

**REPORT OF THE INDEPENDENT FINANCIAL AUDITOR**

(free translation from romanian version<sup>1</sup>)

To shareholders of **CONPET S.A.**

**Report on standalone financial statements****Opinion**

1. We have audited the accompanying financial statements of **CONPET S.A. ("The Company")**, with the registered office in Anul 1848 Street, no.1-3, Ploiesti, district Prahova, identified by the unique tax registration code 1350020, which include the statement of the financial position as at December 31, 2023, the statement of the profit and loss account and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and a summary of significant accounting policies and explanatory notes.
2. The financial statements as at December 31, 2023 are identified as follows:
  - Net asset/Total equity: 846,854,120 lei
  - Net result of the financial year - profit: 61,616,539 lei
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023, its financial performance for the year then ended and cash flows, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in accordance with the International Financial Reporting Standards, with subsequent amendments.

**Basis for opinion**

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), European Regulation no. 537 issued by European Parliament and Council and Law no 162/2017 („Law”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (IESBA Code) issued by the Council for International Ethics Standards for Professional Accountants as it was adopted and implemented by the Romanian Chamber of Auditors and we have fulfilled our other ethical responsibilities in accordance with the requirements of IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

5. The key audit matters are those aspects that, based on our professional judgement, were of most significance in the audit of the financial statements of the current period. These issues have been addressed in the context of the audit of financial statements as a whole and in forming our opinion on them and we do not give a separate opinion on these key issues.
  - **Provisions for litigations.**
    - **Description.** The company is involved in numerous litigations with business partners, authorities and salaries, thus there is a risk of future economic losses. At Note 13 "Provisions " are disclosed the significant litigations in which the Company is involved. The decision to book a provision for litigation or to disclose a contingent liability in financial statements depends on the professional judgment and certain estimates of the Company's management. We considered whether the recognition of some

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<sup>1</sup> Translator’s explanatory note: The above translation of the auditor’s report is provided as a free translation from Romanian which is the official and binding version.

provisions for litigation is significant for the audit, as it would cause the recognition of overestimated results.

- **Our answer.** Our audit procedures to address the risk of material misrepresentation in relation to the recognition of provisions for litigation, which was considered as material risk, included:
  - reviewing the decisions of the General Meeting of Shareholders and of the Board of Directors;
  - obtaining and evaluating the litigations in which the Company is involved, followed by obtaining some clarifications regarding the status of certain disputes. During the audit mission, discussions were held with the management and Company's internal legal advisers on significant litigations;
  - critical assessment of the working assumptions and estimates made by the Company regarding litigations, including the amount of recognized provisions in the financial statements. We reviewed the disclosures of potential risks related to litigations in the notes to the financial statements.
- **Revenue recognition.**
  - **Description.** The revenue recognition policy is disclosed at Note 3 "Accounting Policies". According to international auditing standards, there is an implicit risk in the revenue recognition, due to the pressure that the management have to meet the budgeted results. The main revenue generating activities for the Company are represented by the transport service of crude oil, gasoline and condensate through the operation of the National Transport System. The transport activity is an activity of general interest, authorized and monitored by a public authority, with a natural monopoly character. The tariffs practiced by the Company for transport services are established and approved by ANRM (National Authority for Mineral Resources);
  - **Our answer.** Our audit procedures to address the risk of significant distortion and in relation to revenue recognition included, among others:
    - Understanding how to recognize and book the main categories of income;
    - Detailed tests on the transactions registered by the Company during the financial year;
    - Testing procedures to ensure that revenues are recorded in the correct period;
    - Procedures for confirmation of commercial receivables for a representative sample.

