

FINANCIAL STATEMENTS
on the date and for the financial year ended on
December 31st, 2023

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

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I. STATEMENT OF THE FINANCIAL STANDING ON DECEMBER 31, 2023

- RON-			
Name	Note:	December 31, 2023	December 31, 2022
ASSETS			
Intangible assets			
Tangible assets	5	670,831,075	607,025,461
Intangible assets	6	5,559,573	6,854,793
Financial Assets	7	2,522,803	2,537,045
Deferred corporate tax receivables	14	-	6,153,054
Total fixed assets		678,913,451	622,570,353
Current assets			
Inventories	8	6,519,564	6,867,083
Trade receivables and other receivables	9	52,981,332	49,186,760
Cash and cash equivalents	10	107,742,173	127,672,452
Prepaid expenses		697,600	1,252,288
Total current assets		167,940,669	184,978,583
TOTAL ASSETS		846,854,120	807,548,936
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	49,838,300	17,101,648
Other reserves	11	547,585,477	533,897,764
Retained earnings	11	36,970,805	37,149,214
Result of the year	11	61,616,539	61,663,616
Total equity		730,249,931	684,096,052
Long-term liabilities			
Liabilities to employees	12	25,764,827	23,069,134
Other long-term liabilities	12	2,792,606	2,749,112
Deferred tax liability	14	901,503	-
Total long-term liabilities		29,458,936	25,818,246
Current liabilities			
Trade liabilities	12	33,091,805	43,914,968
Current Corporate Tax	12	1,807,695	1,997,414
Other liabilities	12	28,764,158	27,567,948
Short-term liabilities to employees	12	14,143,449	14,364,317
Short-term provisions	13	9,293,146	9,789,991
Total current liabilities		87,100,253	97,634,638
Total liabilities		116,559,189	123,452,884
TOTAL EQUITIES AND LIABILITIES		846,854,120	807,548,936

These financial statements, from page 2 to page 61, have been authorized for issue by the company's management on March 20th, 2023.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**

The attached notes, from 1 to 25, are an integral part of these financial statements.

II. Statement of profit or loss and other elements of the global result for the financial year ended December 31st, 2023

- RON-			
Name	Note:	December 31st, 2023	December 31st, 2022
Revenues from contracts		485,113,609	472,232,577
Earnings from disposal of assets		612,108	5,401,508
Other revenues		55,208,434	44,425,417
Total Operating Revenues	16	540,934,151	522,059,502
Expenditure on inventories		6,543,246	6,934,300
Expenses with energy and water		18,596,747	33,739,188
Personnel expenses		194,394,992	180,922,733
Value adjustments on fixed assets, less adjustments related to rights of use resulted from leasing contracts		61,484,586	53,074,898
Value adjustments for rights of use resulted from leasing contracts		2,051,485	1,986,489
Value adjustments on current assets		(239,459)	(766,860)
Expenses with external services		126,935,543	114,242,161
Provision adjustments		2,446,008	6,753,310
Other expenses		62,357,840	62,404,440
Total Operating Expenses	17	474,570,988	459,290,659
Operating Profit		66,363,163	62,768,843
Financial Revenues		6,689,934	9,839,428
Interests' expenses related to leasing contracts		175,242	236,174
Other financial expenses		83,799	233,103
Financial Expenses		259,041	469,277
Financial profit	18	6,430,893	9,370,151
Profit before corporate tax		72,794,056	72,138,994
Expenses with current corporate tax	14	10,586,561	11,686,338
Expenses with (revenues coming from) deferred corporate tax		590,956	(1,210,960)
PROFIT OF THE PERIOD		61,513,827	61,663,616
Earnings (Loss) from discounted benefits granted upon retirement		531,142	(1,599,191)
Surplus from revaluation of the tangible assets		35,055,317	-
Total other global result elements that will not be subsequently reclassified as profit or loss		35,586,459	(1,599,191)
Net increase of the modernization quota reserve		6,869,587	17,409,426
Total other global result elements that will be subsequently reclassified as profit or loss		6,869,587	17,409,426
TOTAL OTHER ELEMENTS OF THE GLOBAL RESULT		42,456,046	15,810,235
TOTAL GLOBAL RESULT		104,072,585	77,473,851
Earnings per share		7.12	7.12

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III. STATEMENT OF CHANGES IN EQUITY ON DECEMBER 31st, 2023

							- RON-
Name	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total Equities
Balance on January 1st, 2023	28,569,842	5,713,968	17,101,648	533,897,764	37,149,214	61,663,616	684,096,052
Net result of the year	-	-	-	-	-	61,616,539	61,616,539
Actuarial gain of the period					531,142		531,142
Surplus from revaluation of the tangible assets			33,599,049	1,456,268			35,055,217
Surplus from revaluation	-	(862,397)	(862,397)	-	862,397	-	-
Allocation of profit provided by law - exemption of reinvested profit	-	-	-	3,725,402	(572,707)	(3,152,695)	-
Net increase of the modernization quota reserve	-	-	-	6,869,587	-	-	6,869,587
Total other global result elements	-	-	32,736,652	12,051,257	820,832	(3,152,695)	42,456,046
Total global revenues related to the period	-	-	32,736,652	12,051,257	820,832	58,463,844	104,072,585
Dividends due to shareholders					(999,241)	(58,510,921)	(59,510,162)
Prescribed distributions				1,636,456			1,636,456
Total transactions with the owners directly recognized in equities				1,636,456	(999,241)	(58,510,921)	(57,873,706)
Balance on December 31st, 2023	28,569,842	5,713,968	49,838,300	547,585,477	36,970,805	61,616,539	730,294,931

STATEMENT OF THE CHANGES IN EQUITIES ON DECEMBER 31st, 2022

- RON-							
Name	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total Equities
Balance on January 1st, 2022	28,569,842	5,713,968	18,360,121	517,047,601	46,288,764	51,928,770	667,909,066
Net result of the year	-	-	-	-	-	61,663,616	61,663,616
Actuarial loss of the period	-	-	-	-	(1,599,191)	-	(1,599,191)
Surplus from revaluation	-	-	(1,258,474)	-	1,258,474	-	-
The retained earnings coming from the adoption for the first time of IAS 29 - unrealized EARNINGS	-	-	-	-	(1,339,957)	-	(1,339,957)
Retained earnings coming from the adoption for the first time of IAS 29 - achieved earnings	-	-	-	-	1,339,957	-	1,339,957
Allocation of profit provided by law - exemption of reinvested profit	-	-	-	3,152,695	(1,668,015)	(1,484,680)	-
Net increase of the modernization quota reserve	-	-	-	17,409,426	-	-	17,409,426
Total other global result elements	-	-	(1,258,474)	20,562,121	(2,008,732)	(1,484,680)	15,810,235
Total global revenues related to the period	-	-	(1,258,474)	20,562,121	(2,008,732)	60,178,936	77,473,851
Dividends due to shareholders	-	-	-	(5,482,940)	(7,130,819)	(50,444,090)	(63,057,849)
Prescribed distributions	-	-	-	1,770,982	-	-	1,770,982
Total transactions with the owners directly recognized in equities	-	-	-	(3,711,958)	(7,130,819)	(50,444,090)	(61,286,867)
Balance on December 31st, 2022	28,569,842	5,713,968	17,101,648	533,897,764	37,149,214	61,663,616	684,096,052

Note: The position „Other Reserves” also includes the reserve representing the modernization quota in amount of 496,667,140 RON on 31.12.2023, respectively 488,341,286 RON on 01.01.2023. This reserve is constituted as per GD no.168/1998. The modernization quota is intended exclusively for funding the modernization and development works for goods from public property. The modernization quota is being collected at the extent of capitalization and proceeds of the production and is reflected in reserves accounts on account of the expenses. On a monthly basis, modernization quota reserve, at the level of depreciation of fixed assets financed from this source, is resumed in revenues. On 31.12.2023, the value of the reserve representing the modernization quota that is to be resumed to revenues at the level of amortization of fix assets financed from this source is of 464,625,891 RON and the difference of 32,041,249 RON represents the available reserve meant for the financing of the development and modernization works of the goods in the public domain.

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The attached notes, from 1 to 25, are an integral part of these financial statements.

IV. CASH-FLOW STATEMENT OF THE YEAR ENDED DECEMBER 31, 2023 (DIRECT METHOD)

- RON-			
	Name of the Item	12 months 2023 (audited)	12 months 2022 (audited)
	Cash flows from operating activities:		
+	Proceeds from services supply	520,121,301	509,861,226
+	Proceeds from interests related to banking investments	6,575,548	9,871,618
+	Other proceeds	4,251,235	13,518,902
-	Payments to the suppliers of goods and services	140,225,977	140,569,215
-	Payments to and on behalf of the employees	192,207,154	176,585,009
-	VAT payments	54,308,422	42,221,918
-	Expenses with corporate tax and specific tax	10,776,280	11,738,249
-	Other payments regarding the operating activities	45,178,339	45,623,034
A	Net cash from operating activity	88,251,912	116,514,321
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	620,592	303,344
+	Proceeds from modernization quota	58,084,160	57,321,207
-	Payments for purchase of tangible/intangible assets	104,205,104	172,138,320
B	Net cash from investment activity	(45,500,352)	(114,513,769)
	Cash-flows from financing activities		
-	Paid dividends	59,300,957	62,865,146
-	Payments on the account on the debt related to the leasing	3,195,528	3,015,346
-	Interest payments	185,354	198,879
C	Net cash from financing activities	(62,681,839)	(66,079,371)
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	(19,930,279)	(64,078,819)
D1	Cash and cash equivalents at the beginning of the period	127,672,452	191,751,271
D2	Cash and cash equivalents at the end of the period	107,742,173	127,672,452

Cash and cash equivalents on 31.12.2023 have decreased by 15.6% as compared to December 31st, 2022 (107,742,173 RON compared to 127,672,452 RON) due to payments of fixed assets (investments) and dividends payments higher than the surplus of cash obtained from the operating activity and cash inflows from the investment activity (modernization quota).

Of the total of 107,742,173 million RON liquid assets in the balance as of 31.12.2022, the share of the modernization quota is of 32,041,249 RON.

The effects of the three activity areas (operation, investment and financing) over the cash in the 12 months period of 2023 reveal the following:

- the operating activity has triggered a cash-flow in amount of 88,251,912 RON;
- the investments activity ended with a negative cash-flow in amount of 45,500,352 RON;
- the financing activity has diminished the total cash flow with 62,681,839 RON.

The value of the net cash flow from the operating activity is lower than that registered in the similar period of the previous year, by the amount of 28.26 mRON, due to the payments to the employees and the state budget and the interest collection lowering.

The net cash from the investment activity registers a negative value, lower than 69.01 mRON, following the lowering of cash outputs for the investment activity as compared to the level registered in the same period of the year 2022.

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.

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V. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS ON DECEMBER 31, 2023

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, registered at the Prahova Trade Registry under no. J29/6/1991, and the Financial Supervisory Authority by the registration certificate no. 7227/1997.

The registered offices are in Ploiesti Municipality, no. 1-3 Anul 1848 Street, Prahova County.

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

The company's shares are traded on the Bucharest Stock Exchange (BVB) under "COTE" issuing symbol.

The company CONPET SA is included in 7 stock indexes of a total of 9, namely **BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG and BET Plus**. As of March 21, 2022, the company CONPET S.A. has been part of the FTSE Global Micro Cap indices dedicated to emerging markets, and on September 1, 2023, following the quarterly review of the indices by the global MSCI index provider, CONPET(COTE) has been included in the indices MSCI Frontier IMI and MSCI Romania IMI (Investable Market Indices).

On December 31, 2023 CONPET SA had a market capitalization of approximately 708.2 mRON (142.4 m Euro), ranking 33 in Top 100 issuers after capitalization.

Company's Set-Up

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 (Ro.I.T.T.C.).

The shareholder structure and number of voting rights on 31.12.2023 are the following:

- a) The Romanian State by the Ministry of Energy, holding 5,083,372 shares with voting rights, representing 58.72% of the share capital,
- b) legal persons, with 2,029,972 shares with voting rights representing 23.45% of the share capital, and
- c) natural persons, with 1,544,184 shares with voting rights representing 17.83% of the share capital.

Company's Mission

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

Other Information on the Company's Business

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

CONPET supplies transport services for its clients both via the National Transport System concessioned based on the Oil Concession Agreement of the National Transport System of Crude Oil, Rich Gas, Condensate and Ethane via pipelines, as well as by rail way, from the loading ramps to the refineries, for the oil areas not connected to the major transport pipelines.

