

FINANCIAL STATEMENTS
at the date and for the financial year ended
December 31, 2021

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

CONTENTS:	Page
Financial Statements	
Statement of the Financial Standing at December 31,2021	2 -3
Statement of the profit or loss and other global result elements for the year ended December 31, 2021	
4	
Statement of changes in equity on December 2021	5
Cash-flow Statement for the year ended December 31, 2021	7 - 8
Explanatory Notes to the financial statements on December 31, 2021	9

I. FINANCIAL STANDING on DECEMBER 31st, 2021

- RON-			
Name	Note:	December 31, 2021	December, 31 2020
ASSETS			
Intangible assets			
Tangible assets	5	512,823,088	504,534,005
Intangible assets	6	6,941,740	4,313,253
Financial Assets	7	411,171	1,111,921
Receivables related to the deferred corporate tax	14	4,637,485	4,955,676
Total Non-current assets		524,813,484	514,914,855
Current assets			
Inventories	8	5,312,087	5,912,006
Trade receivables and other receivables	9	48,922,158	40,260,134
Cash and cash equivalents	10	191,751,271	198,257,333
Prepaid expenses		623,444	602,808
Total current assets		246,608,960	245,032,281
TOTAL ASSETS		771,422,444	759,947,136
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equities			
Subscribed and paid-up share capital	11	28,569,842	28,569,842
Legal reserves	11	5,713,968	5,713,968
Revaluation reserves	11	18,360,121	20,931,765
Other reserves	11	517,047,601	500,269,257
Retained earnings	11	46,288,764	40,678,977
Year's Result	11	51,928,770	60,846,759
Total shareholders' equities		667,909,066	657,010,568
Long-term liabilities			
Long-term liabilities	13	1,287,802	-
Long-term liabilities to employees	13	16,628,683	19,864,043
Other long-term liabilities	12	3,458,842	3,470,722
Total long-term liabilities		21,375,327	23,334,765
Current liabilities			
Trade liabilities	12	32,147,560	23,583,540
Current Corporate Tax	12	2,049,325	738,139
Other liabilities	12	27,106,187	29,892,967
Short-term liabilities to employees	13	12,065,900	14,127,500
Short-term provisions	13	8,769,079	11,259,657
Total current liabilities		82,138,051	79,601,803
Total liabilities		103,513,378	102,936,568
TOTAL EQUITIES AND LIABILITIES		771,422,444	759,947,136

These financial statements, from page 2 to page 57, have been authorized for issue and signed by the company management on March 21st, 2022.

**Director General,
Eng.Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**

The attached notes, from 1 to 57, have been authorized for issue and signed by the company's management on March 21, 2022.

**II. STATEMENT OF PROFIT OR LOSS and other ELEMENTS of the GLOBAL RESULT
for the FINANCIAL YEAR ended DECEMBER 31st, 2021**

Name	Note:	December 31, 2021	December, 31 2020	- RON-
Revenues from contracts		412,786,582	406,928,337	
Other revenues		40,684,781	40,707,357	
Earnings from disposal of assets		4,914,629	-	
Total operating revenues	16	458,385,992	447,635,694	
Stocks Expenses		5,448,472	6,106,005	
Expenses with energy and water		16,552,710	12,465,234	
Personnel expenses		168,219,096	162,558,904	
Impairments of fixed assets, less adjustments related to rights of use resulted from leasing contracts		51,939,320	47,384,780	
Impairments for the rights of use resulted from leasing contracts		1,672,808	1,925,587	
Impairments of current assets		277,838	(346,944)	
Expenses with external services		109,775,835	107,481,861	
Loss from disposal of assets		-	41,323	
Provision adjustments		(4,143,683)	(2,802,153)	
Other expenses		50,906,821	47,804,980	
Total Operating Expenses	17	400,649,217	382,619,577	
Operating Profit		57,736,775	65,016,117	
Financial Revenues		3,428,282	6,122,271	
Interest expenses related to leasing contracts		202,065	532,077	
Other financial revenues		127,759	153,711	
Financial Expenses		329,824	685,788	
Financial profit	18	3,098,458	5,436,483	
Profit before income tax		60,835,233	70,452,600	
Expenses with current corporate tax	14	9,155,006	9,176,821	
Expenses with (revenues coming from) deferred corporate tax		(248,543)	429,020	
Profit of the period		51,928,770	60,846,759	
Actuarial loss from discounted benefits granted upon retirement		2,975,347	(2,160,408)	
Revaluation surplus (Loss from impairment) of tangible assets		-	2,376,682	
Other elements of the equities - retained earnings		408,156	-	
Total other global result elements that will not be subsequently reclassified as profit or loss		3,383,503	216,274	
Net increase of the modernization quota reserve		9,810,724	3,192,763	
Total other global result elements that will not be subsequently reclassified as profit or loss		9,810,724	3,192,763	
TOTAL OTHER GLOBAL RESULTS		13,194,227	3,409,037	
TOTAL GLOBAL RESULT		65,122,997	64,255,796	
Earnings per share		6.00	7.03	

These financial statements from page 2 to page 57 have been authorized for issue and signed by the company management on March 21st, 2022.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**

The attached notes, from 1 to 24, are integral part of these financial statements.

III. STATEMENT OF THE CHANGES IN EQUITIES ON DECEMBER 31st, 2021

Name	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	- RON- Total shareholders' equities
Balance on January 1, 2021	28,569,842	5,713,968	20,931,765	500,269,257	40,678,977	60,846,759	657,010,568
Net result of the year	-	-	-	-	-	51,928,770	51,928,770
Actuarial gains of the period	-	-	-	-	2,975,347	-	2,975,347
Surplus from revaluation	-	-	(2,571,644)	-	2,571,644	-	-
Other elements of the equities - retained earnings	-	-	-	-	408,156	-	408,156
Retained earnings coming from the adoption, for the first time, of IAS 19 - paper profit	-	-	-	-	(1,175,672)	-	(1,175,672)
Retained earnings coming from the adoption for the first time of IAS 29 - achieved earnings	-	-	-	-	1,175,672	-	1,175,672
Allocation of profit provided by law - exemption of reinvested profits	-	-	-	1,484,680	47,138	(1,531,818)	-
Net increase of the modernization quota reserve	-	-	-	9,810,724	-	-	9,810,724
Total other global result elements	-	-	(2,571,644)	11,295,404	6,002,285	(1,531,818)	13,194,227
Total global revenues related to the period	-	-	(2,571,644)	11,295,404	6,002,285	50,396,952	65,122,997
Dividends due to shareholders	-	-	-	-	(392,498)	(59,314,941)	(59,707,439)
Prescribed distributions	-	-	-	5,482,940	-	-	5,482,940
Total transactions with the owners directly recognized in equities	-	-	-	5,482,940	(392,498)	(59,314,941)	(54,224,499)
Balance on December 31, 2021	28,569,842	5,713,968	18,360,121	517,047,601	46,288,764	51,928,770	667,909,066

STATEMENT OF THE CHANGES IN EQUITIES ON DECEMBER 31st, 2020

Name	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	- RON- Total shareholders' equities
Balance on January 1, 2020	28,569,842	5,713,968	21,111,893	495,540,772	43,997,162	58,876,719	653,810,356
Net result of the year	-	-	-	-	-	60,846,759	60,846,759
Actuarial loss of the period	-	-	-	-	(2,160,408)	-	(2,160,408)
Surplus out of reevaluation of tangible assets	-	-	2,372,778	3,904	-	-	2,376,682
Surplus from revaluation	-	-	(2,552,906)	-	2,552,906	-	-
Allocation of profit provided by law - exemption of reinvested profits	-	-	-	1,531,818	(412,543)	(1,119,275)	-
Net increase of the modernization quota reserve	-	-	-	3,192,763	-	-	3,192,763
Total other global result elements	-	-	(180,128)	4,728,485	(20,045)	(1,119,275)	3,409,037
Total global revenues related to the period	-	-	(180,128)	4,728,485	(20,045)	59,727,484	64,255,796
Dividends due to shareholders	-	-	-	-	(3,298,140)	(57,757,444)	(61,055,584)
Total transactions with the owners directly recognized in equities	-	-	-	-	(3,298,140)	(57,757,444)	(61,055,584)
Balance on December 31, 2020	28,569,842	5,713,968	20,931,765	500,269,257	40,678,977	60,846,759	657,010,568

Note: The position „Other reserves” includes also the reserve representing the modernization quota in amount of 470,931,860 RON at 31.12.2021, 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 at the extent of capitalization and proceeds of the production and is being reflected in reserves 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 from page 2 to page 57 have been authorized for issue and signed by the company's management on March 21st, 2022.

**Director General,
Eng. Dorin Tudora**

**Economic Director
Econ. Sanda Toader**

The attached notes, from 1 to 24, are integral part of these financial statements.

**IV. CASH-FLOW STATEMENT FOR THE YEAR ENDED December 31, 2021
(DIRECT METHOD)**

- RON-			
	Name of the Item	12 months, 2021	12 months 2020
	Cash flows from operating activities:		
+	Proceeds from services supply	447,653,380	451,156,972
+	Proceeds from interests related to banking placements	3,320,322	6,572,110
+	Other proceeds	9,830,470	4,902,357
-	Payments to the suppliers of goods and services	121,740,032	117,925,202
-	Payments to and on behalf of the employees	166,734,770	160,129,565
-	VAT Payments	51,157,829	43,942,659
-	Expenses with corporate tax and specific tax	7,868,902	11,515,138
-	Other payments regarding operating activities	43,857,072	41,803,337
A	Net cash from operating activity	69,445,567	87,315,538
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	302,162	63,378
+	Proceeds from modernization quota	47,490,268	36,980,848
-	Payments for purchase of tangible assets	63,416,908	102,602,530
B	Net cash from investing activity	(15,624,478)	(65,558,304)
	Cash-flows from financing activities		
-	Paid Dividends	57,690,483	59,117,819
-	Payments on the debt related to the leasing	2,430,264	2,764,889
-	Interest payments	206,404	194,144
C	Net cash from financing activities	(60,327,151)	(62,076,852)
	<i>Net increase of the cash and cash equivalents=A+B+C=D2-D1</i>	<i>(6,506,062)</i>	<i>(40,319,618)</i>
D1	Cash and cash equivalents at the beginning of the period	198,257,333	238,576,951
D2	Cash and cash equivalents at the end of the period	191,751,271	198,257,333

Cash and cash equivalents at 31.12.2021 have decreased by 3.3% compared to December 31, 2020 (191,751,271 RON compared to 198,257,333 RON), fact due to the decrease of the cash out of the operating activity.

