

## **QUARTERLY REPORT REGARDING THE ECONOMIC FINANCIAL- ACTIVITY OF CONPET S.A.**

**September 30, 2021**

**(period 01.01.2021 – 31.09.2021)**

prepared in compliance with Art 125 of ASF Regulation no. 5/2018

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## 1. Company presentation

### 1.1 Report and issuer identification data

Quarterly report prepared in compliance with:	The provisions of Article 69 of Law no. 24/ 2017 regarding the issuers of financial instruments and market, operations; Annex 13 of Regulation no. 5/10.05.2018 on the issuers of financial instruments and market operations;
Date of the report	15.11.2021
Company's name Registered Offices	CONPET S.A.  No. 1-3 Anul 1848 Street, Ploiesti Prahova County, Zip Code 100559,
Telephone/facsimile Number	0244 401360/0244 516451
E-mail / Internet	<a href="mailto:conpet@conpet.ro">conpet@conpet.ro</a> / <a href="http://www.conpet.ro">www.conpet.ro</a>
Trade Identification Number at the Trade Register Office	1350020
Trade Registry Number	J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Premium category
Subscribed and entirely paid-up share capital	28,569,842.40 RON
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 RON/share
Total market value	709,917,296 RON (82 RON/share at 30.09.2020)
Applied accounting standard	International Accounting Standard no. 34 - „Interim Financial Reporting”
Auditing	The Interim Financial Statements concluded at 30.09.2020 have not been audited

## 1.2 Main activities

CONPET is a strategic company, part of the architecture of the national energy system, being the operator of the crude oil National Transport System via pipelines.

Since 2002, CONPET is the concessionaire of the operation of the crude oil, rich gas, condensate and ethane National Transport System, based on the oil Concession Agreement concluded with the National Agency for Mineral Resources, approved pursuant to GD no. 793/25.07.2002.

The Crude Oil, Rich Gas, Condensate and Ethane National Transport System (NTS) is being defined and regulated by Law no. 238/07.06.2004 - Petroleum Law and the Methodological Norms for the enforcement of the Petroleum Law approved under. 2075/2004 and is part of the state's public property, being of strategic importance.

## 1.3 The company's mission, vision and values

**CONPET mission** is the operation of the 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, under equal conditions, on a non-discriminatory and transparent basis as well as accessing the related markets corresponding to the segments of the value chain of the oil industry.

**CONPET vision** targets to strengthen its position of strategic player in the Romanian oil industry, acting as crude oil, rich gas, condensate and ethane carrier via pipelines and by rail.

### Company's Values:

- continuous learning and improvement;
- concern for people and environment;
- openness and quality improvement;
- flexibility and dynamism;
- communication and cooperation.

## 1.4 Shareholding

CONPET is a State-owned company, listed at the Bucharest Stock Exchange, under COTE symbol.

The structure of CONPET S.A. share capital and shareholding at September 30, 2021 is as follows:

- 58.7162% - the Romanian State by the Ministry of Energy;
- 41.2838% - Other shareholders natural or legal persons.

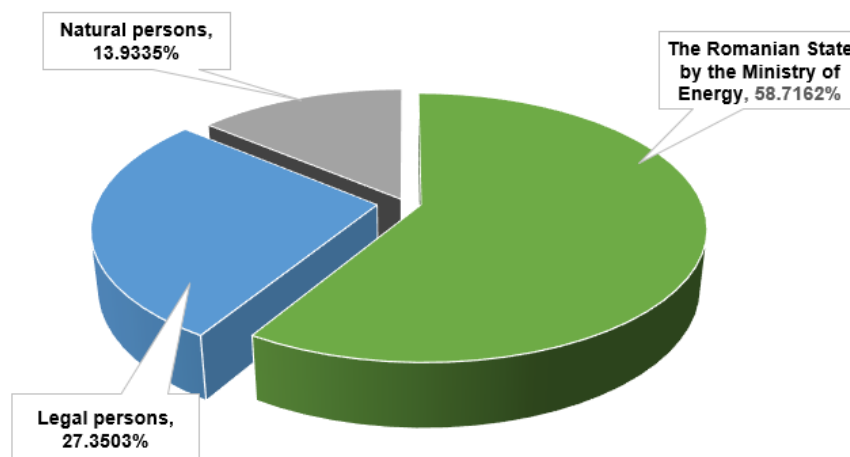


Chart 1 - CONPET S.A. Shareholding Structure at September 9, 2021

The share capital of CONPET at 30.09.2021 is of 28,569,842.40 RON and is divided into 8,657,528 nominative shares, each share with a nominal value of 3.3 RON/share.

CONPET SA did not perform transactions having as scope its own shares and, consequently, the company did not hold own shares.

### 1.5 Company Organization

CONPET was established in 1990, based on the Government Decision no. 1213/1990 regarding the set-up of joint-stock companies in the industry, by taking-over the entire assets and liabilities of I.T.T.C. Ploiești, being the first company established in the oil industry in Romania.

Following the take-over of all assets and liabilities of I.T.T.C. Ploiești, CONPET became the operator of the crude oil, rich gas, condensate and ethane National Transport System.

The crude oil, rich gas, condensate and ethane National Transport System (NTS) is State's public property and bears strategic importance. The NTS is being defined and regulated pursuant to the Oil Law no. 238/7.06.2004 and the Methodological Norms for the Application of the Oil Law, approved pursuant to GD no. 2075/2004.

CONPET supplies transport services for its clients via both the National Transport System, conceded under the Concession Agreement and by rail, from the loading ramps to the refineries, for the oil areas which are not connected to the major transport lines.

### 1.6 Development Strategic objectives

The strategic objectives established and assumed by the administrators through the Administration Plan, for the period 2018-2022, were defined in strong correlation with the strategic directions, the vision and expectations of the tutelary authorities, namely the one of the shareholders, and the contextual lines of the Energy Strategy of Romania along 2018-2030, envisaging the years 2050.

The strategic objectives are:

- boost efficiency and improve the activity performance;
- develop new activities, related and non related to the core business;
- define the Company as a regional player;
- outstanding management of the human resources;
- implement and develop the corporate government principles.

## 2. CONPET - EXECUTIVE SUMMARY

### 2.1. Operating Activity Indicators

The evolution of the product volumes – crude oil, condensate and rich gas, transported via the National Transport System (NTS), during January - September 2021, vs. the Revenues and Expenditure Budget and the similar period of 2020, by transport subsystems, is presented below:

Achieved Jan.-Sept. 2021	Budget Jan.-Sept. 2021	Variation (%) Achieved/Budget	Indicators	Achieved Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Variation (%) Achieved 2021/2020
			<b>Thousand tons</b>			
5,108	5,037	▲ 1.4%	Total transported quantities	5,108	5,011	▲ 1.9%
			<b>mRON</b>			
311.6	308.7	▲ 0.9%	Total transport revenues	311.6	301.0	▲ 3.5%

Table 1 - Evolution of the quantities transported in January - September 2021 as compared to Budget and the similar period in 2020

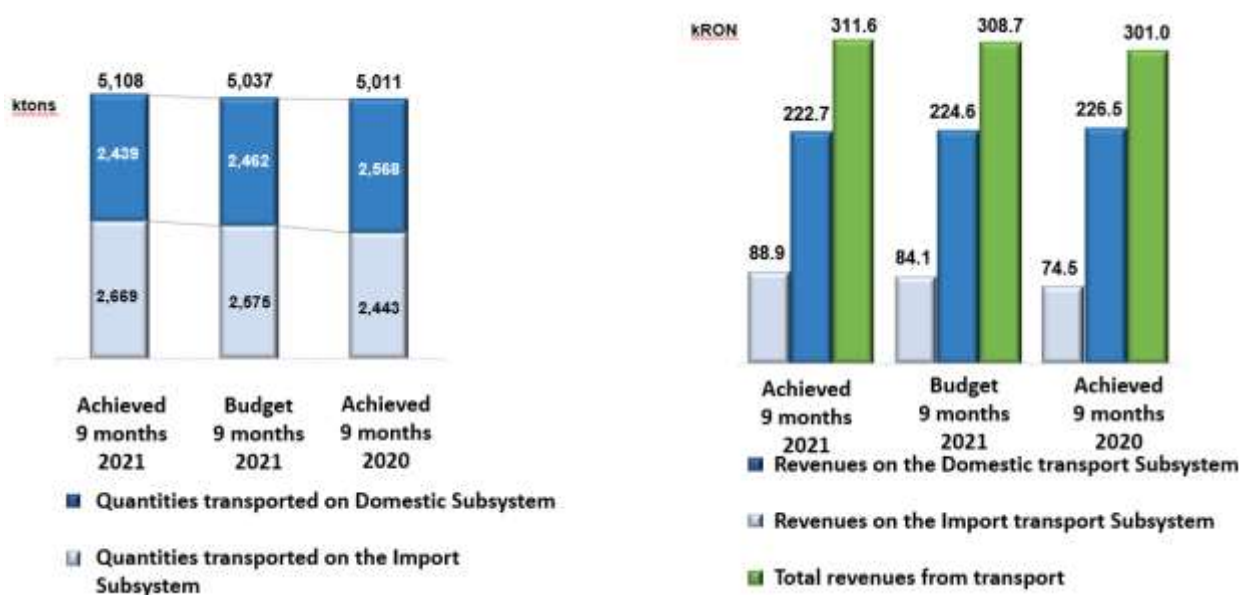


Chart 2 - Evolution of the quantities transported on the Domestic and Import subsystems

## 2.2. Economic- financial Indicators

The level of the main economic-financial Indicators of the company achieved in the first 9 months 2021, as compared to the similar period of last year and to the Budget is as follows:

Indicators	January- September 2021			Achieved Jan.-Sept. 2020	Variation% Achieved 2021/2020
	Achieved	Budget	Variation (%) Achieved/ Budget		
Turnover (thousand RON)	313,306	310,388	▲ 0.9%	304,009	▲ 3.1%
Operating Revenues (thousand RON)	346,923	344,308	▲ 0.8%	334,368	▲ 3.8%
Operating Expenses (thousand RON)	299,930	305,045	▼ 1.7%	281,855	▲ 6.4%
Operating Profit - EBIT (thousand RON)	46,993	39,263	▲ 19.7%	52,513	▼ 10.5%
Operating profit margin (% Operating Revenues)	13.5%	11.4%	▲ 2.1 p.p.	15.7%	▼ 2.2p.p.
Value adjustments for fixed assets, less adjustments related to rights of use resulted from leasing contracts	38,651	37,202	▲ 3.9%	35,877	▲ 7.7%
EBITDA (thousand RON)	85,644	76,465	▲ 12.0%	88,390	▼ 3.1%
Operating Expenses/Turnover x 100 (%)	95.7%	98.3%	▼ 2.6p.p.	92.7%	▲ 3.0p.p.
Total Revenues (thousand RON)	349,184	346,664	▲ 0.7%	339,395	▲ 2.9%
Total Expenses (thousand RON)	300,194	305,587	▼ 1.8%	282,440	▲ 6.3%
Gross profit (thousand RON)	48,990	41,077	▲ 19.3%	56,955	▼ 14.0%
Net profit (thousand RON)	41,983	35,012	▲ 19.9%	48,946	▼ 14.2%
Average number of employees (pers.)	1,516	1,546	▼ 1.9%	1,547	▼ 2.0%
Productivity (thousand RON/employee)	229	223	▲ 2.7%	216	▲ 6.0%

Table 2 - The main economic-financial Indicators achieved in the first 9 months 2021 vs Budget 2021 and the ones achieved in the similar period in 2020

## 2.3. Investments

The investment projects within CONPET target, mainly, enhancing efficiency of the transport activity as well as the operation, under safe conditions, of the National Transport System. During the nine months period ended September 30, 2021, CONPET S.A. achieved investments amounting to 39.47 million RON.

The degree of achievement of the investments, as compared to program and YoY, by ownership of assets, is as follows:

January- September 2021			Investments (mRON)	Achieved Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Degree of achievement 2021/2020
Achieved	Program	Degree of achievement				
39.47	57.89	68.2%	Total investments, out of which:	39.47	66.09	59.7%
26.25	38.67	67.9%	Public domain	26.25	58.08	45.2%
13.22	19.22	68.8%	Operating domain	13.22	8.01	165.0%

Table 3 - Evolution of the investments achieved in 9 Months 2021 as compared to the program and the similar period in 2020

## 2.4. Company's Stock Market indicators

At 30.09.2021, CONPET S.A. had a market capitalization of 709.9 million RON (143.5 million euro), ranking 24 in "Top 25 issuers according to capitalization".

Currently, the company CONPET S.A. is included in 7 out of the total of 9 stock indices of the Bucharest Stock Exchange, respectively *BET*, *BET-TR*, *BET-XT*, *BET-XT-TR*, *BET-BK*, *BET-NG* and *BET Plus indices*.

In the first nine months of 2021, 11,959 stock transactions have been recorded, with a traded volume of 773,002 shares, the total value of the transactions being of 69 million RON. All along this time, the minimum trading price amounted to 77.2 RON/share and the maximum price of 98 RON/share. On average, 4,068 shares/day have been traded, the average value of a trading day amounting to 363,209 RON/day (190 days).

## 3. ANALYSIS OF THE COMPANY'S BUSINESS

### 3.1. Analysis of the operating activity

#### 3.1.1. Regulation Framework

CONPET S.A. is the concessionaire of the crude oil, rich gas, condensate and ethane National Transport System, capacity acquired in 2002, following the conclusion with the National Agency of Mineral Resources (NAMR), the competent authority representing the State's interests in the oil resources sector, of an Oil Concession Agreement, approved by GD no.793/25.07.2002.

The NTS is being defined and regulated pursuant to the Oil Law no. 238/07.06.2004 and the Methodological Norms for the Application of the Oil Law, approved pursuant to GD no. 2075/2004.

The transport service is being supplied under the natural monopoly regime based on the tariff set by NAMR.

#### 3.1.2. The crude oil, condensate and rich gas business

CONPET S.A. supplies transport services for its clients both via the National Transport System conceded according to the Oil Concession Agreement of the National Transport System of crude oil, rich gas, condensate and ethane, as well as via railway tanks, from the loading ramps to the refineries, for the oil areas not connected to the transport major pipelines.

Given the natural distribution of the oil fields spread over the entire Romanian territory, the National Transport System was built as to meet the transport needs from all those fields to the refineries. The system operation is being made based on the local dispatch centers, coordinated from the Company's Central Dispatch.

The pipelines transport system is approximately 3,800 km in length, out of which, to date a 3,161 km pipeline network is being used.

The transport contracts concluded with the beneficiaries of the services are compliant with the

regulated frame-contract approved by NAMR and provides the legal framework for the supply of the transport services.

The crude oil transport throughput is being performed from the sites of delivery by the producers/importers, from the extraction areas, or from Oil Terminal, to the processing plants (refineries) by the use facilities both in the pumping sites, all in the receipt sites.

These facilities consist of crude oil and condensate storage tanks, storage tanks for the storage of rich gas, technological pipes from the pumping/receipt warehouses, pumping aggregates, major pipelines, crude oil and rich gas loading and unloading ramps, rail tank cars.

The transported volume by products - crude oil, rich gas and condensate, programmed and achieved in the first nine months 2021, as compared to the same period of 2020 and the extent of usage of the transport capacity, is as follows:

Transport Subsystems	Indicators and products	Achieved Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Variation % 2021/2020
DOMESTIC	<b>Domestic crude oil, condensate and light condensate</b>			
	- programmed quantities (thousand tons)	2,450	2,587	▼ 5.3%
	- achieved quantities (thousand tons)	2,424	2,555	▼ 5.1%
	- degree of achievement	98.9%	98.8%	+0.1 p.p.
	- degree of use of the transport throughputs	52.4%	55.8%	-3.4 p.p.
	<b>Rich gas</b>			
	- programmed quantities (thousand tons)	11.6	13.5	▼ 14.1%
	- achieved quantities (thousand tons)	14.6	13.3	▲ 9.8%
	- degree of achievement	125.9%	98.5%	+27.4 p.p.
	- degree of use of the transport throughputs	26.9%	15.2%	+11.7 p.p.
	<b>Total domestic subsystem</b>			
	- programmed quantities (thousand tons)	2,462	2,600	▼ 5.3%
	- achieved quantities (thousand tons)	2,439	2,568	▼ 5.0%
	- degree of achievement	99.1%	98.8%	+0.3 p.p.
	- degree of use of the transport throughputs	52.1%	55.0%	-2.9 p.p.
IMPORT	<b>Crude oil</b>			
	- programmed quantities (thousand tons)	2,575	2,500	▲ 3.0%
	- achieved quantities (thousand tons)	2,669	2,443	▲ 9.3%
	- degree of achievement	103.7%	97.7%	+6.0 p.p.
TOTAL	- degree of use of the transport throughputs	30.3%	27.7%	+2.6 p.p.
	- programmed quantities (thousand tons)	5,037	5,100	▼ 1.2%
	- achieved quantities (thousand tons)	5,108	5,011	▲ 9.1%
	- degree of achievement	101.4%	98.3%	+3.1 p.p.
	- degree of use of the transport throughputs	37.8%	37.1%	+0.7 p.p.

Table 4 - Transported volumes by types of products and by transport subsystems during January – September 2021

as the same period of 2020

Evolution of the volume transported on transport subsystems is presented, as follows:

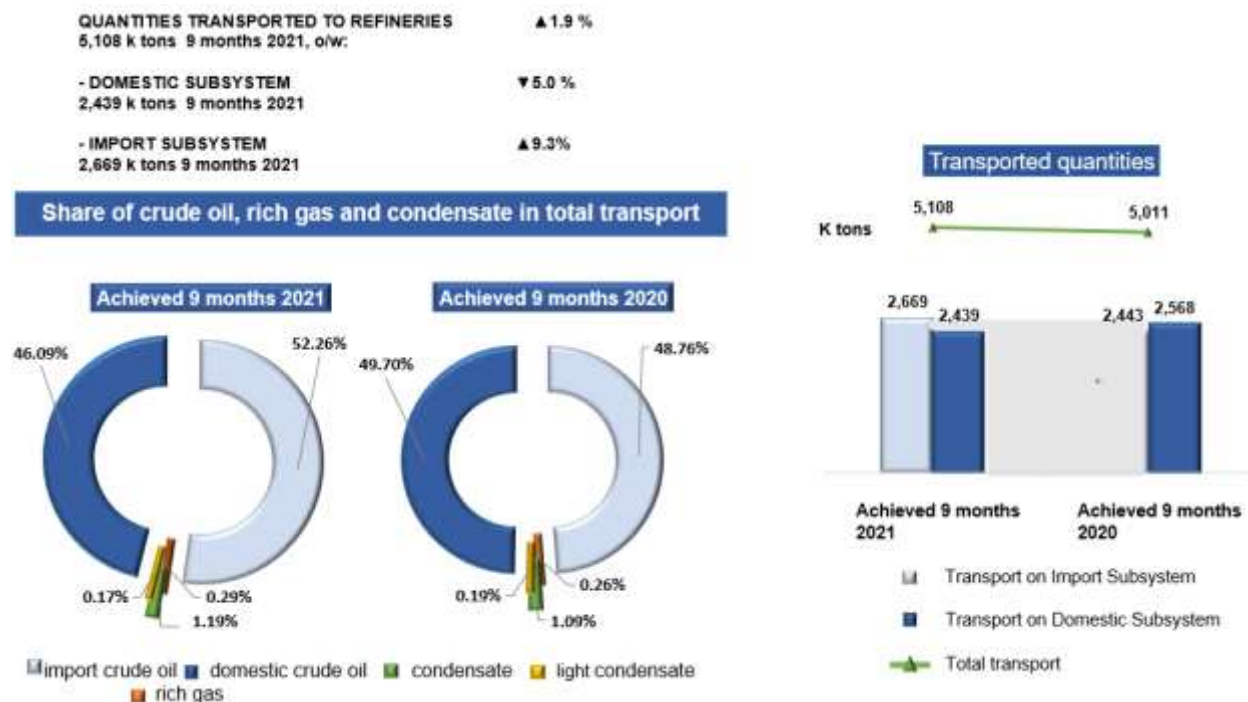


Chart 3 - Quantities transported on the transport subsystems

In the first 9 months of the year have been transported 5,108 thousand tons of products, 97 thousand tons more than the same period of 2020, resulting from the increase by 226 thousand tons on the Import subsystem and the decrease by 129 thousand tons on the Domestic subsystem.

From the total of 2,439 thousand tons of crude oil, rich gas and condensate obtained from domestic production, which have been transported and delivered to the refinery in the first nine months of 2021, the amount of 843 thousand tons was transported by rail (34.6%).

The services for the transport of crude oil, rich gas and condensate have been provided under contracts concluded with traditional customers: OMV Petrom S.A., Petrotel LUKOIL S.A., Rompetrol Rafinare S.A. and with new clients: NIS Petrol S.R.L., Standard Logistic d.o.o and Serinius Energy România S.A..

The evolution of the technological consumption by products as compared to the values provided in the transport contracts (standardized consumption) is the following:

Products	January- September 2021			January- September 2020		
	Standardized	Achieved	Variation	Standardized	Achieved	Variation
Import crude oil:	0.2484%	0.1704%	-0.08 p.p.	0.2592%	0.1694%	-0.09 p.p.

Domestic crude oil, condensate and light condensate	0.3661%	0.3459%	-0.02 p.p.	0.3643%	0.3465%	-0.02 p.p.
Rich gas	7.3830%	3.4740%	-3.91 p.p.	7.3830%	3.2560%	-4.13 p.p.

Table 5- Evolution of the technological consumption standardized, as compared to the achieved in the first 9 months 2021 as compared to the similar period in 2020

The technological consumptions recorded during transport are within the permitted limits, provided in the transport contracts.

## Transport Tariffs

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

The tariffs applied for the import transport subsystem vary according to the batch of transported quantity, being practiced the bracketing tariff model and the hand-over site refinery. Between January 2020 – September 2021, the following tariffs were applied:

### ➤ Tariffs from transport services on Domestic Subsystem

Period	Transport tariff (RON/ton)	Approved by NAMR Order no.
December 31, 2019– February 7, 2021	87.53	427/2019
Starting February 8, 2021	91.03	19/2021

Table 6 – Transport tariffs Domestic Subsystem

### ➤ Tariffs for transport services on Import Subsystem

Tariffs for transport services on the Import Subsystem Period	Batches	Arpechim Refinery	Ploiesti Basin (Petrobraz and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order no.
	Thousand tons/month	RON/ton	RON/ton	RON/ton	
December 31, 2019	< 120	40.40	39.50	15.00	427/2019
February 7, 2021	> 120	17.25	17.00	12.85	
Starting with	< 120	42.00	40.90	16.50	19/2021
February 8, 2021	> 120	17.90	17.60	14.40	

Table 7 - Transport tariffs import subsystem

The transport tariffs include a modernization quota meant exclusively for the financing of the investments related to the National Transport System.

The revenues achieved from the quantities transported between January and September 2021 increased compared to the same period of 2020, an increase supported by the transport volume

on the Import subsystem and the higher tariffs applied in 2021.

The total value of the transport services invoiced to the beneficiaries, less VAT, in the first 9 months of 2021 amounts to 311,564 thousand RON (9 months 2020: 300,979 thousand RON).

The transport services supplied by the company are addressed to a reduced number of clients, the volume thereof is closely related to the trade policy applied by the beneficiaries of the supplied services.

The income statement for each client is the following:

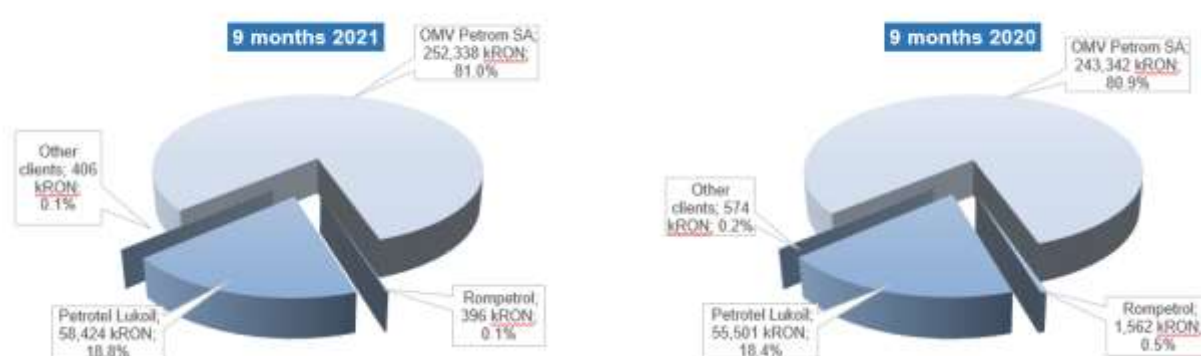


Chart 4 - Evolution of transport revenues by beneficiaries achieved in 9 months 2021 as compared to 9 months 2020

## Other activities

The revenues achieved from other activities have 0.6% contribution to the company's turnover and derive from leases of lands and telecommunication equipment, rail tank cars shunting services.

### 3.1.3. Assessment of the operating activity

In the table below is being presented the evolution of the transport services revenues, between January - September 2021, as compared to the same period of 2020 and the budgeted values.

Achieved Jan.-Sept. 2021	Budget Jan.-Sept. 2021	Variation (%) Achieved 2021/ Budget	Indicators (Thousand RON)	Achieved Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Variation (%) Achieved 2021/2020
222,656	224,643	▼0.9%	Revenues on the domestic transport subsystem	222,656	226,442	▼1.7%

88,908	84,081	▲5.7%	Revenues on the import transport subsystem	88,908	74,537	▲19.3%
311,564	308,724	▲0.9%	<b>Total transport revenues</b>	311,564	300,979	▲3.5%

Table 8 - Statement of the transport revenues

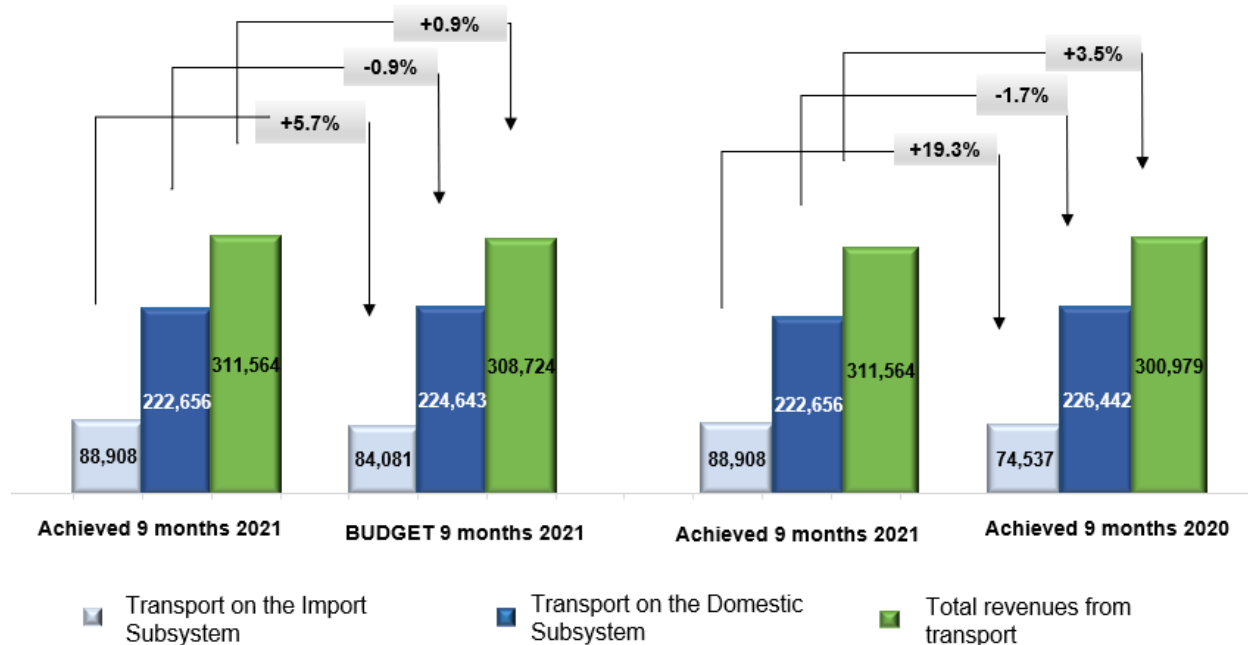


Chart 5 - Evolution of the transport revenues per subsystems

The transport revenues also include services supplies coming from the crude oil transport by road tankers and from the use of insulated tanks at transport (0.5%).

## Procurement

### *The procurement activity*

The procurement activity performed in compliance with the provisions of CONPET S.A. Internal Procurement Norms and other internal procedures.

Between January - September 2021 have been initiated procedures to achieve a total of 115 procurements and have been completed 89 procurement procedures by conclusion of contracts in total amount of 175,866 thousand RON and 481 thousand EURO.