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

CONPET, as Concessionaire of the crude oil National Transport System entitles as common carrier and has the obligation to provide, as per the legal provisions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

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

The Legal Environment

The activities in the oil sector, where the crude oil transport activity is included, are 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 following:

- negotiates and concludes, on behalf of the State, oil agreements;
- awards mining concession licenses and exploitation permits;
- issues regulatory acts, norms, instructions, orders and regulations;
- controls the compliance, by the holders of the concession agreements with the concession licenses and exploitation permits conditions;
- manages the Crude Oil and Natural Gas National Pipeline Transport Systems and regulates the exploitation activities thereof by system's concession agreements concluded;
- annuls the concession acts/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 sites of delivery 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 service on the import subsystem are being settled tariffs per refineries and per transported quantity installments, being applied the bracket tariff model.

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

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

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

2. Preparation Grounds

(a) Declaration of Conformity

These financial statements have been drawn up based on the accounting regulations in accordance with the International Financial Reporting Standards ("IFRS") approved by the Order of the Ministry of Public Finance no. 2844/2016.

The IFRS standards represent the standards adopted according to the procedure provided by the Regulation (EU) no.1.606/2023 of the Commission, from August 13, 2023 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 on the date and for the financial year ended December 31, 2023 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 reliable 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, *he 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 2022.

(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 the 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 described the significant accounting policies applied consistently by the company in the 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 converted to RON at the currency rate valid on that date.

The earnings and losses generated by the differences in 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 was:

	31.12.2023	December 31, 2022
RON/EURO	4.9746	4.9474
RON/USD	4.4958	4.6346
RON/GBP	5.7225	5.5878

(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 on the end of the financial year, i.e. non-monetary items are restated using a general price index from date of procurement 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) at the date they have been initiated.

All other financial assets, here including 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. On 31.12.2023, the company holds the following non-derivative financial assets: cash, cash equivalents and receivables.

Receivables

Receivables are financial assets with fixed payments or determinable that are not listed on an active market. The 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 is revalued at the exchange rate from the end of the period.

(ii) Non-derivative financial Liabilities

The Company recognizes in the bookkeeping 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 and Other Liabilities

The trade liabilities and other liabilities include the counter value of the services provided by product suppliers, works performed and services rendered for the benefit of the company.

Leasing-related 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 for a counter value.

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 incurring interest.

The company includes in the item "Other debts" also the debts deriving from the leasing contracts at the updated value of the payments of leasing that are not paid on 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 the 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 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 on 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 that are presented 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. The 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 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 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 regular major general inspections for detecting defects, regardless of whether component parts of the respective assets are replaced. 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 met.

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 a tangible asset is reassessed, all the other assets it is part of are reassessed, 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, where from are being decreased the cumulated value impairments.

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

The statement related to the evolution of tangible assets of the Company during 2023 and 2022 is 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 the 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 operation oil product has not useful life, thus is not being depreciated. The company presents the operating oil product at the cost value, here included the effects of restatements registered in the previous years as per application of "IAS29", Financial reporting in the hyper inflationary 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 depreciated 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:

- 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;
- An active program to find buyers is initiated;
- 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.

The company does not have fixed assets in view of selling, in balance on the date of preparation of these financial statements.

(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 counter value.

As per IFRS 16, Leasing Contracts, on 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 on the date of initiation of performance or prior to this date, minus any 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 reasonable confidence that he will not exercise that option.

In terms of financial standing, the assets related to the right of use are 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 lifespans of the tangible assets are settled by a reception commission of the company, named by the decision of the Director General, made up of specialists in the economic and technical domains.

The goods resulting following the investments related to the national transport system via pipelines pay 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 leased assets shall be depreciated on a straight-line basis over the term of the contract.

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 tangible Assets

The 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 the current profit or loss.

The gain or loss resulting from the derecognition of an element of tangible assets is being determined as the difference between the net proceeds out the net accounting value of the assets.

(e) Intangible assets***(i) Recognition and Assessment***

The intangible assets are initially recognized at cost. The cost of intangible assets includes 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 with 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 for 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 markers indicative thereof, 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 unit. 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 on 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.

The losses from the depreciation of financial assets or of a receivable registered at the depreciated cost is reversed if there has been a change of 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 into 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 obsolete stocks, slow movement or damaged.

(h) Dividends

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

(i) Revaluation reserves

The revaluations are performed with sufficient regularity so that the carrying amount 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 the 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 recognized 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 to 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 at 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 from the calculation of the corporate tax and are distributable exclusively upon liquidation of the Company. During 2023 there have not been distributed amounts to the legal reserves, as they are currently constituted

within the limit of the 20% quota of the share capital, as per the provisions of art.183, Para (1) and (2) of Law no.31/1990 on the companies, subsequent amendments and completions.

(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 level of the modernization quota in the transport tariffs is set by the National Agency for Mineral Resources (Ro.ANRM) once the transport tariffs are approved.

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

(l) Affiliated 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 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 death 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 on 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 to reflect the current best estimate. If an outflow of resources is no longer likely to settle an obligation, the provision shall be canceled by reversal of revenue.

(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 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;
- 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 interest related to leasing contracts and the expense related to currency differences.

The interest expenses generated by the debts coming from the leasing contracts are 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 related to the profit realized in the current period, determined using tax rates enacted on the reporting date and any adjustment for prior periods.

For the financial year ended December 31, 2023, the corporate tax rate, under the Fiscal Code, was 16%.

(ii) Deferred Tax

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

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

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

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

(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 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 are determined by dividing the profit or loss attributable to the Company's ordinary shareholders into 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 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 has been removed.

A contingent asset is not recognized in the statement of the financial standing 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 of the Company's position on 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 Information

The statement of the financial standing for the year ended December 31, 2023 shows comparability with the statement of the financial standing for the financial year ended December 31, 2022.

(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, 2023* and have not been applied on the preparation of these financial statements: [IAS 8.30 (a)]:

Norm/Interpretation [IAS 8.31 (a)], 8.31(c)]	Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]	The potential impact over the financial statements [IAS 8.31(e)]
Amendments to IFRS 16 "Leasing contracts" (in force for the annual periods starting January 1, 2024 or ulterior to this date).	The amendments set out the manner in which a company should recognize, evaluate, present and publish the leasing contracts. The amendments to IFRS 16 indicate the manner in which the seller/lessee subsequently evaluates the selling transactions and leaseback.	The adoption of Amendments to IFRS 16 shall not bear impact on the individual financial statements.
Amendments to IAS 1" The presentation of the financial	The amendments specify the manner in which a company must determine, in the statement of the	The adoption of Amendments to IAS 1

statements" (in force for the annual periods starting January 1, 2024, or ulterior to this date)	financial standing, the debts and other liabilities with an uncertain settlement. As per these amendments, the respective debts or other liabilities must be classified either as current (due or potentially due in a one-year term), or as long-term.	shall not bear impact on the individual financial statements.
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The following standards and amendments to existing standards issued by the International Accounting Standards Committee (IASB) and adopted by the European Union (EU) have entered into force in the current period:

Norm/Interpretation <i>[IAS 8.31 (a)], 8.31(c)]</i>	Nature of imminent amendment of the accounting policy <i>[IAS 8.31 (b)]</i>	The impact over the financial statements <i>[IAS 8.31(e)]</i>
The adoption of IFRS 17" Insurance Contracts" (in force for the annual periods starting January 1, 2023, or ulterior to this date)	The objective of IFRS 17 is to ensure the fact that a company presents in its financial statements relevant information to accurately represent the insurance contracts. The named information offers the users of the financial statements a solid basis to evaluate the effect of the insurance contracts on the financial position, of the financial performance and the cash flows of the company.	The adoption of IFRS 17 had no impact on the individual financial statements, as this standard is not applicable on the date of preparation of these financial statements.
Amendments to IFRS 17" Insurance Contracts" (in force for the annual periods starting January 1, 2023 or ulterior to this date)	The amendment of the requirements regarding the transition provided by IFRS 17 allows the companies that apply for the first time IFRS 17 and IFRS 9, <i>Financial Instruments</i> , to solve the problem of punctual differences of classification in connection with the comparative information within the previous reporting period.	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.
Amendments to IAS 12" Corporate Tax" (in force for the annual periods starting January 1, 2023 or ulterior to this date)	The amendments clarify how companies must account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce diversity in reporting receivables and debts related to the deferred tax, receivables and debts related to leasing contracts and decommissioning obligations.	The adoption of Amendments to IAS 12 had no impact on individual financial statements.
Amendments to IAS 1 "Presentation of financial statements and IAS 8 "Accounting policies, changes in the accounting estimates and errors" (effective for annual periods from or after January 1 st , 2023 or ulterior to this date)	These amendments clarify the differences between accounting policies and accounting estimates to ensure a more consistent application of accounting standards and comparability of the financial statements.	The adoption of Amendments to IAS 1 and IAS 8 had no impact on individual financial statements.
Amendments to IAS 12" Corporate Tax" (in force for the annual periods starting January 1, 2023 or ulterior to this date)	The amendments have introduced a temporary exception from the accounting of the deferred taxes resulting from the application of the Rules - model of Pillar 2 of OCDE, as well as specific presentation of information for the affected entities.	The adoption of Amendments to IAS 12 had no impact on individual financial statements.

4. Determination of Fair Value

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

Hierarchy of the Fair Value

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 is 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, 2023
Lands	-	-	32,264,052	32,264,052
Constructions;	-	-	460,508,287	460,508,287
Machinery and equipment	-	-	77,168,919	77,168,919
Measuring and control devices	-	-	19,425,309	19,425,309
Means of transport	-	-	20,532,598	20,532,598
Other assets	-	-	1,595,738	1,595,738
TOTAL			620,494,903	620,494,903

- RON-				
	Level 1	Level 2	Level 3	Fair value on December 31, 2022
Lands	-	-	25,158,645	25,158,645
Constructions;	-	-	316,399,997	316,399,997
Machinery and equipment	-	-	69,688,688	69,688,688
Measuring and control devices	-	-	21,625,477	21,625,477
Means of transport	-	-	20,185,451	20,185,451
Other assets	-	-	2,250,809	2,250,809
TOTAL			455,309,067	455,309,067

5. Tangible assets

In 2023, compared to 2022, the intangible assets evolved as follows:

Name	Lands *	Special buildings and installations *	Oil operating products	Machinery and equipment	Measuring and control devices	Means of transport *	Other tangible assets	Ongoing tangible assets	Total tangible assets
Gross accounting value on January 1, 2023	28,693,144	333,355,527	39,541,805	131,103,627	67,450,565	53,187,538	9,551,894	151,716,394	814,600,494
Amortization accumulated on January 1, 2023	(3,534,499)	(56,497,335)	-	(61,414,939)	(45,825,088)	(33,002,087)	(7,301,085)	-	(207,575,033)
Net accounting value on January 1, 2023	25,158,645	276,858,192	39,541,805	69,688,688	21,625,477	20,185,451	2,250,809	151,716,394	607,025,461
Tangible assets inputs	1,206,066	154,381,431	-	18,404,935	5,095,756	4,995,207	196,474	(101,380,223)	82,899,646
Tangible assets outputs at gross value	(3,955)	(121,048)	-	(507,840)	(469,943)	(857,064)	(1,030)	-	(1,960,880)
Accumulated depreciation related to outputs	3,041	81,201	-	505,947	463,351	857,064	1,030	-	1,911,634
Diminution of tangible assets up to the net value for the registration of assets revaluation	-	(94,048,384)	-	-	-	-	-	-	(94,048,384)
Depreciation cancelled from the accounting value as effect of the application of net value method for registration of assets revaluation	-	94,048,384	-	-	-	-	-	-	94,048,384
Depreciation registered during the year	(1,240,085)	(38,964,313)	-	(10,922,811)	(7,289,332)	(4,648,060)	(851,545)	-	(63,916,146)
Revaluation increases	7,154,203	37,744,306	-	-	-	-	-	-	44,898,509
Revaluation impairments	(13,863)	(13,286)	-	-	-	-	-	-	(27,149)
Gross accounting value December 31, 2023	37,035,595	431,298,546	39,541,805	149,000,722	72,076,378	57,325,681	9,747,338	50,336,171	846,362,236
Depreciation accumulated on December 31, 2023	(4,771,543)	(1,332,063)	-	(71,831,803)	(52,651,069)	(36,793,083)	(8,151,600)	-	(175,531,161)
Net accounting value on December 31, 2023	32,264,052	429,966,483	39,541,805	77,168,919	19,425,309	20,532,598	1,595,738	50,336,171	670,831,075

