

**FINANCIAL STATEMENTS**  
**at the date and for the financial year ended**  
**December 31<sup>st</sup>, 2020**

**prepared based on the accounting regulations in accordance with**  
**the International Financial Reporting Standards**  
**approved by the Ministry of Finance Order no. 2844/2016**

<b>CONTENTS::</b>	<b>Page</b>
<b>Financial Statements</b>	
Statement of the Financial Standing	2 -3
Statement of the profit or loss and other global result elements	4
Statement of changes in equity	5 - 6
Cash-flow Statement	7 - 8
Explanatory Notes to the financial statements	9 - 56

**The Company CONPET S.A.**

Statement of the Financial Standing at December 31, 2020

*(All amounts are expressed in RON, if not otherwise indicated)***Statement of the Financial Standing at December 31st, 2020**

	Note:	December 31, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	5	504,534,005	466,977,597
Intangible assets	6	4,313,253	2,998,268
Financial Assets	7	1,111,921	810,598
Receivables related to the deferred corporate tax	14	4,955,676	5,422,459
<b>Total non-current assets</b>		<b>514,914,855</b>	<b>476,208,922</b>
<b>Current assets</b>			
Stocks	8	5,912,006	8,169,862
Trade liabilities and other liabilities	9	40,260,134	42,248,700
Cash and Cash Equivalents	10	198,257,333	238,576,951
Prepaid expenses		602,808	1,862,719
<b>Total current assets</b>		<b>245,032,281</b>	<b>290,858,232</b>
<b>TOTAL ASSETS</b>		<b>759,947,136</b>	<b>767,067,154</b>
<b>Equities and liabilities</b>			
<b>Equities</b>			
Subscribed and paid-up share capital	11	28,569,842	28,569,842
Legal reserves	11	5,713,968	5,713,968
Revaluation reserves	11	20,931,765	21,111,893
Other reserves	11	500,269,257	495,540,772
Retained earnings	11	40,678,977	43,997,162
Year's Result	11	60,846,759	58,876,719
<b>Total Equities</b>		<b>657,010,568</b>	<b>653,810,356</b>
<b>Long-term debts</b>			
Long-term debts due employees		19,864,043	16,268,908
Other long-term liabilities	12	3,470,722	4,544,833
<b>Total long-term liabilities</b>		<b>23,334,765</b>	<b>20,813,741</b>
<b>Current liabilities</b>			
Trade liabilities	12	23,583,540	27,179,134
Ordinary Corporate Tax	12	738,139	3,076,456
Other debts	12	29,892,967	33,052,691
Short-term employees-related debts	13	14,127,500	14,652,697
Short-term provisions	13	11,259,657	14,482,079
<b>Total current liabilities</b>		<b>79,601,803</b>	<b>92,443,057</b>

**The Company CONPET S.A.**

Statement of the Financial Standing at December 31, 2020

*(All amounts are expressed in RON, if not otherwise indicated)*

<b>Total liabilities</b>	<b>102.936.568</b>	<b>113.256.798</b>
<b>Total EQUITIES AND LIABILITIES</b>	<b>759,947,136</b>	<b>767,067,154</b>

These financial statements from page 2 to page 56 have been authorized for issue and signed by the company's management at at March 23<sup>rd</sup>, 2021.

**Director General**  
**Eng. Dorin Turdora**

**Economic Director,**  
**Econ. Sanda Toader**

The attached notes, from page 1 to 25 are constituent parts of these financial statements.

**The Company CONPET S.A.**

Statement of Profit and Loss and other elements of the global result for the financial year ended

December 31, 2020

*(All amounts are expressed in RON, if not otherwise indicated)***STATEMENT OF PROFIT and LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT FOR THE YEAR ENDED ON DECEMBER 31st, 2020**

	Note:	December 31, 2020	December, 31 2019
<b>Operating Revenues</b>	<b>16</b>		
Contract revenues		406,928,337	407,822,341
Other revenues		40,707,357	35,180,465
<b>Total Operating Revenues</b>		<b>447,635,694</b>	<b>443,002,806</b>
<b>Operating Expenses</b>	<b>17</b>		
Expenditure on stocks		6,106,005	7,604,671
Expenses with energy and water		12,465,234	13,088,645
Personnel Expenses		162,558,904	159,900,933
Impairments of the fixed assets, less impairments related to rights of use resulting from leasing contracts		47,384,780	46,639,302
Impairments related to rights of use resulted from leasing contracts		1,925,587	1,621,597
Impairments of current assets		(346,944)	(716,533)
Expenses related to external services		107,481,861	107,102,681
Losses from disposal of assets		41,323	213,232
Impairments related to provisions		(2,802,153)	10,480,176
Other expenses		47,804,980	34,919,912
<b>Total Operating Expenses</b>		<b>382,619,577</b>	<b>380,854,616</b>
<b>Operating profit</b>		<b>65,016,117</b>	<b>62,148,190</b>
<b>Financial Revenues</b>		<b>6,122,271</b>	<b>7,873,876</b>
Expenses with interests related to leasing contracts		532,077	253,191
Other financial revenues		153,711	65,046
<b>Financial Expenses</b>		<b>685,788</b>	<b>318,237</b>
<b>Financial profit</b>	<b>18</b>	<b>5,436,483</b>	<b>7,555,639</b>
<b>Profit before corporate tax</b>		<b>70,452,600</b>	<b>69,703,829</b>
Expenses with ordinary corporate tax	<b>14</b>	9,176,821	12,958,609
Expenses with (revenues from) deferred corporate tax		429,020	(2,131,499)
<b>Profit of the year</b>		<b>60,846,759</b>	<b>58,876,719</b>
Actuarial loss from discounted benefits granted upon retirement		(2,160,408)	(983,674)
Revaluation surplus (Loss from depreciation) of tangible assets		2,376,682	(13,315)
<b>Total other global result elements</b>		<b>216,274</b>	<b>(996,989)</b>
<b>TOTAL GLOBAL RESULT</b>		<b>61,063,033</b>	<b>57,879,730</b>
<b>Result per share</b>	<b>15</b>	<b>7.03</b>	<b>6.80</b>

These financial statements from page 2 to page 56 have been authorized for issue and signed by the company's management at the date of March 23<sup>rd</sup>, 2021.

**Director General**  
Eng. Dorin Turdora

**Economic Director,**  
Econ. Sanda Toader

The attached notes, from 1 to 24, are constituent parts of these financial statements.

**The Company CONPET S.A.**

*(All amounts are expressed in RON, if not otherwise indicated)*

**STATE OF THE CHANGES IN EQUITY AT DECEMBER 31st, 2020**

	<b>Share capital</b>	<b>Legal reserves</b>	<b>Revaluation reserves</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Year's profit or loss</b>	<b>Total Equities</b>
<b>Balance at January 1, 2020</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>21,111,893</b>	<b>495,540,772</b>	<b>43,997,162</b>	<b>58,876,719</b>	<b>653,810,356</b>
Net result of the period	-	-	-	-	-	60,846,759	60,846,759
Actuarial loss of the period	-	-	-	-	(2,160,408)	-	(2,160,408)
Surplus from reevaluation of tangible assets	-	-	2,372,778	3,904	-	-	2,376,682
Surplus achieved from revaluation	-	-	(2,552,906)	-	2,552,906	-	-
<b>Total other global result elements</b>	<b>-</b>	<b>-</b>	<b>(180,128)</b>	<b>3,904</b>	<b>392,498</b>	<b>60,846,759</b>	<b>6,063,033</b>
Net increase of the modernization quota reserve	-	-	-	3,192,763	-	-	3,192,763
Dividends due to shareholders	-	-	-	-	(3,298,140)	(57,757,444)	(61,055,584)
Allocation of profit provided by law - tax exemption of the reinvested profit	-	-	-	1,531,818	(412,543)	(1,119,275)	-
<b>Balance at December 31, 2020</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>20,931,765</b>	<b>500,269,257</b>	<b>40,678,977</b>	<b>60,846,759</b>	<b>657,010,568</b>

**STATE OF THE CHANGES IN EQUITY AT DECEMBER 31, 2019**

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total Equities
<b>Balance at January 1, 2019</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>25,810,840</b>	<b>496,092,345</b>	<b>44,689,400</b>	<b>60,676,014</b>	<b>661,552,409</b>
Net result of the period						58,876,719	58,876,719
Actuarial loss of the period	-	-	-	-	(983,674)	-	(983,674)
Loss from depreciation of tangible assets			(13,315)	-	-	-	(13,315)
Surplus achieved from revaluation	-	-	(4,399,439)	-	4,399,439	-	-
<b>Total other global result elements</b>	<b>-</b>	<b>-</b>	<b>(4,412,754)</b>	<b>-</b>	<b>3,415,765</b>	<b>58,876,719</b>	<b>57,879,730</b>
Net reduction of the modernization quota reserve	-	-	-	(1,017,356)	-	-	(1,017,356)
Retained earnings from the correction of various elements that have affected the profit of the previous years	-	-	-	-	(7,945)	-	(7,945)
Reunification reserve from revaluation of the land plots not included in share capital	-	-	(342,634)	452,315	(109,681)	-	-
Deferred corporate tax recognized at the expense of equities	-	-	56,441	-	-	-	56,441
Dividends due to shareholders	-	-	-	(1,105,807)	(4,304,887)	(59,242,229)	(64,652,923)
Allocation of profit provided by law - tax exemption of the reinvested profit	-	-	-	1,119,275	314,510	(1,433,785)	-
<b>Balance at Tuesday, December 31, 2019</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>21,111,893</b>	<b>495,540,772</b>	<b>43,997,162</b>	<b>58,876,719</b>	<b>653,810,356</b>

Note: The position „Other reserves” includes also the reserve representing the modernization quota in amount of 461,121,136 RON at 31.12.2020, namely 457,924,469 RON at 01.01.2020. This reserve has a special regime of use, provided in GD no. 168/1998, this being destined exclusively to the financing of the modernization and development works related to the goods belonging to the public domain. The modernization quota is being collected at the extent of capitalization and proceeds of the production and is being reflected in reserves accounts on account of expenses. On a monthly basis is being written back to the revenues the modernization quota at the level of depreciation of the fix assets financed out of this source.

These financial statements and the related notes, from page 1 to page 56, have been authorized for issue and signed by the company's management at March 23<sup>rd</sup>, 2021.

**Director General**  
**Eng. Dorin Tudora**

**Economic Director,**  
**Econ. Sanda Toader**

**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020**  
**December 31, 2020**

**(DIRECT METHOD)**

**-RON-**

	<b>Name of the Element</b>	<b>12 months 2020</b>	<b>12 months 2019</b>
	<b>Cash flows from operating activities:</b>		
+	Proceeds from services supply	451,156,972	451,818,164
+	Proceeds from interests related to bank investments	6,572,110	7,956,249
+	Other proceeds	4,902,357	6,615,207
-	Payments to the suppliers of goods and services	117,925,202	119,161,438
-	Payments to and on behalf of the employees	160,129,565	155,943,944
-	VAT Payments	43,942,659	46,787,643
-	Corporate tax payments and specific tax	11,515,138	13,666,926
-	Other payments related to operating activities	41,803,337	36,819,821
<b>A</b>	<b>Net cash from operating activity</b>	<b>87,315,538</b>	<b>94,009,847</b>
	<b>Cash flows from investment activities</b>		
+	Proceeds from sale of tangible assets	63,378	38,310
+	Proceeds from modernization quota	36,980,848	31,080,415
-	Payments for procurement of tangible assets	102,602,530	84,149,146
<b>B</b>	<b>Net cash from investment activities</b>	<b>(65,558,304)</b>	<b>(53,030,421)</b>
	<b>Cash flows from financing activities:</b>		
+	Proceeds of dividends transferred to Depozitarul Central	-	2,786,508
-	Paid Dividends*	59,117,819	62,872,850
-	Payments on account of leasing-related debts	2,764,889	1,755,043
-	Payments related to interests	194,144	243,444
<b>C</b>	<b>Net cash from financing activities</b>	<b>(62,076,852)</b>	<b>(62,084,829)</b>
	<b>Net increase of cash and cash equivalents</b> <b>cash=A+B+C=D2-D1</b>	<b>(40,319,618)</b>	<b>(21,105,403)</b>
<b>D1</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>238,576,951</b>	<b>259,682,354</b>
<b>D2</b>	<b>Cash and cash equivalents at end of the period</b>	<b>198,257,333</b>	<b>238,576,951</b>

\*We hereby mention that at the date of 31.12.2019, erroneously has been contained the exchange value of the dividends prescribed during the period.

The cash and cash equivalents at 31.12.2020 have decreased by 16.9% as compared to those existing at December 31, 2019 (198.3 mRON compared to 238.6 mRON), due to the cash outputs for the payment of the dividends related to the financial year 2019 and assets procurement (investments), higher than the cash surplus from the operating activity related to the 12 months. Out of the total of 198mRON availabilities in the balance at 30.12.2020, the part associated to the modernization quota is in amount of 116mRON.

The effects of the three activity areas (operation, investment and financing) over the cash in 12 months period 2020 reveal the followings:



- the operating activity triggered a cash-flow in amount of 87 mRON
- the investment ended with a negative cash-flow in amount of 66mRON;
- the financing activity lowered the total cash flow by 62 mRON due to the cash outputs mainly for the payment of dividends in amount of 59 mRON.

The value of the net cash flows out of the operating activity registers a reduction by approx 6.7 mRON generated by the payment to the State budget of the exchange value of the amounts obtained during 2017-2020 from the sale of the pipe material generated by the pipes replacement works. The decrease of the cash from operating activities has been also influenced by the increase of payments with the employees generated by augmentation of salaries.

The net cash from investment activities registers a negative values, higher by approx. 13 mRON as compared to the level registered in 2019 due to the increase of the cash outputs for the payment of investment suppliers.

The net cash from the financing activity recorded in both periods compared negative amounts determined by the payment of dividends to shareholders and the amounts related to leasings.

These financial statements and the related notes, from page 2 to page 56 have been authorized for issue and signed by the company management at March 23rd, 2021

**Director General**  
**Eng. Dorin Turdora**

**Economic Director,**  
**Econ. Sanda Toader**

The attached notes from 1 to 24 are constituent parts of these financial statements.

## **1. Business Description and General Information**

The company "CONPET" S.A. ("The Company") is a joint-stock company, with a unitary system administration, as per Law no. 31/1990 on the companies, republished, subsequent amendments, is registered at Prahova Trade Registry under no. J29/6/1991 and the Financial Supervisory Authority with certificate no. 7227/1997.

The address of the registered offices is in Ploiesti, No. 1-3, Anul 1848 Street, Prahova County.

CONPET is the concessionaire of the crude oil, rich gas, condensate and ethane National Transport System, capacity acquired, in 2002, by conclusion with the National Agency of Mineral Resources (NAMR), the competent authority representing the State's interests in the oil resources sector, the Oil Concession Agreement, approved by GD no.793/27.07.2002.

The company's shares are traded at the Bucharest Stock Exchange (BSE) on September 5, 2013, under the "COTE" symbol.

Currently, CONPET is included in 7 indexes of the total of 9, namely **BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG AND BET Plus**.

At 31.12.2020, CONPET S.A. had a market capitalization of 659.7 . million RON (135.5 million Euro), ranking 19 in "Top 25 issuers according to capitalization".

### *Company Set-up*

CONPET is constituted based on GD no.1212/20.11.1990 on the set-up of the joint stock commercial company in the industry, under Law no.15/1990 on the reorganization of the state economic units as autonomous companies and commercial companies, by taking over the entire asset and liability of the former Crude Oil Pipeline Transport Enterprise ( Ro:ITTC).

The shareholders structure and the number of voting rights at the date of 31.12.2020 are the followings:

- The Romanian State by the Ministry of Economy, Energy and Business Environment, holding 5,083,372 voting shares representing 58.72% of the share capital,
- legal persons with 2,368,002 voting shares representing 27.35% of the share capital, and
- natural persons with 1,206,154 voting shares representing 13.93% of the share capital.

### *Company's Mission*

CONPET mission is the operation of the crude oil National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, in equal conditions, in a non-discriminatory and transparent manner.

### *Other Information on the Company's Business*

As per the Articles of Incorporation, the company's core business is the transport of crude oil, rich gas, ethane and condensate via pipelines aiming at supplying the refineries with crude oil and derivatives out of domestic production, as well as with imported crude oil ( (NACE code 4950- "transports via pipelines").

CONPET supplies transport services for its clients both via the National Transport System concessioned based on the Oil Concession Agreement of the National Transport System of crude oil, rich gas, condensate and ethane via pipelines, as well as by rail, from the loading ramps to the refineries, for the oil areas not connected to the major transport pipelines.

The crude oil National Transport System represents the ensemble of the major interconnected pipelines ensuring the collection of the oil extracted from the exploitation areas or of the imported, from the delivery sites to the processing units.

CONPET, as concessionaire of the crude oil National Transport System entitles as common carrier and has the obligation to provide, as per the legal provisions, free access to the system's

available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

The National Transport System belongs to the Romanian State public domain and is being administered by NAMR. (as per the Oil Law provisions). It comprises a pipelines system of approximately 3,800 km and has a transport capacity of 18.5 million tons/year.