At the end of September a number of 19 procurement procedures were in progress, with a total estimated value of 57,133.73 thousand RON and 1,019 thousand Euro, respectively:

- 8 tender procedures in total estimated amount of 43,993.96 thousand RON and 764 thousand Euro;
- 8 simplified procedures in total estimated amount of 12,919.76 thousand RON and 255 Euro;
- 2 direct tendering procedures in total estimated amount of 100 thousand RON.

- 1 negotiation procedure without prior publication in total amount of 120 thousand RON.

*The tracking and recording of the procurement contracts and contract conclusion for realization of revenues*

At 30.09.2021, the structure of the contracts in pursuit is as follows:

- 136 works contracts, of which: 27 ongoing and 109 with completed works, being in the performance security period;
- 130 services contracts, of which: 95 ongoing and 35 with completed works facing performance security period;
- 141 products supply contracts of which: 39 ongoing and 102 completed, facing performance security period;
- 83 utilities procurement contracts;
- 56 revenues contracts.

According to EGMS Resolution no.3/23.10.2014, in Annexes no.4 and 5 are presented the works procurement contracts with values higher than 500,000 Euro and the service procurement contracts with values higher than 100,000 EURO, concluded between 01.01 - 30.09.2021.

#### **3.1.4. Juristic acts concluded under the conditions of Art. 52 Para (1) and (3) of EGO no.109/2011**

In the first 9 months 2021, the company CONPET S.A. did not conclude juristic acts under the conditions of Art. 52 Para. (1) and (3) of EGO no.109/2011.

#### **3.1.5. Company mergers and reorganizations, procurements and disposals of assets**

The company has no open subsidiaries in Romania or abroad and did not perform merger operations.

Purchases of tangible and intangible assets in the first 9 months 2021 were made in accordance with the investment program and the approved revenues and expenditure budget and are intended for deployment and modernization of activity.

Between January - September 2021, no acquisitions of land and/or buildings have been made and no tangible fixed assets of the nature of buildings and land have been disposed of.

#### **3.1.6. Assessment of the Human Resources and Social Dialog activity**

The actual number of employees at September 30, 2021 was of 1,544 persons.

Following the adoption, in the first semester of 2021, of certain measures meant to resize the human resource, as well as certain voluntary, or triggered to other causes personnel termination, the effective number of employees at 30.09.2021 decreased by 39 employees, as compared to 30.09.2020 and 41 employees as compared to the number recorded at December 31, 2020.

For the achievement of the objective regarding the *reshape and ongoing adaptation of the human resources in correlation with the technical - economic requirements and realities of the company*, the adjustment of the human resources necessary is being adapted and monitored, considering

the followings:

- the efficient use of personnel;
- providing business continuity, under the conditions required by the permanent fluctuations in production;
- providing balance between the personnel number and the real technical-economic and administrative needs of the company.
- flexible redistribution of human resources in order to avoid possible blockage in supplying personnel and in view of ensuring the most effective use of the personnel.

The personnel structure according to the level of studies and gender, at September 30, 2021 is exposed in the table below:

Studies	Total	% in total employees	Women	% in total employees	Men	% in total employees
General education (8-10 grades)	105	6.80%	10	0.65%	95	6.15%
Secondary education	863	55.89%	73	4.73%	790	51.17%
Higher education	576	37.31%	216	13.99%	360	23.32%
<b>Total</b>	<b>1544</b>	<b>100.00%</b>	<b>299</b>	<b>19.37%</b>	<b>1245</b>	<b>80.63%</b>

Table 9 - Personnel structure by level of education and gender

The number of personnel having graduated higher education accounts for 37.31% of the total number of employees, out of which 13.99% represent women, and 23.32% men.

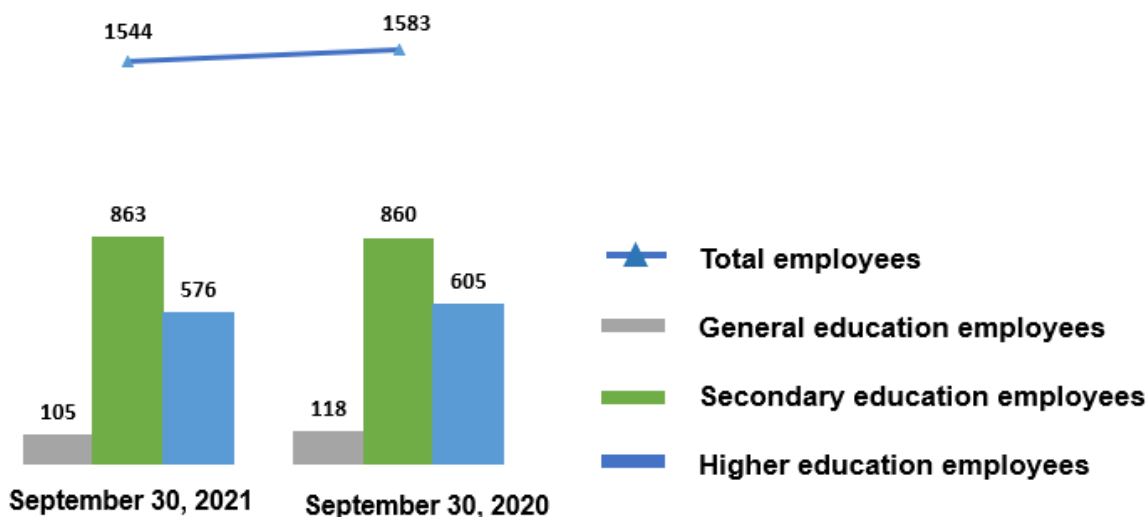


Chart 6- Employee structure at September 30, 2021 YoY

The evolution of the staff structure by education categories and gender reveals that the company promotes a non-discriminatory behavior by employing female specialists with higher education and professional skills that contributes to the growth of the company's activity results.

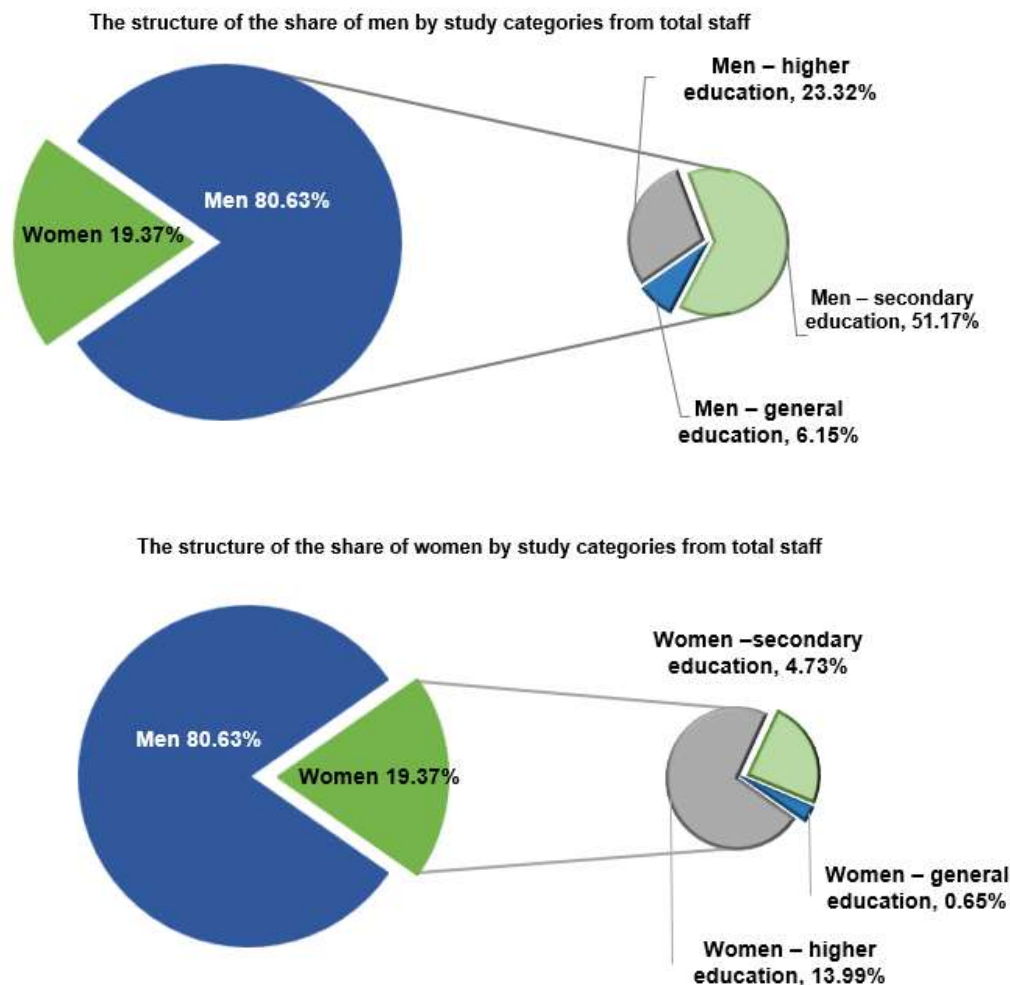


Chart 7 - Personnel structure according to gender and level of education at September 30, 2021

The employees of the company, at a rate of 98.97%, are members of the Free Union of CONPET.

During January – September 2021, there have been no elements of a conflicting nature between employees and the management of the company.

### The Personnel Risk and the Waging System

At September 30, 2021 the age structure is not balanced, the age group ranging 51-60 years has the highest percentage (51.36%) and is followed by the age group 41-50 years (28.63%) and the one ranging 31 – 40 years (10.75%).

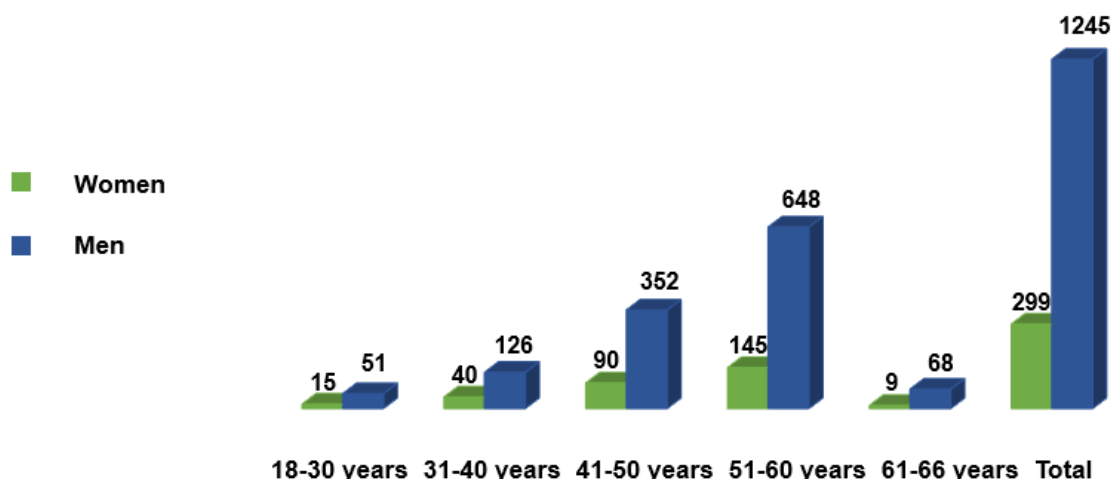


Chart 8 - Personnel structure by gender and age groups at September 30, 2021

The average age of CONPET personnel approximates 49.4 years old (53.63% of the personnel), most of the personnel having over 20 years of experience in the company, which stands for the stability and professionalism of the staff, but also accumulation of knowledge and skills, some taking many years of experience to be gained.

The average age of the personnel employed within the last two years is of 41.7 years, with an average work experience of 15.6 years.

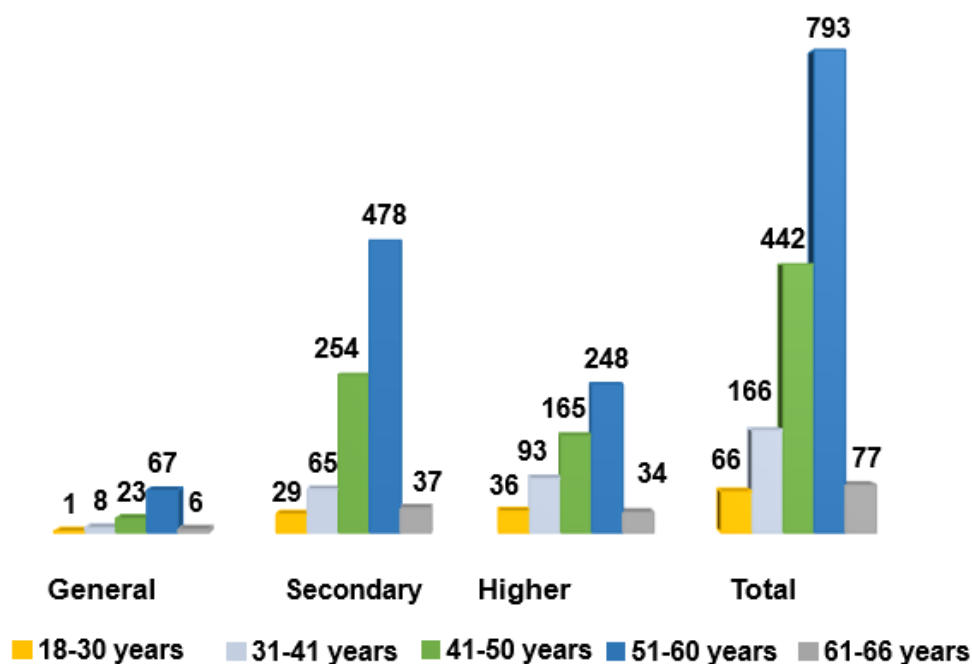


Chart 9 - Personnel structure by level of studies and age at September 30, 2021

In the chart above it can be noted that the highest share of employees is represented by personnel aged between 51-60 years and between 41 and 50 years with secondary and higher education.

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

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).

It is also considered that the age group ranging between 41 and 50 years is well represented by the tier of employees who will meet the retirement conditions at the standard age in about 15 years, staff with a rich background of knowledge and professional experience, with a seniority in the company of over 10 years (70.5%).

### **The Collective Labor Agreement**

The Collective Labor Agreement is applicable within the company, document which was approved by the Board of Directors on 18.12.2018 and registered with the Inspectorate of Labor Prahova, valid for a period of two years, starting with 01.01.2019.

The validity of the Collective Labor Agreement was extended until December 31, 2021, as per Addendum no. 2 to the Collective Labor Agreement, the addendum being registered at Prahova Labor Territorial Inspectorate.

Following the amendment of the organizational chart starting with 15.06.2021, the Board of Directors empowered the Director General to negotiate and conclude, with CONPET Free Union, an addendum to the Collective Labor Agreement having as scope the update of the Job title Classification and the Wage Grid, in accordance with the new Organisational Chart.

The rights of the employees existing in the labor agreement have been negotiated so that a balance between the interests of the two Parties, the Management and the Union, be ensured, considering that the interests of the employees and the company's management cannot be divergent, as well as the fact that the most important resource of the company is the human resource.

### **The Activity of Professional Training and Authorization**

In order to maintain and develop specific skills and basic abilities of the human capital, the training activities are carried out on an ongoing and planned basis, based on the professional training and authorization programs of the company, as a result of the conduct of a comprehensive process of identification and priorities setting of the CONPET SA personnel training needs.

Training of company personnel is achieved mainly through participation in external courses, organized in collaboration with certified trainers for all fields of activity within the company. Also, training is conducted internally by trainers and/or experts of the company, with a good knowledge and experience relevant to the activity of the company. They hold training sessions and trainings to update knowledge and skills specific to the job.

Training of the employees has two components: training (technical, economic and other

specialties) necessary to perform duties in the job description and a general one on training and/or professional licensing in various fields.

CONPET management assures annually, by the Revenues and Expenditure Budget, sources for the provision of training sources. Special attention is paid to the training of technical staff (maintenance and operations), mainly for new skills necessary to carry out, under safe conditions, the activities related to the National Transport System.

The annual training and professional authorization programs were developed based on the requests received from the entities within the company, the training needs identified at their level and by identifying and prioritizing the training and authorization needs, in relation to the duties, competences and responsibilities in the employees' job descriptions.

In the first 9 months of 2021, a number of 747 employees attended the courses, as follows:

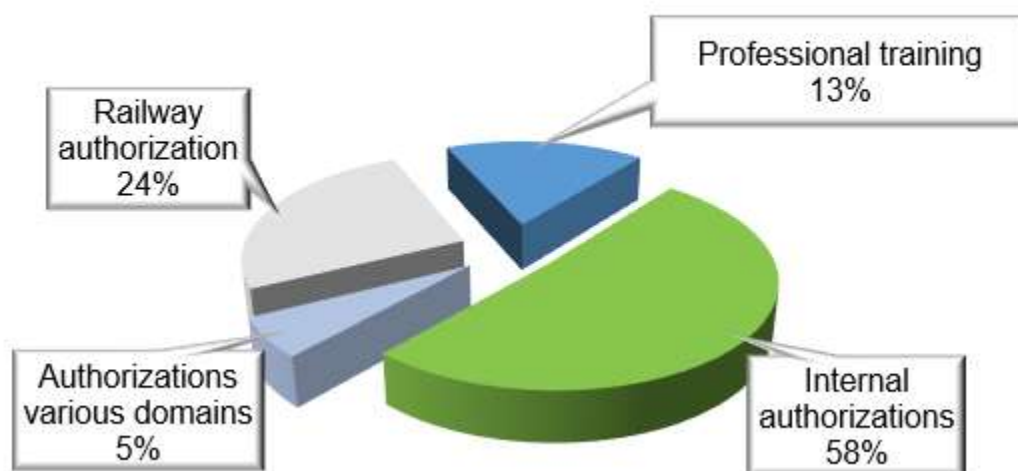


Chart 10 - Courses of professional training and authorization

Crt. no.	Type of training and professional authorization Jan.-Sept.	Participant employees
1.	Various fields authorizations (specific of activity)	36
2.	Railway authorizations	182
3.	Training	99
4.	Internal authorizations	430
<b>TOTAL</b>		<b>747</b>

## Training

At the professional training courses organized within the first 9 months of 2021 took part a total number of 99 employees, the training sessions being organized on different business areas for the acknowledgment, enrichment, extension and consolidation of the acquired knowledge and skills.

## Internal and external professional authorization

Given that the professional authorization of the employees is required, in case of activities regulated by normative acts, for the scope of maintaining a higher level of training in various professional domains to ensure the right of the employees to exercise certain tasks or specific works, compliant with the skills necessary for exercising their positions, in the first 9 months 2021, the following professional authorization activities have been carried out: 218 external authorizations și 430 internal authorizations.

### **The assessment of the professional performance of the employees**

The action for evaluating the professional performance of employees for the activity carried out in 2020 took place in the first quarter of 2021, in accordance with the Regulation for evaluating the performance of employees - Annex 1 to the Internal Regulation, valid for the activity performed by employees during the evaluated period.

In accordance with the provisions of the same Regulation on the evaluation of employees' performance and the Decision of the Director General, 1.518 employees out of a total of 1.585 employees existing on 31.12.2020, were assessed.

In the assessment process were not included the employees with suspended individual employment contracts, including the ones who were temporarily unfit for work and did not have at least six months of activity in 2020, as well as the employees to whom, during the period under assessment, ceased their individual employment by voluntary leave or other causes.

The results of the evaluation were included in the *Report on the evaluation of the professional performances of the employees of CONPET SA for the activity carried out in 2020*. The assessment report approved by the company management includes the results obtained by the employees following the performance of their evaluation, inclusive of the degree of achievement of the SMART individual performance objectives of the employees occupying management positions.

The new Regulation on the assessment of the professional performance of CONPET SA employees is in line with with Order SGG no. 600/20.04.2018 on the approval of the Internal Management Control Code, Law no.53/2003 - The Labor Code and focuses on the individual professional performance. The employees in management positions have been concluded addenda to the individual labor agreements, specifying the individual objectives, the performance indicators, the target values and the associated weights for the activity in 2021, in the form established at the level of every entity.

### **3.2. Investments achieved**

The investment projects within CONPET mainly target the increase of the efficiency of the transport activity.

CONPET finances from the modernization quota the investment objectives Included in the rehabilitation, modernization and development programs agreed with the National Mineral Resources Agency under the concession Oil Agreement.

In the first 9 months of 2021 were achieved investments amounting to 39,470 thousand RON as compared to 57,892 thousand RON programmed (68%).

As compared to the annual program of 96,000 thousand RON, the investments achieved in the first 9 months account for 41%.

The value of the investment objectives achieved in the first 9 months of 2021, on assets belonging, as compared to the approved program and the same period of 2020, is as follows:

Investments (Thousand RON)	Revenues and Expenditure Budget YEAR 2021	Achieved Jan.-Sept. 2021	Program Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Degree of achievement %	
					Achieved/programmed	2021/2020
<b>Total investments, out of which:</b>	<b>96,000</b>	<b>39,470</b>	<b>57,892</b>	<b>66,090</b>	<b>68%</b>	<b>60%</b>
Public domain	69,000	26,248	38,670	58,077	68%	45%
Operating domain	27,000	13,222	19,222	8,013	69%	165%

Table 10 - Investments achieved in the first 9 months 2021 as compared to Budget 2021 and the similar period in 2020

The investments achieved in the 9 months period 2021, as compared to the program and the same period of the previous year, by financing sources, are being presented in the chart below:



Chart 11 - Investments achieved by financing sources

The low level of achievement of the investments was mainly due to:

- suspension of the execution of certain works due to poor atmospheric conditions in the first part of 2021;
- suspension of the execution of certain works due to SARS-COV2 pandemic or the execution thereof with a reduced number of personnel;
- delays in the works execution as per the execution schedules, due to delays in the supply with materials and equipment, situation also triggered by the corona virus pandemics;
- delays in the execution of works according to the execution schedules due to the need to execute additional works subsequent to the technical project;
- contracts advanced for termination or terminated contracts.

The main measures applied for the settlement of the problems occurred:

- meetings with the contractors and settlement of the various issues encountered during the contracts performance process;
- speeding up the redoing and submission of the documentation for obtaining permits and endorsements;
- redesigning the pipeline route in the areas where have been encountered difficulties in obtaining the right of way from the land owners;
- identification and settlement of technical solutions for the continuation and completion of works.

*Main investment objectives finalized during January - September 2021:*

**Upgrade of CONPET SA headquarters building in Ploiesti, 7 Independentei Avenue** - in June 2021, with a total value of 5,448.8 thousand Ron.

**Execution works for construction of a new tank for crude oil storage, 2500 cubic meters throughput, in Orlești pumping station** - in September 2021, with a total value of 6,776.8 thousand RON.

**Replacement of a pipeline section, 3,500 m in length, with diameters Ø12 3/4" and Ø14 3/4" Cartojani - Ploiești in the water tributary to Neajlov river and Sf. Gheorghe forest** - in September 2021, with a total value of 2,294.3 thousand RON.

**SCADA system optimization and Hard and Soft upgrading of the Remote Transmission Units (RTU)** – commissioning in September 2021 stage V\_D and V\_E and stage VI, with a total value of 2,196 thousand RON.

**Replacement of a crude oil pipeline section Ø 8 5/8" Lucăcești – Vermești , along the section Lucăcești Station- Măgura hill, about 2 km in length+ 6" connection to Moinești crude oil loading ramp, 700 linear meters** - commissioning in September 2021, with a total value of 1,883.3 thousand RON

**Replacement of a pipeline section, about 3,400 m in length Ø 10 3/4" in diameter, from the pipeline Ø 10 3/4" Icoana – Cartojani necessary to be replaced, which has as starting point the entry to the forest from park 4 Roata, ending to the exit part of forest park 4 Roata" - commissioning in September 2021, with a total value of 2,309.4 thousand RON;**

**Smart pigging, pipe condition detection 12"F1 and 12"F2 Călăreți - Petrotel** - commissioning in August 2021, with a total value of 996.9 thousand RON.

**Execution of maintenance and restoration works of alleys and platforms in the Bărbătești warehouse and ramp** - commissioning in August 2021, with a total value of 341.7 thousand RON.

**Execution of technological sewerage modernization works at crude oil tanks R2 and R3 Baicoi Station** - commissioning in July 2021, with a total value of 200.3 thousand RON.

**Execution works for construction of a new tank for crude oil storage, 2500 cubic meters throughput, in the precinct of Poiana Lacului pumping station** - commissioning in July 2021, with a total value of 6,920.1 thousand RON.

**Replacement of crude oil pipeline Ø 24" Călăreți – Pietroșani (7 sections ) in total length of 5.9 km and under crossing of Leaota river in length of about 0,1 km - commissioning in August 2021, with a total value of 11,915.4 thousand RON**

**Transformation of LDH 700 HP 139-2 in LDE - commissioning in May 2021, with a total value of 3,737 thousand RON**

**Replacement of crude oil pipeline Ø 10 3/4" Icoana – Cartojani, in length of approx. 4000 m, in Bucov forest area, Râca locality, Argeș county and in length of 1500 m, in Plescara forest area, Miroși locality, Arges county - commissioning in August 2021, with a total value of 3,596.9 thousand RON.**

**Works for the rehabilitation of Berca crude oil loading ramp - commissioning in April 2021, with a value of 2,932.3 thousand RON**

**Execution of modernization works at Baicoi tank farm, cathodic protection and grounding of R1, R2, R3 and R4 crude oil tanks - commissioning in March 2021, with a total value of 364.5 thousand RON**

**Replacement of the 14 inch crude oil pipeline of Bărăganu - Călăreți on a length of 15,972 m., with an estimated pipeline repair coefficient higher than 0.8, set as a result of the in-line inspection - commissioning in February 2021, with a total value of 16,047.35 thousand Ron;**

Commissioning achieved between January - September 2021 amounted to 60,717 thousand RON, out of which, per financing sources:

- 48,051.8 thousand RON out of the modernization quota;
- 12,665.2 thousand RON out of other own sources;

**The status of the main investments ongoing at September 30, 2021:**

## **I. PUBLIC DOMAIN**

In the first 9 months 2021 have been achieved investments in the operator domain amounting to 26,248 thousand RON, representing 68% of the program for this period and 38% of the annual program, as follows:

**Replacement of the Ø10 3/4" F2 Siliște-Ploiești crude oil pipeline in the Brazi Stadium – inside Petrobrazi Refinery area, Prahova County, on a length of approximately 1170m and replacement of cleaning installation**

Contract for design and execution of works, with a total value of 5,773 thousand RON

Physical degree of achievement: 80%

Value degree of achievement: 76%

**Replacement of crude oil pipelines 10 "F1 and F2 Siliște-Ploiești, on a length of about 300m, located in Aricești Rahtivani, Prahova county (relocation of pipeline routes on the property of the company WOMA ECOSERV CONSTRUCT S.R.L., in total length of 747 m)**

Contract for design and execution of works, with a total value of 500 thousand RON

Physical degree of achievement: 10%

Value degree of achievement: 6%

**Execution works for new tank construction for the crude oil storage, 2,500 cm, inside Biled loading ramp**

Contract for execution of works, with a total value of 5,163 thousand RON

Physical degree of achievement: 85%

Value degree of achievement: 82%

**Construction works of a new tank for condensate (V=500 c.m.) - Bărbătești Pumping Station**

Contract for execution of works, with a total value of 1,701 thousand RON

Physical degree of achievement: 98%

Value degree of achievement: 95%

**Rehabilitation works at Cireșu loading ramp**

Contract for execution of works, with a total value of 6,704 thousand RON

Physical degree of achievement: 43%

Value degree of achievement: 38%

**Rehabilitation works at Imeci loading ramp**

Contract for execution of works, with a total value of 4,315 thousand RON

Physical degree of achievement: 96%

Value degree of achievement: 94%

**Rehabilitation works at Marghita loading ramp**

Contract for execution of works, with a total value of 4,789 thousand RON

Physical degree of achievement: 80%

Value degree of achievement: 71%

**Replacement of 14 inch crude oil pipeline Constanța - Bărganu, Cuza Vodă area, on a length of 550 m**

Contract for design and execution of works, with a total value of 634 thousand RON

Physical degree of achievement: 1%

**Replacement of pipeline section Constanța – Midia Ø24", the area of Năvodari, approx. 1,100m**

Contract for design and execution of works, with a total value of 2,850 thousand RON

Physical degree of achievement: 1%

**The layout of a pipeline connecting Pietroșani and Petrobrazî refinery**

Contract for execution of works, with a total value of 263 thousand RON

Physical degree of achievement: 88%

Value degree of achievement: 82%

**Replacement of pipeline section 6 5/8" Forest II - Buda over a distance of 7600m, from the smart pigging station launching Forest II to the station of smart pigging reception Buda and modernization of the smart pigging stations launching Forest II and reception Buda**

Contract for execution of works, with a total value of 149 thousand RON

Physical degree of achievement: 88%

Value degree of achievement: 82%

**Replacement of pipeline 20" C2 - C3 - 6 sections (approx. 7900 m), C4 Bărăganu - 3 sections (approx 600m), and Bărăganu - Călăreți - 6 sections (approx. 18000m)**

Contract for design, with a total value of 870 thousand RON

Physical degree of achievement: 95%

Value degree of achievement: 90%

**Development projects**

The main investment projects started in the previous years which still continue in 2021 are the followings:

**Optimization of SCADA system and Hardware and Software of the Remote Transmission Units (RTU)**

SCADA and Automation system initially implemented in 2002 has a life expectancy of 15 years. Close to the expiry of the life span, it was made an analysis of the technical system and found that it is necessary both to change data transmission, automation and optimization equipments, as well as SCADA system optimization by updating all their documents, review and implementation of a database of "Historian". Thus, the changes to be made to the SCADA system will lead to: increase safety in the operating system, providing analysis and automatic reporting and centralized, efficient tracking and archiving of process parameters for all locations unmonitored until now.

