

Preliminary Report

CONPET S.A.

January – December 2020

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1. COMPANY PRESENTATION

1.1 Report and issuer identification data

Preliminary Report prepared in compliance with:	Law no. 24/2017 and ASF Regulation no. 5/2018 regarding the issuers of financial instruments and market operations
Date of the report	24.02.2021
Company's name	CONPET S.A.
Registered Offices	No. 1-3 Anul 1848 Street, Ploiesti Prahova County, Zip Code 100559,
Telephone/facsimile number	0244 401360/0244 516451
E-mail/Internet	conpet@conpet.ro / www.conpet.ro
Tax Identification Number at the Trade Register Office	1350020
Trade Registry Number	J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Premium category
Subscribed and entirely paid-up share capital	28,569,842.40 RON
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 RON/share
Total market value	659,703,634 RON (76.20 RON/share at 31.12.2020)
Applied accounting standard	The International Financial Reporting Standards
Auditing	The preliminary Financial Statements concluded at 31.12.2020 have not been audited

1.2 Main activities

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

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

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

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

1.3 The company's mission vision and values

CONPET mission is the operation of the National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis as well as accessing the related markets corresponding to the segments of the value chain of the oil industry

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

The company's values are: professionalism, effectiveness and performance, social awareness and respect for the environment, ongoing training, adaptability and qualitative growth.

1.4 Shareholding

The synthetic structure in the shareholding, at reference date 31.12.2020, is as follows:

- 58.7162%- The Romanian State by the Ministry of Economy, Energy and Business Environment;
- 41.2838% - Other shareholders natural or legal persons

Shareholder's Name	Number of shares	Percentage%
The Romanian State by the Ministry of Economy, Energy and Business Environment	5,083,372	58.7162%
Legal persons	2,368,002	27.3519%
Natural Persons	1,206,154	13.9319%
Total	8,657,528	100.0000%

Table 1 - CONPET S.A. Shareholding Structure at 31.12.2020

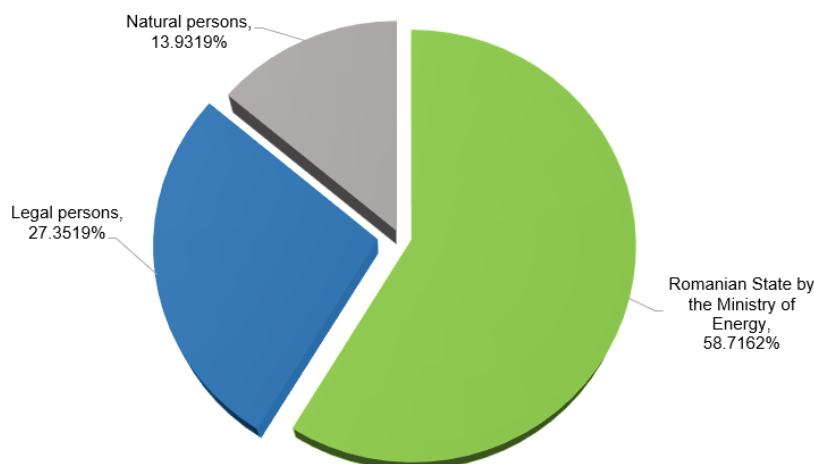


Chart 1 - CONPET S.A. Shareholding Structure at December 31st, 2020

The number of CONPET Shareholders registered at Depozitarul Central S.A. at the end of 2020 is of 13,095, increasing by 1.6% as compared to the end of 2019 (12,887 shareholders).

The share capital of CONPET at December 31st, 2020 is of 28,569,842.40 RON and is divided into 8,657,528 nominative shares, each share with a nominal value of 3.3 RON/share.

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

2. CONPET - EXECUTIVE SUMMARY - PRELIMINARY DATA

2.1 Company's Stock Market indicators

The market capitalization amounted to 659.70 million RON (76.20 RON/share) at 31.12.2020 and respectively 689.14 million RON (79.60 RON/share) at 31.12.2019.

The evolution of COTE share and market capitalization during 2018 - 2020 is as follows:

Indicators	MU	31.12.2018	31.12.2019	31.12.2020
COTE closing price	RON/share	77.70	79.60	76.20
Market capitalization	mRON	672.69	689.14	659.70
	mEURO	144.23	144.47	135.48

Table 2 - Evolution of COTE share and stock capitalization during 2018-2020

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

2.2. Financial Result Key Indicators

The key indicators of the preliminary financial results registered in 2020, as compared to the budget and the previous year results, are the followings:

Indicators	January- December 2020			Achieved January-December 2019	Variation % Achieved 2020/ 2019
	Achieved	Budget	Variation% Achieved/Budget		
Turnover (thousand RON)	406,928	405,013	▲0.5%	407,822	▼0.2%
Operating Revenues (thousand RON)	447,611	443,854	▲0.8%	443,003	▲1.0%
Operating Expenses (thousand RON)	385,895	382,858	▲0.8%	380,855	▲1.3%
Operating Profit (EBIT) (thousand RON)	61,716	60,996	▲1.2%	62,148	▼0.7%
Operating profit margin(%) (Operating profit/ operating revenue)	13.8%	13.7%	▲0.1 p.p.	14.0%	▼0.2 p.p.
EBITDA (thousand RON)	109,101	109,115	▼0.01%	108,787	▲0.3%
Operating Expenses /Turnover (%)	94.8%	94.5%	▼0.3 p.p.	93.4%	▲1.4 p.p.
Total Revenues (thousand RON)	453,733	448,699	▲1.1%	450,877	▲0.6%
Total Expenses (thousand RON)	386,415	383,444	▲0.8%	381,173	▲1.4%
Gross profit (thousand RON)	67,318	65,255	▲3.2%	69,704	▼3.4%
Net profit (thousand RON)	58,904	55,466	▲6.2%	58,877	▲0.1%
Average number of employees (pers.)	1,540	1,577	▼2.3%	1,587	▼3.0%
Productivity (thousand RON/employee)	291	281	▲3.6%	279	▲4.3%

Table 3 - 2020 economic-financial results vs. BUDGET 2020 and 2019

In 2020 the turnover registered a decrease by 0.2 % as compared to the level achieved in 2019 and an increase by 0.5 % as compared to the one budgeted for 2020.

The operating profit (EBIT) increased by 1.2% (720 thousand RON) as compared to budget. As compared to 2019, the operating profit registered a decrease by 0.7% (432 kRON).

The net profit registered an increase by 6.2% as compared to the budgetary provisions. As compared to 2019, the net profit of the year remained at the same level, of about 58.9 million RON.

2.3 Operating Activity Indicators

Transported quantities

The evolution of the product volumes of crude oil, condensate and rich gas, transported via the National Transport System (NTS), in 2020, as compared to the budget and the previous year, on transport subsystems, is presented below:

Indicators	M.U.	January- December 2020			Achieved January-December 2019	Variation (%) Achieved 2020/2019
		Achieved	Budget	Variation (%) Achieved/Budget		
Quantities transported on the domestic subsystem	Thousand tons	3,401	3,460	▼1.7%	3,487	▼2.5%

Indicators	M.U.	January- December 2020			Achieved January-December 2019	Variation (%) Achieved 2020/2019
		Achieved	Budget	Variation (%) Achieved/Budget		
Quantities transported on the import subsystem	Thousand tons	3,284	3,346	▼1.9%	3,637	▼9.7%
TOTAL TRANSPORTED QUANTITIES	Thousand tons	6,685	6,806	▼1.8%	7,124	▼6.2%

Table 4 - Evolution of the quantity of crude oil, condensate and rich gas transported in 2020 vs. BUDGET 2020 and 2019

Of the total quantity of crude oil, rich gas and condensate from the indigenous production of 3,401 thousand tonnes transported and delivered in 2020, 1,149 thousand tonnes (33.8% of the total quantity transported) were transported by rail.

