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

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

The document is posted on our website in the Investor Relations section:

https://rompetrol-rafinare.kmginternational.com/

HIGHLIGHTS – CONSOLIDATED

		Q1 2024	Q1 2023	%
Financial				
Gross Revenues	USD	1,093,551,498	1,284,180,516	-15%
Net Revenues	USD	837,254,061	1,032,234,060	-19%
EBITDA	USD	33,206,567	100,895,549	-67%
EBITDA margin	%	4.0%	9.8%	
EBIT	USD	8,049,914	65,866,449	-88%
Net profit / (loss)	USD	(23,820,498)	14,449,232	N/A
Net Profit / (loss) margin	%	-2.8%	1.4%	

Rompetrol Rafinare S.A. consolidated gross revenues reached approximately USD 1.1 billion in Q1 2024, lower by 15% as against same period last year, having as background on one hand the volatility of international quotations for crude oil and refined products and on the other hand the general turnaround in place since March 8 for a period of approximately 2 months. Compared with the same period last year the international quotations for petroleum products had a modest decrease in the first quarter of 2024 (gasoline quotations decreased by 1% and those for diesel decreased by 2% in Q1 2024 compared to Q1 2023), even though against the last quarter of 2023 the quotations had an upward trend.

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ECONOMIC ENVIRONMENT

		Q1 2024	Q1 2023	%
Brent Dated	USD/bbl	83.2	81.2	2%
CPC Blend CIF	USD/bbl	78.7	77.3	2%
Brent-CPC Differential	USD/bbl	4.4	3.9	13%
Premium Unleaded 10 ppm FOB Med	USD/ton	828	837	-1%
Diesel ULSD 10 ppm FOB Med	USD/ton	817	833	-2%
RON/USD Average exchange rate		4.58	4.58	0%
RON/USD Closing exchange rate		4.61	4.55	1%
RON/EURO Average exchange rate		4.97	4.92	1%
RON/EURO Closing exchange rate		4.97	4.95	0%
USD/EURO Closing rate		1.08	1.09	-1%
Inflation in Romania*		2.35%	2.34%	0%

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

In the first quarter of 2024, **Dated Brent** crude oil price saw a modest increase of +2$/bbl. (about2%) compared to Q1 2023 and settled to an average of 83.2$/bbl.

During the same period, the **CPC** quotation also registered experienced a slight uptick, rising by +1.5$/bbl. (approximately 2%) in Q1 2024 compared to Q1 2023, with an average of 78.7$/bbl.

The movement of Dated Brent in Q1 2024, showcased an overall upward trend (+15%), from 75.7$/bbl. at the beginning of January to 86.9$/bbl. at the end of March, nearly hitting its highest level in over three months, driven by a combination of geopolitical tensions and disruptions in the oil supply chain.

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

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

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

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Additionally, US pressure on Ukraine to cease attacks on Russian refineries, highlighting the geopolitical complexities affecting oil markets. Amidst all this, tensions in the Middle East escalated further following an Israeli strike on Iran's consulate in Syria, raising fears of broader conflict escalation.

Goldman Sachs revised its Brent forecasts to 86$ for second half of 2024 (previously 85$) and 82$ for 2025 (previously 80$/bbl.) reflecting ongoing shifts and uncertainties in the global oil market.

In Q1 2024, European refinery experienced a significant decline of -31.5$/MT (-23%) compared to Q1 2023 settling at an average level of 103.4$/MT.

During the first half of the quarter, the **refinery margins** had an upward trend rising from approximately 80$/MT to 140$/MT by February 9th. This increase was attributed to geopolitical tensions affecting diesel supply and maintenance shutdowns in key regions. However, in the second half of the quarter the refinery margins had a downward trend, reaching at 91$/MT. This decline was influenced by economic slowdowns and lackluster demand, despite ongoing maintenance activities remaining at elevated levels.

Gasoline cracks saw a boost throughout the quarter, driven by seasonal grade switches and supply challenges, especially in the US.

Diesel cracks initially rose with heightened Red Sea tensions and import constraints but afterwards decreased amid low demand, increased flows to Europe, and the impact of Russian refinery damaged by Ukrainian drone attacks. In January, diesel cracks strengthened as Red Sea disruptions tightened supply. In February, maintenance activities and import limitations boosted diesel cracks, but mild weather conditions and industrial actions tempered gains. By March, cracks decreased due to weak demand and high flows to Europe, despite ongoing refinery maintenance.

Jet cracks face a decline due to temporary weakness in demand and seasonal decrease in flight volumes, though long-term recovery prospects remain promising.

Overall, despite extensive refinery downtime and seasonal maintenance, lackluster demand and economic challenges weighed on margins in the second half of the quarter, raising concerns about future refinery runs amid a subdued economic outlook.

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

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

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

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REFINING SEGMENT

		Q1 2024	Q1 2023	%
Financial				
Gross Revenues	USD	937,716,632	1,117,123,660	-16%
Net Revenues	USD	721,786,335	903,918,111	-20%
EBITDA	USD	28,509,947	100,061,689	-72%
EBITDA margin	%	3.9%	11.1%	
EBIT	USD	19,739,841	75,792,935	-74%
Net profit / (loss)	USD	(4,766,418)	22,246,781	N/A
Net profit / (loss) margin	%	-0.7%	2.5%	
Gross cash refinery margin/ton (Petromidia)	USD/ton	85.1	138.1	-38%
Gross cash refinery margin/bbl (Petromidia)	USD/bbl	11.7	19.0	-38%
Net cash refinery margin/ton (Petromidia)	USD/ton	32.9	84.8	-61%
Net cash refinery margin/bbl (Petromidia)	USD/bbl	4.5	11.7	-61%
Operational				
Feedstock processed in Petromidia refinery	thousand tons	943	1,279	-26%
Feedstock processed in Vega refinery	thousand tons	61	76	-20%
Gasoline produced	thousand tons	274	343	-20%
Diesel & jet fuel produced	thousand tons	508	620	-18%
Motor fuels sales - domestic	thousand tons	482	572	-16%
Motor fuels sales - export	thousand tons	251	329	-24%
Export	%	34%	37%	
Domestic	%	66%	63%	

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

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

Gross revenues of refining segment reached over USD 0.9 billion in Q1 2024, showing a 16% decrease, as against same period last year.

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In Q1 2024 the total throughput for Petromidia refinery was 0.94 million tons, lower by 26% as against same period last year, when the total throughput was 1.28 million tons, being corelated with:

- lower throughput of 10.67 kt/day considering operation of Petromidia refinery without Mild Hydrotreater (MHC unit);
- planned shutdown for turnaround activity starting with 8th of March 2024 for a period of approximately 2 months.

In Q1 2024 the refining capacity utilization in Petromidia refinery was 68.9%, lower compared with the same period from last year corelated with events described above.

Petromidia refinery achieved in Q1 2024 a good refining operational performance for the main operational parameters, such as:

- White finished products yield of 90.3%wt higher than previous year by 6.8%wt corelated with different structure of raw material (Diesel & Jet components import in order to assure internal market demand in planned shutdown period);
- Technological loss of 0.59%wt lower by 0.18%wt vs. previous year due to Diesel & Jet components import vs. last year.

In respect of Vega refinery (the only domestic producer of bitumen and hexane), the total throughput was 61,112 tons in Q1 2024, lower by 20%, compared with the same period last year when the total throughput was 76,297 tons.

In Q1 2024 the refining capacity utilization for Vega refinery was lower by 18.41% compared with the same period last year.

Vega refinery also managed to achieve in Q1 2024 good refining performance results, of which the following are emphasized:

- Technological loss of 0.59%;
- Energy consumption of 2.89 GJ/t;
- Mechanical Availability of 98.78%.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania's fiscal budget with over USD 316 million in Q1 2024.

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PETROCHEMICALS SEGMENT

		Q1 2024	Q1 2023	%
Financial				
Revenues	USD	27,464,059	41,519,090	-34%
EBITDA	USD	(16,285,915)	(19,723,976)	17%
EBIT	USD	(19,139,218)	(23,161,054)	17%
Net profit / (loss)	USD	(19,601,107)	(19,902,393)	2%
Operational				
Propylene processed	thousand tons	23	32	-28%
Ethylene processed	thousand tons	0	4	-100%
Total polymers production	thousand tons	16	26	-39%
Sold from own production	thousand tons	25	36	-31%
Sold from trading	thousand tons	0.0	0.0	36%
Total sold	thousand tons	25	36	-31%
Export	%	44%	45%	
Domestic	%	56%	55%	

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

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

In Q1 2024 the total production of polymers in petrochemical division was 16 thousand tons, lower compared to the similar period of last year when it produced 26 thousand tons, a decrease mainly influenced by LDPE plant which remained shut down, due to unfavorable petrochemicals market conditions for these products and due to turnaround activities planned, starting with March 8, 2024.

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

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MARKETING SEGMENT

		Q1 2024	Q1 2023	%
Financial				
Gross Revenues	USD	759,103,151	792,860,536	-4%
EBITDA	USD	24,499,644	20,684,522	18%
EBIT	USD	11,717,718	14,116,160	-17%
Net profit / (loss)	USD	4,816,638	12,987,743	-63%
Operational				
Fuels quantities sold in retail	thousand tons	270	242	12%
Fuels quantities sold in wholesale	thousand tons	141	195	-27%
LPG quantities sold	thousand tons	50	68	-27%

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

In Q1 2024 the marketing segment had a turnover of over USD 759 million, lower by 4% as compared with Q1 2023.

In Q1 2024, the average Platts quotations (FOB Med Italy) in USD (reference currency) decreased by approximately -2% for diesel and by approximately -1.1% for gasoline compared with the similar period of 2023. Due to the stagnation of the RON against the US dollar (Q1 2024 vs. Q1 2023, on average) the international diesel quotation decreased in the national currency by -2%, at the same time the international gasoline quotation decreased in the national currency by -1.1% compared to Q1 2023.

In terms of retails sales to Romanian market, they increased with 12% in Q1 2024 and as against same period last year. This is due to company strategy to address Romanian market needs with priority. For Q1 2024 the sales in wholesale decreased compared with Q1 2023.

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

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APPENDIX 1 – CONSOLIDATED INCOME STATEMENT Q1 2024, UNAUDITED

Amounts in USD

	Q1 2024	Q1 2023	%
Gross Revenues	1,093,551,498	1,284,180,516	-15%
Sales taxes and discounts	(256,297,437)	(251,946,456)	2%
Net revenues	**837,254,061**	**1,032,234,060**	**-19%**
Cost of sales	(759,820,308)	(902,228,357)	-16%
Gross margin	**77,433,753**	**130,005,703**	**-40%**
Selling, general and administration	(77,387,933)	(61,996,516)	25%
Other expenses, net	8,004,094	(2,142,738)	N/A
EBIT	**8,049,914**	**65,866,449**	**-88%**
Finance, net	(25,505,031)	(15,559,480)	64%
Net foreign exchange gains / (losses)	2,513,989	(3,306,737)	N/A
EBT	**(14,941,128)**	**47,000,232**	**N/A**
Profit tax	(8,879,370)	(32,551,000)	-73%
Net result	**(23,820,498)**	**14,449,232**	**N/A**
EBITDA	**33,206,567**	**100,895,549**	**-67%**

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APPENDIX 2 – CONSOLIDATED BALANCE SHEET MARCH 31, 2024, UNAUDITED

Amounts in USD

	March 31, 2024	December 31, 2023	%
Assets			
Non-current assets			
Intangible assets	26,937,223	27,415,224	-2%
Goodwill	82,871,706	82,871,706	0%
Property, plant and equipment	895,453,538	877,540,150	2%
Right of use assets	265,351,583	259,327,666	2%
Financial assets and other	11,702,242	12,448,780	-6%
Deferred tax asset	12,828,037	12,828,037	0%
Total Non Current Assets	**1,295,144,329**	**1,272,431,563**	**2%**
Current assets			
Inventories	340,607,232	416,671,058	-18%
Trade and other receivables	555,164,476	630,160,187	-12%
Derivative financial Instruments	887,002	-	N/A
Cash and cash equivalents	104,827,310	155,955,200	-33%
Total current assets	**1,001,486,020**	**1,202,786,445**	**-17%**
Total assets	**2,296,630,349**	**2,475,218,008**	**-7%**
Equity and liabilities			
Total Equity	**262,859,344**	**286,338,066**	**-8%**
Non-current liabilities			
Long-term debt	265,900,000	265,900,000	0%
Provisions	116,060,824	116,060,824	0%
Obligations under lease agreements	262,830,542	262,011,550	0%
Other	19,451,363	19,711,448	-1%
Total non-current liabilities	**664,242,729**	**663,683,822**	**0%**
Current Liabilities			
Trade and other payables	1,212,825,918	1,361,853,389	-11%
Contract liabilities	70,394,749	76,372,127	-8%
Derivative financial instruments	-	251,864	-100%
Obligations under lease agreements	8,918,964	8,366,145	7%
Short-term debt	35,079,132	42,856,586	-18%
Profit tax payable	42,309,513	35,496,009	19%
Total current liabilities	**1,369,528,276**	**1,525,196,120**	**-10%**
Total equity and liabilities	**2,296,630,349**	**2,475,218,008**	**-7%**

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The financial figures are extracted from Company's consolidated unaudited IFRS financial report as of 31 March 2024.

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

____
Batyrzhan Tergeussizov

General Manager

____
Florian-Daniel Pop

Finance Manager

____
Alexandru Stavarache

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ROMPETROL RAFINARE SA

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

31 MARCH 2024

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ROMPETROL RAFINARE SA
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

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

	Notes	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
				(supplementary info – see Note 2(e))	
Intangible assets	3	26,937,223	27,415,224	124,121,336	126,323,869
Goodwill	4	82,871,706	82,871,706	381,856,247	381,856,247
Property, plant and equipment	5	895,453,538	877,540,150	4,126,070,812	4,043,529,503
Right of use Assets	7	265,351,583	259,327,666	1,222,687,024	1,194,930,019
Long-term receivable		11,702,242	12,448,780	53,921,591	57,361,488
Deferred tax asset	15	12,828,037	12,828,037	59,109,029	59,109,029
Total non current assets		**1,295,144,329**	**1,272,431,563**	**5,967,766,039**	**5,863,110,155**
Inventories, net	9	340,607,232	416,671,058	1,569,450,004	1,919,936,901
Trade and other receivables	10	555,164,476	630,160,187	2,558,086,873	2,903,652,110
Derivative financial instruments	32.5	887,002	-	4,087,128	-
Cash and cash equivalents	11	104,827,310	155,955,200	483,023,279	718,610,371
Total current assets		**1,001,486,020**	**1,202,786,445**	**4,614,647,284**	**5,542,199,382**
TOTAL ASSETS		**2,296,630,349**	**2,475,218,008**	**10,582,413,323**	**11,405,309,537**
Share capital	12	881,102,250	881,102,250	4,059,942,948	4,059,942,948
Share premium	12	74,050,518	74,050,518	341,209,977	341,209,977
Revaluation reserve, net	12	225,635,669	225,635,669	1,039,684,036	1,039,684,036
Other reserves	12	(9,256,509)	(9,598,285)	(42,652,142)	(44,226,978)
Other reserves - Hybrid loan	12	1,059,285,995	1,059,285,995	4,880,978,008	4,880,978,008
Effect of transfers with equity holders	12	(596,832,659)	(596,832,659)	(2,750,085,526)	(2,750,085,526)
Accumulated losses		(1,366,853,176)	(1,124,346,139)	(6,298,186,064)	(5,180,762,139)
Current year result		(23,747,847)	(242,507,037)	(109,425,330)	(1,117,423,925)
Equity attributable to equity holders of the parent		**243,384,241**	**266,790,312**	**1,121,465,907**	**1,229,316,401**
Non-Controlling interest		19,475,103	19,547,754	89,737,380	90,072,141
Total equity		**262,859,344**	**286,338,066**	**1,211,203,287**	**1,319,388,542**
Long-term borrowings from banks	13	265,900,000	265,900,000	1,225,214,020	1,225,214,020
Obligations under lease agreements	14	262,830,542	262,011,550	1,211,070,571	1,207,296,820
Deferred tax liabilities	15	19,272,484	19,272,484	88,803,752	88,803,752
Provisions	19	116,060,824	116,060,824	534,785,065	534,785,065
Other non-current liabilities		178,879	438,964	824,239	2,022,658
Total non-current liabilities		**664,242,729**	**663,683,822**	**3,060,697,647**	**3,058,122,315**
Trade and other payables	16	1,212,825,918	1,361,853,389	5,588,459,265	6,275,148,044
Contract liabilities	17	70,394,749	76,372,127	324,364,924	351,907,487
Derivative financial instruments	32.5	-	251,864	-	1,160,539
Obligations under lease agreements	14	8,918,964	8,366,145	41,096,802	38,549,523
Short-term borrowings from banks	18	35,079,132	42,856,586	161,637,624	197,474,577
Profit tax payable		42,309,513	35,496,009	194,953,774	163,558,510
Total current liabilities		**1,369,528,276**	**1,525,196,120**	**6,310,512,389**	**7,027,798,680**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,296,630,349**	**2,475,218,008**	**10,582,413,323**	**11,405,309,537**

BATYRZHAN TERGEUSSIZOV
CHAIRMAN of the BOARD of DIRECTORS

ALEXANDRU STAVARACHE
FINANCE MANAGER

FLORIAN - DANIEL POP
GENERAL MANAGER

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

	Notes	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
		USD	USD	RON	RON
				(supplementary info – see Note 2(e))	
Revenues from contracts with customers	20	837,254,061	1,032,234,060	3,857,899,261	4,756,328,102
Cost of sales	21	(759,820,308)	(902,228,357)	(3,501,100,015)	(4,157,287,823)
Gross profit		**77,433,753**	**130,005,703**	**356,799,246**	**599,040,279**
Selling, general and administrative expenses, including logistic costs	22	(77,387,933)	(61,996,516)	(356,588,118)	(285,667,546)
Other operating income	23	13,865,888	9,909,494	63,891,239	45,660,966
Other operating expenses	23	(5,861,794)	(12,052,232)	(27,009,974)	(55,534,275)
Operating (loss) / profit		**8,049,914**	**65,866,449**	**37,092,393**	**303,499,424**
Finance cost	24	(37,771,611)	(30,581,500)	(174,044,029)	(140,913,436)
Finance income	24	12,266,580	15,022,020	56,521,947	69,218,464
Foreign exchange (loss) /gain, net	24	2,513,989	(3,306,737)	11,583,959	(15,236,783)
(Loss)/Profit before income tax		**(14,941,128)**	**47,000,232**	**(68,845,730)**	**216,567,669**
Income tax credit/(charge)	25	(8,879,370)	(32,551,000)	(40,914,361)	(149,988,498)
(Loss)/Profit for the period		**(23,820,498)**	**14,449,232**	**(109,760,091)**	**66,579,171**
Attributable to:					
Equity holders of the parent		(23,747,847)	13,981,160	(109,425,330)	64,422,389
Non-Controlling interests		(72,651)	468,072	(334,761)	2,156,782
Earnings per share *(US cents/share)*					
Basic	28	(0.089)	0.053	(0.410)	0.244

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FLORIAN - DANIEL POP
GENERAL MANAGER

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

	Notes	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
				(supplementary info – see Note 2(e))	
(Loss)/Profit for the period		**(23,820,498)**	**14,449,232**	**(109,760,091)**	**66,579,171**
Other comprehensive income *Other comprehensive income to be reclassified to income statement in subsequent periods (net of tax):*					
Net gain/(loss) on cash flow hedges	32.5	341,776	1,888,522	1,574,835	8,701,932
Net other comprehensive income to be reclassified to income/(loss) statement in subsequent periods		**341,776**	**1,888,522**	**1,574,835**	**8,701,932**
Other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax):					
Actuarial gains / (losses) on defined benefit pension plans		-	-	-	-
Revaluation of lands, buildings and equipment category in property plant and equipment		-	-	-	-
Deferred income tax related to revaluation, recognized in equity		-	-	-	-
Net other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods		**-**	**-**	**-**	**-**
Total other comprehensive income/ (loss) for the period, net of tax		**341,776**	**1,888,522**	**1,574,835**	**8,701,932**
Total comprehensive result for the period, net of tax		**(23,478,722)**	**16,337,755**	**(108,185,256)**	**75,281,103**
Attributable to:					
Equity holders of the parent		(23,406,071)	15,869,683	(107,850,495)	73,124,321
Non-Controlling interests		(72,651)	468,072	(334,761)	2,156,782
Total comprehensive result for period		**(23,478,722)**	**16,337,755**	**(108,185,256)**	**75,281,103**

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	Notes	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON (supplementary info – see Note 2(e))	March 31, 2023 RON (supplementary info – see Note 2(e))
(Loss)/Profit before income tax		**(14,941,128)**	**47,000,232**	**(68,845,730)**	**216,567,669**
Adjustments for:					
Depreciation and amortization of property, plant and equipment and intangibles assets	3,5	28,509,305	32,352,670	131,365,176	149,074,633
Depreciation of right-of-use assets	7	5,378,454	2,078,669	24,782,840	9,578,091
Provisions for receivables and inventories (incl write-off)	23	(7,810,792)	872,181	(35,990,567)	4,018,836
Impairment for property, plant and equipment (incl write-off)	23	(1,028)	15,154	(4,737)	69,827
Late payment interest	24	402,409	1,416,856	1,854,220	6,528,589
Other financial income	24	(147,772)	(172,799)	(680,904)	(796,223)
Unwinding of discount leasing	24	7,177,677	2,072,761	33,073,300	9,550,868
Interest income	24	(12,118,808)	(14,849,221)	(55,841,044)	(68,422,241)
Interest expense and bank charges		28,886,732	25,994,302	133,104,284	119,776,545
Adjustments for gain loss on disposals of property, plant and equipment	23	(162,633)	(11,003)	(749,380)	(50,700)
Unrealised foreign exchange (gain)/loss	24	(3,479,508)	2,115,594	(16,032,877)	9,748,234
Cash flows from operations before working capital changes		**31,692,908**	**98,885,396**	**146,034,581**	**455,644,128**
Net working capital changes:					
Receivables and prepayments		37,468,213	(38,090,541)	172,646,032	(175,513,595)
Inventories		84,716,849	(43,204,460)	390,358,297	(199,077,511)
Adjustments for increase (decrease) in trade and other payables and adjustments for increase (decrease) in contract liabilities		(128,921,828)	13,077,712	(594,045,999)	60,259,481
Change in working capital		**(6,736,766)**	**(68,217,290)**	**(31,041,670)**	**(314,331,625)**
Net cash inflow from operating activities		**24,956,142**	**30,668,106**	**114,992,911**	**141,312,503**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(45,734,671)	(4,044,399)	(210,736,217)	(18,635,782)
Purchase of intangible assets	3	(60,149)	(20,601)	(277,155)	(94,925)
Proceeds from sale of property, plant and equipment		13,645	44,952	62,873	207,130
Net cash (outflow) from investing activities		**(45,781,175)**	**(4,020,048)**	**(210,950,499)**	**(18,523,577)**
Cash flows from financing activities					
Cash flows from (used in) cash pooling, classified as financing activities	10,16	5,269,881	(79,063,167)	24,282,558	(364,307,261)
Proceeds from current borrowings from banks	18	10,138,261	261,366,707	46,715,079	1,204,325,513
Repayments of current borrowings from banks	18	(17,795,338)	(46,332,507)	(81,997,358)	(213,490,926)
Lease repayments	14	(10,767,275)	(4,633,541)	(49,613,450)	(21,350,430)
Interest and bank charges paid, net		(17,148,386)	(10,304,192)	(79,016,333)	(47,479,656)
Net cash inflow (outflow) from financing activities		**(30,302,857)**	**121,033,300**	**(139,629,504)**	**557,697,240**
Net increase (decrease) in cash and cash equivalents		**(51,127,890)**	**147,681,359**	**(235,587,092)**	**680,486,166**
Cash and cash equivalents at the beginning of year		**155,955,200**	**16,973,215**	**718,610,371**	**78,209,180**
Cash and cash equivalents at the end of the period		**104,827,310**	**164,654,574**	**483,023,279**	**758,695,346**

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Amount in USD

	Share capital	Share premium	Accumulated losses	Revaluation reserves	Deferred income tax related to revaluation, recognised in equity	Effect of transfers with equity holders	Other reserves	Equity attributable to equity holders of the parent	Non-Controlling interest	Total equity
31 December 2022	**881,102,250**	**74,050,518**	**(1,158,063,347)**	**321,550,886**	**(51,797,932)**	**(596,832,659)**	**1,049,992,054**	**520,001,771**	**16,782,749**	**536,784,519**
Net profit for 2023	-	-	13,981,160	-	-	-	-	13,981,160	468,072	14,449,232
Hedging reserves	-	-	-	-	-	-	1,888,522	1,888,522	-	1,888,522
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**1,888,522**	**1,888,522**	**-**	**1,888,522**
Total comprehensive income	**-**	**-**	**13,981,160**	**-**	**-**	**-**	**1,888,522**	**15,869,683**	**468,072**	**16,337,755**
31 March 2023	**881,102,250**	**74,050,518**	**(1,144,082,186)**	**321,550,886**	**(51,797,932)**	**(596,832,659)**	**1,051,880,577**	**535,871,453**	**17,250,821**	**553,122,274**
31 December 2023	**881,102,250**	**74,050,518**	**(1,366,853,176)**	**269,089,071**	**(43,453,402)**	**(596,832,659)**	**1,049,687,710**	**266,790,312**	**19,547,754**	**286,338,066**
Net loss for 2024	-	-	(23,747,847)	-	-	-	-	(23,747,847)	(72,651)	(23,820,498)
Hedging reserves	-	-	-	-	-	-	341,776	341,776	-	341,776
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**341,776**	**341,776**	**-**	**341,776**
Total comprehensive income	**-**	**-**	**(23,747,847)**	**-**	**-**	**-**	**341,776**	**(23,406,071)**	**(72,651)**	**(23,478,722)**
31 March 2024	**881,102,250**	**74,050,518**	**(1,390,601,023)**	**269,089,071**	**(43,453,402)**	**(596,832,659)**	**1,050,029,486**	**243,384,241**	**19,475,103**	**262,859,344**

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

	Share capital	Share premium	Accumulated losses	Revaluation reserves	Deferred income tax related to revaluation, recognised in equity	Effect of transfers with equity holders	Other reserves	Equity attributable to equity holders of the parent	Non-Controlling interest	Total equity
31 December 2022	**4,059,942,948**	**341,209,977**	**(5,336,124,290)**	**1,481,642,173**	**(238,674,511)**	**(2,750,085,526)**	**4,838,153,386**	**2,396,064,157**	**77,331,551**	**2,473,395,708**
Net profit for 2023	-	-	64,422,389	-	-	-	-	64,422,389	2,156,782	66,579,171
Hedging reserves	-	-	-	-	-	-	8,701,932	8,701,932	-	8,701,932
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**8,701,932**	**8,701,932**	**-**	**8,701,932**
Total comprehensive income	**-**	**-**	**64,422,389**	**-**	**-**	**-**	**8,701,932**	**73,124,321**	**2,156,782**	**75,281,103**
March 31, 2023	**4,059,942,948**	**341,209,977**	**(5,271,701,901)**	**1,481,642,173**	**(238,674,511)**	**(2,750,085,526)**	**4,846,855,318**	**2,469,188,478**	**79,488,333**	**2,548,676,811**
31 December 2023	**4,059,942,948**	**341,209,977**	**(6,298,186,064)**	**1,239,908,622**	**(200,224,586)**	**(2,750,085,526)**	**4,836,751,030**	**1,229,316,401**	**90,072,141**	**1,319,388,542**
Net loss for 2024	-	-	(109,425,330)	-	-	-	-	(109,425,330)	(334,761)	(109,760,091)
Hedging reserves	-	-	-	-	-	-	1,574,835	1,574,835	-	1,574,835
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**1,574,835**	**1,574,835**	**-**	**1,574,835**
Total comprehensive income	**-**	**-**	**(109,425,330)**	**-**	**-**	**-**	**1,574,835**	**(107,850,495)**	**(334,761)**	**(108,185,256)**
31 March 2024	**4,059,942,948**	**341,209,977**	**(6,407,611,394)**	**1,239,908,622**	**(200,224,586)**	**(2,750,085,526)**	**4,838,325,866**	**1,121,465,907**	**89,737,380**	**1,211,203,287**

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GENERAL MANAGER

1. GENERAL

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

Rompetrol Rafinare SA and its subsidiaries (hereinafter referred to as “the Group”) are involved in refining of oil, production of petrochemicals and downstream activities, and have all production facilities located in Romania (see Note 8). The number of employees of the Group at the end of March 2024 and December 2023 was 1,917 and 1,930 respectively.