In September 2017, was signed a design and execution contract, with a value of 16.9 mRON and a fulfillment term: December 2021. The execution of the contract comprises the following stages: Stage I – Technical project and execution details – within 9 months as of the contract signing date, which consists of:

- drafting of the automation documentation and achievement of an analysis study and optimization of the automation:
- drafting of the technical documentation that has to comprise: specific documents on each location, design specification for Automation and SCADA System, Installation and Operation Manual.

Stage II – Personnel training, procurement, configuration/testing in the factories, site installation and testing of the first 2 stations – within 5 months as of the date of approval of the technical documentation in the Technical and Economic Committee (Rom.CTE).

Stage III - Procurement, configuration/testing in the factory, installation and site testing in 9 stations – within 8 months from the completion of stage II.

Stage IV - Procurement, configuration/testing in the plant, installation and site testing in 9 stations - within 8 months as of the completion of stage III.

Stage V - procurement, configuration/testing in the factory, installation and site testing 9 stations - within 8 months from the completion of stage IV.

Stage VI – commissioning of the entire system – within 4 months as of the completion of stage V.

Stage VII – Operational acceptance – in 6 months from the date of completion without objections of the reception protocol on commissioning.

Stages I, II, III, IV are completed and partially stage V.

At the date of this report, the physical degree of achievement is 100%; all the equipments for the 29 locations have been delivered, installed and tested.

### **Modernization and monitoring of the cathodic protection system related to the NTS domestic and import - stage 2**

In order to ensure the service life of the crude oil transport pipes, it is necessary to protect the buried metal pipes from corrosion by high quality insulation and the application of an appropriate cathode ray protection system.

Protection against external corrosion of the buried pipe is necessary because: ensures safe operation without damage from corrosion for at least 20 years, which can be extended at minimum cost up to 40 years, and allows surveillance and maintenance operations - service of the condition of the tubular material with specific, low-cost technologies and methods.

The anti-corrosion protection system used for the import crude oil and domestic crude oil transport pipelines consists of: passive protection - anti-corrosion insulation, designed to separate the metal of the pipe from contact with the aggressive outdoor environment and active protection (cathode) - to complement passive protection - by using an electric current, which gives it the slow aging of the insulation.

The works and design services contract aimed at providing design services and carrying out modernization and monitoring works of the cathodic protection system at central and sector level related to the import and domestic crude oil pipelines - Stage II, for a number of 30 cathode protection stations, was signed in December 2019, with a value of lei 6.64 million RON and completion date July 2022.

The performance of the contract shall comprise the design services stage I and II, respectively the execution of stage III works, as follows:

Phase I, services design - establishment of the locations of the works and acquisition of the agreements in principle from the owners for the conclusion of the rental contracts, within 4 months from the signing of the contract. The completion of the phase is the date on which CONPET hands over the lease/concession contracts to the contractor.

Stage II, design services – authorization for the execution of works and preparation of technical-economic documentation, deadline 8 months after the end of stage I. The completion of the step is the date of the favorable endorsement of the documentation in the CTE CONPET.

Stage III – execution of works, deadline 18 months after the handover of sites, subject to obtaining the building permits.

At September 30, 2021, from stage I of design it was accomplished: the handover of the site for the design of the 30 locations, obtaining the agreements from the owners, less those that are being resolved (the agreement from the Filipești City Hall, Ploiești City Hall and Gura Ocnitei City Hall) and 8 land lease agreements have been signed.

From stage II of design, it was achieved: obtaining 13 city planning certificates and building permits for 15 SPCs.

From stage III, the execution of 15 PPSs was performed (Izvoru, Ochiuri, Moreni 1, Fixed Point Leleasca, Fixed Point Argeș 2, Cartojani, Biled, Marghita, Parvu Rosu 2, Grindu, Urlați, Mădulari,

Vadu Parul, Măgurele and Cioceni).

The physical degree of achievement is of 61% and the value degree is of 58%.

### **Patrimonial Geographical Inventory System (GIS) Stage I and the supply of services after the implementation for a duration of 3 years**

The project implementation represents a continuation of the initiatives to improve CONPET computerization, started by the implementation of an Enterprise Resource Planing (ERP) system and addresses the need to streamline the company's technical activities, by means of a better management of the patrimonial, technical and operational information in order to: enhance safety of the system operation; be aware of the exact condition of the infrastructure; identify the risk areas and those bearing major impact in case of incident; understand the causes leading to integrity incidents, effectively plan the investments in boosting the network's level of integrity, increase the level of training and reactivity in case of incident, by way of specific intervention plans in every area identified as hazardous and proactive approach; reduce the operation costs and the technological consumptions by a better understanding of the behavior of the infrastructure over time; generally increase the labor productivity by easing access to information and reducing the direct and formalized interaction between various functional entities; make online information available and lower the effort to search in printed historic archives; increase the individual value added of various IT subsystems by integrating them.

The implementation of GIS system will be a staged process, as to enable the users to effectively adopt the system.

During stage I, the data model was implemented, the data from all available sources have been uploaded, the vector-borne and raster(digital) maps have been acquired, the entire pipeline network on a pilot station was modeled (with the subsystems/equipment deemed relevant). The interface with the ERP system has been developed, for the connection with the maintainable equipment and for easing access to the history of the work orders and with the management system of the Sharepoint documents for the management of all documents associated to the objects in GIS data base. All the available data related to properties (buildings and land) have been uploaded, the flow addressing the applications for building permits in the pipeline protection area has been electronically implemented, with the import and preservation in the GIS system, of all information received and permits issued (and the possibility to view the issued permits, geographically "tied" with the property for which they have been issued), a mobile application was developed for the Pipeline Route Operators (Ro:OTC - Operator Traseu Conductă) enabling both the monitoring of the patrol activity and the import and transmission of events (inclusive of description, positioning and pictures) along the patrol route. The mobile application is initially tested with 10 users to prove viability and reliability of the application and mobile equipment. In the first stage was procured the entire GIS application infrastructure necessary to build and initially operate the system, the date base software with the necessary equipment infrastructure related elements.

Stage I of the project implementation was concluded in December 2020 and this project is currently in post-implementation phase, with a duration of 36 months, in which time the extension of the system towards the other network stations is continued, based on the logging of the date related to the other stations, with own personnel and making use of the software instruments procured during the first stage. All along the post-implementation duration of stage I, the support

and technical assistance is made available by the supplier. The responsibility of the system's operation will be borne exclusively by CONPET personnel.

## II. OPERATOR FIELD

Between January - September 2021 have been achieved investments in the operator domain amounting to 13,222 thousand RON, representing 69% of the program for this period and 49% of the annual program, as follows:

### **Replacement of Ø8½" crude oil pipeline NEW Vega-Brazi Refinery, in Petrobrazi Refinery-SKIDs keyboard area, Prahova County, on a length of approximately 800m and replacement of cleaning installation**

Contract for design and execution of works, with a total value of 1,890 thousand RON

Physical degree of achievement: 78%

Value degree of achievement: 74%

### **Transformation of LDH 1250 HP 860-2 in LEA**

Contract for execution of works, with a total value of 2,736 thousand RON

Physical degree of achievement: 91%

Value degree of achievement: 83%

### **Dispatch building, Biled ramp**

Contract for design and execution of works, with a total value of 838 thousand RON

Physical degree of achievement: 26%

Value degree of achievement: 21%

### **Electric power supply LEA loading post, Biled ramp**

Contract for design and execution of works, with a total value of 188 thousand RON

Physical degree of achievement: in the process of obtaining Electrica approvals

Between January - September 2021 the following were endorsed by the CONPET Technical-Economic Council:

- 12 Technical Projects and a solution study, with a total investment value of 19,586 thousand RON;
- 9 approved projects concerning third parties;
- 72 Substantiation Notes, Tender Books and Technical Memoranda Justifying the modification of the technical-economic parameters concerning other works/services/procurement;
- 74 Substantiation Notes, Supporting Notes and Tender Documents regarding investment objects and endowments.

In the first 9 months of 2021, the procurement procedure for 36 investment objectives was completed, the value awarded being:

- 145,420 thousand RON, by 10% (16,337 thousand RON) lower than the estimated value;
- 373 thousand Euro, by 26% (130 thousand Euro) lower than the estimated value.

## 3.3. Analysis of the financial business

The financial information presented in this report have been supplied based on the interim financial statements for the nine months period ended September 30, 2021, prepared in

compliance with the International Accounting Standard no. 34 - „Interim Financial Reporting”.

### 3.3.1. Report grounds

The quarterly report of the Board of Directors for the period January - September 2021 is prepared in compliance with the provisions of Article 69 of Law no. 24/2017 regarding the issuers of financial instruments and market operations, republished and Annex 13 of ASF Regulation no.5/2018 regarding issuers and securities operations;

### 3.3.2. Statement of the Financial Position

In summary, the statement of the Financial Standing at September 30, 2021 is as follows:

Name of the element (thousand RON)	September 30, 2021 (unaudited)	December 31, 2020 (audited)	Variation (%) 2021/2020
Intangible assets	515,697	514,915	▲ 0.2%
Current assets	230,191	245,032	▼ 6.1%
<b>Total Assets</b>	<b>745,888</b>	<b>759,947</b>	<b>▼ 1.8%</b>
Equities	647,146	657,011	▼ 1.5%
Total liabilities	98,742	102,936	▼ 4.1%
<b>Total equity and liabilities</b>	<b>745,888</b>	<b>759,947</b>	<b>▼ 1.8%</b>

Table 11 - Synthesis of the company's financial standing at 30.09.2021 as compared to 31.12.2020

The extended variant of the financial standing at September 30, 2021 is presented in Annex no. 1.

**The total assets** decreased by 1.8% (14,059 thousand RON) as compared to the level recorded at December 31, 2020 due to the decrease of the current assets.

**The tangible assets** recorded, at September 30, 2021, an increase by 0.2% as compared to December 31, 2020, generated by input of fixed assets in a value higher than the amortization registered in the first 9 months, by approximately 782 thousand RON.

**The current assets** decreased by 6.1% (14,841 thousand RON), from 245,032 thousand RON, level achieved at the end of 2020, to 230,191 thousand RON, value registered at September 30, 2021. The diminution of the current assets was mainly generated by the decrease of the cash by approximately 17 million RON, following the payment of dividends and fixed assets (investments), higher than the cash surplus from the operating activity.

At 30.09.2021, the cash availabilities from the modernization quota in bank accounts amounted to 125,548 thousand RON, higher by 9,144 thousand RON as compared to 31.12.2020. The cash representing the modernization quota has a special use regime, this being destined exclusively to the financing of the modernization works and development works related to the goods belonging to the public domain.

**Equities** lowered by 1.5% (9,865 thousand Ron) as compared to December 31, 2020 reaching 647,146 thousand Ron , the decrease being accounted at the capital element - result of the year,

this one registering a lower value during the 9 months period, as compared to the profit reported at the end of 2020, related to a 12 months period.

**The current liabilities**, amounting to 75,344 thousand RON, decreased by 4,258 thousand RON, mainly due to the diminution of the trade liabilities.

### Structure of Debts

At September 30, 2021 and December 31, 2020, the commercial debts and other debts look as follows:

Debts (thousand RON)	December 31, 2020	September, 30 2021	Maturity date for the balance at September 30, 2021		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	23,583	20,863	20,863	-	-
Liabilities to the employees	33,992	32,666	13,167	3,458	16,041
Other liabilities, here-included fiscal debts and social insurances related debts	34,102	35,557	31,658	2,385	1,514
<b>Total</b>	<b>91,677</b>	<b>89,086</b>	<b>65,688</b>	<b>5,843</b>	<b>17,555</b>

Table 12 Statement of liabilities at September 30, 2021 vs. December 31, 2020

The statement of the employee-related debts, fiscal debts and other debts, by maturity dates, looks as follows:

Debts (thousand RON)	December 31, 2020	September 30, 2021	Maturity date for the balance at September 30, 2021		
			Under 1 year	Between 1-5 years	Over 5 years
Salaries contributions	5,427	4,768	4,768	-	-
Current corporate tax	738	2,292	2,292	-	-
Royalty due to the State Budget	7,865	8,232	8,232	-	-
VAT payable	3,022	4,829	4,829	-	-
Other interests and debts - State Budget	1,015	928	928	-	-
Dividends Payable	10,278	9,418	9,418	-	-
Leasing related liabilities	4,277	4,070	1,016	1,925	1,129
Accrued revenues	964	882	89	408	385
Other liabilities	516	138	86	52	-
<b>Total</b>	<b>34,102</b>	<b>35,557</b>	<b>31,658</b>	<b>2,385</b>	<b>1,514</b>

Table 13 Statement of other liabilities, here included the fiscal debts and social insurances related debts

The company did not use bank loans and has no debts towards bank institutions.

The debts recorded in the balance at 30.09.2020 stand for current liabilities, within the maturity term.

### 3.3.3. Profit and Loss Account

Within the 9 months period ended September 30, 2021, CONPET S.A. obtained a net profit of 41,983 thousand RON, lower by 6,963 thousand RON as compared to the first 9 months 2020 (48,946 thousand RON).

The financial result achieved in the period January - September 2021, as compared to the Budget and the achievements of the period similar to 2020 are the followings:

Indicators (Thousand RON)	Achieved Jan.-Sept. 2021	Revenues and Expenditure Budget Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Variation%	
				Achieved/Budget	Achieved 2021/2020
<b>Turnover</b>	<b>313,306</b>	<b>310,388</b>	<b>304,009</b>	<b>▲ 0.9%</b>	<b>▲ 3.1%</b>
Operating Revenues	346,923	344,308	334,368	▲ 0.8%	▲ 3.8%
Operating Expenses	299,930	305,045	281,855	▼ 1.7%	▲ 6.4%
<b>Operating Profit (EBIT)</b>	<b>46,993</b>	<b>39,263</b>	<b>52,513</b>	<b>▲ 19.7%</b>	<b>▼ 10.5%</b>
Value adjustments for fixed assets, less adjustments related to rights of use resulted from leasing contracts	38,651	37,202	35,877	▲ 3.9%	▲ 7.7%
<b>EBITDA</b>	<b>85,644</b>	<b>76,465</b>	<b>88,390</b>	<b>▲ 12.0 %</b>	<b>▼ 3.1 %</b>
Financial Revenues	2,261	2,356	5,027	▼ 4.0%	▼ 55.0%
Financial Expenses	264	542	585	▼ 51.3%	▼ 54.9%
<b>Financial profit</b>	<b>1,997</b>	<b>1,814</b>	<b>4,442</b>	<b>▲ 10.0%</b>	<b>▼ 55.0%</b>
Total revenues	349,184	346,664	339,395	▲ 0.7%	▲ 2.9%
Total expenses	300,194	305,587	282,440	▼ 1.8%	▲ 6.3%
<b>Gross Profit</b>	<b>48,990</b>	<b>41,077</b>	<b>56,955</b>	<b>▲ 19.3%</b>	<b>▼ 14.0%</b>
<b>Net Profit</b>	<b>41,983</b>	<b>35,012</b>	<b>48,946</b>	<b>▲ 19.9%</b>	<b>▼ 14.2%</b>

Table 14 - The main economic indicators achieved in 2021 9 months as compared to 2021 Budget and the similar period in 2020

Evolution of the financial results during January-September 2021, as compared to the same period of the year 2020 is being represented in the chart below:

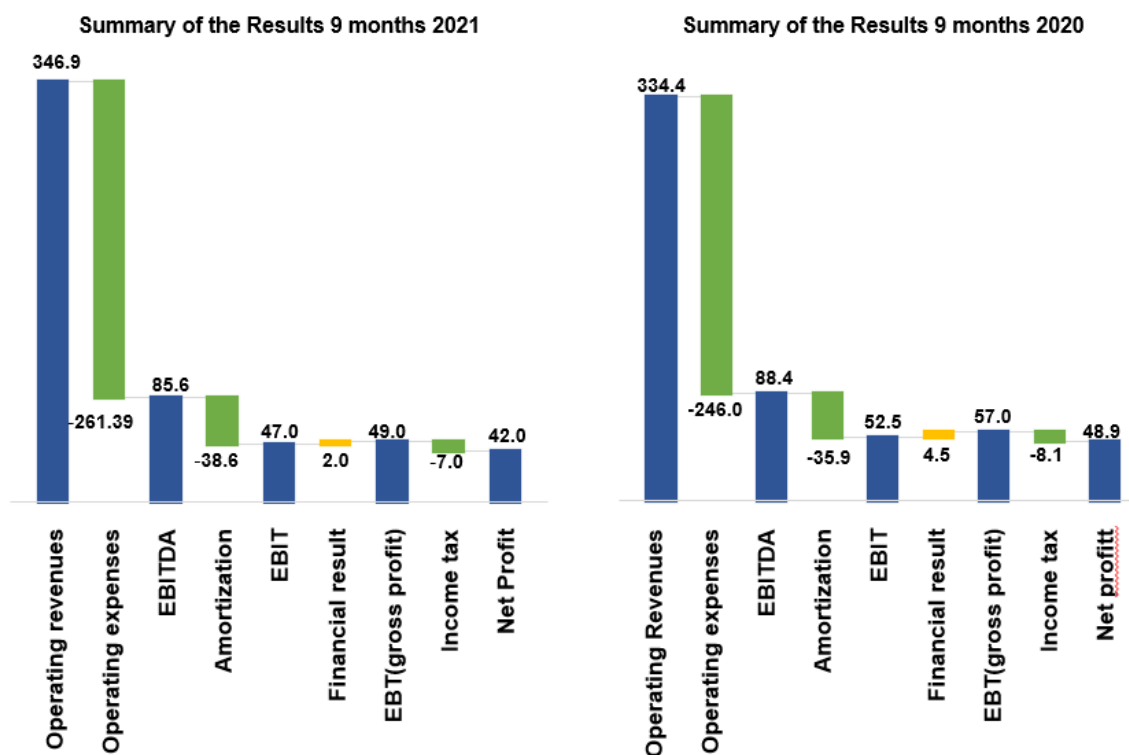
**mRON**

Chart 12 - Synthesis of the financial results achieved in the first 9 months of 2021 as compared to 2020 period

**The Operating Revenues**

The total revenues of the operating activity in the first nine months of the year, as compared to Budget and YoY, is the following:

Achieved Jan.-Sept 2021	Budget Jan-Sept 2021	Variation (%) Achieved/Budget	Indicators (thousand RON)	Achieved Jan.-Sept. 2021	Achieved Jan.-Sept 2020	Variation (%) 2021/2020
311,564	308,724	▲ 0.9%	Total revenues from transport services	311,564	300,979	▲ 3.5%
1,742	1,664	▲ 4.7%	Other Turnover Revenues	1,742	3,030	▼ 42.5%
<b>313,306</b>	<b>310,388</b>	<b>▲ 0.9%</b>	<b>Turnover</b>	<b>313,306</b>	<b>304,009</b>	<b>▲ 3.1%</b>
27,768	27,130	▲ 2.4%	Write-back to revenues of reserve constituted based on the expenses with the modernization quota	27,768	24,896	▲ 11.5%
5,849	6,790	▼ 13.9%	Other operating revenues	5,849	5,463	▲ 7.1%
<b>346,923</b>	<b>344,308</b>	<b>▲ 0.8 %</b>	<b>Total Operating Expenses</b>	<b>346,923</b>	<b>334,368</b>	<b>▲ 3.8%</b>

Table 15 - Statement of the operating revenues

The turnover of the company is 99% achieved from the transport revenues; the remaining percentage represents revenues from lease of land and telecommunications equipment, rail shunting etc.

The Operating revenues also include reserves representing the modernization quota transferred to revenues at the level of monthly depreciation of tangible assets financed from this source. Within the first 9 months of 2021, the value of these revenues was of 27,768 thousand RON.

**The operating expenses** achieved within January-September 2021, as compared to the same period of the previous year and the budgeted provisions look as follows:

Achieved Jan.-Sept. 2021	Budget Jan.-Sept. 2021	Variation (%) Achieved/Budget	Indicators (thousand RON)	Achieved Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Variation (%) 2021/2020
3,855	4,484	▼ 14.0%	<b>Material expenses, out of which:</b>	3,855	3,884	▼ 0.8%
2,278	2,373	▼ 4.0%	-expenses with consumables	2,278	2,069	▲ 10.1%
1,170	1,183	▼ 1.1%	- fuel expenses	1,170	1,114	▲ 5.0%
10,555	9,463	▲ 11.5%	<b>Other external expenses (with energy and water)</b>	10,555	9,366	▲ 12.7%
127,280	129,569	▼ 1.8%	<b>Personnel Expenses</b>	127,280	121,487	▲ 4.8%
38,651	37,202	▲ 3.9%	Value adjustments for fixed assets, less adjustments related to rights of use resulted from leasing contracts	38,651	35,877	▲ 7.7%
1,278	1,616	▼ 20.9%	Value adjustments for fixed to rights of use resulted from leasing contracts	1,278	1,192	▲ 7.2%
82,938	83,310	▼ 0.4%	<b>Expenses with outside services, out of which:</b>	82,938	80,234	▲ 3.4%
1,772	2,269	▼ 21.9%	- Maintenance (maintenance, current repairs):	1,772	1,291	▲ 37.3%
47,772	46,330	▲ 3.1%	- expenses with crude oil transport by rail	47,772	47,428	▲ 0.7%
1,124	1,642	▼ 31.6%	- expenses with decontamination works	1,124	505	▲ 122.6%
23,966	23,871	▲ 0.4%	- oil royalty	23,966	23,038	▲ 4.0%
8,304	9,198	▼ 9.7%	- other services performed by third parties	8,304	7,972	▲ 4.2%
(2,756)	273	-	<b>Provisions and value adjustments on current assets</b>	(2,756)	112	-
38,129	39,128	▼ 2.6%	<b>Other operating expenses, out of which:</b>	38,129	29,703	▲ 28.4%
35,653	35,994	▼ 0.9%	- modernization quota expenses	35,653	27,334	▲ 30.4%
299,930	305,045	▼ 1.7%	<b>Total operating expenses</b>	299,930	281,855	▲ 6.4%

Table 16 - Statement of the operating expenses

In the first 9 months of 2021, the operating expenses amounted to 299,930 thousand RON,

registering an increase by 6.4% (18,075 thousand RON) compared to those recorded in the first 9 months of 2020, mainly due to the increase in expenses related to the modernization quota (8.3 million RON), to personnel expenses (5.8 million RON), to value adjustments on fixed assets (2.9 million RON) and other external expenditures with energy and water (1.2 million RON).

As compared to the budgetary provisions for the period ended September 30, 2021, the operating expenses incurred at 9 months 2021 were lower by 5,115 thousand RON (1.7%).

There were recorded values below the budgeted level for the following categories of expenses:

- provisions and value adjustments on the current assets: 3,029 thousand RON;
- personnel expenses: 2,289 thousand RON (1.8%);
- other operating expenses: 999 thousand RON (2.6%);
- other services performed by third parties: 894 thousand RON (9.7%);
- material expenses: 629 thousand RON (14.0%);
- expenses with decontamination works: 518 thousand RON (31.6%);
- aintenance (maintenance, current repairs): 497 thousand RON (21.9%).

**The operating profit** achieved at 30.09.2021, as compared to the same period of 2020 has recorded a decrease by 5.5 mRON (10.5%).

As compared to the budgetary provisions, the operating profit is increasing by 7.7 mRON (19.7%) and the achievement of EBITDA is of 112.0%.

EBITDA records a value by 2.7 mRON (3.1%) lower than the one achieved at the end of nine months 2020.

**The financial revenues** decreased by 55% within the first nine months of 2021, as compared to the same period of the previous year due to lower interest rates offered by banks for maturity deposits.

**The financial expenses** have decreased by 54.9% in the analyzed period YoY, nevertheless maintaining at a low level as compared to the revenues.

Due to this evolution, **the financial result** is lower by 2.4 million RON (55%) as compared to the same period of 2020 and higher by 0.2 million RON as (10%) compared to the one provided in the Budget.

**The gross profit** recorded a decrease by 8.0 million RON (14%) and **the net profit** decreased by 7.0 million RON (14.2%) as compared to the first nine months of 2020. As compared to budget, the gross profit is higher by 7.9 million RON and the net profit exceeds the value planned by 7.0 million RON.

The statement of the profit and loss account for the nine months period ended September 30, 2021 is presented in detail in Annex no. 2.

### 3.3.4. Profitability of the transport subsystems

The evolution of the profitability in the first nine months 2021, as compared to nine months 2020, is exposed in the graphs below.

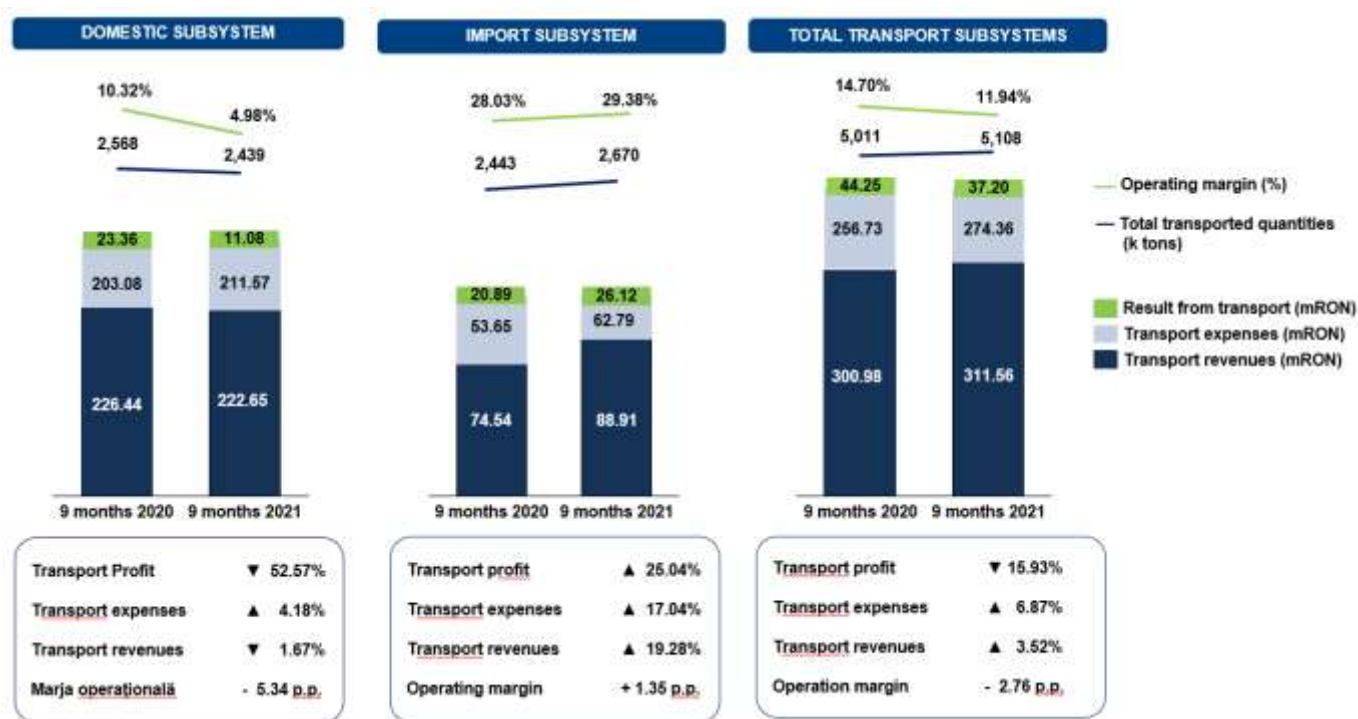


Chart 13 - Profitability of the transport subsystems

In the analyzed period, the profit resulting from transport activity on the two subsystems (Domestic and Import) decreased, as compared to the same period last year, by 7.05 million RON (-15.93%), from 44.25 million to 37.20 million RON. On the entire transport network (Domestic and Import) in the first nine months 2021 was achieved an average profit/tonne of 7.28 Ron, as compared to 8.83 RON YoY.

