

HALF-YEAR REPORT OF THE BOARD OF DIRECTORS

**prepared in accordance with Regulation FSA no.5/2018
for the first half-year of 2023**

Company ROMPETROL WELL SERVICES S.A.

Registered office:	Ploiești - str. Clopoței no. 2 bis
Telephone no.:	0244/544321, 0244/544101
Fax no.:	0244/522913
Tax identity code:	RO 1346607
Trade Registry no.:	J29/110/March 05, 1991
Trading market:	BUCHAREST STOCK EXCHANGE
Subscribed and paid in share capital:	RON 27,819,090

Main characteristics of the securities issued by the company

No. of shares:	278,190,900
Nominal value (RON/share):	RON 0.10
Class and type of securities:	"A" nominative

Rompetrol Well Services S.A. (PTR) is one of the major suppliers of well services in Romania. The company offers a wide range of services for oil and gas wells. These services include cementing, stimulation, tubular running operations etc.

In the first half of this year, the upstream market continued to be volatile, with a low level of new investment and works from our main customers. Moreover, the geopolitical context and the uncertainty facing the region during this period triggered a sharp increase in purchase prices for goods and services contracted by the Company for current activities, but also a fluctuation in delivery times.

Although in 2023 we expect the market to be still volatile, with a low level of new investment from our main customers, we estimate the Company's flexibility in terms of the type of services provided, along with a strong financial position, including cash and cash equivalents, will allow the operational activity to register a level similar to the one estimated in the approved budget.

1. Economic and financial position

1.1. Presentation of a current economic and financial analysis in comparison with the same period of the last year, with reference to at least the following:

a) balance sheet items: assets accounting for at least 10% of total assets; cash and other available funds; reinvested profits; total current assets; company's debts situation; company total current liabilities;

	At 30.06.2023	-lei At 30.06.2021
Fixed assets	47.176.083	49.664.942
Current assets, of which:	81.426.427	112.849.886
Cash and availabilities in cash-pooling system	46.835.601	72.551.276
Total assets	128.602.510	162.514.828
Equity, of which:	97.297.595	90.711.935
Current year profit / (loss)	6.447.844	(564.707)
Long term liabilities	9.662.989	11.238.218
Current liabilities	21.641.926	60.564.675
Total equity and liabilities	128.602.510	162.514.828

The net value of fixed assets had recorded an decreasing trend, the significant impact being given by the normal depreciation of the existing assets.

The increase in equity is the direct consequence of level of profitability recorded in first half year of 2023. The significant variation registered in the category of current liabilities is given by the level of dividends payable (8.6 million on 30 June 2023 compared to 50.1 million on 30 June 2022).

b) the profit and loss account: net sales; gross income; cost and expenditure items representing for at least 20% of net sales or of gross income ; provisions for risks and various expenses ; reference to any sale or discontinuation in one activity segment during the last 6 months or during the following 6 months ; dividends declared and paid;

Economic and financial indicators achieved in the first six months of this year, shows the direct effects of current economic conditions.

- lei

	H1 2023	H1 2022
Operating income, out of which:	37.336.017	23.291.382
Services performed	36.943.214	22.967.704
Operating expenses	(31.165.493)	(24.794.748)
Operating result	6.170.525	(1.503.366)
Net financial income	1.519.425	938.659
Net Result	6.447.844	(564.707)

c) cash flow: all the changes occurred in the cash flow generated by the main activity, by investments and financial activities, the cash flow at the beginning and at the end of the period.

Statement of Cash Flows

Indirect method

- lei

	H1 2023	H1 2022
Net cash flow (used in) generated by operating activities	188,740	16,741,233
Net cash from investments	1,257,976	(15,994,426)
Net cash flows from financing activities	(1,462,428)	(573,636)
Net increase / (decrease) of cash and cash equivalents	(16,979)	172,246
Cash and cash equivalents at the beginning of the financial year	491,717	227,231
Cash and cash equivalents at the end of reported period	476,005	400,402

During the first six months of the year 2023, all the company's commitments were respected, managed in financial equilibrium, ensuring the cash availability for full and timely payment of commercial commitments, salaries, budgetary obligations and dividends. Solid liquidity position allowed the Company to address working capital requirements in full from own sources. In addition to the cash presented at the end of the reporting period, the Company can use also without restrictions the own cash resources from cash-pooling master account, in amount of 46,519,526 lei at 30.06.2023, respectively 72,234,970 lei at 30.06.2022.

	H I 2023	H I 2022
1. Liquidity indicators		
Current liquidity indicator	3.76	1.86
2. Gearing ratio	10.4%	13.2%
3. Activity indicators		
Turnover speed of debits - clients (days)	95.58	101.11
Turnover speed of fixed assets	0.79	0.47

We specify that financial information for the reported period January 1st 2022 – June 30st 2023 was not audited. The auditor's report shall be prepared only annually at the end of each year - calendar year. Financial auditor of the Company is Ernst & Young Assurance Services SRL, a company specialized and recognized as independent auditor and audit of annual statements is made in purpose of offering a clear view in all material respects, of the financial position of the company, of the results of its operations, of the situation changes in equity, as well as of the situation cash flow statement.

2. Analysis of the company's activity

2.1. Presentation and analysis of trends, elements, events or uncertainty factors which affect or could affect the company's liquidity position, in comparison with the same period of the last year.

The current context of the upstream market, impacted by the existing geopolitical conditions, continues to cause the large companies in this sector to maintain a low level of investments. However, the Company managed to partially compensate these negative effects, by applying a flexible policy regarding the type of services offered, as well as by a prudential approach to costs, while maintaining its social responsibilities.

To ensure success in service quality, health and safety of employees and environment protection, Rompetrol Well Services has implemented and maintains since 2006 an integrated management system certified according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

2.2. Presentation and analysis of the effects on the company's financial position of all capital expenditure, either current or anticipated (by mentioning the purpose and the source of finance for the expenditure), in comparison with the same period of the last year.

The company operated mainly through the use of its own financing sources, without engaging credits from banking institutions or other legal persons.

At the beginning of 2020, the Company signed a financial leasing contract which acquires the right to use two production equipment (cement pumping units). The financing contract has a period of 5 years, starting with the date of the goods receipt, the total value of the equipment's being of EUR 2,680,000 and the value financed in the amount of EUR 2,412,000. The Company paid in the first half of the year 2020 the advance, as part of the leasing contract, in amount of RON 1,297,120. The equipment was delivered in the first half of 2022 which resulted in the recognition of assets under the category rights of use of assets and corresponding lease liability in the amount of RON 12,061,957.

