ROMPETROL WELL SERVICES SA

STANDALONE FINANCIAL STATEMENTS

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

31 December 2020

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RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITOR'S REPORT

Catre actionarii ROMPETROL WELL SERVICES S.A.
To the Shareholders of ROMPETROL WELL SERVICES S.A.

Raport asupra auditului situatiilor financiare
Report on the Audit of the Financial Statements

Opinia
Opinion

Am auditat situatiile financiare ale societatii Rompetrol Well Services S.A. („Societatea") cu sediul social in Ploiesti, strada Clopotei, Nr. 2 bis, identificata prin codul unic de inregistrare fiscala RO1346607, care cuprind situatia pozitiei financiare la data de 31 decembrie 2020, contul de profit si pierdere, situatia rezultatului global, situatia modificarilor capitalului propriu si situatia fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative.
We have audited the financial statements of Rompetrol Well Services S.A. (the Company) with official head office in Ploiesti, Clopotei Street, No. 2 bis, identified by sole fiscal registration number RO1346607, which comprise the statement of financial position as at December 31, 2020, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In opinia noastra, situatiile financiare anexate ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2020, cat si a performantei financiare si a fluxurilor de trezorerie ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare.
In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Bazele opiniei
Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA), Regulamentului (UE) nr. 537/2014 al Parlamentului European si al Consiliului din 16 aprilie 2014 („Regulamentul (UE) nr. 537/2014") si Legii nr. 162 /2017 („Legea 162/2017"). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru. Suntem independenti fata de Societate conform Codului International de etica al profesionistilor contabili (inclusiv standardele internationale de independenta) emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA),conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare in Romania, inclusiv Regulamentul (UE) nr. 537/2014 si Legea 162/2017, si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit
Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.
For each matter below, our description of how our audit addressed the matter is provided in that context.

Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare. Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare anexate.
We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Aspecte cheie de audit	Proceduri efectuate de noi pentru abordarea respectivelor aspect
Imobilizari financiare (Instrumente de capital evaluate la valoare justa prin alte elemente ale rezultatului global)	
Imobilizarile financiare ale Societatii reprezinta instrumente de capital evaluate la valoare justa prin alte elemente ale rezultatului global sunt in suma de 8,259 mii lei la 31 December 2020, din care 7,292 mii lei reprezinta investitii in instrumente de capital detinute in entitati ce nu sunt tranzacționate pe o piața activa. Am considerat evaluarea la valoarea justa a investițiilor in instrumente de capital ca fiind un aspect cheie de audit date fiind magnitudinea sumelor implicate, gradul ridicat de subiectivitate al ipotezelor folosite pentru stabilirea valorii juste si raționamente profesionale semnificative folosite de conducere la stabilirea valorii juste a investițiilor financiare in instrumente de capital detinute in entitati ce nu sunt tranzacționate pe o piața activa. Investiția in Rompetrol Logistics S.R.L. este evaluata la valoarea justa si este clasificata ca fiind nivelul 3 in ierarhia de evaluare, pentru care cotații pe o piața activa nu sunt disponibile si valoarea este determinata prin tehnici de evaluare ce utilizează, in general, informații neobservabile. Tehnicile interne de evaluare utilizate pot fi subiective, implicând multiple ipoteze si estimări complexe. La 31 decembrie 2020, Societatea foloseste metoda fluxurilor viitoare de trezorerie pentru a determina valoarea justa a instrumentului de capital, ce presupune folosirea de rationamente semnificative si estimari. Prezentarile Societatii cu privire la imobilizările financiare sunt incluse in Nota 1.3 (Raționamente profesionale semnificative, Estimari si Ipoteze) si Nota 11 (Imobilizari financiare) din situatiile financiare.	Am evaluat analiza efectuata de catre conducere cu privire la valoarea justa a investitiei financiare detinuta intr-o entitate netranzacționata pe o piața activa având o valoare justa de 7.292 mii lei la 31 decembrie 2020. Specific, procedurile noastre de audit au inclus, printre altele: • am analizat estimările cheie ce au fost folosite in estimarea fluxurilor viitoare de trezorerie, prin analiza consecventei acestora cu condițiile specifice industriei, cu informațiile relevante din piața si cu planurile de activitate folosite; • am analizat impactul COVID-19 in fluxurile de numerar • am analizat daca modelul de evaluare utilizat include totii factorii ce ar putea influenta valoarea justa a investitiei la data raportarii; • am implicat specialistii nostri in evaluari pentru a ne oferi suport in analiza anumitor ipoteze folosite (ex. rata de actualizare, coeficient de ajustare pentru lipsa de vandabilitate, coeficient de ajustare pentru pachete minoritare de actiuni) si a tehnicilor de modelare folosite pentru evaluarea investitiei; • am testat acuratetea matematica a modelului folosit la stabilirea valorii juste a investitiei si conformitatea acestuia cu cerintele Standardelor Internationale de Raportare Financiara De asemenea, am analizat suficienta prezentarii informatiilor aferente evaluarii instrumentelor de capital evaluate la valoare justa prin alte elemente ale rezultatului global, clasificata ca fiind nivelul 3 in ierarhia tehnicilor de evaluare.

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Key Audit Matter	How our audit addressed the key audit matter
Equity instruments designated at fair value through other comprehensive income (FVOCI)	
Equity instruments at FVOCI have a fair value of RON 8,259 thousand as at 31 December 2020, out of which RON 7,292 thousand represents investment in non-listed entities. We considered the fair value measurement of non-listed equity investments to be significant in our audit due to the magnitude of the amounts involved, the high level of subjectivity in respect of assumptions underlying the fair value assessment and the significant judgements and estimates that need to be made by management over the determination of the fair value of financial assets not quoted in an active market. The investment held in Rompetrol Logistic S.R.L. is carried at fair value within Level 3 fair value hierarchy, for which quoted prices in an active market are unavailable and whose value is determined by internal valuation techniques that generally use non-observable data. Applied internal valuation techniques can be subjective in nature and involve various complex assumptions and estimates. As of 31 December 2020, the Company used Discounted Cash Flow model in order to determine the fair value of the investment, in which significant judgement and estimates are involved. The Company's disclosures about financial instruments (assets) are included in Note 1.3 (Judgements, Estimates and Assumptions) and Note 11 (Financial Investments) to the financial statements.	We evaluated the management's assessment of the fair value of financial assets not quoted in an active market, having a fair value of RON 7,292 thousand as of 31 December 2020. Specifically, our work included, but was not limited to the following procedures: • We analysed the key assumptions used for the future discounted cash flows, by analyzing their consistency with the industry-specific economic environment, relevant available market information and the business plans used; • Assessed the consideration of Covid-19 pandemic impact in the cash flow models; • We evaluated the appropriateness of the valuation model and whether the valuation assessment included all factors that influence the investment at the end of the reporting period; • We involved our valuation specialists to assist us in evaluating specific assumptions applied (i.e. the discount rate, marketability discount, minority discount) and modelling techniques used by the Company for the valuation assessment of the financial asset; • We checked the mathematical accuracy of management's discounted cash flow model for determining the fair value less cost of disposal and its conformity with the requirements of the International Financial Reporting Standards; Furthermore, we assessed the adequacy of the Company's disclosures about Valuation of equity instruments designated at FVOCI categorised within Level 3 of the fair value hierarchy.

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Aspecte cheie de audit	Proceduri efectuate de noi pentru abordarea respectivelor aspecte
Recuperabilitatea valorii contabile a imobilizărilor corporale	
Imobilizarile corporale sunt semnificative pentru procesul de audit datorita valorii nete contabile de 26.656 mii lei la 31 decembrie 2020, din care avansuri si imobilizari corporale in curs de executie 5.356 mii lei. In anul curent, industria serviciilor petroliere a fost puternic afectata de reducerea investițiilor in industria de petrol si gaze (upstream) ca urmare a declinului prelungit al pretului petrolului început în prima parte a anului 2020, avand in vedere si situatia economica generata de pandemia COVID-19. Aceste aspecte au avut un impact semnificativ asupra performantei Societății si, prin urmare, au fost identificate indicii de depreciere a activelor. În conformitate cu Standardele Internaționale de Raportare Financiară, o Societate trebuie să determine, cel putin la finalul fiecarui exercitiu financiar, dacă exista indicii pentru deprecierea activelor sau pentru reluarea unei pierderi de depreciere recunoscute anterior, si daca acestia exista, testarea de depreciere este necesara. Evaluarea existentei unui indiciu de depreciere a unui activ sau daca o pierdere din depreciere poate fi reluata, necesita judecată semnificativa, deoarece implica luarea în considerare a diferitelor surse de informații, inclusiv factorii legați de mediul economic și de factorii specifici industriei. Procesul de evaluare a deprecierii este complex, necesita rationamente semnificative din partea conducerii si se bazeaza pe ipoteze care sunt influentate de conditiile viitoare de piata preconizate, incluzand incertitudinea generata de evolutia COVID-19. La 31 decembrie 2020, conducerea a realizat o analiza a indicatorilor de depreciere si evaluarea deprecierii imobilizărilor corporale ale Societății, care a indicat ca valoarea recuperabila a imobilizarilor corporale este mai mare decat valoarea contabila neta, concluzionând ca nu este necesara înregistrarea unei ajustări de depreciere. Considerand rationamentele si estimarile folosite de conducerea societatii pentru determinarea fluxurilor de numerar viitoare si incertitudinile cu privire la mediul economic curent, recuperabilitatea valorii contabile a imobilizărilor corporale a fost considerata un aspect cheie de audit. Societatea a prezentat concluziile analizei de recuperabilitate a valorii contabile a imobilizarilor corporale in Nota 1.3 (Rationamente profesionale semnificative, Estimari si Ipoteze) si Nota 8 (Imobilizari corporale) din situatiile financiare.	Am evaluat analiza efectuata de catre conducere asupra indicatorilor de depreciere si a deprecierii imobilizarilor corporale. Specific, procedurile noastre de audit au inclus, printre altele: • Am analizat estimările cheie ce au fost folosite in estimarea fluxurilor viitoare de trezorerie, prin analiza consecventei acestora cu condițiile specifice industriei, cu informațiile relevante din piața si cu planul de activitate al Societății, cat si analiza senzitivității sumelor recuperabile la schimbarile in estimarile semnificative; • am evaluat daca modelul analizei de depreciere folosit include toate imobilizarile corporale pentru care exista indicatori de depreciere la data raportarii; • am analizat acuratetea procesului de bugetare al managementului, comparând bugetele si proiectiile trecute cu rezultatele efective din anii precedenti; • am analizat impactul COVID-19 asupra fluxurilor de numerar; • am implicat specialistii nostri in evaluari pentru a ne oferi suport in analiza ratei de actualizare folosite si a metodologiei / modelului folosit de Societate in analiza de depreciere a imobilizărilor corporale; • am testat acuratetea matematica a modelului folosit pentru stabilirea valorii de utilizare a imobilizarilor corporale si conformitatea acestuia cu cerintele Standardelor Internationale de Raportare Financiara. De asemenea, am analizat suficienta prezentarii informatiilor aferente testelor de depreciere in ceea ce priveste imobilizarile corporale.

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Key Audit Matter	How our audit addressed the key audit matter
Recoverability of the carrying value of property, plant and equipment	
Property, plant and equipment are significant to our audit because of the magnitude of the balance sheet position, having a carrying value of RON 26,656 thousand as at 31 December 2020, out of which advances and tangibles assets in progress of RON 5,356 thousand. In the current year, the oilfield services industry has been significantly affected by the reduction of investments in upstream oil & gas that followed the decline in oil and gas prices, which started in the first half of 2020, given also the economic situation generated by the Covid-19 pandemic. These aspects had a significant effect on the Company's performance and therefore impairment indicators were identified. Under the International Financial Reporting Standards, an entity is required to assess at least at each reporting date, whether triggers for potential impairment or reversal of impairment previously recorded exist and, if they exist, an impairment test is required. The assessment of whether there is an indication that an asset may be impaired, or an impairment may be reversed requires significant judgement, as it involves consideration of various sources of information, including factors related to the economic environment and industry specific factors. The impairment assessment process is complex, requires significant management judgments and is based on assumptions that are affected by expected future market conditions including uncertainty around Covid-19 developments. As at 31 December 2020, the management has performed a triggering events analysis and an impairment assessment in respect of the Company's property, plant and equipment which indicated that the recoverable amount was higher than the carrying value, and therefore no impairment adjustment was required. In light of the judgements and estimates used by the management in the determination of future cash flow projections and uncertainties regarding current economic environment this is considered a key audit matter. The Company's disclosures about property, plant and equipment and impairment analysis are included in Note 1.3 (Judgements, Estimates and Assumptions) and Note 8 (Property, Plant and Equipment) to the financial statements.	We evaluated the management's assessment of the triggers for potential impairment as well as the related impairment test performed. Specifically, our audit work included, but was not limited to the following procedures: • We analyzed the key assumptions used for the cash flows projections, by analysing their consistency with the industry-specific economic environment, relevant available market information and the business plans of the Company, as well as the sensitivity analysis of the recoverable amounts to reasonably possible changes in the significant assumptions; • We evaluated if the impairment assessment included all assets for which impairment indicators existed at the end of the reporting period; • We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance and to prior year; • Assessed the consideration of Covid-19 pandemic impact in the cash flow models; • We involved our valuation specialists to assist us in evaluating the discount rate applied and methodologies / models used by the Company for the impairment assessment of property, plant and equipment; • We checked the mathematical accuracy of management's cash flow model for determining the value-in-use and its conformity with the requirements of the International Financial Reporting Standards. Furthermore, we assessed the adequacy of the Company's disclosures about Impairment testing of property, plant and equipment.

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Alte informatii
Other information

Alte informatii includ Raportul administratorilor, dar nu includ situatiile financiare si raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.
The other information comprises the Administrators' Report, but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Opinia noastra de audit asupra situatiilor financiare nu acopera alte informatii si nu exprimam nicio forma de concluzie de asigurare asupra acestora.
Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In legatura cu auditul efectuat de noi asupra situatiilor financiare, responsabilitatea noastra este de a citi aceste alte informatii si, facand acest lucru, de a analiza daca acestea nu sunt in concordanta, in mod semnificativ, cu situatiile financiare sau cunostintele pe care le-am obtinut in urma auditului sau daca acestea par sa includa erori semnificative. Daca, in baza activitatii desfasurate, ajungem la concluzia ca exista erori semnificative cu privire la aceste alte informatii, noi trebuie sa raportam acest lucru. Nu avem nimic de raportat in acest sens.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare
Responsibilities of Management and Those Charged with Governance for the Financial Statements

Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

La intocmirea situatiilor financiare, conducerea este responsabila sa evalueze abilitatea Societatii de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Societatea sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Societatii.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsabilitatile auditorului pentru auditul situatiilor financiare
Auditor's Responsibilities for the Audit of the Financial Statements

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, insa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare.
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control*.

- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Societatii.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*

- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Societatii de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit. Cu toate acestea, evenimente sau conditii viitoare pot determina ca Societatea sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.*

- Evaluam prezentarea, structura si continutul general al situatiilor financiare, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

De asemenea, prezentam persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, acțiunile întreprinse pentru eliminarea amenințărilor cu privire la independenta sau masurile de protecție aplicate pentru a reduce acele amenințări.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Raport cu privire la alte cerinte legale si de reglementare
Report on Other Legal and Regulatory Requirements

Raportare asupra unor informatii, altele decat situatiile financiare si raportul nostru de audit asupra acestora
Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon

Pe langa responsabilitatile noastre de raportare conform standardelor ISA si descrise in sectiunea „Alte informatii", referitor la Raportul administratorilor, noi am citit Raportul administratorilor si raportam urmatoarele:

a) in Raportul administratorilor nu am identificat informatii care sa nu fie consecvente, sub toate aspectele semnificative, cu informatiile prezentate in situatiile financiare la data de 31 decembrie 2020, atasate;
b) Raportul administratorilor, identificat mai sus, include, sub toate aspectele semnificative, informatiile cerute de Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, Anexa 1, punctele 15-19;
c) pe baza cunostintelor noastre si a intelegerii dobandite in cursul auditului situatiilor financiare intocmite la data de 31 decembrie 2020 cu privire la Societate si la mediul acesteia, nu am identificat informatii eronate semnificative prezentate in Raportul administratorilor.

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Administrators' Report, we have read the Administrators' Report and report that:

a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at December 31, 2020;
b) the Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 – 19;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at December 31, 2020, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

Alte cerinte privind cuprinsul raportului de audit conform Regulamentului (UE) nr. 537/2014 al Parlamentului European si al Consiliului
Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Numirea si aprobarea auditorului
Appointment and Approval of Auditor

Am fost numiti auditori ai Societatii de catre Adunarea Generala a Actionarilor data de *27 aprilie 2020* pentru a audita situatiile financiare ale exercitiului financiar incheiat la 31 decembrie 2020. Durata totala de misiune continua, inclusiv reinnoirile (prelungirea perioadei pentru care am fost numiti initial) si renumirile anterioare drept auditori a fost de 13 ani, acoperind exercitiile financiare incheiate la 31 decembrie 2008 pana la 31 decembrie 2020.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

We were appointed as auditors of the Company by the General Meeting of Shareholders on 27 April 2020 to audit the financial statements for the financial year end December 31, 2020. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 13 years, covering the financial periods end 31 December 2008 till December 31, 2020.

Consecventa cu raportul suplimentar adresat Comitetului de Audit
Consistency with Additional Report to the Audit Committee

Opinia noastra de audit asupra situatiilor financiare exprimata in acest raport este in concordanta cu raportul suplimentar adresat Comitetului de Audit al Societatii, pe care l-am emis la data de 17 martie 2021.
Our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 17 March 2021.