### 3.3.5. The main economic-financial indicators

Name of the indicators	Calculation formula	Achieved Jan.-Sept. 2021	Achieved Jan.-Sept. 2020	Variation
				2021/2020
PROFITABILITY INDICATORS				
Gross sales margin	EBIT (operating profit)	15.0%	17.3%	▼2.3 p.p.
	Turnover			
Operating profit margin	EBIT (operating profit)	13.5%	15.7%	▼2.2 p.p.
	The Operating Revenues			
EBITDA in total sales	EBIDTA (operating profit + value adjustments on tangibleand intangible assets)	27.3%	29.1%	▼1.8 p.p.
	Turnover			
EBITDA adjusted in total sales	Adjusted EBITDA	29.9%	29.9%	-

Name of the indicators	Calculation formula	Achieved Jan.- Sept. 2021	Achieved Jan.- Sept. 2020	Variation
				2021/2020
	Turnover			
EBITDA in equity	EBITDA	13.2%	13.7%	▼0.5 p.p.
	Total Equities			
EBIDTA adjusted in equity	Adjusted EBITDA	14.5%	14.1%	▲0.4 p.p.
	Total Equities			
Gross Profit Rate	Gross result	15.6%	18.7%	▼3.1 p.p.
	Turnover			
LIQUIDITY INDICATORS				
Current liquidity indicator (times)	Current assets	3.1	2.8	▲10.7%
	Current liabilities			
The quick ratio indicator (acid test)	Current assets - Stocks	3.0	2.7	▲11.1%
	Current liabilities			
PROFITABILITY INDICATORS				
Return on Assets (ROA)	Net result	5.6%	6.5%	▼0.9 p.p.
	TOTAL ASSETS			
Return on Equity (ROE)	Net result	6.5%	7.6%	▼1.1 p.p.
	Total Equities			
Return on Sales (ROS)	Net result	13.4%	16.1%	▼2.7 p.p.
	Turnover			
OPERATIONAL INDICATORS				
Inventories turnover speed (days)	Medium stock X 270	409	606	▼ 32.5%
	Sales costs			
Duration of inventory turnover (times)	Sales costs	0.66	0.45	▲ 46.7%
	Average stock			
Rotation speed of the clients debits (days)	Average balance Clients X 270	28	28	-
	Turnover			
Rotation duration of the clients debits (times)	Turnover	9.7	9.7	-
	Average stock clients			
Rotation speed of supplier credits (days)	Average balance suppliers X 270	39	28	▲ 39.3%
	Procurement from suppliers of goods and services			
Rotation speed of the suppliers credits (times)	Procurement from suppliers of goods and services	6.9	9.6	▼ 28.1%
	Average balance suppliers			
RISK INDICATORS				
Leverage degree indicator	Borrowed capital	0.47%	0.40%	▲0.1 p.p.
	Total shareholders' equities			

Table 17 - Main economic-financial indicators

### 3.3.6. Execution of the Revenues and Expenditure Budget

The execution of the cumulated 2021 Q3 Revenues and Expenditure Budget is presented in the format and structure provided in the MPF Order no. 3818/2019.

INDICATORS (thousand RON)	Achieved Jan.-Sept. 2021	Budget Jan.-Sept. 2021	Degree of achievement %
<b>I. TOTAL REVENUES</b>	<b>349,184</b>	<b>346,664</b>	<b>100.7%</b>
1.1 Total Operating Revenues	346,923	344,308	100.8%
1.2 Financial revenues	2,261	2,356	95.9%
<b>II TOTAL EXPENSES</b>	<b>300,194</b>	<b>305,587</b>	<b>98.2%</b>
2.1. Operating expenses	299,930	305,045	98.3%
Goods and Services Expenses	73,909	74,026	99.8%
Taxes, fees and similar levies related expenses	25,703	25,685	100.1%
Personnel expenses, out of which:	127,280	129,569	98.2%
Salary related expenses:	117,011	119,202	98.2%
- salaries expenses	99,448	100,777	98.7%
- Bonuses	17,563	18,425	95.3%
Other personnel expenses, out of which:	1,798	1,798	100.0%
- Severance payment expenses related to personnel layoffs	1,798	1,798	100.0%
Expenses related to management and audit bodies, BoD and GMS	4,253	4,256	99.9%
Expenses with contributions due by the Employer	4,218	4,313	97.8%
Other operating expenses	73,038	75,765	96.4%
2.2 Financial expenses	264	542	48.7%
<b>III. GROSS RESULT (profit/loss)</b>	<b>48,990</b>	<b>41,077</b>	<b>119.3%</b>
<b>INCOME TAX</b>	<b>7,007</b>	<b>6,065</b>	<b>115.5%</b>
<b>ACCOUNTING PROFIT REMAINING AFTER THE DEDUCTION OF THE INCOME TAX</b>	<b>41,983</b>	<b>35,012</b>	<b>119.9%</b>
<b>INVESTMENT FINANCING SOURCES</b>	<b>39,470</b>	<b>57,892</b>	<b>68.2%</b>
<b>EXPENSES FOR INVESTMENTS</b>	<b>39,470</b>	<b>57,892</b>	<b>68.2%</b>
<b>SUBSTANTIATION DATA</b>			
No. of personnel	1,544	1,556	99.2%
Total Average number of employees	1,516	1,546	98.1%
Outstanding payments	0	0	-
Overdue receivables	35	285	12.3%

Table 18 Budget Execution within the first 9 months of 2021

### 3.3.7 Financial and non-financial key performance indicators

The financial and non-financial performance indicators of the administrators for the period 2018-2022 have been approved in the OGMS meeting dated December 18, 2018.

The structure of the performance indicators and performance objectives are defined and set as follows:

Crt .no .	Performance indicator	Performance objective	M.U.	Target values					KPI weight s for setting the remuneration
				2018	2019	2020	2021	2022	
A. Financial Key Performance Indicators: 25%									
1.	Outstanding payments	Level zero	Thousand RON	0	0	0	0	0	2%
2.	The decrease of the operating expenses = (Operating expenses – Impairments of assets and provision adjustments)/ Turnover	The maintenance of the weight of the operating expenses in the turnover at the level assumed by the Administration Plan	%	80.8%	82.6%	82%	81.5%	81.3%	8%
3.	Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + modernization quota expenses + Impairments of tangible and intangible assets, here-included the revaluation differences.	The realization of adjusted EBITDA target assumed by the Administration Plan	Thousand RON	108,443 thousand RON	90,316 thousand RON	95,987 thousand RON	98,872 thousand RON	101,785 Thousand RON	10%
4.	Labor Productivity	Realization of the labor productivity level provided in the annual Budget, approved	Thousand RON/ person	100% according to Annual Budget	100% according to Annual Budget	100% according to Annual Budget	100% according to Annual Budget	100% according to Annual Budget	5%
B. NON-FINANCIAL KEY PERFORMANCE INDICATORS: 75%									
B1. OPERATIONAL: 25%									
5.	Framing within the specific consumptions for the crude oil transport (it does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in contamination, where the owners do not ease access for remedy).	The target value is lower than the value of the maximal technological consumption, for crude oil	%	Domestic crude oil ≤ 0.361% Import crude Lukoil ≤ 0.29% Import crude oil Petrom ≤ 0.143% Import crude oil Midia ≤ 0.108%					3%
6.	Monitoring of the annual electricity average specific consumption for technological purposes	Maintenance of the annual electricity average specific technological consumption at a	Kwh/ ton	Max 3.3 Kwh/ ton	Max 3.3 Kwh/ ton	Max 3.3 Kwh/ ton	Max 3.3 Kwh/ ton	Max 3.3 Kwh/ ton	2%

		level of max 3.3 Kwh/to							
7.	Achievement of the investments financed out of the modernization quota	Min. Realization 95% of the annual Investments Plan financed out of the Modernization Quota	%	≥95 %	≥95%	≥95%	≥95%	≥95 %	20%
<b>B2 OF CORPORATE GOVERNANCE: 50%</b>									
Cr t. no .	Performance indicators	Performance objective	M.U.	Target values					KPI weights for setting the remuneration
				2018	2019	2020	2021	2022	
8.	Implementation/development of the internal management/control system in compliance with the legal requirements in force	100% achievement of the actions included in the program	%	100%	100%	100%	100%	100%	20%
9.	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the reporting due deadlines	%	100%	100%	100%	100%	100%	20%
10.	Boost institutional integrity by inclusion of the measures to mitigate corruption as an element of the management plans	Minimum 90% achievement of the measures assumed by the approved Integrity Plan	%	≥90 %	≥90 %	≥90 %	≥90 %	≥90 %	10%

Table 19 - Performance indicators and objectives

A quarterly evaluation of the performance indicators shall be carried out in order to identify any negative deviations from targets and to ensure timely corrective action to achieve annual targets.

For the first nine months of 2021, the total degree of achievement of the key performance indicators for administrators is 81.8% and in structure (financial and non-financial) it is as follows:

Key Performance Indicators	Degree of achievement of financial and non-financial key performance indicators		
	As per Mandate Contract	Targets cumulated Q III 2021	Variation
<b>A. Financial key performance indicators</b>	<b>25.0%</b>	<b>26.3%</b>	<b>+1.3 p.p.</b>
<b>B. Non-financial key performance indicators</b>	<b>75.0%</b>	<b>55.5%</b>	<b>-19.5 p.p.</b>
B1. Operational	25.0%	5.5%	-19.5 p.p.
B2. of Corporate Governance	50.0%	50,0%	0.0 p.p.
<b>Total degree of achievement of the performance indicators</b>	<b>100.0%</b>	<b>81.8%</b>	<b>-18.2 p.p.</b>

Table 20 - Degree of achievement of the administrators' KPIs – 9 Months 2021

The total degree of fulfillment of the key performance indicators was lower by 18.2 p.p., mainly due to the unfavorable influence of the level of achievement of the non-financial performance indicators (19.5 p.p.).

## The achieved level of each indicator and evolution as compared to the approved target

### A) *Financial performance key indicators (+1.3 p.p.):*

The achieved level of the **financial key performance indicators (outstanding payments, lower operating expenses, adjusted EBITDA and labor productivity)** is determined on the basis of data from the interim financial statements prepared at September 30, 2021 and the degree of fulfillment of the financial indicators was calculated according to the planned quarterly level, established for each indicator based on Budget data.

#### ✓ *Outstanding Payments Indicator*

At 30.09.2021, the company did not register any overdue payments, the degree of achievement being of **100%**.

#### ✓ *The Indicator Decrease of Operating Expenses*

The indicator Decrease in *operating expenses* contributed favorably by **0.2 pp.** The objective of this performance indicator is to decrease the operating expenses weight in the turnover. The turnover increase by 0.9% and decrease of operating expenses adjusted by 1.3% have favorably influenced the achieved level of the indicator, the achievement degree in the first 9 months of 2021 being of **102.2%**.

#### ✓ *The ADJUSTED EBITDA Indicator*

The *adjusted EBITDA* indicator favorably influenced the total degree of fulfillment of the financial indicators, the increase by 9.6% of this indicator brought an increase of **1.0 p.p.** over the level of 100% of the total degree. The increase in EBITDA was mainly due to the operating profit, which increased by 19.7%. The degree of achievement of the indicator in January-September 2021 is of **109.6%**.

#### ✓ *Labor Productivity Indicator*

*The degree of achievement of this indicator in the first 9 months of 2021 is of **102.8%**, having a favorable contribution of **0.1 p.p.** The increase of labor productivity by 2.8% as compared to the scheduled figure, was achieved at the expense of the increase of operating revenues by 0.8% and the decrease of the personnel average number by 30 persons.*

### B) *Non-financial key performance indicators (-19.5 p.p.)*

#### B1) Operational

#### ✓ *The Operational Indicator "Framing within the specific consumptions for the crude oil transport"*

The contribution of 0.5 pp in exceeding the level of 100% of the total degree of fulfillment was

brought by the **operational indicator - Framing within the specific consumptions for the crude oil transport**, being registered a specific consumption at transport by 17.2% lower than the quarterly target.

The achieved level of the *operational indicator* “**Framing within the specific consumptions for crude oil transport**” has been determined based on the quarterly data reported by the Transport Operations Unit.

In structure, the achievement of specific consumption for the crude oil transport, per crude oil types and per refineries for the period January 01, 2021 - September 30, 2021, as well as the average consumption, reveal the followings:

Targets cumulated Q III 2021		Achievements cumulated Q III 2021		Indicator's Degree of Achievement
Domestic crude oil $\leq 0.361\%$	<b>0.300%</b>	Domestic crude oil = 0.341%	<b>0.248%</b>	<b>117.2%</b>
Import crude Lukoil $\leq 0.29\%$		Import crude oil Lukoil = 0.180%		
Import crude oil Petrom $\leq 0.143\%$		Import crude oil Petrom = 0.140%		
Import crude oil Midia $\leq 0.108\%$		Import crude oil Midia = 0.100%		

\*) Average technological consumption (calculated according to the weight of each transport type).

Table 21 - Degree of achievement KPIs administrators Framing within the specific consumption at the crude oil transport

For each type of product there is a specific technological consumption (target value), different from the others. The average target value of the performance indicator in the first 9 months, of **0.300%**, represents the weighted average calculated by summing the results obtained from multiplying the specific technological consumption from the transport contracts by the quantity taken over for transport in the reported period.

The weighted average realized value of the technological consumption was calculated as the average of the realized technological consumptions as reference to the quantity taken over for transport, its value being of **0.248%**.

The degree of achievement of this indicator in the period January 01 - September 30, 2021 is of **117.2%**.

✓ The operational indicator “**Monitoring of the annual average specific consumption of electric power for technological purposes**”

The objective related to this indicator is represented by the maintenance of the annual average of electric power technological consumption at a maximum level of 3.3 KWh/to.

This indicator is deemed achieved if the achieved level thereof has a value lower or equal to 3.3 KWh/to.

If the level of achievement of this indicator records values higher than 100%, the value taken into account in the calculation of the total degree of fulfillment of the indicators is limited to 100%.

The average specific consumption of electric power for technological purposes achieved in January- September 2021 was of 2.80 Kwh/ton, below the target level of 3.3 kwh/to,

consequently, the indicator is 100% achieved.

✓ *The operational indicator “**Achievement of the investments financed out of the modernization quota**”*

The objective of this indicator is the realization of investments financed from the modernization quota by at least 95% of the modernization quota constituted during the reporting period.

The degree of achievement of the indicator is being determined based on the formula: Value of investments financed out of the Modernization Quota, achieved/Value of modernization quota achieved in the reporting year (modernization quota recognized in the expenses) X 100

This indicator is deemed achieved if the level achieved by the indicator is higher or equal to 95%. In case the achieved indicator is under 95%, then the degree of achievement of the indicator is 0. For the calculation of the total degree of fulfillment of the indicators, the level of the degree of achievement of this indicator is limited to 100% if it registers a value higher than 100%.

The achieved level of this indicator in the period January – September 2021 is of 74% (26,248 thousand RON representing investments financed from the modernization quota/35,653 thousand RON modernization quota constituted in the 9 months period of 2021) and for determining the total degree of achievement of indicators at 9 months 2021 it was taken into account 0 value.

## **B2) Corporate Governance Indicators**

✓ *The indicator “**Implementation/Development of the internal management control system in compliance with the legal requirements in force**”*

The objective of this indicator is being represented by the 100% achievement of the actions provided in the development program for the internal management control system.

In the period January - September 2021, all the actions included in the program for the development of the internal control management system of CONPET S.A., with a permanent term and all the actions due in the period January - September 2021 have been completed and, consequently, the degree of achievement is 100%.

✓ *Indicator **Boost of institutional integrity by inclusion of the measures to mitigate corruption as an element of the management plans***

The objective of this indicator is to achieve, at a rate of at least 90%, the measures assumed by the approved Integrity Plan.

The measures provided in the Integrity Plan, having as implementation deadline the date of September 30, 2021 have been achieved.

In the first 9 months of 2021, the level of this indicator was of **100%** (26 actions and scheduled measures/ 26 measures and achieved actions)

✓ Indicator ***"Duly reporting of the degree of achievement of the performance indicators of the company"***

The objective of this indicator is represented by the timely reporting of the degree of achievement of the performance indicators of the company.

The degree of achievement of this indicator is being determined based on the formula: number of timely reports/total number of duly reports x 100.

The degree of achievement of the indicator assumed by the Administration Plan is being determined as follows:

- If the achieved indicator is equal to 100%, then the indicator's achievement degree is 100%.
- If the achieved indicator is lower than 100%, then the indicator's achievement degree is 0%.

As per OMPF no.1952/2019 on the regulation of the monitoring procedure related to the implementation of the EGO no.109/2011 on corporate governance of the public enterprises, the state of achievement of the key-performance indicators in the mandate contracts are being communicated by way of the S1100 reporting containing the following annexes:

- Annex no.1. "Monitoring the application of the provisions of EGO no.109/2011",
- Annex no.2 "Auditing the annual financial statements. The state of achievement of the key performance indicators from the mandate contracts"
- Annex no.3 "The List of the administrators of the public enterprises"

Annexes of the S1100 reporting are being submitted at different due dates, as follows:

- a) up to July 20, Annexes no.1 and 3 for the first quarter of the reporting year and Annex no.2 for the previous reporting year;
- b) up to January 20 of the year following the completion of the reporting period, Annexes no.1 and 3 for semester II of the previous reporting year.

Consequently, Annexes 1 and 3 for 2020 H2 have been submitted to the Ministry of Economy, Energy and Business Environment on 14.01.2021, by way of CONPET letter no.1498, registered at the Ministry with no. 360192/15.01.2021.

Moreover, Annexes 1 and 3 for 2021 H I , namely Annex 2 for the year 2020 have been submitted to the Ministry of Energy on 07.07.2021, by CONPET letter no. 23053, registered at the Ministry with no. 210536/07.07.2021.

At the end of 2021 Q3, the degree of achievement of this indicator was of 100%.

### **Directors with contract of mandate**

The financial and non-financial performance indicators for the directors with a contract of mandate, in office at September 30, 2021, have been approved pursuant to decisions of the BoD, as follows:

Directors in office	Director General	Deputy Director General	Economic Director
The BoD Decision on the appointment	8/20.04.2021	5/18.02.2019	27/06.11.2018
Mandate duration	21.04.2021-20.04.2025	18.02.2019-17.02.2023	07.11.2018-06.11.2022
KPIs approved pursuant to the BoD decision	11/27.05.2021	8/19.03.2019	33/18.12.2018
Targets and weights provided in	Addendum to the contract of mandate	Addendum to the contract of mandate	Addendum to the contract of mandate
Calculation method as per	Report 17273/24.05.2021	Report 49228/17.12.2018	Report 49228/17.12.2018

For the first nine months of 2021, the total degree of fulfillment of the key performance indicators for directors with contract of mandate is of **83.3%**.

In structure, the biannual degree of achievement (Jan.-Sept 2021) of the key performance indicators is presented as follows:

Key Performance Indicators	Degree of achievement of financial and non-financial key performance indicators		
	As per Mandate Contract	Achievements cumulated Q III 2021	Variation
<b>A. Financial key performance indicators</b>	<b>50.0%</b>	<b>52.4%</b>	<b>+2.4 p.p.</b>
<b>B. Non-financial key performance indicators</b>	<b>50.0%</b>	<b>30.9%</b>	<b>-19.1p.p.</b>
B1. Operational	30.0%	10.9%	-19.1 p.p.
B2. of Corporate Governance	20.0%	20.0%	0.0 p.p.
<b>Total degree of achievement of the performance indicators</b>	<b>100.0%</b>	<b>83.3%</b>	<b>-16.7 p.p.</b>

Table 22 Degree of achievement KPIs directors with contract of mandate - 9 months 2021

### 3.3.8. Cash-flow

The Cash-flow Statement for the nine months period ended September 30, 2021 is as follows:

(DIRECT METHOD)		thousand RON	
	Name of the Item	January - September 2021	January - September 2020
A	Net cash from operating activity	54,638	69,257
B	Net cash from investing activity	(12,141)	(49,739)
C	Net cash from financing activities	(59,522)	(61,127)
	<b>Net increase of the cash and cash equivalents=A+B+C=D2-D1</b>	<b>(17,025)</b>	<b>(41,609)</b>
D1	Cash and cash equivalents at the beginning of the period	198,257	238,577

D2	Cash and cash equivalents at the end of the period	181,232	196,968
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Table 23 - Synthesis of the cash-flows for the nine months period ended September 30, 2021, as compared to September 30, 2020

The extended version of the Interim Statement of Cash Flows for the 9 months period ended September 30, 2021 is presented in Annex no.3.

The existing cash and cash equivalents at 30.09.2021 lowered by 8% YoY (181.2 mRON as compared to 196.9 mRON). The decrease was mainly determined by lower cash triggered by the operating activity.

Of the total of 181.2 million RON availabilities in cash at 30.09.2021, the share of the modernization quota is of 125.5 million RON.

The effects of the three activity areas (operation, investment and financing) over the cash in the 9 months period of 2021 reveal the followings:

- the operating activity triggered a cash-flow in amount of 54.6 mRON.;
- the investments activity ended with a negative cash-flow in amount of 12.1 mRON;
- the financing activity, which includes approx. 97% of the dividend payments, lowered the overall cash flow by 59.5 mRON.

The operating activity records a decrease in cash by approx. 15 mRON YoY due to higher payments to the employees and State budget.

The net cash from investment activities records a negative value, lower by approx. 38 million RON compared to the level recorded in 2020, due to a lower volume of the payments towards the investment works suppliers.

### 3.3.9. Related party transactions

In the first nine months of 2021, the Company carried out the following procurement from related parties:

Partner	Unsettled amounts at December, 31 <sup>st</sup> 2020	Procurement Period 01.01.2021-30.09.2020	Settlements Period 01.01.2021-30.09.2021	Unsettled amounts at 30.09.2021
SNTFM CFR Marfă S.A.	6,709	56,662	57,573	5,798

\*The amounts are in thousand RON and VAT inclusive.

Table 24 - Procurement from related parties

## 3.4. Other aspects

### 3.4.1. State of the lands not included in the share capital

At 30.09.2021, CONPET has registered in the company's patrimony land plots in surface of 733,637 Sq.m, with a book value of 22,858,900 RON, held based on the land ownership Certificates (709,806 sq.m) and sale - purchase contracts (23.831 Sq.m).

The company augmented the share capital by only one part of the land plots held based on the

land ownership certificates (Ro. CADP), not being included in the share capital land plots with a surface of 554,537.62 Sq.m, being comprised in 48 CADP. The certificates for these land plots have been obtained during 2001-2005. The evaluated value of the lands at the time of issuing the certificates, established according to GD no.834/1991 is of 26,708,233 RON. These land plots have been accounted in the company patrimony on the expense of other equity reserves.

The Board of Directors has undertaken all steps in view of augmentation of the share capital by the value of the land plots held based on the land ownership certificates.

Thus, under the lands appraisal reports, in compliance with the provisions of Art. 6 Para (3) of GD no.834/1991 subsequent completions and amendments, drafted by expert valuers, the Board of Directors has summoned several Extraordinary General Meetings of Shareholders, having on the Agenda the augmentation of the share capital.

The first EGMS sessions were held on the 19<sup>th</sup> and 20<sup>th</sup> of May 2016; as regards both EGMS meetings, the quorum necessary to hold the meetings was not met.

At 05.07.2016 the Board of Directors convened another EGMS meeting with the same item on the Agenda - the augmentation of the share capital by the value of the lands.

Following the exercise of the vote by the shareholders present and represented at the meeting, the proposal to augment the share capital has not been approved, due to the lack of necessary voting quorum for approval .

Subsequently, there have been undertaken all steps for the augmentation of the share capital, and, at 26.03.2019, the EGMS approved the initiation of the procedure for the augmentation of the share capital and the appointment, by the Prahova Trade Register Office, of an authorized appraiser to assess the lands plots brought as contribution to the share capital.

Based on the new appraisal report was convened the EGMS, on 04.07.2019 in first call and 05.07.2019, in second call, including on the Agenda - The approval of the augmentation of the share capital by the maximum value of 101,763,954.60 RON, representing contribution in kind (land plots) with a value of 59,751,935.10 RON and contribution in cash in a maximum value of 42,012,019.50 RON.

In both EGMS meetings has not been met the attendance quorum provided by the law, needed for the augmentation of the share capital with contribution in kind.

Pursuant to Decision no. 3026/651/2013 dated 02.09.2019, Prahova Chamber of Accounts extended the deadline for the achievement of the measure until 31.03.2020.

In this context, for the achievement of the ordered measure, all necessary arrangements have been made regarding the augmentation of the share capital (approval, by the EGMS, of the initiation of the operation for the augmentation of the share capital by the value of the land plots and preparation of a new land property appraisal report by a property appraiser).

After the issue of the appraisal report, the EGMS was convened for the date of 10.03.2021, in first call and 11.03.2021 in second call, having on the Agenda the augmentation of the share capital by the value of the 48 lands. During both EGMS meetings has not been met the attendance quorum provided by the law, needed for the augmentation of the share capital with contribution

in kind.

### 3.4.2. Litigations

The most important disputes in which the company is involved are presented below:

#### ***a) Litigations regarding the ownership of tangible assets of the company***

CONPET S.A. is involved in a single process regarding the claim of ownership of certain real estate, respectively:

##### **File no. 2782/229/2018 - Fetesti Court - pending**

**Trial stage:** First court on merits

**Parties:** CONPET SA –claimant

Zacon Trandafir - respondent

**Object:** CONPET SA has filed a sue petition against Zacon Trandafir for the court to note absolute nullity of the contract of sale no. 1047/03.02.1999, between CONPET SA, as seller and Zacon Trandafir as buyer, to order the defendant to pay the legal expenses. Subsidiarily, the respondent Zacon Trandafir is required by CONPET to pay the value of the property at the fair market value determined by the report of a judicial technical expertise.

**Mentions:** By Sentence no. 828/29.07.2021, the Fetești Courthouse rejects as unfounded the request for summons filed by the claimant S.C. CONPET S.A. in contradiction with the defendant ZACON TRANDAFIR, having as subject matter the annulment of the deed (affirmation of absolute nullity). It admits the counterclaim filed by the defendant-claimant ZACON TRANDAFIR, in contradiction with the claimant-defendant S.C. CONPET S.A. having as scope the finding of a valid conclusion of the contract concluded between the parties. It obliges the claimant to pay to the defendant the amount of RON 7,471, as legal expenses (RON 3,000 - lawyer's fee, RON 4,471 - judicial stamp duty). The decision may be appealed after communication.

#### ***b). Litigations related to the owners' claims of the land transited by the Crude Oil National Transport System***

At 30.09.2021, CONPET S.A. had a number of 16 active trial files in various stages of trial, having as object the claims of the owners of the land plots related to the lack of use of the owned lands crossed by the main pipelines forming the Crude Oil National Transport System. Among these, we list a number of 11 cases that we consider to be important in terms of the amount of the applicants' claims and representative through the legal content of the applications (the rest of the cases outlining some of the types of legal proceedings listed below):

##### **1. File no. 3451/108/2016 \*\*– High Court of Cassation and Justice – pending**

**Trial stage:** Appeal - filtering

By Decision no. 761/23.11.2017, Timișoara Court of Appeal admits the appeal of the applicant Territorial Administrative Unit of Pecica, Arad County, annuls the appealed judgment and sends the case for retrial to the Arad Tribunal. Decision no. 761/23.11.2017 was appealed by CONPET S.A. at The High Court of Cassation and Justice.

**Mentions:** UAT Pecica has formulated request of claim to rule the obligation of the respondent CONPET SA to divert the crude oil pipeline crossing a total of 22 plots of land intended for the

construction of dwellings to pay the amount of 65,000 euros representing the value of the house located in plot no. A141.7760/5/174, registered with the Land Register under no. 306869 because it can no longer be capitalized payment of an annual rent during the existence of the pipeline, as a result of the encumbrance of the areas shown above with the legal servitude right exercised by Conpet SA and to rule the obligation of the respondent Conpet S.A. to pay compensations for the period 31.10.2014 - 31.05.2016 as a result of the limitation of the ownership rights of the 22 urban plots and the decrease of the circulation value of the plots of land on the real estate market due to the restrictions imposed by the Order 196/2006 of ANRM with regard to construction. At the same time, he requested that the defendant CONPET S.A. be ordered, from 3 to 3 years, to adapt the amount of the damages to the value of circulation at that time of similar lands and of the provisions of the future orders of the A.N.R.M.

By the Report dated 07.06.2018 the High Court of Justice declared CONPET's appeal as inadmissible, being promoted against a final judgment, which does not fit into the hypothesis regulated by Art. 483 Para. 1 Code of Civil Procedure. By the Conclusion of 10.10.2018 ICCJ admits in principle the appeal declared by the appellant-defendant CONPET S.A. against the Civil Decision no. 761/ A of November 23, 2017, pronounced by the Court of Appeal of Timisoara - Civil Division II.

