

# **Rompetrol Well Services S.A.**

## **Budget Revenues and Expenses 2023**

## Market Context

The year 2020 and 2021 context of the upstream market, characterized by increased oil price volatility, a negative impact of the Covid-19 pandemic, as well as the current regional instability has led large companies in this sector to maintain a low level of investment and continue to undertake other actions such as postponing or canceling of exploration projects, reducing production, implementing programs to reduce costs, measures aimed at maintaining economic sustainability.

In 2022 the upstream market continued to be volatile, with low investment and works level from clients' side. Moreover, the geopolitical context and the uncertainty faced by the region during this period triggered a sharp increase in the purchase prices for the goods and services contracted by the company for the current activities, but also a fluctuation in delivery terms.

There were also divestment/adjustment decisions of the operators' investment budgets, as well as deficiencies in the supply chain with raw materials specific to the upstream industry. The cumulative effect of these factors was reflected in delays in starting and resuming drilling operations.

The company managed to implement measures and programs for optimizing costs, improving current activities and employees' protection, in response to major changes in the economic and social climate. The company continues to maintain the measures adopted and aims to implement new strategies that will allow it to increase its flexibility to possible unpredictable fluctuations in demand.

In the context of a competitive and volatile market, the Company concentrates all its efforts in order to obtain positive results.

## Budget Assumptions

Rompetrol Well Services S.A.'s goal is to protect market share for upstream services in a highly competitive environment in Romania, while increasing visibility outside Romania.

The budget proposed for approval is constructed based on Company's goals on domestic market and assumes 885 well service operations (higher with 30% than 2022). Considering the current stage of discussions regarding expanding activity in near abroad and Middle East countries, no impact from external activity was included in this forecast of activity.

## Budget Revenues and Expenses

Amounts in thousand RON

	2023	Q1	Q2	Q3	Q4
<b>Revenues from services</b>	<b>63,022</b>	<b>15,250</b>	<b>15,649</b>	<b>15,634</b>	<b>16,490</b>
<b>Other revenues</b>	<b>513</b>	<b>128</b>	<b>128</b>	<b>128</b>	<b>128</b>
<b>Operational expenses</b>	<b>(42,477)</b>	<b>(10,085)</b>	<b>(10,304)</b>	<b>(10,300)</b>	<b>(11,788)</b>
Auxiliary materials	(13,283)	(3,138)	(3,252)	(3,329)	(3,564)
Staff Costs, including taxes	(16,698)	(3,881)	(3,976)	(3,933)	(4,907)
Travel & Transport Expenses	(4,582)	(1,089)	(1,128)	(1,155)	(1,210)
Vehicle, Maintenance and Consumables expenses	(3,352)	(786)	(852)	(835)	(880)
Subcontractor expenses	(613)	(139)	(139)	(167)	(167)
IT&C expenses	(710)	(177)	(177)	(177)	(177)
Local Taxes	(662)	(166)	(166)	(166)	(166)
Other expenses	(2,577)	(708)	(614)	(538)	(717)
Depreciation Operational	(4,868)	(1,335)	(1,316)	(1,223)	(993)
<b>General&amp;Administrative expenses</b>	<b>(9,428)</b>	<b>(2,250)</b>	<b>(2,259)</b>	<b>(2,187)</b>	<b>(2,732)</b>
Staff Costs, including taxes	(4,167)	(954)	(951)	(957)	(1,305)
IT&C expenses	(1,316)	(329)	(329)	(329)	(329)
Outsourced services expenses	(2,362)	(551)	(554)	(553)	(704)
Travel & Transport Expenses	(40)	(11)	(8)	(10)	(11)
Vehicle, Maintenance and Consumables expenses	(50)	(9)	(23)	(9)	(9)
Other expenses	(1,494)	(397)	(394)	(329)	(375)
Depreciation General&Administration	(127)	(33)	(33)	(31)	(30)
Other operating revenue, net	823	3	3	3	813
<b>EBITDA</b>	<b>12,453</b>	<b>3,046</b>	<b>3,217</b>	<b>3,279</b>	<b>2,911</b>
Financial revenues, net	2,740	658	749	664	669
Profit tax	(1,369)	(308)	(353)	(364)	(343)
<b>Net Profit</b>	<b>8,829</b>	<b>2,028</b>	<b>2,264</b>	<b>2,324</b>	<b>2,213</b>

General Manager,  
Georgian Stefan Florea

DocuSigned by:  
*Georgian Florea*  
C4F17BF6781D416...

Finance Manager,  
Luiza Roxana Moise

DocuSigned by:  
*Luiza Moise*  
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