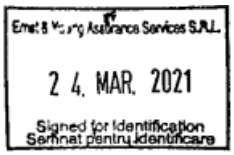
Servicii non-audit
Provision of Non-audit Services

Nu am furnizat Societatii servicii non-audit interzise mentionate la articolul 5 alineatul (1) din Regulamentul (UE) nr. 537/2014 al Parlamentului European si al Consiliului si ramanem independenti fata de Societate pe durata auditului.
Nu am furnizat Societatii si entitatilor controlate de aceasta alte servicii decat cele de audit statutar si cele prezentate in raportul anual si in situatiile financiare.
No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.
In addition to statutory audit services and services disclosed in the annual report and in the financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

In numele,
On behalf of,

Ernst & Young Assurance Services SRL
Bd. Ion Mihalache 15-17, etaj 21, Bucuresti, Romania
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Inregistrat in Registrul Public electronic cu nr. FA77
Registered in the electronic Public Register under No. FA77



Nume Auditor / Partener Asociat: Carmen Spiridon
Name of the Auditor/ Associate Partner: Carmen Spiridon
Inregistrat in Registrul Public electronic cu nr. AF4838
Registered in the electronic Public Register under No. AF4838

Bucuresti, Romania
Bucharest, Romania
24 martie 2021
24 March 2021

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

ROMPETROL WELL SERVICES SA
Stand-alone Financial Statements
Prepared in accordance with
Order of the Minister of Public Finance no. 2844/2016
31 December 2020

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
Semnat pentru identificare

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Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
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ROMPETROL WELL SERVICES SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended as at 31 December 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	2020	2019
Turnover		47,667,818	66,135,769
Revenues from contracts with customers	2	47,249,182	65,678,479
Rental revenues	2.1	418,636	457,290
Other operating income	3.1	928,040	845,392
OPERATING INCOME - TOTAL		**48,595,858**	**66,981,161**
Expenses with consumables		(10,853,051)	(16,784,640)
Power and water expenses		(383,087)	(244,345)
Merchandise expenses		(25,500)	(25,369)
Payroll costs, out of which:	5	(17,484,748)	(19,653,427)
- Salaries		(16,539,435)	(18,749,593)
- Social security contributions		(545,618)	(580,363)
Fixed assets' value adjustments, of which	8,9,10,19	(4,895,712)	(4,883,457)
- Depreciation		(4,895,712)	(4,883,457)
Current assets value adjustment		(157,129)	488,696
Expenses with third-party services	3.2	(12,922,035)	(15,259,154)
Taxes, duties and similar expenses		(658,869)	(638,445)
Provision adjustments, net	18	-	142,389
Other operating expenses	3.3	(333,444)	(986,952)
OPERATING EXPENSES – TOTAL		**(47,713,575)**	**(57,844,704)**
OPERATING RESULT		**882,283**	**9,136,457**
Interest income		3,680,119	4,447,212
- of which, revenues from related parties		3,667,494	4,438,897
Other financial income		419,241	233,300
FINANCIAL INCOME - TOTAL	4.1	**4,099,360**	**4,680,512**
Other financial expenses		(352,129)	(162,380)
FINANCIAL EXPENSES - TOTAL	4.2	**(352,129)**	**(162,380)**
FINANCIAL RESULT		**3,747,231**	**4,518,132**
RESULT BEFORE TAX		**4,629,514**	**13,654,588**
Income tax expense	6	(266,562)	(1,484,481)
RESULT FOR THE YEAR		**4,362,952**	**12,170,108**
Earnings per share	7	**0,0157**	**0,0437**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		**(2,959,784)**	**3,302,116**
Actuarial gain / (losses) relating to retirement benefits		(1,800,752)	686,540
Remeasurement of fair value of equity instruments measured at fair value through other comprehensive income		(1,159,032)	2,615,576
TOTAL COMPREHENSIVE INCOME, net of tax		**1,403,168**	**15,472,224**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager
Signature

ROMPETROL WELL SERVICES SA
STATEMENT OF FINANCIAL POSITION
For the year ended as at 31 December 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
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	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property, Plant & Equipment	8	26,656,353	26,533,846
Right of use assets	19.1	2,137,506	595,061
Investment property	9	470,005	488,608
Intangible assets	10	195,149	273,843
Equity instruments at FVOCI	11	8,258,837	9,638,637
Other financial assets	12	4,240,893	3,564,490
Total non-current assets		**41,958,743**	**41,094,485**
Current assets			
Inventories, net	13	4,456,063	4,230,641
Trade and other receivables	14	17,048,662	18,092,411
Availabilities in cash pooling system	22	82,419,445	96,010,188
Other current assets	15	679,272	740,984
Collateral cash for guarantee letters	16.1	5,155,274	3,953,298
Cash and deposits	16	151,117	156,944
Total current assets		**109,909,833**	**123,184,466**
Total assets		**151,868,575**	**164,278,951**
Capital and reserves			
Capital			
Share capital, of which:		28,557,446	28,557,446
Subscribed and paid in share capital	17.1	27,819,090	27,819,090
Share capital adjustments	17.2	738,356	738,356
Legal reserves		5,563,818	5,563,818
Other reserves		23,368,155	27,498,620
Retained earnings		58,042,926	56,872,245
Retained earnings IFRS transition		18,041,377	18,041,377
Current result		4,362,952	12,170,108
Total equity		**137,936,674**	**148,703,614**
Long-term liabilities			
Employee benefits liabilities	20	2,354,410	846,201
Deferred tax liabilities	6	648,236	1,118,539
Lease liabilities	19.2	525,365	427,236
Other liabilities		112,394	68,545
Total long-term liabilities		**3,640,405**	**2,460,521**
Current liabilities			
Trade and other payables	21	9,499,264	12,561,905
Income tax payable	6	463,953	356,503
Lease liabilities	19.2	328,279	196,408
Total current liabilities		**10,291,496**	**13,114,816**
Total liabilities		**13,931,901**	**15,575,337**
Total equity and liabilities		**151,868,575**	**164,278,951**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager
Signature

Explanatory notes from 1 to 26 are part of these financial statements.
English translation is for information purposes only. Romanian language text is the official text for submission.

ROMPETROL WELL SERVICES SA
STATEMENT OF CHANGES IN EQUITY
For the year ended as at 31 December 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
Semnat pentru identificare

For the year ended as at 31 December 2019	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2019	**28,557,446**	**5,563,818**	**23,025,823**	**46,163,721**	**18,052,782**	**16,886,640**	**138,250,230**
Impact from application of IFRS 16	-	-			(11,404)		(11,404)
Balance at 1 January 2019 Restated	**28,557,446**	**5,563,818**	**23,025,823**	**46,163,721**	**18,041,378**	**16,886,640**	**138,238,826**
Profit distribution	-	-	-	16,886,640		(16,886,640)	-
Dividends	-	-	-	(5,007,435)	-		(5,007,436)
Other movements	-	-	1,170,682	(1,170,682)	-	-	-
Current result	-	-	-	-	-	12,170,108	12,170,108
Other comprehensive income	**-**	**-**	**3,302,116**	**-**	**-**	**-**	**3,302,116**
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	2,615,576	-	-	-	2,615,576
Actuarial gain / (losses) relating to retirement benefits	-	-	686,540		-	-	686,540
Total comprehensive income	**-**	**-**	**3,302,116**	**-**	**-**	**12,170,108**	**15,472,224**
Balance at 31 December 2019 including OCI	**28,557,446**	**5,563,818**	**27,498,620**	**56,872,244**	**18,041,378**	**12,170,108**	**148,703,614**

For the year ended as at 31 December 2020	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2020	**28,557,446**	**5,563,818**	**27,498,620**	**56,872,244**	**18,041,378**	**12,170,108**	**148,703,614**
Profit distribution	-	-	-	12,170,108		(12,170,108)	-
Dividends	-	-	-	(12,170,108)	-	-	(12,170,108)
Other movements	-	-	(1,170,682)	1,170,682	-	-	-
Current result	**-**	**-**	**-**	**-**	**-**	**4,362,952**	**4,362,952**
Other comprehensive income	**-**	**-**	**(2,959,784)**	**-**	**-**	**-**	**(2,959,784)**
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	(1,159,032)	-	-	-	(1,159,032)
Actuarial gain / (losses) relating to retirement benefits	-	-	(1,800,752)	-	-	-	(1,800,752)
Total comprehensive income	**-**	**-**	**(2,959,784)**	**-**	**-**	**4,362,952**	**1,403,168**
Balance at 31 December 2020 including OCI	**28,557,446**	**5,563,818**	**23,368,155**	**58,042,926**	**18,041,378**	**4,362,952**	**137,936,675**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager
Signature

Explanatory notes from 1 to 26 are part of these financial statements.
English translation is for information purposes only. Romanian language text is the official text for submission.

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
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The legal reserve is in amount of RON 5,563,818 (2019: 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. The decrease in other reserves in the amount of RON 1,170,682 represents the cancelation of profit tax exemption for 2019 and which was allocated to reserves at the end of the financial year. In other reserves was presented, by decreasing the value with the amount of RON 1,800,752, the impact from the evolution of the present value provision obligation constituted for the retirement benefits and other similar liabilities related to the personnel generated by the differences between the previous actuarial assumptions and what actually occurred and from the changes in hypothesis. The subsequent valuation of financial assets at fair value, representing investments in equity instruments and for which the Company opted to present the gain or losses in other elements of comprehensive income according to IFRS 9 Financial instruments, has determined an decrease in other reserves with RON 1,159,032.

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.

During the General Ordinary Meeting of the Shareholders from 27 April 2020, it was decided the distribution of the 2019 net profit as dividends in gross amount of RON 12,170,108.

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2020 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
Semnat pentru identificare

Indirect method

Name of item	31 December 2020	31 December 2019
Cash flows from operating activities:		
Net result before tax	**4,629,514**	**13,654,589**
Adjustments for:		
Depreciation and adjustments related to tangible assets and investment properties	4,505,390	4,616,351
Depreciation and adjustments related to right of use assets	301,916	205,913
Depreciation and adjustments related to intangible assets	78,692	61,193
Impairment for property, plant and equipment	-	-
Provisions for post-employment benefits plans and other provisions	(44,164)	(52,938)
Adjustments for inventory depreciation	105,679	84,348
Allowance for trade and other receivables	51,450	(573,044)
Trade receivables and sundry debtors write off	-	619,998
Earnings from debts write-off (unclaimed dividends)	(609,424)	(679,478)
Interest income, net	(3,643,722)	(4,420,781)
Loss / (profit) from tangible asset sales	(183,980)	(95,621)
Unrealized foreign exchange differences (Gain)/Loss	(186,831)	(115,190)
Operating profit before working capital changes	**5,004,520**	**13,305,339**
Increase / (Decrease) of performance guarantees and dividend payments accounts	(1,878,379)	(2,538,394)
Increase / (Decrease) of trade and other receivables	1,064,584	5,885,799
Decrease / (Increase) of inventories	(331,101)	(777,175)
Increase / (Decrease) of trade and other debts	(1,869,180)	2,748,147
Paid income tax	(657,027)	(1,904,940)
Net cash flow from operating activities	**1,333,417**	**16,718,776**
Cash flows from investments:		
Payments for purchase of tangible and intangible assets	(4,725,664)	(5,456,246)
Receipts from sale of tangible and intangible assets	300,351	179,583
Receipts from reimbursement of loans granted	-	34,300,000
Increase of cash pooling balance	13,456,141	(44,839,484)
Received interest	3,814,721	4,243,523
Net cash from investments	**12,845,549**	**(11,572,624)**
Cash flows from financing activities:		
Payments corresponding to leasing contracts	(1,633,934)	(229,542)
Dividends paid	(12,550,860)	(5,145,399)
Net cash flows from financing activities	**(14,184,794)**	**(5,374,941)**
Net (decrease) / increase of cash and cash equivalents	(5,065)	(230,621)
Net foreign exchange differences	(762)	1,832
Cash and cash equivalents at the beginning of the financial year	156,944	385,733
Cash and cash equivalents at the end of the financial year	**151,117**	**156,944**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES

The financial statements of **ROMPETROL WELL SERVICES SA** for the financial year ended as at 31 December 2020 are approved according to the resolution of the Board of Directors dated 19 March 2021.

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 S.C. 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 www.petros.ro, on Investor Relations section.

1.1. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

1.2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a) The going concern principle

The regional market and demand for well services registered during 2020 a significant drop on the background of effects generated by COVID-19 pandemic, as well as due to a negative trend, registered by the petroleum industry.

The upstream sector was directly impacted by the crude dynamics, quotations volatility for oil products, production reduction measures or suspension of some major exploration and production projects. Additionally count geopolitical tensions (USA, Russia, Saudi Arabia, Iran) and OPEC decisions for limiting or reducing the crude production, Brent quotation in year 2020 being at a level of USD 42 / barrel, 35% down in comparison with USD 64 / barrel recorded in year 2019.

Within the COVID-19 pandemic context, measures for limiting virus spreading and population mobility were reflected in a dramatic and sudden drop of demand for oil products, decreased refining margins, generating overstocks of raw materials and products.

This market context have determined big upstream sector companies to change their strategies and development plans, reduce investments and take other actions like postponing or canceling of some exploration projects, reduction of crude oil production, implementing of programs for cutting costs and staff, measures for maintaining economic sustainability.

Company managed to implement in 2020 some measures and programs for optimizing costs, improving current activities and employees' protection, measures that will also be considered for 2021.

Although in 2021 the market is expected to be still volatile, with a decreased level of new investments from our main customers, the flexibility of the Company in regards to the type of services rendered, together with a strong financial position, including cash availabilities, will allow the operational activity to record a similar level as the one recorded in 2020.

Considering all of the above as well as next year cash flow projections based on existing and renewed commercial contracts, the financial statements of the Company were prepared based on the going concern principle.

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 31 December 2020 were, for RON:

	31 December 2020	31 December 2019
1 EUR	4.8694	4.7793
1 USD	3.9660	4.2608

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

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, as the case may be.

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

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

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

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

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

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

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

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

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

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.

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.

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

d) Impairment of financial assets

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

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

e) Property, plant and equipment

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

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

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

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

	Years
Buildings and other constructions	5 - 60
Machinery and other equipment	3 - 27
Vehicles	3 - 15

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

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

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

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.

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 the 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 priced 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.

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

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 11.

i) Impairment of non-financial assets

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

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

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is stated at 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.

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:

- Other equipment 3 – 5 years

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

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.

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.

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

m) Receivables

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

n) Cash and cash equivalents

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

o) Revenue from contracts with customers

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

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

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

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

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

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

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

p) Retirement benefit costs

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

Under the provisions of the collective labor agreement, employees are entitled to specified retirement benefits, payable on retirement, if they are employed with the Company at the date of their retirement. These amounts are estimated as of the reporting date, based on: applicable benefits provided in the agreement, the Company headcount and specific actuarial estimates (Note 20). The defined benefit liability as of reporting date comprises the fair value of the defined benefit obligation and the related 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 for all defined benefit plans. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

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

q) Taxes

- *Current income tax*

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

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

- *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.

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

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

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

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

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

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

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

- *Revenue related taxes*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the acquisition cost of the asset or as part of the expense item as the case may be.
- Receivables and payables whose taxes are included in their amount.

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

r) Dividends

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

s) Contingent assets and liabilities

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

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

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

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.

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

(i) Carrying value of trade receivables

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company assesses the requirement for an allowance for impairment in trade and other receivables 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.

(ii) Impairment of property, plant & equipment and investment properties

The Company analyses at each reporting date if there are indicators of impairment of tangible assets and investment properties. If any indication exists, or when annual impairment testing for assets is required, the Company estimates the assets recoverable amount. Assets are analyzed each time when events or changes in market or industry indicates the fact that the accounting value of these assets may not be recoverable. If for these assets allowances for impairment are necessary, the accounting value for these assets is adjusted to the recoverable amount, which is determined as the highest between fair value less cost to sale and the value in use (based on discounted future cash flows). The allowances for impairment are reversed only in the case when the events or circumstances that determined the initial impairment have changed. The discounted cash flows are determined based on Company's management estimation as regards to contracts and future projects concluded at the date of evaluation or estimated to be contracted in the future closely linked to market conditions. Other factors that might lead to changes in estimations could include restructuring plans or changes in legislation.

The recoverable amount is sensitive to the discount rate applied to discounted cash flows, as well as to the inputs of cash flows and the growth rate estimated for the analyzed period.

At the end of financial year 2020, the Company has performed the impairment test for all its tangible assets using the discounted cash flow method. The discounted cash flow method assumes the value of cash-generating units by estimating the present value of the future expected earnings arising from the use of the cash generating unit, using a discount rate. Estimated cash flows were determined taking into account the company's predictions regarding the operating profits for the next seven years, discounted with an estimated economic growth rate of the industry in which the company operates.

The recoverable amount of the CGU of RON 26.6 million was determined based on the value in use (VIU) calculation using the cash flow projections from the approved financial budgets. As a result of the analysis, Management did not identify any impairment for this CGU.

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

Significant estimates applied to the determination of the value in use by the Company are:

- Operating profit margin
- Discount rate

The estimated operating profit margin is presented below:

	2021	2022	2023	2024	2025	2026	2027
	%	%	%	%	%	%	%
Rompetrol Well Services SA	18.75	21.82	24.80	26.49	27.58	28.96	30.41

Operating profit margins are estimated based on the average historical operational results recorded for 2018 – 2020, further revised to reflect the anticipated effects of COVID-19 which might trigger a downturn of CAPEX investments for the Company's main customers.

The discount rate applied in the model was 11.86% and reflects the current assessment of the market risk for Company. The discount rate was estimated based on weighted average cost of capital for the industry. This rate was corrected in order to reflect the market assessment of certain industry risks for which future cash flows were not adjusted.

Sensitivity of estimates

The recoverable amount determined based on value of in use would equal the carrying amount of the property, plant and equipment if operating profits would decrease by 26.23% obtaining the following operating profit margin.

	2021	2022	2023	2024	2025	2026	2027
	%	%	%	%	%	%	%
Rompetrol Well Services SA	13.83	16.10	18.30	19.54	20.34	21.36	22.43

The minimum profitability threshold is obtained by increasing the discount rate from 11.86% to 19.7%.

(iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

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

Valuation techniques used to measure fair value shall be applied consistently. However, a change in a valuation technique or its application (eg a change in its weighting when multiple valuation techniques are used or a change in an adjustment applied to a valuation technique) is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances. That might be the case if, for example, any of the following events take place:

(a) new markets develop;
(b) new information becomes available;
(c) information previously used is no longer available;
(d) valuation techniques improve; or
(e) market conditions change.

Set out below is a comparison between the fair value as at 31 December 2020 and as at 31 December 2019:

	Fair Value	
	2020	2019
Rompetrol Rafinare SA*	967,133	1,099,015
Rompetrol Logistics SRL	7,291,604	8,539,522

**Company listed on Bucharest Stock Exchange under RRC symbol*

The fair value of the investment in Rompetrol Rafinare SA was determined based on price quotation available on Bucharest Stock Exchange at the reporting date.

The Company has a minority participation of 6.98% in Rompetrol Logistics, a dormant entity part of KMG International N.V Group. Further, Rompetrol Logistics is the sole shareholder of Rompetrol Gas, the LPG distribution company of the KMG International N.V. Group. Rompetrol Gas is a profitable company and according to the forecasted figures for the following 5 years will continue to be profitable.

At the end of financial year 2020, based on new information available, the Company has performed the fair value assessment of the investment in Rompetrol Logistics using the discounted cash flow method.