By the **decision no. 615/22.03.2019** the High Court of Cassation and Justice - (Ro. ICCJ) admits the recourse introduced by the recourse petitioner-respondent CONPET S.A., annuls the attacked decision and sends the case for a new trial to the same appellate court - The Court of Appeal Timisoara.

By **Decision no. 306/07.06.2021** Timișoara Court of Appeal rejects the appeal declared by the appellant-claimant, the Territorial Administrative Unit of the City of Pecica against the civil sentence no. 336 dated May 18, 2017.

The sentence was appealed by the Territorial Administrative Unit of the City of Pecica.

## **2. File no. 1372/212/2017 - Constanta Court - pending**

### **Trial stage: Appeal**

Cruceanu Alin Florinel filed a petition for trial asking the court to rule the obligation of CONPET SA to pay damages equal to the market value of the real estate property – plot of land in surface of 460 square meters located in Lazu commune, 29, Luceafărului street, Constanta County and the plot of land in surface of 460 sqm located in Lazu commune, 31 Luceafărului street, Constanta county, value appreciated at the amount of 30,000 Euro, the equivalent of 134,700 RON; the obligation of CONPET SA to pay the value of the land lack of use in the form of annual rent for the last three years; the obligation of CONPET SA to pay the court costs for the resolution of this petition. Subsequently, the claimant specified its action with regard to the second part of the petition requesting the court to rule the obligation of CONPET SA to pay the amount representing the lack of use of the two land plots for the period between 10.12.2015 and the date when the decision remained final decision admitting the first part of the petition.

CONPET formulated counterclaim requesting the court to rule the obligation on the claimant to allow CONPET S.A. the exercise of the right of legal servitude instituted by the provisions of art. 7 and following of Law no. 238/2004 on the two plots of land owned by the claimant Cruceanu Alin Florinel, situated in Agigea commune, Lazu village, 29, Luceafărului street. respectively 31, Luceafărului street, Constanța county. The exercise of the right of legal servitude is to be done on a 2.4 meter wide corridor located along the Ø 20 " major transport pipelines for crude oil of Constanța-Bărăganu for the purpose of permanent access to the pipeline for the day-to-day inspection of the pipeline condition, for performing any repairs and also for establishing the

amount of the annual rent provided by law owed by us, the undersigned, to the claimant in exchange for exercising the right of legal servitude.

**Mentions:** By **Sentence No. 8561/14.07.2021** the Constanța County Court rejects, as unfounded, the exception of the lack of passive procedural quality invoked by the Romanian State through the Ministry of Public Finance, the National Agency for Mineral Resources and the Ministry of Energy. Dismisses as unfounded the plea of lack of quality of the Romanian State through the Ministry of Public Finance, NAMR. It admits the request formulated by the claimant CRUCEANU ALIN FLORINEL, against the defendants CONPET SA, the Romanian State through the Ministry of Public Finance, the National Agency for Mineral Resources and the Ministry of Energy. It obliges the defendants, jointly and severally, to pay to the claimant the amount of RON 184,700 representing the market value of the land building with an area of 460 sq m located in Lazu Commune, 29 Luceafărul Street, Constanța County and the market value of the land building with an area of 460 sq m located in Lazu Commune, 31 Luceafărul Street, Constanța county. It obliges the defendants, jointly and severally, to pay to the claimant the amount of RON 22,164 RON representing the value of the lack of land use between 10.12.2015 -10.12.2018. It rejects, as unfounded, the request for impleader formulated by CONPET SA against the Ministry of Public Finances. It rejects, as unfounded, the request for impleader formulated by CONPET SA against NAMR. It rejects, as unfounded, the counterclaim formulated by CONPET SA against CRUCEANU ALIN FLORINEL. It obliges the defendants jointly and severally to pay to the claimant the legal expenses in the amount of 8414.28 RON represented by the stamp duty and the expert's fee.

The court order was attacked with appeal by CONPET SA, NAMR, the Romanian State through the Ministry of Public Finance and Cruceanu Alin.

By the Conclusion no. **1548/07.10.2021** it was admitted the exception for lack of jurisdiction of Civil Section 1 Constanta Tribunal and the jurisdiction for the settlement procedure in regard to the appeal was declined in favor of Civil Section 2 - Constanta Tribunal. Without possibility of appeal.

### **3. Case File no. 18344/212/2017 - Constanta Court - in the course of settlement**

#### **Trial stage: First court on merits**

Mitu Dumitru and Mitu Rodica file a petition for trial requesting that the obligation of Conpet to pay compensatory damages for the two plots of land located in the village of Lazu, the commune of Agigea, Constanța county affected by the route of certain pipelines that transport oil products, as well as the respondent's obligation to pay an annual rent for the deprivation of use on the land affected by the exercise of the legal servitude, starting with 20.06.2014 and of compensations in the form of an annual payment for the affectation of the use of the part of the land on which the pipeline is not located, with the obligation to pay the trial costs.

CONPET formulated a counterclaim requesting the court to rule the obligation of the claimants to allow the company CONPET S.A. the exercise of the right of legal servitude instituted by the provisions of art. 7 and following of Law no. 238/2004 on the two plots of land owned by the claimants. The right of legal servitude shall be exercised on a 2.4-meter-wide corridor located along the F2 Ø 20 " Constanța-Bărăganu crude oil pipeline for the purpose of permanent access to the pipeline for the day-to-day inspection of the pipeline condition and for performing any repairs and to set the amount of the annual rent prescribed by the law owed by CONPET to the claimants in exchange for the exercise of the right to legal servitude. Also CONPET formulated request for impleader against the THE MINISTRY OF PUBLIC FINANCE and the THE NATIONAL AGENCY FOR MINERAL RESOURCES (A.N.R.M. so that, if Conpet S.A. Ploiești falls form claims

regarding the claims of the claimants made in the petition for trial to compensate us with the amounts we will be obligated to pay to the claimants.

**Court hearing:** 10.11.2021

#### **4. Case File no. 14960/280/2015 – Arges County Tribunal – pending**

##### **Trial stage: Appeal**

Cîrstea Stelian and Cîrstea Gherghina filed a petition of trial asking the court to rule the obligation of Conpet SA to pay the lack of use from the date of acquisition of land - namely 06.10.2014, lack of use that is provisionally valued at the amount of 1000 RON - following to increase iota application for summons after taking evidences and order CONPET SA to raise their pipelines and related facilities on land owned by the applicant and to the extent that it is not possible to be ordered defendant to pay a monthly amount equivalent to the value a rent for land occupied and damaged pipes and plants on it - the rent on the free market.

The claimants increased their claims to the amount of 6,276 RON representing the deprivation of use since 06.10.2014 until present.

**Mentions:** By **Sentence No. 2797/07.07.2020** the Pitești Court rejects as unfounded the exception of the lack of passive procedural quality invoked by the Romanian State through the Ministry of Public Finance. It rejected as ungrounded the request of indicating the holder of the right formulated by the claimants in contradictory with the defendants: the Romanian State through the Ministry of Public Finances, the National Agency for Human Resources. Admits in part the request made by the plaintiffs in contradiction with the defendant CONPET S.A. Orders the defendant CONPET SA to pay to the complainants the sum of 350 RON representing the consideration of the non-use for the period October 2014 – October 2019 and subsequently the sum of 70 RON/year as an annuity for the duration of the concession. Admits the defendant CONPET SA's request for the refund of the judicial fee paid in addition to the resolution of the application for recusal of expert Ionescu Steliana. It provides for the refund to the defendant CONPET SA of the judicial stamp duty in the amount of 100 lei paid by the defendant with payment order no. 7178/24.10.2016. Orders the defendant CONPET SA to pay the plaintiffs the sum of 95 RON in legal costs. The decision was appealed by Cîrstea Stelian and Cîrstea Gherghina.

By judgment no. 943/04.12.2020 the Specialised Tribunal in Arges accepts the exception of procedural material jurisdiction and disclaims in favor of the Arges Tribunal the jurisdiction to resolve the appeal.

By **Decision no. 3607/23.10.2018** the Bucharest Tribunal rejects the appeal as unfounded. The decision can be appealed after communication.

#### **5. Case File no. 220/262/2017 \*– Moreni Court– pending**

##### **Trial stage: Merits- retrial**

Chivu Ion filed a petition requesting the court to rule the obligation of Conpet SA to divert the crude oil pipeline passing through his property in surface of 1,753 square meters located in Ocnița commune T14, P114, the establishment of the access location with the obligation of CONPET SA to pay an annual rent related to both the access road and the pipeline that damages the land and damages for the land affected by the pipeline.

**Mentions:** By the **decision no.1000/05.11.2019** the Moreni Courthouse partially admits the main request.

The court partially admits the counterclaim. The decision was appealed by CONPET SA and Chivu Ion. By **Decision no. 223/02.06.2020** the Dâmbovița Tribunal accepts the appeals, annuls the judgment appealed and sends the case back to the first court.

**Court hearing:** 18.11.2021

**6. Case File no. 5413/204/2017 \*– Prahova Tribunal – pending**

**Trial stage: Merits- retrial**

Dobrogeanu Dumitru and Dobrogeanu Păun Ioan filed a petition of trial asking the court to rule the obligation of CONPET SA to pay an annual rent for the land plots occupied by the two oil products pipelines (crude oil) starting 01.07.2014 and in the future, for the entire duration of the pipelines, to pay the compensation for the losses incurred by not reaching certain economic objectives on the remaining area between the two pipes after their restriction and the area along the national road DN1 (E60) and payment of court costs. The first part of the claim was estimated by the claimants at the amount of 48,000 Euro/year (220,000 RON), and the second part at the amount of 25,000 RON/year.

By the Decision no. 2446/28.08.2018 the Prahova Tribunal admits the exception of the lack of passive capacity to stand trial, invoked by the defendant National Agency for Mineral Resources. Rejects the claim, in contradiction with that defendant, that it has been brought against a person without procedural standing. Admits the exception of the lack of case law. It rejects the request made against the respondent CONPET SA, as there is a case law. It finds that the respondents did not claim legal fees. The decision was appealed by Dobrogeanu Dumitru.

**Mentions:** By the decision no. 2804/11.11.2019 Ploiești Court of Appeal rejects the appeal filed by the appellant Dobrogeanu Dumitru as unfounded. It admits the plea of inadmissibility of the cross-appeal. It dismisses as unfounded the cross-appeal declared by the appellant Dobrogeanu Păun Ioan. The decision was appealed by Dobrogeanu Dumitru and Dobrogeanu Păun Ioan.

By conclusion dated 22.10.2020 the ICCJ accepts in principle the appeals declared by the applicants Dobrogeanu Dumitru and Dobrogeanu Păun Ioan and sets a time limit for their trial.

By **Decision no. 206/04.02.2021** the High Court of Cassation and Justice rejects the appeal declared by the applicant Dobrogeanu Păun Ioan against the civil decision no.2804 of November 11, 2019, pronounced by the Court of Appeal Ploiesti, Civil Section I. Admits the appeal declared by the applicant Dobrogeanu Dumitru against the same decision. It quashes the appealed decision and the civil sentence no. 2446 of August 28, 2018 of the Prahova Court and sends the case for retrial to the Prahova Court.

**Court hearing:** 17.12.2021

**7. Case File no. 1122/284/2019 – Răcari Court – pending**

**Trial stage:** First court on merits

Sotir Mădălina Rebeca files a petition for trial requesting the court to order CONPET SA to compensate it with the sum of 25,000 Euro for the land area of 523 sq.m., category constructions courtyards, the land of the claimant located in the Commune of Cojasca, Dâmbovița county with cadastral no. 72587, under-crossed by CONPET pipeline.

CONPET formulated the counterclaim requesting the court:

1. The obligation of the claimant Sotir Mădălina Rebeca to allow the company CONPET S.A. the exercise of the right of legal servitude established by the provisions of art. 7 and foll. of Law no. 238/2004 on the land owned by her, located in the commune of Cojasca, the village of Cojasca, Dâmbovița county. The right of legal servitude shall be exercised on a 2.4 meter wide corridor located along the Ø 14 3/4" major transport pipeline for crude oil Cartojani-Teleajen Refinery (Lukoil) for the purpose of permanent access to the pipeline for the day-to-day inspection of the pipeline condition and for performing any repairs. The exercise of the easement right is to be carried out throughout the existence of the pipeline located on the claimant's land but not later than the date of the termination of the concession oil contract concluded by us, the undersigned

company CONPET S.A., with the Romanian State.

2. The establishment of the amount of the annual rent provided by the law due to us, the undersigned company CONPET S.A., to the claimant Sotir Mădălina Rebeca in exchange for exercising the right of legal servitude/easement starting from the date of the definitive decision given in the present case, rent consisting in the value of the annual use of the plot of land affected by the exercise of servitude.

**Court hearing:** 12.11.2021

**8. Case File no. 4395/270/2020 - Onești Court - pending**

**Trial stage: First court on merits**

**Object:** Onești Municipality and the Local Council of Onești Municipality, Bacău County called for trial CONPET SA, asking the Court:

“1 Obligation of the defendant to conclude the Convention for the exercise of the right of legal servitude on the lands in the surface of 11,474.5 sq.m., under-crossed and affected by the crude oil transport pipelines within the radius of Onești municipality, against the payment of an annual annuity, during the life of the pipelines, to the local budget of the municipality of Onești, determined by the principle of the smallest infringement of the right of ownership and calculated taking into account the value of the movement of the property affected, established under the law at the time of the damage.

2. Obligation of the defendant to pay material damages, representing the consideration of the lack of use of land in the surface of 11,474.5 sq.m. under crossed and affected by crude oil transport pipelines within the radius of the municipality of Onești, established according to the Market Study approved by the Decision of the City Council no. 199 of 29.11.2018, respectively according to the Updated Market Study approved by the City Council Decision no. 122 of 29.06.2020, calculated starting from 2017 until the date of conclusion of the Convention for the exercise of the right of legal servitude on such land, plus late increases, interest and late payment penalties in the amount provided for in the Code of Tax Procedures applicable during that period.

3. The obligation of the respondent to pay the trial costs incurred by this trial.”

**Court hearing:** 14.12.2021

**9. Case File no. 5022/270/2020 - Onești Court - pending**

**Trial stage: First court on merits**

**Parties:** Bacău Regional Water Company S.A. - Applicant

Radu Marian - Counterclaimant defendant

S.C. E.On Energie Romania - Re conventional defendant

S.C. Delgazgrid S.A. - Re conventional defendant

S.C. Transgaz S.A. - Re conventional defendant

S.C. CONPET SA - Defendant and re-conventional claimant

The General Secretariat of the Romanian Government - Re conventional defendant

The Romanian State by the Ministry of Public Finances - Re conventional defendant

**Object:** By counterclaim, the defendant Radu Marian requested that the applicant and the other counterclaims, including our subscribed CONPET S.A., be ordered to:

1. “prior purchase of the servitudes of passage, because we had no advantage, no favor, but only damages, caused us only trouble and damage, although all were obliged not to aggravate the situation of the fund served, not to cause damage to the owner of the fund served by the exercise of servitude, but on the contrary, to contribute to preserve it and even improve it, they were obliged to conclude an agreement, or expropriation for all the said immovable property, taking into account the fact that all those goods are in the transport lane which is of public utility established

by the laws mentioned, the constructions were carried out with their consent, but after a right and prior compensation including the payment of claims, damages claimed up to the time of actual expropriation or real estate exchange of value equal to the amount claimed, if it suits us, or even other variants if we are convenient to make a counterclaim against the applicant and bring the applicant and the following defendants to court..”

2. “Obligation of the defendants to move the transport networks located on its property, on another site, at a distance of min. 20m from the limits of our property, at their expense and until the network is moved, I demand immediate discontinuation of transport from these infrastructures until they agree to pay the damages and guarantee that in the event of damage resulting in material damage or human life, they will accept our claims and compensate us immediately without further comment.”

3. “Obligation of the defendants to bring the land to the initial state, the dissolution of the home illegally located by Transgaz...”

4. “Obligation of the parties jointly and severally to pay compensation of 1,000,000 (one million) Euro in this case for infringement of fundamental rights and freedoms, for all criminal activity carried out to date and for all the material and moral damage caused, plus a monthly fee of 5,000 (five thousand) Euro and the tax to be paid to the State for this fee for each defendant, injured party, i.e. for me and my wife, valid on the date of filing this counterclaim, application for a tortious civil appeal, at the Onești Court, at the Bacău Court, for each month of 1990 when we have become owners of the first lot of land and the applicant and the other defendants carry on transport activities these transport networks, unlawfully located on our property until now, a value which in the future requires to have a periodic indexation of its own motion, equal to the coefficient of increase of the minimum wage per economy, as a reference index and to be transmitted to our descendants who will own these goods (construction, land, with everything on them, etc.) after our death, how long these transport networks will exist.”

5. “Obligation of the defendants in the event of damage resulting in material, moral or life damage to compensate us in advance for the repair of the damage, both for damage caused by the damage and for damage caused in the event of the repair of the damage. We also request compensation for damage caused by previous damage and its remediation, as well as prior compensation for damage caused by current damage and the damage caused by its remediation.”

6. “The obligation on the claimant and the defendants to pay the costs of the proceedings, or where there is no such legal possibility, pursuant to Articles 90, Para. (1) and 2, Letters a, b and c and Para. 3 of the Code of Civil Procedure, I make a request for legal aid under the terms of the special law on public legal aid, specifically, the granting of exemptions both for the payment of this stamp duty and for any taxes during the whole process until the damage is paid, because we do not have any material possibilities to support this civil process without jeopardizing our own maintenance and our family.”

CONPET formulated the counterclaim, requesting the court:

1. To rule the obligation of the claimants Radu Marian and Radu Elena to allow the company CONPET S.A. the exercise of the right of legal servitude instituted by the provisions of Art. 7 and following of Law no. 238/2004 on the arable unincorporated land owned by the claimants situated in Tg. Ocna locality, no. 6, Progresului street, Bacău County. The exercise of the right of legal services is to be carried out on a 2,4 meter wide corridor along the crude oil pipeline Ø 10 3/4" Vermesti – Tg. Ocna, for the purpose of permanent access to the pipe for daily checking of the condition of the pipe and carrying out any repair work. The exercise of the easement right is to be carried out throughout the existence of the pipeline located on the claimant's land but not later

than the date of the termination of the oil concession agreement concluded by us, the undersigned company CONPET S.A., with the Romanian State.

2. The establishment of the amount of the annual rent provided by the law due by us, the undersigned company CONPET S.A., to the claimants Radu Marian and Radu Elena in exchange for exercising the right of legal servitude/easement starting from the date of the definitive decision given in the present case, rent consisting in the counter value of the annual use of the plot of land affected by the exercise of servitude/easement.

At the same time, CONPET also made a request for the right holder to be held by the holder of the crude oil pipeline Ø 10 3/4" Vermesti – Tg. Ocna, with inventory number 120036/P.I.F. 1952 located on the arable land, outside the town, of the plaintiffs Radu Marian and Radu Elena located in Tg. Ocna locality, no. 6 Progresului street, Bacău County, the Romanian State represented by: The Ministry of Public Finances, headquartered in Bucharest municipality no. 17 Apolodor street, District 5 and the National Agency for Mineral Resources, headquartered in Bucharest, no. 59 Dacia Boulevard, District 1

**Court hearing:** 12.01.2022

**10. Case File no. 1657/91/2020 \*– Vrancea Tribunal – pending**

**Trial stage: First court on merits**

**Parties:** Vasile Maria Ilaria - at S.C.P.A. Buruian, Caracaş and Associates - Plaintiff

Dragu Georgeta - at S.C.P.A. Buruian, Caracaş and Associates - Plaintiff

The company CONPET SA Ploiesti - defendant

The Romanian State - by the Ministry of Public Finances - defendant

The National Agency for Mineral Resources - defendant

**Object:** By the request for legal action, the plaintiffs Vasile Maria Ilaria and Dragu Georgeta asked the court to:

A. In particular, to oblige the defendant to pay an annual annuity of 496.64 Euro for the pipe protection area belonging to the defendant and passing through the private property of the undersigned, starting from the date of registration of this application for legal action;

B. In particular, to oblige the defendant to pay an overall compensation of 508,080 Euro for the assignment of the attribute of use of the good according to its intended purpose, i.e. that the undersigned cannot build construction on the private property;

C. In particular, to oblige the defendant to pay the legal interest for the annual annuity referred to in item A, starting from the date of registration of the application for this legal appeal;

D. In particular, oblige the defendant to pay the legal interest for the overall compensation referred to in item B, from the date of registration of this request for a legal summons;

E. In addition, we ask you to order the other two defendants to pay the amounts indicated in the previous items."

CONPET formulated the counterclaim, requesting the court:

1. To oblige the complainants Vasile Maria – Ilaria, Dragu Georgeta and Dragu Maria to allow the company CONPET S.A. the exercise of the right of legal services established by the provisions of Art. 7 et seq. of Law no. 238/2004 on the land owned by them, situated in Focsani city, Vrancea County. The exercise of the right of legal servitude is to be done on a 2.4 meter wide corridor located along the crude oil transport pipeline Ø 20" Bărăganu - Borzeşti / Rafo Oneşti, for the purpose of permanent access to the pipeline in order to daily check the condition of the pipeline and the execution of accidental and planned repair works. The exercise of the easement right is to be carried out throughout the existence of the pipeline located on the claimant's land but not later than the date of the termination of the oil concession agreement concluded by us, the

undersigned company CONPET S.A., with the Romanian State.

2. To determine the amount of the annual rent stipulated by the law due by us, the undersigned CONPET S.A., to the claimants Vasile Maria – Ilaria, Dragu Georgeta and Dragu Maria in exchange for exercising the right of legal servitude, consisting in the consideration for the annual use of the land affected by the practice of legal servitude.

**Court hearing:** 16.11.2021

**11. Case File no. 32294/299/2020 - Bucharest District 1 Courthouse - pending**

**Trial stage: First court on merits**

**Parties:** CONPET SA – counterclaim defendant

Bob Mihăiță - claimant-defendant

NAMR- defendant

**Object:** Bob Mihăiță files a summons requesting the court to order:

1. The obligation of CONPET SA and NAMR to move the crude oil pipeline crossing the land owned by the claimant located in Cernavoda, plot 1, plot A6 / 2, Constanța county;
2. The establishment of the equivalent value of the lack of use, for a period of three years, prior to the formulation of the summons, amounting to 150,000 RON;
3. In the alternative, the obligation of CONPET S.A. to pay an annual rent for the use of the land owned by the claimant, from the date of filing the summons, in the amount of 5 euro/sq.m./year for the area of 14,645 sq. m., land affected by the protection and safety area, during the existence of legal servitude;
4. Payment of legal fees.

CONPET formulated the counterclaim requesting the court:

1. To order the claimant to allow CONPET S.A. the exercise of the right of legal servitude established by the provisions of Art. 7 et seq. of Law no. 238/2004 on the land owned by the claimant Bob Mihăiță located in Cernavoda, plot 1, plot A6 / 2, Constanța County. The exercise of the right of legal servitude is to be carried out on a 2.4 meter wide corridor located along each of the main crude oil transport pipelines that under-cross the claimant's land, respectively the F1 main crude oil transport pipeline Ø 14¾ ", F2 main crude oil transport pipeline Ø 20 ", and Pipeline 28 Constanța - Bărăganu of crude oil transport Ø 28", for the purpose of permanent access to pipelines for daily verification of the condition of pipelines and execution of possible repair works. The exercise of the right of legal servitude is to be carried out throughout the existence of the pipelines located on the land of the claimant, but no later than the date of termination of the oil concession agreement concluded by us, the undersigned CONPET SA, with the Romanian State;
2. To establish the amount of the annual rent provided by law due by us, the undersigned, to the claimant in exchange for exercising the right of legal servitude.

**Court hearing:** 23.11.2021

### ***c). Litigations brought before the administrative court***

CONPET S.A. has pending before courts 1 litigation, respectively:

**1. Case File no. 1474/105/2019 \*– High Court of Cassation and Justice – pending**

**Trial stage: Appeal - filtering**

The municipality of Ploiești filed a request for a summons and requested the court, by the decision it will issue, to order:

- the obligation of CONPET to pay the amount of 17,748 RON/month, representing the value of

the deprivation of use, starting from 30.03.2016 and until the moment of concluding a contractual form with the respondent, amount that will be updated by the inflation index communicated by the National Institute of Statistics;

- the obligation of CONPET to pay the RON equivalent of the amount of 72,110.17 Euro (VAT excluded), at the official RON/Euro exchange rate, communicated by the National Bank of Romania, valid at the date of payment, representing the value of the deprivation of use for the period 29.03.2013 - 29.03.2016;
- the obligation of CONPET to pay the trial costs incurred by this trial.

**Mentions:** By the **Civil Sentence no. 908/20.06.2019** the Prahova Tribunal admits the exception of the functional non-competence of the Prahova Tribunal - the Second Civil Section of Administrative and Fiscal Litigation and declines the case having as object the action of criminal liability, in favor of the Prahova Tribunal – 1st Civil Section.

By **Sentence no. 1205/13.07.2020** the Prahova Tribunal rejects the request for the completion of the appraisal report on specialty real estate valuations as unfounded. It dismisses the exception of lack of active capacity to stand trial as ungrounded. Admits the exception to the limitation of the substantive right to action, invoked by the defendant. Rejects the request for the defendant to be ordered to pay the sum of 847,692 RON, representing a non-use consideration for the period 29.03.2013 – 29.03.2016 as prescribed. It admits the counterclaim. Orders the defendant to pay to the complainant the sum of 1,025,081 RON representing the missing use consideration for the period 30.03.2016 – 15.11.2019, an amount updated with the rate of inflation at the date of actual payment. Rejects the defendant's claim on the plaintiff being ordered to pay the costs as unfounded.

The judgment was attacked with appeal by CONPET SA and Ploiesti Municipality.

By **Decision no. 1632/17.05.2018**, Ploiesti Court of Appeal rejects the appeal as unfounded. The judgment was attacked with Appeal by CONPET SA and Ploiesti Municipality.

**Court hearing: --**

#### ***d) Litigations in relation to the structure of the share capital***

CONPET S.A. has pending before courts 1 litigation, respectively:

##### **1. Case File no. 5212/105/2018 – Ploiești Court – pending**

###### **Trial stage: Appeal**

Fondul Proprietatea SA filed a petition for trial requesting the court to rule the following:

1. To request CONPET to pay the amount of 734,747.04 RON representing the net value of dividends related to a percentage of 6% of Conpet's share capital, respectively for a number of 524,366 shares held by the claimant by the registration date of CONPET OGMS on 25.04.2007 (i.e. 14.05.2007), for the financial year 2006.
2. The obligation of CONPET to pay compensatory damages, namely the legal interest related to the dividends from maturity due date requested in item 1 and until the date of the introduction of the petition for trial ( namely 09.11.2018) in the amount of 579,015.97 RON.
3. The obligation of CONPET to pay the legal interest related to the net value of the dividends, subsequently, from the date of the petition for trial and until the actual payment of the requested amounts.
4. To oblige Conpet to pay the legal expenses of the present litigation.

**Mentions:** CONPET S.A. filed a Call for Romanian State Guarantee through the Ministry of Finance and A.A.A.S.

By the **Conclusion of 25.06.2019** the Prahova Tribunal rejects as inadmissible the request for guarantee call of the Authority for the Administration of State Assets, formulated by the respondent CONPET S.A. An appeal was lodged against this decision of the Court by CONPET and the Romanian State through the Ministry of Public Finance. By the same Conclusion dated 25.06.2019 the court admitted in principle the request for a Call on Guarantee of the Romanian State through the Ministry of Public Finance, formulated by the defendant CONPET S.A. and rejected as unfounded the exception of lack of passive procedural quality of the Romanian State through the Ministry of Public Finance. The appeal was registered before the Court of Appeal Ploiesti with no. 5212/105/2018/a2. By the Decision no. 515/05.11.2019 the Ploiești Appellate Court admits the exception of the inadmissibility of the appeal declared by the Ministry of Public Finances. The court rejects this appeal as inadmissible. The court rejects the exception of the lack of interest and the exception of the inadmissibility of the appeal declared by CONPET SA. Dismisses this appeal as unfounded. Final judgement.

By the Conclusion dated 20.09.2019, Ploiești Court of Appeal suspends the trial of the case until the settlement of the appeals made against the decision pronounced on 25.06.2019. This conclusion remained final by non-recurrence.

