

ROMPETROL WELL SERVICES SA

Unaudited Stand-Alone Preliminary Financial Statements

Prepared in accordance with

Order of Minister of Public Finance no. 2844/2016

31 December 2021

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Date 31.12.2021	- RON - Date 31.12.2020
Turnover	44,597,157	47,667,818
Revenues from contracts with customers	44,185,086	47,249,182
Rental revenues	412,071	418,636
Other operating income	1,363,979	928,040
OPERATING INCOME - TOTAL	45,961,136	48,595,858
Expenses with consumables	(11,406,887)	(10,853,051)
Power and water expenses	(422,678)	(383,087)
Merchandise expenses	(48,065)	(25,500)
Payroll costs, out of which:	(16,573,739)	(17,484,748)
Salaries	(15,556,835)	(16,539,435)
Social security contributions	(503,961)	(545,618)
Fixed assets value adjustment, of which	(4,505,501)	(4,895,712)
Depreciation	(3,996,830)	(4,895,712)
Impairment of property, plant and equipment	(508,671)	-
Current assets value adjustment	(36,490)	(157,129)
Expenses with third-party services	(12,118,731)	(12,922,035)
Taxes, duties and similar expenses	(702,696)	(658,869)
Other operating expenses	(412,850)	(333,444)
OPERATING EXPENSES - TOTAL	(46,227,637)	(47,713,575)
OPERATING RESULT	(266,501)	882,283
Interest income	2,445,163	3,680,119
- of which, revenues from related parties	2,440,580	3,667,494
Other financial income	294,308	419,241
FINANCIAL INCOME - TOTAL	2,739,471	4,099,360
Other financial expenses	(698,781)	(352,129)
FINANCIAL EXPENSES - TOTAL	(698,781)	(352,129)
FINANCIAL RESULT	2,040,690	3,747,231
RESULT BEFORE TAX	1,774,189	4,629,514
Income tax expense	(144,554)	(266,562)
RESULT FOR THE YEAR	1,629,635	4,362,952
Earnings per share	0.0059	0.0157
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):	31,356,338	(2,959,784)
Actuarial gain / (losses) relating to retirement benefits	(212,475)	(1,800,752)
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	1,633,559	(1,159,032)
Gain / (losses) from other elements of comprehensive income	29,935,254	-
TOTAL COMPREHENSIVE INCOME, net of tax	32,985,973	1,403,168

General Manager,
 FLOREA Georgian Stefan

Prepared by,
 Moise Luiza-Roxana
 Finance Manager

STATEMENT OF FINANCIAL POSITION

	Date 31.12.2021	- RON- Date 31.12.2020
Assets		
Non-current assets		
Tangible assets	25,053,007	26,656,353
Right of use asset	1,803,236	2,137,506
Real estate investments	451,402	470,005
Intangible assets	118,254	195,149
Financial assets	10,203,550	8,258,837
Other financial assets	1,625,584	4,240,893
Total non-current assets	39,255,033	41,958,743
Current Assets		
Inventories	4,876,107	4,456,063
Trade and similar receivables	47,694,690	17,048,662
Availabilities in cash pooling system	55,022,238	82,419,445
Other current assets	566,987	679,272
Collateral cash for guarantee letters	5,797,291	5,155,274
Cash and deposits	227,231	151,117
Total current assets	114,184,544	109,909,833
Total assets	153,439,577	151,868,575
Capital and reserves		
Capital		
Share capital, of which:	28,557,446	28,557,446
Subscribed and paid in share capital	27,819,090	27,819,090
Share capital adjustments	738,356	738,356
Legal reserves	5,563,818	5,563,818
Other reserves	54,724,494	23,368,155
Retained earnings	28,832,881	58,042,926
Retained earnings IFRS transition	18,041,377	18,041,377
Current result	1,629,634	4,362,952
Total equity	137,349,650	137,936,674
Long-term liabilities		
Employee benefits liabilities	2,433,789	2,354,410
Deferred tax liabilities	832,284	648,236
Lease liability	209,813	525,365
Other liabilities	82,997	112,394
Total long-term liabilities	3,558,883	3,640,405
Current liabilities		
Trade payables and similar liabilities	11,853,922	9,499,264
Income tax payable	382,261	463,953
Lease liability	294,861	328,279
Total current liabilities	12,531,044	10,291,496
Total liabilities	16,089,927	13,931,901
Total equity and liabilities	153,439,577	151,868,575

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STATEMENT OF CHANGES IN EQUITY

- RON

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)
Value adjustment 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)
Balance at 31 December 2020	28,557,446	5,563,818	23,368,155	58,042,926	18,041,378	4,362,952	137,936,675

For the year ended as at 31 December 2021

	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2021	28,557,446	5,563,818	23,368,155	58,042,926	18,041,378	4,362,952	137,936,675
Profit distribution	-	-	-	4,362,952	-	(4,362,952)	-
Dividends	-	-	-	(33,572,997)	-	-	(33,572,997)
Other movements	-	-	-	-	-	-	-
Current result	-	-	-	-	-	1,629,635	1,629,635
Other comprehensive income	-	-	31,356,338	-	-	-	31,356,338
Value adjustment of Financial assets measured at fair value	-	-	-	-	-	-	-
Through Other Comprehensive Income	-	-	1,633,559	-	-	-	1,633,559
Actuarial gain / (losses) relating to retirement benefits	-	-	(212,475)	-	-	-	(212,475)
Gain / (Losses) from other elements of comprehensive income	-	-	29,935,254	-	-	-	29,935,254
Balance at 31 December 2021	28,557,446	5,563,818	54,724,494	28,832,881	18,041,378	31,564,889	137,349,650

