

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

at September 30th, 2020

(period 01.01.2020 – 30.09.2020)

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

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1.COMPANY PRESENTATION

1.1. Report and issuer identification data

Quarterly report prepared in compliance with:	the provisions of Article 65 of Law no. 24/ 2017 regarding the issuers of financial instruments and market operations; Annex 13 of Regulation on 5/10.05.2018 on the issuers of financial instruments and market operations;
Date of the report	12.11.2020
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 Registration Number	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	654,509,117 RON (75.60 RON/share at 30.09.2020)
Applied accounting standard	International Accounting Standard no. 34 - „Interim Financial Reporting”
Auditing	The Interim Financial Statements concluded at 30.09.2020 have not been audited

1.2. Main activities

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

CONPET is the concessionaire of the operation of the Crude Oil, Rich Gas, Condensate and Ethane National Transport System, starting 2002, 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. 238/7.06.2004 - Petroleum Law and the Methodological Norms for the enforcement of the Petroleum Law approved by 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 30.09.2020, 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	2,376,070	27.4451%
Natural Persons	1,198,086	13.8387%
Total	8,657,528	100.0000%

Table 1 - CONPET S.A. Shareholding Structure at 30.09.2020

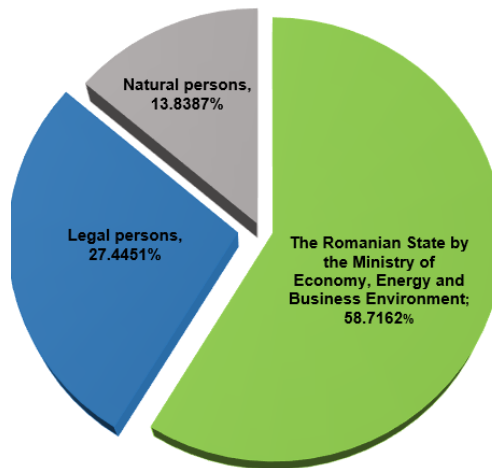


Chart 1 - CONPET S.A. Shareholding Structure at 30.09.2020

The share capital of CONPET at 30.09.2020 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 SA did not perform transactions having as scope its own shares and, consequently, the company did not hold own shares.

1.5. Company Organization

CONPET was established in 1990, based on the Government Decision no. 1213/1990 regarding the set-up of joint-stock companies in the industry, by taking-over the entire assets and liabilities of I.T.T.C. Ploiești, being the first company established in the oil industry in Romania, after 1989.

Following the take-over of all assets and liabilities of I.T.T.C. Ploiești, CONPET became the operator of the Crude Oil, Rich Gas, Condensate and Ethane National Transport System.

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

1.6. Strategic development objectives

The Administration Plan of the Board of Administration of CONPET, for the period 2018-2022 includes the strategy for optimizing the activities carried out within CONPET S.A

The strategic objectives for the period 2018-2022, established and assumed by the administrative management under the administration component were defined in strong correlation with the strategic directions, the vision and expectations of the shareholders and within the context of the Energy Strategy of Romania along 2018-2030, envisaging the years 2050 and are the following:

- increasing efficiency and improvement of the activity performance;
- development of new activities, related and non related to the core business;
- defining the Company as a regional player;
- outstanding management of the human resources;
- implementation and development of the corporate government principles.

2. CONPET- EXECUTIVE SUMMARY

2.1. Operating activity indicators

The evolution of the product volumes– crude oil, condensate and rich gas, transported via the National Transport System (NTS), during January - September 2020, vs. the Revenues and Expenditure Budget and the similar period of 2019, by transport subsystems, is presented below:

Indicators (Thousand tons)	Achieved Jan.- Sept. 2020	Budget Jan.- Sept. 2020	Achieved Jan.- Sept. 2019	Variation%	
				Achieved 2020/ Budget 2020	Achieved 2020/2019
Transported quantities on domestic subsystem	2,568	2,600	2,608	▼ 1.2%	▼ 1.5%
Quantities transported on the import subsystem	2,443	2,500	2,705	▼ 2.3%	▼ 9.7%
Total	5,011	5,100	5,313	▼ 1.7%	▼ 5.7%

Table 2 - Evolution of the quantities transported in January - September 2020 as compared to Budget 2020 and the similar period in 2019

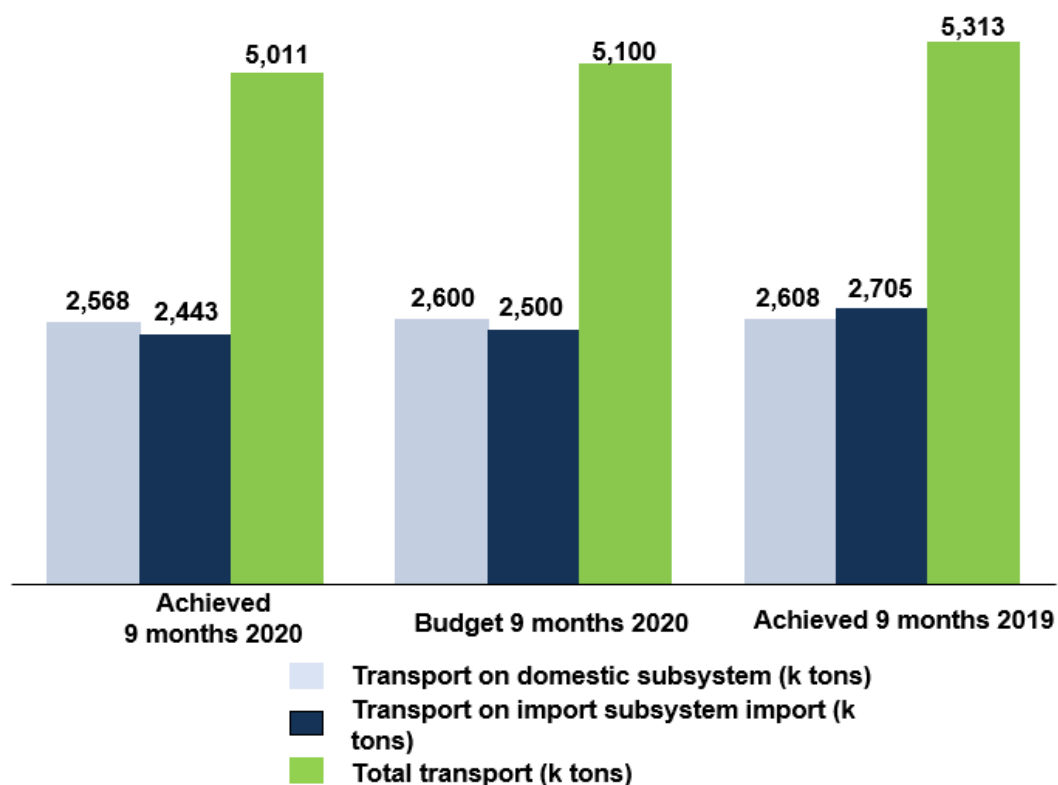


Chart 2 - Evolution of the quantities transported on the domestic and import subsystems (thousand tons)

2.2. Economic-financial indicators

The level of the main economic-financial Indicators of the company achieved between January-September 2020, as compared to the similar period of last year and to the Budget is as follows:

Indicators	January- September 2020			Achieved Jan.-Sept. 2019	Variation% Achieved 2020/2019
	Achieved	Budget	Variation (%) Achieved/Budget		
Turnover (thousand RON)	304,009	302,630	▲ 0.5%	304,202	▼ 0.1%
Operating Revenues (thousand RON)	334,368	333,028	▲ 0.4%	329,987	▲ 1.3%
Operating Expenses (thousand RON)	281,855	286,492	▼ 1.6%	276,492	▲ 1.9%
Operating Profit (EBIT) (thousand RON)	52,513	46,536	▲ 12.8%	53,495	▼ 1.8%
Operating profit margin (% operating income)	15.7%	14.0%	▲ 1.7 p.p.	16.2%	▼ 0.5p.p.
EBITDA (thousand RON)	89,582	83,688	▲ 7.0%	88,131	▲ 1.6%
Operating Expenses (% Turnover)	92.7%	94.7%	▼ 2.0 p.p.	90.9%	▲ 1.8p.p.
Total Revenues (thousand RON)	339,395	337,311	▲ 0.6%	335,926	▲ 1.0%
Total Expenses (thousand RON)	282,440	286,918	▼ 1.6%	276,544	▲ 2.1%
Gross profit (thousand RON)	56,955	50,393	▲ 13.0%	59,382	▼ 4.1%
Net profit (thousand RON)	48,946	42,732	▲ 14.5%	50,078	▼ 2.3%
Average number of employees (persons)	1,547	1,579	▼ 2.0%	1,597	▼ 3.1%
Productivity (thousand RON/employee)	216	211	▲ 2.4%	207	▲ 4.3%

Table 3 - The main economic-financial Indicators achieved in the period January - September 2020 vs. Budget 2020 and the ones achieved in the similar period in 2019

2.3. Investments

The investment projects targets both enhancing efficiency of the transport activity as well as operation, under safe conditions, of the National Transport System.

In the period ended at September 30th, 2020, CONPET S.A. achieved investments in amount of 66,090 thousand RON.