After performing the fair value assessment as of 31 December 2020, the Company considered necessary to record a loss through other comprehensive income amounting RON 1,159,032, net of tax.

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued

Description of significant unobservable inputs in valuation

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

Non-listed equity investment	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Rompetrol Logistics	DCF method	Discount rate	9.68%	1% increase (decrease) in the WACC would result in a decrease (increase) in fair value by RON 6,658 – decrease; RON 6,837 – increase
Rompetrol Logistics	DCF method	Discount for lack of marketability	20%	5% increase (decrease) in the marketability discounts would result in an increase (decrease) in fair value by RON 112,107
		Minority interest discount rate	15%	5% increase (decrease) in the minority interest discount would result in an increase (decrease) in fair value by RON 84,080
Rompetrol Gas	DCF method	Discount rate	9.71%	1% increase (decrease) in the WACC would result in an increase (decrease) in fair value by RON 80,252 and respectively RON 82,052

Reconciliation of fair value measurement of investments classified as equity instruments designated at fair value through other comprehensive income ('OCI'):

	Rompetrol Rafinare SA	Rompetrol Logistics SRL	Total
1 January 2020	**1,099,015**	**8,539,522**	**9,638,537**
Remeasurement recognized in OCI	(131,882)	(1,247,918)	**(1,379,800)**
31 December 2020:	**967,133**	**7,291,604**	**8,258,737**

1.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2020:

- **Conceptual Framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

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

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. Management has estimated that there is no impact on the financial statements by applying the amendments.

- **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**
  In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). Management has estimated that there is no impact on the financial statements by applying the amendments.

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

1.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018 - 2020 (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

  The amendments have not yet been endorsed by the EU.

- **IFRS 16 – Leases – Covid 19Related Rent Concessions (Amendment)**
  The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  - Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
  - There is no substantive change to other terms and conditions of the lease.

  Management has assessed and concluded that the updates included in this standard will not impact the financial statements of the Company.

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

- **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**
  In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management is in progress with the assessment of the impact on the financial statements

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below there is an analysis of Company's revenues:

	2020	2019
Revenue from well services	47,111,434	65,568,842
Revenue from other services	67,767	74,678
Revenue from goods sold	69,981	34,959
Total	**47,249,182**	**65,678,479**

	2020	2019
Export		
Europe	-	2,355,830
Total export	**-**	**2,355,830**
Internal market sales	47,249,182	63,322,649
Total sales	**47,249,182**	**65,678,479**

In year 2020, the activity of the Company experienced a reduction of orders for rendering well services, particularly in the first 10 months. From operational point of view, the Company implemented measures to secure the workforce available in order to honor all orders (such as periodic testing, reduced physical contact between teams). From a commercial point of view, the Company participated to all publicly announced tenders in order to secure activity for the period to come.

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2. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Having in mind the increasing trend of crude quotation and start of COVID-19 vaccination campaign from last quarter, as well as past experience with similar events of crude price sudden drop registered in the past, we expect that in the medium and long-term perspective, the market will recover up to normal conditions.

The Company analyzed the criteria for defining an operational segment according to IFRS 8 Operating segments, and concluded that the business is only one cash generating unit, with one segment.

2.1 RENTAL REVENUES

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

	2020	2019
Revenue from office space rental	400,756	348,485
Revenue from equipment's rental	17,880	108,805
Total	**418,636**	**457,290**

3. OTHER REVENUES AND OTHER EXPENSES

3.1. Other operating income

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

	2020	2019
Other operating income :		
- earnings from debts write-off	609,424	679,478
- earnings from sale of waste	51,380	9,661
- earnings from disposal of fixed assets	183,980	95,621
- earnings from compensations and penalties	24,300	58,021
- other revenues	58,956	2,610
Total	**928,040**	**845,392**

Revenues from the debts write-off in amount of RON 609,424 (2019: RON 679,478) represent mainly the cancellation of unclaimed dividends obligation, which were within the prescription limit and for which the Company has taken all legal steps to settle them. The debts write-off was made based of the Board of Directors decision from 18 December 2020.

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3. OTHER REVENUES AND OTHER EXPENSES (continued)

3.2. Expenses with third-party services

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

	2020	2019
Travel expenses	1,695,557	1,609,939
Maintenance and repair expenses	931,019	1,172,027
Royalties and rental expenses	594,434	456,126
Insurance premiums	707,461	369,634
Postage and telecommunications	74,708	79,403
Bank commissions and similar charges	51,167	53,034
Entertaining, promotion and advertising	19,121	65,765
Commissions and fees	-	2,211
Other third party services, from which:	**9,474,566**	**11,451,016**
Goods transportation services	3,423,583	3,570,214
Well services rendered –by subcontractors	1,057,169	2,766,084
Outsourced activities services	2,913,927	1,870,305
Management services	571,013	1,744,920
Others	614,131	690,097
Security services	650,087	603,598
Consultancy and audit	244,658	205,798
Total	**12,922,035**	**15,259,155**

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.

During 2020, the company partially subcontracted services of acidizing, hot oil pumping and nitrogen for a specific project to a third party. The value of the services performed by this subcontractor in order to fulfill the contractual obligations assumed by the Company, as a supplier, amounts to RON 1,057,169 for the financial year ended (2019: RON 2,766,084).

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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:

	2020	2019
Compensations, fines, penalties	8,697	3,261
Amounts or goods granted as sponsorship	297,486	358,651
Write-off trade receivables and sundry debtors	-	619,998
Other operating expenses	27,261	5,042
Total	**333,444**	**986,952**

Write-off trade receivables and sundry debtors recorded in 2019, in amount of RON 619,998, represents the expense generated by finalization of the closure process of the Kazakhstan company branch.

4. FINANCIAL EXPENSES AND REVENUES

4.1. Financial revenues

	2020	2019
Interest income, from which:	**3,680,119**	**4,447,212**
Income obtained from the entities within the group	3,667,494	4,438,897
Income from exchange rate differences	418,970	230,037
Other financial income	271	3,262
Total financial income	**4,099,360**	**4,680,511**

The line "Income obtained from the entities within the group" in amount of RON 3,667,494 (2019: RON 4,438,897) represents interest revenue from cash-pooling in amount of RON 3,667,494 (2019: RON 3,640,034) and interest generated by the loans granted to Rompetrol Rafinare SA in amount of RON 0 (2019: RON 798,863).

4.2. Financial expenses

	2020	2019
Expenses from exchange rate differences	318,232	111,889
Other financial expenses, out of which	33,897	50,490
Interest expense on the lease liability	28,118	22,765
Total financial expenses	**352,129**	**162,379**

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5. EXPENSES WITH EMPLOYEES

The expenses with salaries and taxes, recorded during 2020 and 2019 are as follows:

	2020	2019
Expenses related to salaries and allowances	16,539,435	18,749,593
Other expenses with employees benefits	399,695	323,471
Contributions to special funds	168,499	161,803
Expenses related to the social insurances	377,119	418,560
Total	**17,484,748**	**19,653,427**

The average number of employees decreased from 172 at 31 December 2019 to 158 employees at 31 December 2020.

The average number of employees has evolved as follows:

	2020	2019
Management personnel	3	3
Administrative personnel	19	20
Production personnel	136	149

The Administrators and Managers

During 2020 and 2019, the Company has paid the following allowances to the members of the Board of Directors and to the executive directors:

	2020	2019
The Members of the Board of Directors	359,088	478,873
Executive directors	787,843	745,200
Total	**1,146,931**	**1,224,073**

On 31 December 2020, the Company has had no obligations regarding the payment of the retirement benefits to former members of the Board of Directors and of the executive management.

At the end of 2020, the Company had no advance payments to be reimbursed to the members of the executive management and there were also no guarantees of future obligations taken over by the company under the name of the Managers or Administrators.

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6. INCOME TAX

Main components of income tax expenses for fiscal years ended as of 31 December 2020 and 2019 are:

Statement of profit and loss

	2020	2019
Current income tax:		
Expenses regarding the current income tax	764,477	1,870,655
Deferred income tax		
For the initial registration and continuation of the temporary differences	(497,915)	(386,174)
Expenses regarding the income tax reported in statement of total comprehensive income	**266,562**	**1,484,481**

Reconciliation between the expenses regarding the current income tax and the deferred income tax and the accounting profit is as follows for fiscal years 2020 and 2019:

	2020	2019
Accounting result before tax	4,629,514	13,654,588
At Company's statutory income tax rate of 16% (2018: 16%)	740,722	2,184,734
Effect of value adjustments from non-taxable incomes	-	(92,841)
Effect of value adjustments from items similar to revenues	-	-
Non-deductible expenses for tax computation:		
Allowance for trade receivables and inventories	25,141	(8,956)
Depreciation of tangible assets	19,101	23,476
Other non-deductible expenses	(19,009)	310,202
Reinvested profit	-	(187,309)
Fiscal credit	(153,191)	(358,651)
Effect of fiscal (profit) / loss carried forward	-	-
Expenses with current income tax at effective rate 16% (2019: 16%)	**612,764**	**1,870,655**
Cancellation of fiscal facility related to 2019	187,309	-
Bonus income tax payment according OUG 33/2020	(35,596)	-
Expenses with current income tax reported in statement of profit and loss	**764,477**	**1,870,655**

The General Meeting of Shareholders decided on 27 April 2020 the profit distribution as dividends, and as a result, the Company decided to cancel the fiscal facility for reinvested profit related to 2019.

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6. INCOME TAX (continued)

Deferred income tax

The deferred income tax refers to the following:

	Statement of the financial position		Profit and Loss Statement		Other Comprehensive Income	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revaluation of assets (fair value as deemed cost) with reserve transfer to retained earnings (at transition to IFRS)	(1,042,392)	(1,058,310)	15,918	60,430	-	-
Recognition of right of use assets	(134,462)	(95,210)	(39,252)	(237,330)	-	142,120
Recognition of estimates for retirement benefits	376,706	135,392	489,693	186,919	(248,380)	154,655
Recognition of the provision for Kazakhstan branch liquidation	-	-	-	22,782	-	-
Recognition of lease liability	136,583	99,783	36,800	243,476	-	(143,693)
Fair value valuation of financial assets	(277,437)	(498,205)	-	-	220,768	(498,205)
Recognition of estimate for outstanding vacation days	62,623	93,124	(30,501)	164,676	-	-
Temporary adjustment inventories	121,523	104,614	16,909	13,496	-	-
Temporary adjustment receivables	108,620	100,272	8,348	(68,275)	-	-
(Expenses regarding) /income from the deferred tax	-	-	**497,915**	**386,174**	**(27,612)**	**(345,123)**
Assets regarding the deferred tax	806,055	533,185				
Liabilities regarding the deferred tax	(1,454,291)	(1,651,724)				
Assets / (Liabilities) regarding the deferred tax, net	**(648,236)**	**(1,118,539)**				

The reconciliation of deferred tax payable is as follows:

	2020	2019
Beginning of balance	**1,118,539**	**1,159,590**
Deferred tax expense recognized in profit and loss	(497,915)	(386,174)
Deferred tax expense recognized in other comprehensive income	27,612	345,123
Ending Balance	**648,236**	**1,118,539**

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7. 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:

	31 December 2020	31 December 2019
Net result attributable to shareholders	4,362,952	12,170,108
Weighted average number of shares	278,190,900	278,190,900
Earnings per share (RON / share)	**0.0157**	**0.0437**

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

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8. 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 2019	**5,585,846**	**6,565,466**	**97,725,351**	**1,288,736**	**111,165,399**
Additions	-	-	434,311	4,893,288	5,327,599
Disposals	-	(48,120)	(5,271,798)	-	(5,319,918)
Transfers	-	988,301	1,980,366	(2,968,668)	-
On 31 December 2019	**5,585,846**	**7,505,647**	**94,868,231**	**3,213,356**	**111,173,080**
Additions	-	23,293	26,712	4,675,659	4,725,664
Disposals	-	(96,107)	(4,268,947)	-	(4,365,054)
Transfers	-	539,858	1,993,299	(2,533,157)	-
On 31 December 2020	**5,585,846**	**7,972,691**	**92,619,295**	**5,355,858**	**111,533,690**
Depreciation and Impairment					
On 1 January 2019	**-**	**2,408,069**	**82,497,027**	**-**	**84,905,097**
Depreciation charge for the year	-	319,048	4,278,700	-	4,597,749
Disposals	-	(32,813)	(4,830,798)	-	(4,863,611)
Depreciation	-	-	-	-	-
On 31 December 2019	**-**	**2,694,303**	**81,944,929**	**-**	**84,639,234**
Depreciation charge for the year	-	392,766	4,094,020	-	4,486,787
Disposals	-	(72,080)	(4,176,601)	-	(4,248,681)
Depreciation	-	-	-	-	-
On 31 December 2020	**-**	**3,014,991**	**81,862,346**	**-**	**84,877,339**
Net accounting value					
On 31 December 2020	**5,585,846**	**4,957,701**	**10,756,949**	**5,355,858**	**26,656,351**
On 31 December 2019	**5,585,846**	**4,811,344**	**12,923,302**	**3,213,356**	**26,533,846**
On 1 January 2019	**5,585,846**	**4,157,397**	**15,228,324**	**1,288,736**	**26,260,303**

A percentage of 88% from the increase recorded during 2020 for plant and equipment, in amount of RON 4.2 million, is represented by the acquisition and / or the upgrade of machinery, equipment and handling tools utilized for well services operations and other preliminary operations.

Approximately 12% from total investments conducted by the company in 2020 were related to rehabilitation and modernization of the headquarter building and replacement of IT equipment.

The Company used own funds in order to finance the budgeted capital expenditure for 2020.

The Company is performing an annual assessment in order to identify potential indicators for impairment of tangible assets, considering specific characteristics of these assets and taking into account estimates of future cash flows generated by the respective assets.

The Company performed an impairment test for tangible assets as of 31 December 2020, which aimed to determine the recoverable amount of the equipment and the production capacities, and concluded there is no need to record any impairment. The recoverable amount of this equipment was determined based on discounted cash flows estimated to be generated by the assets.

All presented tangible assets are the property of the Company.

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9. 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.

	2020	2019
Initial balance on 1 January	**488,608**	**507,210**
Depreciation expenses	(18,603)	(18,603)
Ending balance on 31 December	**470,005**	**488,608**

	2020	2019
Income from rents obtained from real estate investments	11,951	11,777
Direct operational expenses (including repairs and maintenance) which generate income from rents	(35,920)	(33,538)
Net result from investment property recorded at cost	**(23,969)**	**(21,761)**

As of 31 December 2020, the fair values of the investment properties are based on the fair valuation made as of 31 December 2019 by S.C. Accento Management Consultants SRL, a recognised independent evaluator. During 2020, the real estate market in the area where the properties are located did not varied significantly in order to give a material impact on their fair value.

10. INTANGIBLE ASSETS

	Patents and licenses	Intangible assets in progress	Total
Costs			
On 1 January 2019	**637,268**	**-**	**637,268**
Additions	-	128,647	**128,647**
Disposals	-	-	**-**
Transfers	128,647	(128,647)	**-**
On 31 December 2019	**765,916**	**-**	**765,916**
Additions	-	-	**-**
Disposals	-	-	**-**
Transfers	-	-	**-**
On 31 December 2020	**765,916**	**-**	**765,916**
Amortisation and impairment			
On 1 January 2019	**430,879**	**-**	**430,879**
Depreciation charge for the year	61,195	-	**61,195**
Disposal	-	-	**-**
On 31 December 2019	**492,073**	**-**	**492,073**
Depreciation charge for the year	78,693	-	**78,693**
Disposal	-	-	**-**
On 31 December 2020	**570,766**	**-**	**570,766**
Net accounting value			
On 31 December 2020	**195,150**	**-**	**195,150**
On 31 December 2019	**273,842**	**-**	**273,842**
On 1 January 2019	**206,389**	**-**	**206,389**

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11. EQUITY INSTRUMENTS AT FVOCI

Name of the company	Nature of the relationship	Year of investment	Percent held on 31 January 2019	Percent held on 31 December 2020	Fair value of the investment on 31 December 2019	Fair value of the investment on 31 December 2020
Rompetrol Logistics S.R.L.	Long term investment	2002/2003/2007	6.98%	6.98%	8,539,522	7,291,604
Rompetrol Rafinare S.A.*	Long term investment	2003/2004	0.05%	0.05%	1,099,015	967,133
Rompetrol Drilling S.R.L.	Long term investment	2014	1%	1%	100	100
Total					**9,638,637**	**8,258,837**

**Company listed on Bucharest Stock Exchange under RRC symbol*

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

12. OTHER FINANCIAL ASSETS

	31 December 2020	31 December 2019
Collateral account for guarantee letters with maturity over one year	3,948,400	3,450,914
Specific account for dividends	257,483	83,969
Specific accounts for other guarantee	35,010	29,607
Other financial assets	**4,240,893**	**3,564,490**

The collateral accounts for 2019 were reclassified between lines of financial statements, considering the starting date of the guarantee letters.

The details on the structure of collateral account for guarantee letters with maturity over one year can be found bellow (see details in Note 23):

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
16201	S.N.G.N. ROMGAZ S.A.	RON	3,628,678	12-Jun-17	07-Sep-20	RON	3,628,678
26527/26528	S.N.G.N. ROMGAZ S.A.	RON	48,262	17-Feb-20	17-Mar-21	RON	48,262
28471	S.N.G.N. ROMGAZ S.A.	RON	271,460	02-Sep-20	22-Sep-22	RON	271,460
Total collateral accounts with maturity over one year as of 31 December 2020							**3,948,400**

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
00888-02-0531799	OMV PETROM S.A.	RON	191,172	17-Jan-19	28-Feb-20	RON	191,172
00888-02-0433226	OMV PETROM S.A.	RON	154,000	31-Jan-18	15-Feb-20	RON	154,000
16201	S.N.G.N. ROMGAZ S.A.	RON	3,105,742	12-Jun-17	07-Sep-20	RON	3,105,742
Total collateral accounts with maturity over one year as of 31 December 2019							**3,450,914**

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13. INVENTORIES

	31 December 2020	31 December 2019
Cement and additives	2,813,665	2,491,076
Spare parts equipment	2,142,767	2,105,277
Other inventories	259,150	288,129
Allowance for inventories	(759,519)	(653,840)
Total inventories, net	**4,456,063**	**4,230,641**

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 optimisation quantitative procurement, which explains a variation of inventory value between two acquisitions.

The presented allowance for inventories is related to inventories with no movement for more than one year.