* *Note: Here included rights of use resulting from the lease and concession contracts*

Name	Lands*	Buildings and special installations*	Oil operating products	Machinery and equipment	Measuring and control devices	Means of transport*	Other tangible assets	Ongoing tangible assets	Total tangible assets
Gross accounting value on January, 2022	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
Accumulated depreciation on January 1, 2022	(2,378,876)	(28,213,467)	-	(71,392,237)	(75,139,091)	(29,124,257)	(6,292,151)	-	(212,540,079)
Assets impairment adjustments	-	-	-	-	-	-	-	(275,272)	(275,272)
Net accounting value on January 1, 2022	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
Inputs of tangible assets	1,048,785	29,968,412	-	19,103,649	3,465,780	6,399,660	276,640	88,511,701	148,774,627
Outputs of tangible assets at gross value	(320,360)	(163,259)	(1,347,749)	(19,697,649)	(37,256,732)	(615,478)	(26,634)	(384,711)	(59,812,572)
Accumulated depreciation related to outputs	86,024	24,336	-	19,686,275	37,242,521	615,478	23,674	-	57,678,308
Depreciation registered along the year	(1,241,647)	(28,308,204)	-	(9,708,977)	(7,928,518)	(4,493,308)	(1,032,608)	-	(52,713,262)
Constituted impairment adjustments	-	-	-	-	-	-	-	275,272	275,272
Gross accounting value on December 31, 2022	28,693,144	333,355,527	39,541,805	131,103,627	67,450,565	53,187,538	9,551,894	151,716,394	814,600,494
Accumulated depreciation on December 31, 2022	(3,534,499)	(56,497,335)	-	(61,414,939)	(45,825,088)	(33,002,087)	(7,301,085)	-	(207,575,033)
Net accounting value on December 31, 2022	25,158,645	276,858,192	39,541,805	69,688,688	21,625,477	20,185,451	2,250,809	151,716,394	607,025,461

* *Note: Here included rights of use resulted from the lease and concession contracts*

The net value of the tangible assets on 31.12.2023 has increased as compared to the end of 2022, by the amount of 63,805,614 RON.

During 2023 there have been registered inputs of tangible assets in amount of 82,899,646 RON, outputs of tangible assets at a net value of 49,246 RON and increase from reevaluation of tangible assets on 31.12.2023, in amount of 44,871,360 RON.

Depreciation of tangible assets registered in 2023 amounted to 63,916,146 RON.

During 2023 there have been commissioned tangible assets in amount of 182,443,966 RON.

In 2023 there has been registered a decrease of the net value of assets representing rights of use resulting from leasing and concession contracts, in amount of 487,357 RON.

As for IFRS 16, the assets representing rights of use resulting from lease and concession contracts are recognized at tangible assets, as follows:

- At element-row “Lands” is included the value of the rights of use resulting from the lease and concession contracts concluded with various landowners.
On these rented lands are located telecommunication equipment and cathodic protection stations in various locations in the country. On 31.12.2023 the gross value of these assets was 7,036,355 RON, the cumulated depreciation of 4,771,543 RON, resulting a net value of the rights of use related to the lands of 2,264,812 RON.
- At the element-row “Special buildings and installations” is recognized the value of the rights of use resulting from the lease and concession contracts concluded with various owners for buildings rented 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. On the date of 31.12.2023, the gross value of these assets is 2,022,317 RON, the cumulated depreciation of 1,332,063 RON resulting a net value of the rights of use related to the buildings of 690,254 RON.
- At the position “Means of transport” is included the value of the rights of use of 15 rail tanks necessary for the development of the activities specific to the company. On 31.12.2023, the gross value of these assets was 893,400 RON, the cumulated depreciation of 818,950 RON, resulting in a net value of the rights of use related to the means of transport of 74,450 RON.

On December 31,2023, CONPET holds in property lands with a surface of 733,677 Sq.m., with an accounting value of 29,999,240 RON, made of:

- 554,181 Sq.m lands with an accounting value of 16,293,210 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 registered in the company’s patrimony at the expense of other equity reserves, without augmenting the share capital by the value thereof.
- 155,626 Sq.m of land with an accounting value of 4,168,765 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;
- 23,870 Sq.m lands with an accounting value of 9,537,265 RON, acquired by the Company based several sale-purchase contracts. Administrative buildings are located on one side of the purchased lands and on the rest are telecommunications towers, which are intended for transport.

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

The tangible assets also include the oil operating product, evaluated in the statement of the financial standing at the cost determined from revaluation, reinstated by the application of IAS 29 “The financial reporting in Hyper inflationary Economies”. On 31.12.2023, the accounting value of the operating oil product remained unchanged compared to the beginning of the year, being in amount of 39,541,805 RON.

Tangible assets in progress

On December 31, 2023, the value of the assets in progress is of 50,336,171 RON and includes investment projects provided in “2023 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.

Revaluation 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 revaluation value), less the ulterior depreciation cumulated and the ulterior losses from depreciation. The revaluation has been performed with sufficient regularity, at least once at 3 years. On December 31, 2023 there were evaluated, by the company ESTIMATORI GROUP SRL București, the classes lands, buildings and special constructions, in the company’s patrimony.

Pursuant to the results contained in the revaluation report, the fair value on 31.12.2023 related to the lands, buildings and special constructions register a total net increase of 44,871,360 RON.

The revaluation results on 31.12.2023 have been registered in the accountancy as follows:

	Net accounting value on 31.12.202 before revaluation	Revaluated value on 31.12.2023	Difference from revaluation	of which: Increase on the expense of the revaluation reserve	Increase on the extent of other reserves	Decrease on the extent of revaluation reserve	Impact in the profit and loss account – increase
Lands and lands developments	22,585,900	29,999,240	7,140,340	4,359,556	-	(7,163)	2,787,947
Buildings and constructions	391,545,209	429,276,229	37,731,020	35,609,103	1,467,878	(14)	654,053
Total	414,404,109	459,275,469	44,871,360	39,968,659	1,467,878	(7,177)	3,442,002

Following the revaluation, the lands belonging to the company have registered an increase of the net accounting value in amount of 7,140,340 RON.

The company recognized an increase of the net accounting value from the revaluation of the tangible assets representing special buildings and constructions existing in the company’s patrimony on 31.12.2023, in total amount of 37,731,020 RON.

The impact on the financial statements, resulted from the registration of the differences related to the revaluation of the tangible assets, namely the increases and decreases of the accounting values, registered on 31.12.2023, is the increase of the equities by the amount of 44,871,369 RON.

6. Intangible assets

In 2023, compared to 2022, the intangible assets evolved as follows:

- RON-			
Name	Licenses and software	Other intangible assets	Total intangible assets
Gross accounting value on January 1, 2023	12,470,814	3,313,099	15,783,913
Cumulated depreciation on January 1, 2023	(6,739,288)	(2,189,832)	(8,929,120)
Net accounting value on January 1, 2023	5,731,526	1,123,267	6,854,793
Inputs of intangible assets	1,512,200	271,802	1,784,002
Outputs of intangible assets to the gross value	(2,894,937)		(2,894,937)
Accumulated depreciation outputs	2,894,937		2,894,937
Depreciation registered during the period	(2,339,611)	(739,611)	(3,079,222)
Gross accounting value on December 31, 2023	11,088,077	3,584,901	14,672,978
Accumulated depreciation on December 31, 2023	(6,183,962)	(2,929,443)	(9,113,405)
Net accounting value on December 31, 2023	4,904,115	655,458	5,559,573

- RON-			
Name	Licenses and software	Other intangible assets	Total intangible assets
Gross accounting value on January 1, 2022	10,231,567	3,004,699	13,236,266
Cumulated depreciation on January 1, 2022	(4,819,624)	(1,474,902)	(6,294,526)
Net accounting value on January 1, 2022	5,411,943	1,529,797	6,941,740
Inputs of intangible assets	2,241,107	308,400	2,549,507
Outputs of intangible assets to the gross value	(1,860)		(1,860)
Accumulated depreciation outputs	1,860		1,860
Depreciation registered during the period	(1,921,524)	(714,930)	(2,636,454)
Gross accounting value on December 31, 2022	12,470,814	3,313,099	15,783,913
The accumulated depreciation on December 31, 2022	(6,739,288)	(2,189,832)	(8,929,120)
Net accounting value on December 31, 2022	5,731,526	1,123,267	6,854,793

The net value of the intangible assets on 31.12.2023 has decreased as compared to the end of 2022, by the amount of 1,295,220 RON.

In 2023, there have been registered inputs of intangible assets in the amount of 1,784,002 RON and depreciation in amount of 3,079,222 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 following:

- RON-			
Name	Other non-current securities	Long-term receivables	Total intangible assets
Gross accounting value on January 1, 2023	5,100	2,852,134	2,857,234
Adjustment for depreciation on January 1, 2023	-	(320,189)	(320,189)
Net accounting value on January 1, 2023	5,100	2,531,945	2,537,045
Inputs	-	36,590	36,590
Outputs	-	(50,832)	(50,832)
Gross accounting value on December 31, 2023	5,100	2,837,892	2,842,992
Adjustments for depreciation on December 31, 2023	-	(320,189)	(320,189)
Net accounting value on December 31, 2023	5,100	2,517,703	2,522,803

- RON-			
Name	Other non-current securities	Long-term receivables	Total intangible assets
Gross accounting value on January 1, 2022	5,100	726,260	731,360
Adjustments for depreciation on January 1, 2022	-	(320,189)	(320,189)
Net accounting value on January 1, 2022	5,100	406,071	411,171
Inputs	-	2,125,874	2,125,874
Gross accounting value on December 31, 2022	5,100	2,852,134	2,857,234
Adjustments for depreciation on December 31, 2022	-	(320,189)	(320,189)
Net accounting value on December 31, 2022	5,100	2,531,945	2,537,045

On 31.12.2023, the net value of the financial assets decreased as compared to January 1, 2023 by 14,242 RON, at the expense of the decrease of the long-term receivables during the year.

The company holds contributions to 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 2,517,703 RON represent guarantees granted to third-parties and are mainly made up of: the guarantees related to the electric power supply contract, 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 performing the production and administrative activities in different locations in the country and guarantees for telecommunication equipment.

8. Inventories

- RON-				
Name	Consumables	Services in progress	Waste products	Total stocks
Gross accounting value on January 1, 2023	6,444,829	1,403,434	469	7,848,732
Adjustments for depreciation of inventories	(981,649)	-	-	(981,649)
Net accounting value on January 1, 2023	5,463,180	1,403,434	469	6,867,083
Stocks inputs during the period	6,859,181	9,020,306	536,770	16,416,257

Consumption/outputs of stocks during the period	(6,836,695)	(9,551,516)	(503,907)	(16,892,118)
Revenues from (Expense with) adjustment for depreciation of stocks	128,342	-	-	128,342
Gross accounting value on December 31, 2023	6,467,315	872,224	33,332	7,372,871
Adjustments for depreciation of inventories	(853,307)	-	-	(853,307)
Net accounting value on December 31, 2023	5,614,008	872,224	33,332	6,519,564

- RON-				
Name	Consumables	Services in progress	Waste products	Total stocks
Gross accounting value on January 1, 2022	6,014,704	658,743	7,173	6,680,620
Adjustments for depreciation of inventories	(1,368,533)	-	-	(1,368,533)
Net accounting value on January 1, 2022	4,646,171	658,743	7,173	5,312,087
Stocks inputs during the period	7,471,345	12,555,068	222,597	20,249,010
Consumption/outputs of stocks during the period	(7,041,220)	(11,810,377)	(229,301)	(19,080,898)
Revenues from (Expense with) impairment for depreciation of stocks	386,884	-	-	386,884
Gross accounting value on December 31, 2022	6,444,829	1,403,434	469	7,848,732
Impairments for depreciation of inventories	(981,649)	-	-	(981,649)
Net accounting value on December 31, 2022	5,463,180	1,403,434	469	6,867,083

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.