The degree of achievement of investments as compared to program in the period January - September 2020 and 2019, by ownership and total, is as follows:

Investments (Thousand RON)	Budget YEAR 2020	January- September 2020			January- September 2019		
		Achieved	Program	Degree of achievement %	Achieved	Program	Degree of achievement %
Total investments, out of which:	97,500	66,090	70,523	94%	55,168	53,208	104%

Public domain	76,373	58,077	56,431	103%	49,161	47,280	104%
Operating domain	21,127	8,013	14,092	57%	6,007	5,928	101%

Table 4 - Evolution of the investments achieved in the period January - September 2020 as compared to the program and the same period of the year 2019

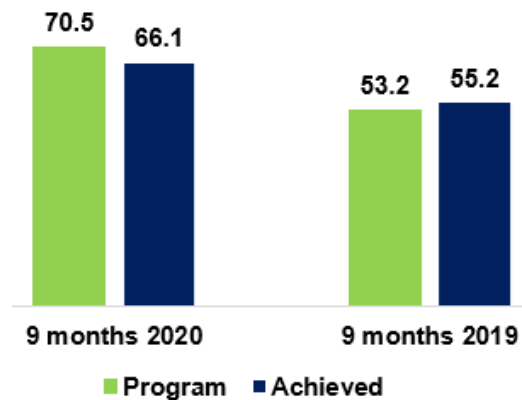


Chart 3 - Evolution of the total investments achieved in 9 months, as compared to program

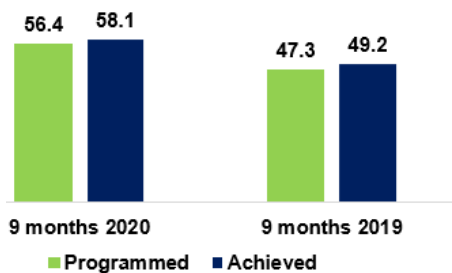


Chart 4 - Evolution of the investments in the public domain achieved at 9 months 2020, as compared to program (million RON)

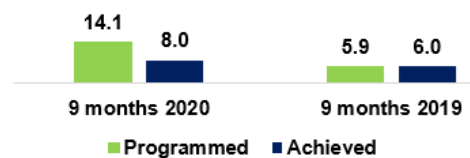


Chart 5 - Evolution of the investments in the operating domain

2.4. Company’s Stock Market Indicators

At 30.09.2020, CONPET S.A. had a market capitalization of 654.5 million RON (134.4 million euro), ranking 21 in “Top 25 issuers according to capitalization”.

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

In the first nine months of 2020, 9,626 stock transactions have been recorded, with a traded volume of 1,126,894 shares, the total value of the transactions being of 85.3 million RON. All along this time, the minimum trading price amounted to 56.6 RON/share and the maximum price of 86 RON/share. On average, 6,026 shares/day have been traded, the average value of a trading day amounting to 456,249 RON/day (187 days).

During the review period, the share price of CONPET has lowered by 5.03%.

3. ANALYSIS OF THE COMPANY'S BUSINESS

3.1. Analysis of the operating activity

3.1.1. Regulation Framework

CONPET S.A. is the operator of the Crude Oil, Rich Gas, Condensate and Ethane National Transport System (NTS) as defined and regulated by Law no. 238/07.06.2004 - Oil Law and the Methodological Norms for the enforcement of the Oil Law approved under GD no. 2075/2004. The transport service is being supplied under the natural monopoly regime based on the tariff set by NAMR.

3.1.2. The crude oil, condensate and rich gas activity

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

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

The pipelines transport system is approximately 3,800 km in length, out of which, to date, 3,161 km of pipelines are being used for the transport of crude oil, rich gas, condensate.

The Crude Oil, Rich Gas, Condensate and Ethane National Transport System has in composition transport subsystems, grouped according to the transported products, as follows:

- The domestic crude and condensate transport subsystem, having in composition pipelines covering approx. 1,540 km, for the transport of crude oil and condensate from the production units of OMV Petrom operating areas throughout the country, to the refineries. The domestic crude oil and condensate production is transported via pipelines, by railway tanks, or combined (rail and pipelines).
- The rich gas transport subsystem is meant for the rich gas transport from the rich gas separation units in Ardeal (Biled and Pecica) to Petrobrazi refinery. At present, actually 2 recovery plants (Abramut and Calacea) are still working and the rich gas produced is transported by rail to Petrobrazi refinery.
- The ethane transport subsystem provides the ethane transport from Turburea ethane separation platform to Arpechim Pitesti refinery. Currently, due to the lack of operability of Arpechim refinery, the subsystem is not used and only one portion of the pipeline is used for the transport of condensate from Totea warehouse to Petrobrazi refinery.
- The subsystem for the import crude transport provides the transport of crude oil from Oil Terminal Constanta to the refineries in Ploiești, Arpechim-- Pitești and Midia.

The crude oil, rich gas, condensate and ethane transport service provides the fulfillment of the tasks incumbent on CONPET from its own program, consequently, easing free access to the system's available throughput, to all petitioners, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

The available throughput represents the difference between the total physical throughput of the system and the crude oil scheduled for transport in the given year.

The transport contracts signed with the beneficiaries of the services provides the legal framework for the supply of the transport services.

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

These facilities are the crude oil and condensate storage tanks from the warehouses, storage tanks for the storage of rich gas, technological pipes from the pumping/receipt warehouses, pumping aggregates (booster pumps, main pumps, actuators), major pipelines, crude oil and rich gas loading and unloading ramps, tank cars.

The state of the transport activity, per types of transported products, between January - September 2020, as compared to the transport program and the same period of 2019 reveals the followings:

Transport Subsystems	Indicators and products	Achieved Jan.-Sept. 2020	Achieved Jan.-Sept. 2019	Variation % 2020/2019
DOMESTIC	Domestic crude oil, condensate and light condensate			
	- programmed quantities (thousand tons)	2,587	2,547	▲ 1.6%
	- achieved quantities (thousand tons)	2,555	2,593	▼ 1.5%
	- degree of achievement	98.8%	101.8%	-3.0 p.p.
	- degree of use of the transport throughput	55.8%	56.6%	-0.8 p.p.
	rich gas			
	- programmed quantities (thousand tons)	13.5	15.0	▼ 10.0%
	- achieved quantities (thousand tons)	13.3	15.1	▼ 11.9%
	- degree of achievement	98.5%	100.6%	-2.1 p.p.
	- degree of use of the transport throughput	15.2%	17.3%	-2.1 p.p.
	Total domestic subsystem			
	- programmed quantities (thousand tons)	2,600	2,562	▲ 1.5%
	- achieved quantities (thousand tons)	2,568	2,608	▼ 1.5%
	- degree of achievement	98.8%	101.8%	-3.0 p.p.
	- degree of use of the transport throughput	55.0%	55.9%	-0.9 p.p.
	IMPORT	crude oil		
- programmed quantities (thousand tons)		2,500	2,240	▲ 11.6%
- achieved quantities (thousand tons)		2,443	2,705	▼ 9.7%
- degree of achievement		97.7%	120.8%	-23.1 p.p.
- degree of use of the transport throughput		27.7%	30.7%	-3.0 p.p.

Transport Subsystems	Indicators and products	Achieved Jan.-Sept. 2020	Achieved Jan.-Sept. 2019	Variation % 2020/2019
TOTAL	- programmed quantities (thousand tons)	5,100	4,802	▲ 6.2%
	- achieved quantities (thousand tons)	5,011	5,313	▼ 5.7%
	- degree of achievement	98.3%	110.6%	-12.3 p.p.
	- degree of use of the transport throughput	37.1%	39.4%	-2.3 p.p.

Table 5 - Transported quantities by types of products and by transport subsystems January- September 2020 as compared to the same period of 2019

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

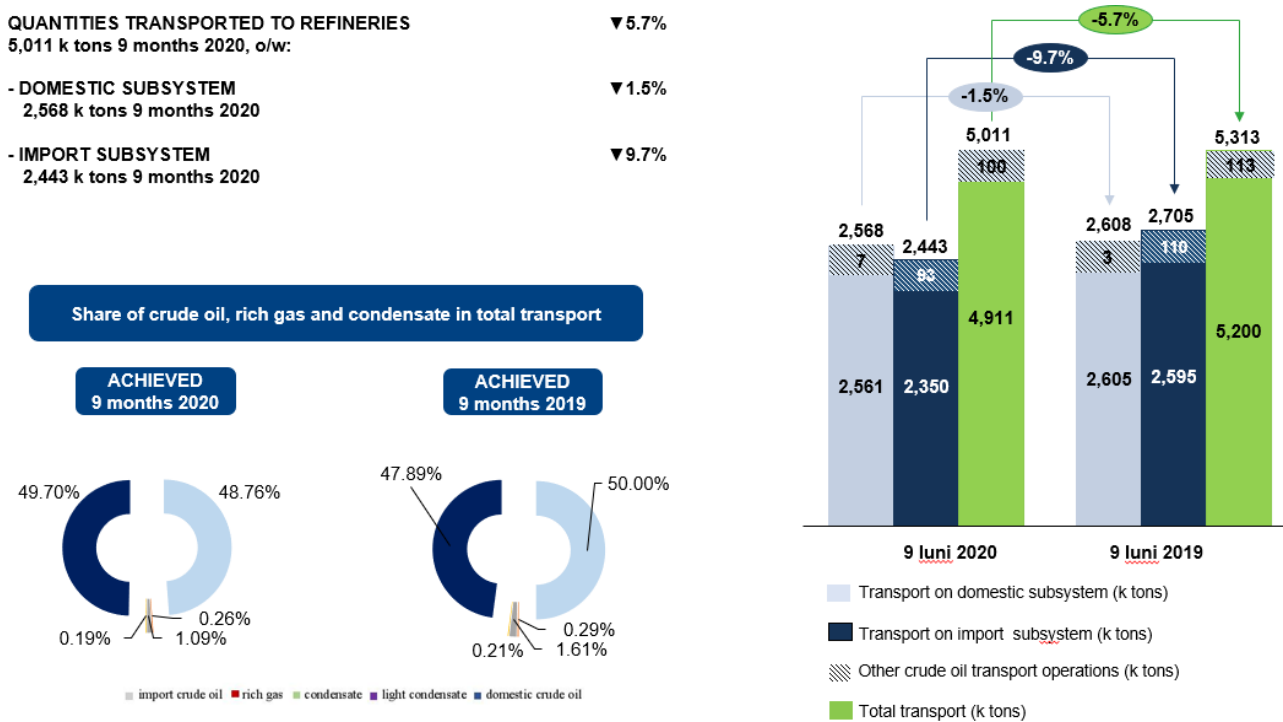


Chart 6 - Quantities transported on the transport subsystems

The total quantity transported during January-September 2020 was lower with approx. 302 thousand tons as compared to the same period of 2019, registering a decrease in quantity on both subsystems (the import transport subsystem - 262 thousand tons; domestic subsystem - 40 thousand tons).