	Allowance for inventories
On 1 January 2019	**569,492**
Additions	89,017
Used during the year	(4,670)
Exchange rate differences	-
On 31 December 2019	**653,840**
Additions	131,594
Used during the year	(25,915)
On 31 December 2020	**759,519**

14. TRADE AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
Trade receivables - third parties	13,054,705	13,633,389
Trade receivables with affiliated entities	34,652,129	34,644,196
Allowance for trade receivables – third parties	(1,259,090)	(1,195,931)
Allowance for trade receivables – affiliated entities	(29,862,363)	(29,862,452)
Total trade receivables, net	**16,585,381**	**17,219,203**
Other receivables – third parties	770,266	1,166,108
Other receivables with the affiliated entities	248,288	248,288
Other receivables with state budget	108,838	122,886
Value adjustments for other receivables – third parties	(428,463)	(428,425)
Value adjustments for other receivables – affiliated entities	(235,648)	(235,648)
Total other receivables, net	**463,282**	**873,208**
Total receivables, net	**17,048,662**	**18,092,411**

In 2020, respectively in 2019, Oilfield Exploration Business Solutions S.A. receivable (included above in trade receivables with affiliated entities) was adjusted to the level expressed in the Comfort Letter obtained from the majority shareholder KazMunayGas International NV, respectively RON 4,770,000.

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14. TRADE AND OTHER RECEIVABLES (continued)

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 2019	**30,773,482**	**1,488,023**	**32,261,505**
Transfer between category	-	-	-
Charge for the year	53,485	45,336	**98,820**
Unused amounts, reversed	(24,177)	(247,019)	**(271,196)**
Amounts written-off	-	(400,672)	**(400,672)**
Exchange rate differences	-	33,999	**33,999**
On 31 December 2019	**30,802,789**	**919,667**	**31,722,456**
Transfer between category	-	-	-
Charge for the year	6,239	97,376	**103,614**
Unused amounts, reversed	(13,243)	(38,744)	**(51,987)**
Amounts written-off	-	-	-
Exchange rate differences	-	11,480	**11,480**
On 31 December 2020	**30,795,785**	**989,779**	**31,785,564**

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 some trade receivables, the impairment losses are estimated based on simplified approach, recognizing anticipated losses for their entire lifetime.

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

		Total trade receivables						
At 31 December 2020	**Current**	**< 30 days**	**31 – 60 days**	**61- 90 days**	**91 - 180 days**	**181 - 360 days**	**> 360 days**	**Total**
Expected credit loss rate (%)	*2.64%*	*12.60%*	*63.82%*	*62.08%*	*60.74%*	*90.00%*	*100%*	-
Estimated total gross carrying amount at default	10,274,077	1,526,086	17,449	19,019	106,407	24,045	35,739,752	**47,706,834**
Expected credit loss	(32,071)	(44,446)	(11,016)	(7,623)	(54,513)	(21,955)	(30,949,830)	**(31,121,453)**

		Total trade receivables						
At 31 December 2019	**Current**	**< 30 days**	**31 – 60 days**	**61 - 90 days**	**91 - 180 days**	**181- 360 days**	**> 360 days**	**Total**
Expected credit loss rate (%)	*2.81%*	*5.81%*	*58.71%*	*57.36%*	*63.06%*	*90.00%*	*100%*	-
Estimated total gross carrying amount at default	11,090,378	1,184,048	55,479	49,833	238,434	7,627	35,651,787	**48,277,586**
Expected credit loss	(63,416)	(21,510)	(33,201)	(28,586)	(22,820)	(7,616)	(30,881,234)	**(31,058,383)**

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15. OTHER CURRENT ASSETS

	31 December 2020	31 December 2019
Advance expenses for car insurance	94,648	70,031
Advance expenses for vignette	110,329	112,925
Advance expenses for business insurance	342,704	351,378
Advance expenses for authorizations, transportation licenses, subscriptions, others	131,591	206,649
Other current assets TOTAL	**679,272**	**740,984**

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.

16. CASH AND DEPOSITS

	31 December 2020	31 December 2019
Bank accounts in RON	780	6,806
Bank accounts in foreign currency	9,070	12,323
Short term deposits in RON	120,140	118,322
Petty cash in RON	9,933	5,905
Petty cash in foreign currency	11,194	13,588
Total cash and short term deposits	**151,117**	**156,944**

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 12 and 16.1).

In note 22 it is presented the details regarding the company's participation for the year 2020 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 31 December 2020 was of RON 82,166,109 (2019: RON 95,622,250), being ready to use without restriction, depending on the necessity.

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16. CASH AND DEPOSITS (continued)

16.1 COLLATERAL CASH FOR LETTERS OF GUARANTEE

The detail of the collateral deposits as at 31 December 2020 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
00888-02-0647852	OMV PETROM S.A.	EUR	584,328	20-Jan-20	20-Jan-21	RON	584,328
00888-02-0647861	OMV PETROM S.A.	EUR	730,410	20-Jan-20	20-Jan-21	RON	730,410
00888-02-0667278	OMV PETROM S.A.	RON	1,444,169	26-Mar-20	11-Mar-21	RON	1,444,169
00888-02-0691054	OMV PETROM S.A.	EUR	340,858	20-Jul-20	14-Jan-21	RON	340,858
00888-02-0703416	OMV PETROM S.A.	RON	1,084,732	7-Sep-20	3-Sep-21	RON	1,084,732
00888-02-0647843	OMV PETROM S.A.	EUR	316,511	20-Jan-20	20-Jan-21	RON	316,511
00888-02-0652907	OMV PETROM S.A.	RON	654,266	7-Feb-20	22-Jan-21	RON	654,266
Total collateral deposits							**5,155,274**

The collateral deposits as at 31 December 2019 had the following components:

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
00888-02-0575359	OMV PETROM S.A.	RON	228,670	24-May-19	21-Apr-20	RON	228,670
2	S.N.G.N. ROMGAZ S.A.	RON	6,518	13-Nov-18	15-Mar-19	RON	6,518
00888-02-0569981	OMV PETROM S.A.	EUR	298,850	10-May-19	3-Feb-20	RON	298,850
00888-02-0549334	OMV PETROM S.A.	RON	25,000	8-Mar-19	15-Mar-20	RON	25,000
00888-02-0542082	OMV PETROM S.A.	RON	1,378,540	15-Feb-19	18-Feb-20	RON	1,378,540
00888-02-0618633	OMV PETROM S.A.	RON	134,887	14-Oct-19	2-Oct-20	RON	134,887
00888-02-0632706	OMV PETROM S.A.	RON	885,098	26-Nov-19	10-Nov-20	RON	885,098
00888-02-0594034	OMV PETROM S.A.	RON	995,735	24-Jul-19	16-Jul-20	RON	995,735
Total collateral deposits							**3,953,298**

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17. SHARE CAPITAL

17.1. 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 finalisation 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 31 December 2020.

	31 December 2020	31 December 2019
	Number	*Number*
Subscribed capital, ordinary shares	278,190,900	278,190,900
	RON	*RON*
Nominal value, ordinary shares	0.1	0.1
	RON	*RON*
Value of the share capital	27,819,090	27,819,090

The share capital of the company is totally paid in on 31 December 2020.

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

17.2. 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 31 December 2020, as well as on 31 December 2019 and is presented in the table below:

	31 December 2020	31 December 2019
Share capital, from which:	28,557,446	28,557,446
Paid-in share capital	27,819,090	27,819,090
The adjustment of the share capital	738,356	738,356

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18. PROVISIONS

	Other Provisions for risks and expenses (long term)
On 1 January 2019	**142,389**
Constituted	-
Used during the year	(142,389)
Reclassified	-
On 31 December 2019	**-**
Constituted	-
Used during the year	-
Reclassified	-
On 31 December 2020	**-**

Other provision for risks and expenses in the amount of RON 142,389 was intended to cover the estimated costs of operational and legal dismantling of the Kazakhstan branch. The provision was used for setting the expenditures generated by the completion of the branch's liquidation process in May 2019.

19. LEASES

19.1 The right-of-use assets

The statement of the identified assets as of 31 December 2020 is presented in the table below:

Cost	Technical equipment and machinery and other tangible assets	Advances	Total Right of use assets
On 1 January 2019	**888,253**		**888,253**
Additions	-		-
Remeasurement	(87,278)		(87,278)
Transfers	-		-
On 31 December 2019	**800,974**		**800,974**
Additions	611,628	1,297,120	1,908,748
Remeasurement	(64,358)	-	(64,358)
Transfers	-	-	-
On 31 December 2020	**1,348,214**	**1,297,120**	**2,645,334**
Depreciation and impairment			
On 1 January 2019	-		-
Depreciation charge for the year	205,913		205,913
Transfers	-		-
On 31 December 2019	**205,913**		**205,913**
Depreciation charge for the year	301,916		301,916
Transfers	-		-
On 31 December 2020	**507,829**		**507,829**
Net accounting value			
On 31 December 2020	**840,386**	**1,297,120**	**2,137,506**
On 31 December 2019	**595,061**		**595,061**
On 1 January 2019	**888,253**		**888,253**

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19. LEASES (continued)

At the beginning of 2020, the Company signed a financial leasing contract which acquires the right to use two production equipment (cement pumping units). The financing contract has a period of 5 years, starting with the date of the goods receipt, the total value of the equipment's being of EUR 2,680,000. The Company paid in the first half of the year the advance, as part of the leasing contract, in amount of RON 1,297,120. The equipment will be delivered during 2021. (Note 23).

19.2 Lease liability

The accounting value of the lease liability and the movements recorded in this category during financial year 2020:

	2020	2019
At 1 January	**623,644**	**898,084**
Additions during the period	589,886	-
Remeasurement of lease contract	(64,386)	(87,278)
Interest associated to lease liability	27,701	23,171
Principal payments	(336,814)	(229,542)
Exchange rate difference for liability	13,614	19,209
Balance at 31 December	**853,644**	**623,644**

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

	2020	2019
Depreciation expense of right of use assets	311,630	205,913
Interest expense on lease liability	28,118	23,171
Expense relating to short-term leases	12,692	43,415
Expense relating to leases of low-value assets	4,072	22,340
Variable lease payments	15,739	7,269
Total amounts recognised in profit or loss account	**372,250**	**302,108**

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20. OTHER POST EMPLOYMENT BENEFITS

	2020	2019
Balance at 1 January	**846,202**	**1,288,636**
Included in profit or loss		
Interest expense	5,549	21,631
Service Cost	42,209	67,820
(Gain) / loss on settlement	(91,921)	-
Included in other comprehensive income		
Actuarial loss/(gain)	1,552,372	(531,885)
Balance at 31 December	**2,354,410**	**846,202**

The liabilities regarding pensions and other similar obligations have been determined depending on the provisions of the collective labour contract of the Company, which stipulates the payment of a number of salaries to each employee at retirement, depending on the period of employment. The amount for the provision for benefits to be granted at retirement of RON 2,354,410 has been determined in 2020, based on internal calculation, using the actuarial model. The management has taken into consideration for carrying out the calculation, mainly the fluctuation of the employees, the age of the employees, the estimated mortality rate, the estimated salary costs evolution, discount rates. The provision has been determined by the company and has been updated in the sense of the increase by RON 1,508,208.

Below are the assumptions used for the actuarial computation of post employments benefits provision:

	31 December 2020	31 December 2019
	%	%
The turnover of the personnel in one year	13.95	11.59
The mortality rate for the current year	1.17	1.19
The contribution of the company to the gross salary	3.00	3.00
The inflation rate of the salary	2.31	2.97
The nominal discounting rate (the interest rate for governmental bonds)	2.97	4.65
Real discounting rate	**0.66**	**1.68**

At the end of 2020, the rate for turnover of personnel registered an unfavorable evolution compared to the previous year, in the sense of the increase of about 20%, which confirms the accentuation of one of the problems faced by most of the Romanian companies in recent years - the fluctuation of the workforce.

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20. OTHER POST EMPLOYMENT BENEFITS (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

Assumptions for pension plan:	31 December 2020	31 December 2019
Rate of personnel exits, estimated up to the retirement date		
10% increase	(273,621)	(245,138)
10% decrease	273,621	286,962
Future salary increases		
10% increase	235,441	84,620
10% decrease	(235,441)	(84,620)
Life expectancy of male pensioners		
Increase by 1 year	(21,308)	(20,926)
Decrease by 1 year	37,613	19,074
Life expectancy of female pensioners		
Increase by 1 year	(8,543)	(5,059)
Decrease by 1 year	9,568	5,619
The contribution of the company to the gross salary		
1% increase	22,858	8,216
1% decrease	(22,858)	(8,216)
The nominal discounting rate (the interest rate for governmental bonds)		
1% increase	(291,040)	(95,605)
1% decrease	355,458	114,348

21. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	31 December 2020	31 December 2019
Trade payables - third parties	4,356,225	6,978,199
Trade payables with affiliated entities	1,191,924	1,532,882
Advance payments and deferred income	5,912	30,073
Salaries	1,245,624	1,435,973
Dividends to be paid	1,997,940	1,769,268
Taxes	651,638	815,511
Other liabilities	50,000	-
Total	**9,499,264**	**12,561,906**

The decrease registered in the category of trade payables at the end of the financial year 2020 compared to the previous year is determined both by the timing of the acquisitions made by the Company, at the end of the year, in order to ensure the optimum level of working capital, as well as the necessity and the opportunity to carry out expenses for the modernization and refurbishment of the production equipment.

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22. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information on transactions with companies under common control of KazMunayGas Group as of 31 December 2020.

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

Receivables

	31 December 2020	31 December 2019
KMG Rompetrol S.R.L.	82,430,038	96,014,880
Oilfield Exploration Business Solutions S.A.*	4,770,000	4,770,000
Romperol Logistics S.R.L.	20,329	18,964
KMG Rompetrol Services Center S.R.L.	1,484	728
Total	**87,221,851**	**100,804,572**

**) As of 31 December 2020, respectively 31 December 2019 Oilfield Exploration Business Solutions S.A. receivables represents the recoverable amount (see note 14).*

Liabilities

	31 December 2020	31 December 2019
KMG Rompetrol S.R.L.	718,563	928,356
Rompetrol Downstream S.R.L.	200,851	316,942
KMG Rompetrol Services Center S.R.L.	271,386	285,066
Rompetrol Logistics S.R.L.	-	1,417
Global Security Sistem S.A.	1,125	1,100
Total	**1,191,924**	**1,532,882**

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22. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Sales

	2020	2019
KMG Rompetrol S.R.L.	3,667,494	3,640,034
Rompetrol Logistics S.R.L.	204,916	186,517
KMG Rompetrol Services Center S.R.L.	7,545	7,396
Oilfield Exploration Business Solutions S.A.	4,579	8,941
Rompetrol Rafinare S.A.	387	799,250
Rompetrol Drilling S.R.L.	355	348
Rominserv S.R.L.	108	-
Total	**3,885,384**	**4,642,486**

Acquisition of goods and services

	2020	2019
Rompetrol Downstream S.R.L.	2,654,922	4,847,412
KMG Rompetrol S.R.L.	2,295,292	2,202,366
KMG Rompetrol Services Center S.R.L.	1,830,428	1,850,248
Global Security Sistem S.A.	21,045	18,223
Rompetrol Quality Control S.R.L.	1,089	-
Rominserv S.R.L.	-	6,215
Total	**6,802,776**	**8,924,464**

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 87,916,035, generating interest in amount of RON 3,667,494. The value of these receivables as of 31 December 2020 was of RON 82,419,445.

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22. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Description	Validity term	Contract Date	Maturity Date	Interest rate	Currency	Principal	Interest receivable as of 31 December 2019	Balance existing as of 31 December 2019	Interest receivable as of 31 December 2020	Balance existing as of 31 December 2020
Cash Optimization System implementation of The KMG Rompetrol Group companies (cash pooling)	12 months, with automatically extension	15-Sep-14	15-Sep-21	Based on ROBOR OVERNIGHT	RON	Depending on the working capital needs	387,938	95,622,250	253,336	82,166,109
Total							**387,938**	**95,622,250**	**253,336**	**82,166,109**

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

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23. COMMITMENTS AND CONTINGECIES

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 option to buy the goods being expressed at the moment the contract was signed. The value of the assets is in amount of EUR 2,680,000, and the value financed, in the amount of EUR 2,412,000.

The IFRS 16 standard establishes the moment of the initial recognition of an right-of-use asset concurrently with a debt arising from the lease agreements at the beginning of the roll-out, that is, the date on which a lessor makes available to the lessee, for use, the underlying asset. Due to the fact that the date of making available to the Company the vehicles that are the object of the contract occurs during the financial year 2021, the Company did not recognized the asset and debt arising from the mentioned contract.

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 31 December 2020 and 2019 for the Letters of Bank Guarantee is enclosed in Note 12 and Note 16.1.

Received guarantees

In January 2012, the contract no. RWS 03/2011, regarding Security Interests in Movable Property granted by SC Oilfield Exploration Business Solutions S.A. for the total value of RON 9,539,048 has been entered in the Electronic Archive for Security Interests in Movable Property.

Transfer price

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.

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24. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT

The risk of the interest rate

- Loans received: the company is not being involved in any loan contract and therefore not exposed to risks regarding the movement of the interest rate;
- Loan granted: for the loans granted presented in note 22 (Availabilities in cash pooling system), the income from interest varies, depending on OVERNIGHT ROBOR.

If interest rates would have varied with + / - 1 percent and all other variable would have been constant, the net result of the Company as of 31 December 2020 would increase / decrease with RON 894,057 (2019: increase / decrease with RON 789,958).

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.

	TOTAL RON	5% USD	5% EUR
31 December 2019			
Balance	**(81,628)**	**(60,454)**	**(21,175)**
Monetary assets	**112,660**	71,442	41,218
Monetary liabilities	**(194,288)**	(131,895)	(62,393)
31 December 2020			
Balance	**(14,421)**	**(57,122)**	**42,702**
Monetary assets	**100,676**	702	99,974
Monetary liabilities	**(115,097)**	(57,824)	(57,273)

The credit risk

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

The market risk

Taking into consideration the structure and continuance of trade contracts, it can be highlighted as important clients S.C. OMV Petrom SA and S.N.G.N. Romgaz SA concentrating around 89% of the total turnover registered for the financial year 2020. The main contracts with S.C. OMV Petrom SA and S.N.G.N. Romgaz SA are valid until 3 January 2024, respectively 7 September 2022.

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

Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the efficient use of working capital. Approximately 85% of the Company's debt will mature in less than one year at 31 December 2020 (2019: 88%) based on the carrying value reflected in the financial statements. The Company assessed the concentration of risk with respect to chargeability of its debt and concluded it to be low.