The Company will continue with the investment programme for the year using own financing sources, in order to maintain the high quality of equipment and continue to offer services with a high degree of complexity to its customers.

2.3. Presentation and analysis of the events, transactions, economic changes which significantly affect the income generated by the main activity. Mention of the extent to which the income has been affected by each element identified. Comparison with the same period of the last year.

The current market context has impacted the upstream industry in Romania in terms of the level of new investments, but, as a result of the Company's flexibility regarding the type of services offered, the volume of operations has increased by 18% compared to the level recorded in the same period of the previous year..

3. Changes which affect the company's capital and administration

3.1. Description of the situations when the company was unable to fulfil its financial obligations within that period.

The Company was able to meet all its financial obligations, having permanently liquidities, the obligations being paid within the deadlines set by the legislative norms or the contractual clauses.

3.2. Description of any change in the rights of holders of securities issued by the company.

The transferable securities issued by SC Rompetrol Well Services S.A. are admitted to the Bucharest Stock Exchange, under category II, starting with 18.06.1998 and are traded on this market under the symbol PTR.

The registered capital at June 30st 2023 is 27,819,090 RON equivalent to 278,190,900 shares with a nominal value of 0.10 RON / share.

During the first half of 2023 there was no change as regards the rights of holders of securities issued by the Company.

At June 30st, 2023, no person from the Company's management participates in the share capital of the company.

4. Significant transactions

In the case of issuers of shares, information on major transactions concluded by the issuer with the persons that act in concert or in which these persons have been involved in the relevant time period.

The transactions with the affiliated parties carried out during the reporting period are as follows:

Sales	H1 2023
KMG Rompetrol SRL	1.865.044
Rompetrol Logistics SRL	122.876
KMG Rompetrol Services Center SRL	3.851
Oilfield Exploration Business Solutions SA	85
Rompetrol Rafinare SA	85
Rompetrol Renewables SRL*	30
Rominserv SRL	119
Total	1.992.089

* named Rompetrol Drilling SRL until 28.10.2022

Acquisitions	H1 2023
Rompetrol Downstream SRL	2.584.397
KMG Rompetrol SRL	1.604.566
KMG Rompetrol Services Center SRL	480.327
Global Security Sistem SA	7.527
Rompetrol Quality Control SRL	726
Total	4.677.543

Chairman of the Board of Directors,

Tergeussizov Batyrzhan

General Manager,

Florea Georgian Stefan

Finance Manager,

Moise Luiza Roxana

ROMPETROL WELL SERVICES SA

STANDALONE FINANCIAL STATEMENTS UNAUDITED

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

30 June 2023

Contents	Page
Statement of profit or loss and other comprehensive income	3
Statement of the financial position	4
Statement of changes in equity	5 - 6
Statement of cash flow	7
Notes to the standalone financial statements	8 - 43

ROMPETROL WELL SERVICES SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	1 st Half of 2023	1 st Half of 2022
Revenue		37,199,980	23,204,992
Revenues from contracts with customers	2	36,943,214	22,967,704
Rental revenues	2.1	256,766	237,288
Other operating income	3.1	136,037	86,390
OPERATING INCOME – TOTAL		37,336,017	23,291,382
Expenses with consumables		(10,200,586)	(7,063,801)
Power and water expenses		(367,348)	(362,628)
Merchandise expenses		(176)	(10,974)
Payroll costs, out of which:	5	(9,754,099)	(8,571,835)
- Salaries		(9,344,930)	(8,145,159)
- Social security contributions		(301,393)	(253,582)
Fixed assets' value adjustments, of which	7,8,9,17	(3,220,768)	(2,049,970)
- Depreciation and amortization		(3,220,768)	(2,049,970)
Allowance for expected credit losses	13	(110,945)	200,565
Expenses with third-party services	3.2	(7,164,144)	(6,599,023)
Taxes, duties and similar expenses		(344,179)	(332,617)
Other operating expenses	3.3	(3,248)	(4,465)
OPERATING EXPENSES – TOTAL		(31,165,493)	(24,794,748)
OPERATING PROFIT / (LOSS)		6,170,525	(1,503,366)
Interest income		1,871,462	1,557,649
- of which, revenues from related parties		1,865,044	1,556,095
Other financial income		18,483	233,243
FINANCIAL INCOME - TOTAL	4.1	1,889,945	1,790,892
Finance costs		(370,520)	(852,233)
FINANCE COSTS - TOTAL	4.2	(370,520)	(852,233)
FINANCIAL PROFIT / (LOSS)		1,519,425	938,659
PROFIT / (LOSS) BEFORE TAX		7,689,950	(564,707)
Income tax expense		(1,242,106)	-
PROFIT / (LOSS) FOR THE YEAR		6,447,844	(564,707)
Earnings per share	6	0.0232	(0.0020)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		-	-
Actuarial gain / (losses) relating to retirement benefits		-	-
Remeasurement of fair value of equity instruments measured at fair value through other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, net of tax		6,447,844	(564,707)

Administrator,
FLOREA Georgian Stefan

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

Signature

ROMPETROL WELL SERVICES SA
STATEMENT OF FINANCIAL POSITION UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	30 June 2023	31 December 2022
Assets			
Non-current assets			
Property, Plant & Equipment	7	22,370,293	24,696,706
Right of use assets	17.1	12,569,436	13,313,521
Investment property	8	423,498	432,799
Intangible assets	9	43,556	60,619
Equity instruments at FVOCI	10	10,203,952	10,204,052
Other financial assets	11	1,565,348	2,539,595
Total non-current assets		47,176,083	51,247,292
Current assets			
Inventories, net	12	5,848,180	5,951,473
Trade and other receivables	13	23,695,453	16,943,438
Availabilities in cash pooling system	19	46,835,601	46,117,041
Other current assets	14	1,106,499	1,099,439
Collateral cash for guarantee letters	15.1	3,464,689	1,404,000
Cash and deposits	15	476,005	491,717
Total current assets		81,426,427	72,007,108
Total assets		128,602,510	123,254,400
Capital and reserves			
Capital			
Share capital, of which:		28,557,446	28,557,446
Subscribed and paid in share capital	16.1	27,819,090	27,819,090
Share capital adjustments	16.2	738,356	738,356
Legal reserves		5,563,818	5,563,818
Other reserves		25,832,165	25,832,165
Retained earnings		12,854,944	12,854,944
Retained earnings IFRS transition		18,041,378	18,041,378
Current result		6,447,844	2,449,517
Total equity		97,297,595	93,299,268
Long-term liabilities			
Employee benefits liabilities		1,032,717	1,032,717
Deferred tax liabilities		1,088,141	1,088,141
Lease liabilities	17.2	7,473,496	8,645,653
Other liabilities		68,635	93,449
Total long-term liabilities		9,662,989	10,859,960
Current liabilities			
Trade and other payables	18	18,120,335	16,118,478
Income tax payable		902,828	354,898
Lease liabilities	17.2	2,618,763	2,621,796
Total current liabilities		21,641,926	19,095,172
Total liabilities		31,304,915	29,955,132
Total equity and liabilities		128,602,510	123,254,400