From the total of 2,568 thousand tons of crude oil, rich gas and condensate obtained from domestic production, which have been transported and delivered to the refinery in the first nine months 2020, the amount of 868 thousand tons was transported by rail (33.8%).

The evolution of the standardized technological consumption on products in the period January - September 2020, as compared to the level registered in the same period 2019 is presented as follows:

Products	January- September 2020			January- September 2019		
	Standardized	Achieved	Variation	Standardized	Achieved	Variation
Import crude oil:	0.2592%	0.1694%	-0.09 p.p.	0.2489%	0.1112%	-0.14 p.p.
Domestic crude oil, condensate and light condensate	0.3643%	0.3465%	-0.02 p.p.	0.3689%	0.3065%	-0.06 p.p.
Rich gas	7.3830%	3.2560%	-4.13 p.p.	7.3830%	3.3990%	-3.98 p.p.

Table 6- Evolution of the technological consumption achieved in the period January- September 2020 as compared to the similar period in 2019

From the data presented above in the table it appears that all types of transported product have recorded a technological consumption below the limit laid down in the regulation, i.e. in transport contracts.

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

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 and 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

Table 7 - Import transport tariffs on installments and refineries

- Tariffs for transport services on import subsystem

Period	Installments thousand tons/month	Arpechim Refinery	Ploiesti Basin (Petrobrazi and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order No.
		RON/ton	RON/ton	RON/ton	
June 19 th , 2018	< 120	38.85	38.00	27.00*	117/2018
December 30 th , 2019	> 120	16.60	16.00	24.74*	
Starting with	< 120	40.40	39.50	15.00	427/2019
December 31 st , 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).

Tabel 8 - Transport tariffs import subsystem

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

The 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 total value of the transport services, VAT excluded, invoiced to the beneficiaries between January - September 2020 is amounting 300,979 thousand RON.

The status of transport revenues, in detail, by every beneficiary, is as follows:





CLIENTS	9 months 2020	9 months 2019	VARIATION % 2020/2019
 <p>PETROM Member of OMV Group</p>	243,342	244,214	▼ 0.4%
 <p>LUK PETROTEL LUKOTL</p>	55,501	52,096	▲ 6.5%
 <p>ROMPETROL energie vie</p>	1,562	2,632	▼ 40.7%
 <p>NIS GAZPROM NEFT</p>	574	253	▲ 126.9%
TOTAL TRANSPORT REVENUES	300,979	299,195	▲ 0.6%

Chart 7 - Evolution of transport revenues by beneficiaries achieved 9 months 2020 as compared to 9 months 2019

Other activities

Revenues from other activities represent 1% of the company's turnover and are made up of: revenues out of leases of lands and telecommunication equipment, of rail shunting services, revenues from sales of pipe material etc.

3.1.3. Assessment of the operating activity

In the table below is being presented the evolution of the transport services revenues, on transport subsystems, as compared to the same period of 2019 and the budgeted values.

Indicators (Thousand RON)	Achieved Jan.- Sept. 2020	Budget Jan.- Sept. 2020	Achieved Jan.- Sept. 2019	Variation%	
				Achieved 2020/ Budget 2020	Achieved 2020/2019
Revenues on the domestic transport subsystem	226,442	228,977	221,032	▼ 1.1%	▲ 2.5%
Revenues on the import transport subsystem	74,537	71,358	78,163	▲ 4.5%	▼ 4.6%
Total	300,979	300,335	299,195	▲ 0.2%	▲ 0.6%

Table 9 - Statement of the transport revenues

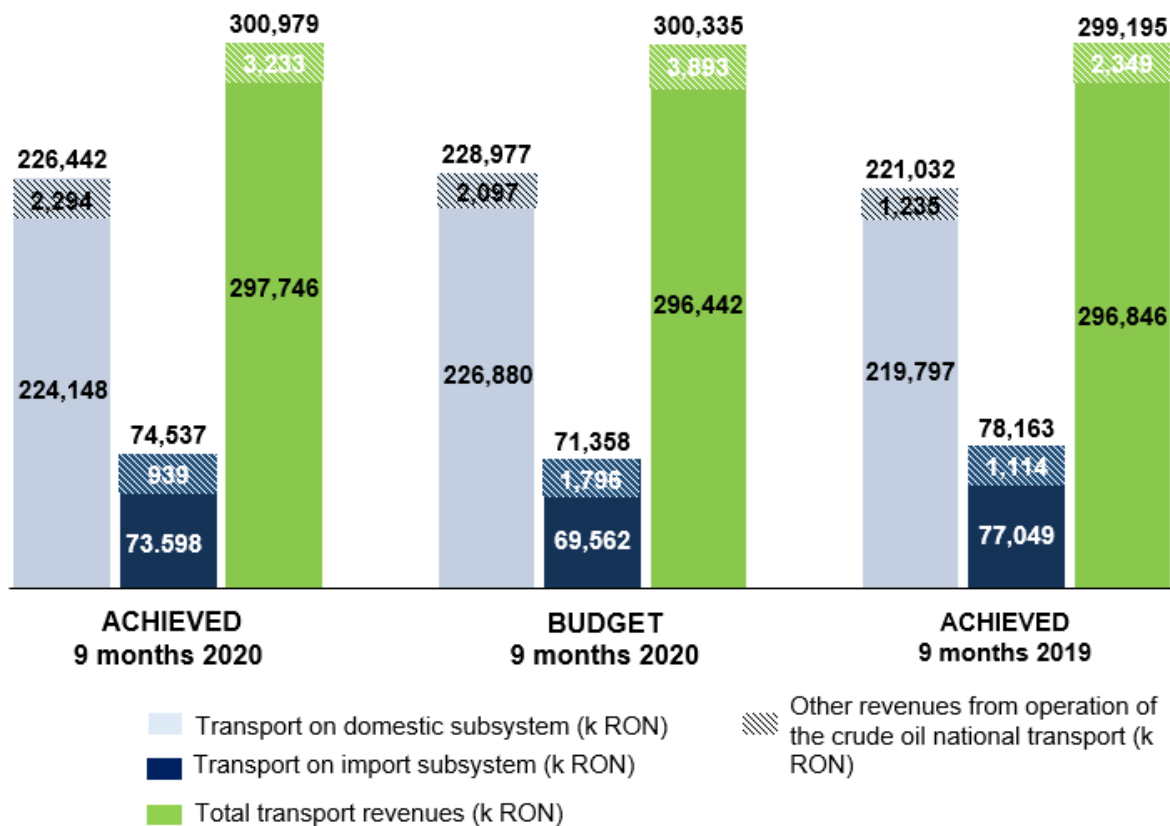


Chart 8 - Evolution of the transport revenues per subsystems transport

Procurement

The procurement activity

The procurement activity performed in compliance with the Internal Procurement Norms of

CONPET S.A.. and other internal procedures regulating this activity.

In the first 9 months of 2020 have been initiated procedures to achieve a total of 85 procurements required by the entities within the company and have been completed 68 procurement procedures by conclusion of contracts, with a total amount of 30.9 million RON and 0.3 million EURO.

At the end of September a number of 33 acquisitions were in progress, in the total estimated value of 14 million RON and 0.4 million EURO, respectively:

- 5 tendering procedures in total estimated amount of 1.2 mRON and 0.3 million Euro;
- 17 simplified procedures in total estimated amount of 12 mRON and 0.09 million EURO;
- 11 direct tendering procedures in total estimated amount of 0.7 million RON.

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

At 30.09.2020, the structure of the contracts in pursuit is as follows:

- 158 works contracts, of which: 31 ongoing and 127 with completed works, being in the performance security period;
- 186 services contracts, of which: 142 ongoing and 44 with completed works facing performance security period:
- 83 products supply contracts of which: 27 ongoing and 56 completed, facing performance security period;
- 86 utilities procurement contracts;
- 62 contracts under which CONPET S.A. derives revenue, other than crude oil transport contracts.

In Annexes 4 and 5 and According to EGMS Resolution no.3/23.10.2014, we present the situation of service procurement contracts with value higher than 500,000 Euro and the service procurement contracts with value higher than 100,000 EURO, concluded between 01.01.2020 - 30.09.2020.

3.1.4. Legal acts concluded in the conditions of Art.52 Para (1) and (3) of GEO no.109/2011

At June 19th, 2020 Addendum no.3 to contract S-CA no. 57/28.03.2019 was concluded, having as scope the augmentation of rail transport services of crude and rich gas from the loading ramps to the destinations set out by CONPET S.A., respectively augmentation of the estimated value of the contract by the amount of 7,627,649 RON. The transaction with SNTFM CFR Marfa SA has been approved by the shareholders of the company in the OGMS meeting dated 18.06.2020.

The duration of the contract is of 4 years, starting 01.04.2019 up to 31.03.2023, inclusive of.

The performance guarantee is in quantum of 500,000 RON and the payment term is of 30 days from the invoice receipt. In the contract was provided also the delay penalties calculation in quantum of 0.03%/day. In what concerns the delay penalties, in the contract are being provided the followings:

- Should CONPET S.A. not honor the invoices within the payment deadline provided in the contract, it has the obligation to pay penalties in quantum of 0.03%/day, calculated at the outstanding amount, starting the first day of the maturity date.