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

9. Trade receivables and other receivables

On December 31, 2023 and December 31, 2022, the trade receivables and other receivables reveal the following:

- RON-		
Name	December 31, 2023	December 31st, 2022
Clients	48,321,481	45,295,130
Impairment receivables adjustments	(208,618)	(222,936)
Other trade receivables	280,366	1,419,808
Impairments for the loss of value of other short-term intangible receivables	(1,404)	(122,717)
Subtotal trade receivables (net value)	48,391,825	46,369,285
Other receivables	6,288,206	4,491,660
Impairments for the depreciation of other receivables	(1,698,699)	(1,674,185)
Subtotal other receivables (net value)	4,589,507	2,817,475
Overall receivables	52,981,332	49,186,760

Clients' structure per activities is the following:

- RON-		
Name	December 31, 2023	December 31, 2022
Clients- transport activity	47,617,013	44,628,760
Other clients - auxiliary activities	704,468	666,370
Total	48,321,481	45,295,130

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

The main trade receivables in balance on December 31, 2023 are to be received from: OMV PETROM S.A.– 40,006,967 RON (December 31, 2022: 39,120,758 RON), Petrotel Lukoil S.A.– 6,551,650 RON (December 31, 2022: 5,172,855 RON), Rompetrol Rafinare SA– 1,072,969 RON (December 31, 2022: 188,414 RON).

The revenues from transport services supplied 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, 2023.

Other receivables in amount of 6,288,206 RON mainly include: the amount receivable from the State budget representing allowances for the medical leaves (1,851,425 RON, namely 29.4% amounts to be recovered from various natural and legal persons, the majority facing ongoing litigation (1,197,638 RON, namely 91.1%) and non-exigible VAT related to the unrarried invoices until the date of 31.12.2023 (1,083,173 RON, respectively 17.2%).

Adjustments 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, 2023 the value of these impairments amounts to 208,618 RON.

Adjustments for the depreciation of other receivables are recorded for debits related to the legal files pending before the Law, paid fines and facing dispute. On December 31, 2023 the value of the impairments amounts to 1,698,699 RON, increasing by 24,514 RON as compared to December 31, 2022.

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

Statement on receivables seniority

Trade receivables

	- RON-	
Name	December 31, 2023	December 31, 2022
Clients, o/w:	48,321,481	45,295,130
<i>Depreciated receivables</i>	208,618	222,936
<i>Non-depreciated receivables, o/w:</i>	48,112,863	45,072,194
- seniority less than 30 days	48,007,876	44,914,134
- seniority between 30 days and 60 days	98,106	147,366
- seniority between 60 days and 90 days	2,098	4,731
- seniority between 90 days and 270 days	4,782	5,963
- seniority between 270 days and 1 year	-	-
Other trade receivables, out of which:	280,366	1,419,808
<i>Depreciated receivables</i>	1,404	122,717
<i>Non-depreciated receivables, o/w:</i>	278,962	1,297,091
- seniority less than 30 days	1,597	2,101
- seniority between 30 days and 60 days	-	365
- seniority between 90 days and 270 days	277,365	1,294,625

Other receivables

- RON-

Name	December 31, 2023	December 31, 2022
<i>Depreciated receivables</i>	1,698,699	1,674,185
<i>Non-depreciated receivables, o/w:</i>	4,589,507	2,817,475
- seniority less than 30 days	2,282,700	2,421,973
- seniority between 30 days and 60 days	196,453	14,516
- seniority between 60 days and 90 days	334,117	87,603
- seniority between 90 days and 270 days	1,111,809	176,105
- seniority between 270 days and 1 year	307,091	81,263
- seniority over 1 year	357,336	36,015
Total	6,288,206	4,491,660

10. Cash and cash equivalents

On December 31, 2023 and December 31, 2022 the cash and cash equivalents look as follows:

- RON-

Name	December 31, 2023	December 31, 2022
Current bank accounts	2,020,616	5,465,205
Bank deposits with maturity \leq 3 months	105,716,195	122,200,485
Cash on hand	5,362	6,762
Total	107,742,173	127,672,452

Cash and cash equivalents on 31 December 2023 are down by 15.6% (19.9 million RON), compared to 31st of December 2022, due to cash outflows for procurement of assets (investments) and dividend payments, higher than the surplus of cash from operating activity and cash inflows related to investment activity (upgrading share).

The liquid assets in the accounts on 31.12.2023 also include the cash representing the modernization quota, with special use regime, provided by GD no.168/1998, in amount of 32,041,249 RON. This is intended exclusively for funding the modernization and development of goods in public property.

The company does not have restricted cash.

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, 2023 is the following:

Shareholders	December 31, 2023			December 31, 2022		
	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	2,029,972	6,698,907	23.4475	1,910,238	6,303,785	22.0645
Natural Persons	1,544,184	5,095,807	17.8363	1,663,918	5,490,929	19.2193
Total	8,657,528	28,569,842	100%	8,657,528	28,569,842	100%

Legal reserves

On December 31, 2023 the value of the legal reserve is 5.713,968 RON and represents the reserve constituted at the level of 20% of the share capital, as per the Law no.31/1990 and Articles of Incorporation.

Other reserves

Other reserves are in the amount of 547,585,477 RON.

Other reserves have increased by the amount of 13,687,713 RON in the year 2023, consisting of: 6,869,587 RON, growth of reserves representing the modernization quota, 1,456,268 RON increase from revaluation recognized on the account of the reserve related to the modernization quota, 1,636,456 RON representing prescribed dividends recognized in equities and 3,725,402 RON reserve increase constituted for the reinvested profit.

The reserve related to the modernization quota is in amount of 496,667,140 RON and holds the highest share in total other reserves (90.7%).

Revaluation reserves

In the statement of the financial standing, the revaluation reserves are being presented at the net value of 49,838,300 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

The retained earnings are in amount of 36,970,805 RON and contain:

- The retained earnings representing actuarial loss from discount of benefits granted upon retirement: 531,142 RON;
- The retained earnings representing surplus achieved out of revaluation reserves: 862,397 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 39,301,668 RON.

The retained earnings are diminished by the amount of the reinvested profit in 2023, in amount of 3,725,402 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 in the "Allocation of Profit" simultaneously with the establishment of other reserves.

Profit of the year

The year's profit is 61,616,539 RON, increasing by 0.1% compared to the profit registered in the of the year 2022 (61,663,616 RON).

Proposal to distribute the accounting profit left following the deduction of the corporate tax on December 31, 2023:

Throughout 2023, 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, 2023 is in the amount of 61,616,539 RON.

The distribution proposal on legal destinations of the remaining accounting profit after the deduction of the corporate tax to be distributed, to which was added the provision for the

employees' share of profit in amount of 6,000,000 RON, resulting a total amount to be distributed of 67,616,539 RON is the following:

- RON-			
Crt. No.	Element	GD provision no. 64/2001	Amount
1	The net profit of the financial year 2023, reported based on the audited annual financial statements	-	61,616,539
2	The employees' share of profit within the limit of 10% of the net profit, but no more than the level of a monthly average basic salary at the level of the company in the financial year 2023, recognized in the provisions account.	-	6,000,000
3	The net profit, reinstated with the provision for the employees share of profit (1+2):	-	67,616,539
a	Other allocations stipulated by law - exemption from the payment of the reinvested corporate tax (account 1068), Art 22 of Law no. 227/2015 of the fiscal code	art. 1, para. (1), letter b)	3,725,402
b	Employees profit sharing schemes within the limit of 10% of the net profit but not more than the monthly average base salary achieved at the level of the economic operator reported in the Reference year	art. 1, para. (1), letter e)	6,000,000
c	Dividends due to shareholders	Art.1, Para (1), letter	55,891,137
d)	Other reserves - own financing sources	Art.1, Para (1), letter	2,000,000

The retained earnings that can be allocated in the amount of 862,397 RON is proposed to be distributed as dividends. The statement of retained earnings distributable and its distribution shall be as follows:

- RON-		
Crt. No.	Destination	Amount
1.1.	The retained earnings representing surplus achieved out of revaluation reserves	862,397
1	Total retained earnings, distributed for:	862,397
a	Dividends due to shareholders	862,397

12. Trade Liabilities and Other Liabilities

On December 31, 2023 and December 31, 2022, the trade liabilities and other liabilities look as follows:

- RON-					
Liabilities	December 31, 2022	December 31, 2023	Maturity date for the balance on December 31, 2023		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	43,914,968	33,091,805	33,091,805	-	-
Liabilities to the employees	37,433,451	39,908,276	14,143,449	2,878,921	22,885,906

Liabilities related to deferred tax	-	901,503	-	901,503	-
Provision-related liabilities	9,789,991	9,293,146	9,293,146	-	-
Other liabilities	32,314,474	33,364,459	30,571,853	2,007,577	785,029
Total	123,452,883	116,559,189	87,100,253	5,788,001	23,670,935

The trade liabilities related to the purchase of goods and services for the operating activity have a share of 62.3% in total trade liabilities, while those representing the procurement of assets have a share of 37.7%.

The liabilities to the employees, in balance on 31.12.2023 also include the future liabilities for the benefits granted to the employers on retirement or death, for the employees share of profit and for the untaken leaves of the employees, being recognized as provisions.

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

- RON-

Liabilities	December 31, 2022	December 31, 2023	Maturity date for the balance on December 31, 2023		
			Under 1 year	1-5 years	Over 5 years
Salaries contributions	6,372,957	6,221,902	6,221,902	-	-
Current corporate tax	1,997,414	1,807,695	1,807,695	-	-
Royalty due to the State Budget	9,371,188	10,270,414	10,270,414	-	-
VAT payable	2,688,196	4,111,198	4,111,198	-	-
Other interests and debts– State Budget	1,202,034	1,221,041	1,221,041	-	-
Payable Dividends	5,234,071	5,444,333	5,444,333	-	-
Leasing-related liabilities	4,457,905	3,346,757	1,179,143	1,668,529	499,085
Prepaid revenues	833,329	695,643	81,601	328,098	285,944
Other liabilities	157,380	245,476	234,526	10,950	-
Total	32,314,474	33,364,459	30,571,853	2,007,577	785,029

On 31.12.2023, the liabilities related to the leasing contain the rights of use recognized for the lease and concession contracts of some lands, buildings and tank cars (note 5).

The liabilities related to the rights of use recognized for the lease and concession contracts of some lands, buildings and tank cars 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 liabilities to the employees on maturity terms reveals, the following:

- RON-

Liabilities	December 31, 2022	December 31, 2023	Maturity date for the balance on December 31, 2023		
			Under 1 year	1-5 years	Over 5 years
Salaries and assimilated debts	6,975,973	7,140,257	7,140,257	-	-
Liabilities for benefits granted on retirement	19,779,263	22,089,977	475,621	2,729,496	18,884,860
Liabilities for the benefits granted in case of death	3,890,637	4,155,542	5,071	149,425	4,001,046
Liabilities for the employees share of profit	6,387,655	6,002,879	6,002,879	-	-
Liabilities for untaken leaves	359,923	519,621	519,621	-	-

Liability for other benefits due to the employees	40,000	-	-	-	-
Total	37,433,451	39,908,276	14,143,449	2,878,921	22,885,906

On December 31, 2023, the Company mainly comprises at this chapter the salaries and assimilated liabilities, as well as future liabilities for benefits granted upon retirement or death and for the employees share of profit, recognized as provisions.

The largest share in the liabilities to the employees is held by the debt for the benefits granted upon retirement in the amount of 22,089,977 RON, out of which 21,614,356 RON represent long-term liabilities, and 475,621 RON represent short-term liabilities and the liability for benefit in case of death, in amount of 4,155,542 RON, out of which 4,150,471 RON represent long-term liabilities and 5,071 RON represent short-term liabilities.

These liabilities were recorded based on the Actuarial Report on the evaluation of the obligations related to the benefit on retirement and death provided by the CCL for Conpet S.A. employees, drawn up on 31.12.2023 by Ovidiu-Virgil Racoveanu, certified actuary, based on the service 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, but in case of the death of the employee is being awarded equal help for a certain number of salaries.

The updated value of the liability related to the benefits granted upon retirement was determined using the Estimated Credit Unit Method (IAS 19). This method starts from the principle that the benefit payable upon retirement is built up for each year of service with the employer, so that each employee be compensated at the appropriate time.

The benefit upon retirement received by an employee at the legal retirement age has been updated taking into account the discount factor for the period remaining until the employee's retirement, the proportion of the benefit related to the elapsed period and the probability that the employee remain with the company until the retirement age (and retire at that age), given that the person could die, leave the company or suffer an invalidity.