Technological consumptions

The technological consumptions recorded during transport were admitted within the limits, provided in the transport contracts.

The evolution of the technological consumption on standardized products as compared to the levels recorded in 2020 and 2019, is as follows:

Products	2020			2019		
	Standardized	Achieved	Variation	Standardized	Achieved	Variation
Import crude oil:	0.255%	0.169%	-0.09 p.p.	0.253%	0.118%	-0.14 p.p.
Domestic crude oil, condensate and light condensate	0.365%	0.350%	-0.02 p.p.	0.367%	0.317%	-0.05 p.p.
Rich gas	7.383%	3.162%	-4.22 p.p.	7.383%	3.491%	-3.89 p.p.

Table 5 - The evolution of technological standardized consumption as compared to achieved 2019-2020

Transport revenues

The statement of transport revenues in 2020 compared to the previous budget and year on transport subsystems is shown below:

Indicators	M.U.	January- December 2020			Achieved January-December 2019	Variation (%) Achieved 2020/2019
		Achieved	Budget	Variation (%) Achieved/Budget		
Revenues on the domestic transport subsystem	Thousand RON	299,928	304,701	▼1.6%	295,632	▲ 1.5%
Revenues on the import transport subsystem	Thousand RON	102,857	96,967	▲ 6.1%	106,385	▼ 3.3%
Total transport revenues	Thousand RON	402,785	401,668	▲ 0.3%	402,017	▲ 0.2%

Table 6 - Evolution of revenues from transport in 2020 vs. BUDGET 2020 and 2019

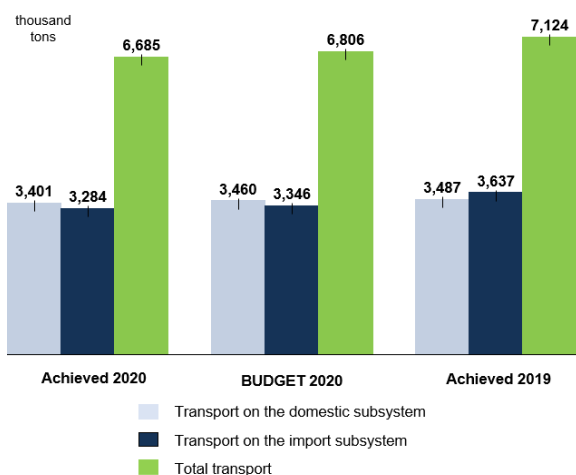


Chart 2 - Evolution of the transported quantities on domestic and import subsystems in 2020 vs. Budget 2020 and 2019 (thousand tons)

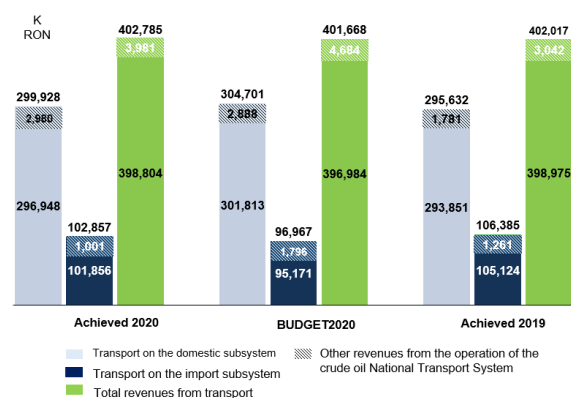


Chart 3 - Evolution of the transport revenues by subsystems 2020 vs BUDGET 2020 and 2019 (million RON)

Transport services contracted and achieved in 2020, on beneficiaries, are as follows:

Customer name	Object of the contract	Duration months	Contracted quantity (tons)	Quantity Achieved (tons)
S.C. PETROM S.A.- OMV	Crude oil, condensate and rich gas domestic transport and import crude oil	12 months	3,837,683	4,177,073
S.C. Rompetrol Rafinare S.A. - Petromidia Refinery	Import crude oil transport	12 months	117,000	104,122
S.C. Petrotel-Lukoil S.A	Import and domestic crude oil transport	12 months	2,669,449	2,395,461
NIS PETROL S.R.L.	Unloading road tanks, loading, storage tanks and loading in rail tanks	12 months	12,000	8,562
STANDARD LOGISTIC d.o.o.	Railway transport services for raw crude oil, on the route Biled - Stamora Moravița, beneficiary NIS a.d.	12 months	12,000	8,240 raw crude oil

Table 7 - Contracted transport services and carried out in 2020

Transport Tariffs

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

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

Between 2019 -2020, the following tariffs were applied:

➤ Tariffs from transport services on domestic subsystem

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

➤ Tariffs for transport services on import subsystem:

Period	Installments	Arpechim Refinery	Ploiesti Basin (Petrobrazi and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order no.
	Thousand tons/month	RON/ton	RON/ton	RON/ton	
June 19 th , 2018 – December 30 th , 2019	< 120	38.85	38.00	27.00*	117/2018
	> 120	16.60	16.00	24.74*	
Starting 31.12.2019	< 120	40.40	39.50	15.00	427/2019
	> 120	17.25	17.00	12.85	

*)Starting 14.03.2019 up to 30.12.2019, for the transport relation with Petromidia refinery was applied a tariff of 14.00 RON/ton for installment up to 120 thousand tons and 12.00 RON/ton for installment bigger than 120 thousand tons (approved by NAMR Order no.172/2019).

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

The revenues achieved in 2020 from transport services are of 403 million RON and are presented per clients, as follows:

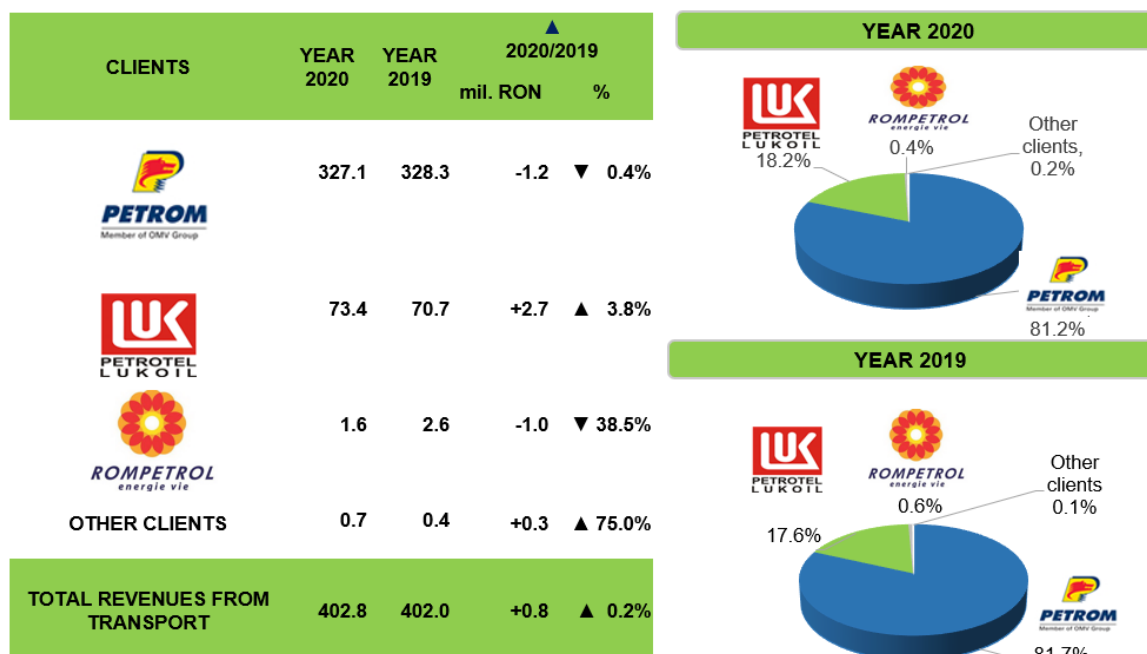


Chart 4 - Share of transport revenues per refineries in total transport revenues

The company holds a monopoly position on the market of crude oil transport via pipelines, having no competitors in its core business.

The transport services are being contracted with the clients, based on a frame contract approved by the National Agency for Mineral Resources.

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

OMV Petrom is the client with the highest share in the transport revenues of the company (81.2%).

3. ANALYSIS OF THE FINANCIAL SITUATION

The financial information presented in this report are taken from preliminary financial statements for the period ended December 31st, 2020, prepared in accordance with Order no. 2844/2016, non-audited. (Annexes 1 and 2)

3.1 Statement of the Financial Standing at December 31st, 2020

In the synthesis, the statement of the Financial Standing at December 31st, 2020 is as follows:

Name of the element (thousand RON)	December, 31 2020 (unaudited)	31.12.2019 (audited)	Variation (%) 2020/2019
Intangible assets	514,575	476,209	▲ 8.1%
Current assets	244,768	290,858	▼ 15.8%
Total Assets	759,343	767,067	▼ 1.0 %
Equities	654,656	653,810	▲ 0.1%
Accrued income	964	1,074	▼ 10.2%
Total liabilities	103,723	112,183	▼ 7.5%
Total equity and liabilities	759,343	767,067	▼ 1.0 %

Table 8 - Synthesis of the company's financial standing at 31.12.2020 as compared to 31.12.2019

Statement of preliminary financial position at December 31st, 2020, in extended version is presented in Annex no.1.

The total assets decreased by 1% (7,724 thousand RON) as compared to the level recorded at December 31st, 2019 following the decrease of the circulating assets.

The intangible assets recorded an increase by 8.1% as compared to December 31st, 2019, mainly generated by input of fixed assets by acquisition in a value higher than amortization registered in 2020.

Fixed assets entrants are investments made for the development and modernization of the National Transport System and ensuring the realization of safely transport operations.

The current assets decreased by 15.8% (46,090 thousand RON), from 290,858 thousand RON at 31.12.2019 to 244,768 thousand RON at 31.12.2020.

The reduction of the value of current assets was mainly generated by the reduction of the available cash (approx. 40 million RON).

Trade receivables and other receivables recorded a decrease by 5.1% of about 2,157 kRON.

The availability of the existing modernization quota existing in bank accounts at 31.12.2020 were of 116,404 thousand RON, by 35,617 thousand RON less than 31.12.2019 (152,021 thousand lei). The cash representing the modernization quota has a special usage regime, provided by GD no.168/1998, this being destined exclusively to the financing of the modernization works and development works related to the goods belonging to the public domain.

Equity increased slightly by 0.1% (846 thousand RON) compared to 31 December 2019 reaching 654,656 thousand RON, mainly driven by the increase in reserves representing the modernization quota.

Long-term liabilities record an increase of 2,445 thousand RON as compared to December 31st, 2019, due to the augmentation of provisions for employee benefits.

The current debts amounting 81,427 thousand RON are dropping by 10,904 thousand RON as compared to 31.12.2019.

3.2 Profit & Loss Account for the period January - December 2020

The financial results estimated for 2020, as compared to the budget and the achievements of the previous year are as follows:

Indicators (thousand RON)	January- December 2020			Achieved January-December 2019	Variation (%) Achieved 2020/2019
	Achieved	Budget	Variation (%) Achieved/Budget		
Turnover	406,928	405,013	▲0.5%	407,822	▼0.2%
Operating Revenues	447,611	443,854	▲0.8%	443,003	▲1.0%
Operating Expenses (thousand RON)	385,895	382,858	▲0.8%	380,855	▲1.3%
Operating Profit (EBIT) (thousand RON)	61,716	60,996	▲1.2%	62,148	▼0.7%
Financial revenues	6,122	4,845	▲26.4%	7,874	▼22.3%
Financial expenses	520	586	▼11.3%	318	▲63.5%
Financial profit	5,602	4,259	▲31.5%	7,556	▼25.9%
Total income	453,733	448,699	▲1.1%	450,877	▲0.6%
Total Expenses (thousand RON)	386,415	383,444	▲0.8%	381,173	▲1.4%
Gross profit (thousand RON)	67,318	65,255	▲3.2%	69,704	▼3.4%
Net profit (thousand RON)	58,904	55,466	▲6.2%	58,877	▲0.1%

Table 9 - The main economic-financial Indicators achieved in 2020, vs . Budget 2020 and the year 2019

The preliminary statement of the profit and loss account for the period January- December 2020 is presented in detail in Annex no. 2.

Operating Revenues

As compared to the approved budget and with the same period of the previous year, the total revenues of the operating activity in 2020, is as follows:

Achieved 2020	Budget 2020	Variation (%) Achieved/Budget 2020	Indicators (thousand RON)	Achieved 2020	Achieved 2019	Variation (%) Achieved 2020/2019
402,785	401,668	▲0.3%	Total revenues from transport services	402,785	402,017	▲0.2%
4,143	3,345	▲23.9%	Other Turnover Revenues	4,143	5,805	▼28.6%
406,928	405,013	▲0.5%	Turnover	406,928	407,822	▼0.2%
33,788	33,592	▲0.6%	Write-back to revenues of the reserve constituted based on the expenses with the modernization quota	33,788	32,098	▲5.3%
6,895	5,249	▲31.4%	Other revenues	6,895	3,083	▲123.6%
40,683	38,841	▲4.7%	Other operating revenues	40,683	35,181	▲15.6%
447,611	443,854	▲0.8%	Total operating revenues	447,611	443,003	▲1.0%

Table 10 - Operating income statement year 2020 compared to Budget 2020 and the year 2019

The transport revenues hold a share of 99% in turnover, the difference of 1% (4,143 thousand RON) representing revenues from Other activities such as: leases of lands and telecommunication equipments, rail shunting, sale of pipe material, etc.

The company recognizes monthly, in the operating revenues, reserves from the modernization

quota at the level of the amortization of the tangible assets financed therefrom. In 2020 the reserve revenue – the modernization quota is of 33,788 thousand RON.