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of preparation and statement of compliance

These consolidated financial statements as of 31 March 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union (“EU”).

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

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

b) Going concern

The financial statements of the Group are prepared on a going concern basis. As of 31 March 2024 and 31 December 2023 the Group reported net assets including non-controlling interest, of USD 262.9 million and 286.3 million respectively. For the year ended 31 March 2024, the Group recorded losses in amount of USD 23.7 million (31 March 2023: profit of USD 14 million) and net current liabilities of USD 368 million (2023: net current liabilities of USD 322.4 million). The loss incurred during 2024 was comprised of operational profit USD 8 million (31 March 2023: USD 65.9 million) and financial losses of USD 23 million (31 March 2023: USD 18.9 million). The results recorded during 2024 are triggered by the refining activity specificity, characterized by a significant volatility and also by the general turnaround, which began on 8th March and is estimated to last around two months. This turnaround is a significant event that occurs once every four years and is crucial for our operations. During this period, are conducted comprehensive maintenance, inspections, and upgrades across various units of the refinery to ensure optimal performance and safety standards. It involves shutting down certain operations temporarily to carry out these activities efficiently.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

c) Changes in accounting policies

New and amended standards and interpretations

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

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

Management assessed the impact at Group level from application of these amendments that did not have any effect at the level of Statement of Financial Position, Income Statement and Statement of Other Comprehensive Income.

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

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

Management assessed that amendments have no material impact on the Group's accounting estimates and related disclosures included in the consolidated financial statements.

- **IFRS 17: Insurance Contracts**

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

Management assessed that amendments have no material impact on the Group's accounting estimates and related disclosures included in the consolidated financial statements.

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

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Management assessed that amendments have no material impact on the Group's accounting estimates and related disclosures included in the consolidated financial statements.

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model

Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

The Pillar Two Global anti-Base Erosion rules (GloBE Rules) represent the first substantial overhaul of the international tax rules in almost a century. The GloBE Rules propose four new taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum effective tax rate of 15% per jurisdiction if annual turnover exceeds 750 million euros for two consecutive years.

Pillar Two legislation has been enacted or substantively enacted before 31 December 2023 in certain jurisdictions in which KMGI Group, one of the major shareholders of Rompetrol Rafinare Group operates. The legislation will be effective for the KMGI Group's financial year beginning 1 January 2024 considering that Pillar Two is effective for Netherlands and Switzerland starting with 1st of January 2024. These are jurisdictions in which KMGI Group is established or has subsidiaries incorporated. The Dutch Minimum Taxation Act 2024 and Swiss BEPS 2.0 Pillar Two provide for a minimum effective tax rate of 15% per jurisdiction for large international enterprises (annual turnover exceeding 750 million euros).

In Romania, the transposition became effective officially on 1st of January 2024, with the publication of the Law no. 431/2024.

KMGI Group is in process of assessing the potential exposure arising from Pillar Two legislation, however the quantitative information to indicate the potential exposure to Pillar Two income taxes is currently not known or reasonably estimable. KMGI Group continues to progress on the assessment and expects to complete the assessment in the first half of financial year 2024.

Given the current status of the assessment for the impact at KMGI Group level, Rompetrol Rafinare Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes as of 31 December 2023.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

d.1) Standards/amendments that are not yet effective, and they have been endorsed by the European Union.

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use it retains.

Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. Management is in process of assessing the impact at Group level from application of these amendments.

d.2) Standards/amendments that are not yet effective, and they have not yet been endorsed by the European Union

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

arrangements. The amendments have not yet been endorsed by the EU. Management is in process of assessing the impact at Group level from application of these amendments.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU. Management is in process of assessing the impact at Group level from application of these amendments.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management is in process of assessing the impact at Group level from application of these amendments.

e) Foreign currency translation

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Monetary assets and liabilities

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

Non-monetary assets and liabilities

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

Consolidated statement of income

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

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

Other matters

Romanian lei translation for information purposes basis

Amounts in Romanian lei for both 2024 and 2023 are provided for information purpose basis only and are translated by multiplying the values in USD with the 31 March 2024 closing exchange rate published by Romanian national Bank of RON 4.6078 = USD 1. Translation is performed for all primary statements using the closing exchange rate.

f) Significant accounting judgments, estimates and assumptions

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- Revaluation of property, plant and equipment

The Group carries its property, plant and equipment at fair value, with the reflection of the changes from this revaluation in the financial statements prepared for that year. The fair value is determined on the basis of revaluations usually carried by qualified evaluation professionals, members of a nationally and internationally recognized professional body in the valuation expertise field. The revaluations entail an economic obsolescence test for the revalued assets that is corroborate with the impairment test performed at CGU level to which the respective assets are allocated.

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

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

The key assumptions used to determine the fair value are disclosed in Note 2 j), Note 5 and Note 6.

- Impairment of Goodwill on acquisitions

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

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

- Impairment of non- financial assets

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

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

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

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

The Group constantly monitors the latest regulations in relation to climate related matters as well as the developments in the sector with respect to energy transition. The significant accounting estimates made by management incorporate the future effects of the Group’s own strategic decisions and commitments

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

on having its portfolio adhered to the energy transition targets, medium and long-term impacts of climate-related matters and energy transition to lower carbon energy sources. The Group will adjust the key assumptions used in fair value less cost of disposal calculations to reflect sensitivity to changes in assumptions.

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

- Provision for environmental liability

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

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

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

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

- Deferred tax assets

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- Carrying value of trade and other receivables

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

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

- Provision for litigations

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

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

g) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at 31 March 2024.

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

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

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

h) Business combinations and goodwill

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Financial instruments

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

i. Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets at fair value through profit or loss

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

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

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

Financial assets at fair value through OCI

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

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

The Group elected to classify irrevocably its financial instruments used to hedge the risk of price related to CO2 allowances and base operating stock (“BOS”) for crude oil, other feedstock, diesel, gasoline and jet under this category.

Derecognition

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

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

Or

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets

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

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

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

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

ii. Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:
- Financial liabilities at fair value through profit or loss;
- Loans and borrowings at amortized cost.

Derecognition

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

iii. Offsetting of financial instruments

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

j) Property, plant and equipment

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

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

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

k) Intangible assets

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

l) Impairment of non-financial assets

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

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

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

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

Goodwill

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

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

m) Provisions

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

Provisions are not recognized for future operating losses.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Additional comments on the following specific liabilities are:

- *Environmental provisions*

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

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

Liabilities for environmental remediation costs are recognized when there is a past event, such environmental damage, for which an outflow of resources is probable, and an estimate can be made. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

n) Leases

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

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

i. Right-of-use assets

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

ii. Lease liabilities

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

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

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

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

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

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

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

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

o) Inventories

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Trade receivables

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

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

q) Cash and cash equivalents

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

r) Revenue from contracts with customers

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

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

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

(i) Variable consideration

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

(ii) Volume rebates

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(iii) Significant financing component

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

s) Interest bearing loans and borrowings

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

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

t) Borrowings costs

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

u) Retirement benefit costs

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

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

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

v) Taxes

- *Current income tax*

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

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

- *Deferred tax*

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

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

- *Sales and acquisition tax*

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

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

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

w) Dividends

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

x) Foreign Currency Transactions

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

y) Derivative Financial Instruments

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

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

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

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

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

Hedge effective is assessed based on:

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

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

Fair value hedge

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

The Group buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc.). The Group also acquires CO2 emission rights for the purpose of meeting the annual quota in accordance with the European Union legislation related to Carbon Emissions, trading and delivering.

The Group hedges priced inventories (both raw materials and finished products) above BOS (basis operating stock) and CO2 emission rights using futures instruments for a period that approximately matches the operating cycle.

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

Cash Flow Hedge

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Cash flow hedge is accounted as following:

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

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

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

z) Emission Rights

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

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

Income is recognized only when excess certificates are sold on the market, on the other hand in case the certificates surplus is kept for operations compliance of future periods, emission rights acquired during the period to comply with the quota are accounted for as intangible assets, while the emission rights representing the deficit are accounted for as liability.

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

aa) Fair value measurement

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

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

- In the principal market for the asset or liability;

Or

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

ab) Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Group classifies all other liabilities as non-current.

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

ac) Contingencies

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

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

3. INTANGIBLE ASSETS

Amounts in USD

	Software	Other	Intangibles in progress	Total
Cost				
Opening balance as of January 1, 2023	**41,886,412**	**44,627,231**	**1,879,761**	**88,393,404**
Additions	1,092	22,805,891	357,418	23,164,401
Transfers from CIP	289,907	469,283	(759,190)	-
Disposals	(10,769)	-	-	(10,769)
Transfers and reclassifications*	262,543	(242,750)	(112,083)	(92,290)
Closing balance as of December 31, 2023	**42,429,185**	**67,659,655**	**1,365,906**	**111,454,746**
Additions	-	669	59,480	60,149
Transfers from CIP	2,531	110,114	(112,645)	-
Transfers and reclassifications*	-	-	3,305	3,305
Closing balance as of March 31, 2024	**42,431,716**	**67,770,438**	**1,316,046**	**111,518,200**
Accumulated amortization				
Opening balance as of January 1, 2023	**(39,127,192)**	**(41,798,949)**	**(523,380)**	**(81,449,521)**
Charge for the year	(1,452,082)	(1,148,688)	-	(2,600,770)
Accumulated amortization of disposals	10,769	-	-	10,769
Reclassification between categories*	(935,518)	935,518	-	-
Closing balance as of December 31, 2023	**(41,504,023)**	**(42,012,119)**	**(523,380)**	**(84,039,522)**
Charge for the year	(288,079)	(253,376)	-	(541,455)
Closing balance as of March 31, 2024	**(41,792,102)**	**(42,265,495)**	**(523,380)**	**(84,580,977)**
Net book value				
As of December 31, 2023	**925,162**	**25,647,536**	**842,526**	**27,415,224**
As of March 31, 2024	**639,614**	**25,504,943**	**792,666**	**26,937,223**

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

During 2023 Rompetrol Rafinare acquired a number of 251,000 CO2 allowances amounting USD 22.8 million, representing the estimated quantity of CO2 allowances needed to comply with the quota for 2023 accounted for as intangible asset as of 31 December 2023. Following the incident that affected the MHC unit, CO2 emissions were lower considering new refinery flow without MHC unit in function, as a result the CO2 allowances deficit resulted based on actual emissions was of 97,438 CO2 allowances amounting USD 9 million was accounted for as liability (Note 16), in line with the accounting policy detailed in Note 2 z).

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

3. INTANGIBLE ASSETS (continued)

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

	Software	Other	Intangibles in progress	Total
Cost				
Opening balance as of January 1, 2023	**193,004,209**	**205,633,355**	**8,661,563**	**407,299,127**
Additions	5,032	105,084,985	1,646,911	106,736,928
Transfers from CIP	1,335,833	2,162,362	(3,498,195)	-
Disposals	(49,621)	-	-	(49,621)
Transfers and reclassifications*	1,209,746	(1,118,543)	(516,456)	(425,253)
Closing balance as of December 31, 2023	**195,505,199**	**311,762,159**	**6,293,823**	**513,561,181**
Additions	-	3,083	274,072	277,155
Transfers from CIP	11,662	507,384	(519,046)	-
Transfers and reclassifications*	-	-	15,229	15,229
Closing balance as of March 31, 2024	**195,516,861**	**312,272,626**	**6,064,078**	**513,853,565**
Accumulated amortization				
Opening balance as of January 1, 2023	**(180,290,275)**	**(192,601,197)**	**(2,411,630)**	**(375,303,102)**
Charge for the year	(6,690,906)	(5,292,925)	-	(11,983,831)
Accumulated amortization of disposals	49,621	-	-	49,621
Reclassification between categories*	(4,310,680)	4,310,680	-	-
Closing balance as of December 31, 2023	**(191,242,240)**	**(193,583,442)**	**(2,411,630)**	**(387,237,312)**
Charge for the year	(1,327,410)	(1,167,507)	-	(2,494,917)
Closing balance as of March 31, 2024	**(192,569,650)**	**(194,750,949)**	**(2,411,630)**	**(389,732,229)**
Net book value				
As of December 31, 2023	**4,262,959**	**118,178,717**	**3,882,193**	**126,323,869**
As of March 31, 2024	**2,947,211**	**117,521,677**	**3,652,448**	**124,121,336**

4. GOODWILL

The carrying value of goodwill as of 31 March 2024 and 31 December 2023 was USD 82,871,706 (RON: 381,856,247).

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

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

Impairment test

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

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

5. PROPERTY, PLANT AND EQUIPMENT

Amounts in USD

	Land	Buildings	Plant and equipment	Vehicles and others	Construction in progress	Total
Cost						
As of January 1, 2023	**91,780,532**	**571,065,298**	**725,869,830**	**31,400,426**	**98,768,789**	**1,518,884,876**
Acquisitions	-	699,448	424,384	358,261	57,775,686	59,257,779
Transfers from CIP	-	9,656,741	28,299,275	5,015,489	(42,971,505)	-
Revaluation adjustment	(15,459,101)	(30,154,161)	(205,036,758)	6,020,003	-	(244,630,017)
Disposals	(46,177)	(803,904)	(1,406,857)	(1,071,538)	91,083	(3,237,393)
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	(181,749,195)	(220,973,629)	(15,251,768)	-	(417,974,592)
Transfers and reclassifications*	9,903,032	(9,903,032)	-	(19,792)	109,316	89,524
As of December 31, 2023	**86,178,286**	**358,811,195**	**327,176,245**	**26,451,081**	**113,773,369**	**912,390,176**
Additions	-	-	122,392	440,319	45,171,960	45,734,671
Transfers from CIP	-	173,029	8,032,355	511,882	(8,717,266)	-
Disposals	-	(1,390,373)	(3,955,825)	-	-	(5,346,198)
Transfers and reclassifications*	-	-	-	-	(3,449)	(3,449)
As of March 31, 2024	**86,178,286**	**357,593,851**	**331,375,167**	**27,403,282**	**150,224,614**	**952,775,200**
Accumulated depreciation & Impairment						
As of January 1, 2023	**8,594,735**	**(156,484,183)**	**(150,189,163)**	**(10,009,387)**	**(32,198,343)**	**(340,286,340)**
Charge for the year	-	(37,141,762)	(77,664,022)	(6,110,743)	-	(120,916,527)
Accumulated depreciation of disposals	-	78,151	1,145,600	744,301	-	1,968,052
Impairment	-	3,203,864	5,733,956	124,061	(2,651,683)	6,410,198
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	181,749,195	220,973,629	15,251,768	-	417,974,592
Transfers and reclassifications*	(8,594,735)	8,594,735	-	-	-	-
As of December 31, 2023	**-**	**-**	**-**	**-**	**(34,850,026)**	**(34,850,026)**
Charge for the year	(247,778)	(8,082,095)	(16,108,443)	(3,529,534)	-	(27,967,850)
Accumulated depreciation of disposals	-	1,380,824	4,115,390	-	-	5,496,214
As of March 31, 2024	**(247,778)**	**(6,701,271)**	**(11,993,053)**	**(3,529,534)**	**(34,850,026)**	**(57,321,662)**
Net book value as of December 31, 2023	**86,178,286**	**358,811,195**	**327,176,245**	**26,451,081**	**78,923,343**	**877,540,150**
Net book value as of March 31, 2024	**85,930,508**	**350,892,580**	**319,382,114**	**23,873,748**	**115,374,588**	**895,453,538**

*) *Includes, transfer from property, plant and equipment to inventories and intangibles and other adjustments in amount of USD 3.5 thousand (2023: USD 89 thousand).*

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Land	Buildings	Plant and equipment	Vehicles and others	Construction in progress	Total
Cost						
As of January 1, 2023	**422,906,335**	**2,631,354,680**	**3,344,663,003**	**144,686,883**	**455,106,826**	**6,998,717,727**
Acquisitions	-	3,222,916	1,955,477	1,650,795	266,218,806	273,047,994
Transfers from CIP	-	44,496,331	130,397,399	23,110,370	(198,004,100)	-
Revaluation adjustment	(71,232,446)	(138,944,343)	(944,768,374)	27,738,970	-	(1,127,206,193)
Disposals	(212,774)	(3,704,229)	(6,482,516)	(4,937,433)	419,692	(14,917,260)
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	(837,463,941)	(1,018,202,288)	(70,277,097)	-	(1,925,943,326)
Transfers and reclassifications*	45,631,191	(45,631,191)	-	(91,198)	503,709	412,511
As of December 31, 2023	**397,092,306**	**1,653,330,223**	**1,507,562,701**	**121,881,290**	**524,244,933**	**4,204,111,453**
Additions	-	-	563,958	2,028,902	208,143,357	210,736,217
Transfers from CIP	-	797,283	37,011,485	2,358,650	(40,167,418)	-
Disposals	-	(6,406,561)	(18,227,650)	-	-	(24,634,211)
Transfers and reclassifications*	-	-	-	-	(15,892)	(15,892)
As of March 31, 2024	**397,092,306**	**1,647,720,945**	**1,526,910,494**	**126,268,842**	**692,204,980**	**4,390,197,567**
Accumulated depreciation & Impairment						
As of January 1, 2023	**39,602,820**	**(721,047,818)**	**(692,041,625)**	**(46,121,253)**	**(148,363,525)**	**(1,567,971,401)**
Charge for the year	-	(171,141,812)	(357,860,281)	(28,157,082)	-	(557,159,175)
Accumulated depreciation of disposals	-	360,104	5,278,696	3,429,590	-	9,068,390
Impairment	-	14,762,765	26,420,922	571,648	(12,218,425)	29,536,910
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	-	837,463,941	1,018,202,288	70,277,097	-	1,925,943,326
Transfers and reclassifications*	(39,602,820)	39,602,820	-	-	-	-
As of December 31, 2023	**-**	**-**	**-**	**-**	**(160,581,950)**	**(160,581,950)**
Charge for the year	(1,141,711)	(37,240,677)	(74,224,484)	(16,263,387)	-	(128,870,259)
Accumulated depreciation of disposals	-	6,362,561	18,962,893	-	-	25,325,454
As of March 31, 2024	**(1,141,711)**	**(30,878,116)**	**(55,261,591)**	**(16,263,387)**	**(160,581,950)**	**(264,126,755)**
Net book value as of December 31, 2023	**397,092,306**	**1,653,330,223**	**1,507,562,701**	**121,881,290**	**363,662,983**	**4,043,529,503**
Net book value as of March 31, 2024	**395,950,595**	**1,616,842,829**	**1,471,648,903**	**110,005,455**	**531,623,030**	**4,126,070,812**

**) Includes, transfer from property plant and equipment to inventories and intangible assets and other adjustments in amount of RON 15.9 thousand (2023: RON 412 thousand).*

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- *Construction in progress*

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

Amount in USD	**Additions during the year 2024**	**Balance as at 31 March**
Rompetrol Rafinare SA out of which:	**44,953,894**	**99,962,937**
BU Refining General Turnaround 2024	**13,112,085**	**13,112,085**
Refinery MHC unit restart - Incident June 2023	4,098,301	23,833,180
Refinery Catalyst Replacement	6,356,624	10,322,772
Expire authorization ISCIR	3,554,886	9,123,816
Tank rehabilitation	92,539	1,041,189
Acquisition and Install of two new Reactors -125-DHT	5,707,758	9,695,280
Replace subassembly of reformer heater 352-H201		3,407,551
Replace cut/drilling system DCU unit	4,260,916	5,391,629
Replacement of PEM strategic equipment (rotors)		4,499,611
Replacement of static equipment for Refinery and Petrochemicals	(123)	(605,307)
Other projects	5,681,144	16,889,160
Vega projects	2,089,766	3,251,970
Rompetrol Downstream SRL out of which	**182,893**	**7,088,446**
Construction of new stations RBI, Cuves, Doex, STB, acquisition Fill & GO devices, capital maintenance, acquisitions of new equipment	-	5,475,625
Other projects	182,893	1,612,821
		-
Romoil SA out of which	**26,293**	**4,580,095**
Modernization for administrative offices	26,293	4,580,095

Construction in progress as at 31 December 2023

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- *Disposals*

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

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

- *Borrowing costs capitalized*

As of March 31, 2024, capital projects were financed from Groups’ operating cash flow, therefore no borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets was capitalized during the period ended as of March 31, 2024 (2023: USD nil). The Group’s borrowing funds are generally obtained for the business and are not used for the purpose of obtaining a qualifying asset, thus Management determined that no borrowing cost is considered eligible in the first three months of 2024 and for the year 2023 for capitalization by applying a capitalization rate to the expenditure on the asset.

- *Specific impairment*

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

Rompetrol Rafinare SA has certain items of plant and equipment related to production lines that were no longer used for which an impairment provision in amount of USD 8 million was recognized as of 31 December 2022 that was fully reversed due to revaluation performed as of 31 December 2023.

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

The Group performs an annual assessment for all entities, based on specific asset considerations, as applicable, to identify whether carrying amounts for property, plant and equipment differ significantly as compared to their fair value as of reporting date taking into consideration expectations on future market conditions. As differences were anticipated, the Group proceeded to perform a revaluation of property plan and equipment that also embedded an economic obsolescence test as detailed below in Note 5. Subsequently, impairment tests have been performed by the Group for the carrying value of goodwill, property plant and equipment and right of use assets as of 31 December 2023 on the cash generating units (“CGUs”) listed below in Note 6.