Administrator,
FLOREA Georgiana Stefan

Signature

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

ROMPETROL WELL SERVICES SA
STATEMENT OF CHANGES IN EQUITY UNAUDITATED

For the half year ended as at 30 June 2023

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

	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
For the half year ended as at 30 June 2022							
Balance at 1 January 2022	28,557,446	5,563,818	56,194,311	28,832,881	18,041,378	1,629,634	138,819,467
Profit for the year	-	-	-	-	-	(564,707)	(564,707)
Other comprehensive income	-	-	-	-	-	-	-
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-
Actuarial gain / (losses) relating to retirement benefits	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-
Profit distribution	-	-	-	1,629,634	-	(1,629,634)	-
Dividends	-	-	-	(47,542,826)	-	-	(47,542,826)
Change of the destination of other reserves	-	-	(29,935,254)	29,935,254	-	-	-
Balance at 30 June 2022	28,557,446	5,563,818	26,259,057	12,854,943	18,041,378	(564,707)	90,711,935
For the half year ended as at 30 June 2023							
Balance at 1 January 2023	28,557,446	5,563,818	25,832,165	12,854,944	18,041,378	2,449,517	93,299,268
Profit for the year	-	-	-	-	-	6,447,844	6,447,844
Other comprehensive income	-	-	-	-	-	-	-
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-
Actuarial gain / (losses) relating to retirement benefits	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-
Profit distribution	-	-	-	2,449,517	-	(2,449,517)	-
Dividends	-	-	-	(2,449,517)	-	-	(2,449,517)
Transfer from other reserve to retain earnings	-	-	-	-	-	-	-
Balance at 30 June 2023	28,557,446	5,563,818	25,832,165	12,854,944	18,041,378	6,447,844	97,297,595

Administrator,
FLOREA Georgian Stefan

Signature

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

ROMPETROL WELL SERVICES SA
STATEMENT OF CHANGES IN EQUITY UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

The legal reserve is in amount of RON 5,563,818 (2022: RON 5,563,818). The company constituted the legal reserve in accordance with the provisions of the Romanian trading companies law, which requires at least 5% of the annual company's profit before tax to be transferred to legal reserve until the ending balance of this reserve reaches 20% of the company's share capital.

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

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

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

The Ordinary General Meeting of Shareholders decided on April 26, 2023 the distribution of the net profit of the year 2022, with the only distribution being the granting of gross dividends in the amount of 0.008805 lei/gross/share.

Administrator,
FLOREA Georgian Stefan

Signature

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

ROMPETROL WELL SERVICES SA
STATEMENT OF CASH FLOW UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Indirect method

Name of item	Note	30 June 2023	30 June 2022
<i>Cash flows from operating activities:</i>			
Net profit before tax		7,689,950	(564,707)
<i>Adjustments for:</i>			
Depreciation related to tangible assets and investment properties	7	2,365,951	1,741,818
Depreciation related to right of use assets	17.1	837,754	269,704
Amortization related to intangible assets		17,062	38,448
Provisions for post-employment benefits plans and other provisions		-	(125,583)
Allowance for trade and other receivables	13	110,945	(200,565)
Interest income		(1,871,462)	(1,557,650)
Interest expense	17	302,513	605,533
Gain / (loss) from disposal of property, plant and equipment		(135,209)	(85,920)
Net foreign exchange differences		33,786	150,636
Operating profit before working capital changes		9,351,289	271,715
Increase / (Decrease) of performance guarantees		(1,086,442)	3,012,490
Increase / (Decrease) of trade and other receivables		(6,868,480)	16,545,615
Decrease / (Increase) of inventories		103,293	(610,049)
Increase / (Decrease) of trade and other payables		(316,649)	(1,698,891)
Paid income tax		(694,176)	(175,112)
Leasing interest paid	17.2	(300,094)	(604,536)
Net cash flow from operating activities		188,740	16,741,233
<i>Cash flows from investing activities:</i>			
Proceeds from sale of financial investments		100	-
Purchase of tangible and intangible assets		(44,388)	(109,061)
Proceeds from sale of tangible and intangible assets		149,362	86,024
Decrease / (Increase) of cash pooling balance		(659,475)	(17,412,335)
Interest received		1,812,377	1,440,947
Net cash from investing activities		1,257,976	(15,994,426)
<i>Cash flows from financing activities:</i>			
Payments of principal portion of lease liabilities		(1,309,230)	(537,930)
Dividends paid to equity holders		(153,198)	(35,706)
Net cash flows from financing activities		(1,462,428)	(573,636)
Net decrease of cash and cash equivalents		(16,979)	172,246
Net foreign exchange differences		1,267	925
Cash and cash equivalents at the beginning of the financial year		491,717	227,231
Cash and cash equivalents at the end of the financial year		476,005	400,402

Administrator,
FLOREA Georgian Stefan

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

Signature

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023

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

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES

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

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

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

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

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

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

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

1.1. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

The financial statements of the Company are based on the historical cost principle, except for equity investments measured as FVLCOD. The stand-alone financial statements are presented in RON and all amounts are rounded up in RON unless otherwise specified.

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

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

1.2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a) The going concern principle

The interim financial statements of the Company were drawn up based on the principle of continuity of activity. The management of the company considers that there are no material uncertainties that could raise significant doubts about this assumption. The management formed a judgment according to which there is a reasonable expectation that the Company has adequate resources to continue the operational activity for the foreseeable future and not less than 12 months from the date of approval of financial statements.

The current existing regulations on climate changes does not have a direct impact on the activities of the Company. However, the Company considered the global requirements to reduce the level of CO2 emissions, and incorporated this requirements in the investments program.

The impact from the change in the macroeconomic environment (i.e. interest rate increase, increased inflation rate) was considered in the approved business plan which shows a constant level of profitability.

