAZ SA | RON | 68,673 | 17-Feb-21 | 17-Mar-22 | RON | 68,673 |
| 28471 | SNGN ROMGAZ SA | RON | 821,523 | 02-Sep-20 | 22-Sep-22 | RON | 821,523 |
| Total collateral accounts with maturity over one year as of 31 December 2021 | | | | | | | 890,196 |

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12. INVENTORIES

| | 30 June 2022 | 31 December 2021 |
|-------------------------------|-------------------------|-----------------------------|
| Cement and additives | 3,353,699 | 3,064,253 |
| Spare parts equipment | 2,229,903 | 1,981,716 |
| Other inventories | 395,450 | 323,033 |
| Allowance for inventories | (492,895) | (492,895) |
| Total inventories, net | 5,486,156 | 4,876,107 |

The inventories mainly contain cement, additives and spare parts for special equipment. For the items whose procurement process is relatively long, as well for the items whose consumption is dependent on fluctuating demand of our customers, it is applied an optimization quantitative procurement, which explains a variation of inventory value between two acquisitions.

13. TRADE AND OTHER RECEIVABLES

| | 30 June 2022 | 31 December 2021 |
|---|-------------------------|-----------------------------|
| Trade receivables - third parties | 14,667,415 | 14,306,969 |
| Trade receivables with affiliated entities | 28,933 | 26,513 |
| Allowance for trade receivables – third parties | (1,108,294) | (1,045,512) |
| Allowance for trade receivables – affiliated entities | (271,768) | (535,458) |
| Total trade receivables, net | 13,316,286 | 12,752,512 |
| Other receivables – third parties | 497,210 | 519,605 |
| Other receivables with the affiliated entities | 17,507,003 | 34,859,988 |
| Other receivables with state budget | 41,821 | 145,019 |
| Value adjustments for other receivables – third parties | (429,853) | (429,853) |
| Value adjustments for other receivables – affiliated entities | (152,580) | (152,580) |
| Total other receivables, net | 17,463,600 | 34,942,178 |
| Total receivables, net | 30,779,886 | 47,694,690 |

At year-end 2021, a receivables assignment agreement was concluded between the Company and KMG International NV (KMGI), whereby the Company, as creditor, assigns the uncontested, liquid and payable claim of the aggregate amount of RON 34.7 million held against Oilfield Exploration Business Solutions SA (OEBS), to KMGI. The Company assigns the claim together with any and all rights, accessories and guarantees deriving therefrom, and KMGI takes over the claim together with any and all rights, accessories and guarantees deriving therefrom.

Trade receivables are usually collected within 30 to 90 days.

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In the table below, there are detailed the movements within the provision for the impairment of trade and other receivables:

| | Individually impaired | Collectively impaired | Total |
|----------------------------|--------------------------|--------------------------|-------------------|
| On 1 January 2021 | 30,795,785 | 989,779 | 31,785,564 |
| Transfer between category | - | - | - |
| Charge for the year | 527,878 | 2,612 | 530,490 |
| Unused amounts, reversed | (30,002,127) | (160,503) | (30,162,629) |
| Amounts written-off | - | - | - |
| Exchange rate differences | - | 9,980 | 9,980 |
| On 31 December 2021 | 1,321,536 | 841,868 | 2,163,404 |
| Transfer between category | - | - | - |
| Charge for the year | 39,304 | 26,396 | 65,701 |
| Unused amounts, reversed | (263,939) | (2,327) | (266,266) |
| Amounts written-off | - | - | - |
| Exchange rate differences | - | (342) | (342) |
| On 30 June 2022 | 1,096,902 | 865,595 | 1,962,496 |

The impairment loss for financial assets evaluated at amortized cost are calculated based on three stage model, using swap for credit risk, internal or external ratings of counterparties and corresponding probability of default. For all trade receivables, the impairment losses are estimated based on simplified approach, recognizing anticipated losses for their entire lifetime.