#### *The Legal Environment*

The activities in the oil sector are being regulated by the Oil Law no.238/2004.

The National Agency for Mineral Resources (NAMR) represents the state's interests in oil resources and is the competent authority empowered to apply the provisions of Law no. 238/2001. As per the Oil Law, the National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to the public domain, concessioned to the operators acting in the oil industry.

The main responsibilities of NAMR are the followings:

- negotiates and concludes oil agreements on behalf of the state;
- awards mining concession licenses and operating permits;
- issues regulatory acts, norms, instructions, orders and regulations;
- controls the holders' compliance with the oil agreements, concession licenses conditions and exploitation prerequisites;
- manages the National Transport System via pipelines of the crude oil and natural gas and regulates its operating activities through concession agreements concluded;
- annuls the concession/administration acts;
- approves the tariffs and the frame-contract for the transport of crude oil, rich gas, condensate and ethane.

#### *The tariff for the supply of the transport service via the National Transport System of crude oil, rich gas, condensate and ethane*

The transport tariff stands for the exchange value of the transport service supplied by the holder of the oil concession, as common carrier for the transport, via the crude oil National Transport System, of an oil ton along the oil take-over sites from the domestic producers or import and the delivery sites to the refineries.

The company practices different transport tariffs for the two subsystems belonging to the National Transport System, namely the subsystem for the transport of crude oil, condensate, rich gas and ethane from the internal production and the subsystem for the transport of the imported crude oil. For the transport service on the import subsystem are being settled tariffs per refineries and per transported quantity installments, being applied the bracket tariff model.

The transport tariffs are being established in accordance with NAMR Order no.53/2008 for the approval of the guidelines regarding the criteria, methodology and settlement procedure of the regulated tariffs for the transport via the National Transport System and are being approved by NAMR as competent authority.

The tariffs are determined by allocation of value of the transport service to the oil quantities transported to the beneficiaries, by using a methodology based on the determination of service cost, defined as the totality of the revenues necessary for covering the transport operations via system, here included:

- the operating cost, including: expenses with materials, personnel expenses, pipeline maintenance expenses, expenses with energy, costs related to the amortization of the fixed assets, the royalties and other taxes applicable to the transporter, expenses related to the provision of pipeline guard, the amounts due to lands owners, other expenses;
- modernization and development quota;
- a reasonable rate of profit.

## **2. Drawing-up Basis**

### **(a) Statement of Compliance**

These financial statement of the Company have been drafted under the accounting regulations compliant with the International Financial Reporting Standards ("IFRS") approved by Order of the Ministry of Public Finances no.2844/2016

The IFRS standards represent the standards adopted according to the procedure provided by the Regulation (EC) no. 1.606/2002 of the European Parliament and the Council from July 19, 2002 on the application of the International Financial Reporting Standards and include standards and interpretations approved by the Committee for Accounting International Standards ("IASB"), Accounting International Standards ("IAS") and interpretations issued by the Committee for the Interpretation of the International Financial Reporting Standards ("IFRIC").

***The financial statement prepared at the date and for the financial year ended December 31, 2020 have been audited.***

### **(b) Overview of the Financial Statements**

The financial statement are being presented in compliance with IAS,1 the Overview of the Financial Statements. The company has adopted an overview based on liquidity within the financial standing and an overview of the revenues and expenses according to the nature thereof within the statement of profit and loss and other elements of the global result, considering that these methods of presentation offer credible information and more relevant than the information presented based on other methods permitted by IAS 1.

### **(c) Functional and presentation currency**

The financial statements are being presented in Romanian Lei (RON), as per the applicable accounting regulations, all amounts being rounded at the closest RON. The Romanian Leu (RON) is also the functional currency of the Company, as it is being defined by IAS,21, *The effects of the variation of the currency.*

### **(d) Evaluation Grounds**

The financial statements are being prepared at historic cost, **except for the tangible assets**, other than the tangible assets in progress, which are being assessed at the reevaluated value, while the stocks are being assessed at the smallest value between the cost and the net achievable value.

The accounting policies defined herebelow have been consistently applied for all periods presented in these financial statements.

### **(e) Business Continuity**

The financial statements have been prepared considering the ongoing concern.

### **(f) Accounting Estimations and Professional Reasonings**

The preparation of the financial statements pursuant to the International Financial Reporting Standards („IFRS”) implies the use, by the Company, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, here included predictions of future events that are believed to be reasonable under certain circumstances. The results of these estimates set the grounds for the professional reasonings regarding the accounting value of the assets and liabilities that cannot be obtained from other information sources. The actual results may be different from the estimates values.

The significant reasonings used by the management for application of accounting policies of the Company and the main sources of uncertainty related to estimates were the same with the ones applied to the financial statements of 2019.

### **(g) The Use of Estimates and Reasonings**

CONPET concluded in 2002 a concession contract with NAMR according to which the Company is entitled to use public patrimony assets including the goods part of the crude oil National Transport System.

The company CONPET operates as a joint stock company, as per the Law no.31/1990 on the companies, republished, with subsequent amendments, where the majority of shares are being held by the State, being a public enterprises as per GDO. 109/2011 regarding corporate governance of public enterprises. The services supplied by the company are not public services, as they are being supplied in the benefit of the clients legal persons, therefore do not fall under the provisions of IFRIC 12, *Services Concession Agreements*.

## **3. Accounting Policies**

In the followings there are being described the significant accounting policies applied consistently by the company on preparation of its financial statements.

### **(a) Transactions in Foreign Currency**

The transactions in foreign currency are being expressed in RON by application of the currency from the date of transaction. The monetary assets and the debts expressed in foreign currency at the end of the period are being transformed in RON at the currency valid at that date.

The earnings and losses generated by the differences of currency, realized or not realized, are being registered in the profit and loss statement and other elements of the global result of the respective financial year.

The foreign exchange of the main foreign currencies were:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
RON/EURO	4.8694	4.7793
RON/USD	3.9660	4.2608
RON/GBP	5.4201	5.6088

### **(b) Accounting for the effect of hyperinflation**

In accordance with IAS 29 Financial reporting in hyperinflationary economies, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current unit balance-sheet date, i.e. non-monetary items are restated using a general price index from date of acquisition or contribution.

Therefore, the values reported in terms of purchasing power at December 31, 2003 are treated as the basis for the carrying amounts of these financial statements. .

As the characteristics of the economic environment in Romania indicate the cessation of hyperinflation, starting January 1,2004, the company no longer applies IAS 29.

### **(c) Financial Instruments**

#### **(i) Non-derivative financial assets**

The company initially recognizes the financial assets (loans, receivables and deposits) the date when they have been initiated.

All other financial assets, here included the assets designated at fair value through profit or loss, are recognized initially on the trade date when the Company becomes party of the contractual terms of the instrument.

Any interest in the financial assets transferred that is created or retained by the Company is recognized separately, as asset or liability.

The financial assets and debts are offset and in the statement of the financial position is being presented the net value exclusively when the Company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realize the asset and settle the obligation simultaneously. At 31.12.2020 the company holds the following non-derivative financial assets: cash, cash equivalents and receivables.

### *Short-term investments*

The treasury accounting, as per item 92 of Order 2844/2016, provides for the records related to existence and movement of short-term investments, cash in bank accounts/pay offices, the short-term bank credits and other treasury values.

In the category of short-term investments are comprised Government securities: Government bonds, as well as treasury bills, which have been purchased in view of achieving a short-term profit.

On first registration in the Company, the short-term investments are being assessed based on the purchase cost or the value established under the contracts.

During 2020 the company has not had transactions representing short-term investment and does not have short-term investments in balance at the end of the year.

### *Receivables*

Receivables are financial assets with fix payments or determinable that are not listed on an active market. Receivables contain trade receivables and other receivables.

### *Cash and Cash Equivalents*

Cash and cash equivalents comprise the amounts recorded in cash accounts, current accounts, deposits redeemable at maturity and other cash equivalents. The cash availability in foreign currency are revalued at the exchange rate at the end of the period.

### **(i) Non-derivative financial assets**

The Company recognizes in the book-keeping the non-derivative financial liabilities on the trade date, when the Company becomes party to the contractual terms of the instrument. The Company has the following non-derivative financial liabilities: guarantees retained within contractual transactions, trade payables and other liabilities.

### *Trade liabilities*

Liabilities to the suppliers and other liabilities include the exchange value of the invoices issued by the suppliers of products, executed works and supplied services.

### *Leasing-related debts*

As per IFRS 16, a contract is or contains a leasing contract in case that contract confers the right to control the use of an asset identified for a certain period of time in exchange of a countervalue.

For such contracts, at the date of initiation of performance thereof, a lessee must recognize an asset related to the right of use and a debt deriving from the leasing contract, debt generating interest.

The company includes in the item "Other debts" also the debts deriving from the leasing contracts at the present value of the payments of leasing that are not paid at that date.

### **(iii) Share capital - Common stocks**

The share capital consisting of common stocks (ordinary) is recorded at the value established based on the articles of association and addenda.

The company recognizes the amendments to the share capital only after the accomplishment of the legal procedures provided by Law no.31/1990.

## **Tangible assets**

### **(i) Recognition and Assessment**

The tangible assets in the company's patrimony are being classified in the following category of assets of same kind and similar use.

- land plots and land improvements;
- buildings
- operating oil product;

- technological equipment, measuring installations and devices, control and adjustment and means of transport;
- other tangible assets
- tangible assets in progress.

The tangible assets are initially evaluated at cost by the Company. After initial recognition the tangible assets are being revalued in the statement of the financial standing at reevaluated value, established based on an assessment report drafted by an authorized independent expert. The reevaluations are made with fair regularity to make sure that the accounting value does not significantly differ from what would have been determined by using the fair value at the date of the reporting period.

The tangible assets are being presented in the statement of the financial standing at the re-evaluated value, diminished by the cumulated depreciation and the loss from cumulated depreciation, except for advance payments and ongoing tangible assets appear as cost.

The cost of an element of tangible assets is made up of the procurement price, here included the import fees or non-recoverable procurement fees, the transport expenses, manipulation, commissions, notary fees, expenses with permits acquirement and other non-recoverable expenses directly related to tangible assets and any other direct costs attributable to bringing the assets to the place and in operating conditions.

The tangible assets in progress stand for unfinished investments performed in-house or under contract. They are being evaluated at the production or procurement cost, as the case may be. Tangible assets in progress pass to the category of tangible assets completed after the reception, putting into operation or commissioning thereof, as the case may be.

The cost of a tangible asset built in-house is being determined by using the same principles as for a purchased asset.

The Company does not recognize in the carrying amount of a tangible asset item the current repairs and usual maintenance, these costs are recognized as an expense when incurred.

The costs of current maintenance are mainly the workmanship and expandable costs and may include the cost of small components. The purpose of these expenses is often described as being meant for the "repairs and maintenance" of the tangible assets element.

### ***(ii) Ulterior costs***

#### **Replacements of several components of tangible assets**

The components of several elements of tangible assets may need the replacements at time regulated intervals.

#### **General Regular Inspections**

One condition for the continuation of the exploitation of an element of tangible asset is the performance of a general major regular inspection for detecting defects, notwithstanding they are being replaced or not component parts of the respective assets. When a general regular inspection is being performed, the related cost is recognized in the accounting value of the tangible asset as a replacement, if the recognition criteria are satisfied.

An element of tangible assets and any significant part initially recognized are derecognised in the moment of disposal or when are not being expected future economic benefits from its use or sale. If an element of tangible asset is re-assessed, all the other assets he's part of are re-evaluated, except for the situation when there is no active market for that asset. A class of tangible assets contains assets of the same nature and similar use, being operated by the entity. If the fair value of a tangible asset cannot be determined by reference to an active market, the asset value presented in the balance sheet is its reassessed value at the date of the last reassessment, where from are being lowered the cumulated value impairments,.

When certain components of a tangible asset have a different useful life, they are being counted as distinct elements (major components) of tangible assets.

The statement related to the evolution of tangible assets of the Company during 2020 and 2019 is being detailed in note 5.

### **Operating Oil Product**

The company recognizes in tangible assets the operating oil product evaluated in the balance sheet at determined cost from the revaluation performed as per GD no.26 from January 22, 1992 updated with inflation rate up to 31.12.2003, when Romanian economy was inflationary. Due to the fact that the oil operating product of the Company physically renews at every pumping and that the component elements of this product does not bear, therefore, moral or qualitative depreciation, the operation oil product has not useful life, thus is not being depreciated. The company presents the operating oil product at the cost value, here included the effects of restatements registered in the previous years as per application of "IAS29", Financial reporting in the hyperinflationary economies".

### **The Goods belonging to State Public Domain**

The company administers goods belonging to the State public domain, as grantor of the oil concession Agreement concluded with the National Agency for Mineral Resources, approved by GD no.793/2002 for a period of 30 years.

Pursuant to the concession agreement, the objectives assumed by CONPET S.A. in relation to its activity are: to ensure the operation of the national transport system via pipelines under maximum safety and economic efficiency conditions, to continuously improve the quality of services and to protect the environment.

The goods resulting following the investments provided by the rehabilitation, modernization and development programs performed out of own company's financing sources are being capitalized and depreciate on the minimum duration related to the remaining lifespan of the respective asset or the remaining term of the concession agreement. The goods are to be included in the State's public domain at the date of amortization of the investment by the company, namely on the expiry of the normal operation term or cease of the oil agreement, as the case may be, as per the legal provisions.

### ***(iii) Reclassification as Investment Property***

When an asset is being held more for obtaining revenues out of rentals or for the increase of the capital value or both, rather than for being used in the production or supply of goods and services, for administrative purposes or to be sold during the normal carry out of the activity, the asset is being transferred in investment property. Our company transfers an asset in the category of investment property if the latter generates cash flows that are, to a large extent, independent of other assets held.

The company does not hold investment property in balance at the date of preparation of these financial statements.

### ***(iv) Intangible Assets held in view of Sale***

When there is an amendment brought to the use of an intangible asset, meaning that its accounting value is to be recovered mainly by a sale transaction and not by its continuous use, the company records the asset transfer from the tangible assets category to non-current assets held in view of sale.

The non-current assets are classified as assets held for sale when:

- They are available for immediate sale;
- The company's management is engaged in a sales plan;
- There are minimum chances that the sales plan incur significant changes or be withdrawn;
- It is being initiated an active program to find buyers;
- The assets group is being traded at a reasonable price as compared to the fair value;
- It is expected that the sale be concluded within 12 months as of the date of assets classification as held for sale.

Certain events or circumstances may extend the period for the completion of sale by more than one year. An extension of the period does not prevent an asset (or an asset group to be disposed)



to be classified as being held in view of sale in case the delay is caused by events or circumstances outside the management control and there are enough proofs that the company remains committed to the plan regarding the asset's sale (or the group destined to disposal).

The intangible assets (or asset group to be disposed) classified as being held in view of sale are being assessed by the company at the minimum between the accounting value and the fair value, less the sale costs.

The intangible assets are not being depreciated whilst they are being classified in view of sale.

#### ***(v) Assets related to the right of use of the assets taken by leasing***

On initiation of a contract, the company evaluates if that contract is or includes a leasing. A contract is or contains a leasing contract in case that contract confers the right to control the use of an asset identified for a certain period of time in exchange of a countervalue.

As per IFRS 16, Leasing Contracts, at the date of starting the performance, the company, as lessee, recognizes an asset related to the right of use. The cost of the asset related to the right of use includes the value of the initial value of the debt deriving from the leasing contract, any leasing payment being performed at the date of initiation of performance or prior to this date, minus any in leasing stimulants received or any direct initial cost borne by the company as lessee.

The company reevaluates if a contract is or includes a leasing only provided that the terms and conditions of the contract are amended; The company determines the duration of a leasing contract as being the irrevocable period of a leasing contract, along with:

- (a) the periods covered by an option of extension of a leasing contract if the lessee has the reasonable confidence that it will exercise that option; and
- (b) the periods covered by an option of termination of the leasing contract if the lessee has the reasonable confidence that it will exercise that option.

In terms of financial standing, the assets related to the right of use are being included in the same element-item as the one where are being presented the assets-support of the company.

#### ***(Vi) Depreciation***

Depreciation is being calculated by using the straight-line method.

The useful life of the tangible assets fit with those provided in the Catalog regarding the classification and normal operating durations of the fixed assets approved by Decision 2.139/2004.

The goods resulting following the investments related to the national transport system via pipelines pays off along the minimum duration between the remaining lifespan of the respective asset or the remaining duration from the concession agreement.

The assets related to the rights of use of the assets taken in leasing are linearly depreciated, all along contract duration.

The lifespans of the tangible assets are being periodically revised and, as the case may be, at the date of value increase thereof, due to some expenses subsequently performed.

#### ***(vi) Sale/ cessation of intangible assets***

Tangible assets that are scrapped or sold are being derecognised from the balance sheet together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation are included in current profit or loss.