- *Revaluation of Property, plant and equipment*

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

As at 31 December 2023, a new revaluation process was conducted, the fair values for property, plant and equipment are based on valuations performed by PricewaterhouseCoopers Management Consultants S.R.L., an accredited independent appraiser with experience on similar valuation exercises. Fair value of the properties was determined using net replacement cost approach for majority of assets,

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

but also the market approach was applied for a number of assets like land and residential buildings. The valuation of equipment was performed by the appraiser based on net replacement cost method and subsequently the items were tested for economic obsolescence. A net revaluation deficit of property plant and equipment of USD 17.88 million was recognized in OCI and a net revaluation loss of USD 227 million was recognized in profit or loss as of 31 December 2023.

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

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

Asset	Valuation technique	Significant unobservable input	Range (weighted average)
Petromidia Refinery	Net replacement cost	Projected crude oil processing capacity of the refinery	5,320K tons/year (110K bbl/day)
		The unit cost of an atmospheric distillation for a heavy crude oil refinery, assuming "ISBL" costs – Inside Battery Limit and "overnight" costs (excluding off-site, financing or other costs);	35.7 USD/ton
Vega Refinery	Net replacement cost	Average processing capacity of the refinery	500K tons/year (11K bbl/day)
		The unit cost of an atmospheric distillation for a heavy crude oil refinery, assuming "ISBL" costs – Inside Battery Limit and "overnight" costs (excluding off-site, financing or other costs);	70 USD / ton
		The Nelson complexity factor	Vacuum distillation plant 2.0 n-Hexan 1.5 Rectification 1.0
Rompetrol Downstream	Net replacement cost	Tank - cost capacity method	18,499 USD – 30,719 USD
		Underground construction related to tank – cost capacity method	15,808 USD – 35,638 USD
		Pipelines and technological network – acquisition cost adjusted with CET index / inflation rate	899 USD/sqm – 1,565 USD/sqm
Rompetrol Gas	Net replacement cost	GPL and water tanks – cost capacity method	USD 174 thousand – USD 454 thousand
RomOil	Net replacement cost	Tank – cost capacity method	337 USD for tanks with capacity of 1,000 cubic meter – 952 USD for tanks with capacity of 5,000 cubic meter
		Special construction (i.e. platforms) – replacement cost estimated based on IROVAL catalogue	126 USD/sqm

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

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

The gross replacement cost for special buildings and constructions, for which technical information was available, was estimated on the basis of technical characteristics, using catalogs for appropriate construction costs and adjustments.

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

work statements for each type of station expressed in USD and current offers of specialized suppliers, for different elements of the stations.

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

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

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

- *Pledged property, plant and equipment*

As at March 31, 2024 the Group has pledged property, plant and equipment with a carrying value of USD 296 million (31 December 2023: USD 352.4 million) net, for securing banking facilities granted to Group entities.

In 2010, for Rompetrol Rafinare SA (the "Company") it was established by ANAF an asset freeze on all fixed assets and investments and on the equity as well as on the shares, amounting to RON 1,595,020,055 in favor of the Romanian state (represented by ANAF) – see details under Note 29 Distress assets – Hybrid Conversion. On these titles there was set up a rank 2 guarantee in favor of KMG International N.V.

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

According with the Memorandum of Understanding signed with the Romanian State and approved by Government Decision no. 35/2014, ANAF should remove and revoke the asset freeze established on 10 September 2010.

On 9 May 2016, Rompetrol Rafinare SA was notified that it was included as a civil responsible party in a file under investigation by DIICOT (see Note 30 - Litigation with the State involving criminal charges - Case 225) and at that date, the movable and immovable assets of Rompetrol Rafinare SA, as well as all the investments in subsidiaries, were subject to asset freeze.

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

On 10 July 2020, the Supreme Court issued the final decision according to which all the complaints formulated against the dismissal ordinance issued on 5 December 2019, issued in file no. 225 / D / P / 2006 by PICCJ-DIICOT were rejected as inadmissible.

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Considering the final decision issued by the Supreme Court, in 2020, Rompetrol Rafinare filled in a complaint against ANAF to release all precautionary measures imposed back in 2010, including the partial seizure on assets decided in 2019.

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

6. IMPAIRMENT TEST

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

Impairment tests have been performed by the Group for the carrying value of goodwill, property plant and equipment and right of use assets as of 31 December 2023 on the cash generating units ("CGUs") Refining, Petrochemicals and Downstream Romania. Based on the impairment tests performed, no impairment has been identified in addition to the effect of revaluation of property, plant and equipment already reflected in the carrying amounts as detailed at Note 5.

7. RIGHT OF USE ASSETS

Amounts in USD

	Land, buildings and special constructions	Plant and equipment	Vehicles	Total
Cost:				
As of January 1, 2023	**148,295,772**	**591,867**	**1,870,763**	**150,758,402**
Additions	144,578,004	-	48,402	144,626,406
Disposals	(34,034)	-	(29,288)	(63,322)
Re-measurement	1,665,264	23,491	159,540	1,848,295
As of December 31, 2023	**294,505,006**	**615,358**	**2,049,417**	**297,169,781**
Additions	10,084,566	-	25,453	10,110,019
Disposals	-	-	(17,028)	(17,028)
Reclassifications and other transfers	(8,420)	-	-	(8,420)
Re-measurement	1,295,644	-	-	1,295,644
As of March 31, 2024	**305,876,796**	**615,358**	**2,057,842**	**308,549,996**
Depreciation and Impairment:				
As of January 1, 2023	**(24,319,374)**	**(454,326)**	**(1,215,465)**	**(25,989,165)**
Depreciation	(11,361,004)	(114,203)	(413,657)	(11,888,864)
Accumulated depreciation of disposals	34,023	-	1,891	35,914
As of December 31, 2023	**(35,646,355)**	**(568,529)**	**(1,627,231)**	**(37,842,115)**
Depreciation	(5,253,699)	(26,645)	(98,110)	(5,378,454)
Accumulated depreciation of disposals	-	-	13,736	13,736
Reclassifications and other transfers	8,420	-	-	8,420
As of March 31, 2024	**(40,891,634)**	**(595,174)**	**(1,711,605)**	**(43,198,413)**
Net Book value at December 31, 2023	**258,858,651**	**46,829**	**422,186**	**259,327,666**
Net Book value at March 31, 2024	**264,985,162**	**20,184**	**346,237**	**265,351,583**

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

7. RIGHT OF USE ASSETS (continued)

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

	Land, buildings and special constructions	Plant and equipment	Vehicles	Total
Cost:				
As of January 1, 2023	**683,317,258**	**2,727,205**	**8,620,102**	**694,664,565**
Additions	666,186,527	-	223,027	666,409,554
Disposals	(156,822)	-	(134,953)	(291,775)
Re-measurement	7,673,203	108,242	735,128	8,516,573
As of December 31, 2023	**1,357,020,166**	**2,835,447**	**9,443,304**	**1,369,298,917**
Additions	46,467,663	-	117,282	46,584,945
Disposals	-	-	(78,462)	(78,462)
Reclassifications and other transfers	(38,798)	-	-	(38,798)
Re-measurement	5,970,068	-	-	5,970,068
As of March 31, 2024	**1,409,419,099**	**2,835,447**	**9,482,124**	**1,421,736,670**
Depreciation and Impairment:				
As of January 1, 2023	**(112,058,812)**	**(2,093,443)**	**(5,600,620)**	**(119,752,875)**
Depreciation	(52,349,233)	(526,225)	(1,906,049)	(54,781,507)
Accumulated depreciation of disposals	156,771	-	8,713	165,484
As of December 31, 2023	**(164,251,274)**	**(2,619,668)**	**(7,497,956)**	**(174,368,898)**
Depreciation	(24,207,993)	(122,775)	(452,071)	(24,782,839)
Accumulated depreciation of disposals	-	-	63,293	63,293
Reclassifications and other transfers	38,798	-	-	38,798
As of March 31, 2024	**(188,420,469)**	**(2,742,443)**	**(7,886,734)**	**(199,049,646)**
Net Book value at December 31, 2023	**1,192,768,892**	**215,779**	**1,945,348**	**1,194,930,019**
Net Book value at March 31, 2024	**1,220,998,630**	**93,004**	**1,595,390**	**1,222,687,024**

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

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

New similar gas stations are expected to be opened in the foreseeable future considering that a new service concession agreement was concluded between Rompetrol Downstream and CNAIR.

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

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

7. RIGHT OF USE ASSETS (continued)

Land, buildings and special construction category includes mainly:

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

USD	Net book value at March 31, 2024	Net book value at December 31, 2023
Rent agreements for gas stations	251,870,523	245,473,872
Rental of administrative buildings	1,566,948	1,703,246
Rent for usage of maritime port	11,529,672	11,663,178
Depots rent	18,019	18,355
Total	**264,985,162**	**258,858,651**

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

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

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

8. INVESTMENTS

Investments in Consolidated Subsidiaries

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

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

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

- *Disposals through sales of subsidiaries and liquidations*

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

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

9. INVENTORIES, NET

The inventories balance in 2024 and 2023 is provided below:

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Crude oil and other feedstock materials (at lower of cost and net realisable value)	107,717,159	185,604,494	496,339,126	855,228,387
Petroleum and petrochemical products (at lower of cost and net realisable value)	176,205,407	143,938,958	811,919,274	663,241,931
Work in progress (at cost)	28,452,043	56,972,518	131,101,324	262,517,968
Spare parts (at cost less inventories write-down)	4,260,703	4,745,210	19,632,467	21,864,979
Consumables and other raw materials (at cost less inventories write-down)	5,213,893	5,432,882	24,024,576	25,033,634
Merchandises (at cost less inventories write-down)	16,636,466	18,180,089	76,657,508	83,770,214
Other inventories (at cost less inventories write-down)	2,121,561	1,796,907	9,775,729	8,279,788
	340,607,232	**416,671,058**	**1,569,450,004**	**1,919,936,901**

Movements in inventories reserve:

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Reserve as of January 1	**(36,494,551)**	**(38,665,890)**	**(168,159,592)**	**(178,164,688)**
Accrued provision	(4,611,651)	(35,430,394)	(21,249,565)	(163,256,169)
Reversal of provision	13,272,948	37,601,733	61,159,090	173,261,265
Reserve as of Mar 31 / Dec 31	**(27,833,254)**	**(36,494,551)**	**(128,250,067)**	**(168,159,592)**

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

The Group has pledged inventories in gross amount of USD 330.7 million (2023: USD 410 million) to secure banking facilities.

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

10. TRADE AND OTHER RECEIVABLES

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

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Trade receivables	209,682,184	215,398,520	966,173,567	992,513,300
Advances to suppliers	14,434,316	17,421,914	66,510,441	80,276,695
Sundry debtors	71,144,878	84,475,319	327,821,369	389,245,375
VAT to be recovered	161,901	81,942	746,007	377,572
Cash pooling receivables	257,995,171	296,644,802	1,188,790,151	1,366,879,920
Fuel subsidy	20,300,132	22,628,786	93,538,948	104,268,920
Other receivables	26,129,268	38,420,002	120,398,441	177,031,685
Provision for expected credit losses related to trade receivables and provision for sundry debtors and other receivables	(44,683,374)	(44,911,098)	(205,892,051)	(206,941,357)
	555,164,476	**630,160,187**	**2,558,086,873**	**2,903,652,110**

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

Fuel subsidy in amount of USD 20.3 million is in relation to 0.25 RON/liter fuel subvention according to Government Emergency Ordinance OUG 106 that was applicable in 2021; the subsidy is to be offset with Rompetrol Downstream tax liabilities and the expected timeline for the offset is by the end of 2024.

Included in Sundry debtors as of March 31, 2024 is an amount of USD 5.5 million (2023: USD 5.6 million) for principal liabilities and related penalties paid to ANAF following General Tax Inspection Report covering 2011 - 2015 period; the amount is fully provided as at December 31, 2022

Also, included in Sundry debtors category is an amount of USD 63.5 million (2023: USD 64.1 million) relating to Rompetrol Petrochemicals SRL receivables against KMG International N.V. ("KMGI") as a result of Rompetrol Petrochemicals SRL assignment of receivables to KMGI starting with November 2017 for Rompetrol Rafinare SA debts (see Note 12). Following the contract agreement in place Rompetrol Petrochemicals SRL charges interest for late payment from KMGI. As of 31 March 2024, the interest receivable is in amount of USD 1.5 million, during 2024 the interest accrued was in amount of USD 1.5 million.

In 2024, out of the total amount of USD 14.4 million (2023: 17.4 million) representing advances to suppliers, USD 12.6 million (2023: 13.9 million) are in respect of other raw materials, investment projects related to Rompetrol Rafinare and USD 1.4 million (2023: 2.6 million) are in respect of investment projects related to the construction of new stations, rebranding process, advance for utilities and petroleum product related to Rompetrol Downstream and USD 0.5 million related to Romoil.

Cash pooling receivables refers to: Rompetrol Downstream USD 150.6 million (2023: USD 173.7 million), Rompetrol Rafinare USD 37.1 million (2023: USD 45.8 million), Rompetrol Gas USD 37.8 million (2023: USD 47.8 million), Rompetrol Quality Control USD 5.2 million (2023: USD 1.7 million), Rompetrol Logistics USD 5.3 million (2023: USD 6.3 million) and Rompetrol Petrochemicals USD 21.9 million (2023: USD 21.5 million).

Also, in other receivables an amount of USD 9.79 million (2023: USD 24.73 million) refers to excise receivables in Rompetrol Rafinare

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

10. TRADE AND OTHER RECEIVABLES (continued)

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Sundry debtors	71,144,878	84,475,319	327,821,369	389,245,375
Other receivables	26,129,268	38,420,002	120,398,441	177,031,685
Provision for expected credit losses related to sundry debtors and other receivables	(7,792,179)	(7,968,192)	(35,904,802)	(36,715,835)

Out of the total amount of other receivables and sundry debtors of USD 97.2 million (2023: USD 122.9 million) an amount of USD 7.8 million (2023: USD 8 million) is provisioned.

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

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

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Balance at the beginning of the year	**(44,911,098)**	**(36,144,539)**	**(206,941,357)**	**(166,546,807)**
Charge for the year	(1,281,162)	(2,649,824)	(5,903,338)	(12,209,859)
Utilised	419,902	172,032	1,934,824	792,689
Unused amounts reversed	-	795,849	-	3,667,113
Reclassification between categories trade and other receivables and other provisions	-	(5,424,701)	-	(24,995,937)
Exchange rate differences	1,088,984	(1,659,915)	5,017,820	(7,648,556)
Balance at the end of the year	**(44,683,374)**	**(44,911,098)**	**(205,892,051)**	**(206,941,357)**

Trade receivables totaling USD 110.5 million as at 31 March 2024 and USD 123.4 million as at 31 December 2023 are pledged to obtain credit facilities (see Notes 13 and 18).

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

11. CASH AND CASH EQUIVALENTS

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Cash at bank	99,040,802	149,073,317	456,360,208	686,900,030
Cash on hand	4,514,494	4,909,759	20,801,885	22,623,188
Cash equivalents	1,272,014	1,972,124	5,861,186	9,087,153
	104,827,310	**155,955,200**	**483,023,279**	**718,610,371**

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

12. EQUITY

Shareholders' structure as at 31 March 2024 is as follows:

Shareholders	**Ownership**	**Amount per statutory documents [RON]**	**Amount under IFRS [USD]**	**Amount under IFRS [RON]**
KMG International N.V.	48.11%	1,277,857,773	423,929,605	1,953,382,833
Romanian State represented by the Ministry of Energy	44.70%	1,187,087,758	393,816,632	1,814,628,276
Rompetrol Financial Group S.R.L.	6.47%	171,851,155	57,011,660	262,698,326
Rompetrol Well Services S.A.	0.05%	1,323,486	439,067	2,023,132
Others (not State or KMGI Group)	0.67%	17,800,400	5,905,287	27,210,381
Total	**100%**	**2,655,920,573**	**881,102,250**	**4,059,942,948**

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

Shareholders	**Ownership**	**Amount per statutory documents [RON]**	**Amount under IFRS [USD]**	**Amount under IFRS [RON]**
KMG International N.V.	48.11%	1,277,857,773	423,929,605	1,953,382,833
Romanian State represented by the Ministry of Energy	44.70%	1,187,087,758	393,816,632	1,814,628,276
Rompetrol Financial Group S.R.L.	6.47%	171,851,155	57,011,660	262,698,326
Rompetrol Well Services S.A.	0.05%	1,323,486	439,067	2,023,132
Others (not State or KMGI Group)	0.67%	17,800,400	5,905,287	27,210,381
Total	**100%**	**2,655,920,573**	**881,102,250**	**4,059,942,948**

12. EQUITY (continued)

Share premium and effect of transfers with equity holders

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

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

Hybrid Loan

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

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

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

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

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

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

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

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

Revaluation reserve

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

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

13. LONG-TERM BORROWINGS FROM BANKS

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
BCR, ING Bank, Raiffeisen Bank, UniCredit Bank, Alpha Bank, Garanti Bank, OTP Bank and Intesa Sanpaolo Romania Rompetrol Rafinare: General corporate purposes and working capital facility of USD 531,800,000 with possibility to increase up to USD 600,000,000 considering an accordion clause of USD 68,200,000. The facility consists of two parts: (I) USD 265,9 million committed line and the maturity date is April 23, 2026 with an option of adding another 2 years until 2028 and (II) USD 265,9 million uncommitted line for a period of 1 year, with yearly possibility of prolongation. The facility is secured by: inventories, receivables, depots, gas stations and current accounts.	265,900,000	265,900,000	1,225,214,020	1,225,214,020
Total	**265,900,000**	**265,900,000**	**1,225,214,020**	**1,225,214,020**

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
One year or less - principal	178,980	299,357	824,704	1,379,377
Between two and five years	265,900,000	265,900,000	1,225,214,020	1,225,214,020
Total	**266,078,980**	**266,199,357**	**1,226,038,724**	**1,226,593,397**

The loans bearing guarantees are secured with pledges on property plant and equipment of 296 million (31 December 2023: USD 352.4 million), inventories of USD 330.7 million (31 December 2023: USD 410 million) and trade receivables of USD: 110.5 million (31 December 2023: USD 123.4 million).

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

14. OBLIGATIONS UNDER LEASE AGREEMENTS

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
As at 1 January	**270,377,695**	**125,006,748**	**1,245,846,343**	**576,006,093**
Additions	10,110,029	144,626,336	46,584,992	666,409,231
Re-measurement	1,292,313	1,848,295	5,954,720	8,516,574
Payments	(10,767,275)	(20,019,855)	(49,613,450)	(92,247,488)
Interest accrued	7,177,677	12,896,849	33,073,300	59,426,101
Exchange rate impact	(6,440,933)	6,046,720	(29,678,532)	27,862,077
Other changes	-	(27,398)	-	(126,245)
As at 31 March / 31 December	**271,749,506**	**270,377,695**	**1,252,167,373**	**1,245,846,343**
Non-current	262,830,542	262,011,550	1,211,070,571	1,207,296,820
Current	8,918,964	8,366,145	41,096,802	38,549,523

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

The following amounts were recognized in profit or loss:

Recognised in profit or loss	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Depreciation expense of right-of-use assets	5,378,454	2,078,669	24,782,840	9,578,091
Interest expense on lease liabilities	7,177,677	2,072,761	33,073,300	9,550,868
Variable lease payments (included in selling and distribution)	2,277,569	1,827,798	10,494,582	8,422,128
Total amount recognised in profit or loss	**14,833,700**	**5,979,228**	**68,350,722**	**27,551,087**

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

	March 31, 2024		December 31, 2023	
	Fixed payments	Variable payments	Fixed payments	Variable payments
Fixed rent	10,767,275	-	20,019,855	-
Variable rent with minimum payment	-	2,277,569	-	7,406,353
Total	**10,767,275**	**2,277,569**	**20,019,855**	**7,406,353**

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

15. DEFERRED TAX ASSETS AND LIABILITIES

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

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Deferred tax assets	(12,828,037)	(12,828,037)	(59,109,029)	(59,109,029)
Deferred tax liabilities	19,272,484	19,272,484	88,803,752	88,803,752
Deferred tax (asset) / liability, net	**6,444,447**	**6,444,447**	**29,694,723**	**29,694,723**

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

USD

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

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

2024	Opening balance	Charged / (Credited) to income	Charged / (Credited) to equity	Closing balance
Temporary differences				
Intangible assets	226,879	-	-	226,879
Property, plant and equipment	645,575,238	-	-	645,575,238
Inventories	380,692	-	-	380,692
Provisions	(460,587,712)	-	-	(460,587,712)
Other	(3,055)	-	-	(3,055)
Total temporary differences (asset)/liability	**185,592,042**	**-**	**-**	**185,592,042**
Deferred tax effect				
Intangible assets	36,300	-	-	36,300
Property, plant and equipment	103,292,033	-	-	103,292,033
Inventories	60,911	-	-	60,911
Provisions	(73,694,033)	-	-	(73,694,033)
Other	(488)	-	-	(488)
Deferred tax (asset)/liability recognized	**29,694,723**	**-**	**-**	**29,694,723**

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

15. DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

USD

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

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

Deferred tax (asset)/liability recognized	**Opening balance**	**Charged / (Credited) to income**	**Charged / (Credited) to equity**	**Closing balance**
Rompetrol Rafinare S.A.	(59,109,072)	-	-	(59,109,072)
Rompetrol Downstream S.R.L.	50,600,602	-	-	50,600,602
Rom Oil S.A.	27,144,170	-	-	27,144,170
Rompetrol Gas S.R.L.	4,378,449	-	-	4,378,449
Rompetrol Logistics S.R.L.	6,360,120	-	-	6,360,120
Rompetrol Quality Control S.R.L.	320,454	-	-	320,454
Deferred tax (asset)/liability recognized	**29,694,723**	**-**	**-**	**29,694,723**

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

15. DEFERRED TAX ASSETS AND LIABILITIES (continued)

USD

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

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

2023	Opening balance	Charged / (Credited) to income	Charged / (Credited) to equity	Closing balance
Temporary differences				
Intangible assets	226,879	-	-	226,879
Property, plant and equipment	2,086,785,588	(1,203,435,802)	(237,774,548)	645,575,238
Inventories	380,692	-	-	380,692
Provisions	(447,287,297)	(13,300,415)	-	(460,587,712)
Other	(3,055)	-	-	(3,055)
Total temporary differences (asset)/liability	**1,640,102,807**	**(1,216,736,217)**	**(237,774,548)**	**185,592,042**
Deferred tax effect				
Intangible assets	36,300	-	-	36,300
Property, plant and equipment	333,885,694	(192,549,728)	(38,043,933)	103,292,033
Inventories	60,911	-	-	60,911
Provisions	(71,565,967)	(2,128,066)	-	(73,694,033)
Other	(488)	-	-	(488)
Deferred tax (asset)/liability recognized	**262,416,450**	**(194,677,794)**	**(38,043,933)**	**29,694,723**

As of 31 December 2023, the Group recognized deferred tax asset for the provision related to Vega and Vadu Environmental projects. The reassessment of the provisions as of 31 December 2023 (Note 19), lead to an increase of USD 0.5 million (2022 USD 4 million) in the related deferred tax asset. Also, an increase of USD 36 million of deferred tax asset was recognized for revaluation losses charged to P&L following the revaluation process concluded at the end of the year. The related deferred tax asset was recorded considering Management’s assessment on the ability of the Group to generate taxable profits in the future.

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

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

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

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

16. TRADE AND OTHER PAYABLES

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Trade payables	848,528,808	964,445,294	3,909,851,041	4,443,971,023
Excise taxes	1,671	698	7,700	3,216
Special fund tax for oil products	5,981,208	6,130,311	27,560,210	28,247,247
VAT payable	38,375,784	37,161,013	176,827,938	171,230,516
Other taxes payable	47,643	(3,403)	219,529	(15,680)
Employees and social obligations	10,323,434	11,466,191	47,568,319	52,833,915
Cash pooling payables	296,885,375	330,265,125	1,367,988,431	1,521,795,643
Other liabilities	12,681,995	12,388,160	58,436,097	57,082,164
Total	**1,212,825,918**	**1,361,853,389**	**5,588,459,265**	**6,275,148,044**

The Group entered into a cash pooling contract for optimizing cash, with KMG Rompetrol SRL (“Master Company”). The amounts in balance as of 31 March 2024 are for the following companies: Rompetrol Rafinare S.A. USD 282.4 million (2023: USD 314.4 million), Romoil USD 14.4 million (2023: USD 14.2 million).
Also, in other liabilities are included short term guarantees in Rompetrol Downstream SRL, in amount of USD 6.53 million (2023: USD 6.68 million).

Trade payables line include payable in relation to KazMunayGas Trading AG in amount of USD 690.2 million as of 31 March 2024 (2023: USD 794.8 million) which represents the liability for the acquisition of crude oil. Acquisitions of crude oil are financed through a series of credit facilities obtained by KazMunayGas Trading AG from different financial institutions. According to the agreements, the liability is due in a period up to 720 days from withdrawn date and different interest rates are applied.
Further, according to the agreement concluded between Rompetrol Rafinare SA and KazMunayGas Trading AG, interest rate is calculated differently depending on the financing institution, as well as penalties in case payments are not made by Rompetrol Rafinare according to the agreed payments terms (Note 24).