Of the total of 191,751,271 million RON in the balance as of 31.12.2021, the share of the modernization quota is of 124,109,878 RON.

The effects of the three activity areas (operation, investment and financing) over the cash in the 12 months period of 2021 reveal the followings:

- the operating activity triggered a cash-flow in amount of 69,445,567 RON;
- the investments activity ended with a negative cash-flow in amount of 15,624,478 RON;
- the financing activity has lowered the total cash flow by 60,327,151 RON, due to the cash outputs mainly for the payment of dividends in amount of 57,690,483 RON.

The value of the net cash flow from the operating activity registers a decrease of 17,869,971 RON due to the increase of payments to the suppliers, following the augmentation of the electric power prices and natural gas, of payments to employees and to the state budget.

The net cash from the investment activity register a negative value, higher with 49,933,826 RON compared to the level registered in 2020, due to the decrease of the cash outputs for the payment of investment suppliers.

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

These financial statements from page 2 to page 57 have been authorized for issue and signed by the company's management on March 21st, 2022.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**

The attached notes, from 1 to 24, are integral part of these financial statements.

V. EXPLANATORY NOTES TO THE FINANCIAL STATEMENT ON DECEMBER 31, 2021

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.

Address of the registered offices is Ploiesti City, No. 1-3, Anul 1848 Street, Prahova County.

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 company's shares are being traded at the Bucharest Stock Exchange (BSE) starting September 5, 2013, under the "COTE" 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 and BET Plus**.

On 31.12.2021, CONPET S.A. had a market capitalization of 683.9 million RON (138,2 million Euro), ranking 26 in Top 30 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 shareholder structure and number of voting rights at 31.12.2021 are:

- a) The Romanian State by the Ministry of Energy, holding 5,083,372 shares representing 58.72% of the share capital,
- b) The Romanian State by the Ministry of Energy, holding 2,292,221 shares representing 26.47% the share capital,
- c) natural persons, with 1,281,935 shares representing 14.81% 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 concession 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 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 National Transport Systems via pipelines and regulates the exploitation activities thereof by 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 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 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 for the transport via the National Transport System and are being approved by NAMR as competent authority.

The transport tariffs are determined by the value of transmission allocation of the amount of oil transported to the beneficiaries, the appropriate distances, using a methodology based on the determination of the cost of service, defined as all the revenue required to cover the transportation system operations, including:

- 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;
- a reasonable profit margin.

2. Preparation Grounds

(a) Statement of Compliance

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

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

The financial statements prepared at the date and for the financial year ended December 31, 2021, have been audited.

(b) Overview of the Financial Statements

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

(c) Functional and Presentation Currency

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

(d) Evaluation Grounds

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

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

(e) Business Continuity

The financial statements have been prepared considering the ongoing concern.

(f) Accounting Estimates and Professional Reasoning

The preparation of the financial statements pursuant to the International Financial Reporting Standards („IFRS”) implies the use, by the Company, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, 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 reasonings 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.

(g) The Use of Estimates and Reasonings

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

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

3. Accounting Policies

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

(a) Transactions in Foreign Currency

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

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

The foreign exchange of the main foreign currencies were:

	December 31, 2021	December 31, 2020
RON/EURO	4.9481	4.8694
RON/EURO	4.3707	3.9660
RON/GBP	5.8994	5.4201

(b) Accounting for the Effect of Hyperinflation

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

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

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

(c) Financial Instruments

(i) Non-derivative financial assets

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

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

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

The financial assets and debts are offset and in the statement of the financial position is being presented the net value exclusively when the Company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realize the asset and settle the obligation simultaneously. At 31.12.2021, the company holds the following non-derivative financial assets: cash, cash equivalents and receivables.

Short-term investments

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

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

On entering the Company, the short-term investments are being assessed based on the purchase cost, by which we understand the purchase price, or the value established under the contracts.

During 2021, the company has not had transactions representing short-term investment and does not have short-term investments in balance at the end of the year.

Receivables

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

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

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

Trade liabilities

Liabilities to the suppliers and other liabilities include the exchange value of the products suppliers' deliveries, works executed and the services supplied.

Leasing liabilities

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

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

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

(iii) Share capital - Common stocks

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

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

(d) Tangible assets

(i) Recognition and Assessment

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

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

The tangible assets are initially evaluated at cost by the Company. After initial recognition the tangible assets are being revealed in the statement of the financial standing at reevaluated value, established based on an assessment report drafted by an authorized independent expert.

The reevaluations are made with fair regularity to make sure that the accounting value does not significantly differ from what would have been determined by using the fair value at the date of the reporting period.

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

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

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

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

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

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

(ii) Ulterior costs

Replacements of several components of tangible assets

The components of several elements of tangible assets may need the replacements at time regulated intervals. The company recognizes in the carrying amount of a tangible assets element the cost of the replaced part of such an element, when that cost is borne by the company, if the validation criteria are being met, for tangible assets.

General Regular Inspections

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

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

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

The statement related to the evolution of tangible assets of the Company during 2021 and 2020 is being detailed in note 5.

Operating Oil Product

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

The Goods belonging to State Public Domain

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

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

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

(iii) Reclassification as Investment Property

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

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

(iv) Intangible Assets held in view of Sale

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

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

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

Certain events or circumstances may extend the period for the completion of sale by more than one year. An extension of the period does not prevent an asset (or an asset group to be disposed) to be classified as being held in view of sale in case the delay is caused by events or circumstances outside the management control and there are enough proofs that the company remains committed to the plan regarding the asset's sale (or the group destined to disposal).

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

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

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

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

As per IFRS 16, Leasing Contracts, at the date of starting the performance, the company, as lessee, recognizes an asset related to the right of use. The cost of the asset related to the right of use includes the value of the initial value of the debt deriving from the leasing contract, any leasing payment being performed at the date of initiation of performance or prior to third date, minus any in leasing stimulants received or any direct initial cost borne by the company as lessee. The company reevaluates if a contract is or includes a leasing only provided that the terms and conditions of the contract are amended. The company determines the duration of a leasing contract as being the irrevocable period of a leasing contract, along with:

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

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

(vi) Amortization

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

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

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

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

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

(vii) Sale/ cessation of Intangible Assets

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

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

(e) Intangible Assets

(i) Recognition and Assessment

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

(ii) Subsequent Expenditure

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

(iii) Depreciation

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

(f) Depreciation of Assets

The Non-Financial Assets

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

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

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

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

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

The Financial Assets

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

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

(g) Stocks

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

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

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

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

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

(h) Dividends

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

(i) Revaluation reserves

The revaluations are performed with sufficient regularity so that the carrying amount does not differ substantially from that which would be determined using the fair value at the balance sheet date.

The difference between the value resulting after revaluation and the net accounting value of tangible assets is presented either according to its nature (appreciation/depreciation), either at the revaluation reserve as a distinct sub-element in "Equities" or in the "Profit and Loss" account. If the revaluation result is an increase over the net accounting value, then, it is treated as follows: as an increase of the revaluation reserve presented within the total equity, if there was no previous decrease recognized as an expense related to that asset or as an income to compensate the expense with the decrease previously recognized at that asset.

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

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

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

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

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

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

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

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

(j) Legal Reserves

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

(k) Other reserves

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

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

(I) Related Parties

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

(m) The Benefits of the Employees

(i) Benefits granted upon Retirement

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

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

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

(ii) Short-term Employees Benefits

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

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

(n) Provisions

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

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

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

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

Gains from the expected disposal of assets should not be considered in measuring a provision. If estimated that one or all expenses related to a provision will be reimbursed by a third party, the reimbursement is recognized only when it is certain that it will be received. The reimbursement is considered as a separate asset.

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

(o) Subsidies

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

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

(p) Revenues

Revenues related to Services Supply

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

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

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

Revenues from royalties, rentals and interests

Recognition rules:

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

(q) Financial Revenues and Expenses

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

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

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

(r) Tax

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

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

(i) Current Tax

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

For the financial year ended December 31, 2021, the corporate tax rate, under the Fiscal Code, was of 16%.

(ii) Deferred Tax

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

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

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

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

(iii) Tax Exposures

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

(s) Earnings per share

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

(t) Business Segments Reporting

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

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

(u) Contingent Assets and Liabilities

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

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

(v) Ulterior Events

The financial statements reflect subsequent events after the year-end, events that provide additional information on the Company's position at the reporting date or those that indicate a possible violation of the going concern principle (events that cause adjustments).

Events following the end of the year that are not adjusting events are disclosed in notes when they are considered significant.