The gain or loss resulting from the non-acknowledgment of an element from tangible assets, determined as difference between net proceeds from sale included in the operating revenues and the net accounting value of the asset included in other operating expenses are being revealed as separate position in the Statement of profit and loss and other elements of the global result.

#### ***(e) Intangible assets***

**(i) Recognition and Assessment**

Intangible assets are initially recognized at cost. The cost of intangible assets include expenses that are not directly attributable to the purchase of the respective elements. The expenditure related to the acquisition of software licenses is capitalized based on the costs of purchase and commissioning of the respective programs. The costs associated to the maintenance of the software programs are recognized as expenses upon occurrence.

**(ii) Subsequent Expenditure**

The subsequent expenses are capitalized only when they increase the future economic benefits embodied in the value of the asset to which they are intended. All other expenditure, including expenditure on the goodwill and the internally generated brands are recognized in profit or loss when incurred.

**(iii) Depreciation**

Depreciation is recognized in profit or loss using the linear method for the useful life estimated for intangible assets other than goodwill, from the date they are available for use.

**(f) Depreciation of Assets**

*The Non-Financial Assets*

The carrying value of the Company's assets that are not of a financial nature, other than deferred tax assets, are reviewed at each reporting date to identify the existence of depreciation indices. If such indices exist, it is being estimated the recoverable amount of the said assets.

The recoverable amount of an asset or of a cash-generating unit is the maximum between its use value and its fair value, less the costs to sell the asset or units. A cash-generating unit is the smallest identifiable group that generates cash and that independently of the other assets and other groups of assets has the ability to generate cash flows. To determine the use value, the expected future cash flows are discounted using a discount rate before taxation, which reflects the current market conditions and the risks specific to the said asset.

A depreciation loss is recognized when the carrying amount of the asset or cash-generating unit exceeds its estimated recoverable amount of the asset or the cash-generating unit.

The depreciation losses recognized during the previous periods are being assessed at each reporting date in order to determine whether they have diminished or no longer exist. The depreciation loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Given some internal and external factors, the Company assessed the net book value registered at the balance sheet date for depreciable tangible assets, so as to evaluate the possibility of existence of a depreciation thereof, which could attract the record of an adjustment for depreciation.

*The Financial Assets*

The short-term receivables are not discounted. The recoverable amount of other assets is deemed the highest value between the fair value (less sale costs) and the use value. Estimating the use value of an asset involves updating the estimated future cash flows using a pre-tax discount rate that reflects current market assessments regarding the time value of money and the risks specific to the asset.

Depreciation losses on financial assets or a receivable recorded at the amortized cost is reversed if there has been a change in the estimates used to determine the recoverable amount.

**(g) Stocks**

The main categories of inventories are: consumables, spare parts, ongoing services and materials like inventory objects.

The stocks are valued at the lower of cost and net achievable value.

The cost of stocks is based on the first in - first out (FIFO) principle and includes costs incurred for the purchase of inventories, production or processing costs and other costs incurred for bringing the inventories in the form and present location.

The net achievable value is the estimated selling price to be obtained in the ordinary course of business, less estimated costs of completion, when appropriate, and the estimated costs necessary to the sale.

If applicable there will be applied impairments for the obsolete stocks, slow movement or damaged.

#### **(h) Dividends**

The dividends are recognized as a liability in the period in which their distribution is approved. The distribution of dividends is being performed subsequently to the approval of the annual financial statements.

#### **(i) Revaluation reserves**

The revaluations are performed with sufficient regularity so that the carrying amount not differ substantially from that which would be determined using the fair value at the balance sheet date. The difference between the value resulting after revaluation and the net accounting value of tangible assets is presented either according to its nature ( appreciation/depreciation), either at the revaluation reserve as a distinct sub-element in " Shareholders Equity" or in the "Profit and Loss" account..

If the revaluation result is an increase over the net accounting value, then, it is treated as follows: as an increase of the revaluation reserve presented within the total equity, if there was no previous decrease recognized as an expense related to that asset or as an income to compensate the expense with the decrease previously recognized at that asset.

If the revaluation result is a decrease of the net accounting value, it is treated as an expense with the entire value of the depreciation when in the revaluation reserve is not recorded an amount on the asset (revaluation surplus) or as a decrease of the reserve from the revaluation by the minimum between the value of that reserve and the amount of the decrease; the possible difference remaining uncovered is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to the retained result when this surplus represents an achieved gain. The gain is deemed realized as monthly amortization is being registered and when deleting from the records of the asset for which was established the revaluation reserve. No part of the revaluation reserve may be distributed, directly or indirectly, unless it is actually an achieved gain.

A particularity occurs in case of the assets financed out of the modernization quota.

Thus, in case the revaluation result shows an increase compared to the net accounting value, then it is being treated as follows:

- as an increase of the *revaluation reserve*, if there was no previous decrease written-back as an expense related to that asset,
- as an increase of the reserve established out of the modernization quota, up to the set-off of the decrease previously recognized and for which, simultaneously with the depreciation expense was also diminished the quota reserve by recognition as income.

In case the result of revaluation is a *decrease* of the net accounting value, the latter will be treated as an expense when in the revaluation reserve is not registered an amount related to that asset (revaluation surplus) and the reserve formed out of the modernization quota is diminished simultaneously by writing-back as income.

Starting May 1, 2009, the statutory reserves from the revaluation of fixed assets, including the lands, performed after January 1, 2004, which are deducted from calculation of taxable profit through tax depreciation or from expenditure regarding the assets assigned and / or squashed, shall be taxed concurrently with the deduction of the fiscal depreciation, respectively when deducting from the administration of these fixed assets, as appropriate.

The achieved reserves are taxable in the future, in case of change of reserve destination, reserve distribution towards the participants in any form, liquidation, division, merger of the taxpayer or of any other reason except for transfer, after May 1, 2009, of the reserves mentioned in the previous paragraph.

### **(j) Legal reserves**

The legal reserves are constituted in a rate of 5% of gross statutory profit, as of the end of the year until the total legal reserves reached 20% of the nominal share capital (statutory) paid-up in compliance with the legal provisions. These reserves are deductible at the calculation of the income tax and are distributable exclusively upon liquidation of the Company.

### **(k) Other reserves**

The company constitutes profit reserves also at the expense of the modernization quota, based on the GD no.168 / 1998 on setting the quota for the expenses necessary for the development and modernization of crude oil and natural gas production, refining, transport and petroleum distribution, subsequent amendments, presented in GD's no.768 of 7 September 2000 and 1116 of 10 October 2002 and according to the provisions of Law no.227/2015 on the Fiscal Code. The modernization quota is approved by the National Agency for Mineral Resources (NAMR). Once with the approval of the transport tariffs.

In other reserves - the modernization quota, as sub-element of the accounts of equities are being included the amounts representing the plus resulting from the revaluation of the tangible assets financed out of this source, until the clearing of the decrease previously acknowledged.

### **(l) Related Parties**

The Parties are deemed related in case they are subject to control (or joint control) by the same entity or when an entity has the ability to directly or indirectly control or significantly influence the other party, either through ownership, contractual rights, family relationship or otherwise, as defined in IAS 24 Affiliated Party Disclosures.

### **(m) The benefits of the Employees**

#### ***(i) Benefits granted upon Retirement***

In the normal course of business, the Company makes payments to the Romanian State in the account of his employees, at the statutory rates.

All employees of the company are included in the Romanian State pension plan. These costs are recognized in the statement of the global result once salaries recognition.

The Company recognizes a provision for retirement benefits. The discounted value of the liabilities related to the benefits granted on retirement is annually determined by an independent actuary. The Company operates no other pensions or post-retirement benefits plan and, consequently, has no sort of other pensions-related liabilities.

#### ***(ii) Short-term Employees Benefits***

The short-term employees' benefits are the ones to be settled in no more than 12 months as of the end of the reporting period when the employees have supplied the said services. These benefits are mainly represented by salaries and contributions of the employer to the social insurance, rest and medical leaves, the employees' share of profit. The liabilities related to these benefits are recognized as expense while the services are supplied and are assessed on a non-discounted basis.

The company establishes a fund for the employees' share of profit, as per the provisions of the Government Ordinance no.64/August 30, 2001.

### **(n) Provisions**

Provisions are recognized when the Company has a current obligation (legal or implicit) as a result of a past event, it is probable that an outflow of resources be required to settle the obligation, and duty can be estimated reliably.

The amount recognized as a provision is the best estimate at the balance sheet date, of the costs required to settle this obligation.

The best estimate of the costs required to settle current debt is the amount that the Company would pay, rationally, to settle the obligation at the balance sheet date, or transfer it to a third party at that time.

If the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate used reflects current market assessments of the time-value of money and the risks specific to the liability.

Gains from the expected disposal of assets should not be taken into account in measuring a provision.

If estimated that one or all expenses related to a provision will be reimbursed by a third party, the reimbursement is recognized only when it is certain that it will be received. The reimbursement is considered as a separate asset.

Provisions are reviewed at each balance sheet date and adjusted as to reflect the current best estimate. In case that, for settling an obligation is no longer possible an outflow of resources, then the provision must be canceled by write-back as income.

### **(o) Subsidies**

Subsidies for assets, including non-monetary subsidies at fair value, are recorded in the accounting as investment subsidies and are recognized in the balance sheet as deferred income. The deferred income is recorded in the profit and loss account statement upon registration of the depreciation expenses or upon the scrapping or disposal of assets.

The subsidies that compensate the Company for the expenses incurred are recognized systematically in the profit or loss account, in the same periods when the expenses are recognized.

### **(p) Revenues**

#### *Revenues related to Services Supply*

The revenues from the services supply are recognized in the period in which they were provided in correspondence with the stage of execution.

As per IFRS 15 Revenues from clients contracts, the value of the trade price allocated to an obligation of execution is recognized in revenues when ( or gradually) an execution measure in being fulfilled.

In order to determine the trade price there are being considered the terms of the contract and the usual business practices. The price of the transaction represents the value of the consideration to which the company expects to have the right in exchange of the transfer of goods or services promised to a client, not including the collected amounts on behalf of some third-parties.

#### *Revenues from royalties, rentals and interests*

Recognition rules:

- interests are recognized periodically, proportionally, upon generation of the said income, on an accrual based accounting, as per the contract;
- royalties and rentals are recognized on an accrual basis, under the contract.

### **(g) Financial Revenues and Expenses**

The financial revenues comprise interest revenues related to the funds invested and other financial revenues. The interest revenues are recognized in profit or loss of the period, on the accrual-based accounting, using the effective interest method.

The financial expenses mainly contain expenses with interests related to leasing contracts and the expense related to currency differences.

The interest expenses generated by the debts coming from the leasing contracts are being registered in the loss and profit account along the leasing contract, being calculated at the outstanding balance of the debt related to the leasing, for each stage. This thing will determine higher expenses at the beginning of the leasing contract.

### **(r) Tax**

The corporate tax expenses comprise the current tax and the deferred tax.

The corporate tax is recognized either in the profit and loss of the period, or outside the profit and loss, in other elements of the global result or straight in the equities.

**(i) Current Tax**

The current tax is the tax payable on the profit realized in the current period, determined using tax rates enacted at the reporting date and any adjustment for prior periods.

For the financial year ended December 31, 2020, the corporate tax rate, under the Fiscal Code, was of 16%.

**(ii) Deferred Tax**

The deferred tax is determined by the Company using the balance sheet method for those temporary differences arising between the tax calculation base on assets and liabilities and their book value, used for the individual financial statements reporting.

The deferred tax is calculated using the tax rates that are expected to apply to the temporary differences upon the write-back thereof, under the legislation in force at the reporting date.

The receivables and debts related to Deferred tax are offset only if there is a legally enforceable right to offset current tax liabilities and receivables and whether they are related to the tax collected by the same tax authority on the same entity subject to taxation, or different tax authorities but willing to achieve settlement of current receivables and payables by the tax, using a net basis or the related assets and liabilities will be realized simultaneously.

The deferred tax related receivable is recognized by the Company only to the extent where the achievement of future profits is likely to happen, which can be used to cover the tax loss. The deferred tax related receivable is reviewed at the end of each financial year and is reduced to the extent that the related tax benefit is unlikely to be achieved. The additional taxes that arise from the distribution of dividends are recognized, at the same time, with the liability of dividends' payment.

**(iii) Tax Exposures**

For the determination of current and deferred tax, the Company takes into account the impact of uncertain fiscal positions and the possibility of occurrence of additional taxes and interests. This assessment is based on estimates and assumptions and may involve a series of judgments about the future events. New information may become available, thus causing the Company to change its judgment regarding the accuracy in estimating the existing fiscal liabilities; such changes in fiscal obligations affect the tax expense in the period in which such determination is made.

**(j) Result per Share**

The earnings per share is determined by dividing the profit or loss attributable to the Company's ordinary shareholders to the weighted average number of ordinary shares for the period under review.

**(t) Business Segments Reporting**

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products and services in a particular geographical environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

CONPET a single reportable segment, namely transport services supply for its clients both via the National Transport System and by railway

**(u) Contingent Assets and Liabilities**

The contingent liabilities are not recognized in the statement of the financial standing and in the profit and loss account. They are disclosed in the notes to the financial statements, except for the possibility of an outflow of resources representing economic benefits is being removed.

A contingent asset is not recognized in the financial statements and in the profit and loss account, but disclosed when an inflow of economic benefits is likely to happen.

**(v) Ulterior Events**

The financial statements reflect subsequent events after the year-end, events that provide additional information on the Company's position at the reporting date or those that indicate a

possible violation of the going concern principle (events that cause adjustments). Events following the end of the year that are not adjusting events are disclosed in notes when they are considered significant.

**(w) Comparative Figures**

The statement of the financial standing for the year ended December 31, 2020 shows comparability with the statement of the financial standing for the financial year ended December 31, 2019.

**x) New Standards and Interpretations**

The following new standards and amendments of the existing standards issued by the Committee for International Accounting Standards (CIAS) and adopted by the European Union (EU) have not yet entered into force for the period of annual financial reporting ended December 31st, 2020 and were not applied when drawing up these financial statements: [IAS 8.30 (a)]:

Norm/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]	The impact over the financial statements [IAS 8.21(e)]
The amendments to IFRS 4” - “Insurance Contract” (in force for the annual periods starting January 1, 2021 or ulterior to this date).	The amendments to IFRS 4 extend the expiration date of the temporary derogation from the application of IFRS 9 up to 2023, in order to align the date of entering into force of IFRS 9 to the new IFRS 17.	The adoption of these amendments of IFRS 4 will not have impact over the financial statements, as this standard is not applicable at the date of preparation of these financial statements.
Amendments to IAS 39 “Financial instruments: recognition and assessment”, IFRS 4 “Insurance contracts”, IFRS 7, “Financial instruments”: information to be supplied, IFRS 9 “Financial instruments” and IFRS 16 “Leasing contracts” (in force for annual periods starting 1st of January, 2021 or ulterior to this date).	The amendments provide a particular accounting treatment for phasing the modification of the value of financial instruments or the lease contracts occurred following the replacement of the reference index of the interest rate, which prevents a sudden impact on the profit or loss and prevents the useless interruptions of the coverage relations against risks, following the replacement of the reference index and interest rate.	The impact of the amendments on the financial statements is under assessment.

Standard/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]	The impact over the financial statements [JAS 8.21(e)]
The amendments to IAS 1 "Presentation of the financial statements", IAS 8 "Accounting Policies, amendments of the accounting estimated and errors" (in force for annual periods starting with or after January 1st ,2020)	The objective of the amendments brought to the standards IAS 1 and IAS 8 is to clarify the definition of the term "significant" in order to enable the assessment by the enterprises of the significant nature and in order to increase the relevance of the information presented in the notes to the financial statements.	The adoption of IAS 1 IAS 8 had no impact on the individual financial statements of the year 2020.
Amendments of the references to the general conceptual framework in IFRS standards. (in force for annual periods starting with or after January 1st 2019)	The objective of the amendments is to update the existing references to the previous frameworks, by replacing them with the references to the general conceptual framework reviewed, from various standards and interpretations (IFRS 2 "Payment based on shares", IFRS 3 "/Combinations of enterprises", IFRS 6 " "Exploration and evaluation of the mineral resources", IAS 1 "Presentation of the financial statements", JAS 8 "Accounting policies, amendments of the accounting estimates and errors", IAS 34 "Interim of financial reporting", IAS 37 "Provisions, contingent liabilities and contingent assets", IAS 38 "Intangible assets", IFRIC 12 "Services concession engagements", IFRC19 " Full payment of financial liabilities with equities instruments", IFRC 20 "Stripping costs in the production stage of an open strip mine", IFRC 22 "Currency transactions and considerations in advance", SIC 32 "Non-tangible assets - Costs associated to the creation of web sites"	The adoption of these amendments had no impact on the individual financial statements of the year 2020.
The amendments to IFRS 9 "Financial instruments", IAS 39 "Financial instruments: recognition and evaluation", IFRS 7 "Financial instruments: information to be supplied" (in force for annual periods starting with or following the date of January 1,2020).	The amendments provide temporary exemptions and limited from the dispositions related to hedge accounting against risks provided by standards IAS 39, IFRS 9, IFRS 7.	The adoption of IFRS 9, IAS 39 IAS 1 had no impact on the individual financial statements of the year 2020.
Amendments to IFRS 3 "Business combination" (in force for annual periods starting with or after January 1st, 2020)	The objective of the amendments is to clarify the definition of an enterprise in order to facilitate the implementation thereof.	The adoption of these amendments of IFRS 3 had no impact over the financial individual statements of the year, as this as this standard is not applicable at the date of preparation of these financial statements.
Amendments to IFRS 16 "Leasing Contracts" - Concessions on rental related to COVID-19 (in force for the annual periods	Amendments to IFRS,16 offers temporary operational support, optional, related to COVID-19 for the lessees benefiting from periods without leasing payments, without undermining the relevance and utility of the	The adoption of IFRS 16 had no impact on the individual financial statements of the year 2020



starting June 1, 2020 or ulterior to this date).	financial information reported by the commercial companies.	
--	---	--

The following standards and the amendments of the existing standards, issued by the Committee for International Accounting Standards (IASB) and adopted by the European Union (EU) have entered into force in the current period:

#### 4. Determination of Fair Value

Certain Company's accounting policies and requests of information supply require the determination of the fair value for financial and non-financial assets and liabilities.