#### **Other issues**

6. This report is addressed exclusively to the shareholders of the Company as a whole. Our audit was carried out in order to be able to report to the Company's shareholders those aspects that we have to report to a financial audit report and not for other purposes. To the extent permitted by law, we do not accept or assume responsibility only to the Company and its shareholders, as a whole, for our audit, for this report.
7. Taxation in Romania is constantly evolving. There is the possibility of different interpretations of the legal provisions by the Ministry of Finance and by the local tax authorities. The company's management has registered in the accounts presented various taxes, penalties and fees, based on the best interpretation of the tax provisions in force, an interpretation that can be challenged by a possible fiscal control.

#### **Other information – Administrators' Report and non-financial statement**

8. The administrators are responsible for the preparation and presentation of other information. That information includes the Administrator's Report but does not include the financial statements and the auditor's report on them.

Our opinion on the financial statements does not cover and these Other information and except for the case in which is explicitly mentioned in our report, does not express in any kind of assurance conclusion about them.

In relation to the audit of the financial statements for the financial year ended on 31 December 2023, our responsibility is to read that information and, in this approach, and to assess whether that information is

significantly inconsistent with the financial statements, or with the knowledge we have obtained during the audit, or whether it appears to be significantly distorted.

Regarding the Administrator's Report, which include nonfinancial statement, we have read and report whether it has been imprinted, in all significant aspects, in accordance with the requirements of OMFP 2844/2016, Annex 1, paragraphs 15-19, respectively paragraphs 39-42.

In the exclusive basis of the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information submitted in the Administrator's Report for the financial year for which the financial statements have been entered shall be consistent, in all material respects, with the financial statements.
- b) The Administrators' Report, which includes nonfinancial statement, was prepared, in all significant aspects, in accordance with the requirements of OMFP 2844/2016, Annex 1, paragraphs 15-19 and 39-42.

In addition, based on the knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended on the 31st December 2023, we are asked to report if we have identified significant distortions in the Administrator's Report. We have nothing to report on this.

#### ***Responsibilities of management and persons responsible for governance for financial statements***

9. The Company's management is responsible for preparing financial statements that provide a true and fair view in accordance with OMFP 2844/2016 and for that internal control that the management deems necessary to enable them. the preparation of financial statements free of significant distortions, caused either by fraud or error.
10. In order to prepare financial statements, the management is responsible for assessing the Company's ability to continue its activity, for presenting, if applicable, the aspects related to the continuity of the activity and for the use of accounting you are based on the continuity of the activity, except for the case where the management either intends to liquidate the Company or to stop the operations, or has no other alternative realistic in outside them.
11. Persons in charge of governance are responsible for overseeing the Company's financial reporting process.

#### ***The auditor's responsibilities on audit of the financial statements***

12. Our objectives are to obtain reasonable assurance on the extent to which the financial statement as a whole are free of significant distortions, caused either by fraud or error, and by the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the ISA will always detect significant distortion, if any. Distortions can be caused either by fraud or error and are considered material if it can reasonably be expected that they, individually or cumulatively, will influence the economic decisions of the users, taken on the basis of these financial statements.
13. As part of an audit in accordance with the ISA, we exercise professional reasoning and maintain professional skepticism throughout the audit. Also:
  - We identify and assess the risks of significant distortion of the financial statements, caused by either fraud or error, we design and execute audit procedures as a response to those risks and obtain we are providing sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a significant distortion caused by fraud is higher than that of not detecting a significant distortion caused by error, because fraud can involve secret, forgery, intentional omissions, false statements and avoiding internal control.