(w) Comparative Figures

The statement of the financial standing for the year ended December 31, 2021 shows comparability with the statement of the financial standing for the financial year ended December 31, 2020.

x) New Standards and Interpretations

The following new standards and amendments of the existing standards issued by the International Accounting Standards Committee (IASB) and adopted by the European Union (EU) *have not yet entered into force* along the annual financial reporting period ended December 31, 2021, but not bearing a significant impact on the financial statements have not been presented in detail: [IAS 8.30 (a)]:

Norm/Interpretation [IAS 8.31 (a)]:	Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]	The impact over the financial statements [IAS 8.21(e)]
The amendments to IAS 16 "Tangible assets", IAS 37 "Provisions, contingent debts and active debts", IAS 41, "Agriculture", IFRS 1 "The adoption, for the first time, of the International Financial Reporting Standard", IFRS 3 "Business Combination" and IFRS 9 "Financial Instruments" (in force for the annual periods starting January 1, 2022 or ulterior to this date).	The amendments to IAS 16, IAS 37 and IFRS 3 offer additional clarifications for a more consistent application of the standards or updates the references. The amendments to IAS 41, IFRS 1 and IFRS 9 have been adopted within the annual improvements issued by IASB and target the rationalization and clarification of the existing standards.	The adoption of these amendments shall not have impact on the individual financial statement.
Amendments to IFRS 17 "Insurance Contracts" (in force for the annual periods starting Sunday, January 1, 2023, or ulterior to this date)	The amendments target the possibility to apply the exemption of the intergenerationally mutualized contracts and the contracts correlated with cash flows from the requirement regarding the annual cohort, as well as the presentation of information related thereto.	The adoption of the amendments to IFRS 17 had no impact on the individual financial statements, as this standard is not applicable at the date of preparation of these financial statements.

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*:

[IAS 8.31 (a)]:	Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]	The impact over the financial statements [JAS 8.21(e)]
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.
Amendments to IFRS 16. The "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 on June 30, 2021 or before this date, to the 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.

4. Determination of Fair Value

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

Fair Value Hierarchy

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

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

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

Level 3: Inputs for assets or liabilities that are not grounded on the data observable on the market.

The fair values of the tangible assets have been determined in view of assessment and/or presentation of the information based on the methods described below.

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

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

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

- RON-				
	Level 1:	Level 2:	Level 3:	Fair value on December 31, 2021
Lands	-	25,585,843	-	25,585,843
Constructions;	-	-	316,226,461	316,226,461
Machinery and equipment	-	-	60,305,390	60,305,390
Measuring and control devices	-	-	26,102,426	26,102,426
Means of transport	-	-	18,279,099	18,279,099
Other assets	-	-	3,009,737	3,009,737

- RON-				
	Level 1:	Level 2:	Level 3:	Fair value on December 31, 2020
Lands	-	24,853,886	-	24,853,886
Constructions;	-	-	299,314,897	299,314,897
Machinery and equipment	-	-	61,967,609	61,967,609
Measuring and control devices	-	-	26,748,981	26,748,981
Means of transport	-	-	13,539,039	13,539,039
Other assets	-	-	3,171,604	3,171,604

5. Tangible assets

In 2021, compared to 2020, the intangible assets 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
Gross accounting value on January 1, 2021	26,456,788	257,455,571	42,072,846	124,057,805	95,122,213	40,004,324	8,721,520	75,166,282	669,057,349
Cumulated depreciation on January 1, 2021	(1,602,902)	(213,520)	-	(62,090,196)	(68,373,232)	(26,465,285)	(5,549,916)	-	(164,295,052)
Adjustments for impairment of assets	-	-	-	-	-	-	-	(228,292)	(228,292)
Net accounting value on January 1, 2021	24,853,886	257,242,051	42,072,846	61,967,609	26,748,981	13,539,039	3,171,604	74,937,990	504,534,005
Tangible assets inputs	1,850,205	46,166,494	-	7,841,477	7,117,578	8,975,150	986,862	(11,576,878)	61,360,888
Outputs of tangible assets to the gross value	(342,274)	(71,691)	(1,183,292)	(201,655)	(998,274)	(1,576,118)	(406,494)	-	(4,779,798)
Cumulated depreciation related to outputs	339,873	41,644	-	190,318	984,908	1,574,673	405,584	-	3,537,000
Amortization registered during the year	(1,115,847)	(28,041,591)	-	(9,492,359)	(7,750,767)	(4,233,645)	(1,147,819)	-	(51,782,028)
Established adjustments for impairment	-	-	-	-	-	-	-	(46,980)	(46,980)
Gross accounting value on December 31, 2021	27,964,719	303,550,374	40,889,554	131,697,627	101,241,517	47,403,356	9,301,888	63,589,404	725,638,439
Cumulated depreciation on December 31, 2021	(2,378,876)	(28,213,467)	-	(71,392,237)	(75,139,091)	(29,124,257)	(6,292,151)	-	(212,540,079)
Adjustments for impairment of assets on December 31, 2021	-	-	-	-	-	-	-	(275,272)	(275,272)
Net accounting value on December 31, 2021	25,585,843	275,336,907	40,889,554	60,305,390	26,102,426	18,279,099	3,009,737	63,314,132	512,823,088

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
Gross accounting value on January 1, 2020	26,105,543	299,539,960	42,072,846	105,048,289	80,836,708	34,739,813	6,916,492	58,153,146	653,412,797
Cumulated depreciation on January 1, 2020	(1,174,254)	(44,448,098)	-	(52,066,352)	(61,498,222)	(22,390,345)	(4,555,901)	-	(186,133,172)
Adjustments for impairment of assets	-	-	-	-	-	-	-	(302,026)	(302,026)
Net accounting value on January 1, 2020	24,931,289	255,091,862	42,072,846	52,981,937	19,338,486	12,349,467	2,360,591	57,851,120	466,977,598
Tangible assets inputs	866,277	24,313,059	-	19,094,938	14,713,412	5,453,855	1,824,934	17,126,053	83,392,529
Outputs of tangible assets at gross value	(789,833)	(1,174,482)	-	(85,422)	(427,907)	(189,344)	(19,906)	(112,917)	(2,799,811)
Cumulated depreciation related to outputs	467,567	973,410	-	85,422	427,907	181,256	19,906	-	2,155,467
Decrease of the tangible assets up to the net value, for the registration of assets' reappraisal	-	(68,463,107)	-	-	-	-	-	-	(68,463,107)
Annulled depreciation from the accounting value as effect of the application of the net value method for registration of the assets' reappraisal	-	68,463,107	-	-	-	-	-	-	68,463,107
Amortization registered during the year	(896,214)	(25,201,939)	-	(10,109,266)	(7,302,917)	(4,256,195)	(1,013,921)	-	(48,780,453)
Appreciations from reappraisal	392,722	3,243,925	-	-	-	-	-	-	3,636,647
Depreciations from reappraisal	(117,921)	(3,784)	-	-	-	-	-	-	(121,705)
Impairment for depreciation written - back to revenues	-	-	-	-	-	-	-	73,734	73,734
Gross accounting value on December 31, 2020	26,456,788	257,455,571	42,072,846	124,057,805	95,122,213	40,004,324	8,721,520	75,166,282	669,057,349
Cumulated depreciation on December 31, 2020	(1,602,902)	(213,520)	-	(62,090,196)	(68,373,232)	(26,465,285)	(5,549,916)	-	(164,295,052)
Adjustments for impairment of assets on December 31, 2020	-	-	-	-	-	-	-	(228,292)	(228,292)
Net accounting value on December 31, 2020	24,853,886	257,242,051	42,072,846	61,967,609	26,748,981	13,539,039	3,171,604	74,937,990	504,534,005

The net value of the tangible assets at 31.12.2021 has increased as compared to the end of 2020, by the amount of 8,289,082.

During 2021 there were registered tangible assets inputs in amount of 61,360,888 RON, outputs to the remaining value of 1,242,798 RON, containing mainly sold oil product, non-depreciable assets (1,183.292 RON) and impairments for depreciation of various tangible assets in progress, in amount of 46,980 RON.

Depreciation of tangible assets in 2021 amounts to 51,782,028 RON.

The tangible assets put into operation in 2021 amounted to 70,692,330 RON

During 2021 there have been registered also increases to the assets related to the rights of use resulting from leasing contracts, in amount of 2,236,570 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” is included the value of the rights of use resulting from the lease 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 31.12.2021 the gross value of these assets is of 5,105,819 RON, the cumulated depreciation of 2,378,876 RON, resulting a net value the rights of use related to the lands of 2,726,943 RON.

➤ At the element-row “Special buildings and installations” is included the value of the rights of use resulting from the lease and concession contracts concluded with various owners for buildings rented in order to be made available to the gendarmes, as per GD no.1486/2005 on securing the guard and protection of the objectives, goods and values with gendarmes’ teams and for the carry out of the administrative activity. At the date of 31.12.2021 the gross value of these assets is of 958,512 RON, the cumulated depreciation of 650,246 RON, resulting a net value of the rights of use related to the buildings of 308,266 RON.

➤ The line item “Means of transport” includes the value of the rights to use the assets acquired in December 2019 in a leasing system, consisting of 30 cars necessary to carry out the company's specific activities. At 31.12.2021, the gross value of these assets is of 2,228,610 RON, the

cumulated depreciation of 1,114,305 RON, resulting a net value of the rights of use related to the means of transport of 1,114,305 RON.

At 31.12.2021, CONPET registers in the company's patrimony lands with a surface of 733,601 Sq.m. with an accounting value of 22,858,900 RON, made of:

- 554,337 Sq.m 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 Sq.m represent lands with an accounting value of 7,080,200 RON, acquired by the Company based several sale-purchase contracts. A part of the purchased lands is related to the administrative buildings and on the other purchased lands are being placed telecommunications towers in different locations over the country.

The lands held by the Company are located in Ploiești, 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".

In 2021 there was sold oil product consisting of crude oil and condensate, in amount of 1,183,292 RON, for the client OMV PETROM SA.

At 31.12.2021, the fair value of these lands amounts to 40,889,554 RON.

	- RON -	
Name	December 31, 2021	December 31, 2020
Operating Oil Product	40,889,554	42,072,846
Balance of the Operating Oil Product	40,889,554	42,072,846

Tangible assets in progress

At December 31, 2021 the value of the assets in progress is of 63,314,132 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 and pumping stations modernizations, SCADA works, telecommunication works, cathodic protection modernization systems, modernization of locomotives etc.

Reevaluation of tangible assets

After initial recognition, the tangible assets are being reappraised.

The tangible assets for which the company has adopted the alternative treatment allowed, namely those that have been reappraised, are being presented in the financial statements at the re-assessed value (the fair value at the re-assessment value), less the ulterior depreciation

cumulated and the ulterior losses from depreciation. The re-assessments have been performed with sufficient regularity, at least once at 3 years, the most recent being at 31.12.2020. At December 31st, 2020 there have been appraised, by the authorized appraiser ANEVAR, the lands and goods from Group I representing "special buildings and constructions."