Impairment losses, calculated and recognized, based on the new model required by IFRS 9 for Company's trade receivables, is presented as follows:

| At 30 June 2022 | Current | Total trade receivables | | | | | | Total |
|--|------------|-------------------------|--------------|--------------|---------------|----------------|-------------|-------------|
| | | < 30 days | 31 - 60 days | 61 - 90 days | 91 - 180 days | 181 - 360 days | > 360 days | |
| Expected credit loss rate (%) | 0.43% | 7.18% | 41.94% | 35.14% | 29.91% | 67.52% | 100% | - |
| Estimated total gross carrying amount at default | 10,378,569 | 2,116,940 | 97,189 | 679,154 | 280,227 | 4,565 | 1,139,704 | 14,696,348 |
| Expected credit loss | (270,549) | (2,457) | (3,066) | (40) | (16,124) | (4,565) | (1,083,262) | (1,380,063) |

| At 31 December 2021 | Current | Total trade receivables | | | | | | Total |
|--|------------|-------------------------|--------------|--------------|---------------|----------------|-------------|-------------|
| | | < 30 days | 31 - 60 days | 61 - 90 days | 91 - 180 days | 181 - 360 days | > 360 days | |
| Expected credit loss rate (%) | 0.43% | 7.18% | 41.94% | 35.14% | 29.91% | 67.52% | 100% | - |
| Estimated total gross carrying amount at default | 10,925,519 | 2,098,600 | 48,288 | 86,880 | 4,458 | 99,906 | 1,069,831 | 14,333,482 |
| Expected credit loss | (531,588) | (261) | (81) | (36) | (36) | - | (1,048,987) | (1,580,970) |

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14. OTHER CURRENT ASSETS

| | 30 June 2022 | 31 December 2021 |
|---|-------------------------|-----------------------------|
| Advance expenses for car insurance | 574,716 | 35,167 |
| Advance expenses for vignette | 89,566 | 103,586 |
| Advance expenses for business insurance | 153,004 | 336,608 |
| Advance expenses for authorizations, transportation licenses, subscriptions, others | 319,100 | 91,626 |
| Other current assets TOTAL | 1,136,386 | 566,987 |

The values represent the payments carried out during the current year, for costs which affect the next financial year in accordance with the validity period for the insurances, authorizations, licenses, subscriptions.

15. CASH AND DEPOSITS

| | 30 June 2022 | 31 December 2021 |
|---|-------------------------|-----------------------------|
| Bank accounts in RON | 1,398 | 403 |
| Bank accounts in foreign currency | 41,658 | 11,297 |
| Short term deposits in RON | 340,042 | 194,064 |
| Petty cash in RON | 6,630 | 11,534 |
| Petty cash in foreign currency | 10,673 | 9,932 |
| Total cash and short term deposits | 400,402 | 227,231 |

The cash in banks records interests at variable rates, depending on the daily rates of the deposits in banks. The short term deposits are being constituted for periods of one day and records interests for the respective rates of the short term deposits.

The service providing contracts concluded with our main customers contain clauses referring to creation of performance guarantees through a guarantee granting instrument issued under the provisions of the law, by a bank or insurance company, i.e. Letters of Bank Guarantees.

Collateral deposits were classified depending on the maturity calculated from the starting date of the deposit. (details in Note 11 and 15.1).

In note 19 it is presented the details regarding the company's participation for the year 2022 to the system for optimization of cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. The amount available in the principal account on 30 June 2022 was of RON 72,234,970 (2021: RON 54,822,634), being ready to use without restriction, depending on the necessity.