17. CONTRACT LIABILITIES

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Short-term advances from wholesale customers	20,707,739	22,527,821	95,417,120	103,803,694
Short-term advances from other customers	42,076,154	45,881,624	193,878,502	211,413,347
Deferred revenues	7,610,856	7,962,682	35,069,302	36,690,446
Total short-term advances	**70,394,749**	**76,372,127**	**324,364,924**	**351,907,487**

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

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

18. SHORT-TERM BORROWINGS FROM BANKS

DEBT SHORT-TERM	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Banca Transilvania Rompetrol Rafinare S.A.: Two revolving credit ceiling on short term credit facility, one up to EUR 30 million and the second up to EUR 27.96 million, for issue of letters of credit and letters of guarantee. Maturity date is July 28, 2024. Drawings in USD/EUR/RON.	21,787,634	34,559,797	100,393,060	159,244,633
BCR, ING Bank, Raiffeisen Bank, UniCredit Bank, Alpha Bank, Garanti Bank, OTP Bank and Intesa Sanpaolo Romania Rompetrol Rafinare: General corporate purposes and working capital facility of USD 531,800,000 with possibility to increase up to USD 600,000,000 considering an accordion clause of USD 68,200,000. The facility consists of two parts: (I) USD 265,9 million committed line and the maturity date is April 23, 2026 with an option of adding another 2 years until 2028 and (II) USD 265,9 million uncommitted line for a period of 1 year, with yearly possibility of prolongation. The facility is secured by: inventories, receivables, depots, gas stations and current accounts.	13,112,518	7,997,432	60,419,860	36,850,567
Current portion of long-term debt	178,980	299,357	824,704	1,379,377
	35,079,132	**42,856,586**	**161,637,624**	**197,474,577**

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

18. SHORT-TERM BORROWINGS FROM BANKS (continued)

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

The loans bearing guarantees are secured with pledges on property plant and equipment of 296 million (31 December 2023: USD 352.4 million), inventories of USD 330.7 million (31 December 2023: USD 410 million) and trade receivables of USD: 110.5 million (31 December 2023: USD 123.4 million).

The movement in loans is presented below:

USD	At 1 January 2024	Drawings	Repayment	Interest accrual	Exchange rate impact	March 31, 2024
Long-term borrowings from banks (Note 13)	265,900,000	-	-	-	-	265,900,000
Short-term borrowings from banks	42,557,229	10,138,261	(17,795,459)	-	121	34,900,152
Interest Long-term borrowings banks (Note 13)	-	-	(5,557,252)	5,557,252	-	-
Interest Short-term borrowings from banks	299,357	-	(635,367)	514,990	-	178,980
Total	**308,756,586**	**10,138,261**	**(23,988,078)**	**6,072,242**	**121**	**300,979,132**

RON (supplementary info – see Note 2(e))	At 1 January 2024	Drawings	Repayment	Interest accrual	Exchange rate impact	March 31, 2024
Long-term borrowings from banks (Note 13)	1,225,214,020	-	-	-	-	1,225,214,020
Short-term borrowings from banks	196,095,200	46,715,079	(81,997,917)	-	558	160,812,920
Interest Long-term borrowings banks (Note 13)	-	-	(25,606,706)	25,606,706	-	-
Interest Short-term borrowings from banks	1,379,377	-	(2,927,644)	2,372,971	-	824,704
Total	**1,422,688,597**	**46,715,079**	**(110,532,267)**	**27,979,677**	**558**	**1,386,851,644**

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

18. SHORT-TERM BORROWINGS FROM BANKS (continued)

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

RON (supplementary info – see Note 2(e))	At 1 January 2023	Drawings	Repayment	Interest accrual	Exchange rate impact	At 31 December 2023
Long-term borrowings from banks (Note 13)	-	1,413,536,479	(188,322,459)	-	-	1,225,214,020
Short-term borrowings from banks	397,105,646	1,466,496,772	(1,669,196,267)	-	1,689,049	196,095,200
Interest Long-term borrowings banks (Note 13)	-	-	(67,236,110)	67,236,110	-	-
Interest Short-term borrowings from banks	137,022	-	(24,694,997)	25,937,352	-	1,379,377
Total	**397,242,668**	**2,880,033,251**	**(1,949,449,833)**	**93,173,462**	**1,689,049**	**1,422,688,597**

During 2023, the Group reimbursed in full the previous syndicated loan and entered into a new senior facilities agreement obtained at KMG International Group level (detailed also in note 13). Under the terms of the new contract, KMG International Group secured up USD 600 million revolving facility, comprising two components out of which: USD 265.9 million are committed over 3 years period with an option of adding another 2 years period (extended maturity by April 2028), and USD 265.9 million as overdraft over one-year period, being an uncommitted facility (maturity by April 2024).

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

19. PROVISIONS

Provisions comprise the following:

	March 31, 2024 USD	December 31, 2023 USD	March 31, 2024 RON	December 31, 2023 RON
			(supplementary info – see Note 2(e))	
Non-current provisions	116,060,824	116,060,824	534,785,065	534,785,065
Total Provisions	**116,060,824**	**116,060,824**	**534,785,065**	**534,785,065**

The movement in provisions is presented below:

USD	At 1 January 2024	Arising during the year	Utilised	At 31 March 2024
Provision for retirement benefit	15,121,584	-	-	15,121,584
Environmental provisions	100,028,475	93,850	(93,850)	100,028,475
Other provisions	910,765	-	-	910,765
Total	**116,060,824**	**93,850**	**(93,850)**	**116,060,824**

RON (supplementary info – see Note 2(e))	At 1 January 2024	Arising during the year	Utilised	At 31 March 2024
Provision for retirement benefit	69,677,235	-	-	69,677,235
Environmental provisions	460,911,207	432,442	(432,442)	460,911,207
Other provisions	4,196,623	-	-	4,196,623
Total	**534,785,065**	**432,442**	**(432,442)**	**534,785,065**

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

19. PROVISIONS (continued)

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

RON (supplementary info – see Note 2(e))	At 1 January 2023	Charged to equity	Arising during the year	Utilised	Unwinding of discount	Reclassification between balance sheet items	At 31 December 2023
Provision for retirement benefit	55,218,576	9,972,192	10,381,963	(5,895,496)	-	-	69,677,235
Environmental provisions	447,610,779	-	6,302,498	(2,100,544)	9,098,474	-	460,911,207
Other provisions	28,637,260	-	555,300	-	-	(24,995,937)	4,196,623
Total	**531,466,615**	**9,972,192**	**17,239,761**	**(7,996,040)**	**9,098,474**	**(24,995,937)**	**534,785,065**

Environmental provision

Vega lagoons

As of 31 December 2023, the Group recognized an environmental provision of USD 94.32 million (2022: USD 92.11 million) based on reassessment of the site restoration provision. Reassessment was performed considering the following change in assumptions as compared with previous period:

- updated prices for rehabilitation work related to lagoons 16, 19 - 20, 7 - 12, 13 - 15 considering the evolution of prices for additives and fuel, also the increase of the minimum gross salary. The updated prices use as reference basis last offers available aligned with a benchmark review from an independent specialist; Moreover, tariffs are indexed on an annual basis with a market factor increase, representing the forecasted inflation rate as per Romanian National Statistics Institute for the period 2024 – 2027;
- Quantities of acid tars and contaminated soil used for the estimation of costs are the quantities as per Environmental Permit issued on 14 Jan 2021 to which an increase of 30% was considered given that according to the Environmental Permit, volumes after treatment can be higher with 30%;
- updated contingency considering an additional increase in quantities of contaminated soil, from 40% as per previous assessment to 50% and in addition, potential effect of the recent developments of the infringement procedure against Romania in respect of non-compliance with European environmental obligations for deposit of waste;
- updated variable indicators over the project timeline (i.e. exchange rate, discount rate, inflation rate) as following: exchange rate changed from 4.6346 RON/USD to 4.4958 RON/USD, decreased discount rate from 7.17% used for the provision assessment as of 31 December 2022 to 6.19% as of 31 December 2023 and updated inflation rate prevision as per Romanian National Institute of Statistics;
- extended timeline for the rehabilitation plan until the end of 2027.

19. PROVISIONS (continued)

The results of the reassessment lead to a net increase of provision by USD 2.2 million (2022: USD 25.55 million increase), being mainly triggered by updated computation due to change in assumptions and foreign exchange effect of USD 4.52 million offset by unwinding of discount effect of USD 2.32 million (2022: USD 1.1 million).

As of 31 March 2024, the provision recognised at the end of 2023 (as stated above) is considered as being appropriate.

Vadu cassettes

In 2023, testing of the technical solution was conducted to facilitate the preparation of documentation required for environmental compliance. Subsequently, the initiation of contracting and development of the technical project commenced. The deadline set by the competent authority for the submission of the technical project is by the end of May 2024.

During the previous period, the Group conducted due diligence procedures according to Law 74/2019 for the biological waste storage area resulting from IAZ no.1 ("Vadu cassettes"), a process ongoing in compliance with EPA Constanta. A detailed investigation report was submitted to environmental authorities, and a feasibility study completed, paving the way for forthcoming remedial actions. Management determined a constructive obligation for parent company rehabilitation of the cassettes, prompting an assessment as of December 31, 2021, resulting in a provision computation.

As at 31 December 2023, considering the information available, the provision was updated to USD 5.6 million (2022: USD 4.9 million). As of 31 March 2024, the provision recognised at the end of 2023 is considered as being appropriate.

Retirement benefit provision

Under the collective labor agreements that certain of the Group’s entities have in force, employees are entitled to specific retirement benefits that are payable upon retirement, if the employees are employed with Group entities at the date of their retirement. The level of benefits provided depends on the member’s length of service, the employees is entitled to a fix amount per each year of service. A corresponding provision has been recognized based on: the specific benefits provided in the updated Collective Labor Agreement signed in 2022; the number of employees working within the relevant Group entities; and actuarial assumptions on future liabilities. For the computation an actuarial valuation is involved making various assumptions that may differ from actual developments in the future. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

20. REVENUES FROM CONTRACTS WITH CUSTOMERS

2024

2024

USD	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	925,559,861	-	-	17,787,750	943,347,611
Less sales taxes from petroleum products production	(215,930,297)	-	-	214,856,110	(1,074,187)
Net revenues from petroleum products production	**709,629,564**	**-**	**-**	**232,643,860**	**942,273,424**
Gross revenues from petroleum products trading	-	-	701,235,754	(645,377,137)	55,858,617
Less sales taxes petroleum products trading	-	-	(210,120,477)	527,143	(209,593,334)
Less commercial discounts petroleum products trading	-	-	(46,306,372)	676,456	(45,629,916)
Net revenues from petroleum products trading	**-**	**-**	**444,808,905**	**(644,173,538)**	**(199,364,633)**
Revenues from petrochemicals production	-	27,458,999	-	-	27,458,999
Revenues from petrochemicals trading	-	5,060	-	-	5,060
Revenues from merchandise sales	4,242,020	-	51,657,652	-	55,899,672
Revenues from utilities sold	6,950,632	-	-	(46,975)	6,903,657
Revenues from transportation fees	-	-	691,935	-	691,935
Revenues from rents and other services	964,119	-	5,517,810	(3,095,982)	3,385,947
Total Net Revenues	**721,786,335**	**27,464,059**	**502,676,302**	**(414,672,635)**	**837,254,061**

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	4,264,794,727	-	-	81,962,394	4,346,757,121
Less sales taxes from petroleum products production	(994,963,623)	-	-	990,013,984	(4,949,639)
Net revenues from petroleum products production	**3,269,831,104**	**-**	**-**	**1,071,976,378**	**4,341,807,482**
Gross revenues from petroleum products trading	-	-	3,231,154,107	(2,973,768,773)	257,385,334
Less sales taxes petroleum products trading	-	-	(968,193,134)	2,428,970	(965,764,164)
Less commercial discounts petroleum products trading	-	-	(213,370,501)	3,116,974	(210,253,527)
Net revenues from petroleum products trading	**-**	**-**	**2,049,590,472**	**(2,968,222,829)**	**(918,632,357)**
Revenues from petrochemicals production	-	126,525,576	-	-	126,525,576
Revenues from petrochemicals trading	-	23,315	-	-	23,315
Revenues from merchandise sales	19,546,380	-	238,028,129	-	257,574,509
Revenues from utilities sold	32,027,122	-	-	(216,451)	31,810,671
Revenues from transportation fees	-	-	3,188,298	-	3,188,298
Revenues from rents and other services	4,442,468	-	25,424,965	(14,265,666)	15,601,767
Total Net Revenues	**3,325,847,074**	**126,548,891**	**2,316,231,864**	**(1,910,728,568)**	**3,857,899,261**

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

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

20. REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

2023

USD	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	1,114,036,654	-	-	61,841,822	1,175,878,476
Less sales taxes from petroleum products production	(213,205,549)	-	-	205,115,538	(8,090,011)
Net revenues from petroleum products production	**900,831,105**	**-**	**-**	**266,957,360**	**1,167,788,465**
Gross revenues from petroleum products trading	-	-	746,623,179	(727,056,758)	19,566,421
Less sales taxes petroleum products trading	-	-	(196,528,675)	340,903	(196,187,772)
Less commercial discounts petroleum products trading	-	-	(48,151,157)	482,484	(47,668,673)
Net revenues from petroleum products trading	**-**	**-**	**501,943,347**	**(726,233,371)**	**(224,290,024)**
Revenues from petrochemicals production	-	41,508,746	-	-	41,508,746
Revenues from petrochemicals trading	-	10,344	-	-	10,344
Revenues from merchandise sales	351,525	-	40,845,737	(91)	41,197,171
Revenues from utilities sold	1,782,330	-	-	(60,357)	1,721,973
Revenues from transportation fees	-	-	758,421	-	758,421
Revenues from rents and other services	953,150	-	4,633,198	(2,047,385)	3,538,963
Total Net Revenues	**903,918,111**	**41,519,090**	**548,180,704**	**(461,383,846)**	**1,032,234,060**

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Gross revenues from petroleum products production	5,133,258,099	-	-	284,954,747	5,418,212,846
Less sales taxes from petroleum products production	(982,408,529)	-	-	945,131,376	(37,277,153)
Net revenues from petroleum products production	**4,150,849,570**	**-**	**-**	**1,230,086,123**	**5,380,935,693**
Gross revenues from petroleum products trading	-	-	3,440,290,289	(3,350,132,134)	90,158,155
Less sales taxes petroleum products trading	-	-	(905,564,829)	1,570,813	(903,994,016)
Less commercial discounts petroleum products trading	-	-	(221,870,901)	2,223,190	(219,647,711)
Net revenues from petroleum products trading	**-**	**-**	**2,312,854,559**	**(3,346,338,131)**	**(1,033,483,572)**
Revenues from petrochemicals production	-	191,264,000	-	-	191,264,000
Revenues from petrochemicals trading	-	47,663	-	-	47,663
Revenues from merchandise sales	1,619,757	-	188,208,987	(419)	189,828,325
Revenues from utilities sold	8,212,620	-	-	(278,113)	7,934,507
Revenues from transportation fees	-	-	3,494,652	-	3,494,652
Revenues from rents and other services	4,391,925	-	21,348,850	(9,433,941)	16,306,834
Total Net Revenues	**4,165,073,872**	**191,311,663**	**2,525,907,048**	**(2,125,964,481)**	**4,756,328,102**

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

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

21. COST OF SALES

	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Crude oil and other raw materials	631,150,987	774,536,357	2,908,217,518	3,568,908,631
Consumables and other materials	1,728,103	3,849,612	7,962,753	17,738,242
Utilities	36,198,940	59,066,385	166,797,476	272,166,089
Staff costs	9,457,322	8,592,393	43,577,448	39,592,028
Transportation	57,218	53,263	263,649	245,425
Maintenance and repairs	6,883,295	6,096,347	31,716,847	28,090,748
Insurance	1,009,836	535,012	4,653,122	2,465,228
Environmental expenses	501,407	5,237,607	2,310,383	24,133,846
Other	2,580,413	2,742,539	11,890,027	12,637,071
Total	**689,567,521**	**860,709,515**	**3,177,389,223**	**3,965,977,308**
Depreciation and amortization	13,443,192	22,913,824	61,943,540	105,582,318
Total	**703,010,713**	**883,623,339**	**3,239,332,763**	**4,071,559,626**
Plus: Change in inventories	5,147,142	(34,623,203)	23,717,001	(159,536,795)
Less: Own production of property, plant & equipment	(355,311)	(23,267)	(1,637,202)	(107,210)
Cost of petroleum products trading	7,880,803	17,773,420	36,313,164	81,896,365
Cost of petrochemicals trading	9,590	9,329	44,189	42,986
Cost of merchandise sold	44,351,392	33,275,681	204,362,344	153,327,683
Cost of utilities resold	151,262	1,630,463	696,985	7,512,847
Realized (gains)/losses on derivatives	(375,283)	562,594	(1,729,229)	2,592,321
Total	**759,820,308**	**902,228,357**	**3,501,100,015**	**4,157,287,823**

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

	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Staff costs	10,130,703	7,472,526	46,680,254	34,431,901
Utilities	2,451,745	2,764,752	11,297,151	12,739,424
Transportation	19,822,434	17,646,921	91,337,811	81,313,483
Professional and consulting fees	7,652,419	7,539,189	35,260,816	34,739,075
Royalties and rents	(1,538,926)	898,633	(7,091,063)	4,140,721
Consumables	55,132	80,564	254,037	371,223
Marketing	278,272	357,294	1,282,222	1,646,339
Taxes	879,220	579,128	4,051,270	2,668,506
Communications	179,438	139,913	826,814	644,691
Insurance	756,000	614,142	3,483,497	2,829,844
IT services	2,750,621	2,191,985	12,674,311	10,100,228
Environmental expenses	43,158	597,277	198,863	2,752,133
Maintenance and repairs	4,307,359	3,360,009	19,847,449	15,482,249
Other expenses	9,175,791	6,236,669	42,280,210	28,737,323
Costs before depreciation	**56,943,366**	**50,479,000**	**262,383,642**	**232,597,140**
Depreciation and amortisation	20,444,567	11,517,515	94,204,476	53,070,406
Total	**77,387,933**	**61,996,516**	**356,588,118**	**285,667,546**

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

23. OTHER OPERATING INCOME / (EXPENSES), NET

	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Net gain /(loss) on disposal of assets	162,633	11,003	749,380	50,700
Provision for receivables and write-off, net	(842,087)	(458,577)	(3,880,168)	(2,113,031)
Provision for inventories, net	8,661,295	(401,808)	39,909,515	(1,851,451)
Tangible and intangible assets write-off	1,028	(15,154)	4,737	(69,827)
Inventories write-off	(8,416)	(11,796)	(38,779)	(54,354)
Other provisions, net	(93,850)	(191,803)	(432,442)	(883,790)
Other, net	123,491	(1,074,605)	569,022	(4,951,556)
Total	**8,004,094**	**(2,142,738)**	**36,881,265**	**(9,873,309)**

In 2024 inventory reserves decreased by USD 8 million, with USD 3 million attributed to petroleum products and USD 5 million to petrochemicals products. The decrease is largely due to a general turnaround initiated on March 8, resulting in a temporary reduction in stock quantity. Out of the total decrease, USD 6 million can be directly linked to the reduced stock during the period.

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

24. FINANCE COST, FINANCE INCOME AND FOREIGN EXCHANGE

	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Finance cost				
Late payment interest	(402,409)	(1,416,856)	(1,854,220)	(6,528,589)
Interest expense	(15,907,228)	(17,497,731)	(73,297,325)	(80,626,045)
Unwinding of discount - lease	(7,177,677)	(2,072,761)	(33,073,300)	(9,550,868)
Other financial expense	(14,284,297)	(9,594,152)	(65,819,184)	(44,207,934)
Total	**(37,771,611)**	**(30,581,500)**	**(174,044,029)**	**(140,913,436)**
Finance income				
Interest income	12,118,808	14,849,221	55,841,043	68,422,241
Other financial income	147,772	172,799	680,904	796,223
Total	**12,266,580**	**15,022,020**	**56,521,947**	**69,218,464**
Finance income/(cost) net	**(25,505,031)**	**(15,559,480)**	**(117,522,082)**	**(71,694,972)**
Unrealized net foreign exchange (losses)/gains	3,479,508	(2,115,594)	16,032,877	(9,748,239)
Realized net foreign exchange (losses)/gains	(965,519)	(1,191,142)	(4,448,918)	(5,488,544)
Foreign exchange gain/(loss), net	**2,513,989**	**(3,306,737)**	**11,583,959**	**(15,236,783)**
Total	**(22,991,042)**	**(18,866,217)**	**(105,938,123)**	**(86,931,755)**

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

25. INCOME TAX

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

	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Tax expense comprises:				
Current tax expense	(2,592,098)	(3,698,044)	(11,943,869)	(17,039,847)
Turnover tax	(6,287,272)	-	(28,970,492)	-
Solidarity tax	-	(28,852,956)	-	(132,948,651)
Total tax (expense)/income	**(8,879,370)**	**(32,551,000)**	**(40,914,361)**	**(149,988,498)**

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

c) Other taxes – Solidarity contribution

Considering that Rompetrol Rafinare is subject to the solidarity contribution regulated by Government Emergency Ordinance 186, issued December 28th, 2022, adopted by Law no. 119/2023, a measure grounded on the provisions of Council Regulation (EU) 2022/1854, Rompetrol Rafinare estimated a contribution for 2023 of USD 31.3 million (2022: USD 124.9 million). Its subsidiary, Rompetrol Quality Control SRL, preliminary recorded an amount of USD 0.68 million provision (2022: USD 0.29 million).

The actual level of the contribution is to be determined by June 25th, 2024, the legal deadline for the payment of the contribution, in accordance with the applicable law.