In the context of the military conflict between Russia and Ukraine, started on February 2022, different sets of economic and non-economic sanctions were imposed by the European Union, the US and other countries to Russia and Belarus. Considering the geopolitical tensions, there is an inherent risk of supply chain disturbances for the Company and a continuous impact on the European and global economies through financial markets volatility, inflation and exchange rate depreciation pressure. The Company does not have direct exposure to Ukraine, Russia or Belarus since its operations and its main customers activate only on the local market. However, the impact on the general economic situation may require revisions of certain assumptions and estimates.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

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

b) Foreign Currency Transactions

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

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

The exchange rates used to translate the balances denominated in foreign currency as at 30 June 2023 were, for RON:

	30 June 2023	31 December 2022
1 EUR	4,9634	4.9474
1 USD	4,5750	4.6346

c) Financial instruments

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

Initial and subsequent measurement

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

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

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

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

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

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. The company measures financial assets at amortized cost, except for fair value of equity instruments in relation to investments in Rompetrol Rafinare SA and Rompetrol Logistics SRL which are measure at fair value through other comprehensive income.

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

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

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

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

Receivables and loans

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

Trade payables and other liabilities

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

Derecognition

A financial asset is primarily derecognised when:

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

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Offsetting of financial instruments

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

d) Impairment of financial assets

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

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 90 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.

e) Property, plant and equipment

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

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

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put to operation, such as repairs and maintenance are charged to the profit and loss statement in the period in which the costs are incurred. In cases where it can be proved that expenses have increased the future economic benefits obtained from the use of intangible assets besides the standard evaluation of its performance, the expenditure is capitalized as additional costs of the property, plant and equipment.

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

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

	<u>Years</u>
Buildings and other constructions	5 - 60
Machinery and other equipment	3 - 27
Vehicles	3 - 15

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

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

f) Investment property

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

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

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

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

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

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

g) Intangible assets

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

- Intangible assets consist mainly of software and licenses and are amortized on a straight-line basis over 3 to 5 years;
- The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. External and internal costs specifically associated with the maintenance of already existing computer software programmers are expensed as incurred.

h) Equity instruments at FVOCI

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

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

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

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

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

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

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

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

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

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

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

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

i) Impairment of non-financial assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In order to determine the recoverable amount of property, plant and equipment, the Company uses value in use, this being assessed based on estimated future cash flows that are discounted to their present value using a pre-tax discount rate. The discount rate reflects current market assessments of time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted already.

The current existing legislation on climate changes does not have a direct impact on the activities of the Company. However, the Company considered the global requirements to reduce the level of CO₂ emissions, and incorporate this requirements in the investments programmes. Thus, equipments acquired comply with the latest standards regarding CO₂ emissions. The thermal engines used by machines in daily operations are in accordance with the European legislation regarding emissions.

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

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

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

j) Provisions

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

Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

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

k) Leases

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

Company as a lessee

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

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

▶ Machinery	10 years
▶ Other equipment	3 – 5 years

ii) Lease liabilities

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

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

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

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

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

Company as lessor

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

l) Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cost comprises the acquisition cost and other costs that have been incurred in bringing the inventories to their present location and condition and is determined by weighted average method for all the inventories.

m) Cash and cash equivalents

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

n) Revenue from contracts with customers

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

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

The Company has framework agreements concluded with customers, services provided/merchandise sold being made based on purchase order. The Company has assessed, by type of contract, the goods and/or services promised in each type of contract and has identified the following contracts as separate performance obligations (POs):

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

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

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

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

In case of contracts for well services, the performance obligation is fulfilled when the job ticket is approved by the customer's representative, this being the moment of the well work finalization.

In case of contracts concluded for other revenue segments (ie. space rental, ITP services), performance obligation is fulfilled when the services is provided.

o) Retirement benefit costs

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

Under the provisions of the collective labor agreement, employees are entitled to specified retirement benefits, payable on retirement, if they are employed with the Company at the date of their retirement. These amounts are estimated as of the reporting date and the measurement process applied is subject to uncertainty. The retirement benefit is determined through a measurement technique applied judgments and estimates such as applicable benefits provided in the agreement, the Company headcount and specific actuarial estimates such as discount rate, price inflation and key demographic figures like mortality rates. (Note 19).

The defined benefit liability as of reporting date comprises the estimated present value of the defined benefit obligation and while the related current year service cost recorded in the profit and loss statement. All actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

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

p) Taxes

- *Current income tax*

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

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

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

- *Deferred tax*

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

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

- ▶ Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ▶ The deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures when the reversal of such temporary differences can be controlled and likely not to be reversed in the foreseeable future.

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

- ▶ Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ▶ In case of deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures, the deferred tax asset is recognised only when the temporary differences are likely to be reversed in a foreseeable future and when there can be a taxable profit for which temporary differences may be used.

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

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

Deferred tax relating to items recognized outside the profit and loss statement is recognized outside the profit or loss account. Deferred tax items are recognized depending on the nature of the underlying transaction either in other comprehensive income or directly in equity.

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

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

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

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

q) Dividends

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

r) Contingent assets and liabilities

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

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

1.3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

1.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year. The amendments with an application date starting with January 1, 2023 do not have a material impact on the interim financial statements.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below there is an analysis of Company's revenues:

	Seles in H1 2023	Sales in H1 2022
Revenue from well services	36,885,846	22,866,466
Revenue from other services	46,405	39,148
Revenue from goods sold	10,963	62,090
Total	36,943,214	22,967,704
	Seles in H1 2023	Sales in H1 2022
Europe	7,421	-
Export	7,421	-
Internal market sales	36,935,793	22,967,704
Total sales	36,943,214	22,967,704

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

2.1 RENTAL REVENUES

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

	Seles in H1 2023	Sales in H1 2022
Rental revenue from office space	256,766	231,328
Rental revenue from equipment's	-	5,960
Total	256,766	237,288

The Company obtains revenues from renting office spaces and equipments. The respective contracts have 12 months term.