By **Sentence no. 633/20.05.2021** the Prahova Court rejects as ungrounded the exception of the prescription of the right to action. It admits the action. It obliges the defendant CONPET SA to pay to the claimant the amounts of RON 734,747.04 representing the value of dividends, of RON 579,015.97, representing dividends for the period 26.10.2007-09.11.2018, and the legal interest related to the net value of the dividends from 09.11.2018 and until the actual payment of the main debit. It admits in part the impleader request. It obliges the impleaded Romanian State to pay to the defendant SC CONPET SA, the amount of 734,747.04 RON, representing the value of dividends, and the legal interest related to this amount starting with 17.12.2018 and until the date of restitution to the defendant of the amount of 734,747.04 RON. The decision may be appealed after communication.

By **Decision no. 814/01.07.2021** The Prahova Court admits the request for correction of the material error made by the claimant. It corrects the material error crept into the content of paragraph 3 of the operative part of sentence no. 633/02.06.2021 pronounced by the Prahova Court, in the sense that it is written: "It obliges the defendant S.C. CONPET S.A. to pay to the claimant the amounts of 734,747.04 RON representing the main debit, of 579,015.97 RON, representing dividends for the period 26.10.2007 - 09.11.2018, and the legal interest related to the net value of the dividends as of 09.11.2018 until the actual payment of the main debit. "It admits the request for completion of the decision made by the claimant. It orders the completion of the civil sentence no. 633/02.06.2021 in the sense that it also provides: It reduces the fee of the claimant's lawyer to to 70,000 RON. It obliges the defendant S.C. CONPET S.A. to pay the claimant the following legal expenses: 20,347.63 RON representing judicial stamp duty, 4,300 RON expert fee, 8,481.87 RON expert fee, 70 RON lawyer's fee and 1,125 RON other expenses. It obliges the summoned in guarantee the Romanian State to pay to the defendant CONPET S.A. legal expenses in the amount of 16,943 RON.

The sentence was appealed by CONPET and the Fondul Proprietatea.

### 3.5. Analysis of the Corporate Activity

#### 3.5.1. Capital Market Business

The shares issued by CONPET S.A. are traded on the regulated market administered by the Bucharest Stock Exchange, on the Principal segment, at Equity sector - category Premium, under "COTE" symbol.

At the end of the first nine months of 2021, the trading price of CONPET shares recorded an increase by 6.22% compared to the closing price of the first trading day of the previous year.

In summary, the transactions recorded with CONPET shares on the Bucharest Stock Exchange during January - September 2021 are as follows:

- ✓ 11,959 trades higher by approx. 24.2% YoY (9,626 transactions). At the same time, the total volume of shares traded amounted to 773,002 shares, 31.40% lower than the volume recorded during January-September 2020 (1,126,894 shares);
- ✓ The total value of trades amounted to 69,009,781 RON, by 19.11% lower than the value recorded in the same period of 2020 (85,318,210 RON);
- ✓ the average trading price was of 87.17 RON/share, higher by 10.58 RON/share versus the average price of the shares registered during the same period of 2020 (76.59 RON/share);
- ✓ the maximum level registered by the trading price was of 98.00 RON/share and has been reached in the first half of February;
- ✓ A peak of the transactions was recorded in April 2021, when a total volume of 77,353 shares was traded, amounting 7,194,371 RON, representing 10.43% of the total volume of COTE shares traded during January - September 2021;
- ✓ The Market capitalization at the end of 2021 Q3 was of 709,917,296 RON, higher by 8.47% as compared to the value recorded at the end of the same period of 2020 (654,509,117 RON). At 30.09.2021, as per TOP 100 issuers according to capitalization, CONPET ranked 24<sup>th</sup>.

The main trading indices during January– September 2021 for the shares issued by CONPET are presented in the following table:

Indices Month	Average price (RON/share)	No. of trades	No. of traded shares	Value of trades (RON)
January	81.36	1,722	103,050	8,610,351
February	92.62	2,739	173,161	16,298,442
March	90.25	1,596	88,151	7,939,145
April	92.45	861	133,527	12,387,218
May	93.19	1,378	74,337	6,925,971
June	86.06	1,178	51,907	4,561,496
July	84.40	780	33,733	2,837,521
August	82.06	936	27,099	2,217,635
September	82.11	769	88,037	7,232,002

Indices Month	Average price (RON/share)	No. of trades	No. of traded shares	Value of trades (RON)
Cumulated	87.17	11,959	773,002	69,009,781

Table 25 - Main trading indices

The evolution of the average trading price of CONPET S.A. shares, during January– September 2021, is the following:

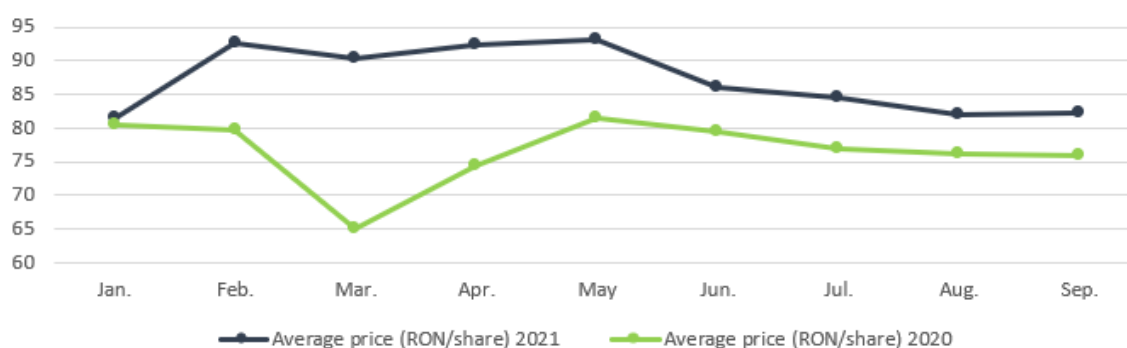


Chart 14 - Evolution of the average trading price of the shares

The price series of shares issued by CONPET SA followed an upward trend in the first 4 months of the year 2021, except for the month of February. In May, June and July, the trading prices of CONPET shares described a downward trend, followed by an upward trend in August and September.

Within the first 9 months of 2021, the average trading price of CONPET shares was over the values recorded within the same period of the previous year.

The Company CONPET S.A. is being included in 7 indices out of 9 of the Bucharest Stock Exchange, namely BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG și BET Plus.



Chart 15 - Evolution of COTE share vs. BET index (rebased) (RON)

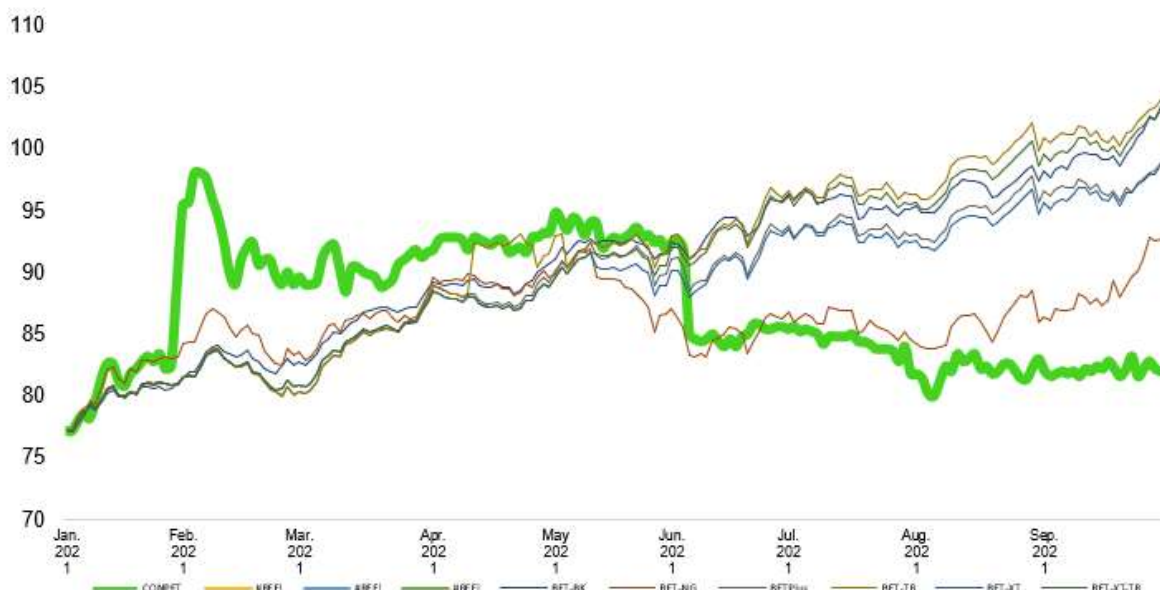


Chart 16 - Evolution of COTE share vs stock Indices (rebased) where is being included 9 months 2021()

### Own shares, issuance of bonds or other debt instruments

CONPET S.A. did not perform transactions having as scope the purchase of own shares and does not hold own shares at September 30, 2021.

CONPET S.A. has not issued bonds or other debt instruments.

### Dividends

CONPET S.A. continued the dividend policy applied within the last years, the rate for the distribution of the net accounting profit for 2020 financial year amounted to 97%.

The gross dividend per share amounted to 6.89 RON and the dividend yield, at the date of approval by the GMS of the distributed dividends, was of 7.4%.

The Ordinary General Meeting of Shareholders dated 28.04.2021 approved the distribution in the form of dividends of the amount of 59,314,941 RON from the net profit and of the amount of 392,498 RON from the retained earnings representing surplus achieved from revaluation reserves.

The date of payment set by the OGMS was 24.06.2021.

The evolution of the gross dividend per share, distributed on the account of the net profit achieved within the last 5 years is the following:

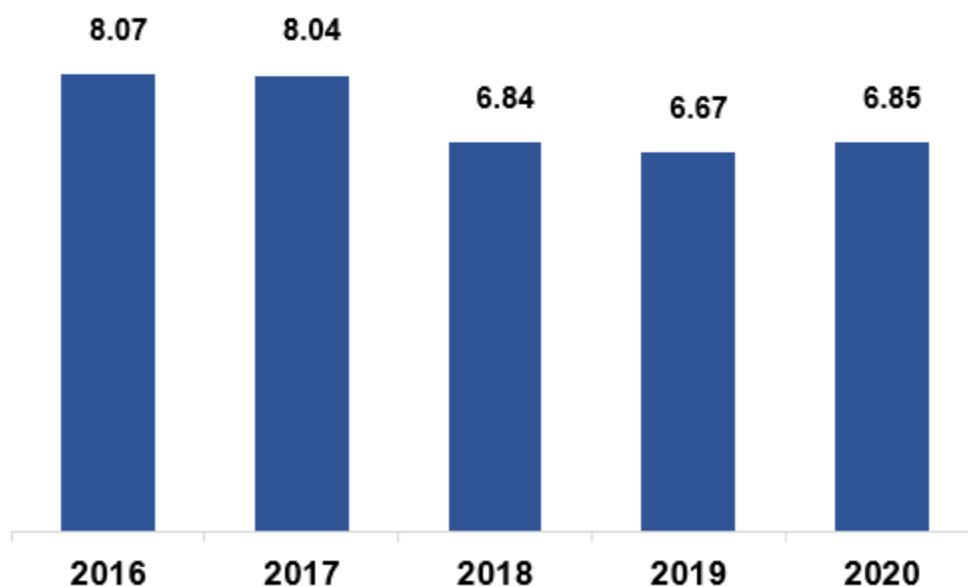


Chart 17 - Evolution of the dividend per share paid

During 2016-2020, the company CONPET also distributed, apart from the dividends distributed from the profit, additional amounts represented retained earnings and other reserves - own financing sources.

### 3.5.2. The Executive Management

Between 01.01.2021 - 30.09.2021 the executive management had the following constituency:

#### Directors:

Position	Name and Surname	Observations
Director General	Eng. TUDORA Dorin	- contract of mandate of 4 years period 21.04.2021 – 20.04.2025 (inclusive of); - provisional appointment starting with 05.02.2021 (as per Art.2 of the BoD Decision no.3/05.02.2021 until 20.04.2021, inclusive of)
	Jurist DUMITRACHE Mihaela– Anamaria	- empowered during 19.01 2021 – 04.02.2021 as per Art. 2 of the BoD Decision no.1/12.01.2021 to also carry out the attributions and responsibilities connected with the Director General position.
	PhD Eng. CHIȘ Timur Vasile	- contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, (inclusive of).

		In the meeting dated 12.01.2021, the Board of Directors took notice of the decision of Mr. Chiş Timur Vasile to waive the mandate of Director General.
Deputy Director General	Jurist DUMITRACHE Mihaela– Anamaria	- contract of mandate of 4 years period 18.02.2019 - 17.02.2023, inclusive of.
Economic Director	Econ. TOADER Sanda	- contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, inclusive of).
Deputy Director General 2	Jurist LUPEA Ioana Mădălina	- starting with 15.06.2021 (as per the Director General Decision no. 338/04.06.2021) until 17.02.2024, inclusive of)
	Eng. NECŞULESCU Radu Florentin	- starting with 05.02.2021 (as per the Director General Decision no. 59/05.02.2021) until 14.06.2021 (inclusive of) as per the Director General's decision no. 232/21.04.2021.
	Eng. TUDORA Dorin	starting 03.02.2020 as per Decision of the Director General no. 41/31.01.2020 up to 04.02.2021, inclusive of).

### Heads of Units

Position	Name and Surname
Head of Transport Operations Unit	Eng. STOICA Narcis Florin
Head of Maintenance Development Unit	Eng. BUZATU Dan
Head of Critical Infrastructures Unit	Eng. NECŞULESCU Radu Florentin
Head of the Commercial Unit*)	Jurist MANOLACHE Dan (as of 15.06.2021, inclusive of)
Head of the HSE Unit*)	Eng. MARUSSI Mădălina Mihaela (as of 15.06.2021, inclusive of)
Head of Communication and Corporate Governance Department*)	PATRICHİ Bianca Maria (starting with 15.06.2021, inclusive of)

\*) organizational structures set up starting with June 15, 2021

### Head Engineer:

Position	Name and Surname
Development-Maintenance Chief Engineer	Eng. CÎRLAN Florentina – Anca
Production Chief Engineer	Eng. BACIU Dan-Silviu (up to 14.06.2021, inclusive of)

### 3.5.3. The Activity regarding the Sponsorship concluded in the first 9 months of 2021

The sponsorship actions were performed in compliance with the annual Revenues and Expenditure Budget, falling within the sponsorship expenses broken down by areas of interest.

CONPET SA seeks the actions of sponsorship to be as efficient in terms of the social point of view and the financial assistance to be a real support and benefit for the applicant. The sponsorship policy of the company supports both traditional projects, those that have an important and lasting impact on the community, as well as requests for smaller scale, which promote, through ideas and actions, the individual performance.

In the first 9 months of 2021, CONPET S.A. continued to support the equipment of the education units in rural and urban areas with computers, targeting to improve the students' access to modern educational resources as well as the performance of the sports activities in certain prestigious clubs for the benefit of the children and youngsters in Prahova county.

Furthermore, the company awarded sponsorship to Ploiesti Municipal Hospital and the Pediatrics Hospital for the procurement of medical equipment.

At the level of 2021, in the Revenues and Expenditure Budget of CONPET S.A. were provided sponsorship expenses amounting 700 thousand RON.

At September 30, 2021, during the BoD meetings of the company, have been approved sponsorships in total amount of 526,560 RON, as follows:

- 177,560 RON - "Education, schooling and sports";
- 296,000 RON - " Medical care and health"
- 53,000 RON - "Other actions and activities"

#### 3.5.4. Coronavirus Pandemic Risk Issues (Covid-19)

Ever since the beginning of this situation, CONPET adopted special measures to protect the employees and limit a potential extension of the disease COVID-19. Thus, prevention and protection measures have been implemented in all workplaces where employees work.

CONPET quickly and effectively implemented all the emergency measures that were imposed to protect the health of the employees as well as to keep safe the administration of the Crude Oil National Transport System. In the context of the pandemic Corona virus (Covid-19), the company ensures business continuity.

### 4. RELEVANT CORPORATE EVENTS - 9 MONTHS 2021

#### **March 10, 2021**

Took place the Extraordinary General Meeting of Shareholders with the agenda: Approval of the augmentation of the share capital of CONPET SA by the maximum value of 108,798,558 RON representing contributions in kind (land plots) amounting to 63,882,386.70 RON and cash amounting to max. 44,916,171.30 RON, from the current value of 28,569,842.40 RON to a maximum of 137,368,400.40 RON.

The EGMS has not met the attendance quorum needed provided by the law for the augmentation of the share capital by contribution in kind.

#### **March 11, 2021**

As in first call the presence quorum has not been met for holding the Extraordinary General Meeting of Shareholders on March 10, 2021, the meeting took place in second call, namely on March 11, 2021, with the same agenda.

The Extraordinary General Meeting of Shareholders has ascertained that nor in this second call has been met the attendance quorum provided by law, necessary to decide upon the proposal to augment the share capital by the value of the land plots held based on the land ownership certificates.

#### **April 28, 2021**

The Ordinary General Meeting of Shareholders approved the annual financial statements for the financial year 2020, the net profit distribution related to the financial year 2020, approved the Revenues and Expenditure Budget and the Investment Programme for 2021.

#### **August 4, 2021**

The Ordinary General Meeting of Shareholders approved the revocation of Mr. Meșca Darius Dumitru from the capacity of administrator of the company CONPET S.A. and appointed Mrs. Kohalmi - Szabo Luminița - Doina in the capacity of provisional administrator of the company CONPET S.A., with a term of office of 4 months, respectively until 03.12.2021 (inclusive of).

### **5. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements at 30.09.2021 and for the 9 months period ended September 30, 2021 were prepared in compliance with IAS 34 - Interim Financial Reporting.

The interim financial statements do not include all information and elements published in the annual financial statements and must be read together with the annual financial statements, prepared at December 31, 2020.

The simplified interim financial statements at the date and for the nine months period ended September 30, 2021, included in this report, have not been audited.

#### **Accounting Policies**

The accounting policies and the evaluation methods adopted in view of preparing the interim financial statements are the same with those used at the preparation of the financial statements for the year ended December 31, 2020.

#### **Annexes:**

Annex no. 1 Interim Statement of the Financial Standing at September 30, 2021;

Annex no. 2 Interim Statement of the profit or loss and other global result elements for the 9 months period ended September 30, 2021;

Annex no. 3 Interim cash-flow statement for the 9 months period ended September 30, 2021;

Annex no. 4 Statement of the work and products procurement contracts with values higher than 500,000 EURO, concluded during 01.01.2021-30.09.2021;

Annex no. 5 Statement of services procurement contracts with values higher than 100.000 Euro, concluded between 01.01.2021-30.09.2021.

**Chairman of the Board of Directors  
CONPET S.A.  
Gheorghe Cristian - Florin**

**Director General  
Eng. TUDORA Dorin**

**Economic Director  
Econ. Toader Sanda**

## Annex no. 1

## INTERIM STATEMENT OF THE FINANCIAL STANDING AT SEPTEMBER 30, 2021

-RON-

	September, 30 2021 (unaudited)	December, 31 2020 (audited)
<b>ASSETS</b>		
<b>Intangible assets</b>		
Tangible assets	505,955,054	504,534,005
Intangible assets	3,794,977	4,313,253
Financial Assets	881,429	1,111,921
Receivables related to the deferred corporate tax	5,065,069	4,955,676
<b>Total Non-current assets</b>	<b>515,696,529</b>	<b>514,914,855</b>
<b>Current assets</b>		
Inventories	5,765,330	5,912,006
Trade receivables and other receivables	41,916,658	40,260,134
Cash and cash equivalents	181,231,615	198,257,333
Prepaid expenses	1,277,776	602,808
<b>Total current assets</b>	<b>230,191,379</b>	<b>245,032,281</b>
<b>TOTAL ASSETS</b>	<b>745,887,908</b>	<b>759,947,136</b>
<b>Equities and liabilities</b>		
<b>Equities</b>		
Subscribed and paid-up share capital	28,569,842	28,569,842
Legal reserves	5,713,968	5,713,968
Revaluation reserves	18,947,672	20,931,765
Other reserves	508,154,665	500,269,257
Retained earnings	43,777,307	40,678,977
Year's Result	41,982,693	60,846,759
<b>Total shareholders' equities</b>	<b>647,146,147</b>	<b>657,010,568</b>
<b>Long-term liabilities</b>		
Long-term liabilities to employees	19,499,084	19,864,043
Other long-term liabilities	3,899,059	3,470,722
<b>Total long-term liabilities</b>	<b>23,398,143</b>	<b>23,334,765</b>
<b>Current liabilities</b>		
Trade liabilities	20,863,302	23,583,540
Current Income Tax	2,292,418	738,139
Other liabilities	29,365,880	29,892,967
Short-term liabilities to employees	13,166,980	14,127,500
Short-term provisions	9,655,038	11,259,657
<b>Total current liabilities</b>	<b>75,343,618</b>	<b>79,601,803</b>
<b>Total liabilities</b>	<b>98,741,761</b>	<b>102,936,568</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>745,887,908</b>	<b>759,947,136</b>

## Annex no. 2

**INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER ELEMENTS OF THE GLOBAL  
RESULT FOR THE NINE MONTHS PERIOD ENDED  
SEPTEMBER 30, 2021**

-RON-

	9 months ended September 30, 2021 (unaudited)	9 months ended September 30, 2020 (unaudited)
<b>Operating Revenues</b>		
Revenues from contracts	313,306,342	304,009,229
Other revenues	33,616,435	30,358,525
<b>Total Operating Expenses</b>	<b>346,922,777</b>	<b>334,367,754</b>
<b>Operating Expenses</b>		
Inventory related expenses	3,854,627	3,883,869
Expenses with energy and water	10,555,387	9,365,784
Personnel expenses	127,280,485	121,487,211
Impairments related to property, less impairments related to rights of use resulting from leasing contracts	38,651,386	35,877,013
Value adjustments on rights of use resulting from leasing contracts	1,277,783	1,192,117
Impairments of current assets	(110,917)	(26,445)
Expenses with external services	82,937,780	80,233,826
Provision adjustments	(2,644,911)	137,919
Other expenses	38,128,579	29,703,435
<b>Total Operating Expenses</b>	<b>299,930,199</b>	<b>281,854,729</b>
<b>Operating Profit</b>	<b>46,992,578</b>	<b>52,513,025</b>
<b>Financial Revenues</b>	<b>2,261,456</b>	<b>5,027,442</b>
Interest expenses related to leasing contracts	160,002	512,681
Other financial revenues	103,939	72,676
<b>Financial Expenses</b>	<b>263,941</b>	<b>585,357</b>
<b>Financial profit</b>	<b>1,997,515</b>	<b>4,442,085</b>
<b>Profit before income tax</b>	<b>48,990,093</b>	<b>56,955,110</b>
Expenses with current income tax	7,116,793	8,438,682
Expenses with (revenues coming from) deferred income tax	(109,393)	(429,401)
<b>Profit of the period</b>	<b>41,982,693</b>	<b>48,945,829</b>
<b>TOTAL GLOBAL RESULT</b>	<b>41,982,693</b>	<b>48,945,829</b>
<b>Earnings per share</b>	<b>4.85</b>	<b>5.65</b>

## Annex no. 3

**INTERIM CASH-FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED  
SEPTEMBER 30, 2021**

-RON-

	Name of the Item	9 months 2021 (unaudited)	9 months 2020 (unaudited)
	<b>Cash flows from operating activities:</b>		
+	Proceeds from services supply	339,233,241	336,519,591
+	Proceeds from interests related to banking placements	2,312,527	5,694,385
+	Other proceeds	8,070,353	3,844,517
-	Payments to the suppliers of goods and services	91,245,163	87,650,180
-	Payments to and on behalf of the employees	126,373,148	119,221,277
-	VAT Payments	38,463,145	32,243,442
-	Expenses with income tax and specific tax	5,587,596	8,504,016
-	Other payments regarding operating activities	33,308,885	29,182,705
<b>A</b>	<b>Net cash from operating activity</b>	<b>54,638,184</b>	<b>69,256,873</b>
	<b>Cash flows from investment activities:</b>		
+	Proceeds from sale of tangible assets	283,255	-
+	Proceeds from modernization quota	35,653,167	27,334,131
-	Payments for purchase of tangible assets	48,078,198	77,073,753
<b>B</b>	<b>Net cash from investing activity</b>	<b>(12,141,776)</b>	<b>(49,739,622)</b>
	<b>Cash-flows from financing activities</b>		
-	Paid Dividends	57,555,180	58,924,091
-	Payments on the account of the lease debt	1,804,097	2,017,334
-	Interest payments	162,849	185,116
<b>C</b>	<b>Net cash from financing activities</b>	<b>(59,522,126)</b>	<b>(61,126,541)</b>
	<b>Net increase of the cash and cash equivalents =A+B+C=D2-D1</b>	<b>(17,025,718)</b>	<b>(41,609,290)</b>
<b>D1</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>198,257,333</b>	<b>238,576,951</b>
<b>D2</b>	<b>Cash and cash equivalents at end of the period</b>	<b>181,231,615</b>	<b>196,967,661</b>

## Annex no. 4

**STATEMENT OF WORKS AND PRODUCTS PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 500.000 EURO,  
CONCLUDED BETWEEN 01.01.2021 - 30.09.2021**

Crt .no .	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Value of the contract after potential addenda	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
1.	TALPAC SRL	Construction works of a new crude oil tank (V=2500 c.m.) Biled crude oil loading ramp	L-CA 27/08.02.2021	Tender	-	36932/18.11.2020	5,163,085.52	5,163,085.52	01.03.2021	24	24
<b>TOTAL QUARTER I - 1 CONTRACT</b> <b>VALUE QUARTER I = 5,163,085.52 RON</b>											
2.	TALPAC SRL	Design and execution works for replacement of a section of 24" Constanta-Midia pipeline, Navodari area, approx. 1100 m (BATCH 2)	L-CA 210/10.06.2021	Tender	-	13173/16.04.2021	2,849,697.20	2,849,697.20	24.06.2021	6	6
3.	OMV PETROM MARKETING	Fuel supply based on credit cards	P-CA 191/28.05.2021	Tender	-	11814/05.04.2021	5,203,800.00	5,203,800.00	01.06.2021	36	36
4.	CEZ SALE	Electricity Supply Batch 1	P-CA 221/28.06.2021	Tender	-	15844/20.05.2021	3,526,655.76	3,526,655.76	01.07.2021	12	12
<b>TOTAL QUARTER II - 3 CONTRACTS</b> <b>VALUE QUARTER II= 11,580,152.96 RON</b>											
5.	CIS GAZ SA	Design and execution works for achievement of the objective replacement of connection lines crossing the Danube C1-C2 and BORcea Arm C3-C4	L-CA 292/30.08.2021	Tender	-	36261/12.11.2021	107,335,602.65	107,335,602.65	24.09.2021	22	22

Crt .no .	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Value of the contract after potential addenda	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
6.	TALPAC SRL	Execution works related to the construction of 2 new crude oil tanks (V=2500 m3 each) at Moreni crude oil pumping station as per A 586 project	L-CA 289/26.08.2021	Tender	-	24973/22.07.2021	10,239,078.67	10,239,078.67	07.09.2021	24	24
7.	PRODREP STAR SRL	Design and modernization of the crude oil pumping system inside Mislea Station, prahova County	L-CA 297/01.09.2021	Tender	-	19696/14.06.2021	4,426,147.02	4,426,147.02	24.09.2021	26	26
8.	INSPET SA	Execution works related to the protection of the crude oil transport pipelines 12 and 14 Cartojani ,route situated between rail lines CF Triaj Brazi and Ghighiului street, on a total length of 110 linear meters.	L-CA 301/03.09.2021	Tender	-	22345/02.07.2021	3,950,579.40	3,950,579.40	22.09.2021	8	8
9.	PRODREP STAR SRL	Modernization of crude oil pumping system inside Potlogi Station, Dambovit County	L-CA 295/01.09.2021	Tender	-	19657/14.06.2021	3,101,669.11	3,101,669.11	-	20	20
<b>TOTAL QUARTER III - 5 CONTRACTS</b> <b>VALUE QUARTER III = 129,053,076.85 RON</b>											
<b>CUMULATIVE TOTAL - 9 CONTRACTS</b> <b>CUMULATIVE VALUE = 145,796,315.33 RON</b>											

## Annex no.5

**STATEMENT OF SERVICES PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 100.000 EURO,  
CONCLUDED BETWEEN 01.01.2021 - 30.09.2021**

Crt.n o.	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
<b>Total QUARTER I - 0 VALUE QUARTER I = 0 RON</b>											
1.	WMC GUARD SECURITY S.R.L. Buzau	Providing security, protection, intervention services in relation to CONPET S.A. objectives and assets	S-CA 208/07.06.2021	Tender	-	13690/21.04.2021	1,916,861.76	1,916,861.76	08.06.2021	24	24
<b>Total QUARTER II- 1 CONTRACT VALUE QUARTER II = 1,916,861.76 RON</b>											
2.	ENVIROTECH SRL	Frame agreement concerning services related to the restoration of the biological environment and polluted water courses as a result of the breakdowns occurred along the crude oil, rich gas and ethane transport pipeline routes or in the technological precincts of CONPET S.A. Ploiesti, taking over of the soil contaminated with crude oil	S-CA 275/12.08.2021	Tender	-	23712/13.07.2021	3,477,526.00	3,477,526.00	13.08.2021	24	24