The tangible assets reassessed at the fair value less the depreciation, at 31.12.2021, compared to 31.12.2020, reveal the followings:

- RON-				
Crt.No.	Class	Value at 30.12.2020	Value at 30.12.2021	Amendment during the year 2021
1	Lands	22,858,900	22,858,900	-
2	Constructions;	256,851,592	231,818,471	(25,033,121)
TOTAL		279,710,492	254,677,371	(25,033,121)

6. Intangible assets

In 2021, compared to 2020, the intangible assets evolved as follows:

- RON-			
Name	Licenses and software	Other intangible assets	Total intangible assets
Gross accounting value on January 1, 2021	6,361,295	2,454,804	8,816,099
Aggregate depreciation on January 1, 2021	(3,591,863)	(910,983)	(4,502,846)
Net accounting value on January 1, 2021	2,769,432	1,543,821	4,313,253
Inputs of intangible assets	3,870,272	549,895	4,420,167
Depreciation registered during the period	(1,227,761)	(563,919)	(1,791,680)
Gross accounting value on December 31, 2021	10,231,567	3,004,699	13,236,266
Aggregate depreciation on December 31, 2021	(4,819,624)	(1,474,902)	(6,294,526)
Net accounting value on December 31, 2021	5,411,943	1,529,797	6,941,740

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

At 31.12.2021 the net value of intangible assets has increased as compared to the end of 2020 by the amount of 2,628,487 RON.

In the of 2021 there have been registered inputs of intangible assets in amount of 4,420,167 RON and depreciation in amount of 1,791,680 RON.

The depreciation method used is the linear one.

The intangible assets comprise: IT programs, soft licenses, soft, vectorial map of Romania , 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.

Research and development-related expenses are not being capitalized.

7. Financial Assets

Comparative statement of the financial assets for the two reporting periods reveals the followings:

			- RON-	
	Name	Other long-term investments	Long-term receivables	Total intangible assets
Gross accounting value on January 1, 2021		5,100	1,427,010	1,432,110
Impairments for depreciation on January 1, 2021		-	(320,189)	(320,189)
Net accounting value at 12/31/2021		5,100	1,106,821	1,111,921
Inputs		-	37,190	37,190
Outputs		-	(737,940)	(737,940)
Gross accounting value on December 31, 2021		5,100	726,260	731,360
Impairments for depreciation		-	(320,189)	(320,189)
Net accounting value on December 31, 2021		5,100	406,071	411,171

			- RON-	
	Name	Other long-term investments	Long-term receivables	Total intangible assets
Net accounting value on January 1, 2020		5,100	805,498	810,598
Inputs		-	650,963	650,963
Outputs		-	(29,451)	(29,451)
Impairments for depreciation		-	(320,189)	(320,189)
Net accounting value on December 31, 2020		5,100	1,106,821	1,111,921

At 31.12.2021 the value of the financial assets has decreased as compared to January 1,2021, by 700,750 RON, at the expense of the decrease of the non-current receivables during the year. 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 406,071 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.

8. Inventories

	- RON-			
Name	Consumable s	Services in progress	Waste products	Total stocks
Gross accounting value on January 1, 2021	6,135,908	769,477	11,163	6,916,548
Impairments for depreciation of inventories	(1,004,542)	-	-	(1,004,542)
Net accounting value on January 1, 2021	5,131,366	769,477	11,163	5,912,006
Stocks inputs during the period	5,365,065	658,743	192,850	6,216,658
Consumption/outputs of stocks during the period	(5,486,269)	(769,477)	(196,840)	(6,452,586)
Income from (Expense with) impairment for depreciation of stocks	(363,991)	-	-	(363,991)
Gross accounting value on December 31, 2021	6,014,704	658,743	7,173	6,680,620
Impairments for depreciation of inventories	(1,368,533)	-	-	(1,368,533)
Net accounting value on December 31, 2021	4,646,171	658,743	7,173	5,312,087
	- RON-			
Name	Consumable s	Services in progress	Waste products	Total stocks
Gross accounting value on January 1, 2020	5,666,292	1,193,309	2,192,895	9,052,496
Impairments for depreciation of inventories	(845,289)	-	(37,345)	(882,634)
Net accounting value on January 1, 2020	4,821,003	1,193,309	2,155,550	8,169,862
Stocks inputs during the period	6,577,611	769,477	(652,189)	6,694,899
Consumption/outputs of stocks during the period	(6,107,996)	(1,193,309)	(1,529,543)	(8,830,848)
Income from (Expense with) impairment for depreciation of stocks	(159,253)	-	37,345	(121,908)
Gross accounting value at December 31, 2020	6,135,908	769,477	11,163	6,916,548
Impairments for depreciation of inventories	(1,004,542)	-	-	(1,004,542)
Net accounting value on December 31, 2020	5,131,366	769,477	11,163	5,912,006

The stocks are made up of materials, spare parts and other materials that are to be used when performing the company's business, including the ones comprising security and intervention stocks meant for the potential provoked and technical breakdowns. At 31.12.2021, the materials and spare parts stocks have been registered at the smallest value between cost and net achievable value, based on the appraisal report drafted by an expert appraiser certified by ANEVAR.

The company recognizes in revenues from ongoing services the cost of supplied services but unreceived by the beneficiaries until the end of the period.

9. Trade receivables and other receivables

On December 31, 2021 and December 31, 2020, the trade receivables and other receivables reveal the followings:

	- RON-	
Name	December 31, 2021	December 31, 2020
Clients	44,266,382	35,115,718
Impairments for depreciation of receivables	(120,337)	(339,307)
Other trade receivables	285,169	284,042
Impairments for the loss of value of other short-term intangible receivables	(282,466)	(282,466)
Subtotal trade receivables (net value)	44,148,748	34,777,987
Other receivables	7,231,675	7,807,594
Impairments for the depreciation of other receivables	(2,458,264)	(2,325,447)
Subtotal other receivables (net value)	4,773,411	5,482,147
Total receivables	48,922,158	40,260,134

Clients' structure per activities, is as follows:

	- RON-	
	December 31, 2021	December 31, 2020
Clients- transport activity	36,782,001	34,562,999
Other clients - auxiliary activities	7,484,381	552,718
Total	44,266,382	35,115,718

Trade receivables are no interest bearer and have an average day collection of 28 days.

The main trade receivables in balance at Friday, December 31, 2021 are to be received from: OMV PETROM S.A.– 36,636,619 RON (December 31, 2020: 29,623,308 RON), Petrotel Lukoil S.A.– 5,538,060 RON (Thursday, December 31, 2020: 4,904,580 RON), Rompetrol Rafinare S.A.– 1,559,525 RON (Thursday, December 31, 2020: 25,747 RON).

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

The Company's client, OMV PETROM SA, holds approximately 75% of the total short-term receivables registered on December 31, 2021.

Other receivables, in amount of 7,231,675 RON include mainly: amounts to be recovered from various natural and legal persons, the majority thereof pending before law courts as litigations (2,842,228 RON, namely 39.3%), non-exigible VAT related to the unarrived invoices until 31.12.2021 (2,531,570 RON, namely 35.0%), and amounts to be recovered from the budget representing sick leave allowances (1,079,342 RON, namely 14.9%).

Impairments for the depreciation of trade receivables are recorded for the doubtful clients, involved in litigation or insolvency, presenting default of collection thereof. On December 31, 2021 the value of these impairments amounts to 120,337 RON.

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 December 31, 2021 the value of the impairments amounts to 2,458,264 RON, increasing by 132,817 RON as compared to December 31, 2020.

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

Statement of receivables according to age

Trade receivables

	- RON-	
Name	December 31, 2021	December 31, 2020
Clients, o/w:	44,266,382	35,115,718
Depreciated receivables	120,337	339,307
Non-depreciated receivables, o/w:	44,146,045	34,776,411
- seniority less than 30 days	44,049,307	34,766,616
- seniority between 30 days and 60 days	75,712	3,439
- seniority between 60 days and 90 days	14,736	530
- seniority between 90 days and 270 days	6,090	5,154
- seniority between 270 days and 1 year	200	672
Other trade receivables, out of which:	285,169	284,042
Depreciated receivables	282,466	282,466
Non-depreciated receivables	2,703	1,576

Other receivables

Name	December 31, 2021	December 31, 2020	- RON-
<i>Depreciated receivables</i>	2,458,264	2,325,447	
<i>Non-depreciated receivables, o/w:</i>	4,773,411	5,482,147	
- seniority less than 30 days	4,388,713	5,344,437	
- seniority between 30 days and 60 days	129,570	137,710	
- seniority between 60 days and 90 days	112,384	-	
- seniority between 90 days and 270 days	142,744	-	
Total Equities	7,231,675	7,807,594	

10. Cash and cash equivalents

On December 31, 2021 and December 31, 2020 the cash and cash equivalents look as follows:

Name	December 31, 2021	December 31, 2020	- RON-
Current bank accounts	4,821,361	5,796,960	
Bank deposits with maturity ≤ 3 months	186,926,898	192,447,249	
Cash on hand	3,012	11,974	
Other cash equivalents	-	1,150	
Total	191,751,271	198,257,333	

On December 31, 2021, the cash from bank accounts and cash office decreased by 3.3% compared to December 31, 2020 (191,751,271 RON compared to 198,257,333 RON).

The cash accounts at 31.12.2021 also include the cash representing the modernization quota, with special use regime, provided by GD no.168/1998, in amount of 124,109,878 RON. This is intended exclusively for funding the modernization and development works of public property.

The company has not restricted number.