- If the provider SNTFM CFR Marfa SA does not provide the rail tanks necessary for the achievement of the respective transport program, for the delay with more than one day compared to the schedule, CONPET S.A. is entitled to claim penalties in quantum of 0.03% per day, calculated at the value of the transport service related to the outstanding quantity, not taken over, starting the first day of delay.

3.1.5. Mergers and reorganization of the company, acquisitions and disposals of assets for the period January-September 2020

There were no mergers and reorganization activities in the reported period.

The company has no open subsidiaries in Romania or abroad.

Purchases of tangible and intangible assets in the period January - September 2020 were made in accordance with the investment program and the approved revenues and expenditure budget and are intended for deployment and modernization. In the first 9 months 2020 there have not been made purchases of assets consisting of buildings and/or lands.

3.1.6. Assessment of human resources and social dialog activity

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

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

The actual number of employees at September 30th, 2020 was of 1,583 persons.

Following the adoption, in 2019, of measures on human capital resizing, the actual number of employees at 30.09.2020, as compared to 30.09.2019 is down 31 people.

The personnel structure according to the level of studies and gender, at September 30th, 2020 is present in the table below:

Studies	Total	% in total employees	Women	% in total employees	Men	% in total employees
General education (8-10 grades)	118	7.5%	16	1.0%	102	6.4%
Secondary education	860	54.3%	82	5.2%	778	49.2%
Higher education	605	38.2%	200	12.6%	405	25.6%
Total	1,583	100.0%	298	18.8%	1,285	81.2%

Table 10 - Personnel structure by education level and gender

The number of personnel who graduated higher education represents 38.2 % of the total number of employees, of which, 12.6% represent women, and 25.6% men.

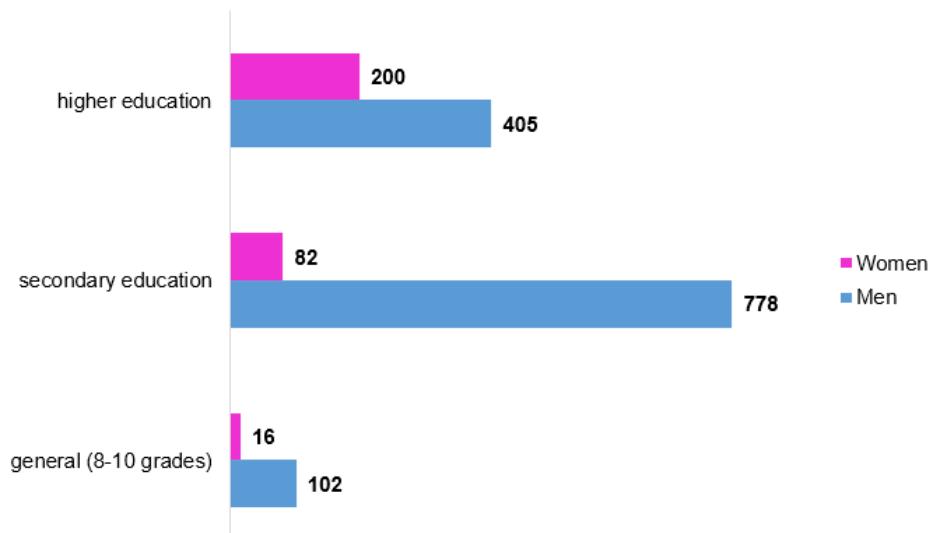


Chart 9 - Level of studies employees (women/men)

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

The employees of the company, at a rate of 99.05% are members of the Free Union of Conpet. During January– September 2020, there have been no elements of a conflicting nature between employees and the management of the company.

The Personnel Risk and the Waging System

At September 30th, 2020 the age structure is not balanced, the age group between 51-60 years has the highest percentage (49%) and is followed by the age group 41-50 years (30%) and between 31-40 (11%).

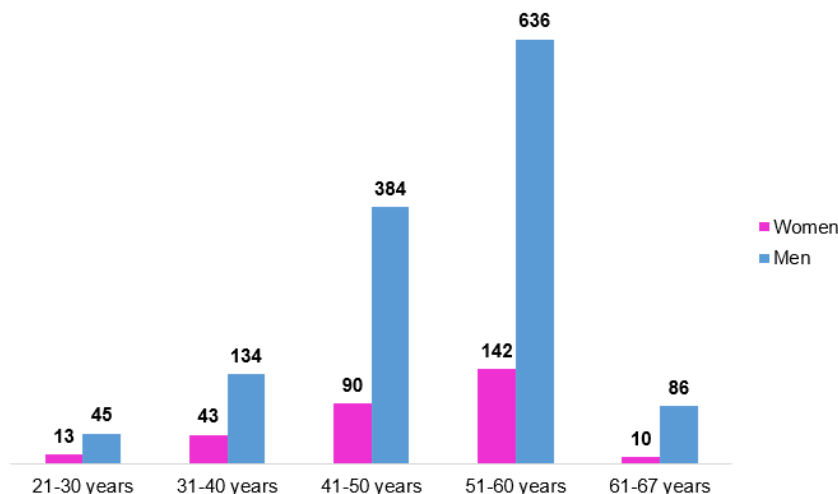


Chart 10 - Personnel structure by age groups at 30.09.2020

The average age of CONPET personnel is rather high (49.5 years old), the advantage being that

55.22% of the personnel has over 20 years of experience in the company, which stands for the stability and professionalism of the employees, but also accumulation of knowledge and skills, some taking many years of experience to be gained.

The average age of the personnel employed in the last two years is 40 years, with an average work experience of 14 years.

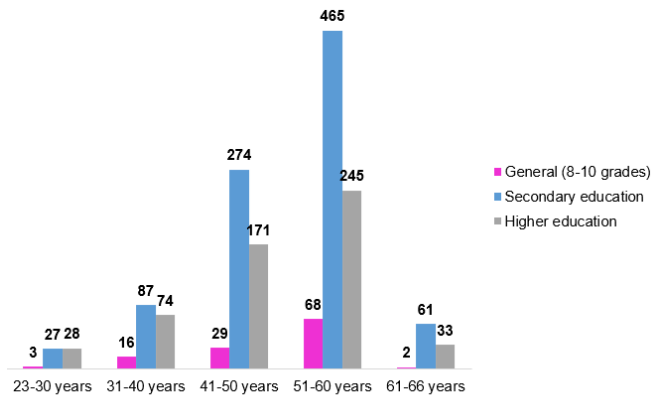


Chart 11 - Personnel structure by level of studies and age 30.09.2020

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

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

The level of this analyzed risk was low; this is a high tolerability risk and for the control thereof have been set medium and long-term measures by way of the personnel policy and the monitoring of the personnel fluctuations (personnel input/output in/from the company).

It is also considered that the age group 41-50 years is well represented by the tier of employees who will meet the retirement conditions at the standard age in about 15 years, staff with a rich background of knowledge and professional experience, with a seniority in the company of over 10 years (73%).

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.

The Collective Labor Agreement

The Collective Labor Agreement, applicable starting 01.01.2019, for a period of 2 years, has been approved by the Board of Administration by Decision no.33/18.12.2018 and was registered at Prahova Labor Inspectorate, under no.341/27.12.2018.

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

In August 2020, following the negotiations with the Free Union of Conpet, an addendum to the Collective Labour Agreement (CCM) of CONPET S.A. was concluded.

The negotiation from the patronage was carried out on the basis of the mandates granted to the Director General by the Board of Administration. The concluded Addendum amended the pay scale, increasing the basic salaries by 5% starting October 1st, 2020 and extending the Collective Labour Agreement by 12 months, strating January 1st, 2021.

The Activity of Professional Training and Authorization

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

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

Training of the employees has two components: training (technical, economic and other specialties) necessary to perform duties in the job description and a general one on training and/or professional licensing in various fields.

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

Based on the authorization and vocational training programs, the following activities were carried out:

Crt. no.	Type of training and professional authorization 2020 (Months)	Employees participants
1	Various fields authorizations (specific of activity)	43
2	Railway authorizations	185
3	Training	180
4	Internal authorizations	432
5	Qualifications/training/internal authorizations	28
Total		868

Table 11 Professional Training and Authorization

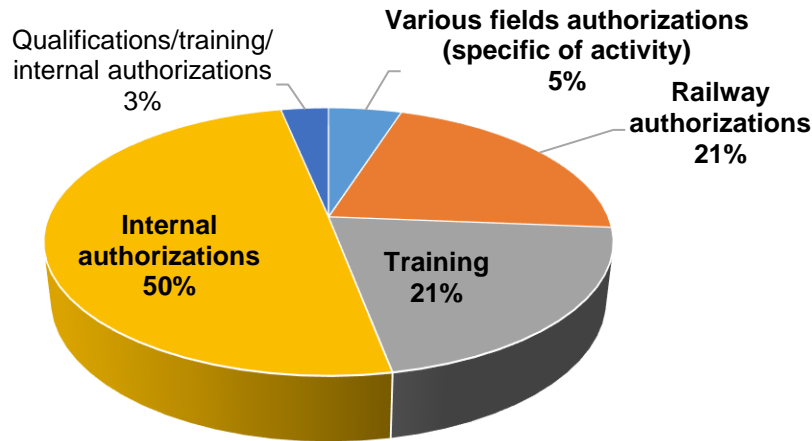


Chart 12- Type of professional training and authorization

The assessment of the professional performance of the employees

The action for evaluating the professional performance of employees for the activity carried out in 2019 took place between February - March 2020, in accordance with the Regulation for evaluating the performance of employees.

In accordance with the provisions of the same Regulation on the evaluation of employees' performance and the Decision of the Director General 1.547 employees out of a total of 1.599 employees existing on 31.12.2019 were assessed.

In the assessment process were not included employees with suspended individual employment contracts, including the ones who were temporarily unfit for work and did not have at least six months of activity in 2019, and employees who, during the period under assessment, ceased their individual employment by voluntary departure or other causes.