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

Trade payables and similar liabilities	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Trade payables - third parties	516,243	2,848,482	991,500	-	-	4,356,225
Trade payables with affiliated entities	279,679	912,245	-	-	-	1,191,924
Lease liabilities	-	87,359	240,918	525,367		853,644
Dividends to be paid	1,238,319	-	-	759,621	-	1,997,940
Other liabilities	-	50,000	-	-	-	50,000
Total year 2020	**2,034,242**	**3,898,086**	**1,232,418**	**1,284,988**	**-**	**8,449,734**

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	325,115	4,878,091	1,774,994	-	-	6,978,199
Trade payables with affiliated entities	397,794	1,135,088	-	-	-	1,532,882
Lease liabilities	-	39,965	156,443	427,236		623,644
Dividends to be paid	400,223	-	-	1,369,045	-	1,769,268
Other liabilities	-	-	-	-	-	-
Total year 2019	**1,123,132**	**6,053,144**	**1,931,437**	**1,796,281**	**-**	**10,903,993**

25. AUDIT EXPENSES

Contractual costs for audit services with the financial auditor for financial year ended 31 December 2020 were in amount of RON 92,470, equivalent of EUR 19,000.

All paid fees refer to auditing services on individual financial statements prepared by the Company in accordance with Order of Minister of Public Finance no. 2844/2016.

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26. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 23 February 2021 the Company sold to a third party a surface of 442 sqm together with a storage shed, both having a carrying amount of RON 24,617. The assets were located on Campina base.

Letter of bank guarantee with number LG/ 00888-02-0691054 having as beneficiary OMV Petrom SA, in amount of EUR 70,000, was issued on 20 July 2020 with maturity date 14 January 2021 and was extended on 6 January 2021 with addendum no.1 until June 30, 2021

Letter of bank guarantee with number LG/ 00888-02-0737559 having as beneficiary OMV Petrom SA, in amount of EUR 53,431, was issued on 7 January 2021 with maturity date January 18, 2022.

Letter of bank guarantee with number LG/ 00888-02-0740162 having as beneficiary OMV Petrom SA, in amount of EUR 100,000, was issued on 18 January 2021 with maturity date 15 January 2022.

Letter of bank guarantee with number LG/ 00888-02-0740171 having as beneficiary OMV Petrom SA, in amount of EUR 120,000, was issued on 18 January 2021 with maturity date 15 January 2022.

Letter of bank guarantee with number LG/ 30495 having as beneficiary S.N.G.N. ROMGAZ S.A. (Romgaz Medias), in amount of RON 12,063.14, was issued on 17 February 2021 with maturity date 17 March 2022.

Letter of bank guarantee with number LG/00888-02-0750347 having as beneficiary OMV Petrom SA, in amount of RON 1,746,324.12, was issued on 3 March 2021 with maturity date 7 March 2022.

On 19 March 2021, the Board of Directors approved the proposal to distribute gross dividends in amount of RON 4,362,951, respectively RON 0.0156833 / share, proposal on which the General Ordinary Meeting of the Shareholders that will take place on 26 April 2021 shall decide.

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp



Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

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ANNUAL REPORT

OF THE BOARD OF DIRECTORS

FOR THE 2020 FINANCIAL YEAR

prepared according to Law no. 24/2017 regarding the issuers of financial instruments and market operations and FSA Regulation no. 5/2018 regarding the issuers of financial instruments and market operations

Company

ROMPETROL WELL SERVICES S.A.

Registered office:	Ploieşti - str. Clopoţei 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

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1. Analysis of the company's activity

Rompetrol Well Services S.A. (RWS) is one of the most important companies in the specific Romanian market segment. RWS offers a wide range of specialized services for crude oil and natural gas wells including cementing, stimulations, nitrogen services, tubular running operations and rentals of equipment and tools.

The regional market and demand for well services registered during 2020 a significant drop on the background of effects generated by COVID-19 pandemic, as well as due to a negative trend, registered by the petroleum industry.
The upstream sector was directly impacted by the crude dynamics, quotations volatility for oil products, production reduction measures or suspension of some major exploration and production projects. Additionally, count geopolitical tensions (USA, Russia, Saudi Arabia, Iran) and OPEC decisions for limiting or reducing the crude production, Brent quotation in year 2020 being at a level of 42 USD / barrel, 35% down in comparison with 64 USD/barrel recorded in year 2019.
Within the COVID-19 pandemic context, measures for limiting virus spreading and population mobility were reflected in a dramatic and sudden drop of demand for oil products, decreased refining margins, generating overstocks of raw materials and products.
This market context has determined big upstream sector companies to change their strategies and development plans, reduce investments and take other actions like postponing or cancelling of some exploration projects, reduction of crude oil production, implementing of programs for cutting costs and staff, measures for maintaining economic sustainability.
Company managed to implement in 2020 some measures and programs for optimizing costs, improving current activities and employees' protection. All these significantly contributed towards the registered financial results, including a positive net result.

-RON

	2018	2019	2020
Operating income, of which:	64,282,224	66,981,161	48,595,858
Services rendered	62,745,136	65,678,479	47,249,182
Operating expenses, of which:	(48,758,777)	(57,844,704)	(47,713,575)
Depreciation	(5,278,281)	(4,883,457)	(4,895,712)
Provision adjustments, net	7,830,317	631,085	(157,129)
Net financial income	3,930,846	4,518,132	3,747,231
EBIT	**19,454,293**	**13,654,589**	**4,629,514**
Net Profit	**16,886,640**	**12,170,108**	**4,362,952**
Available funds in cash pooling system	50,967,016	96,010,188	82,419,445
Number of employees	170	172	158

1.1. a) Description of the company's core activity

Benefiting from almost 70 years of experience, Rompetrol Well Services SA is a competitive, solid and reliable partner, offering a wide range of services in the oil and gas industry.

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The Company's core activities are: supply of services for oil and gas wells, rental of well tools and equipment, and other services. The offered services include: cementing, stimulations, tubular running operations performed in the oil fields in Romania and abroad.

On an annual basis, the Company cements an average of 250 strings and liners, with a depth varying from 50 to 5,500 meters, supplies tubular running services for casings and liners to all Romanian clients. The company also offers rental services for drilling tools.

b) Specification of the company's incorporation date

Rompetrol Well Services S.A. was established in 1951 and in the 69 years of activity, although it operated with various structures and under various names, the main profile was the performance of special operations at Romanian oil and gas wells.

Government Decision no. 1213, from November 1990 decided that the company to be transformed in a joint-stock company, according to Law no. 15/1990, under the name of PETROS S.A., name under which it operated until September 2001, when it changed its name into ROMPETROL WELL SERVICES S.A.

c) Description of any merger or signification reorganization of the company, of its subsidiaries or of controlled companies, during the financial year

During 2020 and respectively 2019, the Company did not participate to any merger or reorganization.

d) Description of purchases and/or disposals of assets

During 2020, the acquisitions performed by the Company were represented mainly by special equipment needed for the normal operating activity. The Company did not dispose fixed assets with significant net book value.

e) Description of the main results of the evaluation of the company's activity.

1.1.1. General assessment elements:

a) Profit;
At the end of 2020, Rompetrol Well Services registered a positive result (profit) of RON 4,362,952.

b) Turnover;

In 2020, the turnover was RON 47,667,818, 28% lower than in 2019, respectively 32% lower than the budgeted turnover. The impact is generated by the market reaction to the sudden drop in oil prices, as well as to the effect generated by the Covid pandemic.

c) Export;

In 2020, due to the restrictions imposed as a result of the Covid pandemic, no services were provided outside Romania.

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d) Costs;

In 2020, the operating expenses adjusted with provisions were RON 47,556,446, 19% lower than those registered in the previous year, their evolution being directly influenced by the decrease of the activity volume, as presented under item b).

e) Market percentage;

In Romania the Company holds between 15% and 70% of market shares for various types of special services rendered.

f) Liquidity (available funds in the account, etc.).

In terms of liquidity, the Company maintained the capacity to cover current debts from current assets, the current liquidity indicator reaching a level of 10.68 at December 31st, 2020.

1.1.2. Assessment of the company's technical level

Description of the main rendered services

The main services performed by ROMPETROL WELL SERVICES S.A. are the following:

- **Cementing and various pumping services such as**:

casing cementing, primary cementing, remedial cementing (plug cementing and squeeze cementing), killing of wells, well circulations, millings and fluids displacements, interventions on damaged wells, miscellaneous pumping, pressure tests of eruption heads, tubular material, manifold, blow out preventer, etc..

- **Sand-control services**:

transport and handling of powder materials, operations at the well site.

- **Stimulation services**:

tensio-active treatments, acidizing, handling and transport of fluids (acid solutions and emulsions, field water etc.), aquifers layers isolation, operations for pumping enzymes.

- **Liquid Nitrogen services**:

putting in production, nitrogen fracturing, foam acidizing;

- **Tubular running services;**
- **Rentals of tools and equipment for various drilling-extraction works or the solving of well technical accidents;**
- **Cement analysis at the well site or in the lab;**
- **Cementing solutions preparation according to recipes;**

a) main markets for each product or service and distribution methods;

ROMPETROL WELL SERVICES SA maintained its position on the internal market being permanently concerned with improving the quality of performed services. With production capacities spread throughout the territory of the country and qualified labour force, well prepared in the field of supplies of special services at crude oil and gas wells, ROMPETROL WELL SERVICES promptly ensures the services requested by their beneficiaries irrespective of the location.

The main markets for the services of Rompetrol Well Services are in Central and Eastern Europe.

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b) weight of each category of products or services in the income and in the total turnover of the company for the last three years;

The situation of the weight of each category of services in the 2018, 2019, 2020 turnover is presented in Annex no. 1.

c) new products envisaged to which a large volume of assets will be allocated during the next financial year, and products' development stage.

The equipment modernization program in the last years focused on updating technologies for cementing and well stimulation services, respectively tubing and acidizing services. The endowment of cementing pump trucks with new high pressure lines is in accordance to the current safety requirements of the industry. The Company continues to develop and implement efficient cementing and well stimulation technologies to meet the operational requirements of customers.

1.1.3. Assessment of the technical and material supply activity (domestic sources, import sources)

Information on the safety of supply sources and the prices of raw materials and the dimension of raw materials and materials stocks.

The main types of materials necessary to perform the company's activity are: cement and additives, fuels and lubricants, car spare parts and technological equipment, ensured based on annually concluded firm agreements, which ensures stability and safety to the company's operation under optimum conditions. The levels of stocks of raw materials and spare parts vary depending on the volume of activity forecast in the immediately next period. Purchase prices are the market prices.

1.1.4. Assessment of the selling activity

a) Description of the sales evolution sequentially on the internal and/or external market and of sales perspectives on a medium and long-term basis;

The income evolution is presented in the table below:

- RON

	2018	2019	2020
Sales by activities, of which:	**62,760,538**	**66,135,769**	**47,667,818**
▪ Income from rendered services	62,745,136	66,100,810	47,597,837
▪ Income from the sale of merchandise	15,402	34,959	69,981

In 2020, the Company's activity felt a decrease in orders for the provision of well services, especially in the first 10 months. From an operational point of view, the Company has implemented measures to ensure the availability of labor in order to honor all orders (such as periodic testing, reduced physical contact between teams). From a commercial point of view, the Company participated in all publicly announced auctions in order to ensure the activity for the next period.
Given the upward trend in the price of a barrel and the start of the vaccination campaign against COVID-19 in the last quarter, as well as the experience of similar episodes of sharp decline in oil prices in the past, we expect that in the medium and long term the market will return to normal .

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b) Description of the competitive situation in the company's activity field, of the weight on the market of the products or services of the company and of the main competitors;

Given the conditions of a competitive environment and the maintenance at a prudent level of the activity in the oil and gas industry, the Company succeeded in maintaining the market share for most services supplied in Romania, while increasing the complexity of supplied services. A share varying between 15% and 70% of the specific service market is held by the company.

The Company's main competitors are: SCHLUMBERGER LOGELCO, HALLIBURTON ROMANIA, S.M.A.P.E. and TACROM SERVICES.

c) description of any significant dependence of the company on a single client or a group of clients whose loss would have a negative impact on the company's income.

We can say that ROMPETROL WELL SERVICES depends on the position of OMV - PETROM BUCUREŞTI S.A., client which represents approx. 74% of the company's sales. To reduce this risk of dependence, the company targets the increase of the proportion of well special services supplied to other E&P players on the domestic market and the extension of the activity on the external market.

1.1.5. Assessment of the aspects related to the company's employees/personnel

a) Specification of the number and training level of the company's employees and of the labour force syndication degree;

The Company ensured training for employees, mainly through in-house training programs, to ensure the achievement of the maximum benefits from the operation of existing equipment, continuously raising the skills level of employees and to create a safe work environment.

The structure of employees as at December 31, 2020 was as follows:

Total employees, out of which:	158
- with higher education	67
- with secondary education	12
- qualified workers	79

The labour force syndication degree is 85.44%.

b) Description of the relationships between the manager and the employees, and of any conflictual elements characterizing such reports.

The relationships between the manager and employees are based on collaboration, according with "Collective labour agreement" at a company level, there being no conflictual elements which could characterize such relationships.

1.1.6. Assessment of the aspects related to the impact of the issuer's basic activity on the environment

The synthetic description of the impact of the issuer's basic activities on the environment and of any existing or envisaged litigation regarding the breach of the environmental protection legislation.

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The activity performed in the company, both at the Ploieşti headquarters and at all the sections and work points in the country strictly pursues the observance of the environmental legislation in force and thus any litigation which may appear regarding the breach of environmental protection laws is avoided.

Our Company makes periodical verifications of the compliance with environmental requirements to avoid penalties or fines which may be applied for the failure to observe the obligations in this field, but also for the relationship with our suppliers and clients, which are lately more and more strict as to environmental aspects and concerned with identifying solutions leading to the reduction of ecological print.

The verification of environmental compliance is a complex process through which our company makes a detailed assessment of the activities impacting the environment, of the manner to observe the environmental legislation both for the technological processes made on site and of the held documents, identifying the non-compliances and proposing solutions for compliance, prevention or reduction of the effects of the impact generated by company on the environment.

In July 2018 the audit for the recertification of the Integrated Management System (environment, quality, labour security and health), made by DNV GL Business Assurance, was performed, further to which Rompetrol Well Services S.A. was certified for the next 3 years, with the new ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 standards. In 2020, the Company adhered to the new OHSAS 45001: 2018 standard, which replaced the old OHSAS 18001: 2007 standard. To verify and maintain the compliance with these standards, our company annually performs environmental, quality and safety audits of all its bases and inspections of the operations we perform on our clients' locations.

Rompetrol Well Services aimed at achieving several environmental objectives, of which:

- Training and monitoring subcontractors on the observance of environmental requirements. We perform audits of our subcontractors on an annual basis.
- Information of suppliers and clients of the policy and actions of the company in the environmental protection field
- Monitoring and reduction of the consumption of resources (water, natural gas, electricity, lubricants and fuels);
- Optimizing the consumption of electricity and gas by using LED lamps and using new thermal power plants with low consumption;
- Reducing paper consumption by electronic archiving;
- Periodic monitoring of the spaces arranged for waste collection and their safe storage;
- Monitoring of the activity in the bulk cement loading and unloading station and related to blend performance;
- Reuse of the packages used for liquid additives, in order to reduce the quantity of packages introduced on the internal market;
- Continuation of the process related to the renew of the car fleet with new generation trucks equipped with Euro 6 engines, thus contributing to the reduction of the emissions eliminated in the atmosphere.
- Training of the entire personnel regarding: the selective collection of waste, the reduction of specific consumptions and especially the responsibility to put in practice the environmental policy which the company declared and the environmental objectives it has set itself to perform.

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According to Law no. 105/2006 and Emergency Ordinance no. 196/2005, regarding the obligations to the Environmental fund, Rompetrol Well Sevices S.A. pays monthly taxes for pollutant emissions in the atmosphere, coming from fixed sources and annually the tax for the packages introduced on the market, according to the Statements regarding the obligations to the Environmental fund.

1.1.7. Assessment of the research and development activity

Specification of the expenses in the financial year and of those anticipated in the next financial year for the research and development activity.

In 2020 the Company did not registered research and development expenses.

1.1.8. Assessment of the company's risk management activity

Description of the Company's exposure to the price, credit, liquidity and cash flow risk. Description of the company's risk management policies and objectives.

The activity performed by the Company implies its exposure to:
- *price risk:* the Company has a flexible price policy, which enables it to react and adapt to the potential price fluctuations which could appear on the market;
- *credit risk:* the Company's activity is financed from own sources, but the credit risk could not be totally eliminated. The Company approached client crediting in a procedural, flexible manner, through the contracting strategy established as an essential risk distribution mechanism. The company's management permanently monitors the receivables and their collection;
- *interest rate risk:* the Company did not contract bank loans, not having any effect of the interest rate on expenses. For the available funds placed in cash pooling system, the interest income is variable by reference to ROBOR evolution;
- *liquidity risk:* until present the liquidity risk was estimated as low, because the company succeeded in obtaining a stable balance between the due date of receivables generated by sales and the chargeability of the debts for the operational and investment activity.;
- *exchange rate risk:* most income achieved by the Company is referred to RON and EUR. The time difference between the recognition of amounts in foreign currency and their collection cannot generate significant effects over the Company's financial position.

1.1.9. Elements of perspective regarding the company's activity

a) Presentation and analysis of trends, elements or factors of uncertainty which affect or could affect the liquidity of the company as compared to the same period of the previous year.

The activity performed by the company did not determine malfunctions of the cash flows, being compensated by the efficiency of the management of existing liquidities. The commitments to suppliers were rhythmically paid. The registered overdue amounts do not have the risk of significant penalties. As at December 31st, 2020 the company is not involved in any litigation for the payment of outstanding debts. The company ensured permanent promptness in honouring the agreements throughout the country.
The perspectives of extending service activities on external markets however impose rational decisions in prudently engaging liquidities upon the conclusion of new agreements.

Main objectives for 2021

To continue offering high quality services in all the main activities performed by the Company.

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Taking into account the current market trend, the Company is analyzing the possibility of expanding on the services market in the Middle East region. In this sense, the Company started discussions with possible local partners, including the opening of an operational base in the area.

b) Presentation and analysis of the effects of capital expenses, current or anticipated, on the company's financial situation as compared to the same period of last year.

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

The debt category does not include overdue debts such as interest or other credits engaged from banking institutions, but only the effect of applying the new leasing standard.

The permanent trend for the constructive and functional improvement of drilling installations imposed by the necessity to obtain a technical and economic efficiency of extraction wells led to the necessity to perform investments in order to satisfy market requirements.

A weight of 88% of the increase registered in tangible assets, of RON 4.2 million, is represented by the purchase and/or modernization of installations, machinery and tools used in the operations made at drilling wells and at other associated operations.