11. 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, 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 on December 31, 2021 is exposed as follows:

Shareholders	December 31, 2021			Thursday, December 31, 2020		
	Number of shares	Amount (RON)	(%)	Number of shares	Amount (RON)	(%)
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	2,292,221	7,564,329	26.4766	2,368,002	7,814,406	27.3519
Natural Persons	1,281,935	4,230,385	14.8072	1,206,154	3,980,308	13.9319
Total	8,657,528	28,569,842	100%	8,657,528	28,569,842	100%

Legal reserves

On December 31, 2021 the value of the legal reserve is 5,713,968 RON (December 31, 2020: 5,713,968 RON). 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

On December 31, 2021 "Other reserves" are in amount of 517,047,601 RON.

Other reserves have increased by the amount of 16,778,344 RON in 2021, made up of: 9,810,724 RON, growth of reserves representing the modernization quota, 5,482,940 RON representing prescribed dividends, recognized in equities and 1,484,680 RON reserves constituted for the reinvested profit.

The reserve related to the modernization quota is in amount of 470,931,860 RON and holds the highest share in total other reserves (91.1%).

Revaluation reserves

At December 31, 2021, in the financial standing the revaluation reserves are being presented at the net value of 18,360,121 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, December 31, 2021 "Other reserves" are in amount of 46,288,764 RON:

- The retained earnings representing actuarial loss from discount of benefits granted upon retirement: 2,975,347 RON
- The retained earnings representing surplus achieved out of revaluation reserves: 2,571,644 RON
- The retained earnings derived from the first adoption of IAS 29 related to fixed assets representing oil operating product recognized in tangible assets, in amount of 41,818,297 RON, of which 1,175,672 RON representing achieved earnings.
- Other elements of the equities - retained earnings: 408,156 RON

The retained earnings is diminished by the amount of the reinvested profit in 2021, in amount of 1,484,680 RON, for which we have benefited from an exemption from the corporate tax, as per the provisions of Art.22 of Law no.227/2015 on the Fiscal Code, the amount being registered as profit distributed to other reserves.

Profit of the period

The profit of the financial year of the year 2021 is of 51,928,770 RON.

The distribution proposal of the remaining accounting profit after deduction of the corporate tax on December 21, 2021.

Along 2021, there have not been distributed dividends based on the interim financial statements. The remaining accounting profit after the deduction of the corporate tax, on December 31, 2021 is in amount of 51,928,770 RON.

The distribution proposal on the legal destinations of the remaining accounting profit after deduction of the corporate tax to be distributed, reinstated with the provisions for the employees share of profit, in total amount of 57,447,153 RON, is the following:

- RON-			
Crt.No.	Element	Provisions of GD no. 64/2001	Amount
1	The net profit of the financial year 2021, reported based on the audited annual financial statements	-	51,928,770

2	The employees share of profit within the limit of 10% of the net profit but not more than the monthly average base salary achieved at the level of the economic operator reported in the corresponding year	-	5,518,383
3	Total distributions (1+2), of which distributed at:	-	57,447,153
a	Other distributions stipulated by law - payment exemption of the reinvested profit tax (account 1068), Art.22 of Law no.227/2015 on the fiscal code	Art. 1, Para (1), Letter b)	1,484,680
b.	The employees share of profit within the limit of 10% of the net profit but not more than the monthly average base salary achieved at the level of the economic operator reported in the corresponding year	Art. 1, Para (1), Letter e)	5,518,383
c	Dividends due to shareholders	Art. 1 , Para (1), Letter f)	50,444,090

The retained earnings that can be distributed, in amount of 7,130,819 RON, is proposed to be allocated for the distribution as dividends due to shareholders. It is made up of:

- RON-		
Crt.No.	Destination	Amount
1.1	The retained earnings representing surplus achieved out of revaluation reserves	2,571,643
1.2.	The retained earnings representing actuarial loss from discount of benefits granted upon retirement	2,975,348
1.3.	Other elements of the equities - retained earnings	408,156
1.4.	Retained earnings coming from the adoption for the first time of IAS 29 - earning achieved	1,175,672
1	Total retained earnings, distributed for:	7,130,819
a	Dividends due to shareholders	7,130,819

Other reserves in amount of 5,482,940 RON, representing prescribed dividends, unclaimed in three years from the maturity date (prescribed dividends), are proposed to be allocated for the distribution as dividends due to shareholders:

- RON-		
Crt.No.	Destination	Amount
1	Other reserves representing distributions to owners, unclaimed within three years from the maturity date(prescribed dividends)	5,482,940
1	Total retained earnings, distributed for:	5,482,940
a	Dividends due to shareholders	5,482,940

12. Trade Liabilities and Other Liabilities

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

Liabilities	December 31, 2020	Friday, December 31, 2021	Maturity term for the balance at December 31, 2021		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	23,583,540	33,435,362	32,147,560	1,287,802	-

Liabilities to the employees	33,991,543	28,694,583	12,065,900	3,286,020	13,342,663
Other liabilities, here- included fiscal debts and social insurances related debts	34,101,828	32,614,354	29,155,512	2,523,589	935,253
Total	91,676,911	94,744,299	73,368,972	7,097,411	14,277,916

The goods and services suppliers for the operating activity are mainly represented by: SNTFM CFR Marfa SA, CEZ Vanzare, Edenred Romania SRL, OMV Petrom SA, Envirotech SRL, Tinmar Energy SA, Signal Iduna Asigurare Reasigurare SA, OMV Petrom Marketing, Prodial Tour SRL, Premier Energy SRL, Service Implementare Productie SA, Orange Romania, Octavsv Tour, CON Metal CF SRL, WMC Guard Security SRL Buzau, Coral 33 ALL PROD SRL Ploiesti, Director Special TROOPS-DST SRL, Autogas Impex SRL, MOL Romania Petroleum Products SRL, Oil Depol Service SRL Constanta, Afer Bucuresti, Quality Business Solutions SRL, Multimodal Service SRL, Romflex Sistem SRL.

The value of procurement from the suppliers destined to the operating activity, in 2021 holds a share of 55% in total procurement and the assets procurement holds a share of 45%.

At debts to employees, in balance at the date of 31.12.2021, are also included the future debts for the benefits granted to employees on retirement and the debt for the employees share of profit and for the untaken leaves of the employees, debts that are not recognized as provisions.

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

Liabilities	Maturity term for the balance on December 31, 2021					- RON-
	December 31, 2020	December 31, 2021				
			Under 1 year	Over 1 year	Over 5 years	
Salaries contributions	5,427,408	5,280,452	5,280,452	-	-	
Current corporate tax	738,139	2,049,325	2,049,325	-	-	
Royalty due to the State Budget	7,864,678	7,561,083	7,561,083	-	-	
VAT payable	3,022,250	4,503,551	4,503,551	-	-	
Other interests and debts - State Budget	1,014,565	966,308	966,308	-	-	
Dividends Payable	10,277,535	6,812,350	6,812,350	-	-	
Leasing liabilities	4,277,338	4,398,574	1,713,911	2,114,987	569,676	
Accrued revenues	963,552	859,308	88,455	405,276	365,577	
Other liabilities	516,363	183,403	180,077	3,326	-	
Total	34,101,828	32,614,354	29,155,512	2,523,589	935,253	

At 31.12.2021 the leasing-related liabilities include future payment obligations related to the leasing concluded for 30 vehicles necessary for the performance of the company's specific activity and debts related to the rights of use recognized for the contracts of lease and concession of various lands and buildings (note 5).

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	December 31, 2020	Friday, December 31, 2021	Maturity term for the balance on December 31, 2021			- RON-
			Under 1 year	Over 1 year	Over 5 years	
Salaries and assimilated debts	5,975,076	5,873,302	5,873,302	-	-	
Liabilities for benefits granted on retirement	20,351,577	16,834,462	205,779	3,286,020	13,342,663	
Debts for employees share of profit	6,806,162	5,642,547	5,642,547	-	-	
Debts for untaken leaves	858,728	344,272	344,272	-	-	
Total	33,991,543	28,694,583	12,065,900	3,286,020	13,342,663	

On December 31, 2021 the Company comprises at this chapter salaries and assimilated debts, as well as future debts for benefits granted on retirement, for employees share of profit and for untaken annual leaves 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 16,834,462 RON, of which 16,628,683 RON stands for long-term liabilities and 205,779 RON stands for short-term liabilities.

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

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

The updated value of the provision was determined using the Projected Unit Credit Method (IAS 19). The benefits upon retirement received by an employee have been, first of all, augmented by the value of the employer's contributions and thereafter, every benefit was updated considering the employees' rotation, lay-offs and life expectancy until retirement. The number of years until retirement was calculated as difference between the date of retirement and the date of the reporting. The foreseen average of the work period left was calculated based on the number of years until retirement, given the rate of lay-offs, the rate of personnel turnover and the life expectancy.

The main actuarial hypotheses used for the calculation at December 31, 2021 have been the followings:

- The discount rate. There have been used the following values: the estimated rate of inflation on the long run 2% per year, the estimated real yield on the long run of the government bonds 1.6% per year, the liquidity premium for Romania 0%, the balance forward rate 3.6% per year.
- The estimated rate of inflation based on the statistics issued by INSSE and of the forecast of the National Bank of Romania is 7.5% in 2021, 5.9% in 2022, 3.2% in 2023, 3.0% in 2024, 2.8% in 2025, 2.5% within 2026-2031 and following a decreasing trend in the following years.
- The rate of increase of the monthly gross average earnings per company. For 2022 and the following years, has been estimated an indexation of the monthly gross average earnings per company by the annual inflation rate. The average weighted rate of the salary increases is of 2.96% p/e.

- The mortality rate among the employees is based on the Life Table of the Romanian population 2018 (men and women) issued by The National Institute of Statistics (Ro INSSE).