The benefit granted in the event of the death of an employee has been determined as the product of the projected death benefit up to retirement age, the present value of the death obligation during the service to the employer and the share of the benefit for the elapsed period.

The main actuarial hypotheses used for the calculation on December 31, 2023 have been the following:

- **Rate of Inflation** The evolution of the consumer price index was considered equal to the one published by the National Commission for Strategy and Prognosis, the autumn version of 2023. Thus, the following values for inflation were estimated: in 2023 a percentage of 12%, then 6.6% in 2024, 3.4% in 2025 , 2.6% in 2026, then 2.3% in the following years. This scenario corresponds to the return to the inflation target declared by B.N.R., by the end of 2027.
- **The rate of increase of the monthly gross average salary per company.** To achieve the long-term projection, the average wage increase was estimated to be equal to inflation.

For the year 2023 it was taken into consideration the percentage of salary increase communicated by the employer, of 12%.

- **The Discount Rate** The discount rate was set at the risk-free rate investments, no adjustments of the variations (risk free rate spot no volatility adjustment) published by EIOPA at the end of December, 2023. Given the inflation data, but also the correlation between inflation and interests, it was chosen a discount rate equal to 6.02% in 2024, 2.9% in 2025, 2.5% in 2026, and then 2.2% per year in the rest of the period.
- **The statutory retirement age** was considered to be 65 years both for men and women, with the exceptions provided in the Law no. 360/2023, on the unitary pension system. This data was corroborated with the information on the retirement age communicated by the employer.
- The mortality **rate among the employees** is based on the Life Table of the Romanian population men/women 2019 (Source: EUROSTAT).
- **Migration of the workforce** in order to model departures from the company, an average workforce migration in percentage of 5.7% was estimated annually, with a progressive downward trend toward zero according to age.
- **Duties and Taxes** All duties valid as of 31.12.2022 were included in the calculation of retirement obligations. Since the benefits in the event of the death of the employee are paid from the employer's social security fund, it results that these benefits do not involve the payment of duties and taxes.

During 2023, the movement in the liabilities for the benefits upon retirement and death granted to the employees is exposed in the table below:

Name	Benefit on retirement	Death-related benefit	Total benefits
Present value of the liability on 01.01.2023	19,779,263	3,890,637	23,669,900
Cost of the interest	1,145,937	39,941	1,185,878
Cost of the current service	2,158,187	1,496,538	3,654,725
Payments from provisions during the year	(1,294,737)	(337,935)	(1,632,672)
Actuarial gain/loss	301,327	(933,639)	(632,312)
Present value of the liability on 31.12.2023	22,089,977	4,155,542	26,245,519
Variation from the beginning of the year	2,310,714	264,905	2,575,619
Percentage variation	12%	7%	11%

The analysis of the sensitivity of the debt for the benefits on retirement due to the employees on the date of 31.12.2023 is presented in the following table:

- RON-

Hypotheses	Benefits granted upon Retirement	Death-related benefit	Total benefits
December 31, 2023	22,089,977	4,155,542	26,245,519
The discount rate +1%	20,103,348	3,953,087	24,056,435
The discount rate -1%	24,361,186	4,365,001	28,726,188
Salaries increase rate +1%	24,569,959	4,367,013	28,936,972
Salaries increase rate -1%	19,902,167	3,941,140	23,843,307

The increase of life expectancy at birth with 1 year	22,355,986	3,869,130	26,225,116
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The liability for the employees' share of profit is constituted in compliance with 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 and other distributions provided by the law 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 liability constituted on 31.12.2023 for the employees share of profit amounts to 6,002,879 RON, of which 6,000,000 RON represents liability related to 2023, constituted at the level provided in the Budget for the year 2024 and 2,879 RON represents liability related to 2022.

The liability to the employees also included the debt for the untaken annual leaves, which, on 31.03.2023 is in amount of 519,621 RON.

The company does not register overdue payments at the end of 2023.

13. Provisions

Name	- RON-	
	December 31, 2023	December 31, 2022
Provisions for litigations	7,156,937	6,450,149
Provisions related to mandate contracts	1,824,068	2,157,211
Other provisions for risks and expenses	312,141	1,182,631
Total provisions	9,293,146	9,789,991

Provisions for litigations

In detail, the provisions for litigations are:

Name	- RON-	
	December 31, 2023	December 31, 2022
Litigations for civil compensations	5,458,971	4,785,250
Litigations for third parties' failure to respect certain contractual clauses	70,609	118,314
Other litigations	1,627,357	1,546,585
Total	7,156,937	6,450,149

The company is involved in various litigations for compensations and annual annuities requested by various owners, natural and legal persons, following the exercise by the company of the right to legal right of way on their lands.

On 31.12.2023, there are being registered provisions for such litigations in amount of 5,458,971 RON, increasing by 673,721 RON, compared to 31.12.2022.

The position "Other litigations", in the amount of 1,627,357 RON, represents the exchange value of the provision constituted for the litigation opened during 2018 by Fondul Proprietatea, by which is being requested the payment of the net value of the dividends distributed from the profit of the financial year 2006, related to a 6% quota held by the plaintiff in CONPET SA share capital, as

well as the legal interest calculated for the requested amount, starting with the maturity date thereof.

Provisions related to the Contract of Mandate

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

- 149,248 RON represents liability for the untaken rest leave by the directors with mandate contract, corresponding to the year 2023;
- 1,674,820 RON represents liability for the variable component related to 2023, of which 662,030 RON liability for the allowances granted to the members of the Board of Administration and 1,012,790 RON liability for the allowances granted to the directors.

Other provisions

On December 31, 2023, the balance of the position „ Other provisions”, in the amount of 312,141 RON represents provision for environmental expenses and for lack of use of the land on which the Voința Sports Base is located (70,641 RON), land owned by Ploiești Municipality.

14. Current and Deferred Corporate Tax

The expense with the current and deferred corporate tax of the company in 2023 and 2022 is being determined by a statutory rate of 16%.

	- RON-	
Name	December 31, 2023	December 31, 2022
The expense with the ordinary corporate tax and specific tax	10,586,561	11,686,338
The expense with /(revenues from) the deferred corporate tax	590,965	(1,210,960)
Total	11,777,517	10,475,378

Reconciliation of the effective corporation tax rate:

	- RON-	
Name	December 31, 2023	December 31, 2022
Profit before tax	72,794,056	72,138,994
- Corporate tax at a statutory rate of 16%	11,647,049	11,542,239
Effect on the corporate tax of:		
- Non-deductible expenses	3,465,398	4,454,372
- Non-taxable revenues	(3,173,270)	(3,028,149)
- Elements similar to the revenues	1,586,576	454,791
- Elements similar to the expenses	(245,677)	(243,788)
- Spared corporate tax	(596,064)	(504,431)
- Amounts representing sponsorship falling under the limits provided by law	(789,000)	(773,000)
- Specific tax	0	22,345
- Corporate tax reduction as per GEO 153/2020	(1,308,451)	(238,041)
Expense with current corporate tax and specific tax	10,586,561	11,686,338

The deferred corporate tax

The deferred corporate tax payable and recoverable was 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 for 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 tax during the year 2023 reveals the following:

- RON-					
2023	Net value on the 1 st of January	Deferred corporate tax recognized in the profit and loss account	Deferred corporate tax recognized in the equity	Net value on December 31, 2023	
				Receivable related to the deferred corporate tax	Debt related to the deferred corporate tax
Revaluation of tangible assets	299,581	(979,403)	(6,243,986)	2,875,258	(9,799,066)
Provisions	5,396,741	289,055	(101,170)	5,584,626	-
Adjustments of current assets	456,731	(19,052)	-	437,679	-
Deferred corporate tax before offsetting	6,153,053	(709,400)	(6,345,156)	8,897,563	(9,799,066)
Offset Receivable/debt				(8,897,563)	8,897,563
Net deferred corporate tax - to be recovered					(901,503)

The debt representing the deferred tax, in the balance on 31.12.2022, is in the amount of 9,799,066 RON and is recognized on the expense of equities, and the deferred tax receivable, recognized in the statement of global result, in balance on the same date, is of 8,897,563 RON. The net amount of the deferred tax represents deferred corporate tax to be recovered, in amount of 901,503 RON.

15. Result per Share

The result per share throughout the last two years is:

- RON-		
Name	December 31, 2023	December 31, 2022
Profit of the Financial Year	61,616,539	61,663,616
The 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)	7.12	7.12

16. Operating Revenues

a) Revenues from contracts

- RON-

Name	December 31, 2023	December 31, 2022
Revenues from transport service, of which:	482,872,798	469,856,548
Revenues from transport services domestic subsystem*	343,751,792	321,320,168
Revenues from transport services import subsystem*	130,095,692	144,044,195
Other revenues associated with the transport operations	9,025,314	4,492,185
Revenues from rents	2,078,272	1,966,022
Other revenues from contracts	162,539	410,007
Total contracts revenues	485,113,609	472,232,577

*) Transported quantities for which are being applied tariffs regulated by NAMR.

The 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.

In 2023, the quantities transported per subsystems, as compared to the same period of the previous year are the following:

Name	December 31, 2023	December 31, 2022
Quantities transported on the Domestic subsystem*	2,914,386	3,045,689
Quantities transported on the import subsystem*	3,072,090	3,944,197
Other transport operations	307,065	110,280
Total quantities (tons)	6,293,541	7,100,166

*) Transported quantities for which are being applied tariffs regulated by NAMR.

The total quantity of transported products has decreased by 11.4% in 2023 as compared to the previous year, namely the transported quantities on the domestic subsystem by 4.3% and the quantities transported by the import subsystem by 22.1%, due to the downtime of the refineries in Ploiesti during the scheduled technical revisions.

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

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

In the reporting period, the following tariffs were applied:

Tariffs for transport services on domestic subsystem:

Period	Transport tariff (RON/ton)	Approved by NAMR Order no.
January 1, 2022 - December 31, 2022	105.50	229/2021
starting January 1, 2023	117.95	364/2022

Tariffs for transport services on import subsystem:

Period	Tranches	Arpechim Refinery	Ploiesti Basin (Petrobrazii and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order no.
	Thousand tons/month	RON/ton	RON/ton	RON/ton	
	No more than 80	46.65	45.66	18.51	

January 1, 2022 - December 31, 2022	80 -120	37.32	36.53	14.81	229/2021
	120 -160	27.99	27.39	11.11	
	Over 160	21.00	20.55	8.33	
starting January 1, 2023	no more than 80	52.25	51.60	20.73	364/2022
	80 -120	41.80	41.28	16.59	
	120 -160	31.35	30.96	12.44	
	Over 160	23.51	23.22	9.33	

b) Other Operating Revenues

- RON-

Name	December 31, 2023	December 31, 2022
Revenues out of modernization quota consumption	51,226,184	39,911,780
Earnings from disposal of assets	612,108	5,401,508
Other revenues	3,982,250	4,513,637
Total other operating expenses	55,820,542	49,826,925

The revenues representing the modernization quota hold 91.8% of other operating revenues, registering an increase by 28.4% in the year 2023, as compared to the previous year, due to the fixed assets amortization financed out of the quota.

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

17. Operating Expenses

a) Stocks and Utilities Expenses

- RON-

Name	December 31, 2023	December 31, 2022
Expenses with consumables	5,591,136	5,881,853
Other material expenses	952,110	1,052,447
Other Expenses with Energy and Water	18,596,747	33,739,188
Total Stocks and Utilities related Expenses	25,139,993	40,673,488

b) Personnel expenses

The expenses with personnel include the expenses with salaries, bonuses granted to the employers, other personnel expenses, the allowances related to the mandate contracts of the members of the board of directors and the directors with mandate contracts and the expenses with the contributions due by the employer.

- RON-

Name	December 31, 2023	December 31, 2022	December 31, 2021
Salary expenses	155,824,484	143,346,066	133,956,205
Obligations regarding employees' bonuses	25,284,285	21,171,116	20,494,636
Other personnel expenses	39,600	3,912,090	1,798,440
Expenses on Remuneration of Directors with mandate contract and of the administrators	5,251,280	4,848,193	4,891,630
Expenses with contributions due by the employer	7,995,343	7,645,268	7,078,185
Total personnel expenses	194,394,992	180,922,733	168,219,096

The personnel expenses are detailed as follows:

Salary expenses

- RON-

Name	December 31, 2023	December 31, 2022	December 31, 2021
Salary and related contributions expenses	152,998,317	139,049,643	131,351,541
Quarterly bonuses	1,450,000	3,129,119	1,000,000
Retirement supports	1,294,737	1,115,588	1,534,284
Marriage support	81,430	51,716	70,380
Salary related expenses	155,824,484	143,346,066	133,956,205

The expenses with the basic salaries of the personnel and related bonuses have increased in 2023, compared to 2022, mainly due to the indexation of the average salaries by 12%.