Operating Expenses

The operating expenses achieved in 2020 compared with 2019 and the budget provisions is as follows:

Achieved 2020	Budget 2020	Variation (%) Achieved/ Budget 2020	Indicators (thousand RON)	Achieved 2020	Achieved 2019	Variation (%) Achieved 2020/2019
6,100	6,105	▼ 0.1%	Material expenses, out of which:	6,100	7,605	▼ 19.8%
3,244	3,263	▼ 0.6%	-expenses with consumables	3,244	4,023	▼ 19.4%
1,427	1,620	▼ 11.9%	- fuel expenses	1,427	2,038	▼ 30.0%
12,449	12,849	▼ 3.1%	Other external expenses (with energy and water)	12,449	13,089	▼ 4.9%
162,559	162,957	▼ 0.2%	Personnel Expenses	162,559	159,901	▲ 1.7%
47,385	48,119	▼ 1.5%	Value adjustments for fixed assets, less adjustments related to rights of use recognized in intangible assets	47,385	46,639	▲ 1.6%
1,603	1,733	▼ 7.5%	Value adjustments for fixed rights of use recognized in intangible assets	1,603	1,621	▼ 1.1%
107,931	108,987	▼ 1.0%	Expenses with external services, out of which:	107,931	107,103	▲ 0.8%
1,984	2,299	▼ 13.7%	- Maintenance (maintenance, current and capital repairs)	1,984	2,541	▼ 21.9%
63,567	62,349	▲ 2.0%	- expenses with crude oil transport by rail	63,567	60,908	▲ 4.4%
805	1,070	▼ 24.8%	- expenses with decontamination works	805	659	▲ 22.2%
30,903	31,017	▼ 0.4%	- oil royalty	30,903	31,308	▼ 1.3%
10,672	12,252	▼ 12.9%	- other services performed by third parties	10,672	11,687	▼ 8.7%
13	1,621	-	Provisions and Impairments of the current assets	13	9,764	-
47,855	40,487	▲ 18.2%	Other operating expenses, out of which:	47,855	35,133	▲ 36.2%
36,981	36,449	▲ 1.5%	- modernization quota expenses	36,981	31,080	▲ 19.0%
385,895	382,858	▲ 0.8%	Total operating expenses	385,895	380,855	▲ 1.3%

Table 11 - Operating expenses 2020 vs. Budget 2020 and 2019

The operating expenses achieved in 2020, amounting to 385,895 thousand RON, record an increase of 1.3% as compared to those recorded in 2019, mainly due to increased crude oil rail transport services expenses, personnel expenses and expenses with the modernization quota. In 2020 there were savings compared to the budgeted level for the following types of expenditure: expenditure on other services performed by third parties (1,580 thousand RON), energy, gas and water expenditure (400 thousand RON), personnel expenditure (398 thousand RON), maintenance expenses (315 thousand RON).

The operating profit achieved in 2020, of 61,716 thousand RON decreased by 432 thousand RON (0.7%), as compared to year 2019. As compared to the budget provisions, the operating revenues increased by 720 thousand RON (1.2%).

Financial profit recorded in 2020 is up to 1,343 thousand RON compared to budget. As compared to 2019, the financial profit recorded a decrease of 1,954 thousand RON due to low interest rates offered by banks for deposits.

The gross profit recorded a decrease of 2,386 thousand RON (3.4%) as compared to 2019. As compared to the budget, the operating revenues increased by 2,063 thousand RON (3.2%).

The company ended 2020 with a **net profit** amounting to 58,904 thousand RON, 3,438 thousand RON higher than budgeted and at a level roughly equal to that recorded in 2019.

3.3. Cash-flow

Statement of cash flows at December 31st, 2020 is as follows:
(DIRECT METHOD)

	Name of the element (thousand RON)	January– December 2020	January– December 2019
A	Net cash from operating activity	90,117	94,445
B	Net cash from investment activities	(65,558)	(53,030)
C	Net cash from financing activities	(64,879)	(62,520)
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	(40,320)	(21,105)
D1	Cash and cash equivalents at the beginning of the period	238,577	259,682
D2	Cash and cash equivalents at the end of the period	198,257	238,577

Table 12 - Summary statement of cash flows in 2020 vs. 2019

Cash availability in bank and cashier accounts is down by about 40 million RON, as compared to 2019, mainly due to cash outflows for fixed-asset purchases (investments).

The detailed cash-flow statement is presented in detail in Annex no. 3.

4. INVESTMENTS

The investment program related to 2020 included works to rehabilitation of major transport pipelines and investment works for installations and related equipment to the Crude Oil National Transport System.

The investment projects targets both enhancing efficiency of the transport activity as well as operation, under safe conditions, of the National Transport System. The annual investment program was carried out in proportion of 86% and 3,486 thousand RON higher than in 2019.

The comparative evolution of the achieved level of investment as compared to the programmed level for 2020 and 2019 by ownership of assets, is as follows:

Investments (Thousand RON)	2020			2019		
	Estimated/ Program	Program	Degree of achievement %	Achieved	Program	Degree of achievement %
Total investments, out of which:	83,629	97,500	86%	80,143	86,000	93%
Public domain	68,610	76,373	90%	66,674	71,375	93%
Operating domain	15,019	21,127	71%	13,469	14,625	92%

Table 13 - Investments 2019-2020

In 2020 there were performed commissioning amounting 68,308 thousand RON, out of which: 55,538 thousand RON out of the modernization quota and 12,770 thousand RON out of other own sources.

The main objectives of investments completed and commissioned in 2020 are:

- Modernization of the thermal power plant and heating network - Baicoi Centru Crude oil station
- Geographical patrimonial inventory system
- Safe disposal works for the over crossing of Prahova river with the 12 3/4" and 14 3/4" pipelines Cartojani-Ploiești, Stejaru village, Brazi commune, Prahova - final stage, complex project.
- Sistemization of technological keyboards of the Ø10¾" F1 and Ø10¾" F2 pipelines Siliste-Ploiesti, respectively Ø8"+Ø10" Ploiesti Beltway and mounting of the cleaners reception installation on the Ø10¾"F1 Siliste-Ploiesti crude oil pipeline in the area of Gara de Vest Railway Station, Ploiesti city, Prahova County
- Crude oil tank R3 Calareti station
- Modernization of the thermal power plant - Calareti
- LDH 1250 HP transformation
- Rehabilitation of Baicoi station building
- Replacement of Ø10 3/4" F1 + F2 Siliștea-Ploiești crude oil pipeline, L= 2 x 3481m, in the areas Ilfoveni-Iuda forest, Racovita valley way, Habeni-Comisani, Mija.
- Replacement of crude oil pipeline Ø 10 3/4"F1 Bărbătești-Orlești, Budele area
- Cyber Security within the telecommunication system for similar SCADA channels (UPS monitoring, Climate control etc.).
- Vertical sistemization in Biled ramp
- Headquarters 2, CONPET - Electric Power Supply - power addition
- PABX Telephone Exchange migration to Full-IP
- Replacement of two pipeline sections Ø65/8" Urziceni - Claviatura Albești Paleologu, valve section Jilavele-Milepost 1, 1900 m in length and Milepost 2 - valve road Armășești, 400 m in length.
- Optimization of SCADA system and upgrade of Hardware and Software of the remotes transmission units (RTU) - 27 locations out of a total of 29.