During 2021, the movement in the provision for the benefits upon retirement granted to the employees is exposed in the table below:

	- RON-
January 1, 2021, of which:	20,351,577
short-term	487,534
long-term	19,864,043
Cost of the interest	630,900
Cost of the current service	928,350
Payments from provisions during the year	(1,534,284)
Actuarial loss related to the period	(3,542,081)
Cost of the past service	-
December 31, 2021, of which:	16,834,462
short-term	205,779
long-term	16,628,683

The analysis of the sensitivity of the debts for the benefits on retirement due to the shareholders at the date of 31.12.2021 is presented in the following table:

	- RON-
Hypotheses	Benefits granted upon Retirement
December 31, 2021	16,834,462
Discount rate +1%	15,339,907
Discount rate -1%	18,536,320
Salaries increase rate +1%	18,582,503
Salaries increase rate -1%	15,276,233
Longevity increase with 1 year	17,082,123

The debt for the employees share of profit is constituted in compliance with the Ordinance no.64/2001 and Order of the Ministry of Public Finances no.144/2005. The Ordinance no.64 from August 30, 2001 sets out that the accounting profit remaining after the deduction of the corporate tax to the majority or entirely state-owned companies be distributed within the limit of 10% of the net profit, but no more than the level of a monthly basic salary at the level of the economic agent, in the reference financial year. The debt constituted for employees share of profit for the year 2021 amounts to 5,518,383 RON, to which is being added the amount of 124,164 RON related to the labor preservation contribution.

The debt to the employees also included the debt for the untaken annual leaves, which, at 31.12.2021 is in amount of 344,272 RON.

13. Provisions

Name	December 31, 2021	December 31, 2020
Provisions for litigations	6,021,541	6,962,547
Provisions related to mandate contracts	2,503,645	2,506,709
Other provisions for risks and expenses	243,893	1,790,401
Total provisions	8,769,079	11,259,657

Provisions for litigations

In detail, the provisions for litigations are:

Name	December 31, 2021	December 31, 2020	- RON-
Litigations for civil compensations	3,172,718	3,843,938	
Litigations for third parties' failure to respect certain contractual clauses	97,286	185,943	
Other litigations	2,751,537	2,932,666	
Total	6,021,541	6,962,547	

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

At 31.12.2021 there are registered provisions related to litigations for civil compensations in amount of 3,172,718 RON, with 671,220 RON, less the value from the date of 31.12.2020.

At 31.12.2021 the position "Litigation for third parties' failure to respect certain contractual clauses" is in amount of 97,286 RON, decreasing by 88,657 RON compared to 31.12.2020, and the positions "Other litigations" is in amount of 2,751,537 RON, decreasing with 181,129 RON compared to 31.12.2020.

In the position "Other litigations" is included also the provision constituted for the litigation opened during 2008 by Fondul Proprietatea, by which is being requested the payment of the net value of the dividends for the financial year 2006, related to a 6% quota held by the plaintiff in CONPET S.A share capital, as well as the legal interest calculated for the requested amount, starting with the maturity date thereof. The fair value of these lands at 31.12.2021 is of 1,485,224 RON.

Provisions related to the Contract of Mandate

There have been settled debts for the allowances given to members of the Board of Directors and directors, in accordance with the contracts of mandate and GEO 109/2011 on corporate governance, including the related contribution, as follows:

- 64,513 RON represents provision for rest leave not performed by the directors with mandate contract, corresponding to the year 2021;
- 2,439,132 RON represents provisions for the variable component related to 2021, of which 1,117,172 RON provision for the indemnities granted to the members of the Board of Directors and 1,321,960 RON debt for the allowances granted to the directors.

Other provisions

On December 31, 2021 the balance of the position "Other provisions" in amount of 243,893 RON is composed of:

- 104,000 RON, provision for environment-related expenses;
- 139,893 RON representing other provisions.

During 2021 the value registered at position "Other provisions" has decreased with the amount of 1,546,508 RON, mainly due to the provision reversal settled at the level of penalties related to the amounts due to the State budget for the period 2017-2020 and paid in the month of December 2020, representing the earnings resulted from pipelines capitalization recovered after the replacement works (repairs/modernizations) performed on the National Transport System, value established following an audit performed by the Court of Auditors.

14. Current and Deferred Corporate Tax

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

	- RON-	
Name	December 31, 2021	Thursday, December 31, 2020
Expenses with Specific tax corporate tax	9,155,006	9,176,821
The expense with /(revenues from) deferred corporate	(248,543)	429,020
Total	8,906,463	9,605,841

Reconciliation of the effective rate of taxation:

	- RON-	
Name	December 31, 2021	December 31, 2020
Profit before tax	60,835,233	70,452,600
- Corporate tax at a statutory rate of 16%	9,733,637	11,272,416
Effect on the corporate tax of:		
- Non-deductible expenses	3,098,947	3,159,118
- Non-taxable revenues	(3,332,690)	(3,987,927)
- Elements similar to the revenues	1,625,299	487,283
- Elements similar to the expenses	(270,277)	(1,190)
- Spared corporate tax	(255,061)	(245,091)
Amounts representing sponsorship falling under the limits provided by law	(673,050)	(798,584)
- Specific tax	22,345	25,123
Corporate tax bonus , according to GEO no. 33/2020	-	(734,327)
Corporate tax reduction as per GEO 153/2020	(794,144)	-
Expenses with current corporate tax and specific tax	9,155,006	9,176,821

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 year 2021 reveals the followings:

	2021	Net value at 1 st of January	Deferred corporate tax recognized in	Deferred corporate tax recognized at	- RON-	
					Net value at December 31, 2021	Receivable related to the

		the profit and loss account	the expense equity	deferred corporate tax	
Revaluation of tangible assets	(427,532)	488,620	-	3,352,734	(3,291,646)
Provisions	4,924,028	(1,422,133)	566,733	4,068,628	-
Adjustments of current assets	459,179	48,590	-	507,769	-
Deferred corporate tax before offsetting	4,955,675	(884,923)	566,733	7,929,131	(3,291,646)
Receivable/debt offsetting				(3,291,646)	3,291,646
Deferred corporate tax - recoverable					4,637,485

The deferred tax payable at 31.12.2021 is in amount of 3,291,646 RON and is recognized on the account of the equity elements and the deferred tax recoverable recognized at 31.12.2021 in the statement of the global result is of 7,929,131 RON.

The net amount of the deferred corporate tax represents deferred corporate tax to be recovered, in amount of 4,637,485 RON.

15. Result per Share

The result per share within the last two months is:

Name	- RON-	
	December 31, 2021	Thursday, December 31, 2020
Profit of the Financial Year	51,928,770	60,846,759
Number of ordinary shares at the beginning and the end of the period	8,657,528	8,657,528
Basic and diluted earnings per share (RON/share)	6.00	7.03

16. Operating Revenues

a) Revenues from contracts

Name	- RON-	
	Friday, December 31, 2021	December 31, 2020
Revenues from transport service, of which:		
<i>Revenues from transport services domestic subsystem</i>	410,477,244	402,785,394
<i>Revenues from transport services import subsystem</i>	296,280,521	299,928,340
Revenues from rents	114,196,723	102,857,054
Other operating revenues	1,633,259	1,633,474
Total transport revenues	412,786,582	406,928,337

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).

OMV Petrom is the client with the highest share in the transport revenues of the company (82.7%).

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

Name	December 31, 2021	December 31, 2020
Domestic Subsystem	3,241,259	3,400,777
Import Subsystem	3,409,530	3,284,120
Total quantities (tons)	6,650,789	6,684,897

The total quantity of transported quantities has decreased by 0.5% in of the year 2021, compared the previous 2020, given the 4.7% decrease of the quantity transported on the domestic transport subsystem and 3.8% 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.

Between 2020 and 2021, 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 (Petrobrazi 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

b) Other Operating Revenues

Name	December 31, 2021	Thursday, December 31, 2020	- RON-
Revenues out of modernization quota consumption	37,679,545	33,788,084	
Other revenues	3,005,236	6,919,273	
Earnings from disposal of assets	4,914,629	-	
Total Operating Expenses	45,599,410	40,707,357	

The revenues from reserves representing the modernization quota hold 82.6% of other operating revenues, recording an increase by 11.5% as compared to 2020.

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

17. Operating Expenses

a) Stocks and Utilities Expenses

Name	- RON-	
	December 31, 2021	December 31, 2020
Expenses with consumables	4,550,522	4,670,529
Other material expenses	897,950	1,409,621
Other Expenses with Energy and Water	16,552,710	12,465,234
Merchandise expenses	-	25,855
Total Stocks and Utilities related Expenses	22,001,182	18,571,239

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.

Name	- RON-	
	December 31, 2021	December 31, 2020
Salary expenses	133,956,205	130,062,145
Liabilities regarding employees' bonuses	20,494,636	19,241,943
Other personnel expenses	1,798,440	964,870
Expenses with Remuneration of directors with mandate contract and of the administrators	4,891,630	4,759,157
Expenses with contributions due by the employer	7,078,185	7,530,789
Total personnel expenses	168,219,096	162,558,904

The personnel expenses are detailed as follows:

Salary expenses

Name	- RON-	
	December 31, 2021	December 31, 2020
Salary and related contributions expenses	131,351,541	127,010,975
Quarterly bonuses	1,000,000	2,297,970
Retirement support	1,534,284	712,850
Marriage support	70,380	40,350
Salary related expenses	133,956,205	130,062,145

The expenses with the basis salaries and the bonuses related have increased in 2021, compared to 2020, mainly, due to the indexation of the average salaries by 5% starting the date of 01.10.2020 and by 7 % from 15.12.2021.

In accordance with the Collective Labor Agreement in force, the Company has also provided employees the following benefits: quarterly bonuses, retirement support, marriage support.

Liabilities regarding the employees' bonuses

Name	- RON-	
	December 31, 2021	December 31, 2020
Employees share of profit	6,655,473	6,439,906
Meal vouchers	6,665,960	5,129,940
Social expenditures under art. 25 of Law no. 227/2015 on the Fiscal Code, further amendments and completions	5,358,057	6,154,469
Other expenses as per the Collective Labor Agreement	1,815,146	1,517,628
Total	20,494,636	19,241,943

The value of the bonuses granted to the employees meets an increase of 1,252,693 RON in of 2021, compared to the 2020, mainly due to granting meal vouchers at nominal value of 20 RON/day, starting December 2020

In accordance with the Collective Labor Agreement in force, the Company paid to the employees bonuses as social expenses under art. 25 of Law no. 227/2015 regarding the Fiscal Code consisting of tickets for rest and treatment, including travel, gifts to employees, aid for birth, funeral, serious illness, humanitarian and other social expenses as per CLA.