The results of the evaluation were included in the Report on the evaluation of the professional performances of the employees of CONPET SA for the activity carried out in 2019.

The evaluation of the professional performance of employees in 2020 will be carried out on the basis of a new evaluation regulation, which was approved by the Board of Administration in December 2019. The new Regulation is in line with OGS no. 600/20.04.2018 approving the Code of Internal Control Management, Law no.53/2003 republished. - the Labor Code, as well as with the Board of Administration requests, that focus on the individual professional performance, a basic principle in labor relations.

The new evaluation criteria, individual objectives, performance indicators, target values and weights associated thereof, for the activity carried out in 2020 by the employees in management positions, were subject to conclusion addenda to individual employment contracts of the employees, as laid down in each entity.

3.2. Investments conducted during January-September 2020

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

CONPET finances from the modernization quota the investment objectives Included in the rehabilitation, modernization and development programs agreed with the National Mineral

Resources Agency under the concession Oil Agreement.

Between January - September 2020 were carried out investments amounting 66,090 thousand RON, as compared to a programmed amount of 70,523 thousand RON.

As compared to the annual program of 97,500 thousand RON, the investments achieved in 9 months represent 67.8%.

The value of the investment objectives achieved in the first 9 months of 2020, on assets belonging, as compared to the approved program and the same period of 2019, is as follows:

Investments (Thousand RON)	Budget YEAR 2020	January- September 2020			Budget YEAR 2019	January- September 2019		
		Achieved	Program	Level of Achievement %		Achieved	Program	Level of Achievement %
Total investments, out of which:	97,500	66,090	70,523	94%	86,000	55,168	53,208	104%
Public domain	76,373	58,077	56,431	103%	71,375	49,161	47,280	104%
Operating domain	21,127	8,013	14,092	57%	14,625	6,007	5,928	101%

Table 12 - Investments achieved between January - September 2020 as compared to Budget 2020 and the similar period in 2019

The investments achieved in the 9 months period 2020, as compared to the program and the same period of the previous year, on financing sources, are being presented in the chart below:

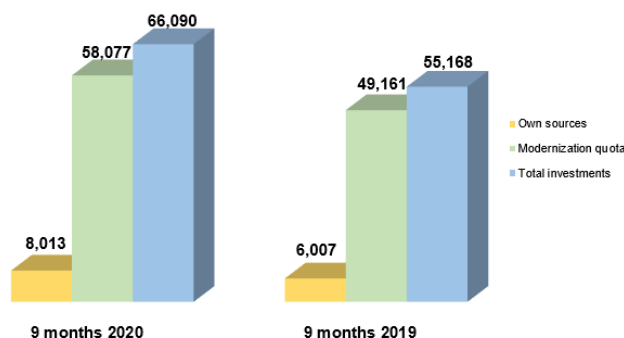


Chart 13 - Investments achieved by financing sources

The statement of the main investments ongoing in the first 9 months of 2020 is the following:

Public domain

- Systematization 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 West Railway Station, Ploiesti city, Prahova.

The execution works have been completed and the actions are in progress to make the reception of the works and commissioning.

- Replacement of the crude oil pipeline Ø10¾”, F2-Siliște-Ploiești, in the area Brazi Stadium - interior Petrobrazi Refinery, Prahova County, on a length of approx. 1170 m and replacement of the cleaning installation.

The common platform for the smart pigging stations, filters and SKIDs and the foundations of smart pigging stations and filters were developed, and the installation of the 10 3/4" pipeline was performed on about 1,100 linear feet. SKID 10".

Drilling was carried out at the under crossing of a concrete road and beam pipes OMV PETROM and the project of replacement SKID 10 with SKID 20 was developed. The pipeline installation works are ongoing. The technical project "Replacement of SKID 10 with SKID 20" is being checked for the categories of designed works.

- *Replacement of the 14 inch crude oil pipeline Bărăganu-Călăreți resulted following the smart pigging (on sections) on a length of 15972 m, with a repair coefficient estimated over 0,8.*

The installation works have been completed on 12 sections out of 13, for a length of 15.126 linear feet of the pipeline and works on the last section are being carried out.

- *Replacement of a section of about 500 m length pipeline 59/16 Copăceni - Vega Refinery and smart pigging stations.*

The design stages, obtaining permits/agreements, endorsement of technical papers in the Technical - Economic Board of Conpet were completed, the building permit was obtained and the pipeline replacement works have been carried out.

- *Replacement of crude oil pipeline Ø 24" Călăreți – Pietroșani (7 sections) in total length of 5.9 km*

The execution and design contract is in progress. The pipeline replacement works were completed and pressure tests were carried out on 5 sections. Only one more section is to be executed because section 5 has not been authorized.

- *Replacement of crude oil pipelines 10 "F1 and F2 Siliște-Ploiești, on a length of about 300 m, located in Aricești Rahtivani, Prahova County*

The execution and design contract is in progress. The Certificate of Urbanism and all opinions/agreements have been obtained. Stage I of the contract has been completed.

- *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 County*

The building permit was obtained and the site was handed over in February 2020 in order to start the execution works. Works were carried out upstream the crossing at the submersible thresholds. All the steps necessary to carry out the receptions at the end of the work and the commissioning have been taken. Receptions are to be carried out at the end of the works.

- *Smart pigging, pipe condition detection 12"F1 and 12"F2 Călăreți - Petrotel*

The site was handed over in early March 2020, but, shortly, the works were soon suspended due to the spread of the new COVID-19 corona virus.

The investigation of both threads has been carried out.

- *The modernization of the cathodic protection system of the pipelines part of NTS (National Transport System) domestic and import stage II*

The design and execution contract was signed in December 2019 for 30 SPCs and their integration in the monitoring system in operation. The technical project is in progress.

Agreements were obtained from the owners, the certificates of urbanism for 11 locations and building permits for 4 SPCs.

- *Crude oil tank R3 Calareti station*

Ongoing execution contract. Tank completed, calibrated. The external works (the gutter, the perimeter pavement of the tank, the pipe vat and the tank pier) were also carried out. The electrical installation is being implemented.

- *Crude oil tank Poiana Lacului station*

Ongoing execution contract. The bottom of the tank and the jacket were made and the access ladder was mounted on the tank and PSI installation manhole. The Dom-type cap with a floating membrane was executed and fitted.

The reinforcement and formwork are being executed at the concrete retention and pouring pier, emptying the water tank. The retention pier is 90% executed.

Preparations are carried out for the execution of electrical works.

- *Orlesti crude oil tank station*

The execution contract is ongoing. The bottom, the tank mantle and the ladder were fitted and the interior painting was carried out.

Floating cap mounting, geodesic dome, technological links per product, sacrificial anodes, shakers, power cables and 50% instrumentation cables, measuring anodes were carried out. The retention pier is being implemented.

- *Modernization of the thermal power plant and heating network - Baicoi Centru Crude oil station*

The execution contract was signed in December 2019, the physical stage of the works at September 30th, 2020 is of 100%. The operation authorization in accordance with the ISCIR prescriptions is to be conducted.

- *Modernization of the thermal power plant - Calareti crude oil station*

The execution contract was signed in December 2019, the works being completed at September 30th, 2020.

- *Modernization of Ciresu ramp*

Approvals and permits for construction and demolition have been obtained.

At 02.04.2020 the site was handed over. The dismantling of the proposed metal shack for scrapping was completed and work was carried out on the industrial sewerage. Concrete platforms were poured at two buildings inside the ramp and the metal structure was installed at one building.

- *Modernization of Berca ramp*

Ongoing execution contract. At September 30th, 2020, the works were executed in proportion of 75%.

- *Modernization of Imeci ramp*

The execution contract is ongoing. The assembly works of the metal structure and the repair works for the buildings in the project are completed. Mounting of metal garment of the crude oil loading ramp – is made in proportion of 50%.

The work of casting foundation house crude oil pumps is completed. The works of mounting the metal structure of the house crude oil pumps are in progress.

- *Modernization of Marghita ramp*

The execution contract is ongoing. The works were executed in proportion of 30%.

- *Modernization of locomotive parking shed Biled Ramp*

The execution and design contract is in progress. The technical project is under approval by the Economic Technical Council of Conpet.

- *Optimization of SCADA system and upgrade of Hardware and Software of the remotes transmission units (RTU)*

In September, 2017 has been initiated the implementation of the SCADA System optimization and the Hard and Soft upgrade of the data and automation Transmission System. At September 2020, 5 stages are completed. The estimated execution stage is of 89%, the equipment being installed and the functional tests performed in 27 locations and commissioning in 21 locations, out of a total number of 29.

- *Geographical patrimonial inventory system*

3 stages of the contract have been completed, stage 4 is in progress.

Implementation stage is estimated at 91%.

At the time of reporting, the implementation of the project is affected by the pandemic crisis, the contractual deadline being extended by 60 days.

II OPERATOR FIELD

In the first 9 months 2020 have been achieved investments in the operator domain amounting to 8,013 thousand RON, representing 57% of the program for this period and 38% of the annual program, as follows:

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

The execution contract is ongoing. The common platform for the smart pigging stations, filters and SKIDs and the foundations of smart pigging stations and filters were developed, and the installation of the 10 ¾" pipeline was performed on about 100 meters.

The access and works execution procedures inside the Brazi Refinery are initiated. The isometrics were executed in the workshop for the road under crossing areas. Pipeline mounting works were carried out on the common route with 10 ¾". The pipeline installation works are ongoing.

- *Upgrade of the Conpet SA headquarters building in Ploiesti, 7 Independentei Avenue.*

Execution contract signed on 02.04.2020. Handing over of the site on 24.04.2020. The work is carried out according to the graph. The degree of achievement of the works is of 50%.