5. Other aspects

5.1 The Board of Directors

In 2020 the Company was administered by a Board of Directors made of 7 non executive members, in the following component:

- Gheorghe Cristian - Florin - Chairman;
- Iacob Constantin – Ciprian - member;
- Popa Claudiu – Aurelian - member;
- Gavrilă Florin – Daniel - member;
- Albulescu Mihai – Adrian - member;
- Meșca Darius - Dumitru - member;
- Buică Nicușor- Marian - member.

Within the Board of Directors there are established 3 consultative committees, as follows:

- The Nomination and Remuneration Committee: Mr. Albulescu Mihai-Adrian - President;

Members: Mr. Iacob Constantin – Ciprian, Mr. Gavrilă Florin- Daniel, Mr. Meșca Darius-Dumitru; Mr. Buică Nicușor- Marian;

- The Audit Committee: Mr. Gavrilă Florin – Daniel - president;
Members: Mr. Iacob Constantin – Ciprian, Mr. Meșca Darius-Dumitru;
- The Committee for Development and Relation with the Authorities: Mr. Popa Claudiu – Aurelian - president;
Members: Mr. Meșca Darius-Dumitru; Mr. Iacob Constantin – Ciprian.

5.2 The Executive Management

Between 01.01.2020-31.12.2020 the executive management had the following constituency:

Position	Name and Surname	Observations
Director General	PhD. Eng. CHIȘ TIMUR Vasile	contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, inclusive of
Deputy Director General	Legal Expert DUMITRACHE Mihaela - Anamaria	contract of mandate of 4 years period 18.02.2019 - 17.02.2023, inclusive of
Economic Director	Econ. TOADER Sanda	contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, inclusive of
Deputy Director General 2	Eng. DRAGNE Laurențiu Marian	starting 03.04.2019 up to 02.02.2020 inclusive of
	Eng. TUDORA Dorin	starting 03.02.2020 as per Decision of the Director General no. 41/31.01.2020

5.3. RELEVANT CORPORATE EVENTS IN 2020

March 5th, 2020

The General Meeting of Shareholders approved the Revenues and Expenditure Budget and the Investment Program related to 2020;

April 29th, 2020

The Ordinary General Meeting of Shareholders approved the annual financial statements for the financial year 2019 and the net profit distribution related to the financial year 2019.

June 12th, 2020

The Ordinary General Meeting of Shareholders approved the Investment Strategy for the period 2020-2025.

June 18th, 2020

The Ordinary General Meeting of Shareholders approved the transaction with SNTFM "CFR MARFĂ" concluding an Addendum to the contract of "Transport services by rail of oil and rich gas from the loading ramps to the destinations set by CONPET S.A." having as object the augmentation of the tariff transport, respectively the augmentation of the estimated value of the contract with the amount of 7,627,649 RON.

September 24th, 2020

The Ordinary General Meeting of Shareholders approved the rectified Revenues and Expenditure Budget for 2020.

September 24th, 2020

The Extraordinary General Meeting of Shareholders approved the initiation of the procedure for the augmentation of the share capital the value of the land plots held based on 48 land ownership certificates;

Annexes:

Annex no. 1 Statement of the Financial Standing at December 31st, 2020 - preliminary data

Annex no. 2 Statement of comprehensive income for the year ended 31 December 2020 - preliminary data

Annex no. 3 Cash-flow Statement at December 31st, 2020 (unaudited) - preliminary data

Annex no. 4 Statement of services procurement contracts with values higher than 100.000 Euro, concluded during 01.01.2020 - 31.12.2020

Annex no. 5 Statement of works and products procurement contracts with values higher than 500.000 Euro, concluded during 01.01.2020 - 31.12.2020

CHAIRMAN OF THE BOARD OF DIRECTORS

Gheorghe Cristian – Florin

S.s Illegible

Director General

Eng. TUDORA Dorin

S.s Illegible

Economic Director

Econ. TOADER Sanda

S.s Illegible

Annex no. 1

Statement of the Financial Standing at December 31st, 2020
- PRELIMINARY DATA -

	December, 31st 2020 (unaudited)	- RON- December, 31st 2019 (audited)
ASSETS		
Intangible assets		
Tangible assets	501,274,554	463,635,969
Intangible assets	6,434,719	6,339,896
Financial Assets	1,111,922	810,598
Receivables related to the deferred corporate tax	5,753,979	5,422,459
Total non-current assets	514,575,174	476,208,922
Current assets		
Stocks	5,816,255	8,169,862
Trade receivables and other receivables	40,091,498	42,248,700
Cash and cash equivalents	198,257,332	238,576,951
Accrued expenses	602,808	1,862,719
Total current assets	244,767,893	290,858,232
TOTAL ASSETS	759,343,067	767,067,154
Equities and liabilities		
Equities		
Subscribed and paid-up share capital	28,569,842	28,569,842
Legal reserves	5,713,968	5,713,968
Revaluation reserves	20,931,765	21,111,893
Other reserves	500,195,857	495,540,772
Retained earnings	40,340,871	43,997,162
Year's Result	58,904,052	58,876,719
Total Equities	654,656,355	653,810,356
Accrued income		
Investment Subsidies	959,135	1,065,921
Accrued income	4,417	8,171
Total Accrued Income	963,552	1,074,092
Long-term liabilities		
Long-term provisions	19,864,043	16,268,908
Other long-term liabilities	2,431,986	3,582,351
Total long-term liabilities	22,296,029	19,851,259

	December, 31 st 2020 (unaudited)	December, 31 st 2019 (audited)
Current liabilities		
Trade liabilities	22,520,683	27,179,134
Current Corporate Tax	755,858	3,076,456
Other liabilities	35,646,989	38,838,402
Short-term provisions	22,503,601	23,237,455
Total current liabilities	81,427,131	92,331,447
Total liabilities	103,723,160	112,182,706
TOTAL EQUITIES AND LIABILITIES	759,343,067	767,067,154

Annex no. 2

**THE OVERALL RESULT SITUATION FOR THE EXERCISE ENDED AT
December 31st, 2020
- PRELIMINARY DATA -**

	- RON-	
	December, 31 2020 (unaudited)	December, 31 2019 (audited)
Operating Revenues		
Turnover	406,928,337	407,822,341
Other revenues	40,682,651	35,180,465
Total operating revenues	447,610,988	443,002,806
Operating Expenses		
Expenditure on stocks	6,100,497	7,604,671
Expenses with energy and water	12,448,585	13,088,645
Personnel Expenses	162,559,129	159,900,933
Value adjustments for fixed assets, less adjustments related to rights of use recognized in intangible assets	47,384,780	46,639,302
Value adjustments on rights of use recognized in intangible assets	1,603,116	1,621,597
Impairments of current assets	(275,995)	(716,533)
Expenses related to external services	107,930,613	107,102,681
Loss from disposal of assets	49,672	213,232
Adjustments related to provisions	289,367	10,480,176
Other expenses	47,804,980	34,919,912
Total operating expenses	385,894,744	380,854,616
Operating Profit	61,716,244	62,148,190
Financial revenues	6,122,271	7,873,876
Interest expenses on leases	444,228	253,191
Other financial revenues	76,484	65,046
Financial expenses	520,712	318,237
Financial profit	5,601,559	7,555,639
Profit before corporate tax	67,317,803	69,703,829
Expenses with current corporate tax	9,194,540	12,958,609
Expenses with (revenues from) deferred corporate tax	(780,789)	(2,131,499)
Profit of the period	58,904,052	58,876,719
Actuarial loss from discounted benefits granted upon retirement	(2,571,914)	(983,674)
Revaluation surplus (Loss from impairment) of tangible assets	2,376,682	(13,315)
Total other global result elements	(195,232)	(996,989)
TOTAL GLOBAL RESULT	58,708,820	57,879,730
Result per share	6.80	6.80