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15. CASH AND DEPOSITS (continued)

15.1 COLLATERAL CASH FOR LETTERS OF GUARANTEE

The detail of the collateral deposits as at 30 June 2022 for the Letters of Bank Guarantee with maturity less than 12 months is enclosed in the table below:

| Number | Beneficiary | Currency | Amount equivalent RON | Start Date | Maturity date | Currency collateral deposit | Collateral deposit equivalent RON |
|----------------------------------|----------------|----------|-----------------------------|------------|---------------|-----------------------------------|--|
| 99007664 | OMV PETROM SA | RON | 69,714 | 18-Jan-22 | 14-Jan-23 | RON | 69,714 |
| 99007665 | OMV PETROM SA | RON | 101,754 | 18-Jan-22 | 14-Jan-23 | RON | 101,754 |
| 00888-02-0814163 | OMV PETROM SA | EUR | 272,111 | 5-Nov-21 | 11-Nov-22 | EUR | 272,111 |
| 00888-02-0815359 | OMV PETROM SA | RON | 2,014,989 | 12-Nov-21 | 12-Nov-22 | RON | 2,014,989 |
| 34741 | SNGN ROMGAZ SA | RON | 37,213 | 7-Oct-21 | 5-Jul-22 | RON | 37,213 |
| Total collateral deposits | | | | | | | 2,495,780 |

The collateral deposits as at 31 December 2021 had the following components:

| Number | Beneficiary | Currency | Amount equivalent RON | Start Date | Maturity date | Currency collateral deposit | Collateral deposit equivalent RON |
|----------------------------------|----------------|----------|-----------------------------|------------|---------------|-----------------------------------|--|
| 00888-02-0737559 | OMV PETROM SA | EUR | 264,382 | 7-Jan-21 | 18-Jan-22 | EUR | 264,382 |
| 00888-02-0740162 | OMV PETROM SA | EUR | 494,810 | 18-Jan-21 | 15-Jan-22 | EUR | 494,810 |
| 00888-02-0740171 | OMV PETROM SA | EUR | 593,772 | 18-Jan-21 | 15-Jan-22 | EUR | 593,772 |
| 00888-02-0761638 | OMV PETROM SA | EUR | 395,848 | 8-Apr-21 | 14-Jan-22 | RON | 395,848 |
| 00888-02-0814163 | OMV PETROM SA | EUR | 272,259 | 5-Nov-21 | 11-Nov-22 | EUR | 272,259 |
| 00888-02-0750347 | OMV PETROM SA | RON | 1,746,324 | 3-Mar-21 | 7-Mar-22 | RON | 1,746,324 |
| 00888-02-0815359 | OMV PETROM SA | RON | 2,014,989 | 12-Nov-21 | 12-Nov-22 | RON | 2,014,989 |
| 34741 | SNGN ROMGAZ SA | RON | 14,907 | 7-Oct-21 | 5-Jul-22 | RON | 14,907 |
| Total collateral deposits | | | | | | | 5,797,291 |

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16. SHARE CAPITAL

16.1. Subscribed share capital

The last modification of the share capital has been in 2008, when the shareholders have decided, after the general meeting which has taken place on 20 June 2008, to increase the share capital of the company by the amount of RON 13,909,545, from RON 13,909,545 up to RON 27,819,090, through issuing, for free, of a number of 139,095,450 new shares with a nominal value of RON 0.10 / share.

The new issued shares have been allocated for the shareholders registered under the Shareholders' Registry at the date of the registration, approved by the Extraordinary Meeting of the Shareholders, respectively July 8th 2008, proportional to the amounts held by each of them. The allocation index has been 1. The issuing of shares has been financed from the reserves of the result carried forward of the financial year 2007, respectively from the amount allocated to Other reserves.

The finalization of the procedural phases for approval and recognition has been officially signaled through the repetition of the transacting of the shares, after the increase of the share capital, on 18 September 2008, without undergoing modifications until 30 June 2022.

| | 30 June 2022 | 31 December 2021 |
|-------------------------------------|-------------------------|-----------------------------|
| | <i>Number</i> | <i>Number</i> |
| Subscribed capital, ordinary shares | 278,190,900 | 278,190,900 |
| | <i>RON</i> | <i>RON</i> |
| Nominal value, ordinary shares | 0.1 | 0.1 |
| | <i>RON</i> | <i>RON</i> |
| Value of the share capital | 27,819,090 | 27,819,090 |

The share capital of the company is totally paid in on 30 June 2022.

The Company is listed under the Bucharest Stock Exchange under the symbol PTR.