##### *Fair value hierarchy*

Fair values are multi-level classified in the fair value hierarchy based on the input data used in the assessment techniques, as follows:

Level 1: Prices quoted on active markets for identical assets and liabilities.

Level 2: Input data, other than the prices included at Level 1 containing observable values for assets or liabilities, directly or indirectly.

Level 3: Inputs for assets or liabilities that are not grounded on the data observable on the market. The fair values of the tangible assets have been determined in view of assessment and/or presentation of the information based on the methods described below.

The reevaluated value of the lands, buildings and equipment was established beginning from the fair value based on the market method and on the cost using quoted market prices for similar items, when they are available, or the replacement cost when appropriate. The depreciated replacement cost reflects adjustments for physical deterioration, wear and tear, functional and economical obsolescence. The reevaluated value of lands, buildings and equipment was determined by authorized appraisers.

Where applicable, additional information regarding the hypothesis used in the determination of fair value are presented in the notes specific to the named asset or liability.

Within the assessment report drafted at December 31st, 2020, for the determination of the fair value was used the market approach for lands with active marker, the income approach for buildings with active market and cost approach for the rest of the buildings and special constructions without active market.

For the appraisal of constructions without active market there was used the cost approach, by using the net replacement cost method (Ro,CIN), considering the specialized character thereof. CIN is a value used for the financial reporting applied in case of specialized properties or properties with restrained market, for which the market information are limited and are not available. The major premise of cost approach is that a prudent investor would not pay for an asset an amount higher than the cost by which the respective asset could be replaced.

In the following chart are being presented the fair values classified on the 3 level in the hierarchy of fair values, structured on group of tangible assets:

	Level 1	Level 2	Level 3	The fair value at December 31, 2020
Lands	-	24,853,886	-	24,853,886
Constructions	-	-	299,314,897	299,314,897
Machineries and equipments	-	-	61,967,609	61,967,609

The Company CONPET S.A.

Explanatory notes to the financial statements for the year ended December 31, 2020

*(All amounts are expressed in RON, unless otherwise specified)*

Control and measurement devices	-	-	26,748,981	26,748,981
Means of transport	-	-	13,539,039	13,539,039
Other assets	-	-	3,171,604	3,171,604

	Level 1	Level 2	Level 3	The fair value at Tuesday, December 31, 2019
Lands	-	24,931,289	-	24,931,289
Constructions	-	-	297,164,708	297,164,708
Machineries and equipments	-	-	52,981,937	52,981,937
Control and measurement devices	-	-	19,338,486	19,338,486
Means of transport	-	-	12,349,467	12,349,467
Other assets	-	-	2,360,592	2,360,592

## 5. Tangible assets

During 2020, as compared to 2019, the tangible assets have evolved as follows:

Name	Lands	Special installations and buildings	Operating oil products	Machineries and equipments	Control and measurement devices	Means of transport	Other tangible assets	Tangible assets in progress	Total intangible assets
<b>Gross accounting value at January 1, 2020</b>	<b>26,105,543</b>	<b>299,539,960</b>	<b>42,072,846</b>	<b>105,048,289</b>	<b>80,836,708</b>	<b>34,739,813</b>	<b>6,916,492</b>	<b>58,153,146</b>	<b>653,412,797</b>
Depreciation cumulated January 1, 2020	(1,174,254)	(44,448,098)	-	(52,066,352)	(61,498,222)	(22,390,345)	(4,555,901)	-	(186,133,172)
Impairments for assets depreciation	-	-	-	-	-	-	-	(302,026)	(302,026)
<b>Net accounting value at January 1, 2020</b>	<b>24,931,289</b>	<b>255,091,862</b>	<b>42,072,846</b>	<b>52,981,937</b>	<b>19,338,486</b>	<b>12,349,467</b>	<b>2,360,591</b>	<b>57,851,120</b>	<b>466,977,598</b>
Inputs tangible assets	866,277	24,313,059	-	19,094,938	14,713,412	5,453,855	1,824,934	17,126,053	<b>83,392,529</b>
Outputs of tangible assets at gross value	(789,833)	(1,174,482)	-	(85,422)	(427,907)	(189,344)	(19,906)	(112,917)	(2,799,811)
Cumulated depreciation related to outputs	467,567	973,410	-	85,422	427,907	181,256	19,906	-	2,155,467
The diminution of tangible assets up to the net value, for registration of assets reappraisal.	-	(68,463,107)	-	-	-	-	-	-	<b>(68,463,107)</b>
Annuled depreciation from the accounting value as effect of application of net value method for registration of assets reappraisal.	-	68,463,107	-	-	-	-	-	-	<b>68,463,107</b>
Depreciation registered during the year	(896,214)	(25,201,939)	-	(10,109,266)	(7,302,917)	(4,256,195)	(1,013,921)	-	<b>(48,780,453)</b>
Appreciations from revaluation	392,722	3,243,925	-	-	-	-	-	-	<b>3,636,647</b>
Depreciations from revaluation	(117,921)	(3,784)	-	-	-	-	-	-	<b>(121,705)</b>
Impairments for depreciation written-back to revenues	-	-	-	-	-	-	-	73,734	<b>73,734</b>
<b>Gross accounting value at December 31, 2020</b>	<b>26,456,788</b>	<b>257,455,571</b>	<b>42,072,846</b>	<b>124,057,805</b>	<b>95,122,213</b>	<b>40,004,324</b>	<b>8,721,520</b>	<b>75,166,282</b>	<b>669,057,349</b>
Depreciation cumulated at December 31, 2020	(1,602,902)	(213,520)	-	(62,090,196)	(68,373,232)	(25,758,065)	(5,549,916)	-	(164,295,052)
Impairments for the depreciation of fixed assets December 31, 2020	-	-	-	-	-	-	-	(228,292)	(228,292)
<b>Net accounting value at December 31, 2020</b>	<b>24,853,886</b>	<b>257,242,051</b>	<b>42,072,846</b>	<b>61,967,609</b>	<b>26,748,981</b>	<b>13,539,039</b>	<b>3,171,604</b>	<b>74,937,990</b>	<b>504,534,005</b>

The Company CONPET S.A.  
 Explanatory notes to the financial statements for the year ended December 31, 2020  
 (All amounts are expressed in RON, unless otherwise specified)

Name	Lands	Special installations and buildings	Operating oil products	Machineries and equipments	Control and measurement devices	Means of transport	Other tangible assets	Tangible assets in progress	Total intangible assets
<b>Gross accounting value at January 1, 2019</b>	<b>22,584,099</b>	<b>255,182,601</b>	<b>42,072,846</b>	<b>84,139,169</b>	<b>71,712,695</b>	<b>28,925,819</b>	<b>6,519,889</b>	<b>59,335,443</b>	<b>570,472,561</b>
Cumulated depreciation at January 1, 2019	-	(20,825,576)	-	(42,742,494)	(53,066,070)	(19,390,298)	(3,848,537)	-	(139,872,975)
<b>Net accounting value at January 1, 2019</b>	<b>22,584,099</b>	<b>234,357,025</b>	<b>42,072,846</b>	<b>41,396,675</b>	<b>18,646,625</b>	<b>9,535,522</b>	<b>2,671,352</b>	<b>59,335,443</b>	<b>430,599,587</b>
Inputs tangible assets	3,521,444	44,415,802	-	21,005,872	9,562,568	6,003,190	400,480	(979,646)	<b>83,929,710</b>
Outputs intangible assets	-	(42,642)	-	(87,915)	(438,556)	(189,197)	(3,876)	(202,652)	<b>(964,838)</b>
Gross value	-	14,942	-	72,829	432,453	189,197	3,876	-	<b>713,297</b>
Cumulated depreciation related to outputs	-	(23,360,125)	-	(9,402,838)	(8,864,604)	(3,020,528)	(711,240)	-	<b>(45,359,335)</b>
Depreciation registered during the year	-	-	-	-	-	-	-	(302,026)	<b>(302,026)</b>
Impairments for depreciation of tangible assets in progress	-	-	-	-	-	-	-	-	-
Gross loss from depreciation of tangible assets	-	(15,801)	-	(8,837)	-	-	-	-	<b>(24,638)</b>
Depreciation amortization	-	1,287	-	6,151	-	-	-	-	<b>7,438</b>
<b>Gross accounting value at December 31, 2019</b>	<b>26,105,543</b>	<b>299,539,960</b>	<b>42,072,846</b>	<b>105,048,289</b>	<b>80,836,707</b>	<b>34,739,812</b>	<b>6,916,493</b>	<b>58,153,145</b>	<b>653,412,795</b>
Amortization cumulated at December 31, 2019	(1,174,254)	(44,169,472)	-	(52,066,352)	(61,498,221)	(22,390,346)	(4,555,901)	-	(186,133,172)
Impairments for the depreciation of fixed assets December 31, 2019	-	-	-	-	-	-	-	(302,026)	(302,026)
<b>Net accounting value at December 31, 2019</b>	<b>24,931,289</b>	<b>255,091,862</b>	<b>42,072,846</b>	<b>52,981,937</b>	<b>19,338,486</b>	<b>12,349,466</b>	<b>2,360,592</b>	<b>57,851,119</b>	<b>466,977,597</b>

At 31.12.2019 the net value of the tangible assets has increased as compared to the end of the year 2019, with the amount of 37,556,407 RON.

During 2020 there have been registered inputs of tangible assets in amount of 83,392,529 RON, outputs from the remaining value of 644,345 RON, write-back of impairments of tangible assets in progress in amount of 73,734 RON, appreciations from reappraisal of lands, buildings and special constructions in amount of 3,636,647 RON and depreciation from reappraisal and constructions in amount of 121,705 RON.

Tangible assets depreciation in 2020 was in amount of 48,780,453 RON.

The tangible assets receptioned in 2020 were of 66,266,476 RON, of which were commissioned 64,980,457 RON and 1,286,019 RON increases of the assets related to the rights of use resulting from the leasing contracts.

In the tangible assets are being recognized, as per IFRS, the assets related to rights of use resulted from the leasing contracts, as follows:

➤ At element-row “Buildings and special installations” is being included the value of the rights of use resulting from the lease and concession contracts concluded with various owners for buldings that are rented in order to be put at the disposal of gendarmes, as per GD no.1486/2005 for the security of the guard and protection of the objectives, goods and values with gendarmes and for the performance of the administrative activity. At 31.12.2020, the gross value of these assets is of 603,979 RON, the cumulated depreciation of 213,520 RON, resulting a net value of the rights of use related to the buldings of 390,459 RON.

➤ At element-row “Means of transport” is being included the value of the rights of use of the assets purchased in December 2019 in leasing system, consisting of 30 autovehicles necessary for the carry out of the company’s specific activity and a lease contract of oil products transport rail tanks. At 31.12.2020 the gross value of these assets is of 3.024.233 RON, the cumulated depreciation of 1,264,374 RON, resulting a net value of the right of use related to transport means of 1,759,860 RON.

For being able to compare the information, there has been also amended the presentation of the rights of use recognized at 31.12.2019.

At 31.12.2020, CONPET has recorded in the company patrimony lands in surface of 733,649 sqm, with an accounting value amounting to 22,858,900 RON, made up of:

- 554,538 sqm represent lands with an accounting value of 12,562,749 RON, held under 48 Certificates of ownership right obtained during 2001-2005, appraised on the date of acquiring the certificates, in accordance with GD 834/1991 on the establishment and appraisal of some lands owned by the state-owned companies, at the value of 26,708,233 RON. These lands have been obtained in the company patrimony on the expense of other equity reserves, without augmenting the share capital by the value thereof..
- 155,411 sqm represent lands with an accounting value of 3,215,951 RON held based on 14 Land Ownership Certificates obtained until 2001. The share capital of the company has been increased by the value of these lands;
- 23,700 sqm represent lands with an accounting value of 7,080,200 RON, acquired by the Company based several sale-purchase contracts. A part of the procured lands are related to the corporate offices and on the other procured lands are placed telecommunication towers located in different sites over the country.

The lands held by the Company are located in Ploiesti, at the company’s registered offices and in the 24 counties covered by the transport pipelines or where are being situated the crude oil loading ramps in tanks.

The tangible assets also include the oil operating product, assessed in the statement of the financial standing at the cost determined from the revaluation, restated by the application of IAS 29 "financial reporting in the hyperinflationary economies". In 2020 have not been registered movements of oil product.

At the end of the year 2020, the company tested for depreciation the operating oil product recognized as tangible asset with an undetermined lifespan, by comparison of its accounting value with the sale prices used by Conpet clients. Following the comparison of the two values, it was found that the sale prices used by the clients exceed, for each category of oil product, the accounting value of the assets, therefore no loss from depreciation was identified.

At 31.12.2020, the accounting value of the oil operating product is of 42,072,846 RON.

<b>Operating oil product</b>	<b>December, 31 2020</b>	<b>December, 31 2019</b>
The value of the operating oil product at cost	254,549	254,549
Differences related to restatement as per IAS 29	41,818,297	41,818,297
<b>Balance of the operating oil product</b>	<b>42,072,846</b>	<b>42,072,846</b>

#### *Tangible assets in progress*

At December 31, 2020 the value of assets under execution is of 74,937,990 RON and comprises investment objectives provided in "2020 Investment Program", being mainly made up of: pipelines segments replacements on different lengths and routes, commissioning works of the crude oil pipelines at overcrossing and undercrossing of the rivers, tanks modernization, loading ramps modernization, SCADA and telecommunication works, modernization of cathodic protection systems etc

#### *Reevaluation of tangible assets*

After initial recognition, the tangible assets are being reappraised.

The tangible assets for which the company has adopted the alternative treatment allowed, namely those that have been reappraised, are being presented in the financial statements at the re-assessed value (the fair value at the re-assessment value), less the ulterior depreciation cumulated and the ulterior losses from depreciation. The re-assessments have been performed with sufficient regularity, at least once at 3 years. At December 31st, 2020 there have been appraised, by the company Estimatori Group" S.R.L., the lands and goods from Group I representing special buildings and constructions, in the company's patrimony.

As per the results contained in the reappraisal report, the fair value at 31.12.2020 related to the lands and tangible assets in group I, representing buildings and special constructions, records a total net increase of 3,514,942 mRON, which in the structure reveals the followings:

Crt.no	Class	Net accounting value at 12/31/2020, prior to reappraisal	The fair value at 12/31/2020	Reappraisal differences
1	Lands	22,584,099	22,858,900	274,801
2	Constructions	253,611,451	256,851,592	3,240,141
<b>TOTAL</b>		<b>276,195,550</b>	<b>279,710,492</b>	<b>3,514,942</b>

Following the reappraisal of the lands belonging to the company, they have recorded an increase of the net accounting value in amount of 274,801 RON.

The company recognized an increase of the net accounting value from re-assessment of the tangible assets comprised in Group 1, representing buildings and special constructions existing in the company's patrimony at 31.12.2020, in total amount of 3,240,141 RON.