Crt .n o.	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
	ENVIROTECH SRL	Subsequent contract 1 to the Frame agreement concerning services related to the restoration of the biological environment and polluted water courses as a result of the breakdowns occurred along the crude oil, rich gas and ethane transport pipeline routes or in the technological precincts of CONPET S.A. Ploiesti, taking over of the soil contaminated with crude oil	S-CA 276/ 12.08.2021	Tender	-	-	1,738,763.00	1,738,763.00	13.08. 2021	12	12
3.	MISTER DELIVERY	Services related to ERP analysis and reconfiguration	S-CA 291/ 30.08.2021	Tender	-	15248/ 13.07.2021	607,500.00	607,500.00	30.08. 2021	36	36
4.	MULTIMODAL SERVICE SRL	Maintenance of 10 locomotives type LDH 450, 700, 1250 -CP	S-CA 286/ 26.08.2021	Tender	-	25107/ 22.07.2021	543,733.60	543,733.60	13.09. 2021	24	24
<b>Total QUARTER III- 3 CONTRACTS</b> <b>VALUE QUARTER III = 2,889,996.60 RON</b>											
<b>CUMULATED TOTAL - 4 CONTRACTS</b> <b>CUMULATED VALUE - 4,806,858.36 RON</b>											

**FINANCIAL STATEMENTS**  
**at the date and for the nine months period ended**  
**September 30, 2021**

**according to the Minister of Public Finance Order no. 2844/2016 and the**  
**International Accounting Standard 34 "Interim Financial Reporting"**



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## INTERIM STATEMENT OF THE FINANCIAL STANDING AT SEPTEMBER 30, 2021

	Note:	September, 30 2021 (unaudited)	December, 31 2020 (audited)
<b>ASSETS</b>			
<b>Intangible assets</b>			
Tangible assets	4	505,955,054	504,534,005
Intangible assets	5	3,794,977	4,313,253
Financial Assets	6	881,429	1,111,921
Receivables related to the deferred corporate tax	13	5,065,069	4,955,676
<b>Total non-current assets</b>		<b>515,696,529</b>	<b>514,914,855</b>
<b>Current assets</b>			
Inventories	7	5,765,330	5,912,006
Trade receivables and other receivables	8	41,916,658	40,260,134
Cash and cash equivalents	9	181,231,615	198,257,333
Prepaid expenses		1,277,776	602,808
<b>Total current assets</b>		<b>230,191,379</b>	<b>245,032,281</b>
<b>TOTAL ASSETS</b>		<b>745,887,908</b>	<b>759,947,136</b>
<b>Equities and liabilities</b>			
<b>Equities</b>			
Subscribed and paid-up share capital	10	28,569,842	28,569,842
Legal reserves	10	5,713,968	5,713,968
Revaluation reserves	10	18,947,672	20,931,765
Other reserves	10	508,154,665	500,269,257
Retained earnings	10	43,777,307	40,678,977
Year's Result	10	41,982,693	60,846,759
<b>Total shareholders' equities</b>		<b>647,146,147</b>	<b>657,010,568</b>
<b>Long-term liabilities</b>			
Long-term liabilities to employees long-term	11	19,499,084	19,864,043
Other long-term liabilities	11	3,899,059	3,470,722
<b>Total long-term liabilities</b>		<b>23,398,143</b>	<b>23,334,765</b>
<b>Current liabilities</b>			
Trade liabilities	11	20,863,302	23,583,540
Current Corporate Tax	11	2,292,418	738,139
Other liabilities	11	29,365,880	29,892,967
Liabilities to employees on short-term	11	13,166,980	14,127,500
Short-term provisions	12	9,655,038	11,259,657
<b>Total current liabilities</b>		<b>75,343,618</b>	<b>79,601,803</b>

**The company CONPET S.A.**

Interim Statement of the Financial Standing at September 30, 2021

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

---

<b>Total liabilities</b>	<b>98,741,761</b>	<b>102,936,568</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>745,887,908</b>	<b>759,947,136</b>

These interim financial statements and the related notes, from page 1 to page 27, have been authorized for issue and signed by the company's management at November 15, 2021.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Econ. Sanda Toader**

The attached notes, from 1 to 19, are integral part of these financial statements.

**The company CONPET S.A.**

Interim statement of profit or loss and other elements of the global result for the period of nine months ended September 30, 2021

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

**INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER ELEMENTS OF THE GLOBAL  
RESULT FOR THE NINE MONTHS PERIOD ENDED  
September 30, 2021**

		<b>9 months ended September 30, 2021 (unaudited)</b>	<b>9 months ended September 30, 2020 (unaudited)</b>
<b>Operating Revenues</b>	15		
Revenues from contracts		313,306,342	304,009,229
Other revenues		33,616,435	30,358,525
<b>Total Operating Expenses</b>		<b>346,922,777</b>	<b>334,367,754</b>
<b>Operating Expenses</b>	16		
Expenditure on stocks		3,854,627	3,883,869
Expenses with energy and water		10,555,387	9,365,784
Personnel expenses		127,280,485	121,487,211
Property-related impairments, less impairments related to rights of use resulting from leasing contracts		38,651,386	35,877,013
Impairments related to rights of use resulting from leasing contracts		1,277,783	1,192,117
Impairments of current assets		(110,917)	(26,445)
Expenses with external services		82,937,780	80,233,826
Provisions-related impairments		(2,644,911)	137,919
Other expenses		38,128,579	29,703,435
<b>Total Operating Expenses</b>		<b>299,930,199</b>	<b>281,854,729</b>
<b>Operating Profit</b>		<b>46,992,578</b>	<b>52,513,025</b>
<b>Financial Revenues</b>		<b>2,261,456</b>	<b>5,027,442</b>
Interest expenses related to leasing contracts		160,002	512,681
Other financial revenues		103,939	72,676
<b>Financial Expenses</b>		<b>263,941</b>	<b>585,357</b>
<b>Financial profit</b>	17	<b>1,997,515</b>	<b>4,442,085</b>
<b>Profit before corporate tax</b>		<b>48,990,093</b>	<b>56,955,110</b>
Expenses with current corporate tax	13	7,116,793	8,438,682
Expenses with (revenues coming from) deferred corporate tax		(109,393)	(429,401)
<b>Profit of the period</b>		<b>41,982,693</b>	<b>48,945,829</b>
<b>TOTAL GLOBAL RESULT</b>		<b>41,982,693</b>	<b>48,945,829</b>
<b>Result per share</b>	14	<b>4.85</b>	<b>5.65</b>

These interim financial statements and the related notes, from page 1 to page 27, have been authorized for issue and signed by the company's management at November 15, 2021.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Econ. Sanda Toader**

The attached notes, from 1 to 19, are integral part of these financial statements.

**INTERIM STATE OF THE CHANGES IN EQUITY AT SEPTEMBER 30, 2021 (unaudited)**

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained Earnings	Year's profit or loss	Total shareholders' equities
<b>Balance at January 1, 2021</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>
Net result of the year	-	-	-	-	-	41,982,693	41,982,693
Surplus from revaluation	-	-	(1,984,092)	-	1,984,092	-	-
<b>Total other global result elements</b>	<b>-</b>	<b>-</b>	<b>(1,984,092)</b>	<b>-</b>	<b>1,984,092</b>	<b>41,982,693</b>	<b>41,982,693</b>
Net increase of the modernization quota reserve	-	-	-	7,885,408	-	-	7,885,408
	-	-	-	-	(25,082)	-	(25,082)
Dividends due to shareholders					(392,498)	(59,314,941)	(59,707,439)
Allocation of profit provided by law - exemption of reinvested profits	-	-	-		1,531,818	(1,531,818)	-
<b>Balance at September 30, 2021</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>18,947,672</b>	<b>508,154,665</b>	<b>43,777,307</b>	<b>41,982,693</b>	<b>647,146,147</b>

# **INTERIM STATE OF THE CHANGES IN EQUITY AT September 30, 2020 (unaudited)**

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained Earnings	Year's profit or loss	Total shareholders' equities
<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 year						48,945,829	48,945,829
Surplus achieved from revaluation	-	-	(2,039,171)	-	2,039,171	-	-
<b>Total other global result elements</b>	<b>-</b>	<b>-</b>	<b>(2,039,171)</b>	<b>-</b>	<b>2,039,171</b>	<b>48,945,829</b>	<b>48,945,829</b>
Net increase of the modernization quota reserve	-	-	-	2,438,541	-	-	2,438,541
Dividends due to shareholders	-	-	-	-	(3,298,140)	(57,757,444)	(61,055,584)
Allocation of profit provided by law - exemption of reinvested profits					1,119,275	(1,119,275)	-
<b>Balance at 30, 2020</b>	<b>28,569,842</b>	<b>5,713,968</b>	<b>19,072,722</b>	<b>497,979,313</b>	<b>43,857,468</b>	<b>48,945,829</b>	<b>644,139,142</b>

Note: The position „Other reserves” includes also the reserve from the modernization quota in amount of 469,006,544 RON at 30.06.2021, namely 461,121,136 RON at 01.01.2021. This reserve has a special regime, provided in GD no. 168/1998, this being destined exclusively to the financing of the modernization works and development works related to the goods belonging to the public domain. The modernization quota is being collected according to the proceeds of the transport services via SNT and is reflected in the reserve accounts, on account of the 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 27, have been authorized for issue and signed by the company's management at November 15, 2021.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Econ. Sanda Toader**

# **INTERIM CASH-FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

- RON-

	<b>Name of the Item</b>	<b>9 months, 2021 unaudited</b>	<b>9 months, 2020 unaudited</b>
	<b>Cash flows from operating activities:</b>		
+	Proceeds from services supply	339,233,241	336,519,591
+	Proceeds from interests related to banking placements	2,312,527	5,694,385
+	Other proceeds	8,070,353	3,844,517
-	Payments to the suppliers of goods and services	91,245,163	87,650,180
-	Payments to and on behalf of the employees	126,373,148	119,221,277
-	VAT Payments	38,463,145	32,243,442
-	Expenses with corporate tax and specific tax	5,587,596	8,504,016
-	Other payments regarding operating activities	33,308,885	29,182,705
<b>A</b>	<b>Net cash from operating activity</b>	<b>54,638,184</b>	<b>69,256,873</b>
	<b>Cash flows from investment activities:</b>		
+	Proceeds from sale of tangible assets	283,255	-
+	Proceeds from modernization quota	35,653,167	27,334,131
-	Payments for purchase of tangible assets	48,078,198	77,073,753
<b>B</b>	<b>Net cash from investing activity</b>	<b>(12,141,776)</b>	<b>(49,739,622)</b>
	<b>Cash-flows from financing activities</b>		
-	Paid Dividends	57,555,180	58,924,091
-	Payments on the account of the debt related to leasing	1,804,097	2,017,334
-	Interest payments	162,849	185,116
<b>C</b>	<b>Net cash from financing activities</b>	<b>(59,522,126)</b>	<b>(61,126,541)</b>
	<b>Net increase of the cash and cash equivalents =A+B+C=D2-D1</b>	<b>(17,025,718)</b>	<b>(41,609,290)</b>
<b>D1</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>198,257,333</b>	<b>238,576,951</b>
<b>D2</b>	<b>Cash and cash equivalents at end of the period</b>	<b>181,231,615</b>	<b>196,967,661</b>

The cash and cash equivalents existing at 30.09.2021 have decreased by 8% as compared to September 30, 2020 (181.2 mRON, compared to 196.9 mRON). The decrease has been determined, mainly, by the decrease of the cash generated by the operating activity.

Out of the total of 181.2 mRON liquid assets pending settlement at 30.09.2021, the party related to the modernization quota amounts to 125.5 mRON.

The effects of the three activity areas (operation, investment and financing) over the cash in 9 months period 2021 reveal the followings:

- the operating activity triggered a cash-flow in amount of 54.6 mRON.;
- the investment activity ended with a negative cash flow in amount of 12.1 mRON;
- the financing activity, which includes in proportion of approximately 97% the dividends payments, has reduced the total cash flow with 59.5mRON.

The operating activity registers a decrease of the cash by approximately 15 mRON compared to

The Company CONPET S.A.  
Interim cash-flows statement for the 9 month period ended September 30, 2021;  
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the same period of the previous year, generated by the increase of payments to employees and State budget.

The net cash from investment activities records a negative value, higher by approx. 38mRON compared to the level registered in 2020, due to a lower level of payments to the suppliers of investment works.

These financial statements and the related notes, from page 1 to page 27, have been authorized for issue and signed by the company management at November 15, 2021.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Econ. Sanda Toader**

The attached notes, from 1 to 19, are integral part 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 the Prahova Trade Registry under no. J29/6/1991, and the Financial Supervisory Authority by the registration certificate no. 7227/1997.

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

CONPET S.A. is the concessionaire of the operating activity of the National Transport System of crude oil, rich gas, condensate and ethane, quality acquired in 2002, by conclusion, with the National Agency for Mineral Resources (NAMR), the competent authority representing the State interests in the oil resources domain, of the Oil Concession Agreement, approved by GD no. 793/25.07.2002.

As of September 5, 2013, CONPET shares are being traded on the Bucharest Stock Exchange (BVB) market, under "COTE" issuing symbol.

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

At 30.09.2021, CONPET S.A. had a market capitalization of 709.9 miRON (143.5 mEuro), ranking 24 in "Top 25 issuers according to capitalization".

### *Company's Establishment*

CONPET is set up based on GD no. 1213/20.11.1990 regarding the set-up of the joint stock commercial companies in the industry, pursuant to Law no.15/1990 regarding the reorganization of the public economic units as autonomous administrations and joint stock companies, by taking over all assets and liabilities of the former Crude Oil Pipeline Transport Enterprise (Rom.I.T.T.C.).

The synthetic structure of the shareholders and the rights of vote held, at the date of 30.06.2021, reveal the followings:

- The Romanian State, by the Ministry of Energy, holding 5,083,372 shares representing 58.72% of the share capital,
- legal persons, with 2,367,856 shares representing 27.35% and
- natural persons, with 1,206,300 shares representing 13.93% of the share capital.

### *Company's Mission*

CONPET mission is the operation of the 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, under equal conditions, on a non-discriminatory and transparent basis.

### *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 crude oil National Transport System belongs to the Romanian State public domain and is being administered by NAMR. (as per the Oil Law provisions). This comprises a pipeline system of approx. 3,800 km and a transport throughput of 18.5 million tons/year.

#### *The Legal Environment*

The activity in the oil sector is being regulated by the Oil Law no. 238/2004.

The National Agency for Mineral Resources (NAMR) represents the interests of the State in oil resources domain and is the competent authority authorized to apply the dispositions of Law 238/2004. 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, on behalf of the State, oil agreements;
- grants mining concession licenses and exploitation permits;
- issues regulatory acts, norms, instructions, orders and regulations;
- controls the compliance, by the holders of the concession agreements with the concession licenses and exploitation permits conditions;
- manages the Crude Oil and Natural Gas National Pipeline Transport Systems and regulates the exploitation activities thereof by the system's 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 transport rates are 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 are being prepared by NAMR, acting as competent authority.

The company practices different transport tariffs for the two subsystems belonging to the National Transport System, namely the subsystem for the transport of the crude oil, rich gas, condensate and ethane from the domestic production and the subsystem for the transport of the imported crude oil. For the transport 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 determined by allocation of the value of the transport service to oil quantities transported for the beneficiaries, on the corresponding distances, by using a methodology based on service cost determination, defined as the overall necessary revenues for covering the system transport operations, here included:

- the operating cost, including: material expenses, personnel expenses, pipeline maintenance expenses, expenses with energy, gas and water, costs related to the amortization of the fixed assets, the royalty and other taxes applicable to the transporter, expenses related to the provision of pipeline guard, decontamination expenses, other expenses;
- modernization and development quota;
- reasonable profit margin.

## **2. Preparation Grounds**

### **(a) Declaration of Conformity**

These interim financial statements have been prepared pursuant to the Order of the Minister of Public Finances no. 2844/2016, for the approval of the accounting regulations compliant with the International Financial Reporting Standards (IFRS) ("OMFP 2844/2016) and IAS 34 - Interim Financial Reporting.

These preliminary financial situations do not include all the necessary information in order to provide a complete set of financial statements in compliance with the International Financial Reporting Standards and must be read together with the annual financial statements of the Company, prepared at Thursday, December 31, 2020. However, certain selected explanatory notes are included to explain the events and transactions that are significant for understanding the changes in the company's financial standing and performance since the last annual financial statements prepared on and for the financial year ended 31 December 2020.

These interim financial statements have not been audited and have not been revised by an independent auditor.

These preliminary financial statements have been authorized for issue and signed by the company management at November 15, 2021.

### **(b) Accounting Estimates and Professional Reasoning**

The preparation of the financial statements implies the use, by the Company's management, 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, including 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 reasoning used by the management for the application of the Company's accounting policies and the main sources of uncertainty regarding the estimates have been the same with those applied to the financial statements related to 2020.

## **3. Accounting Policies**

The accounting policies applied in these interim financial statements are the same with those applied in the financial statements of the Company at the date and for the financial year ended December 31st, 2020, except for the amendments brought to the accounting policies in the first Half of the year 2021, applicable as from January 1, 2021 and the adoption of new standards, in force starting January 1, 2021.

The amendments brought to the accounting policies refer to the accounting treatment of the operations determined by the connection of the users to the electric network, as per the amendments brought to the Order no.2844/2016, as of 2021 and to the accounting policy used for evaluation based on the initial intangible assets, namely, the passage from the revaluation model to the cost-based model. The passage to the cost-based model has not involved the restatement of the financial standing.

The following amendments of the existing standards issued by the Committee for International Accounting Standards (IASB) and adopted by the European Union (EU) entered into force as of

January 1, 2021;

- Amendments to IFRS 4 “ Insurance Contracts” (in force for the annual periods starting January 1, 2021 or ulterior to this date). Amendments to IFRS 4 extend the expiry term of the temporary change of a rule from the application of IFRS 9, up to 2023, in order to align the enforcement date of IFRS 9 to the new IFRS 17. The adoption of the amendments to IFRS 4 had no impact on the individual financial statements, as this standard is not applicable at the date of preparation of these financial statements.
- The amendments to IAS 39 “financial Instruments: recognition and evaluation”, IFRS 4 “Insurance Contracts”, IFRS 7, “Financial Instruments: information to be supplied”, IFRS 9 “Financial Instruments” and IFRS 16 “Leasing contracts” (in force for the annual periods starting January , 2021 or ulterior to this date). The amendments provide a specific accounting treatment for timely scheduling the value of the financial instruments or the lease contracts occurring due to the replacement of the reference index of the interest rate, which impedes a sudden impact on the profit or loss and impedes the useless interruptions of the coverage relations against risks, due to the replacement of the reference index of the interest rate. The adoption of the amendments had no impact on the financial statements.
- The amendments to IFRS, 16 “Leasing contracts” (in force for the periods starting April 1,2021 for the financial years starting January 1, 2021 at the latest or ulterior to this date). The amendment brought to the International Financial Reporting Standard (IFRS), 16, Leasing contracts extends the operational support of temporary nature and optional granted to the lessees in relation to COVID - 19 pandemic, in case of leasing contracts with exemptions from payment and payments initially due at June 30, 2022 or before this date. The adoption of the amendments had no impact on the financial statements.

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 Explanatory notes to the interim financial statement at September 30, 2021  
 (All amounts are expressed in RON, if not otherwise indicated)

#### 4. Tangible Assets

In the first 9 months of the year 2021 the tangible assets have evolved as follows:

Name	Lands	Buildings and special installations	Operating oil products	Machinery and equipment	Measuring and control devices	Means of transport	Other tangible assets	Tangible assets in progress	Total tangible assets
<b>Gross accounting value at January 1, 2021</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>
Aggregate depreciation at January 1, 2021	(1,602,902)	(213,520)	-	(62,090,196)	(68,373,232)	(26,465,285)	(5,549,916)	-	(164,295,051)
Impairments for depreciation of assets	-	-	-	-	-	-	-	(228,293)	(228,293)
<b>Net accounting value at January 1, 2021</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>74,937,989</b>	<b>504,534,005</b>
Tangible assets inputs	1,025,391	38,131,856	-	7,713,293	4,777,096	8,918,494	858,889	(21,310,283)	<b>40,114,736</b>
Outputs of tangible assets to the gross value	(342,274)	(71,691)	-	(201,655)	(556,438)	(1,506,756)	(406,494)	-	(3,085,308)
Cumulated depreciation related to outputs	339,873	41,644	-	190,318	543,073	1,506,756	405,584	-	3,027,248
Depreciation registered during the period	(813,134)	(20,876,254)	-	(7,200,386)	(5,706,486)	(3,164,594)	(874,773)	-	<b>(38,635,627)</b>
<b>Gross accounting value at September 30, 2021</b>	<b>27,139,905</b>	<b>295,515,736</b>	<b>42,072,846</b>	<b>131,569,443</b>	<b>99,342,871</b>	<b>47,416,062</b>	<b>9,173,915</b>	<b>53,855,999</b>	<b>706,086,777</b>
Aggregate depreciation at September 30, 2021	(2,076,163)	(21,048,130)	-	(69,100,264)	(73,536,645)	(28,123,123)	(6,019,105)	-	(199,903,430)
Impairments for depreciation of assets at September 30, 2021	-	-	-	-	-	-	-	(228,293)	(228,293)
<b>Net accounting value at September 30, 2021</b>	<b>25,063,742</b>	<b>274,467,606</b>	<b>42,072,846</b>	<b>62,469,179</b>	<b>25,806,226</b>	<b>19,292,939</b>	<b>3,154,810</b>	<b>53,627,706</b>	<b>505,955,054</b>

At 30.09.2021, the net value of the tangible assets has increased as compared to the end of 2020, by the amount of 1,421,049 RON.

During the first nine months of the year 2021, there have been recorded movements of tangible assets made up of: inputs amounting to 40,114,736 RON and outputs of net value of 58,060 RON. The tangible assets put into use in the first nine months of the year 2021 were of 60,004,397 RON.

Depreciation of tangible assets for the first nine months of 2021 amounted to 38,635,627 RON.

Within the tangible assets are being recognized, as per IFRS 16, the assets related to the rights of use resulting from the leasing contracts as such:

➤ At element-row "Lands" it is being included the value of the rights of use resulting from the lease contracts and concession contracts concluded with various land owners. On the rented lands are located telecommunication equipment and cathodic protection stations in various locations in the country. At 30.09.2021 the gross value of these assets is of 4,281,005 RON, the cumulated depreciation of 2,076,163 RON, resulting a net value of the rights of use related to these lands of 2,204,842 RON.

➤ At element-row "Buildings and special installations" is being included the values of the rights of use within the lease and concession contracts concluded with various owners for buildings that are leased in order to be made available for Gendarmerie, as per GD no.1486/2005 on the security and protection of the assets, goods and values, with gendarmes, and for the carry out of administrative activities. At the date of 30.09.2021, the gross value of these assets is of 958,512 RON, the cumulated depreciation is of 557,934 RON, resulting a net value of the rights of use related to leased/concessioned buildings of 400,578 RON.

➤ At element-row "Means of transport" is being included the value of the rights of use of various assets purchased in a leasing system, in December 2019, consisting of 30 vehicles necessary for the performance of the company's specific activities. At 30.09.2021, the gross value of these assets is of 2,228,610 RON, the cumulated depreciation of 975,018 RON, resulting a net value of the rights of use related to the means of transport of 1,253,592 RON.

In the period of nine months in 2021 there have been registered also increases to the assets related to the rights of use resulting from leasing contracts, in amount of 1,411,757 RON.

At 30.09.2021, CONPET registers in the company's patrimony lands in area of 733,637 Sq.m., with an accounting value of 22,858,900 RON, made up of:

- 554,373 Sqm 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.
- 155,433 Sq.m 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 was augmented by the amount of these lands;
- 23,831 Sqm represent lands with an accounting value of 7,080,200 RON, acquired by the Company based several sale-purchase contracts, on which there are being placed administrative buildings and telecommunication towers.

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

The tangible assets also include the oil operating product, evaluated in the statement of the financial standing at the cost determined from revaluation, retreated by the application of IAS 29 "The financial reporting in Hyper inflationary Economies". During the first nine months of the year 2021 there have not been registered movements of oil product, the value thereof at 30.09.2021 being of 42,072,846 RON.

#### *Tangible assets in progress*

At, September 30, 2021 the value of the assets in progress is of 53,627,706 RON and includes investment projects provided in "2021 Investment Program", which are mainly composed of: replacement of pipeline portions on various lengths and routes, tanks modernizations, loading ramps modernizations, telecommunication works, cathodic protection modernization systems, modernization of locomotives, modernization of buildings etc.

### **5. Intangible assets**

Statement of intangible assets in the first nine months of 2021 is as follows:

<b>Name</b>	<b>Licenses and software</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
<b>Gross accounting value January 1, 2021</b>	<b>6,361,295</b>	<b>2,454,804</b>	<b>8,816,099</b>
Aggregate depreciation at January 1, 2021	(3,591,863)	(910,983)	(4,502,846)
<b>Net accounting value at January 1, 2021</b>	<b>2,769,432</b>	<b>1,543,821</b>	<b>4,313,253</b>
Inputs of intangible assets	233,930	549,895	783,825
Depreciation registered during the period	(914,402)	(387,699)	(1,302,101)
<b>Gross accounting value at September 30, 2021</b>	<b>6,595,225</b>	<b>3,004,699</b>	<b>9,599,924</b>
Aggregate amortization at at September 30, 2021	(4,506,265)	(1,298,682)	(5,804,947)
<b>Net accounting value at September 30, 2021</b>	<b>2,088,960</b>	<b>1,706,017</b>	<b>3,794,977</b>

At 30.09.2021 the net value of the intangible assets has decreased compared to the end of 2020, by the amount of 518,276 RON.

In the first nine months of 2021 there have been registered inputs of intangible assets in amount of 783,825 RON and depreciation in amount of 1,302,101 RON. The depreciation method used is the linear one.

The intangible assets comprise, mainly: IT programs, soft licenses, soft, vectorial map of Romania and the numeric attitudinal model of the land, the expenses borne by the company related to the connection to the electric power network and the water network, recognized in intangible assets as rights of use before January 01, 2021.

The intangible assets do not include development research expenses.

## 6. Financial Assets

Within the first nine months of 2021 the financial assets evolved as follows:

Name	Other long-term investments	Long-term receivables	Total intangible assets
<b>Gross accounting value at January 1, 2021</b>	<b>5,100</b>	<b>1,427,010</b>	<b>1,432,110</b>
Impairments for depreciation	-	(320,189)	(320,189)
<b>Net accounting value at January 1, 2021</b>	<b>5,100</b>	<b>1,106,821</b>	<b>1,111,921</b>
Inputs	-	37,190	37,190
Outputs		(267,682)	(267,682)
<b>Gross accounting value at September 30, 2021</b>	<b>5,100</b>	<b>1,196,518</b>	<b>1,201,618</b>
Impairments for depreciation	Impairments for depreciation	(320,189)	(320,189)
<b>Net accounting value at September 30, 2021</b>	<b>5,100</b>	<b>876,329</b>	<b>881,429</b>

At 30.09.2021 the net value of the financial assets has decreased compared to January 1, 2021, with 230,492 RON, due to the decrease, during the year, of the non-current receivables.

The company holds contributions at the share capital of Independent Register 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 876,329 RON are made up, mainly, of refundable guarantees paid by the Company to the Ministry of Agriculture and Rural Development and the Ministry of Environment, Waters, Forests in view of temporary removal of the lands from agricultural use and forest fund for the fulfillment of various investment objectives, as well as from guarantees related to the lease contracts of lands and spaces in view of carry out of the production and administrative activities in different locations in the country, guarantees for telecommunication equipment, electric power guarantees related to certain cathodic protection stations.

## 7. Inventories

Name	Consumables	Services in progress	Waste products	Total stocks
<b>Gross accounting value at January 1, 2021</b>	<b>6,135,908</b>	<b>769,477</b>	<b>11,163</b>	<b>6,916,548</b>
Impairments for depreciation of inventories	(1,004,542)	-	-	(1,004,542)
<b>Net accounting value at January 1, 2021</b>	<b>5,131,366</b>	<b>769,477</b>	<b>11,163</b>	<b>5,912,006</b>
Stocks inputs during the period	3,676,407	6,924,234	144,985	10,745,626
Consumption/outputs of stocks during the period	(3,873,839)	(6,968,482)	(149,997)	(10,992,318)
Income from (Expense with) impairment for depreciation of stocks	100,016	-	-	100,016
<b>Gross accounting value at September 30, 2021</b>	<b>5,938,476</b>	<b>725,229</b>	<b>6,151</b>	<b>6,669,856</b>
Impairments for depreciation of inventories	(904,526)	-	-	(904,526)
<b>Net accounting value at September 30, 2021</b>	<b>5,033,950</b>	<b>725,229</b>	<b>6,151</b>	<b>5,765,330</b>

The stocks are mainly made up of: materials, spare parts and other materials that are to be used within the performance of the activity, here included those composing the security and intervention stocks destined to the potential technical and caused breakdowns.