Contracts conclude for rental of office space and equipments include only fixed leases.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

3. OTHER INCOME AND OTHER EXPENSES

3.1. Other operating income

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

	<u>H1 2023</u>	<u>H1 2022</u>
Other operating income:		
- income from debts write-off	-	-
- earnings from sale of waste	-	-
- gain from disposal of fixed assets	135,209	85,910
- earnings from compensations and penalties	828	-
- other revenues	-	480
Total	<u>136,037</u>	<u>86,390</u>

3.2. Expenses with third-party services

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

	<u>H1 2023</u>	<u>H1 2022</u>
Travel expenses	768,000	454,972
Maintenance and repair expenses	922,637	482,181
Royalties and rental expenses	581,888	488,626
Insurance premiums	394,306	333,707
Postage and telecommunications	6,872	6,111
Bank commissions and similar charges	10,723	8,200
Entertaining, promotion and advertising	17,468	4,594
Goods transportation services	1,756,387	1,643,775
Well services rendered –by subcontractors	145,751	400,970
Outsourced activities services	1,154,038	1,076,349
Dedicated management assistance and specialized technical consulting services	397,569	871,450
Others	547,243	350,656
Security services	388,849	342,056
Consultancy and audit	72,413	135,376
Total	<u>7,164,144</u>	<u>6,599,023</u>

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

3. OTHER REVENUES AND OTHER EXPENSES (continued)

3.3. Other operating expenses

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

	<u>H1 2023</u>	<u>H1 2022</u>
Compensations, fines, penalties	3,246	997
Amounts or goods granted as sponsorship	-	2,584
Write-off trade receivables and sundry debtors	-	-
Destroyed / improper stocks	-	881
Other operating expenses	2	3
Total	<u>3,248</u>	<u>4,465</u>

4. FINANCIAL EXPENSES AND REVENUES

4.1. Financial revenues

	<u>H1 2023</u>	<u>H1 2022</u>
Interest income, from which:	<u>1,871,462</u>	<u>1,557,649</u>
Income obtained from the entities within the group	1,865,044	1,556,095
Income from exchange rate differences	18,020	232,639
Other financial income	463	604
Total financial income	<u>1,889,945</u>	<u>1,790,892</u>

The line "Income obtained from the entities within the group" in amount of RON 1,865,044 (2022: RON 1,556,095) represents interest revenue from cash-pooling. For more details, including EIR please refer to Note 19.

4.2. Financial expenses

	<u>H1 2023</u>	<u>H1 2022</u>
Expenses from exchange rate differences	69,962	247,387
Other financial expenses, out of which	300,558	604,846
Interest expense on the lease liability	300,094	604,536
Total financial expenses	<u>370,520</u>	<u>852,233</u>

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

5. EXPENSES WITH EMPLOYEES

The expenses with salaries and taxes, recorded during first half of 2023 and 2022 are as follows:

	<u>H1 2023</u>	<u>H1 2022</u>
Expenses related to salaries and allowances	9,344,930	8,145,159
Other expenses with employees benefits	107,776	173,094
Contributions to special funds	93,870	67,857
Expenses related to the social insurances	207,523	185,725
Total	<u>9,754,099</u>	<u>8,571,835</u>

6. EARNINGS PER SHARE

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

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Net result attributable to shareholders	6,447,844	(564,707)
Weighted average number of shares	278,190,900	278,190,900
Earnings per share (RON / share)	<u>0.0232</u>	<u>(0.0020)</u>

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

7. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings and special constructions	Technical equipment and machinery and other tangible assets	Advances and Tangible assets in progress	Total
Cost					
On 1 January 2022	5,440,229	8,061,799	85,471,802	3,678,596	102,652,424
Additions	-	4,376	390,214	2,953,672	3,348,262
Disposals	-	(27,172)	(1,410,482)	-	(1,437,654)
Transfers	-	8,111	4,365,989	(4,374,100)	-
On 31 December 2022	5,440,229	8,047,114	88,817,523	2,258,168	104,563,032
Additions	-	-	-	44,388	44,388
Disposals	(1,674)	(21,086)	(35,624)	-	(58,384)
Transfers	-	200,845	355,464	(556,309)	-
On 30 June 2023	5,438,555	8,226,873	89,137,364	1,746,247	104,549,036
Depreciation and Impairment					
On 1 January 2022	-	3,420,808	74,178,610	-	77,599,419
Depreciation charge for the year	-	318,947	3,380,770	-	3,699,717
Disposals	-	(22,441)	(1,410,369)	-	(1,432,810)
Impairment	-	-	-	-	-
On 31 December 2022	-	3,717,314	76,149,011	-	79,866,326
Depreciation charge for the year	-	157,189	2,199,461	-	2,356,649
Disposals	-	(8,607)	(35,625)	-	(44,232)
On 30 June 2023	-	3,865,895	78,312,847	-	82,178,743
Net book value					
On 30 June 2023	5,438,555	4,360,977	10,824,517	1,746,247	22,370,293
On 31 December 2022	5,440,229	4,329,800	12,668,512	2,258,168	24,696,706
On 1 January 2022	5,440,229	4,640,991	11,293,192	3,678,596	25,053,005

The Company used own funds in order to finance the budgeted capital expenditure for the first half of the year 2023.

All presented tangible assets are the property of the Company.

As of 30 June 2023 and 31 December 2022, the Company has not pledged assets and interest rated capitalized.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

8. INVESTMENT PROPERTIES

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

	<u>30.06.2023</u>	<u>31.12.2022</u>
Initial balance on 1 January	432,799	451,402
Depreciation expenses	(9,301)	(18,603)
Ending balance	423,498	432,799
	<u>H1 2023</u>	<u>H1 2022</u>
Income from rents obtained from real estate investments	6,236	6,203
Direct operational expenses (including repairs and maintenance) which generate income from rents	(18,936)	(18,936)
Net result from investment property recorded at cost	(12,700)	(12,733)

9. INTANGIBLE ASSETS

	<u>Patents and licenses</u>	<u>Total</u>
Costs		
On 1 January 2022	765,916	765,916
Additions	15,697	15,697
Disposals	-	-
Transfers	-	-
On 31 December 2022	781,613	781,613
Additions	-	-
Disposals	-	-
Transfers	-	-
On 30 June 2023	781,613	781,613
Amortisation and impairment		
On 1 January 2022	647,663	647,663
Depreciation charge for the year	78,693	78,693
Disposal	-	-
On 31 December 2022	720,995	720,995
Depreciation charge for the year	17,062	17,062
Disposal	-	-
On 30 June 2023	738,056	738,056
Net book value		
On 30 June 2023	43,556	43,556
On 31 December 2022	60,618	60,618
On 1 January 2022	118,252	118,252

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

10. EQUITY INSTRUMENTS AT FVOCI

Name of the company	Nature of the relationship	Year of investment	Percent held on		Fair value of the investment on	
			31 January 2022	30 June 2023	31 December 2022	30 June 2023
Rompetrol Logistics SRL	Long term investment	2002/2003/2007	6.98%	6.98%	8,456,518	8,456,518
Rompetrol Rafinare SA*	Long term investment	2003/2004	0.05%	0.05%	1,747,434	1,747,434
Rompetrol Renewable SRL**	Long term investment	2014	1%	0%	100	-
Total					10,204,052	10,203,952

*Company listed on Bucharest Stock Exchange under RRC symbol.