26. OPERATING SEGMENT INFORMATION

a. Operating Segments

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

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

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

26. OPERATING SEGMENT INFORMATION (continued)

Income Statement information for the period January – March 2024

USD	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	310,085,815	27,464,059	-	499,704,186	-	837,254,061
Net revenues "Inter segment"	411,700,520	-	-	2,972,116	(414,672,635)	-
Cost of sales	(687,281,685)	(42,795,802)	-	(450,866,169)	421,123,348	(759,820,308)
Gross margin	**34,504,650**	**(15,331,743)**	**-**	**51,810,133**	**6,450,713**	**77,433,753**
Selling, general and administrative expenses	(22,769,888)	(3,799,964)	-	(40,090,320)	(10,727,761)	(77,387,933)
Other operating income/(expenses), net	8,005,079	(7,511)	-	(2,095)	8,621	8,004,094
Operating margin (EBIT)	**19,739,841**	**(19,139,218)**	**-**	**11,717,718**	**(4,268,427)**	**8,049,914**
Financial expenses, net	-	-	(20,987,088)	(4,516,759)	(1,184)	(25,505,031)
Net foreign exchange result	-	-	(114,301)	2,628,290	-	2,513,989
Profit/(loss) before income tax	**19,739,841**	**(19,139,218)**	**(21,101,389)**	**9,829,249**	**(4,269,611)**	**(14,941,128)**
Income tax	-	-	(3,866,759)	(5,012,611)	-	(8,879,370)
Net Profit/(Loss)	**19,739,841**	**(19,139,218)**	**(24,968,148)**	**4,816,638**	**(4,269,611)**	**(23,820,498)**
Depreciation and amortization	17,324,166	2,853,304	-	12,950,349	759,940	33,887,759

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	1,428,813,418	126,548,891	-	2,302,536,952	-	3,857,899,261
Net revenues "Inter segment"	1,897,033,656	-	-	13,694,912	(1,910,728,568)	-
Cost of sales	(3,166,856,548)	(197,194,496)	-	(2,077,501,134)	1,940,452,163	(3,501,100,015)
Gross margin	**158,990,526**	**(70,645,605)**	**-**	**238,730,730**	**29,723,595**	**356,799,246**
Selling, general and administrative expenses	(104,919,090)	(17,509,474)	-	(184,728,176)	(49,431,378)	(356,588,118)
Other operating income/(expenses), net	36,885,803	(34,609)	-	(9,653)	39,724	36,881,265
Operating margin (EBIT)	**90,957,239**	**(88,189,688)**	**-**	**53,992,901**	**(19,668,059)**	**37,092,393**
Financial expenses, net	-	-	(96,704,304)	(20,812,322)	(5,456)	(117,522,082)
Net foreign exchange result	-	-	(526,676)	12,110,635	-	11,583,959
Profit/(loss) before income tax	**90,957,239**	**(88,189,688)**	**(97,230,980)**	**45,291,214**	**(19,673,515)**	**(68,845,730)**
Income tax	-	-	(17,817,252)	(23,097,109)	-	(40,914,361)
Net Profit/(Loss)	**90,957,239**	**(88,189,688)**	**(115,048,232)**	**22,194,105**	**(19,673,515)**	**(109,760,091)**
Depreciation and amortization	79,826,292	13,147,454	-	59,672,618	3,501,651	156,148,015

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

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

26. OPERATING SEGMENT INFORMATION (continued)

Statement of financial position information as at March 31, 2024

USD	Refining & Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Total non current assets	1,370,007,641	529,009,989	(603,873,301)	1,295,144,329
Total current assets	647,693,449	518,126,481	(164,333,910)	1,001,486,020
TOTAL ASSETS	**2,017,701,090**	**1,047,136,470**	**(768,207,211)**	**2,296,630,349**
Total equity	385,967,945	483,866,802	(606,975,403)	262,859,344
Total non-current liabilities	388,208,388	276,087,491	(53,150)	664,242,729
Total current liabilities	1,243,524,757	287,182,177	(161,178,658)	1,369,528,276
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,017,701,090**	**1,047,136,470**	**(768,207,211)**	**2,296,630,349**
Capital expenditure	45,500,733	294,086	-	45,794,819

RON (supplementary info – see Note 2(e))	Refining & Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Total non current assets	6,312,721,208	2,437,572,227	(2,782,527,396)	5,967,766,039
Total current assets	2,984,441,874	2,387,423,199	(757,217,789)	4,614,647,284
TOTAL ASSETS	**9,297,163,082**	**4,824,995,426**	**(3,539,745,185)**	**10,582,413,323**
Total equity	1,778,463,097	2,229,561,450	(2,796,821,260)	1,211,203,287
Total non-current liabilities	1,788,786,610	1,272,155,941	(244,904)	3,060,697,647
Total current liabilities	5,729,913,375	1,323,278,035	(742,679,021)	6,310,512,389
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,297,163,082**	**4,824,995,426**	**(3,539,745,185)**	**10,582,413,323**
Capital expenditure	209,658,278	1,355,089	-	211,013,367

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

26. OPERATING SEGMENT INFORMATION (continued)

Income Statement information for the period January – March 2023

USD	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	444,460,117	41,519,090	-	546,254,853	-	1,032,234,060
Net revenues "Inter segment"	459,457,994	-	-	1,925,852	(461,383,846)	-
Cost of sales	(809,381,345)	(61,876,506)	-	(500,229,501)	469,258,996	(902,228,357)
Gross margin	**94,536,766**	**(20,357,416)**	**-**	**47,951,203**	**7,875,150**	**130,005,703**
Selling, general and administrative expenses	(16,892,964)	(2,803,514)	-	(33,538,040)	(8,761,998)	(61,996,516)
Other operating income/(expenses), net	(1,850,868)	(125)	-	(297,003)	5,256	(2,142,738)
Operating margin (EBIT)	**75,792,935**	**(23,161,054)**	**-**	**14,116,160**	**(881,591)**	**65,866,449**
Financial expenses, net	-	-	(15,223,749)	(334,423)	(1,308)	(15,559,480)
Net foreign exchange result	-	-	(5,900,055)	2,593,319	-	(3,306,737)
Profit/(loss) before income tax	**75,792,935**	**(23,161,054)**	**(21,123,805)**	**16,375,056**	**(882,899)**	**47,000,232**
Other taxes						
Income tax	-	-	(29,163,687)	(3,387,313)	-	(32,551,000)
Net Profit/(Loss)	**75,792,935**	**(23,161,054)**	**(50,287,492)**	**12,987,743**	**(882,899)**	**14,449,232**
Depreciation and amortization	23,621,270	3,437,078	-	6,613,050	759,943	34,431,341

RON (supplementary info – see Note 2(e))	Refining	Petrochemicals	Amounts not allocated between Refining & Petrochemicals segments	Marketing	Impact from transactions between segments	Consolidated
Net revenues "external customers"	2,047,983,327	191,311,663	-	2,517,033,112	-	4,756,328,102
Net revenues "Inter segment"	2,117,090,545	-	-	8,873,936	(2,125,964,481)	-
Cost of sales	(3,729,467,361)	(285,114,564)	-	(2,304,957,495)	2,162,251,597	(4,157,287,823)
Gross margin	**435,606,511**	**(93,802,901)**	**-**	**220,949,553**	**36,287,116**	**599,040,279**
Selling, general and administrative expenses	(77,839,400)	(12,918,032)	-	(154,536,581)	(40,373,533)	(285,667,546)
Other operating income/(expenses), net	(8,528,430)	(576)	-	(1,368,530)	24,227	(9,873,309)
Operating margin (EBIT)	**349,238,681**	**(106,721,509)**	**-**	**65,044,442**	**(4,062,190)**	**303,499,424**
Financial expenses, net	-	-	(70,147,996)	(1,540,949)	(6,027)	(71,694,972)
Net foreign exchange result	-	-	(27,186,273)	11,949,490	-	(15,236,783)
Profit/(loss) before income tax	**349,238,681**	**(106,721,509)**	**(97,334,269)**	**75,452,983**	**(4,068,217)**	**216,567,669**
Income tax	-	-	(134,380,437)	(15,608,061)	-	(149,988,498)
Net Profit/(Loss)	**349,238,681**	**(106,721,509)**	**(231,714,706)**	**59,844,922**	**(4,068,217)**	**66,579,171**
Depreciation and amortization	108,842,088	15,837,368	-	30,471,612	3,501,665	158,652,733

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

26. OPERATING SEGMENT INFORMATION (continued)

In total net revenues are included customers that own more than 10% of total sales (i.e. KazMunayGas Trading AG), their value amounting USD 122.5 million in 2024 and USD 161.5 million in 2023 for the period January - March.

Statement of financial position information as at December 31, 2023

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

RON (supplementary info – see Note 2(e))	Refining & Petrochemicals	Marketing	Consolidation adjustments	Consolidated
Total non current assets	6,197,553,505	2,444,487,571	(2,778,930,921)	5,863,110,155
Total current assets	3,965,543,069	2,485,965,541	(909,309,228)	5,542,199,382
TOTAL ASSETS	**10,163,096,574**	**4,930,453,112**	**(3,688,240,149)**	**11,405,309,537**
Total equity	1,890,743,779	2,205,792,510	(2,777,147,747)	1,319,388,542
Total non-current liabilities	1,791,922,462	1,266,360,070	(160,217)	3,058,122,315
Total current liabilities	6,480,430,333	1,458,300,532	(910,932,185)	7,027,798,680
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,163,096,574**	**4,930,453,112**	**(3,688,240,149)**	**11,405,309,537**
Capital expenditure	240,640,618	34,279,065	(130,696)	274,788,987

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

b. Geographical segments

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

Net revenues	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Romania	**584,652,627**	**689,820,333**	**2,693,962,375**	**3,178,554,130**
Export	**252,601,434**	**342,413,727**	**1,163,936,886**	**1,577,773,972**
out of which				
Europa	245,027,213	328,370,950	1,129,036,390	1,513,067,664
Asia	7,571,801	14,040,357	34,889,345	64,695,157
America	2,420	2,420	11,151	11,151
Total	**837,254,061**	**1,032,234,060**	**3,857,899,261**	**4,756,328,102**

27. RELATED PARTIES

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

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

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

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

27. RELATED PARTIES (continued)

	Receivables and other assets			
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Name of related party	**USD**	**USD**	**RON**	**RON**
			(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	3,287,181	1,154,536	15,146,673	5,319,871
Rominserv S.R.L.	3,548,790	10,391,761	16,352,115	47,883,156
KMG International N.V.	63,490,194	64,073,540	292,550,116	295,238,058
KMG Rompetrol S.R.L	494,468	1,132,022	2,278,410	5,216,131
KMG Rompetrol S.R.L. - cash pooling	257,995,171	296,644,802	1,188,790,149	1,366,879,919
Oilfield Exploration Business Solutions S.A.	674,598	1,107,315	3,108,413	5,102,286
Rompetrol Well Services S.A.	124,517	122,458	573,749	564,262
KMG Rompetrol Services Center S.R.L.	11,875	11,824	54,718	54,483
Rompetrol Bulgaria	1,309,146	1,280,638	6,032,283	5,900,924
Rompetrol Moldova S.A.	7,732,035	6,497,001	35,627,671	29,936,881
Rompetrol Financial Group S.R.L.	2,438	2,490	11,234	11,473
Rompetrol Energy S.A.	7,333,457	17,972,390	33,791,103	82,813,179
Byron Shipping S.R.L.	1,667	2,052	7,681	9,455
Midia Marine Terminal S.R.L.	251,551	274,140	1,159,097	1,263,182
Rompetrol Georgia	1,289	1,321	5,939	6,087
Midia Green Energy S.A. former Uzina Termoelectrica Midia S.A.	59,677	61,165	274,980	281,836
KMG Rompetrol Development S.R.L.	1,920,064	9,262,774	8,847,271	42,681,010
Global Security Sistem S.A.	177,359	180,580	817,235	832,077
Total	**348,415,477**	**410,172,809**	**1,605,428,837**	**1,889,994,270**

	Payables, loans and other liabilities			
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Name of related party	**USD**	**USD**	**RON**	**RON**
			(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	718,854,468	818,928,912	3,312,337,618	3,773,460,641
Rominserv S.R.L.	56,704,980	37,906,755	261,285,207	174,666,746
KMG International N.V.	42,496	617,922	195,813	2,847,261
KMG Rompetrol S.R.L	6,173,848	12,899,763	28,447,857	59,439,528
KMG Rompetrol S.R.L. - cash pooling	296,885,375	330,265,125	1,367,988,431	1,521,795,643
Oilfield Exploration Business Solutions S.A.	389,707	395,469	1,795,692	1,822,242
Rompetrol Well Services S.A.	5,488	228,000	25,288	1,050,578
KMG Rompetrol Services Center S.R.L.	1,002,809	1,158,852	4,620,743	5,339,758
Rompetrol Bulgaria	115,470	118,966	532,063	548,172
Rompetrol Moldova S.A.	9,487,761	14,589,439	43,717,705	67,225,217
Byron Shipping Ltd.	2,090	2,144	9,630	9,879
Rompetrol Energy S.A.	5,386,269	8,363,402	24,818,850	38,536,884
Byron Shipping S.R.L.	-	287	-	1,322
Midia Marine Terminal S.R.L.	1,854,456	2,747,547	8,544,962	12,660,147
KMG Rompetrol Development S.R.L.	4,036,422	5,604,279	18,599,025	25,823,397
Global Security Sistem S.A.	717,264	688,299	3,305,009	3,171,544
Global Security Sistems - Fire Services S.R.L.	467,403	586,952	2,153,700	2,704,557
TRG Petrol Ticaret Anonim Sirketi	2,538	2,538	11,695	11,695
Total	**1,102,128,844**	**1,235,104,651**	**5,078,389,288**	**5,691,115,211**

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

27. RELATED PARTIES (continued)

During the period ended March 31, 2024 respectively March 31, 2023, Rompetrol Rafinare Group entered into the following transactions with related parties:

Name of related party	Nature of transaction	Sales and other revenues March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
				(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	Fuel	122,472,501	161,545,822	564,328,790	744,370,839
Rominserv S.R.L.	Fuel, utilities and other services	240,127	248,836	1,106,457	1,146,587
KMG International N.V.	Interest	1,530,580	1,750,470	7,052,607	8,065,816
KMG Rompetrol S.R.L	Fuel and other services	8,640,766	32,785	39,814,922	151,067
Oilfield Exploration Business Solutions S.A.	Fuel	1,086	1,268	5,004	5,843
Rompetrol Well Services S.A.	Fuel and other services	183,009	216,464	843,269	997,423
Rompetrol Bulgaria	Fuel	6,121,781	7,027,416	28,207,942	32,380,927
Rompetrol Moldova S.A.	Fuel	80,293,896	96,009,577	369,978,214	442,392,929
Rompetrol Georgia	Fuel	50	-	230	-
KMG Rompetrol Services Center S.R.L.	Rent and other services	38,152	30,937	175,797	142,552
Midia Marine Terminal S.R.L.	Fuel, rent and other services	74,620	122,540	343,834	564,640
Byron Shipping S.R.L.	Fuel and other services	4,076	4,498	18,781	20,726
Rompetrol Energy S.A.	Other services	8,262,466	11,048,958	38,071,791	50,911,389
Global Security Sistem S.A.	Fuel	23,836	24,244	109,832	111,712
KMG Rompetrol Development S.R.L.	PPE and other services	124,889	83	575,464	382
Total		**228,011,835**	**278,063,899**	**1,050,632,934**	**1,281,262,832**

Name of related party	Nature of transaction	Purchases and other costs March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
				(supplementary info – see Note 2(e))	
KazMunayGas Trading AG	Purchase of crude oil and other raw materials	523,249,279	701,092,172	2,411,028,028	3,230,492,510
Rominserv S.R.L.	Acquisition and maintenance of fixed assets	48,212,718	11,383,729	222,154,562	52,453,946
KMG International N.V.	Management services	589,594	4,766,752	2,716,731	21,964,240
KMG Rompetrol S.R.L	Management services	19,145,570	8,561,478	88,218,957	39,449,578
Oilfield Exploration Business Solutions S.A.	Management services	15,177	14,834	69,933	68,352
Rompetrol Well Services S.A.	Other services	13,580	-	62,574	-
Rompetrol Bulgaria	Sales intermediary services	-	43,196	-	199,039
Rompetrol Moldova SA	Sales intermediary services	46,237	-	213,051	-
KMG Rompetrol Services Center S.R.L.	Shared services	2,318,448	1,868,345	10,682,945	8,608,960
Midia Marine Terminal S.R.L.	Handling services/Transit	4,385,749	3,502,870	20,208,654	16,140,524
Rompetrol Energy S.A.	Acquisition of utilities	15,317,458	16,655,309	70,579,783	76,744,333
KMG Rompetrol Development S.R.L.	Retail	4,921,840	3,693,804	22,678,854	17,020,310
Global Security Sistem S.A.	Security and protection services	877,123	848,750	4,041,607	3,910,870
Global Security Sistems - Fire Services S.R.L.	Fire protection services	504,838	496,896	2,326,193	2,289,597
Total		**619,597,611**	**752,928,134**	**2,854,981,872**	**3,469,342,259**

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

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

27. RELATED PARTIES (continued)

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

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

The sales to and purchases from related parties are made in the ordinary course of business and are undertaken on a basis that considers prevailing market terms and conditions as applicable to the nature of goods and services provided or received. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2024 and 31 December 2023, the Group has recorded an impairment of receivables relating to Oilfield Exploration Business Solutions S.A. in amount of USD 4.1 million (2023: USD 4.2 million). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

28. EARNINGS PER SHARE

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

	March 31, 2024 USD	March 31, 2023 USD	March 31, 2024 RON	March 31, 2023 RON
			(supplementary info – see Note 2(e))	
Earnings				
Profit/(Loss) for the year attributable to ordinary equity holders of the parent entity	(23,747,847)	13,981,160	(109,425,330)	64,422,389
Number of shares				
Weighted average number of shares for the purpose of basic earnings per share (see Note 12)	26,559,205,726	26,559,205,726	26,559,205,726	26,559,205,726
Earnings per share *(US cents/share)*				
Basis	**(0.089)**	**0.053**	**(0.410)**	**0.244**

29. CONTINGENCIES

Rompetrol Rafinare SA- Distressed Assets - Hybrid Conversion

By the Emergency Ordinance (“**EGO**”) 118/2003 approved by Law 89/2005 and the Issuing Convention of 5 December 2003 (“Issuing Convention”), the RON 2,177.7 million of state budget liabilities, including penalties were denominated into 22,812,098 convertible bonds (i.e. a total of EUR 570.3 million at the RON / EUR exchange rate as of 30 September 2003 or 3.8185 RON / EUR or USD 719.4 million at the same date), hereinafter referred to as “Hybrid instruments” or “Bonds”.
The Bonds carried interest and were redeemable on or before maturity, partially or entirely. The bonds not redeemed by 30 September 2010 should be convertible, at a fixed conversion rate, into ordinary shares of Rompetrol Rafinare S.A., at the option of the KMG International NV.

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

The Ministry of Public Finance publicly took an adverse position against such course of action and challenged it in various course procedures and on 10 September 2010 the National Agency of Fiscal Administration (“**ANAF**”) issued a decision for establishment of a precautionary seizure on all the participations held by Rompetrol Rafinare S.A. and its affiliates as well as on all movable and immovable assets of Rompetrol Rafinare S.A. except inventories.

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

The Memorandum of Understanding includes also the following aspects:

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

Following conclusion of MOU, Rompetrol Rafinare submitted to the Romanian authorities a requirement for the annulment of the seizure. On 9 May 2016, Rompetrol Rafinare SA was notified that it was included as a civil responsible party in a file under investigation by DIICOT (see Note 30 - Litigation with the State involving criminal charges - Case 225) and at that date, the movable and immovable assets of Rompetrol Rafinare SA, as well as all the investments in subsidiaries, were subject to asset freeze.

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

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

On 20 December 2021, a decision was issued in favor of the company by releasing the seizure. The decision was appealed by ANAF to the Supreme Court and on 22 June 2023, the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal. The next hearing was scheduled on 5 February 2024, when the Court admitted the claim and lifted the seizure to which ANAF made another appeal in front of the High Court of Justice and the communication of next hearing is expected.

29. CONTINGENCIES (continued)

Contingencies – risk management and internal control

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

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

The Group's Code of Ethics and Conduct is approved by the Board of Directors and applies to all directors, executives and employees, whatever the nature of their contractual relationship with the Group. The Code creates a frame of reference for understanding and putting into practice the Group's expectations as to each person's behavior, in light of the Group's principles of action. Group's employees undergo regular professional trainings, trainings on ethical standards and anti-corruption conduct. The Code of Ethics and Conduct explicitly prohibits engaging in bribery or corruption in any form. Anti bribery and corruption policies and procedures in place at Group level include measures and guidance to assess risks, understand relevant laws and report concerns.

Whistleblowing incidents are taken very seriously by the Group and its directors. Any complaints or allegations received are investigated properly by the assigned departments. The Group has established and maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive enough attention. In line with Irregularity Reporting Policy, the internal investigations conducted during 2024 and up to the approval date of the financial statements did not reveal any cases of ethical misconduct and non-compliance with applicable laws and regulations. The results of all internal investigations were discussed with the Company's statutory bodies, which concluded that the warnings were not confirmed.

30. LEGAL MATTERS

Litigation with the State involving criminal charges

I. Criminal case

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

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

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

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

II. Civil files

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

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

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

30. LEGAL MATTERS (continued)

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

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

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

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

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

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

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

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

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

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

30. LEGAL MATTERS (continued)

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

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

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

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

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

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

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

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

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

The next hearing is scheduled for June 11, 2024 when the witnesses will provide again their statement.

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

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

30. LEGAL MATTERS (continued)

Criminal case concerning Petromidia Refinery incident on July 2nd 2021

On July 2, 2021 there was an explosion followed by a fire at Petromidia refinery, Diesel Hydrotreatment Unit (in Romanian “instalatia Hidrofinare Petrol Motorina” hereinafter HPM plant). As a result of the incident, 3 employees of the company died and one employee was hospitalized due to a hip fracture. The criminal investigations are carried out by the Prosecutor's Office attached to the Constanta Tribunal, was finalised and communicated to the Company the technical expertise carried out by INCD INSEMEX Petrosani, at the request of the criminal investigation bodies, document analysed both by the criminal lawyers, by the party expert as well as the company's specialists, objections and point of view of the party expert being submitted as well as requests for clarifications issued by the case prosecutor; the company has the quality of a civilly responsible party, hearings of the employees involved in the incident were performed. At the same time, the collective work accident is being investigated by the Territorial Labour Inspectorate according to the incident legislation who submitted in front of the criminal investigators their Work Accident Investigation Report.

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

DIICOT Criminal Investigation File in connection with Vega lagoons greening Project

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

The trial was sent to the regular panel and is expected a first hearing to be established. On March 2 2023, the court kept the judicial control over the group employees but lifting the interdiction for leaving the country. On March 9, 2023, the court finally lifted also the judicial control. Next hearing is set on May 16, 2024.

Vega lagoons greening Project located on the territory of Vega Refinery

Following a control performed by the Environmental National Guard within the location of Vega refinery Ploiesti on early April 2023, it sent further a notice to the local Agency for Environmental Protection to notify Rompetrol Rafinare (the owner of Vega refinery) to remedy within 60 days the deficiencies allegedly stated by the National Guard otherwise to suspend the activity of the Vega Refinery.

The local Agency for environmental protection issued on April 25, 2023 therefore a preliminary Notice to Rompetrol Rafinare to remedy the said allegedly deficiencies.

On May 4, 2023 according to the applicable legislation, the Company started the administrative conflict and submitted a complaint against National Guard to revoke its deed otherwise the company will challenge it in front of the court.
Consequently, the company challenged also the Notice issued by local Agency for Environmental Protection via administrative procedure submitting the claim on May 23, 2023 and filled the application for suspension in front of the court to get, if successfully, an order to suspend its effects until the court will issue a final settlement on merits. The first hearing was scheduled on June 16, 2023, when the Court rejected the company’s application. The decision is subject of appeal.

30. LEGAL MATTERS (continued)

Besides the legal steps the Company continued the dialogue with environmental authorities as regards the Vega refinery remediation project and on June 20, 2023 the National Guard issued a Finding Note by which they confirmed that all 3 (three) measures imposed by the National Guard on the report issued on April 3, 2023 have been accomplished by the company.

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

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

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

On June 21, 2023, a fire occurred in the Petromidia refinery, at the MHC plant, with no recorded victims. Criminal investigations are carried out by the Prosecutor's Office next to the Constanta Court (Judecatorie). The Company, as the injured party, formulated and submitted in the file a criminal complaint with the object of destruction. Also, at the request of both the Company and the Prosecutor's Office next to the Constanta Court, INCD INSEMEX Petrosani was ordered to carry out a technical judicial expertise in order to establish the causes of the incident. At the same time, the incident, falling under the category of major incidents in accordance with the legislation in force, is also being investigated by the Constanta Territorial Labour Inspectorate.

Wind fall tax litigation

Following the enactment of Emergency Ordinance No. 186/2022 regarding the emergency intervention to address the high energy prices, Rompetrol Rafinare paid on June 2023 the amount of USD 128 million.

After fulfilling the mandatory administrative procedure for challenging this tax, which was rejected by the fiscal authorities, Rompetrol Rafinare SA filed in on March 8, 2024, the challenge in front of the court. The first hearing is scheduled for May 13, 2024.

31. COMMITMENTS

Environmental risks and obligation

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

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

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

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

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

Climate change and energy transition

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

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

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

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

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

31. COMMITMENTS (continued)

In 2023 KMGI Group focused on implementation of the projects from the approved list of priority projects. Completed feasibility studies in line with the GD 907/2016 on the Framework content of Technical Documentation for three projects: installation of solar panels at the Petromidia refinery, construction of the advanced generation bioethanol plant (based on second generation cellulosic feedstock (cereal straw, such as wheat, barley), co-processing of advanced biodiesel.

Transposition of RED II regulation in Romania and upcoming RED III regulation, imposes legislative requirements on Group for minimum content of new generation biofuels starting 2023. Production of new generation biofuels for own use is a low hanging fruit that would allow to reduce costs and secure supply. First project co-funded by the European Union, through Connecting Europe Facility was launched, for installation of 11 charging stations of 300kW and upgrading the grid connection for 11 locations to 600kW each on Rompetrol’s highway stations. It is worth to mention, that development of vertical integration through extensive development of controllable channels in Romania and near abroad remains an important development direction, aiming to mitigate exposure to volatility of the market refining margin. The Group is working on the project for gradual substitution of gray hydrogen in the production processes of Petromidia refinery with green hydrogen, this could allow to reduce CO2 emissions by approximately 24% by 2030.

One of the major projects currently under construction is the cogeneration plant on the Petromidia platform. The plant will have a major role in stabilizing the production and distribution of electricity in the region, by ensuring the energy needs of the platform, but also by injecting the surplus electricity into the national grid.
The new unit will comply with the highest technological standards of energy efficiency and environmental protection and is being built in partnership with the Midia Thermal Power Plant - currently owned by the Ministry of Energy (56.58%) and KMG International (43.42%). Rompetrol Energy, the operator of the future cogeneration plant, is majority owned by the Kazakh-Romanian Energy Investment Fund (KREIF), along with Rominserv and the Midia Thermal Power Plant. The project, worth over 164 million USD, is financed by the Kazakh-Romanian Energy Investment Fund (KRIEF). The project is a brownfield investment and will integrate the assets of the Midia Thermal Power Plant, as well as its staff, for the operation of the new plant's equipment. Construction began in May 2021 and expected to be completed in second quarter of 2024.

Major investment projects of the KMGI Group in Romania will be implemented through Kazakh-Romanian Investment Fund in the Energy sector established in November 2018 together with the Romanian State, represented by the Management Company of the Shares Owned within Energy Sector (S.A.P.E.), which holds 20% in the equity of the Fund, 80% belonging to KMGI.