The impact on the financial statements, resulting from the registration of the differences related to re-assessment of tangible assets, namely the appreciations compared to the accounting values, registered at 31.12.2020, resides in the augmentation equities, with the amount of 3,514,942 RON and in the increase of the year's result, with the amount of 664,143 RON, as follows:

<b>Reserves</b>	<b>2,850,799</b>
Revaluation reserves	2,846,895
Other reserves - modernization quota	3,904
<b>Profit of the year</b>	<b>664,143</b>
Expenses from re-assessment of tangible assets	(20,161)
Revenues from re-assessment of tangible assets	684,304
<b>Total Equities</b>	<b>3,514,942</b>

## 6. Intangible assets

In 2020, as compared to 2019, the intangible assets have evolved as follows:

Name	Licenses and soft	Other intangible assets	Total intangible assets
<b>Gross accounting value at January 1, 2020</b>	<b>5,645,183</b>	<b>910,983</b>	<b>6,556,166</b>
Cumulated depreciation at January 1, 2020	(2,646,915)	(910,983)	(3,557,898)
<b>Net accounting value at January 1, 2020</b>	<b>2,998,268</b>	<b>-</b>	<b>2,998,268</b>
Intangible assets inputs	769,317	1,543,821	2,313,138
Intangible assets outputs at gross value	(53,205)	-	(53,205)
Cumulated depreciation of tangible assets outputs	53,205	-	53,205
Depreciation registered during the year	(998,153)	-	(998,153)
<b>Gross accounting value at December 31, 2020</b>	<b>6,361,295</b>	<b>2,454,804</b>	<b>8,816,099</b>
Cumulated depreciation at December 31, 2020	(3,591,863)	(910,983)	(4,502,846)
<b>Net accounting value at December 31, 2020</b>	<b>2,769,432</b>	<b>1,543,821</b>	<b>4,313,253</b>

Name	Licenses and soft	Other intangible assets	Total intangible assets
<b>Gross accounting value at January 1, 2019</b>	<b>6,395,880</b>	<b>910,983</b>	<b>7,306.863</b>
Cumulated depreciation at January 1, 2019	(3,598,392)	(864,867)	(4,463,259)
<b>Net accounting value at January 1, 2019</b>	<b>2,797,488</b>	<b>46,116</b>	<b>2,843,604</b>
Intangible assets inputs	1,174,415	-	1,174,415
Outputs intangible assets			

at gross value	(1,925,112)	-	(1,925,112)
Cumulated depreciation related to outputs of Intangible assets	1,925,112	-	1,925,112
Depreciation registered during the year	(973,635)	(46,116)	(1,019,751)
<b>Gross accounting value at December 31, 2019</b>	<b>5,645,183</b>	<b>910,983</b>	<b>6,556,166</b>
Cumulated depreciation at December 31, 2019	(2,646,915)	(910,983)	(3,557,898)
<b>Net accounting value at December 31, 2019</b>	<b>2,998,268</b>	<b>-</b>	<b>2,998,268</b>

At 31.12.2020, the net value of the intangible assets has increased as compared to the end of 2019, by the amount of 1,314,985 RON.

In 2020 of there have been recorded inputs of tangible assets in amount of 2,313,138 RON and the depreciation of the intangible assets registered during the year 2020 was in amount of 998,153 RON.

The depreciation method used in the linear one.

The intangible assets contain: It programs, soft licenses, Romanian vectorial map and the land altitudes numerical model, expenses borne by the company with the connection to the power energy network and the water network, recognized in intangible assets as rights of use.

There are not capitalized expenses of research development.

## 7. Financial Assets

The comparative statement of the financial assets on the two reporting periods reveals the followings:

Name	Other non-current securities	Non-current Receivables	Total financial assets
<b>Net accounting value at January 1, 2020</b>	<b>5,100</b>	<b>805,498</b>	<b>810,598</b>
Inputs	-	650,963	650,963
Outputs	-	(29,451)	(29,451)
Impairments for depreciation	-	(320,189)	(320,189)
<b>Net accounting value at December 31, 2020</b>	<b>5,100</b>	<b>1,106,821</b>	<b>1,111,921</b>

Name	Other non-current securities	Non-current Receivables	Total financial assets
<b>Net accounting value at January 1, 2019</b>	<b>5,000</b>	<b>855,582</b>	<b>860,582</b>
Inputs	100	90,895	90,995
Outputs	-	(140,979)	(140,979)
<b>Net accounting value at December 31, 2019</b>	<b>5,100</b>	<b>805,498</b>	<b>810,598</b>

At 31.12.2020, the value of the financial assets has increased as compared to January 1, 2020, at the expense of the increase of the non - current receivables during the year.

The company holds contributions at the share capital of Registrul Independent Monitor, in amount of 5,000 RON and is associate member, along with other companies, in the Romanian National Committee for the Oil International Council (CNR-CMP), participating at the establishment of the patrimony, CNR-CMP, with contribution in amount of 100 RON.



The non-current receivables, in net amount of 1,106,821 RON are made up, mainly, of returnable guarantees paid by the Company to the Ministry of Agriculture and Rural Development and the Ministry of Environment, Waters and Forests in view of temporary put out of the lands from agricultural use and from the forest fund for the fulfillment of different investment objectives, as well as from guarantees related to lands and spaces lease contracts in view of carry out of production and administrative activities in various locations in the country, guarantees telecommunication equipment, electric power guarantees related to several cathodic protection stations, guarantee for the invoices non-collection risk, related to a tank cars lease contract.

## 8. Stocks

Name	Consumables	Services in progress	Waste products	Total stocks
<b>Gross accounting value at January 1,2019</b>	<b>5,666,292</b>	<b>1,193,309</b>	<b>2,192,895</b>	<b>9,052,496</b>
Impairments for stocks depreciation	(845,289)	-	(37,345)	(882,634)
<b>Net accounting value at Wednesday, January 1, 2020</b>	<b>4,821,003</b>	<b>1,193,309</b>	<b>2,155,550</b>	<b>8,169,862</b>
Stocks inputs during the period	6,577,611	769,477	(652,189)	6,694,899
Consumption/outputs of stocks during the period	(6,107,996)	(1,193,309)	(1,529,543)	(8,830,848)
Income from (Expense with) impairments for depreciation of stocks	(159,253)	-	37,345	(121,908)
<b>Gross accounting value at December 31,2020</b>	<b>6,135,908</b>	<b>769,477</b>	<b>11,163</b>	<b>6,916,548</b>
Impairments for stocks depreciation	(1,004,542)	-	-	(1,004,542)
<b>Net accounting value at December 31, 2020</b>	<b>5,131,366</b>	<b>769,477</b>	<b>11,163</b>	<b>5,912,006</b>

  

Name	Consumables	Services in progress	Waste products	Total stocks
<b>Gross accounting value at January 1,2019</b>	<b>5,847,940</b>	<b>1,079,048</b>	<b>3,379,336</b>	<b>10,306,324</b>
Impairments for stocks depreciation	(986,824)	-	(151,071)	(1,137,895)
<b>Net accounting value at January 1, 2019</b>	<b>4,861,116</b>	<b>1,079,048</b>	<b>3,228,265</b>	<b>9,168,429</b>
Stocks inputs during the period	7,502,354	1,193,309	1,451,791	10,147,454
Consumption/outputs of stocks during the period	(7,684,002)	(1,079,048)	(2,638,232)	(11,401,282)
Income from (Expense with) impairments for depreciation of stocks	141,534	-	113,726	255,260
<b>Gross accounting value at December 31 ,2019</b>	<b>5,666,292</b>	<b>1,193,309</b>	<b>2,192,895</b>	<b>9,052,496</b>
Impairments for stocks depreciation	(845,290)	-	(37,345)	(882,635)
<b>Net accounting value at December 31, 2019</b>	<b>4,821,002</b>	<b>1,193,309</b>	<b>2,155,550</b>	<b>8,169,861</b>

The stocks are made up of materials, spare parts, residual products and other materials that are to be used when performing the company's core business, security and intervention stocks meant for the potential provoked technical accidents.

The company registers in the ongoing services the cost of the services non-received by the beneficiary up to the end of the period, at the expense of the revenues related to services in progress.

## 9. Trade liabilities and other liabilities

At December 31, 2020 and December 31, 2019 the trade receivables and other receivables are the followings:

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
Clients	35,115,718	39,276,991
Impairments for depreciation receivables	(339,307)	(341,524)
Other trade receivables	284,042	283,838
Impairments for loss of value of other non-current short-term receivables	(282,466)	-
<b>Subtotal trade receivables (net value)</b>	<b>34,777,987</b>	<b>39,219,305</b>
Other receivables	7,807,594	6,424,129
Impairments for the depreciation of other receivables	(2,325,447)	(3,394,734)
<b>Subtotal other receivables (net value)</b>	<b>5,482,147</b>	<b>3,029,395</b>
<b>Total receivables</b>	<b>40,260,134</b>	<b>42,248,700</b>

**The structure of clients on activities** reveals the followings:

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
Clients - transport activity	34,562,999	38,623,179
Other clients - auxiliary activities	552,718	653,812
<b>Total</b>	<b>35,115,718</b>	<b>39,276,991</b>

*The trade receivables* are not interest bearer and have an average proceeds duration of 28 days. The main receivables in the balance sheet at December 31, 2020 are due by: OMV PETROM SA - 29,623,308 RON (December 31, 2019; 34.405.183 RON) and Petrotel Lukoil S.A.- 4,904,580 RON (December 31, 2019; 4,170,733 RON).

The transport services supply performed by the clients have a significant share (over 99%) in the company's turnover.

The main client of the Company, OMV PETROM SA, holds approximately 74% of the total short-term receivables at December 31, 2020.

Other receivables in amount of 7,807,594 RON mainly include: the amount to be collected from the State budget, following the settlement in court of ANAF litigation (2,718,892 RON, namely 34.8%), recoverable amounts from various natural and legal persons, the majority thereof in litigation pending before law courts (1,715,352 RON, namely 22%), recoverable amounts from the budget representing allowances for medical leaves (1,413,317 RON, namely 18.1%), as well as non-exigible VAT related to unrarried invoices up to 31.12.2020 (936,236 RON, respectively 12%).

*Impairments for the depreciation of the trade receivables* are being registered for uncertain clients, in litigation or insolvency, presenting non-collection risk. At December 31, 2020 the values of these impairments is of 339,307 RON, decreasing with 2,217 RON compared to the end of the previous year.

*The impairments for the depreciation of other receivables* are being registered for the debits related to the legal files pending before the law courts, fines paid and under appeal proceedings. At December 31,2019 the value of these impairments is in amount of 2,325,447 RON, decreasing by 1,069,287 RON compared to December 31, 2019, due to loss in court of the litigation against the Court of Auditors.

The Company' registers impairments for loss of values in quantum of 100% of the value of the receivable for the clients in litigation, in insolvency, in bankruptcy and for other debts related to the established legal files or the fines facing challenge procedure.

### **Seniority-related Statement of Receivables**

#### **Trade receivables**

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
<b>Clients, of which:</b>	<b>35,115,718</b>	<b>39,276,991</b>
<i>Depreciated receivables</i>	339,307	341,524
<i>Unndepreciated receivables, out of which:</i>	34,776,411	38,935,467
- with maturity less than 30 days	34,766,616	38,885,905
- with maturity between 30 and 60 days	3,439	48,275
- with maturity between 60 and 90 days	530	-
- with maturity between 90 days and 270 days	5,154	-
- with maturity between 270 days and 1 year	672	1,287
<b>Other trade receivables, of which:</b>	<b>284,042</b>	<b>283,838</b>
<i>Depreciated receivables</i>	282,466	-
<i>Non-depreciated receivables</i>	1,576	283,838

#### **Other receivables**

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
<i>Depreciated receivables</i>	2,325,447	3,394,735
<i>Non-depreciated receivables, of which:</i>	5,482,147	3,029,394
- With maturity less than 30 days	5,344,437	3,029,394
-With maturity between 30-60 days	137,710	-
<b>Total</b>	<b>7,807,594</b>	<b>6,424,129</b>

## **10. Cash and Cash Equivalents**

At December 31, 2020 and December 31, 2019 the cash and cash equivalents reveal the followings:

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
Current bank accounts	5,796,960	6,899,866
Bank deposits with maturity ≤ 3 months	192,447,249	231,666,573
Cash in the register	11,974	10,512
Other cash equivalents	1,150	-
<b>Total</b>	<b>198,257,333</b>	<b>238,576,951</b>

The cash and cash equivalents have decreased by 16.9% at December 31, 2020 as compared to December 31, 2019 (198.3 mRON compared to 238.6mRON), due to cash outputs for the payment of the dividends related to the financial year 2019 and for the payment of assets procurement (investments) higher than the cash surplus from the operating activity related to the 12 months.

The availabilities in the accounts at 31/12/2020 include also the cash representing the modernization quota, with special use regime provided by GD no.168/1998, in amount of

116,404,356 RON. This is exclusively destined to the financing of the modernization and development works of the goods in the public domain.  
 The company does not have restricted cash.

## 11. Equities

### *Share capital*

During the reporting period, the share capital of the company has not changed, remaining at the value of 28,569,842 RON, being divided into 8,657,528 ordinary shares with a nominal value of 3.3 RON/share and corresponds to the one registered at the Trade Register Office.

The structure of the share capital and the shareholding structure of CONPET S.A. at December 31, 2020 reveals the followings:

Shareholders	December 31, 2020			December 31, 2019		
	Number of shares	Amount (RON)	%	Number of shares	Amount (RON)	%
The Romanian State by the Ministry of Economy, Energy and Business Environment	5,083,372	16,775,128	58.7162	5,083,372	16,775,128	58.7162
Legal Persons	2,368,002	7,814,406	27.3519	2,361,896	7,794,256	27.2814
Natural Persons	1,206,154	3,980,308	13.9319	1,212,260	4,000,458	14.0024
<b>Total</b>	<b>8,657,528</b>	<b>28,569,842</b>	<b>100%</b>	<b>8,657,528</b>	<b>28,569,842</b>	<b>100%</b>

### *Legal reserves*

At December 31, 2020 the value of the legal reserve is 5.713.968 RON ( December 31, 2018; 5,713,968 RON). The company has distributed out of the profit the legal reserve of 20% from the share capital as per EGO no.64/2001, Law no. 571/2003, Law no.31/1990 and the Articles of Association.

### *Other reserves*

At December 31, 2020, Other Reserves are in amount of 500,269,257 RON.

Other reserves have increased with the amount of 4,728,845 RON in 2020, which mainly results from the increase of the reserve representing the modernization quota in amount of 3,192,763 RON and the increase of the reserves related to the reinvested profit with 1,531,818 RON.

The reserve related to the modernization quota is in amount of 461,121,137 RON and holds the major part of share in total other reserves (92.2%).

### *Revaluation reserves*

At December 31, 2020 in the statement of the financial standing the reserves out of reevaluation are being presented at net value of 20,931,765 RON, resulting after the reduction of the gross value by the related deferred tax directly recognized in the equities, as per IAS 12.

### *Retained earnings*

At December 31, 2020 the retained earnings is in amount of 40,678,977 RON and comprises:

- The retained earnings representing actuarial loss from the discounting of the benefits granted on retirement 2,160,408 RON
- The retained earnings representing excess achieved out of revaluation reserves distributed for:: 2,552,906 RON
- The retained earnings derived from the first adoption of IAS 29 related to fixed assets representing oil operating product recognized in tangible assets: 41,818,297 RON
- The reinvested net profit triggering the corporate tax exemptions, as per the provisions of Art. 22 of Law no.227/2015 on the fiscal Code, further amendments and completions in amount

of 1,531,818 RON, distributed at own financing sources.

*Profit of the year*

The profit of the year is of 60,846,759 RON at December 31, 2020 (December 31, 2019). 58,876,719 RON).

*The proposal of net profit distribution at December 31, 2020*

Along the year 2020 the dividends have not been distributed based on the interim financial statements.

The net accounting profit registered by the company CONPET at December 31, 2020 is in amount of 60,846,759 RON.

The proposal of repartition on the legal destinations of the distributed net profit, reinstated with the provisions for the employees share of profit in tota amount of 67,503,152 RON is the following:

Crt.no.	Elements	Amount (RON)	Element share overall
a	Other distributions stipulated by law - payment exemption of the reinvested coporate tax (account 1068), Art.22 of Law no.227/2015 on the fiscal code	1,531,818	2,52%
b)	Dividends due to shareholders	59,314,941	97,48%
<b>1</b>	<b>The net profit of the financial year 2020, reported based on the audited annual financial statement</b>	<b>60,846,759</b>	<b>100,00 %</b>
2	Employees profit sharing schemes within the limit of 10% of the net profit but not more than the monthly average base salary achieved at the level of the economic operator reported in the corresponding year.	6,656,393	
<b>3</b>	<b>Total distributions (1+2)</b>	<b>67,503,152</b>	

The retained earnings representing excess achieved out of revaluation reserves in amount of 2,552,906 RON is proposed to be distributed for covering the loss from the retained earnings and for the distribution as dividends due to the shareholders, as follows:

Crt.no.	Elements	Amount (RON)
<b>1</b>	<b>The retained earnings representing excess achieved out of revaluation reserves , distributed for:</b>	<b>2,552,906</b>
a	The coverage of the retained earnings representing actuarial loss from the discount of the benefits grant on retirement	2,160,408
b)	Dividends due to shareholders	392,498

## 12. Trade Liabilities and other Liabilities

At December 31, 2020 and December 31, 2019, the trade liabilities and other liabilities reveal the followings:

Debts	December 31 2019	Decembrie 31, 2020	Maturity term for the balance at December 31, 2020		
			Under 1 year	1-5 years	Over 5 year
Trade liabilities	27,179,134	23,583,540	23,583,540	-	-
Employees-related debts	30,921,605	33,991,543	14,127,500	3,475,134	16,388,909
Other debts, here included fiscal debts and debts related to social insurances	40,673,980	34,101,828	30,631,106	2,850,363	620,359
<b>Total</b>	<b>98,774,719</b>	<b>91,676,911</b>	<b>68,342,146</b>	<b>6,325,497</b>	<b>17,009,268</b>

The goods and services suppliers for the operation activity are being mainly represented by: SNTFM CFR Marfa, CEZ Vanzare, OMV Petrom S.A., Edenred Romania SRL, Tinmar Energy SA, OMV Petrom Marketing, Director Special TROOPS-DST SRL, Envirotech, Prodiatour, VTG Rail Europe GMBH, Orange Romania, Coral 33 All Prod, ABBSP zoo, CON Metal CF SRL, Mol Romania Petroleum, Octavsiu Tour, Danger SRL, Quality Business Solutions SRL, Afer Bucuresti, Romflex Sistem SRL, Brilliant Technologies SRL.