Annex no. 3

**STATEMENT OF CASH FLOWS AT DECEMBER 31st, 2020 (UNAUDITED)
- PRELIMINARY DATA -**

(DIRECT METHOD)

- RON-

	Name of the Item	12 months 2020 (unaudited)	12 months 2019 (audited)
	Cash flows from operating expenses:		
+	Proceeds from services supply	451,156,972	451,818,164
+	Proceeds from interests related to banking placements	6,572,110	7,956,249
+	Other proceeds	4,895,237	6,615,207
-	Payments to the suppliers of goods and services	117,925,202	119,161,438
-	Payments to and on behalf of the employees	160,129,565	155,943,944
-	VAT Payments	43,942,659	46,787,643
-	Expenses with corporate tax and specific tax	11,515,138	13,666,926
-	Other payments regarding operating activities	38,994,539	36,385,022
A	Net cash from operating activity	90,117,216	94,444,647
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	63,378	38,310
+	Proceeds from modernization quota	36,980,848	31,080,415
-	Payments for purchase of tangible assets	102,602,530	84,149,146
B	Net cash from investment activities	(65,558,304)	(53,030,421)
	Cash-flows from financing activities:		
+	Proceeds of dividends transferred to Depozitarul Central	-	2,786,508
-	Paid dividends	64,193,882	65,172,691
-	Payments on the debt related to the financial leasing	684,648	133,446
C	Net cash from financing activities	(64,878,530)	(62,519,629)
	Net increase of the cash and cash equivalents		
	cash=A+B+C=D2-D1	(40,319,618)	(21,105,403)
D1	Cash and cash equivalents at the beginning of the period	238,576,951	259,682,354
D2	Cash and cash equivalents at the end of the period	198,257,333	238,576,951

**Annex no. 4 Statement of services of procurement contracts with values higher than 100.000 Euro, concluded during
01.01.2020 - 31.12.2020**

Crt. n. o.	Name of Contractor	Scope of Contract	Title of contract	Applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (In RON)	Contract value after potential addenda (in RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
1	LINSCAN ADVANCED PIP LINES	Smart pigging (expertise) and pipeline condition detection 12 3_4 F1 and 12 3_4 F2 Calareti-Petrotel and drafting of inspection reports	S-CA 29/19.02.2020	Tender	-	47110/03.12.2019	996,930.0	996,930.0	04.03.2020	5	10
VALUE QI - 1 CONTRACT VALUE QI = 996,930.0 RON											
2	ENVIROTECH S.R.L.	Subsequent contract 2 to the Service Framework Agreement no. S-CA 149 of 11.06.2019 concluded with ENVIROTECH for services for the restoration of the geological environment and polluted watercourses as a result of damages caused on the route of crude oil, rich gas and ethane transport pipelines or in the technological premises of Conpet SA Ploiești, as well as picking up soil contaminated by crude oil.	S-CA 169/29.05.2020	Tender	-	16822/02.06.2020	1,877,609.0	1,877,609.0	12.06.2020	12	12
TOTAL QII - 1 CONTRACT VALUE QII = 1,877,609.0 RON											
3	RELOC S.A.	RR repair type and adjustment of a new locomotive LDH 1250 HP for electric drive	S-CA 222/11.08.2020	Tender	-	16467/27.07.2020	2,707,500.0	2,707,500.0	11.08.2020	12	12
TOTAL QIII - 1 CONTRACT VALUE QIII = 2,707,500.0 RON											
4	SIGNAL IDUNA ASIGURARE REASIGURARE S.A.	Voluntary health insurance services for CONPET SA employees	S-CA 409/18.12.2020	Tender	-	35961/12.11.2020	1,535,976.43	1,535,976.43	29.12.2020	12	12
TOTAL QIV - 1 CONTRACT VALUE QIV = 1,535,976.43 RON											

Crt. no.	Name of Contractor	Scope of Contract	Title of contract	Applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (In RON)	Contract value after potential addenda (in RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
CUMULATED TOTAL - 4 CONTRACTS CUMULATED VALUE =7,118,015.43 RON											

**Annex no. 5 Statement of works and products procurement contracts with values higher than 500 500 Euro, concluded during
01.01.2020 - 31.12.2020**

Crt. no.	Name of Contractor	Scope of Contract	Title of contract	Applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Number of the notice/invitation of participation	Initial contract value (RON)	Value of the contract after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
QUARTER I - 0 CONTRACTS VALUE QUARTER I = 0 RON											
1	TERRA GAZ CONSTRUCT S.R.L.	Modernization of Independentei building	L-CA 114/02.04.2020	Tender	-	2330/20.01.2020	4,126,231.19	5,126,003.35	24.04.2020	6	10
2	CEZ SALE	Electricity Supply Batch 1	P-CA 191/30.06.2020	Tender	-	15844/20.05.2020	5,237,683.50	5,237,683.50	01.07.2020	12	12
QUARTER II - 2 CONTRACTS VALUE QUARTER II = 10,363,686.85 RON											
QUARTER III - 0 CONTRACTS VALUE QUARTER III = 0 RON											
QUARTER IV - 0 CONTRACTS VALUE QUARTER IV= 0 RON											
CUMULATED TOTAL - 2 CONTRACTS Cumulated value =10,363,686, 85 RON											

PRELIMINARY FINANCIAL STATEMENTS
at the date and for the financial year ended
December 31st, 2020

Drafted under the accounting regulations compliant with the International Financial Reporting Standards ("IFRS") approved by Order of the Ministry of Public Finances no.2844/2016

CONTENTS:**Page****Preliminary financial statements at December 31st, 2020**

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**STATEMENT OF THE FINANCIAL STANDING AT DECEMBER 31ST, 2020
- PRELIMINARY DATA -**

	Note:	December 31, 2020 (unaudited)	December 31, 2019 (audited)
ASSETS			
Fixed assets	4		
Tangible assets		501,274,554	463,635,969
Intangible assets		6,434,719	6,339,896
Financial Assets		1,111,922	810,598
Receivables receivables related to the deferred corporate		5,753,979	5,422,459
Total non-current assets		514,575,174	476,208,922
Current assets	5		
Stocks		5,816,255	8,169,862
Trade liabilities and other liabilities		40,091,498	42,248,700
Cash and cash equivalents		198,257,332	238,576,951
Prepaid expenses		602,808	1,862,719
Total current assets		244,767,893	290,858,232
TOTAL ASSETS		759,343,067	767,067,154
Equities and liabilities			
Equities	6		
Subscribed and paid-up share capital		28,569,842	28,569,842
Legal reserves		5,713,968	5,713,968
Revaluation reserves		20,931,765	21,111,893
Other reserves		500,195,857	495,540,772
Retained earnings		40,340,871	43,997,162
Year's Result		58,904,052	58,876,719
Total Equities		654,656,355	653,810,356
Accrued revenues			
Investment Subsidies		959,135	1,065,921
Accrued revenues		4,417	8,171
Total Accrued Revenues		963,552	1,074,092
Long-term debts	7		
Long-term provisions		19,864,043	16,268,908
Other long-term liabilities		2,431,986	3,582,351
Total long-term liabilities		22,296,029	19,851,259

The Company CONPET S.A.