Other personnel expenses

	- RON-	
Name	December 31, 2021	December 31, 2020
Expenditure on compensatory payments relating to staff redundancies	1,798,440	962,850
Expenses with the right of the personnel due under court order	-	2,020
Total	1,798,440	964,870

The position "Other personnel expenses" includes costs of severance pay, provided under CLA, related to staff layoffs conducted in March and April 2021, respectively in October and November 2020.

Expenses on Remuneration of Directors and Administrators

	- RON-	
Name	December 31, 2021	December 31, 2020
Allowance of the directors with mandate	2,705,194	2,571,461
Allowances of the members of the Board of Directors	2,186,436	2,187,696
Total	4,891,630	4,759,157

The expenses with the allowances related to the mandate contracts of the directors and administrators register an increase of 132,473 RON in the year 2021, compared to 2020 due to the increase of the allowance level of the director general calculated based on the average on 12 months of the national average wage reported by NIS, prior to the appointment of the new director general.

Expenses with contributions due by the employer

	- RON-	
Name	December 31, 2021	December 31, 2020
The company's contribution to voluntary pension funds	2,258,525	2,895,553
Company's contribution to voluntary health insurance	1,496,785	1,426,889
Labor Insurance contribution and other contributions	3,322,875	3,208,347
Total	7,078,185	7,530,789

The company's contribution to voluntary pension funds in 2021 shows a decrease yoy since the amount provided in the budget was of 300 EUR/employee compared to 400 EUR/employee in 2020.

In 2021, following the salary increases from October 2020 and December 2021, the labor collateral has proportionally increased.

Employees

During 2021, the average number of employees has evolved as follows:

Name	December 31, 2021	December 31, 2020
Employees with leading positions	80	95
Employees with execution positions	1431	1,445
Total	1,511	1,540

c) Expenses related to External Services

Name	December 31, 2021	December 31, 2020	- RON-
Rail transport expenses	63,201,693	63,566,626	
Expenses with royalties and rentals	32,023,330	30,974,740	
Third-party pumping expenses	4,482,564	4,636,669	
Maintenance and repair expenses	2,317,429	1,985,408	
Expenses with the decontamination, monitoring of the environmental factors	1,473,919	804,966	
Travel, secondment and transfer expenses	620,561	632,631	
Expenses related to the transport of goods and personnel	36,000	38,298	
Postal and telecommunication expenses	604,279	526,584	
Other expenses with services performed by third parties	5,016,060	4,315,939	
Total expenses related to external services	109,775,835	107,481,861	

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.

It 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 operations through the oil national transport systems, as well as related to the oil operations performed by oil terminals State public property.

d) Other expenses

Name	December 31, 2021	December 31, 2020	- RON-
Taxes, fees and similar levies related expenses	2,269,019	2,242,560	
Compensations, fines and penalties expenses	157,092	293,871	
Donations granted (sponsorships)	673,050	798,584	
Environmental protection expenses	33,725	32,196	
Expenses with the establishment of the modernization quota	47,490,268	36,980,848	
Other operating expenses	283,667	7,456,921	
Other expenses	50,906,821	47,804,980	

In 2021, the expenses recorded with other taxes, fees and similar levies include, mainly the expenses with the local taxes and expenses 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, with amendments and further completions.

18. Net Financial Result

Name		- RON-
	December 31, 2021	December 31, 2020
Revenues from interests	3,402,658	6,096,612
Other financial revenues	25,624	25,659
Total financial revenues	3,428,282	6,122,271
Interest expenses on leasing contracts	202,065	532,077
Other financial revenues	127,759	153,711
Total financial expenses	329,824	685,788
Net Financial Result	3,098,458	5,436,483

The financial revenues decreased by 44% in 2021 compared to 2020 and the financial expenses decreased by 51.9% in the current year, compared to the previous year. Based on this evolution the financial result has decreased by 43% in 2021, as compared to 2020.

19. Fiscal Legislative Framework

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

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

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

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

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

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

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

20. Commitments and Contingencies

Capital commitments

The company does not have granted capital commitments.

Guarantees granted to third-parties

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

	- RON-	
Name	December 31, 2021	December 31, 2020
Non-current Receivables (Note 7)	726,259	1,427,010
Other receivables (Note 9)	282,466	282,466
Total	1,008,725	1,709,476

Guarantees granted to third parties are separately presented at:

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

At the end of 2021, the Company has no record of other commitments granted to third parties.

Received Guarantees

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

	- RON-	
Name	December 31, 2021	December 31, 2020
Performance guarantees transferred on the company's accounts	53,979	44,173
Performance guarantee received from the clients	34,217,242	33,749,255
Performance guarantee received from suppliers	27,744,885	15,940,237
Performance guarantees constituted by the beneficiaries in separate accounts at CONPET disposal.	5,765,659	5,362,768
Total	67,781,765	55,096,433

Contingencies

Taxation

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

21. Related Parties

In 2021, the Company has carried out the following procurement from related parties, of which significant is the purchase from SNTM CFR Marfa (over 95%).

Procurement from related parties

Partner	Unsettled amounts at December 31, 2020	Period 01.01- 31.12/2021	Settlements Period 01.01- 31.12/2021	Unsettled amount at December 31, 2021
SNTFM CFR Marfa SA	6,709,061	75,544,240	76,460,702	5,792,599

*The amounts are VAT inclusive

22. The Audit Committee

The Company's audit for the year 2021 has been provided by the firm BDO AUDIT SRL By OGMS Decision no.6/30.09.2019 it was approved the appointment of the firm BDO AUDIT SRL as financial auditor of the Company for a period of 3 years (2019,2020,2021).

The fees are established based on the contract concluded between the two parties. All paid fees refer to the audit services on the individual financial statements drafted in compliance with the Financial Reporting International Standards ("IFRS") and with the requirements the Order of the Ministry of Finance no.2844/2016, services of revision of the interim financial statements drafted on June 30, in compliance with IAS 34.

23. Risk Management

Within CONPET SA the Internal Control Management System has been implemented and developed, containing the 16 standards included in the Internal control management code of the public entities. The implementation of Standard 8 requirements "Risk Management" was a priority in the organization by documentation and application of provisions of PS-MI-18 "Risk management" system procedure (sheet process, flow diagram and system procedure). In 2021 have been identified, assessed and centralized risks that may affect the achievement of objectives. At CONPET level, a Significant risk register was elaborated and an annual plan containing measures to control significant risks, responsible and time-frames for the measures were developed.

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

(a) Exchange Rate Risk

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

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

					- RON-
December 31, 2021	Value	(In RON)	EUR	USD	GBP
Monetary Assets					
Cash and cash equivalents	191,751,271	191,282,244	454,814	12,702	1,511
Trade receivables and other receivables on short and long term	49,328,228	49,304,153	24,075	-	-
Monetary debts					
Various suppliers/creditors	(38,016,085)	(31,247,046)	(5,851,195)	(917,844)	-
Net exposure in the financial standing	203,063,414	209,339,351	(5,372,306)	(905,142)	1,511

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

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

	December 31, 2021	December 31, 2020
RON/EURO	4.9481	4.8694
RON/EURO	4.3707	3.9660
RON/GBP	5.8994	5.4201

(b) Credit risk

Credit risk is the risk that the company bears the financial loss due to the failure of contractual obligations by a customer or counterpart to a financial instrument, and this risk results mainly from trade receivables, cash and cash equivalents and short-term investments of the company.

Maximum exposure to the collection risk at the reporting date was:

		- RON-
Name	December 31, 2021	December 31, 2020
Trade receivables and other receivables on short and long term (net value)	49,648,417	41,366,956
Total	49,648,417	41,366,956

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

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

On December 31, 2021 the Company holds cash and cash equivalents in amount of 191,751,271 RON) on December 31, 2020; 198,257,333 RON). The availabilities are held by the banks, of which we enumerate Banca Transilvania, BCR, Raiffeisen Bank, BRD Groupe Societe Generale, CEC Bank, Unicredit Bank, OTP Bank, Exim Bank, Garanti Bank, First Bank, Credit Europe Bank, etc.)

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

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

- RON-

Name	Gross value at December 31, 2021	Impairment December 31, 2021	Net value December 31, 2021
Unarrived to maturity	44,049,307	-	44,049,307
Exceeded maturity 1-30 days	75,712	-	75,712
Exceeded maturity 30-60 days	14,736	-	14,736
Exceeded maturity 60-90 days	6,090	-	6,090
Maturity exceeded between 90 days - 1 year	200	-	200
More than one year	120,337	120,337	-
Total	44,266,382	120,337	44,146,045

- RON-

Name	Gross value on December 31, 2020	Impairment on December 31, 2020	Net value December 31, 2020
Unarrived to maturity	34,766,616	-	34,766,616
Exceeded maturity 1-30 days	3,439	-	3,439
Exceeded maturity 30-60 days	530	-	530
Exceeded maturity 60-90 days	5,154	-	5,154
Maturity exceeded between 90 days - 1 year	672	-	672
More than one year	339,307	339,307	-
Total	35,115,718	339,307	34,776,411

The statement of the seniority of Long-term at the date of preparation of the statements of financial statement is the:

- RON-

Name	Gross value on December 31, 2021	Impairment on December 31, 2021	Gross value on December 31, 2020	Impairment December 31, 2020
Maturity unarrived debts	7,231,675	2,458,264	7,807,594	2,325,447
Total	7,231,675	2,458,264	7,807,594	2,325,447

The statement of the seniority Long-term receivables-term at the date of preparation of the statements of financial statement is the:

- RON-

Name	Gross value on December 31, 2021	Impairment December 31, 2021	Gross value on December 31, 2020	Impairment on December 31, 2020
Non-current receivables <1 year unarrived to maturity	282,466	282,466	282,466	282,466
Non-current receivables >1 year unarrived to maturity	726,259	320,189	1,427,011	320,189
Total	1,008,725	602,655	1,709,476	602,655

We hereby mention that, for the **advances for services** in amount of 2,703 RON (note 9) there have not been executed impairments of depreciation as the respective receivables have not met maturity.