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

Obligations regarding employees' bonuses

- RON-

Name	December 31, 2023	December 31, 2022	December 31, 2021
Employees share of profit	6,384,812	5,517,801	6,655,473
Meal vouchers	9,137,465	6,474,030	6,665,960
Social expenditure under art. 25 of Law no. 227/2015 on the Fiscal Code, further amendments and completions	6,871,405	6,442,781	5,358,057
Other expenses as per the Collective Labor Agreement	2,890,603	2,736,504	1,815,146
Total	25,284,285	21,171,116	20,494,636

The value of the bonuses granted to the employees meets an increase of 4,113,169 RON in 2023, compared to 2022, mainly due to the increase of the social expenses related bonuses awarded to the employees and of other expenses according to the Collective Labor Agreement. (mainly the value increase of the meal voucher starting 15.12.2022, from 20 to 30 RON).

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 the CLA.

Other personnel expenses

- RON-

Name	December 31, 2023	December 31, 2022	December 31, 2021
Expenditure on compensatory payments related to personnel layoffs	39,600	3,912,090	1,798,440
Expenses with the personnel rights due under court orders	-	-	-
Total	39,600	3,912,090	1,798,440

The position "Other personnel expenses" includes costs of severance pay, provided under CLA, related to personnel layoffs conducted during the year.

Expenses on Remuneration of Directors with mandate contract and of the administrators**- RON-**

Name	December 31, 2023	December 31, 2022	December 31, 2021
Allowance of the directors with mandate	3,283,560	2,785,516	2,705,194
Allowances of the members of the Board of Directors	1,967,720	2,062,677	2,186,436
Total	5,251,280	4,848,193	4,891,630

The expenses with the allowances related to the mandate contracts of the directors and administrators register an increase 403,087 RON in 2023 compared to 2022, due to the appointment, for a duration of the mandate contract of 4 years of the director general, deputy director general and the economic director, with a new fixed allowance. The allowance represents the average on the last 12 months of the gross average earnings for the activity carried out according to the core business recorded by the company, Class 4950“transports via pipelines” as per the classification in the national economy, communicated by the National Statistics.

Expenses with contributions due by the employer**- RON-**

Name	December 31, 2023	December 31, 2022	December 31, 2021
The company's contribution to voluntary pension funds	2,774,495	2,871,425	2,258,525
Company's contribution to voluntary health insurance	1,383,314	1,188,747	1,496,785
Labor insurance contribution and other contributions	3,837,534	3,585,096	3,322,875
Total	7,995,343	7,645,268	7,078,185

The company's contribution to voluntary health insurance indicates an increase of 194,567 RON compared to the previous period, due to the fact that, in 2023 the employees benefited from insurance all over the year, as compared to 2022, when the contract related to health insurances was completed on 10.03.2022.

In 2023, following the salary increases on December 2022, the national insurance contribution has proportionally increased.

Employees

During 2023 and 2022, the average number of employees has evolved as follows:

Name	December 31, 2023	December 31, 2022	December 31, 2021
Employees with leading positions	80	81	80
Employees with execution positions	1,334	1,386	1,431
Total	1,414	1,467	1,511

c) Expenses related to External Services**- RON-**

Name	December 31, 2023	December 31, 2022
Rail transport expenses	71,644,555	61,429,832
Expenses with royalties and rentals	39,836,266	36,680,362
Third-party pumping expenses	4,901,236	4,587,750
Maintenance and repair expenses	2,532,439	2,789,259
Expenses with the decontaminations, monitoring of the environmental factors	296,301	1,939,120

Travel, secondment and transfer expenses	703,619	640,889
Expenses related to the transport of goods and personnel	5,238	27,429
Postal and telecommunication expenses	699,305	695,738
Other expenses with services performed by third parties	6,316,584	5,451,782
Total expenses related to external services	126,935,543	114,242,161

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 Starting with 26.10.2023, respectively of 11.5% as of 27.10.2023 on the value of gross revenues achieved out of oil transport operations via the oil national transport system.

d) Other expenses

- RON-		
Name	December 31, 2023	December 31, 2022
Expenses with other duties, taxes and similar levies	2,953,003	2,507,801
Compensations, fines and penalties expenses	102,099	1,309,157
Donations granted (sponsorships)	789,000	773,000
Environmental protection expenses	15,544	13,993
Expenses with the establishment of the modernization quota	58,084,160	57,321,207
Other operating expenses	414,034	479,282
Other expenses	62,357,840	62,404,440

In 2023, the expenses recorded with other taxes, fees and similar levies mainly include 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 chapter "Other expenses" contains also the reserve regarding the modernization quota established through other operating expenses, in compliance with the provisions of GD no. 168/1998 further amendments and with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and completions.

18. Net Financial Result

- RON-		
Name	December 31, 2023	December 31, 2022
Revenues from interests	6,652,665	9,737,028
Other financial revenues	37,269	102,400
Total financial revenues	6,689,934	9,839,428
Interest expenses related to leasing contracts	175,242	236,174
Other financial expenses	83,799	233,103
Total financial expenses	259,041	469,277
Net Financial Result	6,430,893	9,370,151

The financial revenues decreased by 32% in 2023 compared to 2022 and the financial expenses decreased by 44.8% in the current year, compared to the previous year, keeping a more reduced level than the financial revenues. Based on this evolution, the net financial result has decreased by 31.4% in 2023, as compared to 2022.

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.

It cannot be an easy approach for taxpayers, especially since there is generally an abusive practice on the part of the tax authorities regarding the interpretation of the legal provisions which is established by the law itself.

The modernization of the fiscal legislation in Romania does not yet provide 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 fiscal procedure Code there have been amended several principles regarding 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 any granted capital commitment.

Guarantees granted to third-parties

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

- RON-		
Name	December 31, 2023	December 31, 2022
Non-current Receivables (Note 7)	2,730,504	2,757,371
Other receivables (Note 9)	278,769	122,717

Total	3,009,273	2,880,088
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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 2023, 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, 2023	December 31, 2022
Performance guarantees transferred on the company's accounts	20,616	31,780
Performance guarantee received from the clients	18,593,982	15,875,961
Performance guarantee received from suppliers	17,863,332	129,815,163
Performance guarantees constituted by the beneficiaries in separate accounts at CONPET disposal.	10,708,291	9,414,082
Total	47,186,221	155,136,986

Contingencies

Taxation

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

21. Disputes

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

File no. 5413/204/2017 –Prahova Tribunal (Conpet S.A. – defendant, ANRM - defendant, Dobrogeanu Dumitru– plaintiff, Dobrogeanu Păun Ioan - plaintiff) by which is being requested to the instance that by the decision to be taken to order:

The payment of an annual rent for the land plots occupied by the two oil products pipelines (crude oil) starting 01.07.2014 and in the future for the entire duration of the pipelines;

-To order the defendants pay the compensation for the losses incurred by not reaching certain economic objectives on the remaining area between the two pipelines after their restriction and the area along the national road DN1 (E60);

- Payment of legal fees.

The first head of claim was estimated by the plaintiffs in the amount of 48,000 Euro/year (220,000 RON), and the second in the amount of 25,000 RON/year.

Trial stage: Merits- retrial

Term: 21.03.2024

File no. 5212/105/2018– the High Court of Cassation and Justice(CONPET S.A. – defendant, Fondul Proprietatea SA - plaintiff) 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.

Procedural status: Appeal

Court hearing 17.04.2024

File no. 32294/299/2020 – Sector 1 Bucharest District Court (Conpet S.A. – defendant-, Bob Mihăiță - plaintiff-defendant, ANRM - plaintiff) by which is being requested to the instance that by the decision be taken to order:

The obligation of Conpet SA and NAMR to move the crude oil pipeline crossing the land owned by the claimant located in Cernavoda, plot 1, plot A6 / 2, Constanța county;

- the establishment of the equivalent value of the lack of use, for a period of three years, prior to the formulation of the summons, amounting to 150,000 RON;
- in the alternative, the obligation of Conpet SA to pay an annual rent for the use of the land owned by the claimant, from the date of filing the summons, in the amount of 5 Euro/sq.m./year for the area of 14,645 sq. m., land affected by the protection and safety area, during the existence of legal servitude;
- Payment of legal fees.

Procedural status: Merits

Deadline: Sentence postponed until 09.04.2024

File no.3451/108/2016, ATU, Pecica City - Arad Tribunal (Conpet S.A. – defendant, Unit of Pecica City - plaintiff), by which is requested to the instance that by order that will be pronounced to dispose:

- the obligation of the defendant Conpet S.A. to divert the crude oil pipeline that crosses a number of 22 plots of urban land, intended for the construction of houses, located in our property, in a total area of 20,287 sq. m.

- order the defendant Conpet S.A. to pay the amount of EUR 65,000 representing the equivalent value of the house located in plot no. A141.7760 / 5/174, entered in L.B. no. 306869 because it can no longer be capitalized by the subscriber. Pursuant to judicial expertise report in the evaluation specialization performed in case upon the plaintiff request, ATU, Pecica, the global value of compensation for hindering the right to build proposed by the expert is of 137,045,69 Euro.

Trial stage: Appeal

Court hearing: -

File no. 4395/270/2020 - Onești Courthouse - Municipality of Onești - plaintiff; Local Council of Onești Municipality - plaintiff,, CONPET S.A. – defendant)

by which is requested the instance that, by decision that will be pronounced dispose:

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

The obligation of the defendant to pay material damages, representing the equivalent value of the lack of use for the land in the area of 11,474.5 sq. m. crossed and affected by the crude oil pipelines within the municipality of Onești, established according to the Market Study approved by the Decision of the Local Council no. 199 of 29.11.2018, respectively according to the Updated Market Study approved by the Decision of the Local Council no. 122 of 29.06.2020, calculated starting with 2017 and until the date of concluding the agreement for exercising the right of legal easement over these lands, to which are added late fees, interest and late payment penalties in the amount provided by the Fiscal Procedures Code applicable in this period.

- The obligation of the defendant to pay the trial costs incurred by this trial.

Trial stage: First court on merits

Court hearing 09/24/24

Case File no. 5971/2/2022 – Bucharest Court of Appeal (OMV Petrom – plaintiff, NAMR, CONPET - defendant), by which is requested the instance that, by decision that will be pronounced dispose:

Annulment in part of Article 1 of Order 229/2021 in respect of the tariffs set out in Annex 1 and Annex 3 and, accordingly, Annexes 1 and 3 of Order 229/2021 and, consequently, Order the NAMR to issue a new order for the approval of transport tariffs via the national transport system of crude oil, gas, condensate and ethane for 2022, including appropriately modified tariffs in the DOMESTIC tariffs (Annex 1) and import tariffs for THE refineries in the Ploiesti Basin (Annex 3). The partial annulment of Article 3-8 of the Annex to order no. 53/2008, as well as the obligation of the NAMR to issue a new order by which to properly complete Order no. 53/2008.

The obligation to pay the court costs.

At case, on the deadline of 14.03.2023, the applicant OMV PETROM requested in proving the probable claims with documents and judicial accounting expertise.

On the deadline of 25.04.2023, Conpet opposed the evidence with documents and the evidence with judicial accounting expertise, both requested by the plaintiff OMV Petrom SA.

On the deadline of 09.05.2023, the Court approved for the claimant and for the defendant the evidence with documents. Orders the defendant ANRM to submit to the case file the administrative documentation related to the NAMR Order no. 229/2021 amending the NAMR Order no. 13/2010 and Order no.13/2010 and of the NAMR Order no.53/2008, under the conditions provided by Law no.182/2002 on the protection of classified information. Rejects as useless the case resolution the consent of the evidence with technical accounting expertise.

On 31.05.2023, the defendant ANRM submitted to the Classified Documents Department of the Court of Appeal of Bucharest the documentation requested by the court with the mention that some documents are confidential according to Article 4, para.4 of the Petroleum Law no.238/2004 and others are of „confidential information” nature.