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The legal reserve is in amount of RON 5,563,818 (2020: 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 with the amount of RON 212,475 represents 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 increase in other reserves with RON 1,633,559. As a result of the receivable assignment agreement concluded in December 2021 between the Company and the majority shareholder KMG International NV, the previous impairment loss of the receivable from Oilfield Exploration Business Solutions S.A. in amount of RON 29,935,254, was reversed and assimilated to a gain from other elements of equity.

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 26 April 2021, it was decided the distribution of the previous years net profit, as well as retained earnings as dividends in gross amount of RON 33,572,997.

STATEMENT OF CASH FLOW

Indirect method

- RON

Cash flows from operating activities:

Net result before tax

Adjustments for:

Depreciation and adjustments related to tangible assets and investment properties

Depreciation and adjustments related to right of use assets

Depreciation and adjustments related to intangible assets

Impairment of property, plant and equipment

Provisions for post-employment benefits plans and other provisions

Adjustments for inventory depreciation

Allowance for trade and other receivables

Trade receivables and sundry debtors write off

Earnings from debts write-off (unclaimed dividends)

Interest income, net

Loss / (profit) from tangible asset sales

Unrealized foreign exchange differences (Gain)/Loss

Operating profit before working capital changes

Decrease / (Increase) of performance guarantees and dividend payments accounts

Decrease / (Increase) of trade and other receivables

Decrease / (Increase) of inventories

(Decrease) / Increase of trade and other debts

Paid income tax

Net cash flow from operating activities

Cash flows from investments:

Payments for purchase of tangible and intangible assets

Receipts from sale of tangible and intangible assets

(Increase) / Decrease of cash pooling balance

Received interest

Net cash from investments

Cash flows from financing activities:

Payments corresponding to leasing contracts

Dividends paid

Net cash flows from financing activities

Net (decrease) / increase of cash and cash equivalents

Net foreign exchange differences

Cash and cash equivalents at the beginning of the financial year

Cash and cash equivalents at the end of the financial year

	December 31 2021	December 31 2020
Net result before tax	1,774,189	4,629,514
Depreciation and adjustments related to tangible assets and investment properties	3,629,991	4,505,390
Depreciation and adjustments related to right of use assets	289,953	301,916
Depreciation and adjustments related to intangible assets	76,895	78,692
Impairment of property, plant and equipment	508,671	-
Provisions for post-employment benefits plans and other provisions	(103,789)	(44,164)
Adjustments for inventory depreciation	(266,624)	105,679
Allowance for trade and other receivables	303,115	51,450
Trade receivables and sundry debtors write off	52,011	-
Earnings from debts write-off (unclaimed dividends)	(807,378)	(609,424)
Interest income, net	(2,423,599)	(3,643,722)
Loss / (profit) from tangible asset sales	(440,113)	(183,980)
Unrealized foreign exchange differences (Gain)/Loss	394,123	(186,831)
Operating profit before working capital changes	2,987,443	5,004,520
Decrease / (Increase) of performance guarantees and dividend payments accounts	1,973,292	(1,878,379)
Decrease / (Increase) of trade and other receivables	(943,321)	1,064,584
Decrease / (Increase) of inventories	(153,420)	(331,101)
(Decrease) / Increase of trade and other debts	469,788	(1,869,180)
Paid income tax	(382,659)	(657,027)
Net cash flow from operating activities	3,951,124	1,333,417
Cash flows from investments:		
Payments for purchase of tangible and intangible assets	(2,664,984)	(4,725,664)
Receipts from sale of tangible and intangible assets	588,385	300,351
(Increase) / Decrease of cash pooling balance	27,343,475	13,456,141
Received interest	2,498,895	3,814,721
Net cash from investments	27,765,771	12,845,549
Cash flows from financing activities:		
Payments corresponding to leasing contracts	(330,696)	(1,633,934)
Dividends paid	(31,310,085)	(12,550,860)
Net cash flows from financing activities	(31,640,781)	(14,184,794)
Net (decrease) / increase of cash and cash equivalents	74,975	(5,065)
Net foreign exchange differences	1,139	(762)
Cash and cash equivalents at the beginning of the financial year	151,117	156,944
Cash and cash equivalents at the end of the financial year	227,231	151,117

General Manager,
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 Finance Manager

Disclaimer

The Financial Statements, prepared as at 31 December 2021, refers to the company Rompetrol Well Services SA, are preliminary and not audited.

Information included in this report are made available at the date of the current report and may be subject to update, review, modification or change without prior notice.

The analysis of the manner of transposing the financial transactions of the company for the financial year 2021 into the financial statements will continue until the financial statements are finalized and audited, which is why the presented information may change both in terms of value and of the way of presentation and classification.

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