The value of the assets procurement in the first Half of 2020 has a share of 54% in total procurement.

The value of the assets procurement in the first Half of 2020 has a share of 46% in total procurement.

At 31.12.2020, within the element-row „Employees-related debts” were included also the future debts for the benefits granted to employees on retirement and the debt for the employees share of profit, recognized as provisions.

For being able to compare the information, there have also been amended the amounts presented at 31.12.2019.

The statement of the personnel - related debts, fiscal debts and other maturity date debts look as follows:

Debts	31 December 31st, 2019	December 31, 2020	Maturity term for the balance at December 31, 2020		
			Under 1 year	Over 1 years	Over 5 years
Salaries contributions	5,360,849	5,427,408	5,427,408	-	-
Ordinary Corporate Tax	3,076,456	738,139	738,139	-	-
Royalty due to the State Budget	8,059,150	7,864,678	7,864,678	-	-
VAT payable	3,073,760	3,022,250	3,022,250	-	-
Other taxes and debts - State Budget	980,693	1,014,565	1,014,565	-	-
Dividends Payable	13,410,903	10,277,535	10,277,535	-	-
Leasing-related debts	5,469,234	4,277,338	1,700,421	1,956,558	620,359
Accrued revenues	1,074,092	963,552	102,288	861,264	-
Other debts	168,844	516,363	483,822	32,541	-
<b>Total</b>	<b>40,673,980</b>	<b>34,101,828</b>	<b>30,631,106</b>	<b>2,850,363</b>	<b>620,359</b>

At 31.12.2020 the debts related to leasing comprise future payment obligations related to the leasing concluded for 30 vehicles necessary for the carry out of the company’s specific activities and debts related to the rights of use recognized for the lease contracts and concession of some lands, buildings and rail tanks for transport of oil products (note 5).

The debts related to the rights of use recognized for the lands lease and concession, buildings and tank cars for the transport of oil products have been assessed at the value of rentals/royalties payments along the remaining contractual period, discounted with the loan rate for real estate credits.

The statement of employees-related debts on maturity terms reveal the followings:

Debts	31 December 31st, 2019	December 31, 2020	Maturity term for the balance at December 31, 2020		
			Under 1 year	Over 1 years	Over 5 years
Salaries and associated debts	5,897,321	5,975,076	5,975,076	-	-

Debts for benefits granted upon retirement	16,892,477	20,351,577	487,534	3,475,134	16,388,909
Debts for employees share of profit	6,592,192	6,806,162	6,806,162	-	-
Debts for not-taken annual leaves	1,476,057	858,728	858,728	-	-
Other debts to the employees	63,558	-	-	-	-
<b>Total</b>	<b>30,921,605</b>	<b>33,991,543</b>	<b>14,127,500</b>	<b>3,475,134</b>	<b>16,388,909</b>

At December 31, 2020 the company comprises, at this chapter, mainly salaries and assimilated debts, as well as future debts for benefits granted upon retirement and for employees share of profit, recognized as provisions.

The biggest share in the debts related to employees is being held by the debt for benefits granted upon retirement, in amount of 20,351,577 RON, of which 19,864,043 RON representing long-term liabilities, and 487,534 RON represents short-term obligations.

This debt was registered based on the Actuarial Report drafted by the Company GELID ACTUARIAL COMPANY S.R.L. Bucuresti based on the services supply contract concluded with CONPET S.A.

As per the Labor Contract in force, the company must pay the employees, upon retirement, a benefit equal with a certain number of salaries, according to the seniority and company job history..

The discounted value of debt has been determined by using the Method of Designed Credit Factor (IAS, 19). The retirement benefits received by the employee have firstly been augmented by the value of contribution of the employee and then, each benefit has been discounted considering the rotation of the employees and the probability of survival until retirement. The number of years until retirement was calculated as difference between the date of retirement and the date of reporting. The average predicted of the remaining work period was calculated based of a number of years until retirement, considering the rate of dismissals, the rate of personnel fluctuation and the survival probability.

The main actuarial hypotheses used for the calculation at the date of December 31, 2020 were the followings:

- The discount rate. The following values have been used: the estimated rate of inflation on long term 2% p.y., the real yield of government bonds estimated on long term, 1.6% p.y., the liquidity premium for Romania, 0%, the balance forward rate, 3.6% p.y.
- The rate if inflation estimated based on the statistics issued by INSSE (National Institute of Statistics) and BNR forecast is of 2.1% in 2020, 2.5% during 2021-2030, followed by downward trend in the following years.
- The rate of increase of the gross monthly earning per company. It was estimated an indexation of the gross monthly earning per company by 2.5% for the year 2021 and by 2.4% for the year 2022. For 2023 and the following years it has been estimated an annual increase of the monthly gross average earning per company with the annual inflation rate.
- The mortality rate among the employees is based on the Mortality Board of the Romanian population 2013 (men and women) issued by INSSE.

In 2020, the movement in the debt for the benefits upon retirement granted to the employees is presented in the following table:

<b>January 1, 2020</b>	<b>16,892,477</b>
out of which:	
short term	623,569
long term	16,268,908
Interest cost	756,311

Cost of the current service	843,725
Debts payment during the year	(712,850)
Actuarial loss of the period	2,571,914
Cost of past service	-
<b>December 31, 2020</b>	<b>20,351,577</b>
out of which:	
short term	487,534
long term	<b>19,864,043</b>

The debt for the employees share of profit is constituted in compliance with the Ordinance no.64/2001 and Order of the Ministry of Public Finances no.144/2005. Ordinance no.64 from August 30,2001 establishes that the accounting profit remaining after the deduction of the corporate tax for total or majority state-owned companies should be distributed within the limit of 10% of the net profit but not more than the level of a monthly average base salary realized at the level of economic agent, in the reference financial year. The debt constituted for employees share of profit for the year 2020 amounts to 6,656,393 RON, to which is being added the amount of 149,769 RON related to the labor preservation contribution.

Within the debts for employees' benefits there is included also the debt for not-taken annual leaves, which, at 31.12.2020 is in amount of 858,728 RON.

### 13. Provisions

	December, 31 2020	Tuesday, December 31, 2019
Provisions for litigations	6,962,547	6,481,556
Provisions related to Mandate Contracts	2,506,709	2,534,051
Other provisions for risks and expenses	1,790,401	5,466,472
<b>Total provisions</b>	<b>11,259,657</b>	<b>14,482,079</b>

#### **Provisions for litigations**

In detail, the provisions for litigations are:

	December, 31 2020	December 31, 2019
Litigations for civil compensations	3,843,938	3,152,007
Litigations for the failure to respect, by third parties, of the contractual clauses	185,943	46,214
Other litigations	2,932,666	3,283,335
<b>Total</b>	<b>6,962,547</b>	<b>6,481,556</b>

The company is involved into various litigations for compensations claimed by various owners, natural and legal persons. Besides the compensations, they request either the payment of an annuity following the exercise, by the Company, of the legal easement right on the lands owned by the claimants, or by the retirement of the pipelines and installations to be found on lands thereof.

Following the restitution of their property rights, they are bringing proceedings in Court against the Company, invoking the lack of land use due to the fact that the latter are being crossed by the crude oil transport pipelines belonging to the public domain.

At 31.12.2020 are registered provisions regarding the litigations for civil compensations in amount of 3.843.938 RON, higher with 691.931 RON as compared to the amount thereof registered at 31.12.2019.

During the year there have been registered provisions for new litigations and for differences resulting from the discount of the necessary amounts for the settlement of potential obligations related to the litigations opened in the previous years.



At 31.12.2020, the position "Litigations for the failure to respect by third parties of some contractual causes" is in amount of 185,943, increasing with 139,729 RON YoY and the position "Other litigations" is in amount of 2,932,666 RON, decreasing with 350,669 RON as compared to 31.12.2019.

The decrease registered at the position "Other litigations" is due, mainly, to the discount of the provisions for use by CONPET of a land, held in property by Ploiesti Municipality, where there are located some of the company's buildings. Ploiesti municipality has formulated a sue petition and has requested the exchange value of the lack of use and rent of the land starting March, 2013 and up to the completion of a contractual form with the company CONPET (file no,1474/105/2019 pending before Prahova Law Court). The lack of use of the land estimated by the technical appraiser specialized in real estate assessment, Mustățea Dragoș Cosmin, designated by the court to perform a technical expertise in the file no.1474/105/2019. By sentence no.1205/13.07.2020, Prahova Law Court rejected the request regarding the obligation of the defendant to pay the amount representing the exchange value of the lack of use related to the period March 2013 - March 2016 as prescribed. The discounted value of the provisions at the date of 31.12.2020 is of 1,371,126 RON.

In the position "Other litigations" is included also the provision constituted for the litigation opened during 2008 by Fondul Proprietatea, by which is being requested the payment of the net value of the dividends for the financial year 2006, related to a 6% quota held by the plaintiff in CONPET S.A share capital, as well as the legal interest calculated for the requested amount, starting with the maturity date thereof. The fair value of the provision at 31.12.2020 is of 1,411,540 RON.

#### ***Provisions related to Mandate Contracts***

There have been constituted debts for the allowances granted to the members of the Board of Administration and the directors as per the mandate contracts and the provisions of EGO no.109/2011 on corporate governance, here included the related contributions, as follows:

- 46,081 RON represents debt for not-taken annual leaves by the directors with mandate contract, related to the year 2020.
- 2,460,628 RON stands as debt for the variable component related to the year 2020, of which 1,118,460 RON debt for the allowances granted to the member of the Board of Directors and 1,342,168 RON debt for the allowances granted to the directors.

#### ***Other Provisions***

At December 31, 2020, the balance of the position "Other provisions" in amount of 1,790,401 RON is made up of:

- 1,413,752 RON, provisions constituted at the level of penalties related to the amounts due to the State budget for the period 2017-2020 and paid in the month of December 2020, representing the gain resulting from the capitalization of the pipelines recovered following the replacement works (repairs/modernizations) performed on the National Transport System, value established as per the Control performed by the Court of auditors and completed in March 2020;
- 252,000 RON, provision for environmental expenses;
- 124,649 RON, representing other provisions.

## **14. Ordinary and Deferred Corporate Tax**

The expense related to the company's current and deferred corporate tax in 2020 and 2019 is being determined by a statutory rate of 16%.

	December, 31 2020	December, 31 2019
Expenses with ordinary corporate tax and specific tax	9,176,821	12,958,609
Expenditure with /(revenues from) deferred corporate tax	429,020	(2,131,499)
<b>Total</b>	<b>9,605,841</b>	<b>10,827,110</b>

### Reconciliation of the Effective Tax Rate

	December, 31 2020	December, 31 2019
Profit before taxation	<b>70,452,600</b>	<b>69,703,829</b>
- Corporate tax at the statutory rate by 16%	11,272,416	11,152,612
<b>The Effect on the Corporate Tax of:</b>		
- Non-deductible expenses	3,159,118	4,087,911
Non-taxable revenues	(3,987,927)	(2,300,897)
Elements similar to revenues	487,283	838,906
Elements similar to expenses	(1,190)	(850)
- Ordinary Corporate Tax	(245,091)	(179,084)
The amounts representing sponsorship within the limit provided by the law	(798,584)	(684,075)
- Specific tax	25,123	44,086
- corporate tax bonus as per EGO no.33/2020	(734,327)	-
<b>Expenses with ordinary corporate tax and specific tax</b>	<b>9,176,821</b>	<b>12,958,609</b>

### Deferred Corporate Tax

The deferred and recoverable taxes were calculated based on the temporary taxable and/or deductible differences, determined for assets and liabilities as differences between the accounting value of the asset and/or liability and the amount awarded in fiscal purposes. The company recognizes the deferred taxes on the account of an expense or a revenue except for the tax generated by an event directly accounted in the equities.

The Statement of movements regarding the receivable/debt with the deferred tax during the first six months of the year 2020 reveals the followings:

2020	Net value at January 1	Deferred corporate tax recognized in the profit and loss account	Deferred corporate tax recognized at the expense of equities	Net value December 31, 2020	
				Receivable related to the deferred corporate tax	Receivables related to the deferred corporate tax
Reevaluation of tangible assets	(421,184)	(6,348)	-	<b>3,352,734</b>	<b>(3,780,266)</b>
Provisions	5,283,969	(771,447)	411,506	<b>4,924,028</b>	-
Impairment of the current assets	559,683	(100,503)	-	<b>459,180</b>	-
<b>Deferred corporate tax before compensation</b>	<b>5,422,468</b>	<b>(878,298)</b>	<b>411,506</b>	<b>8,735,942</b>	<b>(3,780,266)</b>

Receivable/debt compensation				(3,780,266)	3,780,266
<b>Net deferred corporate tax - recoverable</b>					<b>4,955,676</b>

The debt representing the deferred tax, in the balance at 31.12.2020 is in amount of 3,780,266 RON and is recognized on account of the equities elements and the receivable related to deferred corporate tax, recognized in the statement of the global result, in the balance at the same date, is of 8,735,942 RON.

The net amount of the deferred tax represents deferred corporate tax recoverable in amount of 4,955,676 RON.

## **15. Result per share**

The result per share in the last two years is:

	<b>December 31, 2020</b>	<b>Tuesday, December 31, 2019</b>
Profit of the Financial Year	60,846,759	58,876,719
The cash from ordinary shares at the beginning and the end of the period	8,657,528	8,657,528
<b>Basic earnings and diluted per share (RON/share)</b>	<b>7.03</b>	<b>6.80</b>

## **16. Operating Revenues**

### **a) Contract Revenues**

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
Revenues from transport service, of which:	402,785,394	402,017,178
<i>Revenues from transport services on Domestic subsystem</i>	<i>299,928,340</i>	<i>295,631,981</i>
<i>Revenues from transport services Import Subsystem</i>	<i>102,857,054</i>	<i>106,385,197</i>
Revenues from rents	1,633,474	1,593,145
Other contract revenues	2,509,469	4,212,018
<b>Total turnover revenues</b>	<b>406,928,337</b>	<b>407,822,341</b>

The transport revenues are being achieved out of services supplied to the clients for the transport of the crude oil, rich gas and condensate quantities approved by Order of the President of the National Agency for Mineral Resources. OMV Petrom is the client holding the highest share in the transport revenues of the company (81.2%).

In the year 2020, the quantities transported on subsystems, as compared to the same period of the previous years, reveals the followings:

	<b>December, 31 2020</b>	<b>December 31, 2019</b>
Domestic Subsystem	3,400,777	3,487,317
Import Subsystem	3,284,120	3,637,426
<b>TOTAL( QUANTITIES)</b>	<b>6,684,897</b>	<b>7,124,743</b>

The total quantity of transported products has decreased by 6.2% in the year 2020, as compared to the same period of the previous year, given the context of the decrease, by 2.5%, of the quantities transported on the domestic transport subsystem and by 9.7% of the quantity transported on the import subsystem.

The tariffs for the supply of crude oil, rich gas, condensate and ethane are regulated and approved by the NAMR and are differentiated for each transport subsystem.

The tariffs applied for the import transport subsystem vary according to the installment of transported quantity, being practiced the bracketing tariff model and the refinery- the hand-over site.

In 2019 and 2020 the following tariffs have been applied:

Tariffs for transport services on the Domestic Subsystem:

Period	Transport tariff (RON/ton)	Approved by NAMR Order No.
June 19, 2018 - December 30, 2019	84.37	117/2018
Starting December 31, 2019	87.53	427/2019

Tariffs for the transport services on Import Subsystem:

Period	Installments	Arpechim Refinery	Ploiesti Basin (Petrobrazi and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order No
	Thousand tons/month	RON/ton	RON/ton	RON/ton	
June 19, 2018 - December 30, 2019	<120	38.85	38.00	27.00*)	117/2018
	<120	16.60	16.00	24.74*)	
Starting December 31, 2019	<120	40.40	39.50	15.00	427/2019
	<120	17.25	17.00	12.85	

\*) Starting the date of March 14, 2019 up to December 30, 2019, for the relation transport with Petromidia Refinery Was applied a tariff of 14.00 RON/ton for the installment of up to 120 thousand tons and 12.00 RON/ton for the installment bigger than 120 thousand tons (approved by NAMR Order no.172/2019).

## b) Other Operating Expenses

	December, 31 2020	December, 31 2019
Revenues out of consumption of the modernization quota	33,788,084	32,097,771
Other revenues	6,919,273	3,082,694
<b>Total Operating Expenses</b>	<b>40,707,357</b>	<b>35,180,465</b>

Revenues from the reserve representing the modernization quota hold 83% of other operating expenses, registering an increase of 5.3% as compared to 2019.