- *Headquarters 2, CONPET - Electric Power Supply - power addition*

The works in the user installation are completed. The new transformer post was switched to the new position in June. The formalities for the reception at the end of the work are ongoing. The connection work is completed. SDEE Ploiesti is going to issue the Connection Certificate.

- *LDH 700 HP transformation*

The execution contract is in progress. Stage C has been completed: repair works, mechanical preparatory locksmithing and subdivision. The commissioning will take place in 2021.

Within the Maintenance Development Unit, at the end of the third quarter, 13 design works were in progress.

In the first 9 months 2020, 10 works with a total investment value of 31,324 thousand RON were approved in CTE Conpet, as follows:

- Execution of technological sewerage modernization works at crude oil tanks R2 and R3 – Baicoi Station, with an estimated designer value of 255 thousand RON;
- Execution of water supply works from underground at Pecica crude oil loading ramp, Arad County", with an estimated designer value of 273 thousand RON;
- Replacement of a section in pipe length of 3,530 m with diameter of Ø 12 3/4" and Ø 14 3/4" Cartojani - Ploiești in the tributary of the Neajlov River and the forest of St. Gheorghe with an estimated designer value of 3,703 thousand RON;
- Replacement a pipeline section, about 3,436 m in length 10 4" in diameter, from the pipeline 10 4" Icoana – Cartojani necessary to be replaced, which has as starting point the entry to the forest from park 4 Roata ending to the exit part of forest park 4 Roata", with an estimated value by the designer of 3,456 thousand RON.
- Power supply for the charging station electric locomotive batteries Ramp discharge of Barbatesti crude oil, with an estimated designer value of 82 thousand RON.
- Modernization of the crude oil pumping system in Potlogi Station, Dâmbovița County and modernization of the crude oil pumping system in Ochiuri Station, Dâmbovița County, with an estimated designer value of 6,918 thousand RON.
- Project A586 revision according to the specific conditions of the Moreni Crude Oil Pumping Station. Regarding: Project A646 – Construction of two new oil tanks (V – 2500 c.m.), Moreni crude oil pumping station, Dâmbovița county", with an estimated designer value of 9,563 thousand RON,
- Technical project "Design and execution for the installation of a frequency converter for the supply of the PG 001B pump in the Videle Crude oil Automated Station", with an estimated designer value of 147 thousand RON
- Revised Technical Project 160/5892 Rev.2 "Safe over crossing of the Arges River with pipelines Ø123/4" and Ø143/4" Cartojani-Ploiești, Găiseni, Giurgiu county, with an estimated designer value of 2,308 thousand RON
- Revised Technical Project and Revised Task Book "Decommissioning crude oil tank (V=2500 cm), Conpet Biled Station, Timis County" with an estimated value of 4,619 thousand RON

Also, in January 2020 the Technical Economic Council of Conpet approved the solution study on the replacement works of the connecting pipes that cross the Danube, respectively wires C1 and C2 and the Borcea arm, wires C3 and C4.

The total estimated value according to the solution study for the replacement of the connecting wires on imported crude oil transmission pipes of 14", 20" and 28", between stations C1-C2 and C3-C4 including crossing the Danube River and the Borcea arm by phased horizontal guided drilling, is of 168.9 million RON excluding VAT, of which 154.6 million RON representing C+M and 1.1 million RON representing design and technical assistance.

Following the completion and approval thereof, in the meeting of the Technical Economic Commission of Conpet, by decision of the Director General no. 202/08.05.2020 and 234/15.06.2020, the technical committee was set up at the level of the company, with the main objective to identify the number of wires that should be replaced taking into account the solution presented and accepted in the solution study on the achievement of the investment objective, replacement of the wires connected to the Danube Crossing C1-C2 and Borcea C3 - C4 arm on the imported crude oil transport pipelines 20" ,

28' and 14'; drafting of the Specification of Tasks of the contracting method (determining the types of prices to be requested and on the basis of which the settlement will be made, establishing the assessment factors, etc.) and identifying the necessary measures to follow up on the progress of the work.

The technical committee set up at company level analyzed the solution study and proposed the development, in a first stage, of a Task Book, which aims to build new Ø20" and Ø28" connection pipeline, at the under crossing Danube C1 – C2 and Borcea Arm C3 – C4 arm through the FOD and to carry out of the related technological links.

The estimated value, for the carry out of the first stage is of 116,677 thousand RON, VAT excluded, according to general Estimation submitted by the designer to the Solution Study phase.

The duration of the work is 16 months from the handover of the site.

Also, in the first 9 months of 2020, 34 specifications for investment objectives (including independent equipment and machinery) were approved in the Technical Economic Committee of Conpet and the procurement procedure for 30 investment objectives (including independent equipment and machinery) was completed.

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

- Modernization of the thermal power plant - Calareti
- LDH 1250 HP transformation
- Rehabilitation of Baicoi station building
- Replacement of Ø10 3/4" F1 + F2 transport crude oil pipeline Siliştea Ploieşti, L= 2 x 3481m, in the areas Ilfoveni-Forest Iuda, Racoviţa valley way, Hăbeni-Comişani, Mija;
- Replacement of crude oil transport pipeline Ø 10 3/4"F1 Bărbăteşti-Orleşti, Budele area
- Cyber Security within the telecommunication system for similar SCADA channels (UPS monitoring, Climate control etc.).
- Vertical systematization in Biled ramp
- Headquarters 2, CONPET - Electric Power Supply - power addition, works in the user installation.
- PABX Telephone Exchange migration to Full-IP
- Replacement of two pipeline sections from the crude oil transport pipeline Ø65/8" Urziceni–Claviatura Albeşti Paleologu section Jilavele-Milestone 1 valve, 1900 m in length and Milestone 2-valve Armăşesti road, 400 m in length.

Commissioning achieved within the first 9 months of 2020 amounted to 35,968 thousand RON, out of which, per financing sources:

- 27,132 thousand RON out of the modernization quota;
- 8,836 thousand RON out of other own sources;

3.3. Analysis of the Financial Business

The financial information presented in this report have been supplied based on the interim financial statements for the nine months period ended September 30th, 2020, prepared in compliance with the International Accounting Standard no. 34 - „Interim Financial Reporting”.

3.3.1. Basis of the Report

The quarterly report of the Board of Administration for the period January - September 2020 is prepared in compliance with the provisions of Article 67 of Law no. 24/2017 regarding financial instruments issuers and market operations and Annex no.13 of ASF Regulation no.5/2018 regarding issuers and securities operations;

3.3.2. Statement of the Financial Standing at September 30th, 2020

In the synthesis, the statement of the Financial Standing at September 30th, 2020 is as follows:

Name of the element (thousand RON)	January- September 2020 (unaudited)	31.12.2019 (audited)	Variation% 2020/2019
Intangible assets	506,312	476,209	▲ 6.3%
Current assets	245,528	290,858	▼ 15.6%
Total Assets	751,840	767,067	▼ 2.0%
Equities	644,139	653,810	▼ 1.5%
Accrued revenues	989	1,074	▼ 8.0%
Total liabilities	106,712	112,183	▼ 4.9%
Total equity and liabilities	751,840	767,067	▼ 2.0%

Table 13 - Synthesis of the company's financial standing at 30.09.2020 as compared to 31.12.2019

The extended version of the financial standing at September 30th, 2020 is presented in Annex no. 1.

The total assets decreased by 2.0% (15,227 thousand RON) as compared to the level recorded at December 31st, 2019 following the decrease of the current assets.

The tangible assets recorded, at 30.09.2020 an increase by 6.3% as compared to December 31st, 2019, generated by input of fixed assets by procurement in a value higher than the amortization registered in the first 9 months, by approximately 30 million RON.

The current assets lowered by 15.6% (45,330 thousand RON), from 290,858 thousand RON, level achieved at the end of 2019, to 245,528 thousand RON, value registered at September 30, 2020. The reduction of the value of current assets was mainly generated by the reduction of the available cash (approx. 42 million RON). Trade receivables and other receivables recorded a decrease of about 4 mRON.

At 30.09.2020, the cash availabilities in the modernization quota in bank accounts were amounted to 121,320 thousand RON, lower by 30,701 thousand RON as compared to 31.12.2019. The cash representing the modernization quota has a special use regime, this being destined exclusively to the financing of the modernization works and development of the goods belonging to the public domain.

The equities lowered by 1.5% (9,671 thousand RON) as compared to December 31st, 2019 reaching 644,139 thousand RON, the decrease being determined, mainly, by the following amendments:

- equity element - the result of the year records a total decrease in amount of 9,931 thousand RON determined by the net profit reported for different periods, respectively 9 months in 2020 and 12 months in 2019.

The current liabilities amounting 87,326 thousand RON are dropping by 5,005 thousand RON as compared to December 31st, 2019.

Structure of Debts

At September 30th, 2020 and December 31st, 2019, the trade receivables and other receivables look as follows:

Debts (thousand RON)	31.12.2019	September, 30 th 2020	Maturity term for the balance at September 30 th , 2020		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	27,179	27,225	27,225	-	-
Other liabilities, here included fiscal debts and social insurances related debts	45,497	39,843	37,260	2,583	-
Total	72,676	67,068	64,485	2,583	-

Table 14 Statement of liabilities at September 30th, 2020 vs. December 31st, 2019

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

Liabilities	31.12.2019	September 30 th , 2020	Maturity term for the balance at September 30 th , 2020		
			Under 1 year	Between 1-5 years	Over 5 years
Salaries and assimilated debts	5,897	5,430	5,430	-	-
Salaries contributions	5,361	5,172	5,172	-	-
Current corporate tax	3,076	3,011	3,011	-	-
Royalty due to the State Budget	8,059	7,522	7,522	-	-
VAT payable	3,074	2,851	2,851	-	-
Other interests and debts - State Budget	981	1,151	1,151	-	-
Payable Dividends	13,411	10,471	10,471	-	-

Liabilities	31.12.2019	September 30 th , 2020	Maturity term for the balance at September 30 th , 2020		
			Under 1 year	Between 1-5 years	Over 5 years
Leasing liabilities	5,469	4,100	1,517	2,583	-
Other liabilities	169	135	135	-	-
Total	45,497	39,843	37,260	2,583	-

Table 15 Statement of other liabilities, here included the fiscal debts and social insurances related debts

Commercial liabilities include payment obligations for purchases of goods and services, mainly intended for the operating activity: services for the transport of crude oil by rail, energy and natural gas, fuel, rents, telephone, etc. The value of purchases for operating activities in the nine months of 2020 has a 54.9% share in total purchases, the difference of 45.1% being represented by obligations to suppliers for purchases of fixed assets.