Approximately 12% of the total investments made by the Company in 2020 targeted works made to rehabilitate and modernize the administrative buildings and the replacement of equipment such as IT equipment.

The Company ensured its own financial resources to fully achieve the 2020 capital expenditure budget.

c) Presentation and analysis of events, transactions, economic changes significantly affecting the income from the basic activity.

The turnover for 2020 decreased by 28% compared to 2019, due to the reduction of well services demand. This decrease was limited to level mentioned above due to the solid position of the Company on the specific market.

2. Company's tangible assets

2.1. Specification of the location and of the characteristics of the main production capacities owned by the company.

The patrimonial assets such as tangible assets enable a flexible organization in the territory to operatively honour beneficiary's orders.

The place of service supply is identified at the beneficiaries, not in the organizational perimeter of the company, the use of production capacities depending on the orders received from beneficiaries.

The location of plots of land and constructions on the geographic area is identified in the following localities: Ploieşti (Prahova County), Câmpina (Prahova County), Boldeşti - Scăieni (Prahova County), Răzvad (Dâmboviţa County), Leordeni (Argeş County), Mihăeşti – Stupărei (Vâlcea County), Potcoava (Olt County), Craiova (Dolj County), Tg. Cărbuneşti (Gorj County), Slobozia – Conachi (Galaţi County), Ianca (Brăila County), Timişoara (Timiş County), Tg. Mureş (Mureş County), Mediaş (Sibiu County), Moineşti (Bacău County), Tecuci (Galaţi County), Videle (Teleorman County).

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The main production capacities are represented by the existence of fixed assets in the patrimony, such as: cementing units, bulk trucks, tank trucks, cement laboratory equipment and other types of utility vehicles and drilling tools.

2.2. Description and analysis of the degree of wear and tear of the company's properties.
The work in open air at wells, the circulation on difficult to access roads and the use of corrosive materials imply a high degree of wear and tear – compensated through the investments in the last years. The car specific nature of production capacities implies the recognition of maintenance costs resulted from the adaptation and recognition of the imperative normative documents specific to European integration and of environmental protection problems: DGT transport licenses, vignettes, tachographs, environmental taxes, first registration taxes, local taxes, etc.

2.3. Specification of the potential problems related to the ownership right over the company's tangible assets.
For all tangible assets, the ownership right is recognized, according to the held documents and the regulations in force.

3. Market of the securities issued by "ROMPETROL WELL SERVICES" S.A.

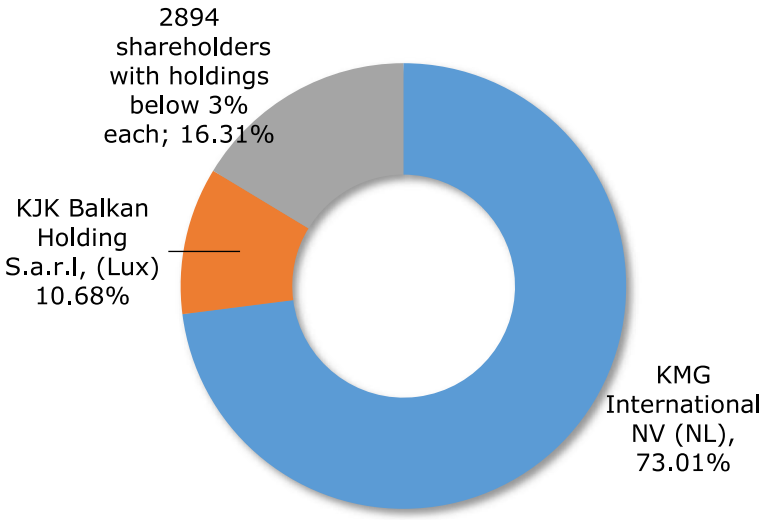
3.1. Specification of the markets in Romania and in other countries on which the securities issued by the company are negotiated.
The securities issued by ROMPETROL WELL SERVICES S.A. are admitted to the listing of the Bucharest Stock Exchange through decision no. 133 / March 26, 1998 and are traded on such market under the STANDARD category in the sector of the securities issued by Romanian legal persons, starting with June 18, 1998, under the PTR symbol. The securities issued by the company are in class A – nominative shares.
The share capital as at December 31, 2020 is RON 27,819,090 equivalent to 278,190,900 shares with a nominal value of RON 0.10 /share and is distributed by holders as follows:

1. KMG INTERNATIONAL N.V. The Netherlands	RON 20,311,015 (73.0111 %)
2. KJK BALKAN HOLDING S.a.r.l Luxembourg	RON 2,970,995 (10.6797 %)
3. Other shareholders (2894 shareholders)	RON 4,537,080 (16.3092 %)

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Shareholding structure



3.2. Description of the company's dividend policy. Specification of the dividends due/paid/accumulated in the last 3 years and, if applicable, of the reasons for the potential decrease of dividends over the last 3 years.

The decision to declare and pay dividends is made in the Annual Ordinary General Meeting of Shareholders at the recommendation of the Board of Directors. The recommendations on the dividend value and payment manner are adopted in the meeting of the Board of Directors proposing the profit distribution based on end-of-year results.

The policy provides a differentiated approach in determining the volume of dividends in respect of the Company, depending on:

- The nature and profitability of the commercial activity of the Company and its share capital needs;
- The expected own equity requirements for performance of the activity plans and the investment projects.
- The actual dividend volume shall take into account own equity financing needs for:
  - Financing of capital investments in existing assets;
  - Financing of investment projects in respect of the part which requires the allocation of own funds according to the agreed structure of project financing;
  - Debt reimbursement;
  - Other relevant factors that influence the company's cash flows.

The Board of Directors drafts proposals for the amount of dividends actually distributed for the reporting period.
The dividends distribution rate, subject to the other provisions of this Policy, is set at a minimum of 30% as long as there is sufficient cash availability computed as following:
Cash balance N + Cash Pooling net balance N + Cash from operations N+1 + Cash from Investing N+1 + Finance cost paid N+1 + Mandatory loan repayments N+1

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Where N is represented by the year for which the distribution is made while N+1 is represented by the next year. For N+1 computation is prepared based on the budget.
The Dividends are distributed to the Company's shareholders pro rata with their shareholdings in the Company.
The final decision shall be taken by the appropriate corporate bodies of the Company.
Amount of dividends shall be identified when decision is made to declare and disburse dividends.

The GMS decision on declaring and paying dividends shall reflect the following:
- the value of the dividend per share;
- the registration date and the adequate ex date, identifying the shareholders entitled to the dividend;
- the dividend payment date;
- any other legal requirements mentioned in the legal provisions in force.

For the year ended December 31st, 2018, the OGMS approved on April 24, 2019 the distribution of the net profit of RON 16,886,640, with the following destinations:
(i) dividends in amount of RON 5,007,436, respectively RON 0.018 gross /share
(ii) other reserves in amount of RON 11,879,204.

For the year ended December 31st, 2019, the OGMS approved on April 27, 2020 the distribution of the net profit as dividends of RON 12,170,108, respectively RON 0.0437 gross/share.

For the year ended December 31st, 2020, the OGMS, scheduled for April 26(27), 2021 shall decide on the profit distribution manner. The proposal of the Board of Directors is to distribute net profit as dividends the amount of RON 4,362,951, respectively RON 0.0156833 gross/share.

Until December 31st, 2020, the following dividends were paid:
- 93 % of the gross dividend approved for the 2017 financial year;
- 93 % of the gross dividend approved for the 2018 financial year;
- 93 % of the gross dividend approved for the 2019 financial year

3.3. Description of any activities of the company related to the purchase of its own shares.

The Company did not perform any activities related to the purchase of its own shares.

3.4. If the company has subsidiaries, specification of the number and nominal value of the shares issued by the parent company held by subsidiaries.

Not applicable.

3.5. If the company issued bonds and/or other debt securities, presentation of the manner in which the company pays its obligations to the holders of such securities.

Not applicable.

4. Management of ROMPETROL WELL SERVICES S.A.

According to the Articles of Incorporation, the Company's activity is managed by a Board of Directors formed of 5 members, appointed by the Ordinary General Meeting, who may also be

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shareholders of the company, natural or legal persons, of Romanian or foreign citizenship, respectively nationality.

At the beginning of 2020, the Board of Directors consisted of the following members: Saduokhas Meraliyev, Felix Crudu Tesloveanu, Timur Zhetpisbayev , Olga Turcanu, Eugeniu Moby Henke.
During 2020, there were three changes in the membership of the Board of Directors.
Following Felix Crudu Tesloveanu's waiver of his mandate as member of the Board of Directors, Laurentiu Madalin Coltanel was appointed as interim member of the Board of Directors, effective as of February 1, 2020 until the next GMS. In the GMS from April 27,.2020 he was elected permanent administrator until April 29,2022. Moreover, following the waiver of Timur Zhetpisbayev's mandate as member of the Board of Directors, Abzal Doszhanov was appointed as interim member of the Board of Directors, effective starting with September 09, 2020 and until the next GMS. Moreover, following the waiver of Saduokhas Meraliyev's mandate as member of the Board of Directors, Yedil Utekov was appointed as interim member of the Board of Directors, effective starting with October 01, 2020 and until the next GMS.

Therefore, at the end of 2020, the Board of Directors has the following structure:

Yedil Utekov – Chairman of the Board of Directors
Abzal Doszhanov – Member/General Manager
Olga Turcanu - Member
Laurentiu Madalin Coltanel - Member
Eugeniu – Moby Henke - Member

4.1. Presentation of the list of company's directors and of the following information for each director:

a) CV (forename, surname, age, qualification, professional experience, position and seniority;

• Saduokhas Meraliyev – Kazakh citizen, born in 1959;
Member of the Board of Directors between January 01, 2020 and October 01, 2020.
Chairman of the Board of Directors starting with April 29, 2018.
Term of mandate: 4 years, starting with April 29, 2018.
He studied between 1976 and 1981 the chemical technology to process oil and gas in the Moscow Oil and Gas University, and then he specialized in business management at the California University.
He has solid professional experience in the oil and gas industry, holding management positions in various fields thereof, working in various companies such as: Atyrau and Pavlodar refineries, Kazakhoil and KazMunayGas.

• Yedil Utekov - Kazakh citizen, born in 1976
Member of the Board of Directors between October 01, 2020 and December 31, 2020.
Chairman of the Board of Directors starting with October 01, 2020.
Term of mandate: until April 29, 2022.
Mr. Yedil Utekov is a graduate of the Faculty of Resources and Hydrocarbons Chemical Technology of Astrakhan State Technical University in Russia, and started his career in the oil and gas industry back in 2001, as a process operator with Akasaraisky Gas Processing Plant in Russia; then in the months September 2001 – June 2002, he worked as operator for ZAO Intergaz Central Asia, Kazakhstan. Starting with June 2002, he gradually advanced from the position of engineer with Atyrau Refinery, to that of Ecology, Technology, Health and Safety Manager. During April 2005 – April 2010, he worked for Agip KCO, in Atyrau, Kazakhstan, the

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last position held in this company being that of Group Coordinator for Technical Control and Inspection in August 2008 – April 2010.
He has solid professional experience in the oil and gas industry, holding management positions in various fields thereof, working in various companies such as: Atyrau refinery, Agip KCO and KazMunayGas.

• Timur Zhetpisbayev – Kazakh citizen, born in 1982;
Member of the Board of Directors between January 01, 2020 and September 09, 2020.
Term of mandate: 4 years, starting with April 29, 2018.
He is an economist, graduate of the Faculty of Business Administration Sciences and Accounting in KIMEP and has a Master's degree in banking and entrepreneurship in Conegliano, Italy.
He has a special professional experience working in various companies such as: K&K Group Kazakhstan, ATF Bank Kazakhstan, Samruk Kazyna Invest, KazMunayGas.

• Abzal Doszhanov – Kazakh citizen, born in 1984;
Member of the Board of Directors between September 09, 2020 and December 31, 2020.
Term of mandate: until April 29, 2022.
Mr. Abzal Doszhanov graduated from Atyrau Institute of oil and gas and IFP School.
Mr. Abzal Doszhanov joined Rompetrol in 2010, successfully accomplishing various roles – initially on an operational level, holding key positions as Process improvement manager and then at management level, gradually holding positions such as Deputy Production manager and General Manager.

• Olga Turcanu – Romanian citizen, born in 1979;
Member of the Board of Directors between January 01, 2020 and December 31, 2020.
Term of mandate: 4 years starting with April 29, 2018.
Mrs. Olga Turcanu studied international economic relationships and economic law in the Moldova Academy of Economic Sciences both at a license and master's degree level. In 2013 Mrs. Olga Turcanu was accepted as a Member of the Association of Chartered Certified Accountants (ACCA), and starting with 2018 she has a Fellow ACCA status.
She has professional experience in fiscal consultancy, financial audit in the oil and gas industry, economic analysis, budgeting, business planning, taxation, analysis of investment projects, corporate financing.
She worked in various companies such as: PriceWaterhouseCoopers, Mechel Trade House, Bluehouse Capital Group, Rominserv.

• Felix Crudu Tesloveanu – Romanian citizen, born in 1970;
Member of the Board of Directors between January 01, 2020 and February 01, 2020.
Term of mandate: temporary until the next Ordinary General Meeting.
Mr. Crudu-Tesloveanu has graduated from the Commercial Management Faculty within the "Dimitrie Cantemir" University in Constanta. Mr. Crudu-Tesloveanu has joined Rompetrol ever since 1988, successfully accomplishing various roles – initially at the operational level, passing through Gas Station Manager, Regional Coordinator, Regional Sales Coordinator and then at the management level, gradually occupying the positions of Regional Sales Manager, Sales Director, Operations Director and General Manager.

• Laurentiu Madalin Coltanel – Romanian citizen, born in 1977;
Member of the Board of Directors between February 01, 2020- December 31, 2020.
Term of mandate: until 29.04.2022.

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Mr. Laurentiu Madalin Coltanel holding the position of Production Engineer, later, he has held the positions of Project Manager and Operations Director within the Rompetrol Rafinare company, the Head of COO Office.

• Eugeniu – Moby Henke – Romanian citizen, born in 1973;
Member of the Board of Directors between January 01, 2020 and December 31, 2020.
Term of mandate: 4 years starting with April 29, 2018.
He is a lawyer, graduate of the Law Faculty of the Bucharest University (1992-1996) and has a Master's Degree in Administrative Sciences (1997-1999) in the Bucharest National School of Political and Administrative Studies.
He has professional experience in the following fields:
- consultancy for public and private companies (organizations), governmental agencies and natural persons;
- development and preparation of corporate systems, legal analysis of transactions, projects;
- protection of clients' rights in general jurisdiction courts at all levels;
- preparation, negotiation and legal support in performing contracts, agreements and other legal documents;
- experience as a Manager of the legal department of the KMG International Group, in work teams for a series of projects (commercial, legislative, etc.).

b) any agreement, understanding or family connection between such director and another person due to whom such person was appointed director;

As far as directors are aware, there was no agreement, understanding or family connection between the company's directors and another person due to whom they were appointed directors.

c) director's participation in the company's capital;

As per the company's Shareholders' Register, consolidated on December 31, 2020, issued by the Central Depository, none of the directors participates in the company's share capital.

d) list of the persons affiliated to the company.

None of the members of the Company's Board of Directors is affiliated to Rompetrol Well Services S.A. as provided by FSA Regulation no. 5/2018.

4.2. Presentation of the list of the members of the company's executive management. For each of them, the presentation of the following information:
a) the term for which the person is part of the executive management;

During 2020, Management's structure was as following:

No.	Position	Forename and surname	Period
1.	*GENERAL MANAGER*	*ZHETPISBAYEV TIMUR*	*January 01, 2020- September 09, 2020*
2.	*GENERAL MANAGER*	*DOSZHANOV ABZAL*	*September 09, 2020 - December 31, 2020*
3.	*FINANCE MANAGER*	*MOISE LUIZA ROXANA*	*January 01, 2020-December 31, 2020*

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b) any agreement, understanding or family connection between such person and another person due to whom such person was appointed as member of the executive management;

We are not aware of cases of understandings, agreements or family connections between the members of the executive management and other persons due to whom they were appointed in such position.

c) participation of such person in the company's capital.

According to the Company's shareholders' register, consolidated on December 31, 2020, issued by the Central Depository, no member of the executive management participates in the company's share capital.

4.3. For all the persons presented under 4.1. and 4.2., specification of the potential litigation or administrative procedures they were involved in, in the last 5 years, regarding their activity at the issuer and those regarding the capacity of such person to perform their duties at the issuer.

None of the persons in the company's management was involved in the last 5 years in litigation or administrative procedures.

5. Financial Statements

Presentation of an analysis of the current economic and financial situation as compared to the last 3 years, referring at least to:

a) balance sheet items: assets representing at least 10% of total assets; cash and other liquid available funds; reinvested profits; total current assets; total current liabilities;

Starting with the year ended as at December 31, 2012, the Company's individual financial statements were prepared according to the provisions of Order of the minister of public finances no. 1286/2012 approving the accounting regulations according to International Financial Reporting Standards applicable to the companies whose securities are approved for trading on a regulated market, Order of the Minister of Public Finances no. 2844/2016 with all subsequent amendments and supplementations.
In order to prepare such financial statements, according to Romanian legislative requirements, the company's functional currency is deemed to be the Romanian leu (RON).

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Synthesis of patrimonial items:

- RON

	2018	2019	2020
Total assets, of which:	**151,956,012**	**164,278,951**	**151,868,575**
Fixed assets	34,204,656	41,094,485	41,958,743
Current assets	117,751,356	123,184,466	109,909,833
Total liabilities, of which:	**151,956,012**	**164,278,951**	**151,868,575**
Share capital, of which:	28,557,446	28,557,446	28,557,446
Subscribed paid in share capital	27,819,090	27,819,090	27,819,090
Legal reserves	5,563,818	5,563,818	5,563,818
Other equities	87,242,326	102,412,242	99,452,458
Current profit/loss	16,886,640	12,170,108	4,362,952
Current liabilities	11,015,675	13,114,817	10,291,496
Long term liabilities	2,690,107	2,460,521	3,640,405

b) Statement of profit and loss account

Summary of Statement of profit or loss:

- RON

	2018	2019	2020
Total revenues, of which:	**68,492,568**	**71,661,673**	**52,695,218**
Operating income	64,282,224	66,981,161	48,595,858
Financial income	4,210,344	4,680,512	4,099,360
Total expenses	**49,038,275**	**58,007,084**	**48,065,704**
Operating expenses, of which:	48,758,777	57,844,704	47,713,575
- consumable material expenses	18,275,133	16,784,640	10,853,051
- staff costs	18,891,536	19,653,427	17,484,748
- fixed asset depreciation expenses	5,278,281	4,883,457	4,895,712
- other expenses	6,313,827	16,523,180	14,480,064
Financial expenses	279,498	162,380	352,129
Gross profit/loss – profit	**19,454,293**	**13,654,589**	**4,629,514**
Income tax and deferred tax	2,567,653	1,484,481	266,562
Net profit/loss – profit	**16,886,640**	**12,170,108**	**4,362,952**

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Synthesis of budget indicator achievement:

- RON

	Achievements – previous year	2020	
		Budget forecasts	Achievements
Total revenues, of which:	71,661,673	75,143,900	52,695,218
Operating income	66,981,161	70,861,100	48,595,858
Financial income	4,680,512	4,262,800	4,099,360
Total expenses, of which:	58,007,084	61,919,100	48,065,704
Operating expenses	57,844,704	61,762,000	47,713,575
Financial expenses	162,380	157,100	352,129
Gross profit	13,654,589	13,224,800	4,629,514
Income tax and deferred tax	1,484,481	1,700,200	266,562
Net profit	12,170,108	11,524,600	4,362,952

c) cash flow: all the changes occurred in the cash level in the basic activity, investments and financial activity, cash level at the beginning and end of the period.