- We understand internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without having the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and of the related presentations of information made by the management.
  - We form a conclusion regarding the adequacy of the management's use of accounting based on the continuity of the activity and determine, based on the audit evidence obtained, if there is a significant uncertainty regarding events or conditions that could generate significant changes in the Company's ability to continue its activity. In the case where we conclude that there is significant uncertainty, we must draw attention in the auditor's report on the related presentations in the financial statements or, in if these presentations are inappropriate, let's change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to no longer operate based on the principle of activity continuity.
  - We assess the presentation, structure and content of financial statements, including disclosures, and the measure that financial statements reflect transactions and the events underlying them in a manner that results in a faithful presentation.
14. We communicate to the people in charge of governance, among other aspects, the planned area and the time programming of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.
15. We also provide the persons in charge of governance with a statement regarding our compliance with the ethical requirements regarding independence and we communicate to them all the relationships and other aspects that can reasonably be considered to be it could affect our independence and, where appropriate, the related safety measures.
16. Of the aspects that we have communicated to the people who are in charge of the government, we establish those aspects that had a greater importance in the audit on the financial statements in the current period and, therefore, represent key audit aspects. We describe these aspects in our audit report, except in the case where the legislation or regulations prevent the public presentation of the respective aspect or of the case that, in extremely rare circumstances, considers m that an issue should not be communicated in our report because it is reasonably expected that the benefits of the public interest will be outweighed by the negative consequences of this communication.

#### **Report on other legal and regulatory provisions**

17. We were appointed as auditors by signing the audit contract dated 19.09.2022 to audit the financial statements of the Company, for the financial years concluded on December 31, 2022, 2023, respectively 2024. The total uninterrupted duration of our commitment is 2 years, covering the financial year ended on December 31, 2022 and December 31, 2023.

Confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Board of Directors, which we issued on the same date that we issued and this report. Also, in the conduct of our audit, we have maintained our independence from the audited entity.
- We have not provided for the Company the prohibited non-audit services referred to in Article 5(1) of EU Regulation No. 537/2014.

## **Report on compliance with the European Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")**

We have carried out a reasonable assurance mission on the compliance of the financial statements prepared by CONPET S.A. in accordance with article 4 of delegated regulation (EU) 2018/815, which establishes the regulatory technical standards regarding the specification of a single electronic reporting format – "ESEF".

### **Responsibility of the management of CONPET S.A. regarding the digital files prepared in accordance with ESEF**

The Company's management is responsible for the preparation of digital files in accordance with ESEF. This responsibility includes:

- designing, implementing and maintaining an adequate internal control on ESEF reporting;
- ensuring consistency between the digitized information and the financial statements published according to the provisions of Order 2844/2016.

### **Auditor's responsibility**

Our responsibility lies in expressing, on the basis of the audit evidence obtained, a conclusion on the compliance of the electronic labelling of the elements in the financial statements, in accordance with article 4 of the Delegated Regulation, in all material aspects. Our reasonable assurance mission has been carried out in accordance with the International Standard on Assurance Missions 3000 (revised) – *"Other assurance missions than audits or revisions of historical financial information"*, issued by the International Standards Council for Auditing and Assurance.

A reasonable assurance mission under ISAE 3000 involves carrying out procedures to obtain advice on compliance with Article 4 of the ESEF Delegated Regulation. The nature, timing and extent of the selected procedures depend on the auditor's reasoning, including in assessing the risk of significant deviations from the provisions of Article 4, caused either by fraud or error. A reasonable assurance mission involves:

- obtaining an understanding of the process of preparing the Digital File in accordance with the ESEF and relevant internal controls;
- reconciliation of the Digital Files with the audited financial statements of the Company;
- assessing whether all the financial statements that are included in the annual financial report are prepared in a valid XHTML format.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

In our opinion, the financial statements for the financial year ended December 31, 2023 included in the annual financial report and disclosed in the Digital Files comply, in all significant aspects, with the requirements of ESEF.

In this report we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the financial statements. Our audit opinion on the Company's financial statements for the financial year ended December 31, 2023 is included in the section Report on the annual financial statements above.

On behalf of: **PKF Finconta SRL**

Str. Jean Louis Calderon, nr. 38, Sector 2, Bucharest

Registered with the Authority for Public Supervision of the Statutory Audit Activity under number FA32

Audit partner name: **Florentina Susnea**

In registered with the Authority for Public Supervision of the Statutory Audit Activity under number AF433

Bucharest, March 20, 2024