** named Rompetrol Drilling SRL until 28.10.2022

For more details regarding equity instruments at FVOCI please refer to Note 1.3) iii) Fair value of financial instruments.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

11. OTHER FINANCIAL ASSETS

	30 June 2023	31 December 2022
Collateral account for guarantee letters with maturity over one year	433,643	1,264,214
Specific account for dividends	1,107,634	1,255,210
Specific accounts for other guarantee	24,071	20,171
Other financial assets	1,565,348	2,539,595

The presentation of collaterals as non-current assets is made considering the initial maturity of the collateral accounts in accordance with IAS 7.

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

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
9000007786	OMV PETROM S.A.	RON	187,178	02-Feb-23	31-Mar-28	RON	187,178
00888-02-0938985	OMV PETROM S.A.	RON	246,465	28-Apr-23	18-Jun-24	RON	246,465
Total collateral accounts with maturity over one year as of 30 June 2023							433,643

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
28471	SNGN ROMGAZ SA	RON	1,264,214	02-Sep-20	22-Sep-22	RON	1,264,214
Total collateral accounts with maturity over one year as of 31 December 2022							1,264,214

12. INVENTORIES

	30 June 2023	31 December 2022
Cement and additives (at cost)	3,752,999	3,866,468
Spare parts equipment (at cost)	1,756,108	1,753,633
Other inventories (at cost)	339,073	331,372
Total inventories, net	5,848,180	5,951,473

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

13. TRADE AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
Trade receivables - third parties	23,960,812	17,897,272
Trade receivables with affiliated entities (Note 19)	32,657	51,930
Allowance for trade receivables – third parties	(1,267,368)	(1,153,866)
Allowance for trade receivables – affiliated entities (Note 19)	(8,133)	(8,391)
Total trade receivables, net	22,717,968	16,786,945
Other receivables – third parties	1,156,427	318,840
Other receivables with the affiliated entities (Note 19)	154,019	154,019
Other receivables with state budget	38,349	54,943
Allowance for other receivables – third parties	(218,730)	(218,730)
Allowance for other receivables – affiliated entities (Note 19)	(152,580)	(152,580)
Total other receivables, net	977,485	156,492
Total receivables, net	23,695,453	16,943,438

Trade receivables are usually collected within 30 to 90 days.

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

	Individually impaired	Collectively impaired	Total
On 1 January 2021	1,321,536	841,868	2,163,404
Charge for the year	49,195	61,387	110,582
Unused amounts, reversed	(527,878)	(1,328)	(529,206)
Amounts written-off	(211,124)	-	(211,124)
Exchange rate differences	-	(89)	(89)
On 31 December 2022	631,729	901,838	1,533,567
Charge for the year	120	125,054	125,174
Unused amounts, reversed	(9,492)	(4,389)	(13,881)
Amounts written-off	-	-	-
Exchange rate differences	-	1,951	1,951
On 30 June 2022	622,358	1,024,453	1,646,811

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023

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

13. TRADE AND OTHER RECEIVABLES (continued)

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

At 30 June 2023	Current	Total trade receivables						Total
		< 30 days	31 – 60 days	61- 90 days	91 - 180 days	181 - 360 days	> 360 days	
<i>Expected credit loss rate (%)</i>	0.63%	1.55%	54.48%	68.13%	58.58%	57.05%	100%	
Estimated total gross carrying amount at default	19,672,221	1,224,075	23,169	2	435,440	191,583	1,164,780	23,993,469
Expected credit loss	(9,514)	(921)	(2,014)	(30,041)	(5,849)	(83,286)	(1,143,876)	(1,275,501)

At 31 December 2022	Current	Total trade receivables						Total
		< 30 days	31 – 60 days	61- 90 days	91 - 180 days	181 - 360 days	> 360 days	
<i>Expected credit loss rate (%)</i>	0.63%	1.55%	54.48%	68.13%	58.58%	57.05%	100%	
Estimated total gross carrying amount at default	13,302,769	3,379,500	88,992	1,489	10,765	56,731	1,108,957	17,949,202
Expected credit loss	(11,851)	(6,003)	(337)	(71)	(2,148)	(53,731)	(1,088,116)	(1,162,257)

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

14. OTHER CURRENT ASSETS

	30 June 2023	31 December 2022
Advance expenses for car insurance	490,406	483,275
Advance expenses for vignette	95,096	102,597
Advance expenses for business insurance	201,104	402,207
Advance expenses for authorizations, transportation licenses, subscriptions, others	319,894	111,360
Other current assets TOTAL	1,106,499	1,099,439

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

15. CASH AND DEPOSITS

	30 June 2023	31 December 2022
Bank accounts in RON	1,838	701
Bank accounts in foreign currency	24,576	2,930
Short term deposits in RON	420,843	401,720
Short term deposits in foreign currency	-	50,167
Petty cash in RON	10,793	15,964
Petty cash in foreign currency	17,955	20,234
Total cash and short term deposits	476,005	491,717

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

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

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

In note 19 it is presented the details regarding the company's participation for the first half of the year 2023 to the system for optimization of cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. The amount available in the principal account on 30 June 2023 was of RON 46,519,526 (2022: RON 45,860,051), being ready to use without restriction, depending on the necessity.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

15. CASH AND DEPOSITS (continued)

15.1 COLLATERAL CASH FOR LETTERS OF GUARANTEE

The detail of the collateral deposits as at 30 June 2023 for the Letters of Bank Guarantee with maturity between less than 12 months is enclosed in the table below:

Number	Beneficiary	Currency	Amount equivalent RON	Start Date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
LG99007664	OMV PETROM S.A.	RON	526,985	14-Jan-23	17-Dec-23	RON	526,985
LG99007665	OMV PETROM S.A.	RON	806,792	14-Jan-23	17-Dec-23	RON	806,792
LG9000004272	OMV PETROM S.A.	RON	1,199,165	06-Jul-22	15-Jul-23	RON	1,199,165
LG99008693	OMV PETROM S.A.	RON	664,861	23-Nov-22	29-Oct-23	RON	664,861
LG99008060	OMV PETROM S.A.	RON	222,386	07-Dec-22	01-Apr-23	RON	222,386
40140	S.N.G.N. ROMGAZ S.A.	RON	44,500	20-Jan-23	31-Jan-24	RON	44,500
Total collateral deposits							2,337,597

The collateral deposits as at 31 December 2022 had the following components:

Number	Beneficiary	Currency	Amount equivalent RON	Start Date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
99007664	OMV PETROM S.A.	RON	320,210	18-Jan-22	14-Jan-23	RON	320,210
99007665	OMV PETROM S.A.	RON	529,196	18-Jan-22	14-Jan-23	RON	529,196
9000004272	OMV PETROM S.A.	RON	216,108	6-Jul-22	15-Jul-23	RON	216,108
99008693	OMV PETROM S.A.	RON	221,670	23-Nov-22	29-Oct-23	RON	221,670
99008060	OMV PETROM S.A.	RON	57,821	7-Dec-22	1-Apr-23	RON	57,821
34741	S.N.G.N. ROMGAZ S.A.	RON	58,994	7-Oct-21	5-Nov-22	RON	58,994
Total collateral deposits							1,404,000

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

16. SHARE CAPITAL

16.1. Subscribed share capital

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

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

The finalization of the procedural phases for approval and recognition has been officially signaled through the repetition of the transacting of the shares, after the increase of the share capital, on 18 September 2008, without undergoing modifications until 30 June 2023.