War and conflict risk

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

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

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

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

31. COMMITMENTS (continued)

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

Cyber risk

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

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

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

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

Work safety and safe operations

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

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

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

32.1. Capital risk management

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

32.2. Gearing ratio

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

	March 31, 2024	December 31, 2023
	USD	USD
Debt (excluding shareholder loans and related parties)	572,728,638	579,134,281
Cash and cash equivalents	(104,827,310)	(155,955,200)
Net debt	**467,901,328**	**423,179,081**
Equity (including shareholder loans and related parties)	262,859,344	286,338,066
Net debt to equity ratio	**1.78**	**1.48**

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

32.3. Categories of financial instruments and fair values

	March 31, 2024	December 31, 2023
Financial assets		
Trade and other receivables	506,857,182	563,169,582
Long-term receivables	11,702,242	12,448,780
Derivative financial instruments	887,002	-
Cash and cash equivalents	104,827,310	155,955,200
TOTAL FINANCIAL ASSETS	**624,273,736**	**731,573,562**
Financial liabilities		
Long-term borrowings	265,900,000	265,900,000
Derivative financial instruments	-	251,864
Other non-current liabilities	178,879	438,964
Trade and other payables	1,158,096,178	1,307,098,579
Short-term borrowings banks	35,079,132	42,856,586
TOTAL FINANCIAL LIABILITIES	**1,459,254,189**	**1,616,545,993**

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

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

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques;
- The Group enters into derivative financial instruments with various counterparties. As at 31 March 2024, the marked to market value of derivative position is for financial instruments recognized at fair value.

32.4. Fair value hierarchy

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

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

	March 31, 2024	Level 1	Level 2	Level 3
Financial assets				
Trade and other receivables	506,857,182	-	506,857,182	-
Long-term receivables	11,702,242	-	11,702,242	-
Derivative financial instruments	887,002	-	887,002	-
Cash and cash equivalents	104,827,310	104,827,310	-	-
TOTAL FINANCIAL ASSETS	**624,273,736**	**104,827,310**	**519,446,426**	**-**
Financial liabilities				
Long-term borrowings	265,900,000	-	265,900,000	-
Derivative financial instruments	-	-	-	-
Other non-current liabilities	178,879	-	178,879	-
Trade and other payables	1,158,096,178	-	1,158,096,178	-
Short-term borrowings banks	35,079,132	-	35,079,132	-
TOTAL FINANCIAL LIABILITIES	**1,459,254,189**	**-**	**1,459,254,189**	**-**

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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

32.5 Derivative financial instruments

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

Balance Sheet:

	March 31, 2024	December 31, 2023
Derivative financial asset	887,002	-
Derivative financial liability	-	(251,864)
Net position - asset/(liability)	**887,002**	**(251,864)**

Income Statement:

	March 31, 2024	March 31, 2023
Realised (gains)/losses - net	(375,283)	562,594
Total position - loss/(gain) - in Cost of sales	**(375,283)**	**562,594**

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

	March 31, 2024	December 31, 2023
Derivative asset/(liability) 2023	(251,864)	(1,980,558)
Cash payments	797,090	(131,160)
Reserves	341,776	1,859,854
Derivative asset/(liability) 2024	**887,002**	**(251,864)**

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

In the first quarter of 2023 Rompetrol Rafinare SA bought the entire deficit of EUA certificates for 2022 compliance in amount of EUR 23 million and also closed the Long Futures position of 770k EUA (the last futures position that was still opened at the end of 2022).

In respect of 2023 compliance, a total of 251k EUA were brought spot from the market, during March – May following the assessment made on CO2 emissions estimates for 2023. In June 2023 following MHC unit incident the entire production flow was changed for the rest of the period in which MHC unit remained shut down for repairs, thus leading to lower CO2 emissions for 2023 against initial estimates. For details regarding the CO2 allowances surplus as of December 31, 2023 see Note 2 z) and Note 3.

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

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

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

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

32.6 Market risk

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

32.7. Foreign currency risk management

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

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

32.8. Interest rate risk management

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

32.9. Commodity price risk

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

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

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

The Group's refining activity is exposed to the rising prices of EUA certificates. The CO_2 emissions of the Rompetrol refinery are offset with EUA certificates. For the current year, the Company has covered the certificate requirements. As a mitigation measure, the Financial Risk Management Department is monitoring the EUA certificate market to cover the EUA deficit of the refinery for the remaining years of Phase IV (2024-2025) and the subsequent years. When the market price will be within the target level of the Group, hedge operations will be carried on.

32.10. Credit risk

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

Trade receivables

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

Financial instruments and bank deposits

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

33. SUBSEQUENT EVENTS

On April 24, 2024 Rompetrol Rafinare SA received from Rompetrol Gas SRL a loan of RON 18.6 million for the purpose of covering the funds necessary to Rompetrol Rafinare SA to pay the turnover tax for the 1st quarter of 2024. Maturity of the loan is for a period of 12 months.

Also, the uncommitted short-term facility in amount of USD 275.9 million granted by a consortium of banks, meaning Banca Comerciala Romana S.A. (BCR), ING Bank N.V Amsterdam – Bucharest Branch., Raiffeisen Bank S.A., UniCredit Bank S.A., Alpha Bank Romania S.A., Garanti Bank S.A., OTP Bank Romania S.A. and Intesa Sanpaolo Romania was extended for a period of 1 year until April 13, 2025.

BATYRZHAN TERGEUSSIZOV
CHAIRMAN of the BOARD of DIRECTORS

ALEXANDRU STAVARACHE
FINANCE MANAGER

FLORIAN – DANIEL POP
GENERAL MANAGER

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ROMPETROL RAFINARE S.A.
COMPANY MANAGED IN ONE-TIER MANAGEMENT SYSTEM
ROMANIA
B-DUL NAVODARI NR. 215 PAVILION ADMINISTRATIV, NAVODARI, JUD. CONSTANTA
ROMANIA
Manufacture of products obtained from crude oil processing - CAEN 1920
KMG INTERNATIONAL N.V.
National Welfare Fund “Samruk Kazyna” JSC (67.42%), National Bank of the Republic of Kazakhstan (9.58%), Ministry of Finance of the Republic of Kazakhstan (20%) and other shareholders (3%)

ROMPETROL RAFINARE SA

UNAUDITED INTERIM STANDALONE FINANCIAL STATEMENTS

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

31 MARCH 2024

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	Notes	March 31, 2024	December 31, 2023
Intangible assets	3	110,444,023	111,338,667
Goodwill	4	152,720	152,720
Property, plant and equipment	5	2,889,114,439	2,775,931,136
Rights of use assets	6	49,599,401	50,440,933
Investments in subsidiaries	7	3,531,898,492	3,531,898,492
Deferred tax asset	23	21,533,586	21,533,586
Long-term receivables		41,254,000	41,254,000
Total non current assets		**6,643,996,661**	**6,532,549,534**
Inventories, net	8	994,508,747	1,411,718,964
Receivables and prepayments, net	9	1,304,036,040	1,719,861,179
Cash and cash equivalents	10	400,264,746	613,521,713
Total current assets		**2,698,809,533**	**3,745,101,856**
TOTAL ASSETS		**9,342,806,194**	**10,277,651,390**
Subscribed share capital	11	2,655,920,573	2,655,920,573
Share premium	11	232,637,107	232,637,107
Revaluation reserves, net of deferred tax impact	11	648,509,953	648,509,953
Other reserves	11	3,474,407,165	3,474,407,165
Accumulated losses		(5,048,861,112)	(4,498,505,945)
Current period result		(217,699,829)	(550,355,167)
Total equity		**1,744,913,857**	**1,962,613,686**
Long-term borrowings from banks	15	1,225,214,020	1,195,433,220
Provisions	17	499,613,187	499,613,187
Long-term lease debts	16	51,773,186	52,429,915
Total non-current liabilities		**1,776,600,393**	**1,747,476,322**
Trade and other payables	12	5,284,448,880	5,956,570,269
Contract liabilities	13	215,371,308	274,823,341
Short-term lease debts	16	2,572,333	2,693,673
Short-term borrowings from banks	14	161,637,629	192,674,641
Profit tax payable	23	157,261,794	140,799,458
Total current liabilities		**5,821,291,944**	**6,567,561,382**
TOTAL LIABILITIES AND EQUITY		**9,342,806,194**	**10,277,651,390**

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

Prepared by, Alexandru Cornel Anton
Chief Accountant

	Notes	January - March 2024	January - March 2023
Net revenues from contracts with customers	18	3,433,684,450	4,338,493,083
Cost of sales	19	(3,332,529,160)	(4,000,576,542)
Gross profit		**101,155,290**	**337,916,541**
Selling, general and administrative expenses	20	(143,723,870)	(103,048,583)
Other operating expenses	21	(15,669,206)	(53,219,900)
Other operating income	21	82,594,823	42,196,215
Operating profit		**24,357,037**	**223,844,273**
Financial expenses	22	(117,061,525)	(87,954,122)
Financial revenues	22	14,569,009	15,377,116
Net foreign exchange gains / (losses), net	22	(123,102,014)	57,525,574
Profit / (Loss) before income tax		**(201,237,493)**	**208,792,841**
Income tax credit / (charge)	23	(16,462,336)	(131,174,194)
Net Profit / (Loss) for the period		**(217,699,829)**	**77,618,647**
Earnings per share *(RON bani/share)* **Basis**	26	(0.82)	0.29

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

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Chief Accountant

	January - March 2024	January - March 2023
Net Profit / (Loss)	**(217,699,829)**	**77,618,647**
Other comprehensive income	**-**	**-**
Other comprehensive income to be reclassified to income statement in subsequent periods (net of tax):	-	-
Net gain/(loss) on cash flow hedges	-	9,727,579
Total comprehensive income to be reclassified to income statement in subsequent periods (net of tax):	**-**	**9,727,579**
Other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax):		
Total other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax):	**-**	**-**
Total other comprehensive result for the period, net of tax	**-**	**9,727,579**
Total comprehensive result for the period, net of tax	**(217,699,829)**	**87,346,226**

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

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Chief Accountant

	Notes	March 31, 2024	March 31, 2023
Net result before income tax		**(201,237,493)**	**208,792,841**
Adjustments for:			
Depreciation and amortisation	19, 20	98,921,434	119,304,375
Provisions for receivables and inventories (incl write-off)	21	(69,473,405)	7,890,642
Allowance for trade and other receivables	21	2,531,714	-
Expenses with penalties		1,482,096	5,049,626
Unwinding of discount - lease	16	437,955	460,512
Interest expenses		116,623,570	87,493,610
Inrerest income		(14,569,009)	(15,377,116)
Unrealised foreign exchange (gain)/loss	22	142,016,844	(9,904,035)
Cash generated from operations before working capital changes		**76,733,705**	**403,710,455**
Net working capital changes in:			
Receivables and prepayments		379,133,070	(270,084,314)
Inventories		486,683,622	(26,815,733)
Trade and other payables and contract liabilities		(717,976,367)	(111,501,101)
Changes in working capital		**147,840,324**	**(408,401,148)**
Net cash inflow / (outflow) from operating activities		**224,574,030**	**(4,690,693)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(210,200,003)	(13,876,177)
Purchase of intangible assets		(541,040)	-
Net cash (outflow) from investing activities		**(210,741,043)**	**(13,876,177)**
Cash flows from financing activities			
Cash pooling movement		(78,775,036)	(446,076,213)
Short - term loans received from banks		-	912,103,649
Short - term loans paid to banks		(30,515,867)	-
Lease repayments		(1,175,480)	(1,205,293)
Interest and bank charges paid, net		(116,623,571)	(87,493,610)
Net cash inflow / (outflow) from financing activities		**(227,089,954)**	**377,328,533**
Increase / (Decrease) in cash and cash equivalents		**(213,256,967)**	**358,761,663**
Cash and cash equivalents at the beginning of period		**613,521,713**	**23,243,490**
Cash and cash equivalents at the end of the period		**400,264,746**	**382,005,153**

BATYRZHAN TERGEUSSIZOV
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General Manager

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Chief Accountant

	Share capital	Share premium	Acumulated losses	Revaluation reserves	Deferred tax on the revaluation reserve	Other reserves	Total equity
1st of January 2023	**2,655,920,573**	**232,637,107**	**(4,641,846,600)**	**1,434,873,687**	**(229,579,794)**	**3,467,988,066**	**2,919,993,039**
Net profit for Q1 2023	**-**	**-**	**77,618,647**	**-**	**-**	**-**	**77,618,647**
Net gain/(loss) on cash flow hedges	-	-	-	-	-	9,727,579	9,727,579
Total other comprehensive income for Q1 2023	**-**	**-**	**-**	**-**	**-**	**9,727,579**	**9,727,579**
Total comprehensive income for Q1 2023	**-**	**-**	**77,618,647**	**-**	**-**	**9,727,579**	**87,346,226**
31st of March 2023	**2,655,920,573**	**232,637,107**	**(4,564,227,953)**	**1,434,873,687**	**(229,579,794)**	**3,477,715,645**	**3,007,339,265**
1st of January 2024	**2,655,920,573**	**232,637,107**	**(5,048,861,112)**	**772,035,663**	**(123,525,710)**	**3,474,407,165**	**1,962,613,686**
Net loss for Q1 2024	**-**	**-**	**(217,699,829)**	**-**	**-**	**-**	**(217,699,829)**
Total comprehensive income for Q1 2024	**-**	**-**	**(217,699,829)**	**-**	**-**	**-**	**(217,699,829)**
31st of March 2024	**2,655,920,573**	**232,637,107**	**(5,266,560,941)**	**772,035,663**	**(123,525,710)**	**3,474,407,165**	**1,744,913,857**

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

Prepared by, Alexandru Cornel Anton
Chief Accountant

1. GENERAL

Rompetrol Rafinare SA (hereinafter referred to as "the Company" or "Rompetrol Rafinare") is a company incorporated under Romanian laws. The Company operates two refineries Petromidia and Vega and also a petrochemical plant. Petromidia Refinery is the one with the highest capacity (of 5 million tons/annum, nameplate capacity) and the only Romanian refinery at the Romanian Black Sea shore, which processes exclusively imported crude oil and produces E.U. standard motor fuels, other petroleum products and certain petrochemicals. Petromidia refinery was designed and built during 1975 and 1977 and was further upgraded in the early '90s and between 2005 - 2012. Vega refinery is located in Ploiesti and is one of the oldest refineries in Romania. Vega Refinery is a niche refinery specialized in the production of solvents, hexane and bitumen (being the only Romanian producer).

Rompetrol Rafinare SA production facilities are located in Romania. The number of employees of the Company as at 31 March 2024 is 1,164, respectively 1,176 as at 31 December 2023.

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of preparation and statement of compliance

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) The going concern

The financial statements of the Company are prepared on a going concern basis. As at 31 March 2024 and 31 December 2023, the Company's net assets amount to 1,745 million and RON 1,963 million, respectively. For the periods ending 31 March 2024 and 31 December 2023 the Company reported a loss of RON 218 million and a loss of RON 550 million, respectively. The operating losses recorded during 2024 are triggered by the refining activity specificity, characterized by a significant volatility and also by the general turnaround, which began on 8th March and is estimated to last around two months. This turnaround is a significant event that occurs once every four years and is crucial for our operations. During this period, are conducted comprehensive maintenance, inspections, and upgrades across various units of the refinery to ensure optimal performance and safety standards. It involves shutting down certain operations temporarily to carry out these activities efficiently.

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

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

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

c) Changes in accounting policies

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

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

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

With regards the Company's operations, reasons for the voluntary change the accounting policy are as following:

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

New and amended standards and interpretations

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

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

Management has assessed the impact from application of these amendments that did not have any effect at the level of Statement of Financial Position, Income Statement and Statement of Other Comprehensive Income.

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

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.
Management assessed that amendments have no material impact on the Company's accounting estimates and related disclosures included in the consolidated financial statements.

- **IFRS 17: Insurance Contracts**

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

Management assessed that amendments have no material impact on the Company's accounting estimates and related disclosures included in the consolidated financial statements.

2. SUMMARY OF MATERIALACCOUNTING POLICY INFORMATION (continued)

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

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Management assessed the impact at Company level from application of these amendments that did not have any effect at the level of Statement of Financial Position, Income Statement and Statement of Other Comprehensive Income.

- **IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)**

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.

The Pillar Two Global anti-Base Erosion rules (GloBE Rules) represent the first substantial overhaul of the international tax rules in almost a century. The GloBE Rules propose four new taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum effective tax rate of 15% per jurisdiction if annual turnover exceeds 750 million euros for two consecutive years.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which KMGI Group, one of the major shareholders of Rompetrol Rafinare operates. The legislation will be effective for the KMGI Group's financial year beginning 1 January 2024 considering that Pillar Two is effective for Netherlands and Switzerland starting with 1st of January 2024. These are jurisdictions in which KMGI Group is established or has subsidiaries incorporated. The Dutch Minimum Taxation Act 2024 and Swiss BEPS 2.0 Pillar Two provide for a minimum effective tax rate of 15% per jurisdiction for large international enterprises (annual turnover exceeding 750 million euros).

KMGI Group is in process of assessing the potential exposure arising from Pillar Two legislation, however the quantitative information to indicate the potential exposure to Pillar Two income taxes is currently not known or reasonably estimable. KMGI Group continues to progress on the assessment and expects to complete the assessment in the first half of financial year 2024.

Given the current status of the assessment for the impact at KMGI Group level, Rompetrol Rafinare has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes as of 31 December 2023.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

d.1) Standards/amendments that are not yet effective, and they have been endorsed by the European Union.

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

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

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

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

d.2) Standards/amendments that are not yet effective and they have not yet been endorsed by the European Union

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. Management is in process of assessing the impact at Company level from application of these amendments.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU. Management is in process of assessing the impact at Company level from application of these amendments.

e) Significant professional judgements, estimates and assumptions

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

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

The matters presented below are considered to be the most important in understanding the professional judgments that affect the preparation of these financial statements and the uncertainties that could affect the result of the operations, the financial position and the cash flows.

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

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

The Company's carries its property, plant and equipment at fair value, with the reflection of the changes from this revaluation in the financial statements prepared for that year. The fair value is determined on the basis of revaluations usually carried by qualified evaluation professionals, members of a nationally and internationally recognized professional body in the valuation expertise field. The revaluations entail an economic obsolescence test for the revalued assets that is corroborate with the impairment test performed at CGU level to which the respective assets are allocated.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

The Company assesses annually at December 31 whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the carrying amounts for major property, plant and equipment are tested for impairment.

If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is higher of fair value less costs to sell, and value in use determined as the amount of estimated discounted future cash flows. Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

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

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

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

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

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

- Fair value measurement of investments in subsidiaries

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Company bases its fair value calculation on detailed budgets and forecasts, which are prepared separately for each subsidiary. Budgets and forecasts used generally cover the period of five years. Also, budgets and forecasts are based on management estimates of future commodity prices, market supply and demand and product margins. When determining fair value measurement the Company considers also potential climate-related matters including legislation.

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

- ***Provision for environmental liability***

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

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

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

- ***Deferred tax assets***

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

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

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

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

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

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

- ***Provision for litigations***

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

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

f) Financial instruments

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

a. Financial assets

Initial recognition and measurement

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

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

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

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

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Subsequent measurement

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

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

Financial assets at fair value through profit or loss

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

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

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

Financial assets at fair value through OCI

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Company’s statement of financial position) when:

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

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

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

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

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

b. Financial liabilities

Initial recognition and measurement

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:
- Financial liabilities at fair value through profit or loss;
- Loans and Credits.

Derecognition

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

c. Offsetting of financial instruments

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

d. Impairment of financial assets

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

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

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

g) Property plant and equipment

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

h) Intangible assets

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

Intangible assets consist of software and licenses and are amortized on a straight-line basis over 3 – 5 years, respectively 24 - 25 years for the licenses for transmission of technological data from the plant to the Refinery command center.

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

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

i) Investments in subsidiaries

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

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

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

j) Impairment of non-financial assets,

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

k) Provisions

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

Provisions are not recognized for future operating losses.

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

Additional comments on the following specific liabilities are:

Environmental provisions

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

Liabilities for environmental remediation costs are recognized when there is a past event, such environmental damage, for which an outflow of resources is probable and an estimate can be made Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

l) Leases

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

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

i. Right-of-use assets

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

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

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

ii. Lease liabilities

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

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

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

A lessee shall determine the lease term as a non-cancellable period of a lease, together with both:
- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- Period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The Company's lease liabilities are included in Lease (see Note 16).

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

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

m) Inventories

Inventories, including work-in-process are stated at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution.

Cost comprises the acquisition cost and other costs that have been incurred in bringing the inventories to their present location and condition and is determined by weighted average method for all the inventories.

n) Trade receivables

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

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

o) Cash and cash equivalents

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

p) Revenue from contracts with customers

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION(continued)

(i) Variable consideration

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

(ii) Volume rebates

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

(iii) Significant financing component

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

q) Interest bearing loans and borrowings

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION(continued)

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

r) Borrowings costs

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

s) Retirement benefit costs

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

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

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

t) Taxes

- ***Current income tax***

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

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

- ***Deferred tax***

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

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

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

- ***Sales and acquisition tax***

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

u) Dividends

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

v) Foreign Currency Transactions

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

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

Currency	31 March 2024	31 December 2023
RON / USD	4.6078	4.4958
RON / EUR	4.9695	4.9746

The Company translates its transactions and balances in foreign currency, in the functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of transaction.

Exchange rate differences arising on the settlement of monetary assets and liabilities or on reporting them at rates different from those at which they were initially recorded during the period or reported in the previous financial statements are recognized in the income statement in the period they arise.

w) Derivative financial instruments

The Company enters into contracts to purchase and sell crude oil, oil products and CO_2 emission rights (CO_2 allowances) at future delivery dates. These contracts expose the Company primarily to commodity risks of changes in fair value of crude oil and related oil products and volatility of the price for CO_2 emissions rights. The Company also uses financial instruments (primarily Options, Swaps and forwards) to hedge its risks associated with fair value fluctuation relating to certain firm commitments and forecasted transactions.

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge the quantity of hedged item.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

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

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

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

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

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

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

Fair value hedge

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

The Company buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc).

The Company also acquires CO_2 emission rights for the purpose of meeting the annual quota in accordance with the European Union legislation related to Carbon Emissions, trading and delivering.

The Company hedges priced inventories (both raw materials and finished products) above BOS (basis operating stock) and CO_2 emission rights using futures instruments for a period that approximately matches the operating cycle.

Hedge accounting is applied for the futures instruments. The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as Cost of Sales. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the inventory and is also recognised in the statement of profit or loss as Cost of Sales. If the hedged item is derecognised, the unamortized fair value is recognised immediately in profit or loss (see Note 19).

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash Flow Hedge

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

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

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

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

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss (see Note 19).

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

x) Emission Rights

CO2 (allowances) emission rights quota are allocated to the Company's refining and petrochemicals operations. For the period 2021 - 2025 the allowances have been validated by European Union and are posted on the Romanian Environmental Ministry website. The Company accounts for the liability resulting from generating of these emissions using the net liability approach. The liability is recognized only at a point where the actual emissions exceed the quota allocated to the respective companies and purchase rights are also initially recognized at cost, but the Company remeasures (to fair value) the emission rights that it holds and can use to settle the liability up the amount of emission made in the period; the liability component is measures at the best estimate of the cost to settle the liability taking into account the cost of any allowances currently held (and remeasured to fair value). Remeasurement to fair value is made using the latest available price for CO2 allowance at the end of the reporting period.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

y) Fair value measurement

The Company measures financial instruments such as derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;

Or

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

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

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

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

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

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

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

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

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

z) Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

A liability is current when:

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

Or

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

The Company classifies all other liabilities as non-current.

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

aa) Contingencies

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

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

3. INTANGIBLE ASSETS

	Software / Licenses	Other	Intangibles in progress	Total
Cost				
Opening balance as of January 1, 2023	**73,891,434**	**5,104,316**	**39,659**	**79,035,409**
Additions	-	103,731,426	418,235	104,149,661
Transfers*	-	90,460	(90,460)	-
Closing balance as of December 31, 2023	**73,891,434**	**108,926,201**	**367,435**	**183,185,070**
Additions	372,483	-	168,557	541,040
Transfers*	-	-	(372,483)	(372,483)
Closing balance as of March 31, 2024	**74,263,917**	**108,926,201**	**163,509**	**183,353,627**
Accumulated amortization				
Opening balance as of January 1, 2023	**(62,350,060)**	**(3,188,080)**	**-**	**(65,538,140)**
Charge for the year	(5,298,998)	(1,009,266)	-	(6,308,264)
Closing balance as of December 31, 2023	**(67,649,058)**	**(4,197,345)**	**-**	**(71,846,403)**
Charge for the year	(845,203)	(217,998)	-	(1,063,201)
Closing balance as of March 31, 2024	**(68,494,261)**	**(4,415,344)**	**-**	**(72,909,605)**
Net book value				
As of December 31, 2023	**6,242,376**	**104,728,856**	**367,435**	**111,338,667**
As of March 31, 2024	**5,769,656**	**104,510,858**	**163,509**	**110,444,023**

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

During 2023 Rompetrol Rafinare acquired a number of 251,000 CO2 allowances amounting RON 103.7 million, representing the estimated quantity of CO2 allowances needed to comply with the quota for 2023 accounted for as intangible asset as of 31 December 2023. Following the incident that affected the MHC unit, CO2 emissions were lower considering new refinery flow without MHC unit in function, as a result the CO2 allowances deficit resulted based on actual emissions was of 97,438 CO2 allowances amounting RON 40.8 million was accounted for as liability, in line with the accounting policy detailed in Note 2 z).