Statement of the Financial Standing at December 31st, 2020 - preliminary data

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

Current liabilities	7		
Trade liabilities		22,520,683	27,179,134
Ordinary Corporate Tax		755,858	3,076,456
Other debts		35,646,989	38,838,402
Short-term provisions		22,503,601	23,237,455
Total current liabilities		81,427,131	92,331,447
Total liabilities		103,723,160	112,182,706
Total EQUITIES AND LIABILITIES		759,343,067	767,067,154

These interim financial statements and the related notes, from page 1 to page 14, have been authorized for issue and signed by the company's management at February 24, 2021.

Director General
Eng. Dorin Turdora

Economic Director,
Econ. Sanda Toader

The Company CONPET S.A.

The statement of global result for the year ended December 31st, 2020 - preliminary data
(All amounts are expressed in RON, if not otherwise indicated)

**INTERIM STATEMENT OF THE GLOBAL RESULT
 FOR THE FINANCIAL YEAR ENDED DECEMBER 31st, 2020
 - PRELIMINARY DATA -**

Note:	December 31, 2020 (unaudited)	December, 31 2019 (audited)
Operating Revenues		
Turnover	406,928,337	407,822,341
Other revenues	40,682,651	35,180,465
Total Operating Revenues	447,610,988	443,002,806
Operating Expenses		
Expenditure on stocks	6,100,497	7,604,671
Expenses with energy and water	12,448,585	13,088,645
Personnel Expenses	162,559,129	159,900,933
Impairments of the fixed assets, less impairments related to rights of use recognized in intangible assets.	47,384,780	46,639,302
Impairments related to rights of use recognized in intangible assets	1,603,116	1,621,597
Impairments of current assets	(275,995)	(716,533)
Expenses related to external services	107,930,613	107,102,681
Losses from disposal of assets	49,672	213,232
Impairments related to provisions	289,367	10,480,176
Other expenses	47,804,980	34,919,912
Total Operating Expenses	385,894,744	380,854,616
Operating profit	61,716,244	62,148,190
Financial Revenues	6,122,271	7,873,876
Expenses regarding interests related to leasing contracts	444,228	253,191
Other financial revenues	76,484	65,046
Financial Expenses	520,712	318,237
Financial profit	5,601,559	7,555,639
Profit before corporate tax	67,317,803	69,703,829
Expenses with ordinary corporate tax	9,194,540	12,958,609
Expenses with (revenues from) deferred corporate tax	(780,789)	(2,131,499)
Profit of the year	58,904,052	58,876,719
Actuarial loss from discounted benefits granted upon retirement	(2,571,914)	(983,674)
Revaluation surplus (Loss from depreciation) of tangible assets	2,376,682	(13,315)
Total other global result elements	(195,232)	(996,989)
TOTAL GLOBAL RESULT	58,708,820	57,879,730
Result per share	6.80	6.80

These interim financial statements and the related notes, from page 1 to page 14, have been authorized for issue and signed by the company's management on February 24, 2021.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**

The Company CONPET S.A.
Statement of changes in equity at December 31st, 2020 - preliminary data
(All amounts are expressed in RON, if not otherwise indicated)

STATEMENT OF CHANGES IN EQUITIES AT December 31, 2020 (unaudited) - PRELIMINARY DATA

	Share capital	Legal reserves	Revaluation reserves	Others reserves	Retained earnings	Year's profit or loss	Total Equities
Balance at January 1, 2020	28,569,842	5,713,968	21,111,893	495,540,772	43,997,162	58,876,719	653,810,356
Net result of the period	-	-	-	-	-	58,904,052	58,904,052
Actuarial loss of the period	-	-	-	-	(2,571,914)	-	(2,571,914)
	-	-	2,372,778	3,904	-	-	2,376,682
Total other global result elements			2,372,778	3,904	(2,571,914)	58,904,052	58,708,820
Net increase of the modernization quota reserve	-	-	-	3,192,763	-	-	3,192,763
Transfer of realised surplus from revaluation	-	-	(2,552,906)	-	2,552,906	-	-
Dividends due to shareholders	-	-	-	-	(3,298,140)	(57,757,444)	(61,055,584)
Allocation of profit provided by law - tax exemption of the reinvested profit	-	-	-	1,458,418	(339,143)	(1,119,275)	-
Balance at December 31, 2020	28,569,842	5,713,968	20,931,765	500,195,857	40,340,871	58,904,052	654,656,355

STATEMENT OF THE CHANGES IN SHAREHOLDERS' EQUITIES AT DECEMBER 31st, 2018 (AUDITED)

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

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

These interim financial statements and the related notes, from page 1 to page 14, have been authorized for issue and signed by the company's management at February 24th, 2021.

Director General
Eng. Dorin Tudora

Economic Director,
Econ. Sanda Toader

**STATEMENT OF THE CASH FLOWS AT DECEMBER 31,2020 (UNAUDITED)
- PRELIMINARY DATA -**

(DIRECT METHOD)

-RON-

	Name of the Element	12 months 2020 (unaudited)	12 months 2019(audited)
	Cash flows from operating activities:		
+	Proceeds from services supply	451,156,972	451,818,164
+	Proceeds from interests related to bank investments	6,572,110	7,956,249
+	Other proceeds	4,895,237	6,615,207
-	Payments to the suppliers of goods and services	117,925,202	119,161,438
-	Payments by and on behalf of the employees	160,129,565	155,943,944
-	VAT Payments	43,942,659	46,787,643
-	Payments corporate tax and specific tax	11,515,138	13,666,926
-	Other payments related to operating activities	38,994,539	36,385,022
A	Net cash from operating activity	90,117,216	94,444,647
	Cash flows from investment activities		
+	Proceeds from sale of tangible assets	63,378	38,310
+	Proceeds from modernization quota	36,980,848	31,080,415
-	Payments for procurement of tangible assets	102,602,530	84,149,146
B	Net cash from investment activities	(65,558,304)	(53,030,421)
	Cash flows from financing activities:		
+	Proceeds of dividends transferred to Depozitarul Central	-	2,786,508
-	Paid Dividends	64,193,882	65,172,691
-	Payments against the financial leasing-related debt	684,648	133,446
C	Net cash from financing activities	(64,878,530)	(62,519,629)
	Net increase of cash and cash equivalents	(40,319,618)	(21,105,403)
	cash=A+B+C=D2-D1		
D1	Cash and cash equivalents at the beginning of the period	238,576,951	259,682,354
D2	Cash and cash equivalents at end of the period	198,257,333	238,576,951

These interim financial statements and the related notes, from page 1 to page 14, have been authorized for issue and signed by the company's management at February 24th, 2021.

Director General
Eng. Dorin Turdora

Economic Director,
Econ. Sanda Toader

1. **Business Description and General Information**

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

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

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

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

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

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

Company Set-up

Conpet is set up based on GD 1213/20 .11.1990 on the set-up of the joint stock commercial companies in the industry, based on Law no.15/1990 regarding the reorganization of the economic units as autonomous administrations and commercial companies, by writing-back the entire assets and liabilities of the former Crude Oil Pipeline Enterprise (Rom.ITTC).