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

The share capital of the company is totally paid in on 30 June 2023.

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

16.2. Adjustments on share capital

According to the IAS 29 provisions, the company has adjusted the costs of its purchased investments until 31 December 2003 with the purpose of reflecting the accounting impact in the hyperinflation. The value of the share capital has been increased at 31 December 2012 by RON 166,740,745. This adjustment had no impact over the carried forward distributable profit of the company. In 2013, the general ordinary meeting of shareholders on 30 April 2013 approved to cover the brought forward accounting loss from first application of IAS 29 "Financial Reporting in Hyperinflationary Economies" in amount of RON 166,002,389, from own capitals, i.e. "adjustment of share capital". The effect of this decision for the structure of share capital on 30 June 2023, as well as on 31 December 2022 and is presented in the table below:

	30 June 2023	31 December 2022
Share capital, from which:	28,557,446	28,557,446
Paid-in share capital	27,819,090	27,819,090
The adjustment of the share capital	738,356	738,356

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

17. LEASES

17.1 The right-of-use assets

The statement of the identified assets as of 30 June 2023 is presented in the table below:

Cost	Technical equipment and machinery and other tangible assets	Advances	Total Right of use assets
On 1 January 2022	1,303,897	1,297,120	2,601,017
Additions	12,602,570	-	12,602,570
Remeasurement	11,622	-	11,622
Transfers	1,297,120	(1,297,120)	-
On 31 December 2022	15,215,209	-	15,215,209
Additions	-	-	-
Remeasurement	93,669	-	93,669
Transfers	-	-	-
On 30 June 2023	15,308,877	-	15,308,877
Depreciation and impairment			
On 1 January 2022	797,782	-	797,782
Depreciation charge for the year	1,103,906	-	1,103,906
Transfers	-	-	-
On 31 December 2022	1,901,688	-	1,901,688
Depreciation charge for the year	837,754	-	837,754
Transfers	-	-	-
On 30 June 2022	2,739,442	-	2,739,442
Net book value			
On 30 June 2023	12,569,436	-	12,569,436
On 31 December 2022	13,313,521	-	13,313,521
On 1 January 2022	506,116	1,297,120	1,803,236

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

17. LEASES (continued)

17.2 Lease liability

The accounting value of the lease liability and the movements recorded in this category during the first half of the financial year 2023:

	<u>30.06.2023</u>	<u>31.12.2022</u>
At 1 January	11,267,449	504,674
Additions during the period	-	12,602,570
Remeasurement of lease contract	93,669	11,361
Interest associated to lease liability	300,094	807,496
Lease instalments	(1,609,324)	(2,627,463)
Exchange rate difference for liability	40,371	(31,188)
Balance	10,092,259	11,267,449
Current	2,618,763	2.621.796
Non-current	7,473,496	8.645.653

For details regarding undiscounted potential future lease payments, please refer to Note 21.

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

	<u>H1 2023</u>	<u>H1 2022</u>
Depreciation expense of right of use assets	837,754	269,704
Interest expense on lease liability	300,094	604,536
Expense relating to short-term leases	34,130	8,813
Expense relating to leases of low-value assets	-	-
Variable lease payments	14,538	13,154
Total amounts recognised in profit or loss account	1,186,516	896,207

The maturity analysis of lease liabilities is disclosed in Note 21.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

18. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	30 June 2023	31 December 2022
Trade payables - third parties	4,626,909	5,718,634
Trade payables with affiliated entities	1,103,253	591,048
Advance payments and deferred income	-	-
Salaries	2,483,402	2,392,381
Dividends to be paid	8,568,590	6,272,271
Taxes	1,332,181	1,138,147
Other liabilities	6,000	6,000
Total	18,120,335	16,118,481

19. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information on transactions with companies under common control of KazMunayGas Group as of 30 June 2023.

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

* named Rompetrol Drilling SRL until 28.10.2022

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Receivables

	30 June 2023	31 December 2022
KMG Rompetrol SRL	46,835,601	46,117,041
Rompetrol Logistics SRL	24,452	43,473
KMG Rompetrol Services Center SRL	1,510	1,506
Total	46,861,563	46,162,020

Liabilities

	30 June 2023	31 December 2022
KMG Rompetrol SRL	640,227	67,588
Rompetrol Downstream SRL	352,565	319,763
KMG Rompetrol Services Center SRL	109,580	200,470
Global Security Sistem SA	881	3,226
Total	1,103,253	591,048

Sales

	H1 2023	H1 2022
KMG Rompetrol SRL	1,865,044	1,556,095
Rompetrol Logistics SRL	122,876	108,296
KMG Rompetrol Services Center SRL	3,851	3,857
Oilfield Exploration Business Solutions SA	85	77
Global Security Sistem SA	-	77
Rompetrol Rafinare SA	85	155
Rompetrol Renewables SRL*	30	181
Rominserv SRL	119	108
Total	1,992,089	1,668,849

* named Rompetrol Drilling SRL until 28.10.2022

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Acquisition of goods and services

	H1 2023	H1 2022
Rompetrol Downstream SRL	2,584,397	2,121,830
KMG Rompetrol SRL	1,604,566	1,909,963
KMG Rompetrol Services Center SRL	480,327	475,232
Global Security Sistem SA	7,527	8,476
Rompetrol Quality Control SRL	726	-
Total	<u>4,677,543</u>	<u>4,515,501</u>