4. GOODWILL

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

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Furniture and others	Construction in progress	Total
Cost or valuation						
As of January 1, 2023	**283,899,987**	**1,389,986,434**	**2,807,305,482**	**9,699,804**	**201,293,300**	**4,692,185,008**
Acquisitions	-	110,972	2,103,736	28,203	235,277,258	237,520,169
Revaluation	(63,193,237)	(255,306,907)	(884,863,820)	(2,692,293)	-	(1,206,056,258)
Transfers from CIP	-	34,910,729	103,778,108	-	(138,688,837)	-
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	(13,610,597)	(274,562,335)	(643,202,354)	(1,771,737)	-	(933,147,024)
As of December 31, 2023	**207,096,153**	**895,138,892**	**1,385,121,151**	**5,263,978**	**297,881,722**	**2,790,501,896**
Acquisitions	-	-	1,754,757	587,088	207,858,157	210,200,003
Transfers from CIP	-	434,003	36,202,324	-	(36,636,327)	-
As of March 31, 2024	**207,096,153**	**895,572,895**	**1,423,078,233**	**5,851,066**	**469,103,552**	**3,000,701,899**
Accumulated depreciation & Impairment						
As of January 1, 2023	**(8,265,581)**	**(164,926,607)**	**(351,743,540)**	**(923,632)**	**(3,171,485)**	**(529,030,844)**
Charge for the year	(5,345,016)	(122,178,843)	(316,415,534)	(848,703)	-	(444,788,096)
Impairment	-	12,543,115	24,956,720	597	(11,399,274)	26,101,157
Elimination of accumulated depreciation against the gross carrying amount of the revalued assets	13,610,597	274,562,335	643,202,354	1,771,737	-	933,147,024
As of December 31, 2023	**-**	**-**	**-**	**-**	**(14,570,759)**	**(14,570,760)**
Charge for the year	(1,526,916)	(31,675,168)	(63,580,322)	(234,294)	-	(97,016,700)
As of March 31, 2024	**(1,526,916)**	**(31,675,168)**	**(63,580,323)**	**(234,294)**	**(14,570,759)**	**(111,587,461)**
Net book value as of December 31, 2023	**207,096,153**	**895,138,892**	**1,385,121,151**	**5,263,977**	**283,310,962**	**2,775,931,136**
Net book value as of March 31, 2024	**205,569,237**	**863,897,727**	**1,359,497,910**	**5,616,772**	**454,532,793**	**2,889,114,438**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- Construction in progress

In first 3 months of the year 2024, the significant contribution to the total acquisitions for construction in progress is represented by the projects of replacement catalysts (approximately RON 28.9 million), Refinery General Turnaround (about RON 66.6 million), the ISCIR projects within the two refineries (about RON 19.1 million), Replace cut/drilling system DCU unit (about RON 19.6 million), Refinery MHC unit restart (approximately RON 20.1 million), the project of acquisition and Install of 2 new Reactors -125-DHT (about RON 26.5 million), the project of Flue gas pipe support system expert.N-PG-138F-030 (about RON 6.8 million) and other projects totaling RON 20.3 million.

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

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

- Disposal

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

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

- *Capitalization of borrowing costs*

In the first quarter of the year 2024 the capital projects were financed from Company's operating cash flow, therefore no borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets was capitalized during first 3 months of the year 2024 (2023: RON nil).
The Company's borrowing funds obtained for generally for the business are not used for the purpose of obtaining a qualifying asset, thus Management determined that no borrowing cost is considered eligible in first quarter of the year 2024 and 2023 for capitalization by applying a capitalization rate to the expenditure on the asset.

- Specific impairment

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

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

As at 31 December 2023, a new revaluation process was conducted, the properties fair values for property, plant and equipment are based on valuations performed by PricewaterhouseCoopers Management Consultants S.R.L., an accredited independent appraiser with experience on similar valuation exercises. Fair value of the properties was determined using net replacement cost approach for majority of assets, but also the market approach was applied for several assets like land and residential buildings. The valuation of equipment was performed by the appraiser based on net replacement cost method and subsequently the items were tested foreconomic obsolescence. A revaluation deficit forproperty was recognized in OCI (RON 519.5 million) and a net revaluation loss of RON 685.5 million was recognized in profit or loss (RON 686.5 millionas of 31 December 2023.

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

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

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

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

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

The company pledged property, plant and equipment with a carrying value of of RON 951,497,060 (2023: RON 980,878,704). for securing banking facilities granted to the Company.

In 2010, for Rompetrol Rafinare SA it was established by ANAF an asset freeze on all fixed assets and investments and on the equity as well as on the shares, amounting to RON 1,595,020,055 in favor of the Romanian state (represented by ANAF) – see details under Note 27 Distress assets – Hybrid Conversion. On these titles there was set up a rank 2 guarantee in favor of KMG International N.V.

On the guarantees in favor of ANAF, on 10 September 2010, ANAF has established an asset freeze on the investments held by the Company in its subsidiaries and on the movable and immovable assets of the Company, except inventories. The asset freeze is based on article 129 of the Fiscal Procedure Code and the main result is that the Company cannot sell / transfer the assets under freeze.
According with the Memorandum of Understanding signed with the Romanian State and approved by Government Decision no. 35/2014, ANAF should remove and revoke the asset freeze established on 10 September 2010.

On 9 May 2016, Rompetrol Rafinare SA was notified that it was included as a civil responsible party in a file under investigation by DIICOT (see Note 28 - *Litigation with the State involving criminal charges - Case 225*) and at that date, the movable and immovable assets of Rompetrol Rafinare SA, as well as all the investments in subsidiaries, were subject to asset freeze.

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

On 10 July 2020, the Supreme Court issued the final decision according to which all the complaints formulated against the dismissal ordinance issued on 5 December 2019, issued in file no. 225 / D / P / 2006 by PICCJ-DIICOT were rejected as inadmissible.

Considering the final decision issued by the Supreme Court, in 2020, Rompetrol Rafinare filled in a complaint against ANAF to release all precautionary measures imposed back in 2010, including the partial seizure on assets decided in 2019.

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

5.1 IMPAIRMENT TEST

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

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

6. RIGHTS OF USE ASSETS

	Land, building and special constructions	Plant and equipment	Vehicles and others	Total
Initial cost / revalued				
Opening balance at January 01, 2023	**60,979,574**	**2,553,982**	**2,840,704**	**66,374,260**
Re-measurement and other adjustments	-	106,795	77,939	184,734
Closing balance at December 31, 2023	**60,979,574**	**2,660,777**	**2,918,643**	**66,558,994**
Closing balance at March 31, 2024	**60,979,574**	**2,660,777**	**2,918,643**	**66,558,994**
Accumulated depreciation & Impairment				
Opening balance at January 01, 2023	**(9,376,286)**	**(1,948,779)**	**(1,279,294)**	**(12,604,359)**
Charge for the year	(2,422,300)	(497,388)	(594,014)	(3,513,701)
Closing balance at December 31, 2023	**(11,798,585)**	**(2,446,167)**	**(1,873,308)**	**(16,118,060)**
Charge for the year	(568,446)	(124,248)	(148,839)	(841,532)
Closing balance at March 31, 2024	**(12,367,031)**	**(2,570,415)**	**(2,022,147)**	**(16,959,593)**
Net book value as of December 31, 2023	**49,180,989**	**214,610**	**1,045,334**	**50,440,933**
Net book value as of March 31, 2024	**48,612,542**	**90,363**	**896,496**	**49,599,401**

The additions during the period represent mainly contracts concluded by the Company for car leasing.

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

Land, buildings and special construction category includes mainly:

- Rent for usage of maritime port - berths of Midia Port.

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

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

7. INVESTMENT IN SUBSIDIARIES

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

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

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

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

**Note: all subsidiaries are Romanian companies*

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

8. INVENTORIES, NET

	March 31, 2024	December 31, 2023
Crude oil and other feedstock materials (at lower of cost and net realisable value)	461,362,618	817,257,429
Finished products (at lower of cost and net realisable value)	355,331,672	285,123,020
Work in progress (at cost)	133,302,365	262,405,751
Spare parts (at cost less inventories write-down)	13,985,430	16,143,084
Other consumables (at cost less inventories write-down)	23,914,186	24,958,884
Merchandises (at cost less inventories write-down)	42,032	79,630
Other inventories (at cost less inventories write-down)	6,570,444	5,751,166
Total	**994,508,747**	**1,411,718,964**

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

The movement of the provision for inventories in the first 3 months of the year 2024 and 2023 is presented below:

	March 31, 2024	December 31, 2023
Reserve at the beginning of the year	**(175,811,979)**	**(158,742,661)**
Accrued provision	(13,004,543)	(196,081,227)
Reversal provision inventories reserve	82,477,948	179,011,909
Reserve at the end of the period	**(106,338,574)**	**(175,811,979)**

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

9. RECEIVABLES AND PREPAYMENTS, NET

	March 31, 2024	December 31, 2023
Trade receivables	1,015,098,821	1,290,259,409
Advances to suppliers	58,384,528	65,183,063
Sundry debtors	29,352,095	60,363,794
VAT to be recovered	21,408,934	16,060,627
Other receivables	254,620,806	360,272,586
Reserve for bad and doubtful debts	(74,829,144)	(72,278,300)
Total	**1,304,036,040**	**1,719,861,179**

Included in Sundry debtors in 2024 is an amount of RON 25.1 million (2023: RON 25.1 million) for principal liabilities and related penalties paid to ANAF following General Tax Inspection Report covering 2011 - 2015 period; the amount is fully provisioned as at March 31, 2024.

At 31 March 2024, out of the total amount of RON 58.4 million (2023: RON 65.2 million) representing advances to suppliers, RON 57.6 million (2023: RON 64.4 million) are in respect of other raw materials, utilities, investment projects.

Out of the total balance for other receivables of RON 254.6 million (2023: RON 360.3 million), an amount of RON 171 million (2023: RON 206 million) relates to cash pooling receivables. Also, in other receivables an amount of RON 46.3 million (2023: RON 113.5 million) refers to excise receivables.

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

	March 31, 2024	December 31, 2023
Sundry debtors	29,352,095	60,363,794
Other receivables	254,620,806	360,272,586
Provision for sundry debtors and other receivables	(26,361,654)	(26,361,654)

Out of the total amount of other receivables and sundry debtors of RON 284.0 million (2023: RON 420.6 million) an amount of RON 26.4 million (2023: RON 26.4 million) is provisioned.

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

	March 31, 2024	December 31, 2023
Balance at the beginning of the year	**(72,278,300)**	**(44,755,759)**
Charge for the year	(2,632,738)	(3,176,332)
Utilized	101,025	771,435
Reclassification between balance sheet items	-	(25,141,319)
Exchange rate differences	(19,131)	23,675
Balance at the end of the period	**(74,829,144)**	**(72,278,300)**

9. RECEIVABLES AND PREPAYMENTS, NET (continued)

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

		Trade receivables					
			Days past due				
31 March 2024	**Total**	**Current**	**1 - 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 120 days**	**> 120 days**
Expected credit loss rate	**4.23%**	**0.00%**	**2.00%**	**0.30%**	**19.90%**	**29.87%**	**92.15%**
Estimated total gross carrying amount at default	1,015,086,529	896,208,675	61,096,539	8,638,826	2,465,017	2,933,777	43,743,695
Expected credit loss	42,927,347	-	1,224,375	26,240	490,481	876,339	40,309,912

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

		Past due but not impaired					
	Total	**Neither past due not impaired**	**1 – 30 days**	**30 – 60 days**	**60 – 90 days**	**90 - 120 days**	**>120 days**
31 March 2024	**972,159,182**	896,208,675	59,872,164	8,612,586	1,974,536	2,057,438	3,433,783
31 December 2023	**1,249,870,613**	1,181,235,887	61,772,485	1,429,847	1,953,656	1,689,736	1,789,002

At 31 March 2024, the trade receivables at the initial value of RON 42.9 million (2023: RON 40.4 milion) have been considered uncertain and provisioned.

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

	Collectively impaired
At January 1, 2023	**(37,995,282)**
Value adjustments for impairment of receivables	(3,176,332)
Reversed provisions	771,435
Exchange rate difference	23,675
At December 31, 2023	**(40,376,503)**
Value adjustments for impairment of receivables	(2,632,738)
Reversed provisions	101,025
Exchange rate difference	(19,131)
At March 31, 2024	**(42,927,348)**

10. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023
Cash at bank	400,249,195	612,681,924
Cash on hand	2,677	9,227
Transitory amounts	5,556	213,335
Other cash equivalents	7,318	617,227
Total	**400,264,746**	**613,521,713**

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

11. EQUITY

11.1 SHARE CAPITAL

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

The shareholder structure at 31 March 2024 and 31 December 2023:

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

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

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

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

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

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

11. EQUITY (continued)

11.2 SHARE PREMIUM

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

11.3 REVALUATION RESERVES

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

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

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

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

11.4 OTHER RESERVES

Hybrid Loan

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

In 2012, USD 800 million of the total outstanding balance of the loan payable to KMG International NV was converted into an unsecured hybrid loan, repayable after 51 years. During 2013, an additional USD 150 million were converted, the hybrid loan amounting to USD 950 million. The loan is unsecured, subordinated to any present and future liability of the company. At maturity the loan can be repaid in cash or fully or partially converted into shares at the option of the issuer. The interest rate for this loan is 15% of the aggregate amount of the company's annual EBIT (operational profit), and it is computed and becomes payable if the below conditions are met cumulatively (as per the addendum to the hybrid loan contract concluded in May 2021):

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

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

In 2017, an additional USD 72.2 million were converted to hybrid loan by conversion of a debt held in front of KMG International NV. The additional loan is unsecured, repayable after 51 years and subordinated to any present and future liability of the companies. At maturity the loan can be repaid in cash or fully or partially converted into shares. The interest rate for this loan is 2% of the aggregate amount of the company's annual EBIT (operational profit), and it is computed and becomes payable if the below conditions are met cumulatively (as per the addendum to the hybrid loan contract concluded in May 2021):

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

The addendums have retroactive effects.

12. TRADE AND OTHER PAYABLES

	March 31, 2024	December 31, 2023
Trade payables	3,736,535,180	4,294,946,460
VAT payable	176,163,448	166,636,930
Special found tax for oil products	27,560,632	27,560,632
Taxes payable	104,021	(88,023)
Employees and social obligations	32,355,388	33,733,551
Other liabilities	1,311,730,211	1,433,780,719
Total	**5,284,448,880**	**5,956,570,269**

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

The cash pooling debt amounts to RON 1,301.44 million (2023: RON 1,413.25 million) and is recognised in "Other liabilities".

13. CONTRACT LIABILITIES

	March 31, 2024	December 31, 2023
Short-term advances from other customers	215,371,309	274,823,341
Total short-term advances	**215,371,309**	**274,823,341**

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

14. SHORT-TERM BORROWINGS

Short-term loan from banks

	31 March 2024	31 December 2023
Banca Transilvania	**67,398,709**	**112,131,624**
Revolving credit ceiling on short term credit facility of up to EUR 30 million, for working capital purposes, for issue of letters of credit and letters of guarantee. Maturity date is July 28, 2024; guarantee on the credit balances of all current accounts; Corporate unconditional and irrevocable guarantee issued by KMG International; mortgage on the delayed coking unit; pledge on machinery and equipment; mortgage on real estate land area of 30,380.96 m2; assignment of rights from insurance compensation.		
Banca Transilvania	**32,994,359**	**43,242,307**
Short-term credit facility type cash and non-cash amounting to EUR 27,961,890 for the current activity, issuing letters of credit and letters of guarantee, due on July 28, 2024; guarantee on the credit balances of all current accounts; Corporate unconditional and irrevocable guarantee issued by KMG I; assignment of rights from insurance compensation; rank mortgage on installations: HDV = EUR 9.3 million; DAV = EUR 14,3 million; DGRS =EUR 7.3 million; AFPE = EUR 16.08 million; GA (G1 + G3) = EUR 5.2 million; ON202 = EUR 5.7 million; warranty on land and buildings - EUR 181,000; warranty on the equipment; pledge on movable production assets EUR 10.9 million.		
Interest due	824,706	1,345,850
	101,217,774	**156,719,782**
Syndicated loan – through Unicredit Bank as payer agent (current portion)	-	-
Syndicated loan – auxiliary component representing overdraft loan granted by Garanti Bank	9,306,484	13,434,880
Syndicated loan – auxiliary component representing overdraft loan granted by Alpha Bank Romania	46,606,278	18,048,944
Syndicated loan – auxiliary component representing overdraft loan granted by OTP Bank Romania	4,507,094	4,471,035
TOTAL	**161,637,629**	**192,674,641**

At the level of KMG International NV, loan covenants are tested every 6 months, at half-year and at year end. For 2023, the loan covenants are respected.

15. LONG-TERM BORROWINGS

Long-term loan from banks

	31 March 2024	31 December 2023
Loan facility – through BCR (Banca Comerciala Romana) as payer agent General corporate purposes and working capital facility of USD 531,800,000 with possibility to increase up to USD 600,000,000 considering an accordion clause of USD 68,200,000. Facility granted by a consortium of banks, namely Banca Comerciala Romana S.A. (BCR), ING Bank N.V Amsterdam – Bucharest Branch, Raiffeisen Bank S.A., UniCredit Bank S.A., Alpha Bank Romania S.A., Garanti Bank S.A. and OTP Bank Romania S.A.The facility consists of two parts: (I) USD 265,9 million committed line and the maturity date is April 13, 2026 with an option of adding another 2 years until 2028 and (II) USD 265,9 million uncommitted line for a period of 1 year, with yearly possibility of prolongation. The facility is secured by: inventories, receivables, depots, gas stations and current accounts.	1,225,214,020	1,195,433,220
TOTAL	**1,225,214,020**	**1,195,433,220**

The movement of loans in the first 3 months 2024 is presented below:

	At January 01, 2024	Movement	At March 31, 2024
Long-term borrowings from banks	1.195.433.220	29.780.800	1.225.214.020
Short-term borrowings from banks	191.328.791	(30.515.867)	160.812.924
Total	**1.386.762.011**	**(735.067)**	**1.386.026.944**
Interest short-term borrowings from banks	1.345.850	(521.144)	824.706
Total	**1.345.850**	**(521.144)**	**824.706**

16. OBLIGATION UNDER LEASE AGREEMENTS

	2024	2023
Opening balance at 01 January	**55,123,588**	**57,560,826**
Re-measurement	-	184,734
Payments	(1,175,480)	(4,726,595)
Interest accrued	437,954	1,824,610
Exchange rate impact	(40,543)	280,013
As at 31 March / 31 December	**54,345,519**	**55,123,588**
Non-current	51,773,186	52,429,915
Current	2,572,333	2,693,673

As of 31 March 2024 there are no sale and leaseback agreements and no lease agreements signed and not commenced yet.

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

17. PROVISIONS

The movement of the provisions is presented below:

	As at 1 January 2024	Other comprehensive income	Arising during the year	Unwinding of discount	Reclassification between balance sheet items	As at 31 March 2024
Provision for litigations	3,600,000	-	-	-	-	3,600,000
Retirement benefit provision	46,620,785	-	-	-	-	46,620,785
Environmental provision	449,392,402	-	-	-	-	449,392,402
Total	**499,613,187**	**-**	**-**	**-**	**-**	**499,613,187**

Environmental provision

Vega lagoons

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

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

17. PROVISIONS (continued)

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

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

As of 31 March 2024, the provision recognised at the end of 2023 (as stated above) is considered as being appropriate.

Vadu cassettes

In 2023, testing of the technical solution was conducted to facilitate the preparation of documentation required for environmental compliance. Subsequently, the initiation of contracting and development of the technical project commenced. The deadline set by the competent authority for the submission of the technical project is by the end of May 2024.

During the previous period, the Company conducted due diligence procedures according to Law 74/2019 for the biological waste storage area resulting from IAZ no.1 ("Vadu cassettes"), a process ongoing in compliance with EPA Constanta. A detailed investigation report was submitted to environmental authorities, and a feasibility study completed, paving the way for forthcoming remedial actions.

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

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

Retirement benefit provision

Under the collective labor agreement in force, employees are entitled to specific retirement benefits that are payable on retirement, if the employees are employed with the entity at the date of their retirement. The level of benefits provided depends on the member's length of service, the employees is entitled to a fix amount per each year of service. A corresponding provision has been recognized based on: the specific benefits provided in the updated Collective Labour Agreement signed in 2022; the number of employees working within the entity; and actuarial assumptions on future liabilities.. For the computation an actuarial valuation is involved making various assumptions that may differ from actual developments in the future. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

18. NET REVENUES FROM CONTRACT WITH CUSTOMERS

	January - March 2024		TOTAL 2024	January - March 2023		TOTAL 2023
	Refining	Petrochemicals		Refining	Petrochemicals	
Gross revenues from the sale of finished oil products	4,266,435,868	125,885,539	4,392,321,407	5,112,964,719	189,937,540	5,302,902,259
Revenues from petrochemicals trading	-	23,143	23,143	-	46,173	46,173
Revenues from other merchandise sales	19,455,643	-	19,455,643	1,602,632	-	1,602,632
Revenues from utilities sold	5,430,616	857,343	6,287,960	8,177,251	-	8,177,251
Revenues from the sale other products	-	-	-	131,983	-	131,983
Revenues from other services	4,424,841	-	4,424,841	4,354,624	-	4,354,624
Gross Revenues	**4,295,746,969**	**126,766,025**	**4,422,512,994**	**5,127,231,209**	**189,983,713**	**5,317,214,922**
Less sales taxes	(988,828,545)	-	(988,828,545)	(978,721,839)	-	(978,721,839)
Total	**3,306,918,424**	**126,766,025**	**3,433,684,450**	**4,148,509,370**	**189,983,713**	**4,338,493,083**

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

19. COST OF SALES

	January - March 2024	January - March 2023
Crude oil and other raw materials	2,881,875,425	3,606,335,695
Consumables and other materials	9,470,972	20,347,249
Utilities	169,353,162	279,479,133
Staff costs	35,764,724	32,836,712
Transportation	60,861	54,707
Maintenance	31,460,044	27,807,104
Insurance	4,760,395	2,485,386
Environmental expenses	4,072,527	22,177,261
Other	17,318,948	14,836,564
Cash production cost	**3,154,137,059**	**4,006,359,811**
Depreciation and amortization	68,030,029	101,707,200
Production costs	**3,222,167,088**	**4,108,067,011**
Less: Change in inventories	87,073,689	(117,948,041)
Less: Own production of property, plant & equipment	(1,548,613)	(106,950)
Cost of petrochemicals trading	36,915	45,469
Cost of other merchandise sales	19,303,334	1,606,835
Cost of utilities sold	5,496,747	8,912,218
Total	**3,332,529,160**	**4,000,576,542**

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

	January - March 2024	January - March 2023
Staff costs	21,818,144	11,989,097
Utilities	15,500,746	9,174,906
Transportation	14,569,289	16,224,875
Professional and consulting fees	10,840,067	9,530,240
Consumables	878,302	471,947
Marketing	2,895	407
Taxes	2,137,677	1,127,948
Communications	8,887	7,016
Insurance	2,308,871	666,196
IT related expenditures	2,935,720	1,946,454
Environmental expenses	791,505	3,535,542
Maintenance	9,493,430	6,850,181
Fees and penalties	5,184,451	9,875,840
Other expenses	26,362,482	14,050,759
Costs before depreciation	**112,832,465**	**85,451,408**
Depreciation and amortisation	30,891,405	17,597,175
Total	**143,723,870**	**103,048,583**

21. OTHER OPERATING (INCOME) / EXPENSES, NET

	January - March 2024	January - March 2023
Provision for receivables, net and write-off, net	2,531,714	124,220
Provision for inventories, net and write-off net	(69,441,481)	7,766,422
Other expenses / (income), net	(15,850)	3,133,043
Total	**(66,925,617)**	**11,023,685**

In 2024 inventory reserves decreased by RON 69 million, with RON 36 million attributed to petroleum products and RON 33 million to petrochemicals products. The decrease is largely due to a general turnaround initiated on March 8, resulting in a temporary reduction in stock quantity.