The company registers in the services in progress the cost of the services supplied and not received by the beneficiary until the end of the period, on the account of the revenues related to services in progress.

## 8. Trade receivables and other receivables

At September 30, 2021 and December 31, 2020, the trade receivables and other receivables reveal the followings:

	September, 30 2021	December, 31 2020
Clients	39,209,908	35,115,718
Impairments for depreciation of receivables	(339,307)	(339,307)
Other trade receivables	283,923	284,042
Impairments for the loss of value of other short-term intangible receivables	(282,466)	(282,466)
<b>Subtotal trade receivables (net value)</b>	<b>38,872,058</b>	<b>34,777,987</b>
Other receivables	5,359,145	7,807,594
Impairments for the depreciation of other receivables	(2,314,545)	(2,325,447)
<b>Subtotal other receivables (net value)</b>	<b>3,044,600</b>	<b>5,482,147</b>
<b>Total receivables</b>	<b>41,916,658</b>	<b>40,260,134</b>

Clients' structure per activities, is as follows:

	September, 30 2021	December, 31 2020
Clients- transport activity	38,581,082	34,562,999
Other clients - auxiliary activities	628,826	552,718
<b>Total</b>	<b>39,209,908</b>	<b>35,115,718</b>

*Trade receivables* are no interest bearer and have an average day sales outstanding of 28 days. The main trade receivables in balance at September 30, 2021 are to be received from: OMV PETROM S.A.– 33,463,962 RON ( December 31, 2020: 29,623,308 RON) and Petrotel Lukoil S.A.– 5,010,876 RON ( December 31, 2020: 4,904,580 RON).

The transport services supplies performed to the clients hold a significant share (over 99%) in the Company's turnover.

*Other receivables* in amount of 5,359,145 RON mainly include: the amounts recoverable from various natural and legal persons, the majority in dispute before the courts (1,791,469 RON), amount recoverable from the budget representing allowances for medical leaves (1,406,968RON), as well as undue VAT related to unarrived invoices up to 30.09.2021 (1,025,964 RON).

*Impairments for the depreciation of trade receivables* are recorded for the doubtful clients, involved in litigation or insolvency, presenting default of collection thereof. At September 30, 2021 the value of these impairments amounts to 339,307 RON, similar with that at the end of the previous year.

*Impairments for the depreciation of other receivables* are recorded for debits related to the legal files pending before the Law, paid fines and facing dispute. At September 30, 2021 the value of the impairments amounts to 2,314,545 RON, decreasing by 10,902 RON as compared to December 31, 2020.

The company registers impairments for loss of value of 100% from the value of the receivables for the clients in dispute, insolvency and for other debits related to the established legal files or the fines facing appeal proceedings.

## **Statement on Receivables Seniority**

### **Trade receivables**

	<b>September, 30 2021</b>	<b>December, 31 2020</b>
<b>Clients, o/w:</b>	<b>39,209,908</b>	<b>35,115,718</b>
<i>Depreciated receivables</i>	339,307	339,307
<i>Non-depreciated receivables, o/w:</i>	38,870,601	34,776,411
- seniority less than 30 days	38,835,327	34,766,616
- seniority between 30 days and 60 days	14,888	3,439
- seniority between 60 days and 90 days	3,520	530
- seniority between 90 days and 270 days	16,798	5,154
- seniority between 270 days and 1 year	68	672
<b>Other trade receivables, out of which:</b>	<b>283,923</b>	<b>284,042</b>
<i>Depreciated receivables</i>	282,466	282,466
<i>Non-depreciated receivables</i>	1,457	1,576

### **Other receivables**

	<b>September, 30 2021</b>	<b>December, 31 2020</b>
<i>Depreciated receivables</i>	2,314,545	2,325,447
<i>Non-depreciated receivables, o/w:</i>	3,044,600	5,482,147
- seniority less than 30 days	2,229,695	5,344,437
- seniority between 30 days and 60 days	135,309	137,710
- seniority between 60 days and 90 days	161,610	-
- seniority between 90 days and 270 days	517,569	-
- seniority between 270 days and 1 year	417	-
<b>Total</b>	<b>5,359,145</b>	<b>7,807,594</b>

## **9. Cash and Cash Equivalents**

At September 30, 2021 and December 31, 2020 the cash and cash equivalents look as follows:

	<b>September, 30 2021</b>	<b>December, 31 2020</b>
Current bank accounts	2,916,995	5,796,960
Bank deposits with maturity ≤ 3 months	178,280,030	192,447,249
Cash on hand	34,590	11,974
Other cash equivalents	-	1,150
<b>Total</b>	<b>181,231,615</b>	<b>198,257,333</b>

The cash and cash equivalents existing at 30.09.2021 have decreased by 8.6% compared to December 31, 2020 (181.2 mRON compared to 198.3 mRON). The decrease has been determined by the payments of dividends and the assets (investments), higher than the cash exceeds obtained from the operating activity and the cash inputs related to the investment activity.

The cash accounts at 30.09.2021 also include the cash representing the modernization quota, in amount of 125,548,258 RON, with special use regime provided by GD no.168/1998. This is intended exclusively for funding the modernization and development works of public property.

## 10. Equities

### *The 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 corresponding to the one registered at the Trade Register Office.

The structure of CONPET S.A. share capital and shareholding at September 30, 2021 reveals the followings:

Shareholders	September 30, 2021			December 31, 2020		
	Number of shares	Amount (RON)	(%)	Number of shares	Amount (RON)	(%)
The Romanian State by the Ministry of Energy	5,083,372	16,775,128	58.7162	5,083,372	16,775,128	58.7162
Legal persons	2,367,856	7,813,924	27.3503	2,368,002	7,814,406	27.3519
Natural Persons	1,206,300	3,980,790	13.9335	1,206,154	3,980,308	13.9319
<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 September 30, 2021 the value of the legal reserve is 5,713,968 RON (December 31, 2020: 5,713,968 Lei).

The reserve is established at the level of 20% of the share capital, according to Law no. 31/1990 and the Articles of Incorporation.

### *Other reserves*

At September 30, 2021 "Other reserves" are in amount of 508,154,665 RON, 7,885,408 RON higher compared to December 31, 2020, representing a net increase of the reserve representing the modernization quota.

The reserve related to the modernization quota is in amount of 469,006,544 RON and holds the highest share in total other reserves (92.3%).

### *Revaluation reserves*

Based on the provisions of the Ministry of Public Finances Order no. 2,844/2016 for the approval of accounting Regulations compliant with IFRS in conjunction with the art. 210, paragraph (3) of Law no. 31/1990 on companies, republished, the company recognizes in the revaluation reserves favorable differences from revaluation of tangible assets.

At September 30, 2021, in the financial standing, the revaluation reserves are being presented at the net value of 18,947,672 RON, resulting after the diminution of the gross value by the related deferred tax recognized directly in the equities, as per IAS 12.

### *Retained earnings*

At September 30, 2021 the retained earnings amounts to 43,777,307 RON and contains mainly the difference in value of fixed assets, operating oil product resulting from the application of IAS 29 for

the first time, amounting to 41,818,297 RON.

#### *Profit of the period*

The year's profit realized in the first nine months of the year 2021 is of 41,982,693 RON, decreasing by 14.2% compared to the profit registered in the first nine months of the year 2020 (48,945,829 RON).

### **11. Trade Liabilities and Other Liabilities**

At September 30, 2021 and December 31, 2020 the trade liabilities and other liabilities are the followings:

Liabilities	31 December 2020	30 September 20	Maturity date for the balance at September 30, 2021		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	23,583,540	20,863,302	20,863,302	-	-
Liabilities to the employees	33,991,543	32,666,064	13,166,980	3,458,110	16,040,974
Other liabilities, here-included fiscal debts and social insurances related debts	34,101,828	35,557,357	31,658,298	2,384,794	1,514,265
<b>Total</b>	<b>91,676,911</b>	<b>89,086,723</b>	<b>65,688,580</b>	<b>5,842,904</b>	<b>17,555,239</b>

The goods and services suppliers for the operating activity are mainly represented by: SNTFM CFR Marfă, CEZ Vânzare, Edenred Romania SRL, OMV Petrom S.A., Tinmar Energy SA, Signal Iduna Asigurare Reasigurare S.A., Prodial Tour SRL, OMV Petrom Marketing, Envirotech SRL, Con Metal CF SRL, Service Implementare Productie SA, Octavsiiv Tour, Orange Romania, Director Special TROOPS-DST SRL, Afer București, Autogas Impex SRL, Termoklima SRL, Elena Voyage SRL, WMC Guard Securyty SRL Buzau, Mol Romania Petroleum Products SRL, Multimodal Service SRL, Metrosenzor SRL, Oil Depol Service SRL, Romflex Sistem SRL, Invest General Construct SRL, Asigurarea Românească-Asirom S.A., Brilliant Technologies SRL, CNAIR S.A.

The value of the assets destined to the operating activities, in the first three Quarters of 2021 holds a share of 68.8% in total procurements, the difference of 31.2% representing assets procurement.

The debts to employees, in amount of 32,666,064 RON include the current debts, as well as the future debts for the benefits granted to the employees on retirement, the employees share of profit and amounts related to untaken annual leaves recognized as provisions.

The statement of other liabilities, the fiscal liabilities and social insurances debts, on maturity terms debts, look as follows:

Liabilities	31 December 2020	September, 30 2021	Maturity date for the balance at September 30, 2021		
			Under 1 year	Over 1 year	Over 5 years
Salaries contributions	5,427,408	4,767,666	4,767,666	-	-

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Current corporate tax	738,139	2,292,418	2,292,418	-	-
Royalty due to the State Budget	7,864,678	8,231,571	8,231,571	-	-
VAT payable	3,022,250	4,829,378	4,829,378	-	-
Other interests and debts - State Budget	1,014,565	927,906	927,906	-	-
Dividends Payable	10,277,535	9,418,152	9,418,152	-	-
Leasing related liabilities	4,277,338	4,070,429	1,016,310	1,925,386	1,128,733
Accrued revenues	963,552	881,695	88,531	407,632	385,532
Other liabilities	516,363	138,142	86,366	51,776	-
<b>Total</b>	<b>34,101,828</b>	<b>35,557,357</b>	<b>31,658,298</b>	<b>2,384,794</b>	<b>1,514,265</b>

At 30.09.2021, the leasing related liabilities comprise the future payment obligations related to the leasing contract for 30 vehicles and liabilities related to the rights of use resulting from the lease and concession contracts of lands and buildings (Note 4).

The liabilities related to the rights of use recognized for the lease and concession contracts of some lands and buildings have been assessed at the value of rent fees/royalties along the remaining contractual period, discounted with the borrowing rate for real estate loans.

The statement of debts to employees on maturity terms reveals the followings:

Liabilities	31 December 2020	30 September 2021	Maturity date for the balance at September 30, 2021		
			Under 1 year	Over 1 year	Over 5 years
Salaries and assimilated debts	5,975,076	5,689,888	5,689,888	-	-
Liabilities for benefits granted on retirement	20,351,577	19,787,153	288,069	3,458,110	16,040,974
Debts for employees share of profit	6,806,162	4,213,179	4,213,179	-	-
Debts for untaken leaves	858,728	2,975,844	2,975,844	-	-
<b>Total</b>	<b>33,991,543</b>	<b>32,666,064</b>	<b>13,166,980</b>	<b>3,458,110</b>	<b>16,040,974</b>

Within the debts to employees there are being included the payment salaries and other salary-assimilated debts, as well as future debts consisting of: benefits granted on retirement, employees share of profit fund and amounts related to the untaken annual leave, recognized as provisions.

The highest share in the debts to employees benefits is being held by the debt for the benefits granted upon retirement, in amount of 19,787,153 RON, of which 19,499,084 RON stands for long-term liabilities and 228,069 RON stands for short-term liabilities.

At 30.09.2021, the debt related to the employees share of profit associated to the service supplied by the employees in the first nine months of the year 2021 amounts for 4,213,179 RON, here included the employment insurance contribution, constituted within the limit of the amount provided in the Budget.

The amount due for the untaken annual leaves, at 30.09.2021, amounts for 2,975,844 RON.

## 12. Provisions

	September, 30 2021	December, 31 2020
Provisions for litigations	7,296,342	6,962,547

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Provisions related to mandate contracts	1,845,047	2,506,709
Other provisions for risks and expenses	513,649	1,790,401
<b>Total provisions</b>	<b>9,655,038</b>	<b>11,259,657</b>

### ***Provisions for litigations***

In detail, the provisions for litigations are:

	<b>September, 30 2021</b>	<b>31.12.2020</b>
Litigations for civil compensations	3,937,885	3,843,938
Litigations for third parties failure to respect certain contractual clauses	93,919	185,943
Other litigations	3,264,538	2,932,666
<b>Total</b>	<b>7,296,342</b>	<b>6,962,547</b>

The company is involved in several litigations for damages required by several owners, natural and legal persons. Besides indemnifications, they request the payment of an annuity due to the exercising, by the company, of the legal easement right on the plaintiff's lands, or the decommission of the pipelines and installations located on their fields.

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 they are being crossed by the crude oil transport pipelines belonging to the public domain.

At 30.09.2021 there are being registered provisions related to litigations for civil compensations in amount of 3,937,885 RON, increasing by 93,947 RON compared to the value thereof at the date of 31.12.2020, following the updating of the necessary amounts for the settlement of the potential obligations related to litigations opened during the previous years.

At 30.09.2021, the position "Litigations for third parties failure to respect certain contractual clauses" is in amount of 93,919 RON, decreasing by 92,024 RON compared to 31.12.2020, following the completion of a litigation in the first Quarter of 2021 and the position "Other litigations" is in amount of 3,264,538 RON, increasing by 331.872 RON compared to 31.12.2020, following the updating of the amounts necessary for the settlement of potential obligations related to litigations opened during the previous years.

### **Provisions related to the Contract of Mandate**

At September 30, 2021 there are being constituted provisions for the allowances granted to the members of the Board of Directors and the directors, as per the mandate contracts and EGO 109/2011 on corporate governance, here included the related contributions, as follows:

- 838,845 RON representing provision for the variable component related to the first nine months of the year 2021, due to the Members of the Board of Directors.
- 947,326 RON representing provision for the variable component due to the directors with mandate contract, related to the first nine months of the year 2021;
- 58,876 RON represents provision for untaken annual leaves by the directors with contract of mandate, of which 5,159 RON provision related to 2020 and 53.717 RON provision related to the first nine months of 2021.

### ***Other provisions***

At September 30, 2021 the balance of the position "Other provisions" in amount of 513,649 RON is composed of:

- 389,000 RON, provision for environment-related expenses;
- 124,649 RON, other provisions.

## **13. Current and Deferred Corporate Tax**

The expense with the current and deferred corporate tax of the company at, September 30, 2020 and September 30, 2021 is being determined by a statutory rate of 16%.

	September, 30 2021	September, 30 2020
Expenses with the ordinary corporate tax	7,116,793	8,438,682
The expense with /(revenues from) deferred corporate	(109,393)	(429,401)
<b>Total</b>	<b>7,007,400</b>	<b>8,009,281</b>

**Reconciliation of the effective rate of taxation:**

	September, 30 2021	September, 30 2020
Profit before tax	<b>48,990,093</b>	<b>56,955,110</b>
- Corporate tax at a statutory rate of 16%	7,838,415	9,112,818
<b>Effect on the corporate tax of:</b>		
- Non-deductible expenses	2,443,258	2,111,976
- Non-taxable revenues	(2,561,287)	(1,930,515)
- Elements similar to the revenues	378,688	389,527
- Elements similar to the expenses	(211,894)	(988)
- Spared corporate tax	(255,060)	(101,852)
- Amounts representing sponsorship falling under the limits provided by law	(526,560)	(430,000)
- Specific tax	11,233	22,043
- Bonus rate corporate tax as per . EGO 33/2020	-	(734,327)
. EGO 99/2020	-	-
<b>Expenses with Ordinary Corporate Tax</b>	<b>7,116,793</b>	<b>8,438,682</b>

*The deferred Corporate Tax*

The deferred payable and recoverable taxes were calculated based on the temporary taxable and/or deductible differences determined for assets and debts as differences between the accounting value of the asset and/or the debt and the amount attributable in fiscal purposes. The company recognizes the deferred taxes on the account of an expense or an income except for the tax generated by an event directly accounted in the equities.

The statement of the movements related to the receivable/debt with the deferred income during the first nine months of 2021 reveals the followings:

2021	Net value at 1 <sup>st</sup> of January	Deferred corporate tax recognized in the profit and loss account	Deferred corporate tax recognized at the expense equity	Net value at September 30, 2021	
				Receivable related to the deferred corporate tax	Liability related to the deferred corporate tax
Revaluation of tangible assets	(427,532)	377,009	-	3,352,734	(3,403,257)
Provisions	4,924,028	(250,392)	-	4,673,636	-
Impairments of current assets	459,179	(17,223)	-	441,956	-

<b>Deferred corporate tax before offsetting</b>	4,955,675	109,394	-	8,468,326	(3,403,257)
Receivable/debt offsetting				(3,403,257)	3,403,257
<b>Deferred corporate tax - recoverable</b>					<b>5,065,069</b>

Deferred tax payable, recognized on account of equity items on 30.09.2021 amounts for 3,403,257 RON and the deferred corporate tax recoverable recognized at 30.09.2021 in the statement of global result is of 8,468,326 RON.

In conclusion, at 31.09.2021 the company has a net receivable related to the deferred corporate tax reaching 5,065,069 RON.

#### 14. Result per Share

The result per share in the first nine months of the year 2021, as compared to the same period of the previous year is the following:

	<b>September, 30 2021</b>	<b>September, 30 2020</b>
Profit of the Financial Year	41,982,693	48,945,829
Number of ordinary shares at the beginning and the end of the period	8,657,528	8,657,528
<b>Basic and diluted earnings per share (RON/share)</b>	<b>4.85</b>	<b>5.65</b>

#### 15. Operating Revenues

##### a) Revenues from contracts

	<b>September, 30 2021</b>	<b>September, 30 2020</b>
Revenues from transport service, of which:	311,564,216	300,978,774
<i>Revenues from transport services domestic subsystem</i>	222,656,363	226,441,788
<i>Revenues from transport services import subsystem</i>	88,907,853	74,536,986
Revenues from rents	1,207,242	1,214,251
Other operating revenues	534,884	1,816,204
<b>Total transport revenues</b>	<b>313,306,342</b>	<b>304,009,229</b>

Transport revenues are achieved out of the services supplied to clients for the transport of the crude oil, rich gas and condensate volumes at the tariffs approved by Order of the President of The National Agency for Mineral Resources (NAMR).

In the first nine months of 2021, the quantities transported on subsystems, as compared to the same period of the previous year are the followings:

	<b>September, 30 2021</b>	<b>September, 30 2020</b>
Domestic Subsystem	2,438,683	2,568,041
Import Subsystem	2,669,522	2,442,549
<b>Total quantities (tons)</b>	<b>5,108,205</b>	<b>5,010,590</b>

The total quantity of transported quantities has decreased by 2% in the first nine months of the year 2021, compared to the same period of the previous year, given the 5% decrease of the quantity

transported on the domestic transport subsystem and 9.3% of the quantity transported on the import transport subsystem.

The tariffs for the supply of crude oil, rich gas, condensate and ethane are regulated and approved by the NAMR and are distinguished 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 the reporting period, the following tariffs were applied:

Tariffs from transport services on domestic subsystem:

Period	Transport tariff (RON/ton)	Approved by NAMR Order no.
December 30, 2019 - February 7, 2021	87.53	427/2019
Starting February 8, 2021	91.03	19/2021

Tariffs for transport services on import subsystem:

Period	Batches	Arpechim Refinery	Ploiesti Basin (Petrobraz and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order no.
	Thousand tons/month	RON/ton	RON/ton	RON/ton	
December 30, 2019 - February 7, 2021	<120	40.40	39.50	15.00	427/2019
	> 120	17.25	17.00	12.85	
Starting February 8, 2021	<120	42.00	40.90	16.50	19/2021
	> 120	17.90	17.60	14.40	

## b) Other Operating Revenues

	September, 30 2021	September, 30 2020
Revenues out of modernization quota consumption	27,767,759	24,895,590
Earnings from disposal of fixed assets	236,156	-
Other revenues	5,612,520	5,462,935
<b>Total other operating expenses</b>	<b>33,616,435</b>	<b>30,358,525</b>

Other operating expenses have registered an increase by 10.7% in the first nine months of the year 2021 as compared to the same period of the previous year, from 30,358,525 RON to 33,616,435 RON.

Other operating revenues comprise, mainly, the revenues from the reserve related to the modernization quota, at the level of depreciation of fixed assets financed out of this source. The revenues representing modernization quota have registered an increase by 11.5% in the first nine months of the year 2021, compared to the same period of 2020.

## 16. Operating Expenses

### a) Stocks and Utilities Expenses

	September, 30 2021	September, 30 2020
Expenses with consumables	3,448,388	3,183,000
Other material expenses	406,239	680,464
Other Expenses with Energy and Water	10,555,387	9,365,784
Merchandise expenses	-	20,405

<b>Total Stocks and Utilities related Expenses</b>	<b>14,410,014</b>	<b>13,249,653</b>
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#### b) Personnel expenses

Personnel expenses include expenses for salaries, bonuses for employees, other personnel expenses, allowances related to the contracts of mandate of the members of the Board of Directors and Directors with mandate and expenses related to contributions due by the employer.

	<b>September 30, 2021</b>	<b>September 30 2020</b>
Salary expenses	99,448,095	95,059,695
Liabilities regarding employees' bonuses	17,562,605	16,653,422
Other personnel expenses	1,798,440	64,180
Expenditure on the remuneration of directors with mandate and of the administrators	4,253,038	4,157,537
Expenses with contributions due by the Employer	4,218,307	5,552,377
<b>Total personnel expenses</b>	<b>127,280,485</b>	<b>121,487,211</b>

The personnel expenses are detailed as follows:

#### Salary expenses

	<b>September 30, 2021</b>	<b>September 30 2020</b>
Salary and related contributions expenses	98,371,281	94,508,245
Retirement support	1,034,586	524,550
Marriage support	42,228	26,900
<b>Salary related expenses</b>	<b>99,448,095</b>	<b>95,059,695</b>

The expenses with the basic salaries of the personnel and the related bonuses have increased in the first nine months of the year 2021, compared to the same period of the year 2020, mainly following the indexation of the salaries 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 the employees benefits as retirement and marriage support.

#### Liabilities regarding employees' bonuses

	<b>September, 30 2021</b>	<b>September, 30 2020</b>
Employees share of profit	6,655,473	6,439,906
Meal vouchers	5,097,840	3,821,145
Social expenditures under art. 25 of Law no. 227/2015 on the Fiscal Code, further amendments and completions	4,477,111	5,303,156
Other expenses as per the Collective Labor Agreement	1,332,181	1,089,215
<b>Total</b>	<b>17,562,605</b>	<b>16,653,422</b>

The value of the bonuses granted to the employees meets an increase of 909,183 RON in the first nine months of 2021, compared to the same period of 2020, mainly due to granting meal vouchers at nominal value of 20 RON/day, starting December, 2020

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

#### Other personnel expenses

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	September, 30 2021	September, 30 2020
Expenditure on compensatory payments related to personnel layoffs	1,798,440	62,160
Expenses with the right of the personnel due under court order	-	2,020
<b>Total</b>	<b>1,798,440</b>	<b>64,180</b>

The position "Other personnel expenses" includes expenses with severance payments granted, as per the Collective Labor Agreement, related to personnel lay-offs performed in the month of March 2021, compared to October and November, 2020.

#### **Expenses on Remuneration of Directors and Administrators**

	September, 30 2021	September, 30 2020
Allowances of the directors with mandate	2,338,804	2,243,303
Allowances of the members of the Board of Directors	1,914,234	1,914,234
<b>Total</b>	<b>4,253,038</b>	<b>4,157,537</b>

#### **Expenses with contributions due by the Employer**

	September 30, 2021	September 2020
The company's contribution to voluntary pension funds	562,365	2,094,131
Company's contribution to voluntary health insurance	1,125,816	1,072,886
Labor Insurance contribution and other contributions	2,530,126	2,385,360
<b>Total</b>	<b>4,218,307</b>	<b>5,552,377</b>

In the first nine months of 2021, the expense with the voluntary pension, Pillar III, has not been lower than in the same period of the year 202, as it was comprised in the Budget starting the month of September.

Due to the wage indexation in October 2020, the insured contribution for work has proportionally increased in the first nine months of 2021, compared to the same period of 2020.

#### **c) Expenses related to External Services**

	September, 30 2021	September, 30 2020
Rail transport expenses	47,771,769	47,428,066
Expenses with royalties and rentals	24,324,872	23,334,921
Third-party pumping expenses	3,388,427	3,540,920
Maintenance and repair expenses	1,772,251	1,291,093
Expenses with the decontamination, monitoring of the environmental factors	1,124,104	504,697
Travel, secondment and transfer expenses	404,357	517,952
Expenses related to the transport of goods and personnel	27,000	31,536
Postal and telecommunication expenses	436,101	386,004
- Other expenses with services performed by third parties	3,688,899	3,198,637
<b>Total expenses related to external services</b>	<b>82,937,780</b>	<b>80,233,826</b>

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

This is being calculated according to the Oil Law no. 238/2004, by application of a quota of 10% of the value of gross income achieved out of oil transport and transit operations through the oil national transport systems, as well as related to the oil operations performed by oil terminals publicly owned.

**d) Other expenses**

	<b>September, 30 2021</b>	<b>September, 30 2020</b>
Taxes, fees and similar levies related expenses	1,736,815	1,676,590
Compensations, fines and penalties expenses	19,420	66,427
Donations granted (sponsorships)	526,560	430,000
Environmental protection expenses	28,267	28,750
Expenses with the establishment of the modernization quota	35,653,167	27,334,131
Other operating expenses	164,350	167,404
<b>Other expenses</b>	<b>38,128,579</b>	<b>29,703,302</b>

Within the first nine months of 2021, the expenses recorded with other taxes, fees and similar levies mainly include the expenses with the local taxes and with the contribution to the special fund, due under the Law no. 448/2006 regarding the protection and promotion of the disabled persons. The company constitutes reserves regarding the modernization quota through other operating expenses in compliance with the provisions of GD no. 168/1998 further amendments and with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and subsequent updates.

**17. Net Financial Result**

	<b>September, 30 2021</b>	<b>September, 30 2020</b>
Revenues from interests	2,236,858	5,015,221
Other financial revenues	24,598	12,221
<b>Total financial revenues</b>	<b>2,261,456</b>	<b>5,027,442</b>
Interest expenses related to leasing contracts	160,002	512,681
Other financial revenues	103,939	72,676
<b>Total financial expenses</b>	<b>263,941</b>	<b>585,357</b>
<b>Net Financial Result</b>	<b>1,997,515</b>	<b>4,442,085</b>

The financial revenues have decreased by 55% in the first nine months of the year 2021, as compared to the same period of the year 2020, due to the decrease of the interests offered to banks for fixed-term deposits. The financial revenues have decreased by 54.9% in the the analyzed period, as compared to the same period of the previous tear, but they have maintained at a reduced level compared to the revenues. Based on this evolution, the net financial result has been reduced by 55% in the first nine months of the year 2021 YoY.

**18. Related Parties**

Between 01.01 - 30.09.2021, the Company performed the following significant transactions with related parties:

<b>Partner</b>	<b>Unsettled amounts at December, 31 2020</b>	<b>Procurement Period 01.01.2021- 30.09.2018</b>	<b>Settlements Period 1/1/2021 9/30/2021</b>	<b>Unsettled amounts at September 30, 2021</b>
SNTFM CFR Marfa S.A.	6,709,061	56,661,889	57,573,032	5,797,918

*\*The amounts are in RON and VAT inclusive.*

The Company CONPET S.A.  
Explanatory notes to the interim financial statement at September 30, 2021  
(All amounts are expressed in RON, if not otherwise indicated)

## **19. Subsequent Events**

There have not been registered significant events ulterior to the reporting period.

These financial statements, from page 1 to 27, were authorized for issue and signed by the company's management at November 15, 2021.

**Director General,  
Eng. Dorin Tudora**

**Economic Director,  
Sanda Toader**