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

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

3.3.3. Profit & Loss Account for the period January - September 2020

Within the 9 months period ended September 30, 2020, CONPET S.A. obtained a net profit of 48,946 thousand RON, lower by 1,132 thousand RON as compared to 9 months 2019 (50,078 thousand RON).

The financial result achieved in the period January - September 2020, as compared to the rectified approved Budget and the achievements of the period similar to 2019 are the followings:

Indicators (thousand RON)	Achieved Jan.-Sept 2020	Budget Jan.-Sept 2020	Achieved Jan.-Sept 2019	Variation%	
				Achieved 2020/ Budget 2020	Achieved 2020/ 2019
Turnover	304,009	302,630	304,202	▲0.5%	▼0.1%
Operating Revenues	334,368	333,028	329,987	▲0.4%	▲1.3%
Operating Expenses	281,855	286,492	276,492	▼1.6%	▲1.9%
Operating Profit (EBIT)	52,513	46,536	53,495	▲12.8%	▼1.8%
EBITDA	89,582	83,688	88,131	▲7.0%	▲1.6%
Financial Revenues	5,027	4,283	5,939	▲17.4%	▼15.4%
Financial expenses	585	426	52	▲37.3%	▲1025%
Financial profit	4,442	3,857	5,887	▲15.2%	▼24.5%
Total income	339,395	337,311	335,926	▲0.6%	▲1.0%
Total expenses	282,440	286,918	276,544	▼1.6%	▲2.1%
Gross Profit	56,955	50,393	59,382	▲13.0%	▼4.1%
Net Profit	48,946	42,732	50,078	▲14.5%	▼2.3%

Table 16 - The main economic indicators achieved between January-September 2020 as compared to Budget 2020 and the similar period in 2019

Evolution of the financial results during January-September 2020, as compared to the same period of the year 2019 is being represented in the chart below:

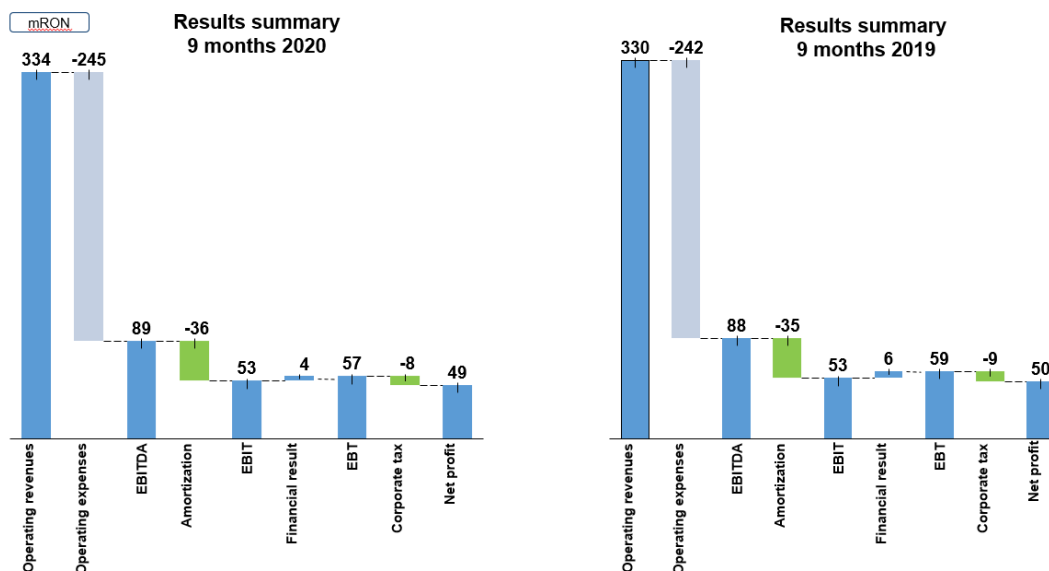


Chart 14 - Synthesis of the financial results achieved 9 months 2020 as compared to 9 months 2019

Operating Revenues

As compared to the budget approved and the same period of the previous year, the total revenues of the operational activity during 9 months 2020 is the following:

Achieved Jan.-Sept. 2020	Budget Jan.-Sept. 2020	Variation % Achieved/Budget	Indicators (thousand RON)	Achieved Jan.-Sept. 2020	Achieved Jan.-Sept. 2019	Variation % 2020/2019
300,979	300,335	▲ 0.2%	Total revenues from transport services	300,979	299,195	▲ 0.6%
3,030	2,295	▲ 32.0%	Other Turnover Revenues	3,030	5,007	▼ 39.5%
304,009	302,630	▲ 0.5%	Turnover	304,009	304,202	▼ 0.1%
24,896	24,811	▲ 0.3%	Write-back to revenues of the reserve constituted based on the expenses with the modernization quota	24,896	23,801	▲ 4.6%
5,463	5,587	▼ 2.2%	Other operating revenues	5,463	1,984	▲ 175.4%
334,368	333,028	▲ 0.4%	Total operating revenues	334,368	329,987	▲ 1.3%

Table 17 - Statement of the operating revenues

Revenues from transport have a share of 99% in turnover.

Other income related to turnover represents revenues from: land rental and telecommunications equipment, shunting cars, sale of tubular material etc.

Operating income also include reserves - the modernization quota transferred to income at the level of monthly depreciation of tangible assets financed from this source. Within the first 9 months of 2020, the value of these revenues was of 24,896 thousand RON.

The operating expenses achieved within January-September 2020, as compared to the same period of the previous year and the budgeted provisions look as follows:

Achieved Jan.-Sept. 2020	Budget Jan.-Sept. 2020	Variation % Achieved % Budget	Indicators (thousand RON)	Achieved Jan.-Sept. 2020	Achieved Jan.-Sept. 2019	Variation % 2020/2019
3,884	4,213	▼ 7.8%	Material expenses, out of which:	3,884	5,292	▼ 26.6%
2,069	2,275	▼ 9.1%	-expenses with consumables	2,069	2,997	▼ 31.0%
1,114	1,164	▼ 4.3%	- fuel expenses	1,114	1,521	▼ 26.8%
9,366	9,598	▼ 2.4%	Other external expenses (with energy and water)	9,366	9,446	▼ 0.8%
121,487	124,223	▼ 2.2%	Personnel Expenses	121,487	119,051	▲ 2.0%
35,877	35,869	□ 0,02%	Value adjustments for fixed assets, less adjustments related to rights of use recognized in intangible assets	35,877	34,636	▲ 3.6%
1,192	1,283	▼ 7.1%	Value adjustments for fixed rights of use recognized in intangible assets	1,192	1,216	▼ 2.0%
80,234	81,352	▼ 1.4%	Expenses with external services, out of which:	80,234	79,635	▲ 0.8%
1,291	1,940	▼ 33.5%	Maintenance (maintenance, current and capital repairs)	1,291	1,977	▼ 34.7%
47,428	46,968	▲ 1.0%	- expenses with crude oil transport by rail	47,428	45,217	▲ 4.9%
505	619	▼ 18.4%	- expenses with decontamination works	505	338	▲ 49.4%
23,038	23,078	▼ 0.2%	- oil royalty	23,038	23,249	▼ 0.9%
7,972	8,747	▼ 8.9%	- other services performed by third parties	7,972	8,854	▼ 10.0%
112	172	▼ 34.9%	Provisions and Impairments of the current assets	112	1,497	▼ 92.6%
29,703	29,782	▼ 0.3%	Other operating expenses, out of which:	29,703	25,718	▲ 15.5%
27,334	27,125	▲ 0.8%	- modernization quota expenses	27,334	23,290	▲ 17.4%
281,855	286,492	▼ 1.6%	Total operating expenses	281,855	276,492	▲ 1.9%

Table 18 - Statement of the operating expenses

In the first 9 months 2020 the operating expenses amounted to 281,855 thousand RON, registering an increase of 1.9% (5,363 thousand RON) as compared to those recorded at 9 months 2019, mainly due to the increase in railway transport costs and the expenditure related to the modernization quota.

As compared to the budgetary provisions for the first 9 months of 2020, the operating expenses incurred were lower by 1.6% (4,637 thousand RON).

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

- personnel expenses: 2,736 thousand RON (2.2%);
- other services performed by third parties: 775 thousand RON (8.9%);

- material expenses: 329 thousand RON (7.8%);
- other external expenses (with energy and water): 232 thousand RON (2.4%);
- maintenance (maintenance, current and capital repairs): 649 thousand RON (33.5%);
- expenses with decontamination works: 114 thousand RON (18.4%)

The operating profit achieved at 30.09.2020, as compared to the same period of 2019 has recorded a decrease by 982 thousand RON (1.8%).

EBITDA records a value by 1,451 thousand RON (1.6%) higher than the one achieved in the previous year.

As compared to the budgetary provisions, the operating profit is increasing by 5.977 thousand RON (12.8%) and the achievement of EBITDA is of 107.0%.

The financial profit achieved in the first 9 months 2020 is lower by 1,445 thousand RON as compared to the same period 2019 and higher by 585 thousand RON as the one foreseen in the Budget.