16.2. Adjustments on share capital

According to the IAS 29 provisions, the company has adjusted the costs of its purchased investments until 31 December 2003 with the purpose of reflecting the accounting impact in the hyperinflation. The value of the share capital has been increased at 31 December 2012 by RON 166,740,745. This adjustment had no impact over the carried forward distributable profit of the company. In 2013, the general ordinary meeting of shareholders on 30 April 2013 approved to cover the brought forward accounting loss from first application of IAS 29 "Financial Reporting in Hyperinflationary Economies" in amount of RON 166,002,389, from own capitals, i.e. "adjustment of share capital". The effect of this decision for the structure of share capital on 30 June 2022, as well as on 31 December 2021 and is presented in the table below:

| | 30 June 2022 | 31 December 2021 |
|-------------------------------------|-------------------------|-----------------------------|
| Share capital, from which: | 28,557,446 | 28,557,446 |
| Paid-in share capital | 27,819,090 | 27,819,090 |
| The adjustment of the share capital | 738,356 | 738,356 |

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17. LEASES

17.1 The right-of-use assets

The statement of the identified assets as of 30 June 2022 is presented in the table below:

| Cost | Technical equipment and machinery and other tangible assets | Advances | Total Right of use assets |
|------------------------------------|--|------------------|----------------------------------|
| On 1 January 2021 | 1,348,214 | 1,297,120 | 2,645,334 |
| Additions | - | - | - |
| Remeasurement | (44,317) | - | (44,317) |
| Transfers | - | - | - |
| On 31 December 2021 | 1,303,897 | 1,297,120 | 2,601,017 |
| Additions | 12,061,957 | - | 12,061,957 |
| Remeasurement | (407) | - | (407) |
| Transfers | 1,297,120 | (1,297,120) | - |
| On 30 June 2022 | 14,662,567 | - | 14,662,567 |
| Depreciation and impairment | | | |
| On 1 January 2021 | 507,829 | - | 507,829 |
| Depreciation charge for the year | 289,953 | - | 289,953 |
| Transfers | - | - | - |
| On 31 December 2021 | 797,782 | - | 797,782 |
| Depreciation charge for the year | 269,704 | - | 269,704 |
| Remeasurement | (361) | - | (361) |
| Transfers | - | - | - |
| On 30 June 2022 | 1,067,125 | - | 1,067,125 |
| Net accounting value | | | |
| On 30 June 2022 | 13,595,442 | - | 13,595,442 |
| On 31 December 2021 | 506,116 | 1,297,120 | 1,803,236 |
| On 1 January 2021 | 840,386 | 1,297,120 | 2,137,506 |

At the beginning of 2020, the Company signed a financial leasing contract which acquires the right to use two production equipment (cement pumping units). The financing contract has a period of 5 years, starting with the date of the goods receipt, the total value of the equipment's being of EUR 2,680,000, the option to buy the goods being expressed at the moment the contract was signed. The Company paid in the first half of the year 2020 the advance, as part of the leasing contract, in amount of RON 1,297,120. The equipment was delivered in the first half of 2022 which resulted in the recognition of assets under the category rights of use of assets in the amount of RON 12,061,957.

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17. LEASES (continued)

17.2 Lease liability

The accounting value of the lease liability and the movements recorded in this category during the first half of the year 2022:

| | 30 June 2022 | 31 December 2021 |
|--|-------------------------|-----------------------------|
| At 1 January | 504,673 | 853,644 |
| Additions during the period | 12,061,957 | - |
| Remeasurement of lease contract | (57) | (47,773) |
| Interest associated to lease liability | 604,536 | 17,780 |
| Principal payments | (1,142,466) | (330,696) |
| Exchange rate difference for liability | (36,337) | 11,718 |
| Balance at 30 June | 11,992,306 | 504,674 |