22. FINANCIAL COST, FINANCE INCOME AND FOREIGN EXCHANGE

	January - March 2024	January - March 2023
Finance cost		
Interest expense	28,384,501	7,292,561
Interest expense shareholders and related parties	30,487,346	43,129,083
Unwinding of discount - lease	437,955	460,512
Other financial expense	57,751,723	37,071,967
	117,061,525	**87,954,122**
Finance income		
Interest income	(13,795,805)	(14,854,303)
Other financial income	(773,203)	(522,813)
	(14,569,009)	**(15,377,116)**
Finance cost / (income), net	**102,492,517**	**72,577,006**
Unrealized net foreign exchange losses/(gains)	142,016,844	(9,904,034)
Realized net foreign exchange losses/(gains)	(18,914,830)	(47,621,540)
Foreign exchange (gain)/loss, net	**123,102,014**	**(57,525,574)**
Total	**225,594,531**	**15,051,432**

23. INCOME TAX

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

	March 31, 2024 RON	March 31, 2023 RON
Tax expense comprises:		
Current expense with income tax, out of which	**16,462,336**	**131,174,194**
Current income tax	-	-
Solidarity contribution	-	*131,174,194*
Turnover tax	*16,462,336*	-
Deferred tax expense / (income)	**-**	**-**
Total tax expense / (income)	**16,462,336**	**131,174,194**

23. INCOME TAX (continued)

b. The deferred tax assets and liabilities

	Balance at 1 January 2024	Charged to Profit & loss	Charged to Equity	Balance at 31 March 2024
Temporary differences				
Asset/Liability				
Property, plant and equipment	565,978,638	-	-	565,978,638
Provisions	(700,563,549)	-	-	(700,563,549)
Total temporary differences (Asset)/Liability	**(134,584,911)**	**-**	**-**	**(134,584,911)**
Property, plant and equipment	90,556,582	-	-	90,556,582
Provisions	(112,090,168)	-	-	(112,090,168)
Differed tax (assets)/liability recognised	**(21,533,586)**	**-**	**-**	**(21,533,586)**

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

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

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

24. OPERATING SEGMENT INFORMATION

Geographical segments

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

	March 31, 2024	March 31, 2023
Romania	2,305,208,755	2,796,874,372
Europe	1,093,646,980	1,477,306,959
Asia	34,828,715	64,311,752
Total	**3,433,684,450**	**4,338,493,083**

25. RELATED PARTIES

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

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

25. RELATED PARTIES (continued)

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

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

	Receivables and other assets	
	March 31, 2024	**December 31, 2023**
KazMunayGas Trading AG	82,206,794	230,506,456
Rompetrol Downstream S.R.L	698,023,746	749,865,007
Rompetrol Petrochemicals S.R.L.	481	481
KMG International N.V.	439,163	545,327
Rompetrol Gas SRL	2,013,109	27,008,023
Rompetrol Moldova ICS	34,636,499	28,148,161
Rompetrol Bulgaria JSC	1,230,394	1,832,551
Rominserv S.R.L.	16,327,374	47,196,399
Rompetrol Quality Control S.R.L.	159,268	165,739
Rompetrol Logistics S.R.L	2,122	2,071
Midia Marine Terminal S.R.L.	1,106,845	1,195,121
Midia Green Energy SA (former Uzina Termoelectrica Midia SA)	274,985	274,985
KMG Rompetrol SRL	173,026,441	210,411,841
Global Security Systems S.A.	608,524	608,033
Rompetrol Energy S.A.	33,772,646	80,788,696
Byron Shipping Ltd.	3,395	2,695
Oilfield Exploration Business Solutions S.A.	3,022,936	2,964,917
Rompetrol Financial Group SRL	11,236	11,194
KMG Rompetrol Services Center SRL	45,740	44,916
KMG Rompetrol Development SRL	1,248,586	-
Total	**1,048,160,284**	**1,381,572,613**

25. RELATED PARTIES (continued)

	Payables, loans and other liabilities	
	March 31, 2024	**December 31, 2023**
KazMunayGas Trading AG	3,394,081,454	3,911,405,971
Rompetrol Downstream S.R.L	21,613,546	72,264,156
Rompetrol Petrochemicals S.R.L.	8,315,590	8,315,590
Rompetrol Gas SRL	2,243,722	3,248,392
Rompetrol Moldova ICS	43,419,566	66,076,957
Rominserv S.R.L.	241,420,876	150,601,133
Rompetrol Quality Control S.R.L.	5,306,818	23,672,159
Midia Marine Terminal S.R.L.-trade debts	8,540,764	12,340,927
Midia Green Energy SA (former Uzina Termoelectrica Midia SA)	415	415
KMG Rompetrol SRL- debt cash pooling	1,290,624,611	1,404,248,845
KMG Rompetrol SRL-interest cash pooling	9,616,291	9,038,687
KMG Rompetrol SRL-trade debts	6,391,026	27,424,489
Global Security Systems S.A.	1,357,022	1,357,022
Global Security Systems Fire Services S.R.L.	2,152,906	2,637,941
KMG Rompetrol Development	-	7,425,858
Rompetrol Energy S.A.	24,816,671	37,594,909
KMG Rompetrol Services Center SRL	1,556,614	1,612,763
TRG Petrol Ticaret Anonim Sirketi	10,346	10,346
Total	**5,061,468,237**	**5,739,276,560**

The company concluded a Cash Pooling agreement for implementing a cash balance optimization system, in which KMG Rompetrol SRL is the "Coordinating company" and Rompetrol Rafinare SA is a participating company; maturity on 4 August 2024 with annual automatic prolongation of maturity.

25. RELATED PARTIES (continued)

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

		Sales		Purchases	
Name of related party	**Nature of transaction , sales / purchases**	**January - March 2024**	**January - March 2023**	**January - March 2024**	**January - March 2023**
KazMunayGas Trading AG	Raw materials / Petroleum products	561,529,990	742,409,960	2,401,391,907	3,802,324,412
Rompetrol Downstream S.R.L	Petroleum products, rent, utilities and other	1,803,184,245	1,969,395,777	675,673	697,626
KMG International N.V.	Loan interest, management services	274	-	1,725,476	2,156,867
Rompetrol Gas SRL	Platform operation, propane / Petroleum products, rent, other	82,138,755	138,100,131	169,585	129,574
Rompetrol Moldova ICS	Sales intermediary services	363,962,651	435,313,260	-	-
Rompetrol Bulgaria JSC	Sales intermediary services	11,222,004	10,063,162	-	-
Rominserv S.R.L.	Acquisition and maintenance of fixed assets	900,673	939,908	213,189,690	44,256,066
Rompetrol Quality Control S.R.L.	Laboratory analysis/Rent, utilities, other services, dividends	463,308	505,714	13,265,268	7,944,438
Rompetrol Logistics S.R.L	Transport, rent/Rent, utilities	3,020	4,514	41,081	41,081
Midia Marine Terminal S.R.L.	Handling services/ Rent,utilities, reinvoicing, loan interest ,others	244,928	471,965	20,246,086	15,925,310
Rompetrol Energy S.A.	Acquistion of utilities	37,001,114	112,996,758	57,355,795	62,532,298
KMG Rompetrol S.R.L.	Loan interest, management services	5,728,856	11,794,937	43,538,464	53,359,352
Global Security Systems S.A.	Security and protection services	412	411	2,467,258	2,464,104
Global Security Systems Fire Services SRL	Security and protection services	-	-	2,310,412	2,279,384
Byron Shipping S.R.L.	Demurrage /Rent, reinvoices of other services	7,800	6,751	-	-
KMG Rompetrol Services Center SRL	Shared services	115,028	114,724	3,584,458	2,709,848
		2,866,503,059	**3,422,117,973**	**2,759,961,154**	**3,996,820,360**

25. RELATED PARTIES (continued)

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

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

26. EARNINGS PER SHARE

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

	March 31, 2024	**March 31, 2023**
Net profit (+), loss (-)	(217,699,829)	77,618,647
Average number of shares	26,559,205,726	26,559,205,726
Result per share - base (bani/share)	(0.82)	0.29

27. CONTINGENT LIABILITIES

Rompetrol Rafinare SA - Distressed Assets - Hybrid Conversion

By the Emergency Ordinance ("**EGO**") 118/2003 approved by Law 89/2005 and the Issuing Convention of 5 December 2003 ("Issuing Convention"), the RON 2,177.7 million of state budget liabilities, including penalties were denominated into 22,812,098 convertible bonds (i.e. a total of EUR 570.3 million at the RON / EUR exchange rate as of 30 September 2003 or 3.8185 RON / EUR or USD 719.4 million at the same date), hereinafter referred to as "Hybrid instruments" or "Bonds".
The Bonds carried interest and were redeemable on or before maturity, partially or entirely. The bonds not redeemed by 30 September 2010 should be convertible, at a fixed conversion rate, into ordinary shares of Rompetrol Rafinare S.A., at the option of the Company..

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

The Ministry of Public Finance publicly took an adverse position against such course of action and challenged it in various course procedures and on 10 September 2010 the National Agency of Fiscal Administration ("**ANAF**") issued a decision for establishment of a precautionary seizure on all the participations held by Rompetrol Rafinare S.A. and its affiliates as well as on all movable and immovable assets of Rompetrol Rafinare S.A. except inventories.

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

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

Following conclusion of MOU, Rompetrol Rafinare submitted to the Romanian authorities a requirement for the annulment of the seizure. On 9 May 2016, Rompetrol Rafinare SA was notified that it was included as a civil responsible party in a file under investigation by DIICOT (see Note 28 - *Litigation with the State involving criminal charges - Case 225*) and at that date, the movable and immovable assets of Rompetrol Rafinare SA, as well as all the investments in subsidiaries, were subject to asset freeze.

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

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

On 20 December 2021, a decision was issued in favor of the company by releasing the seizure. The decision was appealed by ANAF to the Supreme Court and on 22 June 2023, the Court cancelled the first decision and sent back the file to be re-settled by the Constanta Court of Appeal. The next hearing was scheduled on 5 February 2024, when the Court admitted the claim and lifted the seizure to which ANAF made another appeal in front of the High Court of Justice and the communication of next hearing is expected.

27. CONTINGENT LIABILITIES (continued)

Risk management and internal control

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

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

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

Whistleblowing incidents are taken very seriously by the Company and its directors. Any complaints or allegations received are investigated properly by the assigned departments. The Company has established and maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive enough attention. In line with Irregularity Reporting Policy, the internal investigations conducted during 2024 and up to the approval date of the financial statements did not reveal any cases of ethical misconduct and non-compliance with applicable laws and regulations. The results of all internal investigations were discussed with the Company's statutory bodies, which concluded that the warnings were not confirmed.

28. LEGAL MATTERS

Litigation with the State involving criminal charges

I. Criminal case

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

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

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

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

II. Civil files

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

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

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

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

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

28. LEGAL MATTERS (continued)

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

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

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

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

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

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

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

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

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

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

The next hearing is scheduled for June 11, 2024 when the witnesses will provide again their statement.

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

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

28. LEGAL MATTERS (continued)

Litigation on Tax Assessments received by Rompetrol Rafinare SA in 2017

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

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

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

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

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

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

Criminal case concerning Petromidia Refinery incident on July 2nd 2021

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

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

28. LEGAL MATTERS (continued)

DIICOT Criminal Investigation File in connection with Vega lagoons greening Project

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

The trial was sent to the regular panel and is expected a first hearing to be established. On March 2 2023, the court kept the judicial control over the Company's employees but lifting the interdiction for leaving the country. On March 9, 2023, the court finally lifted also the judicial control. Next hearing is set on May 16, 2024.

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

Following a control performed by the Environmental National Guard within the location of Vega refinery Ploiesti on early April 2023, it sent further a notice to the local Agency for Environmental Protection to notify Rompetrol Rafinare (the owner of Vega refinery) to remedy within 60 days the deficiencies allegedly stated by the National Guard otherwise to suspend the activity of the Vega Refinery.

The local Agency for environmental protection issued on April 25, 2023 therefore a preliminary Notice to Rompetrol Rafinare to remedy the said allegedly deficiencies.

On May 4, 2023 according to the applicable legislation, the Company started the administrative conflict and submitted a complaint against National Guard to revoke its deed otherwise the company will challenge it in front of the court.
Consequently, the company challenged also the Notice issued by local Agency for Environmental Protection via administrative procedure submitting the claim on May 23, 2023 and filled the application for suspension in front of the court to get, if successfully, an order to suspend its effects until the court will issue a final settlement on merits. The first hearing was scheduled on June 16, 2023, when the Court rejected the company's application. The decision is subject of appeal.

Besides the legal steps the Company continued the dialogue with environmental authorities as regards the Vega refinery remediation project and on June 20, 2023 the National Guard issued a Finding Note by which they confirmed that all 3 (three) measures imposed by the National Guard on the report issued on April 3, 2023 have been accomplished by the company.

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

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

28. LEGAL MATTERS (continued)

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

On June 21, 2023, a fire occurred in the Petromidia refinery, at the MHC plant, with no recorded victims. Criminal investigations are carried out by the Prosecutor's Office next to the Constanța Court (Judecatorie). The company, as the injured party, formulated and submitted in the file a criminal complaint with the object of destruction. Also, at the request of both the Company and the Prosecutor's Office next to the Constanta Court, INCD INSEMEX Petroşani was ordered to carry out a technical judicial expertise in order to establish the causes of the incident. At the same time, the incident, falling under the category of major incidents in accordance with the legislation in force, is also being investigated by the Constanta Territorial Labor Inspectorate.

Windfall tax litigation

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

After fulfilling the mandatory administrative procedure for challenging this tax which was rejected by the fiscal authorities, the Company filed in on March 8, 2024, the challenge in front of the court. The first hearing is scheduled for May 13, 2024

29. COMMITMENTS

Environmental risks and obligation

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

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

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

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

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

Climate change and energy transition

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

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

29. COMMITMENTS (continued)

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

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

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

In 2023 KMGI Group focused on implementation of the projects from the approved list of priority projects. Completed feasibility studies in line with the GD 907/2016 on the Framework content of Technical Documentation for three projects: installation of solar panels at the Petromidia refinery, construction of the advanced generation bioethanol plant (based on second generation cellulosic feedstock (cereal straw, such as wheat, barley), co-processing of advanced biodiesel.

Transposition of RED II regulation in Romania and upcoming RED III regulation, imposes legislative requirements on Group for minimum content of new generation biofuels starting 2023. Production of new generation biofuels for own use is a low hanging fruit that would allow to reduce costs and secure supply. First project co-funded by the European Union, through Connecting Europe Facility was launched, for installation of 11 charging stations of 300kW and upgrading the grid connection for 11 locations to 600kW each on Rompetrol's highway stations. It is worth to mention, that development of vertical integration through extensive development of controllable channels in Romania and near abroad remains an important development direction, aiming to mitigate exposure to volatility of the market refining margin. The Group is working on the project for gradual substitution of gray hydrogen in the production processes of Petromidia refinery with green hydrogen, this could allow to reduce CO2 emissions by approximately 24% by 2030.

One of the major projects currently under construction is the cogeneration plant on the Petromidia platform. The plant will have a major role in stabilizing the production and distribution of electricity in the region, by ensuring the energy needs of the platform, but also by injecting the surplus electricity into the national grid.

The new unit will comply with the highest technological standards of energy efficiency and environmental protection and is being built in partnership with the Midia Thermal Power Plant - currently owned by the Ministry of Energy (56.58%) and KMG International (43.42%). Rompetrol Energy, the operator of the future cogeneration plant, is majority owned by the Kazakh-Romanian Energy Investment Fund (KREIF), along with Rominserv and the Midia Thermal Power Plant. The project, worth over 164 million USD, is financed by the Kazakh-Romanian Energy Investment Fund (KRIEF). The project is a brownfield investment and will integrate the assets of the Midia Thermal Power Plant, as well as its staff, for the operation of the new plant's equipment. Construction began in May 2021 and expected to be completed in second quarter of 2024.

Major investment projects of the KMGI Group in Romania will be implemented through Kazakh-Romanian Investment Fund in the Energy sector established in November 2018 together with the Romanian State, represented by the Management Company of the Shares Owned within Energy Sector (S.A.P.E.), which holds 20% in the equity of the Fund, 80% belonging to KMGI.

29. COMMITMENTS (continued)

War and conflict riks

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

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

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

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

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

Cyber risk

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

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

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

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

29. COMMITMENTS (continued)

Work safety and safe operations

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

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

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS

A. CAPITAL RISK

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of bank debt and shareholder loans (see Notes 14 and 15), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the "Statement of Changes in the Shareholders' Equity".

B. GEARING RATIO

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

	March 31, 2024	December 31, 2023
Debt (excluding shareholder and related parties loans)	1,386,851,649	1,388,107,861
Cash and cash equivalents	(400,264,746)	(613,521,713)
Net Borrowings	**986,586,903**	**774,586,148**
Equity (including shareholder and related parties loans)	1,744,913,857	1,962,613,686
Gearing ratio	**56.5%**	**39.5%**

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

	March 31, 2024	December 31, 2023
Long-term borrowings	1,225,214,020	1,195,433,220
Total equity	1,744,913,857	1,962,613,686
Gearing ratio	**70.22%**	**60.91%**

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

C. FINANCIAL INSTRUMENTS

	31 March 2024	31 December 2023
Financial assets		
Investments in subsidiaries	3,531,898,492	3,531,898,492
Trade receivables and other receivables	969,621,772	1,278,344,903
Long-term receivables	41,254,000	41,254,000
Cash and bank accounts	400,264,746	613,521,713
TOTAL FINANCIAL ASSETS	**4,943,039,010**	**5,465,019,108**

Financial liabilities	31 March 2024	31 December 2023
Commercial liabilities and other liabilities	5,071,421,693	5,752,887,700
Short term loans	161,637,629	192,674,641
Long term borrowings from banks	1,225,214,020	1,195,433,220
Lease debts	54,345,519	55,123,588
Profit tax payable	157,261,794	140,799,458
TOTAL FINANCIAL LIABILITIES	**6,669,880,655**	**7,336,918,607**

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

- VAT to be recovered;
- Profit tax to be recovered;
- Other taxes to be recovered.

Similarly, for trade and other payables the following are not considered as financial liabilities:

- Excises taxes;
- Special fund for oil products (FSPP);
- VAT payable;
- Profit tax payable;
- Salary taxes payable;
- Other taxes;

The estimated fair values of these instruments approximate their carrying amounts.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques;
- The Company enters into derivative financial instruments with various counterparties. As at 31 March 2024, the marked to market value of derivative position is for financial instruments recognised at fair value.

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable market data, either directly or indirectly;
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31 March 2024	Level 1	Level 2	Level 3
Financial assets				
Investments in subsidiaries	3,531,898,492	-	-	3,531,898,492
Trade receivables and other receivables	969,621,772	-	969,621,772	-
Long-term receivables	41,254,000	-	41,254,000	-
Cash and bank accounts	400,264,746	400,264,746	-	-
TOTAL FINANCIAL ASSETS	**4,943,039,010**	**400,264,746**	**1,010,875,772**	**3,531,898,492**
Financial liabilities				
Commercial liabilities and other liabilities	5,071,421,693	-	5,071,421,693	-
Short term loans	161,637,629	-	161,637,629	-
Long term borrowings from banks	1,225,214,020	-	1,225,214,020	-
Lease debts	54,345,519	-	54,345,519	-
Profit tax payable	157,261,794	-	157,261,794	-
TOTAL FINANCIAL LIABILITIES	**6,669,880,655**	**-**	**6,669,880,655**	**-**

	31 December 2023	Level 1	Level 2	Level 3
Financial assets				
Investments in subsidiaries	3,531,898,492	-	-	3,531,898,492
Trade receivables and other receivables	1,278,344,903	-	1,278,344,903	-
Long-term receivables	41,254,000	-	41,254,000	-
Cash and bank accounts	613,521,713	613,521,713	-	-
TOTAL FINANCIAL ASSETS	**5,465,019,108**	**613,521,713**	**1,319,598,903**	**3,531,898,492**
Financial liabilities				
Commercial liabilities and other liabilities	5,752,887,700	-	5,752,887,700	-
Short term loans	192,674,641	-	192,674,641	-
Long term borrowings from banks	1,195,433,220	-	1,195,433,220	-
Lease debts	55,123,588	-	55,123,588	-
Profit tax payable	140,799,458	-	140,799,458	-
TOTAL FINANCIAL LIABILITIES	**7,336,918,607**	**-**	**7,336,918,607**	**-**

At 31 March 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

D. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses different commodity derivatives as a part of price risk management in trading of crude oil and products.

The Company performs hedging transactions regarding the risk of increasing USD interest rates.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments for fair value are recognized in profit or loss as they arise.

E. MARKET RISK

The Company's activities expose it to a variety of risks including the effects of: changes in the international quotations for crude oil and petroleum products, foreign currency exchange rates and interest rates. The Company's overall risk management main objective is to minimize the potential adverse effects on the financial performance of the Company.

F. FOREIGN CURRENCY RISK MANAGEMENT

For the purpose of preparing these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

Crude oil imports, loans and a significant part of petroleum products are all denominated principally in US Dollars. Therefore, in respect of liabilities the Company is exposed to the risk of US dollar appreciation to the detriment of local currency, while in respect of foreign currency receivables, exposure arises in the context of depreciation of US dollar currency. Moreover, certain assets and liabilities are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Company Treasury is responsible for handling the Company foreign currency transactions.

G. FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to the USD and EUR fluctuation risk.

The following table details the Company's sensitivity to a 5% increase and decrease in the RON exchange rate against the relevant foreign currencies. The sensitivity analysis includes only the foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in the exchange rates. A positive number below indicates an increase in profit and other equity here generated by a positive exchange rate RON/USD of 5% and generated by a negative exchange rate RON/EUR of 5%. For a 5% weakening of the exchange rate RON against USD and an increase of the exchange rate RON against EUR there would be a negative impact in the profit, with the same value.

	USD		**EUR**	
	31 March 2024	**31 December 2023**	**31 March 2024**	**31 December 2023**
RON				
5%	(242,558,592)	(260,092,755)	4,317,358	10,827,187
(5%)	242,558,592	260,092,755	(4,317,358)	(10,827,187)

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

H. INTEREST RATE RISK MANAGEMENT

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Company has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Company to both fair value and cash flow risk. Details of the interest rate terms, which apply to the Company's borrowings, are provided in Notes 14, 15.

The sensitivity analyses below have been determined based on the financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If the interest rates had varied by + / - 50 points and all the other variables had remained constant, the net result of the Company as at 31 March 2024 would decrease / increase by RON 26.7 million (2023: decrease / increase by RON 27.0 million).

I. OIL PRODUCTS and RAW MATERIAL PRICE RISK

The Company is affected by the volatility of crude oil, oil product and refinery margin prices.

The operating activities of the Company require ongoing purchase of crude oil to be used in its production as well as for the supply of petroleum products to its customers. Due to significantly increased volatility of crude oil prices, the management developed a hedge policy which was presented to the Company's Board of Directors and was approved in most significant aspects in 2010 and with some further amendments in February 2011. Following this approval, the Company started on January 2011 to hedge commodities held by Rompetrol Rafinare.

According to the hedge policy, on the commodity side, the flat price risk for priced inventories above a certain threshold (called base operating stock) can be hedged using future contracts traded on ICE Exchange and some OTC instruments for the secondary risks. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Company, hence price fluctuations will not affect the cash-flow.

Trading activities are separated into physical (purchase from third parties and KazmunayGas Group, and sales to third parties and Intercompany) and paper trades (for economic hedging purposes). Each physical transaction is covered through a related futures position according to the exposure parameters set by management (i.e. based on physical quantities sold or purchased). The Company can sell or buy the equivalent number of future contracts. This paper trade is done only to hedge the risk of the Physical Trade and not to gain from the trading of these instruments.

The Refining activity of the Company is exposed to the increase of the EUA certificates prices. Rompetrol Refinery CO_2 emissions are offset with EUA certificates. For the current year, the Company has covered the need for certificates. As a mitigation measure, the Financial Risk Management Department is monitoring the EUA market in order to hedge EUA deficit of the Refinery for the remaining years of first part of phase IV (2024-2025) as well as the following years. When the market price will be within the target level of the Company, hedge operations will be carried on.

30. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

J. CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or purchase contracts, which leads to a financial loss. The Company is exposed to credit risk from its operating activities primarily for trade receivables and from its financing activities including bank deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of aging.

Financial instruments and bank deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury in accordance with the Company's policy.

31.SUBSEQUENT EVENTS

On April 24, 2024 Rompetrol Rafinare SA received from Rompetrol Gas SRL a loan of RON 18.6 million for the purpose of covering the funds necessary to Rompetrol Rafinare SA to pay the turnover tax for the 1st quarter of 2024. Maturity of the loan is for a period of 12 months.

Also, the uncommitted short term facility in amount of USD 275.9 million granted by a consortium of banks, meaning Banca Comercială Română S.A. (BCR), ING Bank N.V Amsterdam – Bucharest Branch., Raiffeisen Bank S.A., UniCredit Bank S.A., Alpha Bank Romania S.A., Garanti Bank S.A., OTP Bank Romania S.A. and Banca Comercială Intessa Sanpaolo Romania S.A. was extended for a period of 1 year until April 11, 2025.

BATYRZHAN TERGEUSSIZOV
Chairman of the Board of Directors

ALEXANDRU STAVARACHE
Financial Manager

FLORIAN-DANIEL POP
General Manager

Prepared by, Alexandru Cornel Anton
Chief Accountant

Rompetrol Rafinare SA
Financial ratios as at 31 March 2024
13A appendix from ASF Regulation no. 5/2018

Indicator	Result	Calculation method
1. Current ratio	0.46	Current assets/Current liabilities
2. Gearing ratio	70.22%	Borrowed capital/Equity x 100
3. Receivables turnover ratio	27.72	Average balance for receivables/Turnover x 90
4. Non-current assets turnover ratio [1]	2.07	Turnover/Non-current assets

**Note: Economic and financial indicators were computed based on unaudited interim financial statements.*

*[1] Non-current assets turnover ratio is calculated based on annualized turnover for the period January-March 2024 *(360/90) days.*

CHAIRMAN OF THE BOARD OF DIRECTORS,
Batyrzhan Tergeussizov

FINANCIAL MANAGER,
Alexandru Stavarache

GENERAL MANAGER,
Florian-Daniel Pop

PREPARED BY (Chief Accountant),
Alexandru Cornel Anton