Statement of cash flows, synthesis - indirect method

- RON

	2018	2019	2020
Net profit/loss before taxation and extraordinary items	19,454,293	13,654,589	4,629,517
Operating profit before changes in the working capital	14,214,068	13,305,339	5,004,516
Net cash from operating activities	6,907,034	16,718,776	1,333,417
Net cash from investment activities	(6,981,638)	(11,572,624)	12,845,549
Net cash from financing activities	(143,036)	(5,374,941)	(14,184,794)
Net variation of cash and cash equivalents	(202,836)	(230,621)	(5,065)
Unrealized forex expenses	14,803	1,832	(762)
Cash and cash equivalents at the beginning of the financial year	603,372	385,733	156,944
Cash and cash equivalents at the end of the financial year	**385,733**	**156,944**	**151,117**

In 2020 both the performance of agreements with clients and suppliers and the assurance of all cash available funds to pay fully and timely the salary rights, budgetary debts and dividends were managed under financial balance conditions. All investment projects were financed from its own sources. In addition to the cash recorded at the end of the financial year, the available cash in the main account, in the cash-pooling system of RON 82,419,445 as at December 31, 2020 may be used without restrictions.

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Indicator	2018	2019	2020
Current liquidity ratio	10,69	9,39	10,68
Receivable turnover	118	112	129
Asset turnover	1,83	1,61	1,14
Gearing ratio	-	0.3%	0.6%

The gearing ratio is influenced by the application starting with January 1, 2019 of the new Leasing standard, respectively the recognition in the balance sheet positions of the debt related to the existing leasing contracts.

6. Corporate governance

ROMPETROL WELL SERVICES S.A. is a company listed on the Bucharest Stock Exchange – main segment, Standard share category, under symbol << PTR >>, as of **June 18, 1998**, according to decision of the Listing registration commission no. 133/March 26, 1998.

The company submits to the current legislation applicable to companies and the capital market: Company Law no. 31/1990 – as subsequently amended, Accounting Law no. 82/1991 – as subsequently amended, Law no. 297/2004 regarding the capital market – as subsequently amended, Law no. 24/2017 regarding the issuers of financial instruments and market operations, FSA Regulation no. 5/2018 regarding the issuers of financial instruments and market operations.

The company's management adopted in a voluntary, self-imposed manner part of the provisions of the Corporate governance code of the Bucharest Stock Exchange (CGC-BSE).

The Corporate governance code of the Bucharest Stock Exchange is a set of principles and recommendations for the companies whose shares are admitted for trading on the regulated market in order to create in Romania a capital market attractive at an international level, based on the best practices, transparency and trust. The code encourages companies to build a strong relationship with their shareholders and other stakeholders, to communicate in an efficient and transparent manner and show openness to all potential investors.

The objective of the Corporate governance code of the Bucharest Stock Exchange is to raise trust in the listed companies by promoting standards of improved corporate governance in these companies.

A good corporate governance is a strong instrument to strengthen market competitiveness.
The central elements of this Code are the investors' access to information and the protection of shareholders' rights. Each listed company must pursue the observance of all Code provisions. The role of a good governance is to facilitate a good and efficient entrepreneurial management, which can ensure the company's long-term success.

The stage of Rompetrol Well Services S.A. compliance with the new Corporate governance Code is presented in Annex no. 2.

According to constitutive documents, **Rompetrol Well Services S.A. is managed in a unitary system** through which the administration is provided by a board of directors formed of 5 members, elected by the ordinary general meeting of shareholders, with a term of mandate of 4 years.
The Board of Directors has full powers in making any administration and management decisions besides those that law expressly gives to the General Meeting of Shareholders.

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By way of exception, the Board of Directors shall exercise the duties of the General Meeting of Shareholders provided by Art.113 letters b, c and f of Law 31/1990, as republished.
The decisions of the Board of Directors are valid if made with the vote of the majority of present members. In case of a tie, the chairman shall have a decisive vote.

Duties and competences of the board of directors and of the chairman of the board of directors

The Board of Directors has the duties established by Law no. 31/1990 updated, the company's Articles of Incorporation and other duties established by the general meetings of shareholders as its tasks, respectively, mainly, the following:

a) establish the main directions of activity and development of the company;
b) name and revoke the Company's managers and supervise their activity;
c) prepare the annual activity report;
d) perform the decisions of general meetings;
e) except for the legal deeds for whose adoption/conclusion the approval of the general assembly of shareholders is necessary, according to the imperative provisions of law, approve the adoption/conclusion on behalf of the company of the legal deeds whose object has a value comprised between USD 500,001 – USD 10,000,000; the approval is necessary if it is about a single commercial transaction made through one and/or several separate agreements, if the cumulated value of such agreements exceeds such amount;
f) approve the Company's organizational structure;
g) designate and/or revoke the persons acting as company's representatives in the relationships with banks, with a first signature right, respectively with a second signature right; joint signature rules shall apply adequately to make any payment made for and on behalf of the company;
h) approve the conditions to contract any types of loans from a bank and/or financial institution, and from any other legal person;
i) approve the company's intermediary financial statements, prepared according to law;
j) approve the marketing strategy and the investment plan of the company, and the annual budget (investment expenses and operational expenses), at the common proposal made by the general manager and economic manager;
k) file the application to open the company's insolvency procedure according to law no. 85/2014 regarding the insolvency procedure.

During 2020, the membership of the Board of Directors was the following:

- Saduokhas MERALIYEV - Chairman between January 01, 2020 - October 01, 2020;
- Yedil UTEKOV - Chairman between October 01, 2020 – December 31, 2020;
- Eugeniu Moby HENKE - Member between January 01, 2020 – December 31, 2020;
- Timur ZHETPISBAYEV - Member between January 01, 2020 – September 09, 2020;
- Abzal DOSZHANOV - Member between September 09, 2020 – December 31, 2020;
- Olga TURCANU - Member between January 01, 2020 – December 31, 2020;
- Felix CRUDU TESLOVEANU - Member between January 01, 2020 – February 01, 2020;
- Laurentiu Madalin COLTANEL - Member between February 01, 2020 – December 31, 2020;

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6.1. Information on the members of the Board of Directors

The CVs of the members of the Board of Directors of Rompetrol Well Services SA are available on the company's website at http://www.petros.ro. In addition, you can also find additional information in section 4.1 hereof.
According to the criteria assessing the independence of non-executive members of the Board of Directors, on December 31, 2020, none of the directors meets the independence criteria provided by the Code principles and recommendations.

In 2020 there were 14 meetings of the Board of Directors and 32 decisions were adopted, the directors' participation in such meetings being as follows: Saduokhas Meraliyev – 11 meetings, Yedil Utekov- 2 meetings , Eugeniu-Moby Henke – 14 meetings, Timur Zhetpisbayev – 10 meetings, Olga Turcanu – 14 meetings, , Felix Crudu Tesloveanu – 2 meetings, Laurentiu Madalin Coltanel – 11 meetings .

All the meetings of the Board of Directors were chaired by the Chairman. Subjects and projects relevant for the Company's activity were subject to debates. Decisions were adopted, considering legal provisions, regulations, articles of incorporation and internal incidental procedures. The decisions were made with the vote „in favour" of the majority of those present, according to the provisions of the Articles of incorporation.

For the financial year ended at December 31st, 2020, according to the legal provisions, the directors' remuneration was approved by the Ordinary General Meeting of Shareholders of April 27, 2020.

The information on the expenses related to directors' and managers' remuneration is presented in the annual financial statements.

The company has a financial auditor which performed its activity according to the applicable legal provisions and the agreements concluded in this respect. Starting with 2008, the financial auditor is "Ernst & Young Assurance Services SRL". The financial auditor audited the annual financial statements.

Information on other commitments and relatively permanent professional obligations of the members of the Board of Directors

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Name	Company	Position	Period
Saduokhas Meraliyev	Rompetrol Downstream S.R.L.*	*Chairman BoD*	01.04.2019 – 01.10.2020
	Rominserv S.R.L.*	*Chairman BoD*	01.04.2018 – 01.10.2020
	Rompetrol Energy S.A.*	*Chairman BoD*	12.04.2019 – 01.10.2020
	KazMunayGas Engineering BV*	*Chairman BoD*	03.09.2018 – 01.10.2020
	Rompetrol Rafinare SA *	*Chairman BoD*	24.04.2019-01.10.2020
Yedil Utekov	Rompetrol Rafinare SA *	*Chairman BoD*	01.05.2018- GMS
	Rominserv S.R.L.*	*Member BoD*	15.09.2020-14.09.2024
	Rompetrol Petrochemicals *	*Sole administrator*	01.03.2014 – 14.03.2021
	Palplast SA*	*Chairman BoD*	19.10.2020 -31.03.2021
	Rompetrol Energy S.A. *	*Chairman BoD*	01.10.2020 – 31.01.2022
Olga Turcanu	Palplast SA*	*Member BoD*	*15.10.2018 – 31.03.2021*
	KMG Rompetrol SRL*	*Finance Manager*	07.07.2019 - indetermined
	Rominserv Iaifo Zalau SRL*	*Member BoD*	15.09.2018– 14.09.2022
Felix Crudu Tesloveanu	Rominserv Iaifo Zalau SRL*	*Chairman BoD*	15.04.2019 - 14.09.2022
	Rompetrol Rafinare SA *	*General Manager and Member BoD*	01.01.2020-30.04.2022 General Manager 01.10.2020 – 30.04.2022 *Member BoD*
Laurenţiu Mădălin Colţănel	Rominserv S.R.L.*	*Member BoD*	15.09.2020 – 14.09.2024
	Global Security Sistem S.A. *	*Member BoD*	12.05.2020 – 16.05.2022
	Rominserv Iaifo Zalau SRL*	*Member BoD*	07.09.2020 – 07.09.2024

** Company member of KMG International Group*

Consultative Committees

In its activity, the Board of Directors is supported by an consultative committee, namely the Audit Committee, being entrusted with concluding analysis and preparing recommendations for the Board of Directors, in the specific areas of activity, having the obligation of submitting periodic activity reports to the members of the Board of Directors.

The Audit Committee has been established based on the Decision No.4 of the Board of Directors as of April 29, 2018.

A detailed description of the tasks and responsibilities of the Advisory Committees is found in the Organizational and Operational Guidelines approved by the Board of Directors, regulations published on the company's webpage www.petros.ro, section "Relationship with investors – Corporate Governance – Corporate Governance Documents".

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The Audit Committee fulfils its legal duties provided under Art. 65 of Law No. 162/2017 consisting mainly in monitoring the financial reporting process, the internal audit process, the risk management process within the Company and compliance assurance, as well as in supervising the activity of statutory audit of the annual financial statements and in the management of the relationship with the external auditor.

During 2020, the structure of the Audit Committee was as follows:

- Dan Alexandru Iancu - Chairman in the period 01.01.2020 – 31.12.2020
- Meraliyev Saduokhas - Member in the period 01.01.2020 – 01.10.2020
- Yedil Utekov - Member in the period 01.10.2020 – 31.12.2020
- Olga Turcanu - Member in the period 01.01.2020 – 31.12.2020

Information about the meetings of the Audit Committee during 2020

In 2020 there were 7 meetings of the Audit Committee and 5 decisions were adopted, the members' participation in such meetings being as follows: Dan Alexandru Iancu - 7 meetings, Meraliyev Saduokhas - 5 meetings, Olga Turcanu - 7 meetings, Yedil Utekov – 1 meeting.

6.2. Executive management

The Company's management prerogatives are delegated by the shareholders through the Articles of Incorporation to the General Manager and the Finance Manager.

In 2020, the company's executive management was provided by the following managers:

- Mr. Timur ZHETPISBAYEV - General Manager between January 01, 2020 – September 09, 2020
- Mrs. Abzal DOSZHANOV - General Manager between September 09, 2020 – December 31, 2020
- Mrs. Luiza Roxana MOISE - Finance Manager between January 01, 2020 – December 31, 2020

The term of mandate for the General Manager and the Finance Manager ends on April 29, 2022.

6.3. Shareholders' rights

ROMPETROL WELL SERVICES S.A. ensures an equitable treatment to all shareholders, including minority and foreign shareholders, according to the legal provisions and the provisions of the Company's Articles of Incorporation.
The company makes all diligences to facilitate the shareholders' participation in the proceedings of the general meeting of shareholders (GMS). ROMPETROL WELL SERVICES shareholders have the possibility to participate in the GMS directly, through a representative based on a special power of attorney or may vote by correspondence (by sending the correspondence vote form through any form of currier service or by e-mail with extended electronic signature incorporated according to Law no. 455/2001 regarding electronic signature).
According to article 11 of the Company's Articles of Incorporation, corroborated with the legal applicable provisions, the **Ordinary General Meeting** meets at least once a year within the imperative term provided by law, and has the following main duties:
a) to discuss, approve or amend the annual financial statements, based on the reports submitted by the board of directors and the financial auditor, and to set the dividend;
b) to elect and revoke the company's directors;

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c) to name and set the minimum term of the financial audit agreement, and to revoke the financial auditor;
d) to set for each year in progress the remuneration due to directors;
e) to decide on the directors' management;
f) to analyse the activity of the board of directors and decide to prosecute the directors for the damages caused to the company, also designating the person in charge with exercising such prosecution;
g) to establish the income and expense budget and as the case may be the activity program, over the next financial year;
h) to decide the pledging, lease or dissolution of one or more units of the company;
i) to approve the maximum limits of remuneration of the persons occupying/exercising management positions, when law so provides.

The Extraordinary General Meeting has the following duties:
a) change the company's legal form;
b) move the company's headquarters;
c) change the company's object of activity;
d) establish or dissolve secondary headquarters: branches, agencies, representative offices or other such units devoid of legal status unless otherwise provided through the articles of incorporation;
e) extend the company's duration;
f) increase the share capital;
g) decrease the share capital or replenish it through an issuance of new shares;
h) merge with other companies or divide the company;
i) early dissolute the company;
j) convert shares from one category to another;
k) convert a category of bonds in another category or in shares;
l) issue bonds;
m) approve the adoption/conclusion on behalf of the company of the legal deeds whose object has a value higher than USD 10,000,000;
n) any other amendment of the articles of incorporation or any other decision for which the approval of the extraordinary general meeting is required.
The extraordinary general meeting delegates to the board of directors the exercise of the duties provided under letters b) and c) of the above paragraph.
The extraordinary general meeting may delegate to the board of directors the share capital increase according to the provisions of Law no.24/2017.

Performance of the General Meeting of Shareholders

The general meeting of shareholders is called by the directors whenever necessary, by publishing an announcement in the Official Gazette of Romania, Part IV, and in one of the local or national wide circulation newspapers in the locality where the company's headquarters are located. The call shall include: the place, date and time of the meeting, the agenda, explicitly specifying all the problems to be subject to the meeting debate, a clear and precise description of the procedures that must be observed by the shareholders to be able to participate and vote in the general meeting and any other mentions provided by the legislation specific to the capital market.
When proposals to amend the articles of incorporation are mentioned on the agenda, the call shall include the full text of proposals.

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When the directors' election is mentioned on the agenda, the call shall include the specification that the list regarding the name, domicile locality and professional qualification of the persons proposed for the director position is at the shareholders' disposal, and may be consulted and supplemented by them.

The general meeting may assemble at the Company's headquarters or in other places established by directors through the call. Shareholders may also be represented in the general meeting by persons not having the capacity as the Company's shareholder.

The general meeting is chaired by the Chairman of the Board of Directors or a person appointed by them, designating, from among the members of the general meeting or from among the company's shareholders, one to three secretaries, plus one technical secretary from among the employees. They shall draft the shareholders' attendance list, verifying the following:
- the identity documents of the persons coming to the meeting of the General Meeting as shareholders or proxies thereof;
- the special/general power of attorney presented by the lawyers' proxies;
- the correspondence vote forms.
The meeting secretary shall also verify the performance of the legal conditions regarding the presence quorum of shareholders for the validity of general meetings.

If the ordinary or extraordinary general meeting cannot work because of the failure to meet the attendance legal conditions, the meeting will assembly on a second call may debate on the items on the agenda of the first assembly, irrespective of the met quorum, making decisions with the majority of expressed votes.
After the presentation of the materials related to the agenda, the matters subject to the shareholders' debate are subject to vote by the Meeting Chairman.

The decisions of the general meeting are made by open vote, except for the cases when the general meeting decides that the vote is secret or law imposes the secret vote.

Each action entitles to one vote in the General Meeting sessions. The person representing several shareholders based on special powers of attorney expresses the votes of the represented persons by totalizing the number of votes "in favour", "against" and "abstention" without compensating them (for instance "under item x on the agenda I represent „a" votes „in favour", „b" votes „against" and „c" „abstentions"). The votes so expressed are validated or, as the case may be, invalidated, based on counterpart three of special powers of attorney, by the secretary of the general meeting. The votes mentioned in the special power of attorney are exercised only in the manner wished by the shareholder.

The meeting secretary or secretaries, based on the vote freely expressed by the shareholders, shall draft the minutes of the general meeting.

Decisions adopted by the general meetings of shareholders during the year 2020:

The Extraordinary General Meeting of Shareholders of ROMPETROL WELL SERVICES S.A. of **January 27, 2020** decided as follows:

• approved ratification of the execution by the Company with OMV Petrom of the " Framework Agreement and Subsequent Contract for Cementing services for wells drilled with Onshore Medium Capacity Rigs, for Lot no.2.