On a monthly basis is being written back to the revenues the modernization quota at the level of depreciation of the fix assets financed out of this source.

## 17. Operating Expenses

### a) Stocks Expenses and Utilities

December, 31

December, 31

	<b>2020</b>	<b>2019</b>
Expenses with consumables	4,670,529	6,060,639
Other material expenses	1,409,621	1,445,374
Other with energy and water	12,465,234	13,088,645
Merchandise Expenses	25,855	98,658
<b>Total Expenses related Stocks and utilities</b>	<b>18,571,239</b>	<b>20,693,316</b>

## b) Personnel Expenses

The personnel expenses include the expenses with the salaries, bonuses awarded to the employees, other personnel expenses, allowances related to the mandate contract of the members of the Board of Directors and the Directors with mandate and the expenditure with the contributions due by the employer.

	<b>December 31, 2020</b>	<b>December, 31 2019</b>
Salaries expenses	130,062,145	128,070,012
Obligations related to Employees Bonuses	19,241,943	18,120,216
Other personnel expenses	964,870	3,155,020
Expenses with the remuneration of the directors with mandate contract	4,759,157	2,859,609
4,157,537	7,530,789	7,696,076
Expenses with contributions due by the Employer	7,530,789	7,696,076
<b>Total operating expenses</b>	<b>162,558,904</b>	<b>159,900,933</b>

The personnel expenses are detailed as follows:

### Salaries expenses

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
Expenses with basic salaries and related bonuses	127,010,975	121,359,896
Quarterly Premiums	2,297,970	6,171,739
Aids for retirement	712,850	463,120
Aids for marriage	40,350	75,257
<b>Total salary related expenses</b>	<b>130,062,145</b>	<b>128,070,012</b>

The expenses with the base salaries of the personnel and the related bonuses increased in 2020, as compared to 2019, mainly following the increase of salaries with 300 RON/employee starting 01.10.2019 and the indexation of the salaries on average by 5% starting the date of 01.10.2020. As per the provisions of the Collective Labor Agreement in force, the Company has also granted its employees the following benefits: quarterly premiums, retirement aids, marriage aids.

### Obligations related to Employees Bonuses

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
Employees share of profit	6,439,906	5,083,747
Meal vouchers	5,129,940	5,117,145
Social expenses provided at Art.25 of Law no.227/2015 of the Fiscal Code, with Ulterior amendments and completions	6,154,469	5,668,217
Other expenses as per the the Collective Labor Agreement	1,517,628	2,251,107
<b>Total</b>	<b>19,241,943</b>	<b>18,120,216</b>

The values of bonuses granted to the employees has an increase (of 1,121,727 RON) in 2020, as compared to 2019, due, mainly, to the payment of the benefit related to the employees share of profit in a quantum higher than that paid in 2019.

As per the provisions of the Collective Labor Agreement in force, the Company has granted the employees bonuses as social expenditure provided at Art.25 of Law no.227/2015 on the Fiscal Code, consisting of holiday tickets and treatment, here included the transport, present offered to the employees, aids for birth, funeral, serious diseases, humanitarian and other social expenditure as per the Collective Labor Agreement (Ro.CCM).

The value of the bonuses granted as social expenses and other expenses as per CCM in the first nine months of the year 2020, as compared to the same period of the previous year, has mainly increased following the grant of the gift vouchers on the occasion of Oilman Day, in quantum of 1,150 RON/employee.

In view of protecting the health of the employees in the context of (Covid-19) Pandemics, there where it was possible, the activity of the employees has been performed in telework regime, what has determined a reduction of the expenses with transport of employees to and from the work site. Also, given the traffic restrictions and termination of some activities during the state of emergency and alert conditions, there has been recorded a reduction of the expenses with the daily allowance, of the value of expenses with the holiday and treatment, here included the transport and expenses with kindergartens, nurseries, after-school, supported by the company for the employees children.

#### Other personnel expenses

	December, 31 2020	December, 31 2019
Expenses with compensatory payments related to personnel lay-offs	962,850	3,155,020
Expenses with the rights of the personnel due based on court order	2,020	-
<b>Total</b>	<b>964,870</b>	<b>3,155,020</b>

The position "Other personnel expenses" includes the expenses with the compensatory payments, granted as per the Contract Labor Agreement related to personnel lay-offs carried out in October and November of the year 2020, namely in June and November of the year 2019.

#### The expenses with the remuneration of the directors with mandate contract and the administrators

	December, 31 2020	December, 31 2019
Allowance of the directors with mandate	2,571,461	1,373,180
Allowances of the Board of Directors members	2,187,696	1,486,429
<b>Total</b>	<b>4,759,157</b>	<b>2,859,609</b>

The expenses with the allowances related to the mandate contracts of the directors and administrators register an increase YoY. In 2020, the amount of the allowances was higher, as the company has paid to the administrators and directors with mandate contract the variable allowance related to 2019.

#### Expenses with contributions due by the Employer

	December 31, 2020	December, 31 2019
Company's contribution to the facultative pensions funds	2,895,553	3,033,858
Company's contribution to the health voluntary insurance	1,426,889	1,515,835
Precautionary labor contribution and other contributions	3,208,347	3,146,383
<b>Total</b>	<b>7,530,789</b>	<b>7,696,076</b>

In 2020, following the salary increase in October 2019 and October 2020, the precautionary labor contribution has proportionally increased.

## Employees

During 2020, the average number of employees has evolved as follows:

	December, 31 2020	December, 31 2019
Employees with leading positions	95	95
Employees with execution positions	1,445	1,492
<b>Total</b>	<b>1,540</b>	<b>1,587</b>

### a) Expenses related to external services

	December, 31 2020	December, 31 2019
Railway transport expenses	63,566,626	60,907,554
Rentals and royalties expenses	30,974,740	31,333,432
Third-parties pumping expenses	4,636,669	4,773,525
Expenses with the maintenance and repairs	1,985,408	2,540,652
Expenses with decontaminations, monitoring environmental factors	804,966	658,627
Expenses with travels, detachments and transfers	632,631	1,312,205
Expenses with goods and personnel transport	38,298	49,914
Postal expenses and telecommunication fees	526,584	525,332
Other expenses with services performed by third parties	4,315,939	5,001,440
<b>Total expenses related to external services</b>	<b>107,481,861</b>	<b>107,102,681</b>

*Expenses with royalties and rents contain mainly the oil royalty due to state budget by the company, as holder of the oil agreement, for the use of the goods public property of the State within the oil operations.*

This is being calculated as per the provisions of the Oil Law no.238/2004, by application of a quota of 10% on the value of gross revenues achieved out of oil transport operations via the oil national transport System.

### b) Other expenses

	December, 31 2020	December, 31 2019
Taxes, fees and similar levies related expenses	2,242,560	2,148,829
Expenses with compensations, fees and penalties	293,871	121,132
Granted donations (sponsorship)	798,584	684,078
Expenses with environmental protection	32,196	89,480
Modernization quota establishment - related expenses	36,980,848	31,080,415
Other operating expenses	7,456,921	795,979
<b>Other expenses</b>	<b>47,804,980</b>	<b>34,919,912</b>

In 2020 the expenses registered with other taxes, fees and assimilated levies comprise, mainly, the expenses local taxes and expenses with the contribution to the special fund, due based on Law no.448/2006 regarding the protection and promotion of the rights of people with disabilities. The chapter "Other reserves" regarding the modernization quota through other operating expenses, in compliance with the provisions of the GD no. 168/1998 further amendments and

with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and updates.

## **18. Net Financial Result**

	<b>December, 31 2020</b>	<b>December, 31 2019</b>
Interest revenues	6,096,612	7,853,469
Other financial revenues	25,659	20,407
<b>Total financial revenues</b>	<b>6,122,271</b>	<b>7,873,876</b>
Expenses regarding interests related to leasing contracts	532,077	253,191
Other financial revenues	153,711	65,046
<b>Total financial expenses</b>	<b>685,788</b>	<b>318,237</b>
<b>Net Financial Result</b>	<b>5,436,483</b>	<b>7,555,639</b>

The financial revenues have decreased by 22.3% in 2020 YoY and the financial expenses have increased by 115.5% in the current year YoY. Based on this evolution, the net financial result has decreased by 28.1% in 2020 YoY.

## **19. Fiscal Legislative Framework**

The tax declarations are subject to revisions and corrections of fiscal authorities, generally for a period of five years after completion thereof.

The fiscal legislation in Romania is very complex and permanently reforms according to the internal and international economic-financial context, being regulated by a multitude of normative acts: laws, government decisions of approval of the application norms, simple ordinances and emergency ordinances, orders, instructions, circulars, clarifications etc.

We cannot talk about a facile approach thereof by the taxpayer, especially that it is generally maintained an abusive practice from the fiscal bodies in what concerns the construction of the legal provisions enshrined by the law itself.

The modernization of the fiscal legislation in Romania does not yet provides clarity and accessibility in the application of the provisions of the fiscal Code, by restructuring, on systematic bases, of the fiscal norms, as well as those on fiscal procedure and there still exists the risk that the fiscal authorities adopt different positions in connection with the interpretation of these aspects with consequence in the calculation of additional obligations and interests/penalties payment, augmentations and delay fines.

By Law no.207/2015 on the new fiscal procedure Code there have been amended several principles with regard to the interpretation of law, meaning that in the interpretation of the fiscal legislation is being applied the principle "in dubio contra fiscum, therefore in case of doubt related to the fiscal norm it is being applied the interpretation in favor of the tax payer.

However, before this interpretation has been given, each public servant must clarify the respective text, by appealing to the good will of the legislator and the meaning of law, verify the points of view expressed in the substantiation notes, in reasons exposures (...). Thus, it should noticed the spirit of the law as a whole and the purpose for which this law has been created. Only if by these norms the meaning of the norm has not been clarified, will the rule of interpretation in favor of the tax payer apply, which envisages the protection of the tax payer against an abusive application of the law by the fiscal body, as well as for the improvement of the relation between the fiscal administration and the tax payer, for avoiding some potential conflicts.

The management considers to have adequately registered the fiscal obligations in the financial statements.

## **20. Commitments and Contingencies**



### Capital commitments

The company does not have granted capital commitments.

### Guarantees granted to third-parties

The guarantees granted to third parties are presented in the table below:

	December 31, 2020	Tuesday, December 31, 2019
Non-current Receivables (Note 7)	1,427,010	805,498
Other receivables (Note 9)	282,466	282,465
<b>Total</b>	<b>1,709,476</b>	<b>1,087,963</b>

Guarantees granted to third parties are separately presented at:

- financial assets line (Note 7)
- other receivables line, those to be recovered within less than 12 months (Note 9)

At the end of 2020, the Company has no record of other commitments granted to third parties.

### Received Guarantees

The guarantees received are presented in the table below:

	December 31, 2020	Tuesday, December 31, 2019
Performance guarantees transferred on the company's accounts	44,173	41,299
Bank performance guarantee letters received from the clients	33,749,255	28,717,891
Bank performance guarantee letters received from the suppliers	15,940,237	14,614,859
Performance guarantees constituted by the beneficiaries in separate accounts at CONPET disposal.	5,362,768	5,984,039
<b>Total</b>	<b>55,096,433</b>	<b>49,358,088</b>

### Contingencies

#### Taxation

Our company considers that all amounts due for fees and taxes have been paid and registered at the balance date.

## **21. Related Parties**

In 2020, the Company has carried out the following procurement from related parties:

### Procurement from related parties

Partner	Unsettled amounts at December, 31 2019	Procurement period 01.01 - 31.12.2020	Settlements in Period 01.01 - 31.12.2020	Unsettled amounts at December 31, 2020
SNTFM CFR Marfă SA	5,075,103	76,461,328	74,827,370	6,709,061

\*The amounts include VAT

## **22. Audit Expenses**

The Company's audit for the year 2020 has been provided by the firm BDO AUDIT SRL. By OGMS Decision no.6/30.09.2019 it was approved the appointment of the firm BDO AUDIT SRL. as financial auditor of the Company for a period of 3 years (2019,2020,2021). The fees are established based on the contract concluded between the two parties. All paid fees refer to the audit services on the individual financial statements drafted in compliance with the Financial Reporting International Standards ("IFRS") and with the requirements the Order of the Ministry of Finance no.2844/2016, services of revision of the interim financial statements drafted at June 30, in compliance with IAS 34.

## **23.Risk Management**

At the level of the company CONPET S.A. there has been implemented and is being developed the internal/management control system comprising the 16 standards included in the management internal control Code of public entities. The implementation of the requirements of standard no.8 "Risk management" represented a priority, by documentation and application of the provisions of the process documents "Risks Management" (the process sheet, flowchart and system procedure). In the first Half of 2020 there were identified, assessed and centralized the risks that may affect the achievement of the objectives. At CONPET level it was prepared a Register of the significant risks and an annual Plan comprising measures for keeping them under control, responsible persons and deadlines for implementation of measures.

Complex processes and activities carried out within CONPET SA may generate risks coming from various areas such as:

### **(a) Currency Risk**

The company may be exposed to fluctuations of the exchange rate of the currencies by means of cash and cash equivalents, short-term investments, long term loans or trade liabilities expressed in foreign currencies.

The functional currency of the Company is the Romanian Leu (RON). At present, the Company is exposed to the exchange rate risk through cash and cash equivalents, as well as through the procurements made in a currency different from the functional currency. The currencies exposing the Company to such a risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in RON, at the exchange rate of the date of the balance sheet, communicated by the Romanian National Bank. The resulting differences are included in the profit and loss account, but do not affect the cash flow up to the moment of the liquidation of the liability. The Company's exposure to the currency risk expressed in RON was insignificant, as revealed in the statements below:

<b>December 31, 2020</b>	<b>Value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>
<b>Monetary Assets</b>					
Cash and Cash Equivalents	198,257,333	198,202,153	49,711	4,081	1,388
Trade receivables and other receivables on short and long term	41,366,956	41,366,956	-	-	-
<b>Monetary Debts</b>					
Various suppliers/creditors	(28,374,914)	(24,366,919)	(3,881,489)	(126,506)	-
<b>Net exposure in the statement of financial standing</b>	<b>211,249,375</b>	<b>215,202,190</b>	<b>(3,831,778)</b>	<b>(122,425)</b>	<b>1,388</b>

<b>December 31, 2019</b>	<b>Value</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>
<b>Monetary Assets</b>					
Cash and Cash Equivalents	238,576,951	238,476,349	94,576	5,598	428

The Company CONPET S.A.  
 Explanatory notes to the financial statements for the year ended December 31, 2020  
 (All amounts are expressed in RON, unless otherwise specified)

Trade receivables and other receivables on short and long term	43,054,198	42,921,283	132,915	-	-
<b>Monetary Debts</b>					
Various suppliers/creditors	(32,809,520)	(26,495,701)	(5,995,707)	(318,112)	-
<b>Net exposure in the statement of financial standing</b>	<b>248,821,629</b>	<b>254,901,931</b>	<b>(5,768,216)</b>	<b>(312,514)</b>	<b>428</b>

The currencies applied for the evaluation of the elements above in RON were:

	December 31, 2020	Tuesday, December 31, 2019
RON/EURO	4.8694	4.7793
RON/USD	3.9660	4.2608
RON/GBP	5.4201	5.6088

### (b) Credit risk

Credit risk is the risk that the Company bear the financial loss due to the failure of contractual obligations by a customer or counterpart to a financial instrument, and this risk results mainly from trade receivables, cash and cash equivalents and short-term investments of the Company. Maximum exposure to the collection risk at the reporting date was:

	Net value	
	December 31, 2020	December, 31 2019
Commercial receivables and other short-term and long-term receivables	41,366,956	43,054,198
<b>Total</b>	<b>41,366,956</b>	<b>43,054,198</b>

The company carries out trade relations only on contractual basis with recognized third parties, that warrants credit financing. The management is closely monitoring the exposure to trade credit risk.

Financial assets that may subject the Company to risk collection are mainly the trade receivables. The company has implemented a series of policies that ensure that the sale of services are made to customers with a rapid collection. The net value of the receivables (without depreciation impairments) represents the maximum amount exposed to the collection risk.

At December 31, 2020 the Company holds a cash and cash equivalents in amount of 198,257,333 RON (at December 31, 2019; 238,576,951 RON). The availabilities are held by the banks, of which we enumerate Banca Transilvania, BCR, Raiffeisen Bank, BRD Groupe Societe Generale, CEC Bank, Unicredit Bank, OTP Bank, Exim Bank, Garanti Bank, First Bank, Credit Europe Bank, etc.)

Credit risk related to trade receivables is reduced because of the regular collection of transport services. Even though there are significant concentrations, the customer base is extremely low, the management considers that the commercial credit risk is low.