The following expenses represent amounts recognized in profit and loss account in connection to lease contracts:

| | H1 2022 | H1 2021 |
|---|----------------|----------------|
| Depreciation expense of right of use assets | 269,704 | 140,570 |
| Interest expense on lease liability | 604,536 | 9,957 |
| Expense relating to short-term leases | 8,813 | 6,878 |
| Expense relating to leases of low-value assets | - | - |
| Variable lease payments | 13,154 | 6,395 |
| Total amounts recognised in profit or loss account | 896,207 | 163,800 |

18. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

| | 30 June 2022 | 31 December 2021 |
|---|-------------------------|-----------------------------|
| Trade payables - third parties | 3,824,669 | 5,247,393 |
| Trade payables with affiliated entities | 1,168,501 | 976,098 |
| Advance payments and deferred income | 56,882 | 1,314 |
| Salaries | 1,162,571 | 1,282,822 |
| Dividends to be paid | 50,960,595 | 3,453,475 |
| Taxes | 664,033 | 892,820 |
| Other liabilities | 6,000 | - |
| Total | 57,843,251 | 11,853,922 |

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19. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information on transactions with companies under common control of KazMunayGas Group as of 30 June 2022.

| Name of the company | Transaction type | Country of origin | The nature of relationship |
|--|---|-------------------|---|
| KMG International NV | Payments of dividends, transfer of the receivable from Oilfield Exploration Business Solutions SA | Holland | Parent Company |
| Rompetrol Rafinare SA | ITP services | Romania | Minority investment of 0.05% of the Rompetrol Rafinare share capital |
| Rompetrol Logistics SRL | Rental services, ITP services, reinforcement security services | Romania | Minority investment of 6.98% of the Rompetrol Logistics share capital |
| Oilfield Exploration Business Solutions SA | ITP services | Romania | Company member of KMG International Group |
| Rompetrol Downstream SRL | Procurement of fuel, procurement of rovinețe | Romania | Company member of KMG International Group |
| KMG Rompetrol SRL | Management and IT services, cash pooling services, rental of premises | Romania | Company member of KMG International Group |
| Rominserv SRL | Miscellaneous repairs services, ITP services | Romania | Company member of KMG International Group |
| Rompetrol Drilling SRL | Rental of premises | Romania | Company's subsidiary, where Rompetrol Well Services has 1% |
| KMG Rompetrol Services Center SRL | Services for procurement, legal, employees, translations and IT | Romania | Company member of KMG International Group |
| Rompetrol Quality Control SRL | Laboratory test | Romania | Company member of KMG International Group |
| Global Security Sistem SA | Security services | Romania | Associate of KMG International Group |

Receivables

| | 30 June 2022 | 31 December 2021 |
|--|-------------------|---------------------|
| KMG Rompetrol SRL | 72,551,276 | 55,022,238 |
| KMG International NV | 17,089,045 | 34,178,091 |
| Oilfield Exploration Business Solutions SA | - | - |
| Rompetrol Logistics SRL | 21,035 | 19,618 |
| KMG Rompetrol Services Center SRL | 1,507 | 754 |
| Total | 89,662,864 | 89,220,701 |

Liabilities

| | 30 June 2022 | 31 December 2021 |
|-----------------------------------|------------------|---------------------|
| KMG Rompetrol SRL | 731,682 | 543,769 |
| Rompetrol Downstream SRL | 336,288 | 392,678 |
| KMG Rompetrol Services Center SRL | 99,650 | 32,693 |
| Rompetrol Quality Control SRL | - | 864 |
| Global Security Sistem SA | 881 | 6,094 |
| Total | 1,168,501 | 976,098 |

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19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Sales

| | H1 2022 | H1 2021 |
|--|------------------|------------------|
| KMG Rompetrol SRL | 1,556,095 | 1,379,759 |
| Rompetrol Logistics SRL | 108,296 | 101,285 |
| KMG Rompetrol Services Center SRL | 3,857 | 3,824 |
| Oilfield Exploration Business Solutions SA | 77 | 1,786 |
| Rompetrol Rafinare SA | 155 | 77 |
| Rompetrol Drilling SRL | 181 | 180 |
| Rominerv SRL | 108 | - |
| Total | 1,668,770 | 1,486,911 |