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

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

Company's Mission

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

Other Information on the Company's Business

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

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

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

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

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

The Legal Environment

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

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

The main responsibilities of NAMR are the followings:

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

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

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

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

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

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

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

2. Drawing-up Basis

(a) Statement of Compliance

The interim financial statements have been drafted in accordance with the Order of the Ministry of Public Finances no.2844/2016 for the approval of the accounting Regulations compliant with the International/ 2016"). Standards ("IFRS") and with OMFP 2844 - interim financial Reporting.

These preliminary financial situations do not include all the necessary information in order to provide a complete set of financial statements in compliance with the International Financial Reporting Standards and must be read together with the annual financial statements of the Company, prepared at December 31, 2019. Nevertheless, certain explanatory notes selected are included in order to explain the events and transactions that are significant for understanding the amendments occurred in the financial standing and records of the company from the last annual financial statements drafted at the date and for the financial year ended December 31,2019.

The preliminary financial statements are not being audited and have not been revised by an independent auditor.

These preliminary financial statements have been authorized for issue and signed by the company's management at November 12,2020.

(B) Accounting Estimations and Professional Reasonings

The preparation of the financial statements 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 application of accounting policies of the Company and the main sources of uncertainty related to estimates were the same with the ones applied to the financial statements of 2019.

3. Accounting Policies

The accounting policies applied in these interim financial statements are the same with those applied in the financial statements of the Company at the date and for the financial year ended December 31, 2019, except for the adoption of new standards effective from January 1, 2020.

4. **Fixed assets**

Fixed assets have increased by 8.1% at the end of December 2020 compared to December 31th, 2019 (514.6 million RON compared to 476.2 million RON), mainly due to achieving a higher investment volume recorded depreciation.

At December 31st 2020 there have been evaluated, by the company "Estimatori Group" S.R.L., the goods from group I - constructions and fields in the company's patrimony. As per the results contained in the revaluation report, the fair value at 31.12.2020 related to the tangible assets representing fields and constructions records a total net increase of 3.5 mRON.

Moreover, within fixed assets it is recognized also the oil operating product amounted to 42.1 mRON. The oil product is determined at the cost of re-evaluation performed according to the GD no.26 from January 22nd, 1992, restated by applying IAS 29, "Financial reporting in hyperinflationary economies".

5. **Current assets**

Current assets decreased by 15.8% from December 31st, 2020 compared to the value recorded at December 31st, 2019 (244.8 million RON to 290.9 million RON), mainly due to decrease of liquid assets.

Trade Receivables and other Receivables

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

	December 31, 2020	December 31, 2019
Trade receivables	34,777,986	39,219,305
Other receivables	5,313,512	3,029,395
Total receivables	40,091,498	42,248,700

Over 73.89% of the total short-term receivables the 31st of December 2020 balance represents the consideration of the services to be collected from the main client of the Company, OMV PETROM S,A, in amount of 29.6 RON.

The position *Other receivables*, in amount of 5.3 RON includes the amounts to be recovered from the State budget (2.7 mRON, namely 50.9%) and from various natural and legal persons, the majority in litigation pending before the law courts (1.8mRON, namely 34%).

Cash and Cash Equivalents

At December 31, 2020 the cash and cash equivalents have decreased by 16.9% as compared to December 31, 2019 (198.3 mRON, compared to 238.6 mRON), fact due to the payment of dividends from the net profit related to the financial year 2019 (58..7mRON) in the year 2020, as well as the higher payments to the assets suppliers.

Cash includes also the cash related to the modernization quota, amounting to 116 mRON.

The cash representing the modernization quota has a special use regime, provided in GD no. 168/1998, this being destined exclusively to the financing of the modernization and development works related to the goods belonging to the public domain.

6. Equities

The Equities have slightly increased from 0.1% at December 31st, 2020 compared to December 31st, 2019 (654.7 million RON compared to 653.8 million RON), particularly following the increase of the reserve representing the modernization quota.

Share capital

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

Other reserves

At December 31st, 2020 the value of other reserves has registered a slight increase of 0.9% compared to December 31st, 2019 (500.2mRON compared to 495.5mRON).

The reserve related to the modernization quota is in amount of 461.1m RON and holds the major part of share in total other reserves (92.2%).

Retained earnings

At December 31st, 2020, a major share in the Retained earnings is hold by the retained earnings derived from the first adoption of IAS 29 relating to fixed assets representing oil operating product, recognized in tangible assets: 41.8 mRON.

Profit of the year

The profit of the year maintained the same level with 2019 year profit, of 58.9 mRON.

7. Liabilities

Long-term Liabilites

Long-term liabilities registered a slight increase by 12.3% in 2020 compared to 2019 (22.3 miRON compared to 19.9 mRON) following the increase of the long-term provisions.

Short-term liabilities

Short -term liabilities have registered a decrease by 11.8% at the end of December 2020 compared to December 31st, 2019 (81.4 mil RON compared to 92.3 mRON), mainly due to the decrease of the trade liabilities and those representing dividends payable.

8. Revenues

Company revenues are achieved, mainly, in transport services via the crude National Transport System and by rail tanks.

Operating Revenues

Operating revenues registers a slight increase of 1% in 2020 compared to 2019 (447.6 to 443 mRON), based on the 15.6% increase of other operating revenues (40.7 mil tons compared to 35.2 million tons). Other operating revenues contain, mainly, the revenues from the reserve related to the modernization quota, at the level of the depreciation of the fixed assets financed out of this

source, increasing by 5.3% in 2020 compared to the year 2019 (33.8mRON compared to 32.1 mRON).

9. Expenditures

The operating expenses hold a share of 97.7% in total expenses and have registered a slight increase by 1.3% in the year 2020 as compared to 2019 (385.9 mRON compared to 380.9 mRON), resulting mainly from: the increase of other operating expenses by 12.9 mRON, (47.8 mRON compared to 34.9 mRON), the decrease of expenses registered at the position "Impairments for provisions" with 10.2 mRON (0.3 mRON compared to 10.5 mRON) and the increase of the personnel expenses by 2.7mRON (162.6 mRON compared to 159.9 mRON) following the increase of the salaries with 300 RON/employee at the date of 01.10.2019 and the granting of various benefits higher than those granted in the previous year, like the employees share of profit.

10. Ulterior Events and other Mentions

At the date of 28.01.2021 it has been convened the Extraordinary General Meeting of Shareholders (EGMS) for the date of 10.03.2021 (11.03.2021 second call), having as item on the agenda the approval of the augmentation of the company's share capital by the value of land held based on 48 land ownership certificates.

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

Given the Coronavirus (Covid-19) pandemic, from its outburst and up to the issue of these preliminary financial statements, no situation that could have affected the continuity of the activity has occurred.

Holding a strong financial stability and a very good ability to act, CONPET can rapidly and efficiently implement all the emergency measures required for the protection of the employees health, as well as for the safe administration of the crude oil National Transport System. The company's management is permanently monitoring the potential impact of Coronavirus pandemic and takes all the possible measures for the mitigation of any side effects on Conpet's activity.

These interim financial statements and the related notes, from page 1 to page 14, have been authorized for issue and signed by the company's management at February 24th, 2021.

**Director General
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**