On the deadline of 06.06.2024, the Court ordered, that the defendant the NATIONAL AGENCY FOR MINERAL RESOURCES, submit a written opinion on the application for the administration of the evidence made by the plaintiff, on the legal nature of the confidential documents provided for by the Petroleum Law no. 238/2004, on how to consult these documents and on its declassification of documents constituting state secret, respectively confidential information, according to the provisions contained in Law no.182 of 12 April 2002. That the defendant CONPET SA submits a written view on the application for the administration of evidence made by the plaintiff, on the legal nature of the confidential documents provided by the Petroleum Law no. 238/2004, on how to consult these documents.

The defendants of CONPET and NAMR sent to the court the views requested for the deadline of 05.09.2023. The court has postponed the ruling.

By the conclusion of 14.09.2023, the Court finds that the documents of an unclassified nature, submitted by the defendant NAMR to the Classified Information Compartment of the Court of Appeal of Bucharest are not confidential and do not fall within the scope of the provisions of art. 4 Of the Petroleum Law no. 238/2004 of 7 June 2004, with the related legal consequences regarding the evidential regime of these documents.

Grants the parties access to the content of confidential, non-classified information submitted by the defendant NAMR to the Classified Information Compartment of the Court.

On the deadline of 14.11.2023, the applicant OMV Petrom submitted an application for the access of OMV Petrom to classified documents and additional evidence. It was requested to the court to order CONPET to issue access permits to classified information in this case for Mr. Marius Davițoiu and Marian Nita (employees of OMV PETROM who benefit from authorizations access to confidential documents within the Company, here included the relations with the NAMR) as well as completing the probation with new documents and with the Conpet interrogation.

The court ordered the adjournment of the case so that the defendants of NAMR and Conpet formulate a point of view on the request made by the plaintiff, on the access of its legal representatives to the content of the classified information "Confidential information" and on the evidence of questioning of the defendants requested by the applicant.

Conpet submitted to the case file the point of view requested by the court.

On the deadline of 12.03.2024, the Court rejects as unfounded the applicant's request to grant access to its employees, Marius Davitoiu and Marian Nita, to documents classified as confidential information, as unfounded, filed to the court's classified information compartment. Approves for the plaintiff the evidence with documents and asks the parties to submit to the case file the documents that substantiated the issuance of the administrative act whose cancellation is requested, the documents, other than those submitted to the case file and to the court's classified information department, relating to the structure of operational costs, the share of modernization, as well as any other financial-accounting documents that justified the issuance of the contested administrative act. Rejects as useless the solution of the case the consent of the evidence with the interrogation of the defendant Conpet.

Trial stage: First court on merits

Court hearing 04/09/24

Case File no. 7035/2/2022 – Bucharest Court of Appeal (OMV Petrom – NAMR - plaintiff, CONPET - plaintiff), by which is requested the instance that, by decision that will be pronounced dispose:

Partial cancellation of the addenda no. 2-9 to the transport contract no. BC OMV 108/25.03.2020 concluded between OMV Petrom and CONPET, respectively of the articles regarding tariffs on the DOMESTIC subsystem and the IMPORT subsystem, charged for transport services provided by CONPET and established by NAMR no.229/2021, within the limit of the tariffs to be established following the contentious administrative endeavors carried out by OMV Petrom regarding the tariffs with NAMR and, consequently, the obligation of CONPET to pay compensation to OMV Petrom representing the difference between the amount of the tariffs adopted by the order of NAMR no. 229/2021, paid by OMV Petrom in the period 01.01.2022-31.08.2022 and the amount of tariffs to be established in file no.5971/2/2022, updated with the inflation index, as well as the related legal interest.

Payment to OMV Petrom of the difference between the amount of tariffs paid by OMV Petrom for the transport of marine oil, through the COUNTRY subsystem, from the Midia Terminal, and the amount of tariffs under the IMPORT subsystem according to the subsystem actually used, updated with the inflation index, as well as the related statutory interest.

to rule the obligation the defendant to pay any other amounts representing civil fruits that CONPET acquired or could have acquired in connection with the amounts charged from the OMV PETROM based on the tariffs

- to rule the obligation to pay the court costs.

Trial stage: Court of first instance – suspended until the final settlement of the case forming the object of the file no. 5971/2/2022 of the Court of Appeal of Bucharest, section IX of the Fiscal and Contentious Administrative matters.

Case File no. 4988/2/2023 – Bucharest Court of Appeal (OMV Petrom – plaintiff, NAMR - defendant, Conpet S.A defendant), by which is requested the instance that, by decision that will be pronounced dispose:

- The annulment in part of Articles 1 and 3 of the Additional Acts no.10, no. 11 and no.13, respectively of Articles 1 and 4 of the Addendum no.2, respectively extending the duration of the transport Contract,
- Obligation of Conpet to pay to OMV Petrom, as compensation, the amounts representing:

- i. the difference between the amount of the tariffs provided for in the Addendum no.2 to the transport contract and the amount of tariffs to be determined as legal, as well as the related statutory interest calculated from the date of payment of the difference in tariff;
 - ii.the difference between the amount of tariffs paid by OMV Petrom for the transport of crude oil and the amount of tariffs established proportionally, in relation to the domestic and import tariffs depending on the subsystem actually used and the legal interest;
 - iii.any other amounts of civil fruits that Conpet has acquired or may have acquired in relation to the amounts unlawfully collected from OMV Petrom based on the tariffs;
- to rule the obligation to pay the court costs.

Trial stage: Court of first instance - suspended until the final settlement of the case subject to case no. 7035/2/2022 of the Court of Appeal of Bucharest

Case File no. 5559/2/2023 – Bucharest Court of Appeal (OMV Petrom – plaintiff, NAMR - defendant, Conpet SA - defendant), by which is requested to the court that, by the decision that will be pronounced to dispose:

- Cancellation in part of article 1 of Order 364/2022 regarding the tariffs set out in Annex 1 and Annex 3 and, accordingly, of Annexes 1 and 3 of Order 364/2022 in what concerns the tariffs for the country and import subsystem, within the limit of the quantum of tariffs that will be established as legal;
- to rule the obligation to pay the court costs.

Trial stage: First court on merits

Court hearing 04/18/24

Case File no. 8213/2/2023 – Bucharest Court of Appeal (OMV Petrom – plaintiff, Conpet SA - defendant, NAMR - defendant), by which is requested the instance that, by decision that will be pronounced dispose:

- The annulment in part of art.1 and art.3 of the Addendum no.14 of art.1 and 4 of the Addenda no.15, no.16, no.17, respectively Articles 1 and 5 of the Addendum no.18, by which the duration of the Contract of Transport was successively extended;
- The annulment in part of Article 2 of the Addenda no.14-18 for the purpose of removing quantities transported from the Midia Terminal from the quantities transported through the country subsystem and including them to the quantities transported through the import subsystem;
- Obligation of Conpet to pay to OMV Petrom, as compensation, the amounts representing:
 - i.the difference between the amount of tariffs provided for in the Addenda no. 14 - 18 to the Contract of transport and the amount of tariffs that will be established as legal,as well as the related statutory interest calculated from the date of payment of the difference of tariff;
 - ii.the difference between the quantum of tariffs paid by OMV Petrom for the transport of crude oil and the quantum of tariffs proportionally established, by reference to the country and import tariffs according to the subsystem actually used and the statutory interest;
 - iii.any other amounts of civil fruit that Conpet has acquired or may have acquired in relation to the amounts unlawfully collected from OMV Petrom on the basis of tariffs;
- To rule the obligation to pay the court costs.

Trial stage: First court on merits

Court hearing 17.04.2024

22. Affiliated parties

In 2023, the Company performed the following significant transactions with related parties:

Procurement from related parties

- RON-							
Partner	Unsettled amount on December 31, 2021	Procurements during 01.01.2022-31.12.2022	Settlements during 01.01.2022-31.12.2022	Unsettled amount on December 31, 2022	Procurements during 01.01.2023-31.12.2023	Settlements during 01.01.2023-31.12.2023	Unsettled amounts on December 31, 2023
SNTFM CFR Marfă SA	5,792,599	73,827,367	70,611,140	9,008,826	18,394,881	27,374,296	29,411
ELECTRICA FURNIZARE S.A.	-	17,314,401	13,916,985	3,397,416	541,373	3,938,789	-
SPEEH HIDROELECTRICA S.A.	-	12,593,201	12,593,201	-	20,377,225	13,843,888	6,533,337

! The amounts are VAT inclusive.

Prepayments awarded to affiliated parties

- RON-		
Partner	31.12.2023	31.12.2022
SPEEH HIDROELECTRICA S.A.	1,989,045	1,989,045
ELECTRICA FURNIZARE S.A.	277,365	1,540,604

Guarantees received from affiliated parties

- RON-		
Partner	31.12.2023	31.12.2022
SNTFM CFR Marfă S.A.	-	500,000

23. The Audit Committee

The Company's audit for the year 2022 has been provided by the company PKF Finconta S.R.L. By the OGMS Resolution no.6/28.10.2022 there was approved the appointment of the company PKF Finconta S.R.L. as financial auditor of the Company CONPET for a period of 3 years (2022, 2023, 2024).

The fees are established based on the contract concluded between the two parties.

24. 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 2023 there have been identified and assessed the risks that may affect the achievement of the 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.

The complex processes and activities carried out within CONPET S.A. may generate risks coming from various areas such as:

(a) Exchange Rate Risk

The company may be exposed to currency exchange rate fluctuations through cash and cash equivalents, receivables, short-term investments, long-term loans or trade debts denominated in foreign currency.

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 on 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:

December 31, 2023	Value	RON	EUR	USD	- RON- GBP
Monetary Assets					
Cash and cash equivalents	107,742,173	107,712,907	22,135	6,082	1,049
Trade receivables and other receivables on short and long term	55,499,035	55,499,035	-	-	-
Monetary debts					
Various suppliers/creditors	(36,664,385)	(33,815,517)	(2,742,023)	(106,844)	-
Net exposure in the statement of the financial standing	126,576,823	129,396,425	(2,719,888)	(100,762)	1,049

December 31, 2022	Value	RON	EUR	USD	- RON- GBP
Monetary Assets					
Cash and cash equivalents	127,672,452	127,292,223	364,177	15,762	290
Trade receivables and other receivables on short and long term	51,718,705	51,718,705	-	-	-
Monetary debts					
Various suppliers/creditors	(48,530,056)	(47,174,756)	(1,355,300)	-	-
Net exposure in the statement of the financial standing	130,861,101	131,836,172	(991,123)	15,762	290

(b) Credit risk

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

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

Name	December 31, 2023	- RON- December 31, 2022
Trade receivables and other receivables on short and long term (net)	55,499,035	51,718,705

value)		
Total	55,499,035	51,718,705

The company carries out trade relations only on a contractual basis with recognized third parties, which justify 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.

The company has implemented a series of policies that ensure that the sale of services is made to the clients with a rapid collection. The value of net claims (without adjustments for depreciation) represents the maximum amount at risk of collection.

On December 31, 2023 the Company holds cash and cash equivalents in amount of 107,742,173 RON (on December 31, 2022: 127,672,452 RON). The liquid assets are held in banks, out of which we enumerate BCR, TRANSILVANIA, Raiffeisen Bank, BRD Groupe Societe Generale, CEC Bank, Unicredit Bank, Exim Bank, Garanti Bank, Credit First Bank, Europe Bank, etc.)