Acquisition of goods and services

| | H1 2022 | H1 2021 |
|-----------------------------------|------------------|------------------|
| Rompetrol Downstream SRL | 2,121,830 | 1,455,412 |
| KMG Rompetrol SRL | 1,909,963 | 1,092,683 |
| KMG Rompetrol Services Center SRL | 475,232 | 813,023 |
| Global Security Sistem SA | 8,476 | 10,581 |
| Rompetrol Quality Control SRL | - | 363 |
| Rominerv SRL | - | - |
| Total | 4,515,501 | 3,372,062 |

Starting with 2014, it was implemented an optimization system for the cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. Cash pooling system was implemented in relation to cash availability from certain bank accounts of the Company, and the direct effect will be transposed to the optimization of cash for the company, with impact in the interest income. According to the cash pooling system, in terms of assets presentation, the amounts available at the end of the reporting period is reflected in the statement of financial position in the line "Availabilities in cash pooling system". During the reporting period, the average balance of master account was RON 57,372,722, generating interest in amount of RON 1,556,095. The value of these receivables as of 30 June 2022 was of RON 72,551,276.

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19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

| Description | Validity term | Contract Date | Maturity Date | Interest rate | Currency | Principal | Interest receivable as of 31 December 2021 | Balance existing as of 31 December 2021 | Interest receivable as of 30 June 2022 | Balance existing as of 30 June 2022 |
|---|---|---------------|---------------|--------------------------|----------|--|--|---|--|-------------------------------------|
| Cash Optimization System implementation of The KMG Rompetrol Group companies (cash pooling) | 12 months, with automatically extension | 15-Sep-14 | 15-Sep-22 | Based on ROBOR OVERNIGHT | RON | Depending on the working capital needs | 198,804 | 54,822,634 | 316,307 | 72,234,870 |
| Total | | | | | | | 198,804 | 54,822,634 | 316,307 | 72,234,870 |

On 17 October 2019, KMG International NV issued a deed guarantee in favor of the Company for an amount up to 30 million USD, in connection with the current cash pooling contract.

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20. COMMITMENTS AND CONTINGENCIES

Guarantees to third parties

The service providing contracts concluded with our main customers contain clauses referring to creation of performance guarantees through a guarantee granting instrument issued under the provisions of the law, by a bank or insurance company, i.e. Letters of Bank Guarantees.

The detail of the collateral accounts on 30 June 2022 and 31 December 2021 for the Letters of Bank Guarantee is enclosed in Note 11 and Note 15.1.

Transfer pricing

Fiscal legislation in Romania includes the principle of "market value", according to which transactions between affiliated parties must be conducted at market value. Taxpayers which conduct transactions with affiliated parties must prepare and readily present to Romanian fiscal authorities at their written demand the transfer price file. The failure to present the transfer price file or the presentation of an incomplete file may lead to application of penalties for nonconformity; in addition to the content of the transfer price file, the fiscal authorities might interpret differently the transactions and circumstances than the interpretation of management and, as a consequence, might impose additional fiscal obligations resulting from adjustment of transfer prices. The management of the Company is considering that it will not suffer losses in case of a fiscal control for the verification of transfer prices. However, the impact of possible different interpretations of the fiscal authorities can't be estimated.

21. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT

The risk of the interest rate

- Loans received: the company is not being involved in any loan contract and therefore not exposed to risks regarding the movement of the interest rate;
- Loan granted: for the loans granted presented in note 19 (Availabilities in cash pooling system), the income from interest varies, depending on OVERNIGHT ROBOR.

If interest rates would have varied with + / - 1 percent and all other variables would have been constant, the net result of the Company as of 30 June 2022 would increase / decrease with RON 287,691 (2022: increase / decrease with RON 434,134).

Risk of the exchange rate variations

Most of the transactions of the company are in RON. Depending on the case, the structure of the amounts available in cash and the short term deposits are also being adapted. The difference between the entry of the amounts in foreign currency and their repayment cannot generate, through the variation of the exchange rate, significant impact in the Company's financial position.