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

- RON-

Name	2021	2020
Balance at January 1	339,307	341,524
Growths during the year	(204,661)	-
Write-backs during the year	(14,309)	(2,217)
Balance at December, 31	120,337	339,307

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

	- RON-	
Name	2021	2020
Balance on January 1	2,325,447	3,394,735
Growths during the year	208,685	18,941
Write-backs during the year	(75,868)	(1,088,229)
Balance at December, 31	2,458,264	2,325,447

The movements in the impairments for depreciation of **long-term receivables** were the followings:

	- RON-	
Name	2021	2020
Balance on January 1	602,655	-
Growths during the year	-	602,655
Write-backs during the year	-	-
Balance at December, 31	602,655	602,655

(c) LIQUIDITY RISK

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

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

	- RON-			
2021	Contractual cash flows	<1	Over 1 year	Over 5 years
Trade liabilities	33,435,361	32,147,560	1,287,802	-
Liabilities to the employees	28,694,583	12,065,900	3,286,020	13,342,663
Other liabilities	32,614,355	29,155,512	2,523,589	935,253
Total	94,744,299	73,368,972	7,097,411	14,277,916

	- RON-			
2020	Contractual cash flows	<1	Over 1 year	Over 5 years
Trade liabilities	23,583,540	23,583,540	-	-
Liabilities to the employees	33,991,543	14,127,500	3,475,134	16,388,909
Other liabilities	34,101,828	30,631,106	2,850,363	620,359
Total	91,676,911	68,342,146	6,325,497	17,009,268

(d) The Personnel Risk and the Waging System

On December 31st, 2021, the structure according to age is not balanced, the age category with the highest rate ratio in the company is ranging between 51 - 60 years old (51.13%) and between 41-50 years old (28.90%).

The average age of CONPET personnel is high (49.3 years old), and the advantage it brings is the work experience accumulated by employees within the company, which indicates stability and professionalism. The average age of the personnel employed in the last two years is 41 years, with an average work experience of 15.5 years.

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

The level of this analyzed risk was low; being 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 this regard, the urgent need of vacant posts occupancy is carefully monitored, according to the needs required by organizational entity, the complexity and diversity of activities, skills needed and the responsibility related posts.

(e) The Risk Determined by the Correlation with the Global Market Evolution

The global economy has strongly improved in 2021, sustained by the fiscal and monetary stimulants unprecedentedly in the major economies. The global GDP increase for 2021 was estimated at 5.5% and is forecasted at 4.2% in 2022. Pursuant to IEA (National Energy Agency), the oil consumption will reach 101 million barrels per day in 2023, entirely recovering the loss of nine million barrels registered in 2020. The contract futures on Brent oil have increased with over 10 USD/bbl, exceeding 83 USD/bbl at the level of QIII/2021.

The geopolitical tensions generated by the conflict Russia - Ukraine have determined a material growth of the perspectives on the oil prices in 2022. There is currently analyzed the impact of the energy sanctions applied to Russia by EU and the United States, namely on the Russian imports of oil and gas, being unanimously accepted the perspectives of "enormous ramifications" disproportioned for each country member EU, the risks being extreme.

Considering that the oil markets envisage increasing prices of over 120 USD/bbl of oil, while the stocks and the unused capacities are reduced, any additional interruption of the supply that strikes the second world oil exporter (Russia), could trigger a bigger volatility of the prices, with risks and effects impossible to estimate to date.

(f) Capital Market Risk

The Romanian capital market has registered a positive evolution during 2021, considering that it has acquired the statute of emerging market in September 2020. The daily average liquidity for all types of financial instruments has recorded an upward trend during the analyzed period. Romania's representativity within the indexes of Emerging Markets has materially increased. Also, in February 2021, CONPET S.A. Was included in the composition of index FTSE Global Micro Cap. Therefore, we hope that, down the line, the reduced liquidity influence least the stocks volatility.

(g) Legislative-related Risks

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

The effort of the company CONPET to constantly adapt to changing legislative requirements may generate additional costs and possible future changes in the legislative framework could have negative effects on the activity and profitability of CONPET (increased taxes, introduction of new taxes and duties, reduction or suspension of tax concessions, etc.).

Moreover, a possible increase in the level of the royalty paid for the use of the national Transport System may affect the financial statements and financial projections. An increase of the level of the royalty shall reflect into an augmentation of the transport tariff and, subsequently, the

consequences may be seen on two lines: in the decrease of the crude transported quantities and over the pump price of the finite products resulted from the crude oil processing.

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

(h) Risk of disputes

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

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

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

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

(i) Risk related to the regulation and authorization

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

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

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

(j) The Market Risk

The Market risk arises from reducing the amount of crude oil transported to the refineries. This makes the utilization of the transport system to be very low. The company must identify new opportunities leading to increased use of the system and adopt solutions for streamlining and optimizing transport activities conducive to maintaining the NTS to a high level of operational security.

The Company is dependent on the level of crude oil processing in Romania and the possibility of intervention in this area lays only in the demand of fuels in the market. The company CONPET can only prove at any time that is capable of providing quality services in the transport of crude oil, rich gas and condensate for any client. In order to ensure this, CONPET must be an active player and permanently interested in the market developments in this area of interest.

Following the petrochemical industry restructuring in Romania, the transport of crude oil derived products (rich gas) decreased severely, (transport of ethane is no longer made since 2009), which adversely affects the use of the subsystem related to these products.

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

(k) Operational risk

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

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

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

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

(l) The risk caused by pandemic Corona virus (Covid-19)

Besides the above mentioned risks the company is currently facing risks caused by pandemic corona virus (COVID-19). Under these circumstances the company CONPET SA adopted an Action plan to prevent and combat contamination of employees with the new corona virus

(COVID-19), as well as to identify scenarios for ensuring business continuity in the premises of the company, if the occurrence of cases of infection with the new virus (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, measures for the prevention and protection in all sites where employees operate have been taken, including: limiting visitor access, which is allowed only in absolutely necessary situations, subject to the rules of disinfection set by CONPET, intensification of actions on prevention and hygiene, limiting internal travel at their workstations, establishing minimum staff for the smooth running of operations and ensure continuity in the transport of crude oil, in the light of the pandemic of Corona virus (Covid-19).

CONPET is a financially stable company that has the ability to quickly and efficiently implement emergency measures to be taken to protect the health of employees as well as to maintain safe administration of the crude oil National Transport System. In the context of the pandemic Corona virus (Covid-19), the company ensures business continuity.

(m) Environment-related Aspect

- ***Identification of environmental aspects and environmental impact assessment***

The environmental impact assessment activity is carried out in the production sectors whenever changes occur in the system involving environmental impact activities, the list of significant impact issues identified at company level being the basis for the development of the Environmental Management Program and the Action Plan for the achievement of environmental objectives.

Due to the occurrence of a new version of the standard ISO 14001, for ensuring the transition from ISO 14001:2004 to ISO 14001:2015, during 2018 has been revised the entire documentation related to the environmental management system, focusing on the, the identification of the environmental aspects, the manner of treating the risks and opportunities related to the environmental aspects in order to prevent and reduce the consequences thereof on health and environment. The following documents have been revised:

- The Environmental Management Program containing: the commitments associated to the environmental policy, general objectives and measurable environmental targets, the performance indicators on environmental protection, as well as the positions responsible for the achievement of the environmental targets;
- The actions plan for the achievement of the environmental objectives that considered the significant environmental aspects identified inside CONPET the measures from the inspection reports/protocols - authorities, regarding the compliance with the legal requirements and other applicable requirements.

During 2021, an external online audit was carried out from the point of view of the environmental management system to verify compliance with the requirements of ISO 14001:2015. No / deviations were found in compliance obligations in this area.

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

The assessment of the compliance with the legal requirements and other requirements applicable to the environmental aspects, is provided by: inspections by the environmental authorities (representatives of the central and local environment and water management) and by the HSEQ responsible in the sectors and the personnel of the Environmental Protection Department, internal

audits performed by the internal auditors within the Management System and Internal Management Control Department. The staff from the sectors, respectively the HSEQ officers conduct scheduled inspections according to the annual inspection chart for compliance with the legal requirements and other applicable requirements, but also not scheduled inspections according to the attributions of the job description.

The environment and water management authorities are, carrying out scheduled audits in CONPET sites, unscheduled and thematic with regards to the observance of the legal requirements and other environmental regulations, not having been found major nonconformities. To verify compliance with legal requirements, in 2021 there were 50 foreign.

- ***Pollutions bearing significant impact on the environment***

While pumping the crude oil, on the transport pipelines, accidental pollutions may occur, triggering the contamination of the geological environment. Therefore, in 2021 there have been reported accidental pollutions in the areas: Mislea (Prahova County), Cireșu (Brăila)County, Ovidiu, Poarta Albă, Cuza Vodă, Constanța, Castelu, (Constanța County), Poieni (Teleorman County), Crevedia Mare, Videle (Giurgiu)County.

The expenses made in 2021 for the decontamination of the affected areas reached 1.4 million RON.

Ulterior Events and other Mentions

On February 24, 2022 there have been initiated Russian military aggressions against Ukraine. CONPET SA permanently analyses the impact of the geopolitical tensions generated by the conflict between Russia and Ukraine and the sanctions applies to Russia by EU and USA, to rapidly and efficiently implement all the emergency measures required for the reduction of the potential effect that this situation should have on the company's activity. In terms of the Company's financial statements for the year 2021, the activity is not affected and there is no need to the adjustment thereof.

These financial statements and the related notes, from page 1 to page 57, have been authorized for issue and signed by the company's management on March 21, 2022.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**