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• approved, setting the dates February,12th 2020 as Registration Date, according to art. 86 (1) of the Law no. 24/2017;
• approved setting the date February,11th 2020 as the "ex-date", according to art. 2, para. 2, letter l) of Regulation no. 5/2018.
• approved the authorize Mr. Timur Zhetpisbayev, General Manager and member of the Board of Directors, to conclude and/or sign for on behalf of the Company and/or of its shareholders the resolutions which are to be adopted within this EGMS and to carry out any and all requisite proceedings for such adopted resolutions to be registered, rendered enforceable, against third parties and published, the said proxy being entitled to subdelegate third parties to act for such purpose.
• approved the authorize of the General Manager and Finance Manager of the Company is approved, in order to sign the legal documents approved in the previous article of this decision. For each of the two aforementioned representatives of the Company, the possibility to sub-empower third parties is approved.

The Ordinary General Meeting of Shareholders of ROMPETROL WELL SERVICES S.A. of **April 27, 2020** decided as follows:

• the approval of the annual financial statements related to the 2019 financial year, based on the directors' report and the financial auditor's report.
• rejectes the distribution of Company net profit achieved in 2019 amounting RON 12,170,108 according to the proposal of the majority shareholder KMGI as follows:
(i) dividends – RON 8,345,727 respective 0.03 lei gross value/share and
(ii) other reserves– RON 3,824,381; approval the date of payment of dividends as of July 9th 2020.
• approves the distribution of Company net profit achieved in 2019 amounting RON 12,170,108 according to the proposal of the minority shareholder KJK, as dividends respective 0.0437 lei gross value/share and approval the date of payment of dividends as of July 9th 2020;
• rejectes the change of the destination of the reserves constituted from the net profit of the company obtained in the previous years in the amount of 27,498,620 lei and the distribution of this amount as dividends to shareholders, respectively 0.099 lei gross / share and approval the date of payment of dividends as of July 9th 2020.
• rejectes the change of the result carried over from the net profit of the company obtained by the company in the previous years amounting to 56,882,245 lei and distributing this amount as dividends to shareholders, respectively 0.204 gross lei / share and approval the date of payment of dividends as of July 9th 2020.
• the approval the directors' discharge from management for the 2019 financial year.
• the approval of the 2020 Income and Expense Budget and the 2020 Investment program.
• the approval of the appointment of "Ernst & Young Assurance Services SRL" as the company's financial auditor for the 2020, 2021 financial years, the term of the audit agreement being 2 years.
• the approval the monthly gross remuneration of the members of the Board of Directors for the financial year 2020, respectevly: Chairman of the Board of Directors – 2,564 USD/gross/month , payable at the exchange rate communicated by BNR from the last working day of the month for which the payment is made , Members of the Board of Directors – 1,709 USD/gross/month, payable at the exchange rate communicated by BNR from the last working day of the month for which the payment is made. The tax and social contributions afferent to this remuneration, due to the members of the Board of Directors, being retained and paid by to the state budget as per the provisions of the fiscal law, approves the general limit of the additional remuneration of the

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members of committee established by the Board of Directors, respectively: Chairman of the Audit Committee RON 1,500 net/month, Members of the Audit Committee - RON 1,000 net/month.
• the approval of the termination of Mr. Arin Meirembayev's mandate as a member of the Board of Directors following his request starting with the 1st of July 2019..
• the approval of the electing Mr. Laurentiu Madalin Coltanel, as a member of the Board of Directors, for a mandate starting with the date of this Ordinary General Meeting of Shareholders, which will expire on 29.04.2022 (the date of the termination of current members' mandates).
• the approval empowering Mr. Timur Zhetpisbayev, General Manager and member of the Board of Directors, to conclude and/or sign for on behalf of the Company and/or of its shareholders the resolutions which are to be adopted within this OGMS and to carry out any and all requisite proceedings for such adopted resolutions to be registered, rendered enforceable, against third parties and published, the said proxy being entitled to subdelegate third parties to act for such purpose.
• the approval of the date of June 19, 2020 as a registration date, according to Art. 238 para. (1) of Law no. 297/2004 regarding the capital market, as subsequently amended and supplemented.
• the approval the date of June 18, 2020 as ex–date, according to Art.2 letter f of Regulation of the National Securities Commission no.6/2009.

The Extraordinary General Meeting of Shareholders of ROMPETROL WELL SERVICES S.A. of April 27, 2020 decided as follows:
• the approval the setting up a working point with headquarters in Mihaesti Commune, Stuparei Village, no.68, Principala street, Valcea county.
• the approval of the date of June 19, 2020 as a registration date, according to Art. 238 para. (1) of Law no. 297/2004 regarding the capital market, as subsequently amended and supplemented.
• the approval the date of June 18, 2020 as ex–date, according to Art.2 letter f of Regulation of the National Securities Commission no.6/2009.
• the approval empowering Mr. Timur Zhetpisbayev, General Manager and member of the Board of Directors, to conclude and/or sign for on behalf of the Company and/or of its shareholders the resolutions which are to be adopted within this EGMS and to carry out any and all requisite proceedings for such adopted resolutions to be registered, rendered enforceable, against third parties and published, the said proxy being entitled to subdelegate third parties to act for such purpose.

Shareholders' right to dividends

If the General Meeting of Shareholders approves the distribution of dividends from the net profit achieved by the company, all the shareholders registered in the shareholders' register on the registration date decided by the General Meeting, who approve the value of dividends and the date they are paid to shareholders, are entitled to receive dividends.

6.4. Transparency, communication, financial reporting

Rompetrol Well Services gives special importance to transparency in communication. Considering that public trust is essential for the company's operation, the Company makes of its communication policy an explicit and mutual commitment between the company and its

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interlocutors. The performance of reporting obligations and communication transparency are manners by which investors' trust is gained.
The company considers to ensure continuous and periodical reporting in an objective and honest manner comprising all the important aspects of the company's activity, the financial statements, the applied accounting policies, the registered performances.
In 2020 reports and press releases regarding the financial results, the GMS call and decision, the periodical reporting (monthly, quarterly, bi-annual, annual) etc were prepared. The information which made the object of mandatory reporting – current and periodical reporting was communicated to the market operator, the Bucharest Stock Exchange, the Financial Supervision Authority and was available by posting on the Company's website, www.petros.ro in the Relationships with Investors Section.
To ensure the investors' equal access to information, the posting on the Company's web site of the reports and releases addressed to market participants is made after they were posted on the web site of the market operator, the Bucharest Stock Exchange.
According to legal provisions, financial and accounting situations and those regarding Rompetrol Well Services operations are audited by Ernst & Young Assurance Services SRL, independent financial auditor, appointed by the general meeting of shareholders of April 27, 2020 for a period of 2 year.

Contact for the relationship with investors

The annual, bi-annual and quarterly reports are provided to shareholders, at their request.
Requests may also be made in electronic format, by e-mail to:
investor.relations.rws@rompetrol.com and office.rws@rompetrol.com.

Internal control and risk management systems in relation to financial reporting procedures

The company continuously adapted the internal control mechanism as an ensemble of work procedures and methods to prevent facts contrary to the Company's economic interests and the regulated framework to perform the activity, identify deficiencies and establish the necessary measures to re-establish the regulated framework. It mainly targets the financial relations, phenomena and processes, in order to ensure a good operation of the economic activity. Also, aspects related to the opportunity, necessity and economy of the operations performed by the company are analysed. In terms of financial reporting procedures, both procedures for internal reporting at the company's level and for external reporting outside the company are developed. Procedures are reviewed periodically by the company's functional departments. Financial reporting systems are based on principles, rules and legal regulations in force.

6.5. Social responsibility

Rompetrol Well Services S.A., a Group member of the KMG International, directly supports social responsibility initiatives initiated at Group level and is actively involved in social projects in the communities close to its operations. Our efforts to improve the livelihood of local communities cover all aspects of human life, closely aligned with sustainable development principles.

Community involvement

KMG International is an important investor in the Romanian economy, at the same time being a responsible corporate citizen. All companies that are part of the Group have a holistic approach on sustainability, which is why our efforts to improve the quality of life for local communities target

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all aspects of human life, from environmental protection or social involvement, to health and well-being, culture and education, development of professional and leadership skill.

Social responsibility and sustainability are core principles that guide us in our strategic development and operational management. We strive to become one of the most sustainable players in the national and regional energy market, while being constantly involved in the communities in which we operate.

Our commitment to environmental protection, economic development and social involvement is deeply rooted in our global and local operations, as we understand our important role and our valuable contribution to achieving the Sustainable Development Goals (SDGs) included in the United Nations 2030 Agenda for Sustainable Development. KMG International is a signatory of UNGC and a founding member of its branch in Romania, acting as an active supporter in achieving the Sustainable Development Goals.

We actively contribute to the development of the communities where we carry out our activity by using local providers, employing local labour force and at the same time implementing relevant social responsibility projects. Our involvement is based on consulting relevant stakeholders, so that we can identify the projects with the highest added value for our communities.

Community and corporate partnerships

Over the years, Rompetrol Well Services S.A. has developed strong partnerships with representatives from academia and civil society, aimed at strengthening social responsibility projects developed for the communities in which we operate. Through dialogue with various stakeholders, including NGOs, local authorities and communities, government or actors from academia and civil society, we believe we can identify the right sustainable development opportunities.

Education is an important pillar for our social responsibility strategy. We have collaborated with universities and high schools with technical profile from all over the country (eg. the Petroleum-Gas University of Ploiești, the Lazăr Edeleanu Technological High School), who have supported us in our various educational investment projects. In 2020, Rompetrol Well Services continued the Internship program, offering the possibiliry to young students to consolidate their technical knowledge. The Company intends to start a collaboration with the Liceul de Transporturi Ploiesti in order to facilitate the transfer of knowledge to students interested in a professional career in the field.

This pandemic changed the plans that we had set out at the beginning of the year, part of the funds being directed to the current, urgent needs of the medical system and its staff. As such, Câmpina Municipal Hospital, designated COVID-19 medical unit in Prahova county, received support from Rompetrol Well Services, in the form of a COVID-19 testing, a biosafety cabinet (a ventilated laboratory workspace for safely working with materials contaminated with pathogens requiring a defined biosafety level) and protective equipment for the staff – face masks, gloves, jumpsuits, disinfectants.

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7. Annexes

a) the company's incorporation documents if they were amended in the year the reporting is made for;
Not applicable.

b) resignation/demission documents, if such situations existed among administration members, executive management, censors;
In the reporting year, the request of Mr. Timur Zhatpisbayev to give up the director capacity starting with September 09, 2020, intervened and of Mr. Meraliyev Saduokhas to give up the director capacity starting with October 01, 2020, intervened.

c) list of the company's subsidiaries and of the companies controlled by it;
Rompetrol Well Services S.A. has no subsidiaries or companies controlled by it.

d) list of the persons affiliated to the company

Rompetrol Well Services S.A. is part of KMG International Group.
The Group is registered at the Financial Supervisory Authority.

The parent companies of Rompetrol Well Services S.A. are the national company Welfare Fund "Samruk-Kazyna" (90%) and the National Bank of the Republic of Kazakhstan (10%), companies based in Kazakhstan, wholly owned by the State of Kazakhstan.

The affiliated parties are presented bellow:

1. Companies with headquarter in Romania

- Oilfield Exploration Business Solutions S.A.
- Rompetrol Downstream S.R.L.
- Rompetrol Rafinare S.A.
- Palplast S.A.
- Rompetrol Logistics S.R.L.
- Rominserv S.R.L.
- Rom Oil S.A.
- Global Security Sistem S.A.
- Uzina Termoelectrică Midia S.A.
- Rompetrol Petrochemicals S.R.L.
- Rompetrol Quality Control S.R.L.
- Rompetrol Financial Group S.R.L.
- Rompetrol Gas S.R.L.
- Midia Marine Terminal S.R.L.
- KMG Rompetrol S.R.L.
- Byron Shipping S.R.L.
- Rominserv Valves Iaifo S.R.L.
- Rompetrol Energy S.A.
- KMG ROMPETROL DEVELOPMENT S.R.L.
- Fondul de Investitii in Energie Kazah-Roman S.A.
- KMG Rompetrol Services Center SRL

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- Rompetrol Drilling S.R.L. - suspended activity

2. Companies with headquarter abroad

- KMG International N.V.
- Byron Shipping LTD
- Intreprinderea Mixtă “Rompetrol Moldova” S.A.
- Rompetrol Georgia LTD
- Rompetrol France SAS
- Dyneff SAS
- Rompetrol Ukraine LLC - liquidated
- AGAT LTD. - in liquidation
- KazMunayGas-Engineering LLP
- TRG PETROL TICARET ANONIM ŞIRKETI
- Rompetrol Bulgaria JSC
- KazMunayGaz Trading A.G.
- Rompetrol Albania Downstream Sh.A - in liquidation
- Rompetrol Albania Wholesale Sh.A - in liquidation
- Rompetrol Albania ShA - in liquidation
- Rompetrol Distribution Albania Sh.A. - in liquidation
- KazMunayGas Engineering B.V.

Note: there are also 11 branches and representative offices ale KMG International Group

CHAIRMAN OF THE BOARD OF DIRECTORS,

Mr. Yedil UTEKOV

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GENERAL MANAGER,

Mr. Abzal DOSZHANOV

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Doszhanov Abzal
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FINANCE MANAGER,

Mrs. Luiza Roxana MOISE

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Luiza Moise
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Annex no. 1

Turnover by type of services
For periods ending at 2018, 2019 and 2020

Type of service	2018		2019		2020	
	Actual Value (RON)	%	Actual Value (RON)	%	Actual Value (RON)	%
1	2	3	4	5	6	7
Cementing-Pumping services	44.942.523	72.1%	42.242.753	63.9%	27.361.114	57.4%
Stimulation services	10.788.627	17.3%	15.606.617	23.6%	15.243.166	32.0%
Nitrogen services	2.926.992	4.7%	5.362.406	8.1%	2.817.566	5.9%
Casing Running services	1.915.189	3.1%	926.174	1.4%	638.161	1.3%
Tools Rental services	1.034.593	1.7%	350.358	0.5%	33.127	0.1%
Sand Control Services	198.101	0.3%	298.269	0.5%	43.086	0.1%
Other services	954.513	0.8%	1.349.192	2.0%	1.531.598	3.2%
TOTAL	**62.760.538**	**100%**	**66.135.769**	**100%**	**47.667.818**	**100%**

PRESIDENT OF THE BOARD OF DIRECTORS,

Mr. Yedil Utekov

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UTEKOV YEDIL
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GENERAL MANAGER,

Mr. Abzal Doszhanov

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Appendix no.2

Status of compliance of the BSE Corporate Governance Code
as of December 31th, 2020

Corporate Governance Code	Compliance	Not compliant or partial compliant	Reason for the non-compliance
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES		
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES		
A.3. The Board of Directors or the Supervisory Board should have at least five members.	YES		
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice.		Partial compliance	The majority of the members of the Board are non-executive members. Currently there are no independent directors.
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be	YES		

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disclosed to shareholders and to potential investors before appointment and during his/her mandate.			
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	YES		
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	YES		
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		NOT	The company is in process of developing a policy / guidance concerning the Board's evaluation, including the purpose, criteria and frequency of the evaluation process.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES		
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board	YES		
A.11. The Board of Premium Tier companies should set up a nomination committee formed of nonexecutives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		N/A	The company is included in the Standard Category.
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES		
B.2. The audit committee should be chaired by an independent nonexecutive member.	YES		

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B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		Partial compliance	See comments presented at B.6.
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		Partial compliance	See comments presented at B.6.
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		Partial compliance	The Regulation of the Audit Committee approved contains provisions in relation to this obligation. The Regulation of the Audit Committee will be revised to include provisions on the evaluation of conflict of interest in connection with the Company's transactions with the affiliated parties. The updated Regulation will be submitted for approval of BoD in a meeting subsequent to this declaration.
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.		Partial compliance	The responsibility to monitor the efficiency of internal control systems, internal audit and risk management of the company is stipulated in the Regulation of the Audit Committee. Audit Committee evaluates on a continous bases components of the internal control system.
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES		
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES		
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the		Partial compliance	According to the Articles of Incorporation art. 15 alin. 1 letter k, all transactions that respect the mentioned criteria are approved by the Board.

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shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.			
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES		
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES		
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.		NOT	This request will be implemented according to national legislation.
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES		
• **D.1.1.** Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	YES		
• **D.1.2.** Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and nonexecutive Board positions in companies and not-for-profit institutions;		Partial Compliance	The recommendation is not implemented as concerns other professional commitments of the Board's members, including executive and non-executive positions in the boards of administration of other companies or non-profit institution. It will be implemented.
• **D.1.3.** Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code	YES		
• **D.1.4.** Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of	YES		

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candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;			
• **D.1.5.** Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	YES		
• **D.1.6.** The name and contact data of a person who should be able to provide knowledgeable information on request;	YES		
• **D.1.7.** Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.	YES		
D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	YES		
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.		NOT	The requirement will be implemented.
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	YES		

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D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	YES		
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES		
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES		
D.9. A company should organize at least two meetings /conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		Partial Compliance	The regular reports prepared by the company to disclose its financial items are complete, highly transparent and relevant in terms of information necessary for making investment decisions. The organization of such events will be established depending on the requests from investors.
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES		

CHAIRMAN OF THE BOARD OF DIRECTORS,

Mr. Yedil Utekov

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GENERAL MANAGER,

Mr. Abzal Doszhanov

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Doszhanov Abzal
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FINANCE MANAGER,

Mrs. Luiza Roxana Moise

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Luiza Moise
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AFFIDAVIT

The undersigned, **Yedil Utekov,** in capacity of Chairman of the Board, **Abzal Doszhanov,** in capacity of General Manager and Roxana Luiza Moise in capacity of Finance Manager , in consideration of the provision of art. 63 of Law no.24/2017 regarding issuers of financial instruments an market operations and of the provision of Regulation no. 5/2018 regarding on issuers of financial instruments and market operations,hereby declare that, to the best of our knowledge, the annual financial accounting statements on December 31, 2020 prepared in compliance with the applicable accounting standards offer an accurate and true image of the assets, liabilities, financial standing, profit and loss account of the Company and, the Report of the Board of Directors comprise a correct analysis of the Company's development and performance, as well as a description of the main risks and uncertainties specific to the performed activity.

Chairman of the Board of Directors,

Yedil Utekov

DocuSigned by:
UTEKOV YEDIL
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General Manager

Abzal Doszhanov

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Doszhanov Abzal
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Finance Manager,

Roxana Luiza Moise

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Luiza Moise
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