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

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

- RON-			
Name	Gross value December 31, 2023	Adjustment December 31, 2023	Net value on December 31, 2021 December 31, 2023
Seniority less than 30 days	48,007,876	-	48,007,876
Seniority between 30-60 days	98,106	-	98,106
Seniority between 60-90 days	4,062	1,964	2,098
Seniority between 90-270 days	7,092	2,309	4,783
Seniority between 270 days -1 year	3,845	3,845	-
More than 1 year	200,500	200,500	-
Total	48,321,481	208,618	48,112,863

- RON-			
Name	Gross value December 31, 2022	Adjustment December 31, 2022	Net value on December 31, 2021 December 31, 2022
Seniority less than 30 days	44,918,815	4,681	44,914,134
Seniority between 30-60 days	148,344	978	147,366
Seniority between 60-90 days	11,108	6,376	4,732
Seniority between 90-270 days	78,557	72,595	5,962
Seniority between 270 days -1 year	10,590	10,590	-
More than 1 year	127,716	127,716	-

Total	45,295,130	222,936	45,072,194
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The statement of seniority of **other receivables** on the date of drawing up the statement of financial standing is:

- RON-				
Name	Gross value on December 31, 2023	Impairment December 31, 2023	Gross value on December 31, 2022	Impairment December 31, 2022
Seniority less than 30 days	2,282,700	-	2,421,973	-
Seniority between 30-60 days	196,453	-	14,516	-
Seniority between 60-90 days	334,117	-	87,733	130
Seniority between 90-270 days	1,111,809	-	153,276	-
Seniority between 270 days -1 year	312,836	5,744	116,592	12,500
More than 1 year	2,050,291	1,692,955	1,697,570	1,661,555
Total	6,288,206	1,698,699	4,491,660	1,674,185

The statement of the seniority of long-term receivables at the time of drawing up the statement of financial standing is:

- RON-				
Name	Gross value on December 31, 2023	Impairment on December 31, 2023	Gross value on December 31, 2022	Impairment on December 31, 2022
Fixed claims <1 year	278,769	1,404	122,717	122,717
Fixed claims> 1 year	2,837,891	320,189	2,852,134	320,189
Total	3,116,660	321,593	2,974,851	442,906

The statement of the seniority of the **services prepayments** on the date of drawing up the statement of the financial standing is:

- RON-				
Name	Gross value on December 31, 2023	Impairment December 31, 2023	Gross value on December 31, 2022	Impairment December 31, 2022
- seniority less than 30 days	1,597	-	2,101	-
- seniority between 30 days and 60 days	-	-	365	-
- seniority between 90 days and 270 days	-	-	1,294,625	-
Total	1,597	-	1,297,091	-

The movements in the adjustments for the impairment of the **clients' receivables** were the following:

- RON-		
Name	2023	2022
Balance on January 1	222,936	120,337
Growths during the year	8,118	104,752
Write-backs during the year	(22,436)	(2,153)
Balance on January 31	208,618	222,936

The movements in the adjustments for the impairment of **other receivables** were the following:

- RON-		
Name	2023	2022
Balance on January 1	1,674,185	2,458,264
Growths during the year	30,443	12,630

Write-backs during the year	(5,929)	(796,709)
Balance on December 31	1,698,699	1,674,185

The movements in the adjustments for the impairment of **long-term receivables** were the following:

		- RON-
Name	2023	2022
Balance on January 1	442,906	602,655
Growths during the year	-	-
Growths during the year	(121,313)	(159,749)
Balance on December 31	321,593	442,906

(c) Liquidity risk

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

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

				- RON-
2023	Contractual cash flows	<1	Over 1 year	Over 5 years
Trade liabilities	33,091,805	33,091,805	-	-
Liabilities to the employees	39,908,276	14,143,449	2,878,921	22,885,906
Other liabilities	33,364,459	30,571,853	2,007,577	785,029
Total	106,364,540	77,807,107	4,886,498	23,670,935

				- RON-
2022	Contractual cash flows	<1	Over 1 year	Over 5 years
Trade liabilities	43,914,968	43,914,968	-	-
Liabilities to the employees	37,433,451	14,364,317	3,439,960	19,629,174
Other liabilities	32,314,474	29,565,362	1,847,870	901,242
Total	113,662,893	87,844,647	5,287,830	20,530,416

(d) The Personnel Risk and the Waging System

On December 31, 2023, the structure according to age is not balanced, the age categories with the highest rate ratio in the company are ranging between 51 - 60 years old (52.78%) and between 41-50 years old (26.15%).

The average age of CONPET's personnel is high (49.7 years), and the advantage it brings is the work experience gained by employees within the company, this indicates stability and professionalism. The average age of the personnel employed in the last two years is 41.3 years, with an average work experience of 15.9 years.

However, the risk of personnel in the future is the company to deal with personnel 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

Identified Risks

A. Geopolitical Risk

At the level of the last decade, the protracted economic crisis felt globally, the Covid pandemic 19, the war Russia – Ukraine, as well as the war Israel - Hamas generated successive extreme evolutions in the price of oil.

The causes that generated major fluctuations in oil prices in 2023 were caused by: fear of escalating into a broader conflict between Israel and the Palestinian Islamist group Hamas (which would cause oil supplies to be disrupted in an under-supplied market; information that Russia could lift the ban on diesel exports; information that the United States could reach an agreement to ease sanctions against Venezuela.

B. Oil price volatility risk

During 2023, the price of crude oil has varied between minimum values of 66.74 USD/b and maximum values of 93.68 USD/b. The causes of oil price declines were: notifications/observations regarding oil demand declines in the US and China; the poor demand and concerns that the OPEC agreement+ will not do enough to limit oil supply affect the prices; oil prices following the publication of an inflation report in the USA, bankruptcy of Silicon Valley Bank and Signature Bank NY, incidents that have sparked fears of a possible financial crisis with a negative impact on future oil demand.

C. The Market Risk

Following the embargo, the oil exports from Russia were redirected to Asian markets and a gap of almost 1 million barrels/day since 2022, which was also felt throughout 2023 on the global market. Some of the main causes of extreme oil price variations were when the OPEC leader announced in 2023 that it would keep production down 1 million barrels per year until the end of the year, while the non-OPEC leader Russia has pledged to cut oil exports by 300,000 barrels per day by year's end; ongoing wars have continued to generate rising inflation, supply chain pressures and changes in the behavior of the global oil market (significant structural disruption of supply and continued price volatility). At the national level, in 2023 continued the decrease of the internal production and offset with the import quantities, given that the refining capacities were the same.

(f) Capital Market Risk

The Romanian capital market registered a positive evolution during 2023, continuing the positive upward trend started at the time of the evolution to the emerging market status. The average daily liquidity for all types of financial instruments recorded an upward trend during the period considered. Romania's representativeness in Emerging Markets indices has significantly improved year over year. Given that the company CONPET S.A. is included in the composition of the FTSE Global MicroCap index, the risk of reduced liquidity is reduced.

(g) Legislative-related Risks

The frequent amendments 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 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 is one of the important risks to which the company is currently exposed, as concessionaire of the National Crude Oil, Rich gas, Ethane and Condensate Transport System, having as source the legal regime of the lands under/over crossed by the major transport pipelines established by the provisions of the 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, some public authorities have even issued pecuniary claims in relation to the presence of NTS on components on the lands owned or managed thereby.

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 major transport pipelines. Essentially, these proposals are based on the following assumptions:

- public property (of the major pipelines) must coexist with private ownership of lands, which leads to the conclusion that the state must be acknowledged the exercise, free of charge, of certain categories of real rights (servitudes etc.) for the presence of the pipelines in the field;
- CONPET shall indemnify the owner of the land in full for any action that involves temporary occupation of the land for the purpose of repair or damage suffered by the owners as a result of breakdowns.

(i) Risk related to the regulation and authorizations

Risk related to the regulation and authorization has been identified given that the company must regularly obtain and renew several opinions, permits, certifications (for railway shunting activity). The company is subject to a large volume of regulations in various fields, a fact that can lead to additional expenses and delays in starting or completing some works, with possible negative effects on achieving the objectives.

The regulatory framework for environmental protection applicable to CONPET S.A. is complex due to the activity of transport of crude oil/condensate/rich gas via pipeline and by railway and, for good compliance, all applicable legal requirements and how to implement them in separate

registers, developed by environmental factors (water, soil-basement, air, protected areas), regulations (authorizations), SEVESO, waste.

An important risk factor is the loss of the facility regarding the expenses incurred by the Romanian State to ensure the security and protection of the pipelines with gendarme flocks, regulated by GD. 1107 from November 14, 2012, which amends and complements GD no.1468/2005.

Keeping the risk related to the regulatory framework under control is done through careful monitoring of the new legal requirements or changes of the applicable regulations, as well as by implementing the necessary actions to comply with them. It is also envisaged to develop and submit proposals for amendments appropriate to the domain where CONPET operates, when draft regulations are under public debate.

(j) The Market Risk

The market risk comes from the fact that the company is not interconnected to other transport systems in the region, being strictly dependent on the level of crude oil processing in the refineries in Romania.

With the support of the main shareholder, the Ministry of Energy and the National Agency for Mineral Resources – NAMR), the company CONPET is working to identify new opportunities to increase the use of the system, while getting involved in regional projects started in its field of activity, as well as in the development of activities related to the core business (supply of oil/oil products storage services, supply of crude oil transport services with own tank cars etc).

(k) Operational risk

The operational risk comes from the tear and wear of the National Transport System (NTS) via the pipelines, as a consequence of the low degree of use (small quantities, reduces frequency), potential escalation of the criminal phenomenon of attack on pipelines with significant impact on NTS pipelines and on the environment and the impossibility of carrying out the transport programs by railway, for reasons exclusively related to the railway operator.

To control these risks, measures were established such as: redefining the transport infrastructure according to the demand perspective, extending the implementation of the pipeline leak detection and localization system, and calculation of penalties under contract or procurement of the rail transport service with another railway operator for routes on which the transport program is not carried out.

(l) Other environmental aspects

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

The activity of environmental impact assessment is carried out in the production sectors whenever there are changes in the system involving activities with environmental impact, the list of issues with significant impact identified at the level of the company being the basis of the elaboration of the Environmental management program and of the Action Plan for the achievement of environmental objectives.

During 2023, environmental aspects were reviewed at the site level, focusing on identifying environmental aspects, including how risks and opportunities related to environmental aspects are treated to prevent and limit their consequences on human health and the environment, using

opportunities both for the benefit of the organization, as well as of the environment. The following documents have been reviewed:

- The Environmental Management and Actions Program, which includes: environmental policy commitments, general objectives and measurable environmental targets, the environmental protection performance indicators, functions responsible for achieving environmental targets, as well as actions to achieve environmental objectives, which took into account the significant environmental aspects identified at the level of CONPET S.A., the measures in the inspection reports/protocols-authorities on compliance with legal requirements and other applicable requirements;
- List of significant environmental aspects and associated impacts generated at the level of CONPET S.A.

The stage of achieving the objectives and established targets and the stage of achieving the actions for the achievement of the environmental objectives are analyzed annually by the executive management, within the management analysis.

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

The assessment of compliance with the legal requirements or other applicable environmental requirements is carried out by:

- inspections made by environmental authorities (representatives of central and local environmental authorities and water management),

- inspections performed by OHS officials and personnel of the Environmental Protection Department,
- external audits carried out by bodies certifying the environmental management system integrated in the company's management system;
- internal audits carried out by internal auditors of the Management Systems and Internal Management Control Department and the Public Internal Audit Office.

The regulatory and control authorities in the field of environment and water management carry out, in CONPET S.A. locations, scheduled, unannounced and thematic controls, regarding the compliance with legal requirements and other environmental regulations, no major non-conformities being found.

To verify the compliance with the legal requirements, at the level of 2023, 46 external inspections of the environmental authorities in the counties where CONPET S. A. performs its activity were registered.

The personnel within the sectors, respectively the OHS managers, carry out scheduled inspections according to the Annual Inspection Graphic, in what concerns compliance with legal requirements and other applicable requirements, but also unscheduled inspections, according to the duties in the job description.

During 2023, an external audit has been carried out by the BUREAU VERITAS certification body to verify compliance with the requirements of ISO 14001:2015 referring to the environmental management system. Any non-conformities/deviations were found, and no comments were made regarding the compliance obligations in this field.

Following the internal audits established in the annual internal audit program, the nonconformities identified in the environmental management system were duly identified and corrected.

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

During the pumping of crude oil, accidental pollution can occur on the transport pipelines, from internal or external causes, generating pollution of the geological environment that can bear a significant impact. Thus, during 2023, accidental pollution was reported in the areas: Lipanesti, Paralela 45, Magurele, Plaiul Corbului-Matita, Gageni, Uralati (Prahova county), Traian Valley, Cumpana (Constanta county), fixed point Arges (Giurgiu county), Valea Lupului-Coltesti (Gorj county), Icon, Otestii de Jos (Olt county), Ghimpati (Dâmbovița County).

The expenses made in 2023 for the decontamination of the affected areas reached 252.89 thousand RON.

25. Subsequent events and other mentions

There have not been registered significant events ulterior to the conclusion of the financial year.

These financial statements and the related notes, from page 1 to page 61, have been authorized for issuance by the company's management on the date of March 20, 2024.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**