Foreign currency sensitivity

The following tables demonstrate the sensitivity towards a possible reasonable change (5%) of the exchange rate of the USD dollar, EUR, all other variables being maintained constant.

The impact over the profit of the company before taxation is due to the changes in fair value of the assets and monetary debts. The exposure of the company to the foreign currency modifications for any other foreign currency is not significant.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

21. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT (continued)

| | Total | 5% | 5% |
|-------------------------|------------------|-----------------|-----------------|
| | RON | USD | EUR |
| 31 December 2021 | | | |
| Balance | (141,087) | (73,475) | (67,612) |
| Monetary assets | 4,320 | 634 | 3,686 |
| Monetary liabilities | (145,406) | (74,109) | (71,297) |
| 30 June 2022 | | | |
| Balance | (104,872) | (15,075) | (89,797) |
| Monetary assets | 5,099 | 2,470 | 2,629 |
| Monetary liabilities | (109,971) | (17,545) | (92,426) |

The credit risk

The company treats the crediting of its customers procedural, with flexibility through the stable contracting strategy as an essential mechanism for the risk repartition. The unfavorable conditions of the financial - banking market is also experienced by the customers of the company, but the Management permanently monitors the receivables, collections and potential impairments.

The market risk

Taking into consideration the structure and continuance of trade contracts, it can be highlighted as important clients SC OMV Petrom SA and SNGN Romgaz SA concentrating around 80% of the total turnover registered for the first half year 2022. The main contracts with SC OMV Petrom SA and SNGN Romgaz SA are valid until 3 January 2024, respectively 7 September 2022.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2022
(all amounts expressed in Lei ("RON"), unless otherwise specified)

21. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the efficient use of working capital. Approximately 81% of the Company's debt will mature in less than one year at 30 June 2022 (2021: 67%) based on the carrying value reflected in the financial statements. The Company assessed the concentration of risk with respect to chargeability of its debt and concluded it to be low.

The table below details the profile of the payment terms of the financial liabilities of the Company, based on non-updated contractual payments:

| Trade payables and similar liabilities | On demand | Under 3 months | Between 3 and 12 months | Between 1 and 5 years | Over 5 years | Total |
|---|-------------------|------------------|-------------------------|-----------------------|--------------|-------------------|
| Trade payables - third parties | 71,085 | 2,923,990 | 487,347 | 342,246 | - | 3,824,669 |
| Trade payables with affiliated entities | - | 1,168,501 | - | - | - | 1,168,501 |
| Lease liabilities | - | 428,765 | 1,877,878 | 9,685,663 | - | 11,992,306 |
| Dividends to be paid | 12,864,837 | 328,078 | 34,711,525 | 3,056,155 | - | 50,960,595 |
| Other liabilities | 5,500 | - | 500 | - | - | 6,000 |
| Total H1 2022 | 12,941,422 | 4,849,334 | 37,077,249 | 13,084,065 | - | 67,952,070 |

| Trade payables and similar liabilities | On demand | Under 3 months | Between 3 and 12 months | Between 1 and 5 years | Over 5 years | Total |
|---|----------------|------------------|-------------------------|-----------------------|--------------|-------------------|
| Trade payables - third parties | 327,385 | 3,991,243 | 928,765 | - | - | 5,247,393 |
| Trade payables with affiliated entities | 272,839 | 703,259 | - | - | - | 976,098 |
| Lease liabilities | - | 53,395 | 221,458 | 229,822 | - | 504,674 |
| Dividends to be paid | 33,893 | - | 330,589 | 3,088,993 | - | 3,453,475 |
| Other liabilities | - | - | - | - | - | - |
| Total year 2021 | 634,116 | 4,747,897 | 1,480,811 | 3,318,815 | - | 10,181,639 |

Administrator,
FLOREA Georgian Stefan

Prepared by,
MOISE Luiza-Roxana
 Finance Manager

Signature

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Georgian Florea
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Signature

DocuSigned by:
Luiza Moise
 564191DA489F41E...