Starting with 2014, it was implemented an optimization system for the cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. Cash pooling system was implemented in relation to cash availability from certain bank accounts of the Company, and the direct effect will be transposed to the optimization of cash for the company, with impact in the interest income. According to the cash pooling system, in terms of assets presentation, the amounts available at the end of the reporting period is reflected in the statement of financial position in the line "Availabilities in cash pooling system". During the reporting period, the average balance of master account was RON 46,828,373, generating interest in amount of RON 1,865,044. The value of these receivables as of 30 June 2023 was of RON 46,835,601.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Description	Validity term	Contract Date	Maturity Date	Interest rate	Currency	Principal	Interest receivable as of 31 December 2022	Balance existing as of 31 December 2022	Interest receivable as of 30 June 2023	Balance existing as of 30 June 2023
Cash Optimization System implementation of The KMG Rompetrol Group companies (cash pooling)	12 months, with automatically extension	15-Sep-14	15-Sep-23	Based on ROBOR OVERNIGHT	RON	Depending on the working capital needs	256,990	45,860,051	316,074	46,519,526
Total							256,990	45,860,051	316,074	46,519,526

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

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED

For the half year ended as at 30 June 2023

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

20. COMMITMENTS AND CONTINGENCIES

Guarantees to third parties

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

The detail of the collateral accounts on 30 June 2023 and 2022 for the Letters of Bank Guarantee is enclosed in Note 11 and Note 15.1.

Transfer pricing

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

Litigation

The Company is involved in a litigation file having as object a call for guarantee concerning a provision of services, the amount of the claims being approximately RON 697,000. The Company lawyer informed the management about the status of the litigation file, to the effect that based on the information/documents and the arguments of the parties, currently included in the file before the Court, there are no indications that could lead to a possible admission of the call for guarantee filed against the Company. Therefore, no provision for litigation was recorded in these financial statements.

21. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT

The risk of the interest rate

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

Considering the cash availabilities of the Company which are managed through cash pooling system, the current increased interest rates have positive impact on the Company's financial result.

If interest rates would have varied with + / - 1 percent and all other variables would have been constant, the net result of the Company as of 30 June 2023 would increase / decrease with RON 234,878 (2022: increase / decrease with RON 580,433).

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023
(all amounts expressed in Lei ("RON"), unless otherwise specified)

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

Risk of the exchange rate variations

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

Foreign currency sensitivity

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

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

	<u>Total</u> <u>RON</u>	<u>5%</u> <u>USD</u>	<u>5%</u> <u>EUR</u>
31 December 2022			
Balance	(128,633)	(53,591)	(75,042)
Monetary assets	21,547	3,060	18,487
Monetary liabilities	(150,180)	(56,651)	(93,528)
30 June 2023			
Balance	(130,998)	1,472	(132,469)
Monetary assets	8,569	3,576	4,993
Monetary liabilities	(139,567)	(2,105)	(137,462)

The credit risk

The company treats the crediting of its customers procedural, with flexibility through the stable contracting strategy as an essential mechanism for the risk repartition. The unfavorable conditions of the current market environment might impact our existing customers of the company, but the Management permanently monitors the receivables, collections and potential impairments. Having a constant customers' structure ensures a level of overdue receivables which does not vary significantly from one period to another.

The market risk

The geopolitical context and the uncertainty faced by the region during this period triggered an increase in the purchase prices for the goods and services contracted by the company for the current activities, but also a fluctuation in delivery terms. However, Management is constantly looking to align to the current market condition the service tariffs as well as the type of services rendered.

Taking into consideration the structure and continuance of trade contracts, it can be highlighted as important clients SC OMV Petrom SA and SNGN Romgaz SA concentrating around 82% of the total turnover registered for the first half of the financial year 2023.

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

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.

In 2022, we were subject to an attempt to gain unauthorized access to our computer network and systems, which did not result in major operational disruptions and have not had a material adverse effect on us, however this kind of events may occur in the future.

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.

Impact of sanction risks and conflict in Ukraine

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

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

These events continue to affect the activities in various sectors of the economy, resulting in increases in European energy prices and increased risk of supply chain disturbances.

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

At this stage Management doesn't expect that such conflict will have a significant negative impact on the Company's operations and on the recoverable value of the Company's long term assets.

Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the efficient use of working capital. Approximately 55% of the Company's debt will mature in less than one year at 30 June 2023 (2022: 52%) based on the carrying value reflected in the financial statements. The Company assessed the concentration of risk with respect to chargeability of its debt and concluded it to be low.

ROMPETROL WELL SERVICES SA
SELECTED NOTES TO INTERIM STAND ALONE FINANCIAL STATEMENTS UNAUDITED
For the half year ended as at 30 June 2023

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

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

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

Trade payables and similar liabilities	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Trade payables - third parties	28,010	4,008,194	345,315	245,390	-	4,626,909
Trade payables with affiliated entities	-	1,103,253	-	-	-	1,103,253
Lease liabilities	-	433,651	1,965,190	7,693,418	-	10,092,259
Dividends to be paid	837,507	2,449,517	2,169,629	3,111,936	-	8,568,590
Other liabilities	5,500	-	500	-	-	6,000
Total year 2023	871,017	7,994,614	4,480,634	11,050,745	-	24,397,011

Trade payables and similar liabilities	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Trade payables - third parties	21,245	4,840,398	563,472	293,519	-	5,718,634
Trade payables with affiliated entities	600	590,448	-	-	-	591,048
Lease liabilities	-	438,514	1,963,093	8,865,843	-	11,267,449
Dividends to be paid	3,238,025	-	802,463	2,231,782	-	6,272,271
Other liabilities	5,500	500	-	-	-	6,000
Total year 2022	3,265,370	5,869,860	3,329,028	11,391,144	-	23,855,402

Administrator,
FLOREA Georgian Stefan

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

Signature

AFFIDAVIT

The undersigned, **Batyrzhan Tergeussizov**, in capacity of Chairman of the Board, **Georgian Stefan Florea**, in capacity of General Manager and **Roxana Luiza Moise** in capacity of Finance Manager, in view art. 67 alin. 2 c) of Law no. 24/2017 on issuers of financial instruments and market operations,

We hereby declare that:

- to our knowledge, the half-yearly financial and accounting statement prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of Rompetrol Well Services S.A. on 30.06.2023.
- The Report of the Board of Directors (which contains the information specified in Annex 14 of the FSA Regulation no. 5/2018) includes an accurate analysis of the development and performance of the company and a description of the main risks and uncertainties specific for activity in the first half of 2023.

Chairman of the Board of Directors,
Batyrzhan Tergeussizov

Member of the Board,
General Manager,
Stefan Georgian Florea

Director Economic,
Luiza Roxana Moise

S.C. Rompetrol Well Services S.A.

2 bis Clopotei Street, 100189, Ploiesti, Prahova County, ROMANIA
phone: + (40) 244 544321; fax.: + (40) 244 522913; email: office.rws@rompetrol.com; www.rompetrol.com