The statement of the seniority of clients receivables at the date of preparation of the statements of financial statement is the following:

	Gross value December 31, 2020	Impairment December 31, 2020	Net value December, 31 2020
Not-reaching maturity	34,766,616	-	34,766,616
Maturity exceeded between 1-30 days	3,439	-	3,439

The Company CONPET S.A.  
 Explanatory notes to the financial statements for the year ended December 31, 2020  
 (All amounts are expressed in RON, unless otherwise specified)

Maturity exceeded between 30-60 days	530	-	530
Maturity exceeded between 60-90 days	5,154	-	5,154
Maturity exceeded between 90 days - 1 year	672	-	672
More than 1 year	339,307	339,307	-
<b>Total</b>	<b>35,115,718</b>	<b>339,307</b>	<b>34,776,411</b>

	<b>Gross value December 31, 2019</b>	<b>Impairment December 31, 2019</b>	<b>Net value December 31 2019</b>
Not-reaching maturity	38,885,905	-	38,885,905
Maturity exceeded between 1-30 days	48,275	-	48,275
Maturity exceeded between 30-60 days	-	-	-
Maturity exceeded between 60-90 days	-	-	-
Maturity exceeded between 90 days - 1 year	1,287	-	1,287
More than 1 year	341,524	341,524	-
<b>Total</b>	<b>39,276,991</b>	<b>341,524</b>	<b>38,935,467</b>

Statement of the seniority of other receivables at the date of preparation of the statement of the financial standing is:

	<b>Gross value December 31, 2020</b>	<b>Impairment December 31, 2020</b>	<b>Gross value December 31, 2019</b>	<b>Impairment Tuesday, December 31, 2019</b>
Not reaching maturity	7,807,594	2,325,447	6,424,129	3,394,735
<b>Total</b>	<b>7,807,594</b>	<b>2,325,447</b>	<b>6,424,129</b>	<b>3,394,735</b>

Statement of seniority of the non-current receivables at the date of preparation of the statement of financial position is:

	<b>Gross value December 31, 2020</b>	<b>Impairment December 31, 2020</b>	<b>Gross value Tuesday, December 31, 2019</b>	<b>Impairment Tuesday, December 31, 2019</b>
Non-current receivables < 1 year not reaching maturity	282,466	282,466	282,465	-
Non-current receivables >1 year not reaching maturity	1,427,011	320,189	805,498	-
<b>Total</b>	<b>1,709,476</b>	<b>602,655</b>	<b>1,087,963</b>	<b>-</b>

We hereby mention that for **advances for services** in amount of 1,567 RON (note 9) there have not been performed depreciation impairments as the respective receivables have not reached maturity.

The movements in the impairments for the depreciation of the receivables of the **clients** were the followings:

	2020	2019
<b>Balance at January 1</b>	341,524	716,044
Increases during the year	-	6,508
Write-backs during the year	(2,217)	(381,028)
<b>Balance at December 31</b>	<b>339,307</b>	<b>341,524</b>

Movements in the impairments for the depreciation of **other receivables** were the followings:

	2020	2019
<b>Balance at January 1</b>	3,394,735	3,820,630
Increases during the year	18,941	90,750
Write-backs during the year	(1,088,229)	(516,645)
<b>Balance at December 31</b>	<b>2,325,447</b>	<b>3,394,735</b>

The movements in the impairments for depreciation **non-current receivables** were the followings:

	2020	2019
<b>Balance at January 1</b>	-	-
Increases during the year	602,655	-
Write-backs during the year	-	-
<b>Balance at December 31</b>	<b>602,655</b>	-

### (c) (c) LIQUIDITY RISK

The liquidity risk is the Company's risk to face difficulties in the achievement of the liabilities associated with the financial debts that are being settled in cash or by the transfer of other financial asset. The Company's approach in the liquidity management consists in providing, as much as possible, that it will always dispose of enough liquidities to pay the maturity liabilities, both under normal and stress conditions, without bearing unacceptable losses or endanger the Company's reputation.

The liquidity risk is managed by the Company's management by the application of a permanent insurance policy of liquidities meant to cover the settlement of the due financial liabilities.

2020	Contractual cash flow	< 1 years	Over 1 year	Over 5 years
Trade liabilities	23,583,540	23,583,540	-	-
Other debts	39,113,352	36,503,894	1,989,099	620,359
<b>Total</b>	<b>62,696,892</b>	<b>60,087,434</b>	<b>1,989,099</b>	<b>620,359</b>

2019	Contractual cash flows	<1 year	Over Over 1 years	Over 5 years
Trade liabilities	27,179,134	27,179,134	-	-
Other debts	45,497,209	41,914,858	3,582,351	-
<b>Total</b>	<b>72,676,343</b>	<b>69,093,992</b>	<b>3,582,351</b>	-

### (d) The Personnel Risk and the Waging System

At December 31, 2020 the structure on age is not balanced, the age categories with the highest rate in the company was the personnel with the age is ranging between 51-60 years old (49.7%), 41-50 years (29.4%), followed by the category of age ranging between 31-40 years old (10.9%).

The average age of CONPET personnel is rather high (49.29 years old), the advantage being that 53.5% of the personnel has over 20 years of experience in the company, which stands for the

stability and professionalism of the company's employees, but also accumulation of knowledge and skills, some take many years of experience to be gained.

However, the risk of personnel in the future is the company to deal with staff shortages due to experienced staff departure, for natural causes.

The level of this analyzed risk was low; this is a high tolerability risk and for the control thereof have been set medium and long-term measures by way of the personnel policy and the monitoring of the personnel fluctuations (personnel input/output in/from the company). In this regard, the urgent need of vacant posts occupancy is carefully monitored, according to the needs required by organizational entity, the complexity and diversity of activities, skills needed and the responsibility related posts.

**(e) The Risk determined by correlation with the evolution of the global market**

The unpredictability of the crude oil price evolution will continue to impact the global economy. On short and medium term it is expected that the oil prices continue to bear the uncertainties related to the global economy, the commercial war between the United States and China, as well as the relations between OPEC + (OPEC member countries to which are being added the non-member - i.e. Russia). The contract futures on the oil market (5 years) do not exceed the barrier of 60\$/barrel.

In the perspective of 2030, at global level, it is estimated that the oil/oil products request and offer be influenced mainly by: the crude oil production cost out of unconventional resources, the impact of the new technologies in exploration and off-shore production in deep waters, as well as the dynamics of oil demands in the emerging economies in Asia.

Inside the European Union, the perspective of the years 2020-2030 firstly envisages the reduction of oil dependency, the policy tightly related to that of climate changes and massive promotion of the renewable energy resources. The technologies related to sources of energy other than crude oil consumptions have been developed and are being supported by the policies of the European union with regard to carbon emissions.

**(f) Capital Market Risk**

In the first 9 months of the year, the Romanian capital market was classified as frontier market by the stock indices classification agencies. Starting September 21, 2020, the agency FTSE Russel, the global leader in the classification of stock market indices, has decided that the Romanian stock market should be classified from the status of Frontier Market to that of Emerging Market.

As regards the level of transactions performed or market capitalization, the Bucharest Stock Exchange is being defined as a limited size stock exchange, therefore occurring risks related to the limited liquidity of the market, as well as the high volatility of the price of the traded stocks.

The reduced liquidity of the market may determine the incapacity to buy or sell of shares of the company, without bearing a significant impact on the price of that share, thus generating also a fluctuating evolution of the shares price.

**(g) Legislative-related Risks**

The frequent amendment of the normative acts, here included those that bear direct impact on CONPET business may trigger risks for the company.

CONPET effort to constantly adapt the legislative requirements facing continuous changes may generate significant additional costs and the potential future amendments of the legislative framework could bear negative impact on the activity and profitability (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities etc).

Moreover, a possible increase in the level of the royalty paid for the use of the national Transport System may affect the financial statements and financial projections. An increase of the level of the royalty shall reflect into an augmentation of the transport tariff and, subsequently, the consequences may be seen on two lines: in the decrease of the crude transported quantities and over the pump price of the finite products resulted from the crude oil processing.

An important risk is being represented by the loss of the facility regarding the expenses borne by the Romanian State in order to provide the guard and protection of the pipelines by gendarmes, regulated by GD no. 1107 dated November 14, 2012, which amends and complements GD no. 1468/2005.

#### **(h) Litigations Risks**

The Risk related to litigation, which comes from the faulty manner in which the legal status of under/over crossed land by major pipeline transport has been regulated. CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites and the expense be borne by the company.

One of the major risks the company is currently exposed to, as concessionaire of the Crude oil, rich gas, ethane and condensate national transport system drives its sources in the legal regime of the lands under/over crossed by the transport major pipelines instituted pursuant to the provisions of Petroleum Law no. 238/2004. The number of private properties under/over crossed by pipelines is very high and there is a possibility that more and more owners bring proceedings in Court against the Company in order to obtain substantiated compensations based on the simple presence of the pipelines on their lands. Due to the defective way in which the legal regime of the lands under/over crossed by the transport major pipelines has been regulated, CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites (and the expense be borne by CONPET), or be granted annual compensations representing consisting amounts of money. Moreover, even some public authorities have laid claim pecuniary about the presence of components belonging to NTS, on the lands owned or managed by them.

Within the last years, the Company prepared various legislative proposals to amend Law no 238/2004 - Petroleum Law, hoping for a coherent and clear regulation of the legal regime of lands under/over crossed by the transport major pipelines. Essentially, these proposals are based on the following assumptions:

- public property (of the major pipelines) must coexist with private ownership of land, which leads to the conclusion that the state must be acknowledged the exercise free of charge to certain categories of rights real (encumbrances etc.) for the presence of the pipes on the ground;
- CONPET must fully compensate the landowner for any action that would require temporary occupation of land for repair or damage suffered by owners due to damage.

#### **(i) Risk related to the regulation and authorization**

Risk related to the regulation and authorization, which is significant given that the company must periodically shall regularly obtain and renew a number of opinions, permits, certifications (for railway shunting activity). The Company is subject to a large amount of regulations in various fields, aspects which sometimes leads to additional costs and delays in the commencement or completion of works, with possible negative effects (such as technical failures followed by loss of product shipped which give rise to sanctions from the authorities).

The core business of CONPET, namely transport via pipelines and railway tanks has a significant environmental impact, which involves obtaining and renewing permits that regulate the activity of the company, obtaining building permits, based on all the necessary permits for work subcontracted from repair and investment programs, permits and certifications (AFER) for railway shunting activity, obtaining the INSEMEX authorization for all sectors etc.

The company's business is subject to a large amount of regulations in various fields, which, if not respected, can lead to sanction or suspend the operations of the company.

#### **(j) The Market Risk**

The Market risk arises from the reduction of the quantity of crude oil transported to the refineries. This renders lower the utilization of the transport system. The company must identify new opportunities leading to increased use of the system and not adopt new solutions for increasing efficiency and for optimizing the transport activity, solutions meant to maintain SNT at a high level of operational security.

The company is dependent on the processing level of the refineries in Romania and the possibility to intervene in this area is held exclusively by the fuels market demand. CONPET can only prove, at any time, that it is capable to deliver quality services in what concerns the transport of the crude oil, rich gas and condensate for any client. For achieving this goal, CONPET must be an active player, permanently interested in market evolution within this area of interest.

Following the petrochemical industry restructuring in Romania, the transport of the crude oil derivatives (rich gas) has been significantly reduced (the transport of ethane has no longer been performed since 2009), thing that negatively influenced the subsystem's degree of use related to these products.

Given the conditions, by the support of the major stakeholder, the Ministry of Economy, Energy and Business Environment and the National Authority for Mineral Resources (NAMR), CONPET pays efforts to identify new collaborations that lead to the increase of the degree of use of the system, nevertheless involving into regional projects started in its business area.

#### **(k) Operational risk**

Operational risk comes from the Degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency) and the potential Escalation of the criminal acts related to pipeline attacks bearing significant impact on the Pipelines National Transport System and environment;

The analyzed level of operational risk associated to the "degradation of the NTS" is large; it is an intolerable risk for which have been set urgent measures of control such as the redefinition of the transport infrastructure according to demand-side, settlement and optimization of the pumping programs for the low production stations, extension of the modernization of pumping stations and continuous monitoring of the process parameters and identification of new potential beneficiaries of the services delivered by the company

The results and the company's business may be influenced by specific operational risks, including the followings:

- escalation of the criminal behavior of attack to the pipelines with significant impact on the National Transport System via Pipelines and the environment;
- Tear and wear of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency).
- impossibility of railway transport programs exclusively due to the railway operator.

Closing of an oil extraction point attracts each time the start of a procedure for identifying additional opportunities to exploit the NTS.

#### **(l) The risk triggered by the Coronavirus Pandemic (Covid-19)**

Besides the risks mentioned hereabove, the company is currently facing risks triggered by the Coronavirus pandemic (COVID-19). Under these circumstances, the company CONPET S.A. Has adopted a Plan of measures for the prevention and prevention of its employees contamination with the new coronavirus (COVID-19), as well as the identification of the scenarios related to the continuity of the activity inside the company's work sited, in case some of its employees become infected with the new coronavirus (COVID-19).

As of the beginning of this situation, CONPET has adopted special measures of protection of its employees and limitation of a potential extension of the disease COVID-19. Therefore, there have been adopted prevention and protection measures in all the work sites where the employees carry out their activities, here included: the limitation of visitors access, this one being permitted only in absolutely necessary cases, being conditioned by the compliance with the disinfection rules established at CONPET level, the intensification of the actions related to prevention and sanitation, limitation of internal departures in the work sites, establishing the minimum necessary



personnel for the good performance of the operations and for ensuring the continuity of the crude oil transport, in the light of the Coronavirus pandemic (COVID-19).

Holding a strong financial stability and a very good ability to act, CONPET can rapidly and efficiently implement all the emergency measures required for the protection of the employees health, as well as for the safe administration of the crude oil National Transport System. In the light of Coronavirus (COVID-19) pandemic, the continuity of the company's activity is secured. As for the financial Statement of the company related to 2020, the activity is not affected, thus it is not required the adjustment thereof.

#### **(m) Environmental Aspect**

- *Identification of environmental aspects and environmental impact assessment*

The activity of assessment of the impact on the environment is performed within the production sectors whenever there occur modifications in the system that involve activities with impact on the environment, the list of aspects with major impact identified at the level of the company being the ground for elaboration of the environmental management Program and the Plan of actions for the fulfillment of the environmental objectives.

In 2020 there have been revised the environmental aspects at the level of locations and implicitely at the level of the company, the significant environmental aspects being comprised in a new Plan of actions for the fulfilment of the environmental objectives. The state of achievement of objectives and targets is periodically analyzed by the executive management.

During 2020, it has been performed an online external audit on the environmental management system, for checking the compliance with the requirements of the standard ISO =, 14001:2015. No misconducts have been found with regard to the compliance obligation on this domain.

- *Assessments of compliance with legal requirements and other environmental requirements*

The assessment of the compliance with the legal requirements and other requirements applicable to the environmental aspects, was provided by: internal audits performed by the internal auditors within the company, inspections in all working sites and various installations (tanks, pipelines, keyboards etc) performed by the environmental authorities (representatives of the central and local environment and water management) and by the HSEQ responsible in the sectors.

The environment and water management authorities are carrying out scheduled audits in CONPET sites, unscheduled and thematic with regards to the observance of the legal requirements and other environmental regulations, not having been found major incompliances. The personnel within the sectors, namely the HSEQ responsible perform scheduled inspections, as per the annual Chart of inspection with regards to the compliance of the legal requirements and other applicable requirements, but also unscheduled inspections as per the attributions of the job description.

For the verification of the compliance with the legal requirements, at the level of the year 2020 there were registered 34 external inspections.

- *Pollutions bearing significant impact on the environment*

While pumping the crude oil, on the transport pipelines accidental pollutions may occur, triggering the contamination of the geological environment. Therefore, in 2020 there have been reported accidental pollutions in the areas: Matița, Avicola, Măgurele, Orzoaia de Jos, Drăgănești, Pietroșani, Fânari, Boldești (Prahova county), Armășești, Balta Ialomiței, Fetești, Gârbovi, Jilavele, Grindu ( Ialomița county), Lumina, Castelu, Cuza Vodă (Constanța county), Mădulari (Vâlcea county), Sudiți (Ilfov county). 2020 expenses for the decontamination of the affected areas reached 752.2 RON.

#### **24. Ulterior Events and other Mentions**

At the date of 28.01.2021 it has been convened the Extraordinary General Meeting of Shareholders (EGMS) for the date of 10.03.2021 (11.03.2021 second call), having as item on the agenda the approval of the augmentation of the company's share capital by the value of land held based on 48 land ownership certificates. It was identified that neither at the EGMS first meeting, nor the second has been met the presence quorum provided by the law necessary for the augmentation of the share capital with contribution in kind.

Starting 08.02.2021, by NAMR Order no.19/25.01.2021 with regards to the amendment of the transport tariffs, published in the Official Gazette of Romania, Part I, no.127 from 08.02.2021, there have been approved the new transport tariffs via the National Transport System of crude oil, rich gas, condensate and ethane.

These financial statements and the related notes, from page 1 to page 56, have been authorized for issue and signed by the company's management at March 23<sup>rd</sup>, 2021.

**Director General**  
**Eng. Dorin Tudora**

**Economic Director,**  
**Econ. Sanda Toader**