The gross profit recorded a decrease of 2,427 thousand RON (4.1%), and **the net profit** decreased by 1,132 thousand RON (2.3%) as compared to 9 months 2019.

As compared to the budget, the gross profit is higher by 6.562 thousand RON and net profit exceeds by 6,214 thousand RON the planned value.

The statement of the profit and loss account for the nine months period ended September 30, 2020 is presented in detail in Annex no. 2.

3.3.4. Profitability of the transport subsystems

At the end of 2019, have been analyzed the activities carried out within the various organizational entities providing technical-operational and administrative support and has been assessed the contribution of these entities to the effective operation of transport services. The conclusions of this analysis enabled the criteria for allocating/distributing indirect production costs, respectively administrative, by subsystems, transport relationships and transport types, in order to determine as realistically as possible the transport costs and profitability of each subsystem.

The updated methodology has been implemented starting January 2020.

For the analysis of the revenue, costs and profitability of the two subsystems for the period January - September 2020, respectively 2019, for comparability, the values resulting from the application of the updated cost-sharing methodology were used.

Statement of profitability for the period January– September 2020, as compared to the same period of the year 2019, is being represented in the chart below:

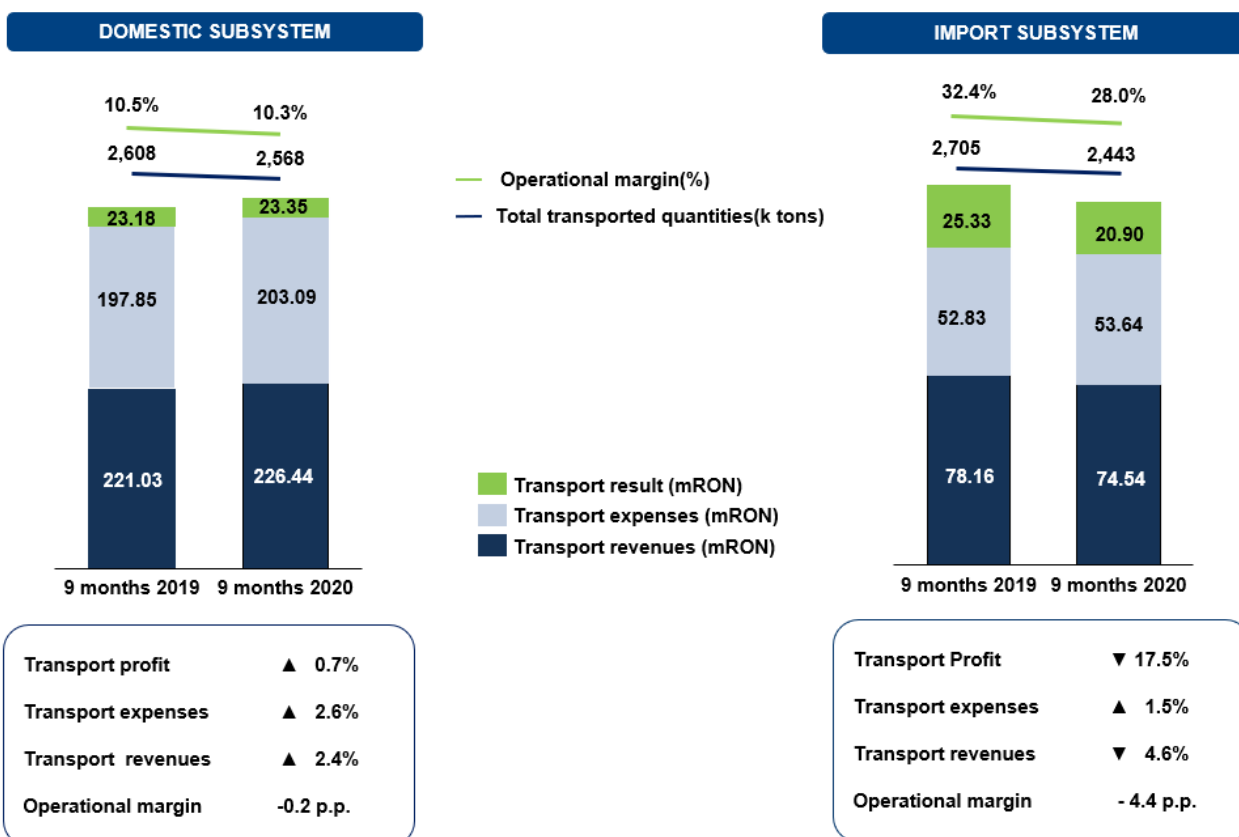


Chart 15 - Profitability of the transport subsystems

In the analyzed period, the profit resulting from transport activity on the two subsystems (domestic and import) decreased over the same period last year, with 4.3 million RON, from 48.5 million to 44.2 million RON. The decrease of the profit was mainly determined by the decrease of transported quantities. On the entire transport network (Domestic and Import) in the period January-September 2020 an average profit per tonne of 8.83 RON/ton was achieved, compared to 9.13 RON/ton in 2019.

The profit margin per domestic subsystem reached 10.3% down by 0.2 p.p. compared to the period January - September 2019, driven by the decrease in the transported quantities.

For the Import subsystem the profit margin was of 28%, down by 4.4 p.p. as compared to the same period of last year, due to the increase in the costs of setting up the modernization quota, while the increase in revenue due to the increase in tariffs was insufficient to compensate for the loss of revenue due to the decrease in the quantities transported.

3.3.5. The main economic-financial indicators

Name of the indicator	Calculation formula	Achieved Jan.-Sept. 2020	Achieved Jan.-Sept. 2019
PROFITABILITY INDICATORS			
Gross sales margin	EBIT (operating profit)	17.3%	17.6%
	Turnover		
Margin operating profit	EBIT (operating profit)	15.7%	16.2%
	Operating Revenues		

Name of the indicator	Calculation formula	Achieved Jan.-Sept. 2020	Achieved Jan.-Sept. 2019
EBIDTA in total sales	EBIDTA (operating profit + value adjustments on tangible, intangible and assets)	29.5%	29.0%
	Turnover		
EBIDTA adjusted in total sales	Adjusted EBITDA	30.3%	28.8%
	Turnover		
EBIDTA in equity	EBITDA	13.9%	13.5%
	Total Equities		
EBIDTA adjusted in equity	Adjusted EBITDA	14.3%	13.4%
	Total Equities		
Gross Profit Rate	Gross result	18.7%	19.5%
	Turnover		
LIQUIDITY INDICATORS			
Current liquidity indicator (times)	Current assets	2.8	3.2
	Current liabilities		
The quick ratio indicator (acid test)	Current assets - Stocks	2.7	3.1
	Current liabilities		
PROFITABILITY INDICATORS			
Rate of economic return (RER)	Net result	6.5%	6.5%
	TOTAL ASSETS		
Rate of financial return (RFR)	Net result	7.6%	7.7%
	Total Equities		
Rate of commercial return (RCR)	Net result	16.1%	16.5%
	Turnover		
	Sales costs		
Duration of stocks rotation (times)	Sales costs	0.43	0.61
	Average stock		
Rotation speed of the clients debits (days)	Average stock clients X270	28	29
	Turnover		
Rotation duration of the clients debits (times)	Turnover	9.67	9.18
	Average stock clients		
Rotation speed of supplier credits (days)	Average balance suppliers X270	28	29
	Procurement from suppliers of goods and services		
Rotation speed of the suppliers credits (times)	Procurement from suppliers of goods and services	9.54	9.21
	Average balance suppliers		

Table 19 - Main economic-financial indicators

3.3.6 Implementation of the revenues and expenditure budget for the the period January 1st - September 30th, 2020

Implementation of the Budget January - September 2020 is presented in the format and structure of Order of Ministry of Public Finances no. 3818/2019

		INDICATORS	Cumulated Budget Q III 2020	Cumulated achieved Q III 2020	%
I.		TOTAL REVENUES	337,311	339,395	100.6%
	1	Total Operating Revenues	333,028	334,368	100.4%
	2	Financial Revenues	4,283	5,027	117.4%
II		TOTAL EXPENSES	286,918	282,440	98.4%
	1	Operating expenses, out of which:	286,492	281,855	98.4%
	A.	goods and services expenses	72,635	70,875	97.6%
	B.	taxes, fees and similar levies related expenses	24,850	24,715	99.5%
	C.	personnel expenses, out of which:	124,223	121,487	97.8%
	C0	Payroll expenses, out of which:	114,133	111,713	97.9%
	C1	Salaries expenses	97,188	95,060	97.8%
	C2	Bonuses	16,945	16,653	98.3%
	C3	Other personnel expenses, out of which:	64	64	100.0%
		expenditure on compensatory payments relating to staff redundancies	62	62	100.0%
	C4	Expenses related to the Contract of Mandate and other management and control bodies, committees and commissions	4,157	4,158	100.0%
	C5	Expenses with contributions due by the Employer	5,869	5,552	94.6%
	D.	Other operating expenses	64,784	64,778	99.9%
	2	Financial expenses	426	585	137.3%
III		GROSS RESULT (profit/loss)	50,393	56,955	113.0%
IV		CORPORATE TAX	7,661	8,009	114.3%
V		ACCOUNTING PROFIT REMAINING AFTER THE DEDUCTION OF THE INCOME TAX	42,732	48,946	114.5
VI		INVESTMENT FINANCING SOURCES, out of which:	70,523	66,090	93.7%
VII		INVESTMENT RELATED EXPENSES	70,523	66,090	93.7%
VIII		SUBSTANTIATION DATA			
	1	Number of employees estimated at the end of the year	1,599	1,583	99.0%
	2	Total average number of employees	1,579	1,547	98.0%
	3	Total expenses per each 1000 RON of total revenues	851	832	97.8%
	4	Overdue payables	0	0	
	5	Outstanding receivables	285	35	22.3%

Table 20 Budget execution QIII 2020

3.3. 7 Financial and non-financial key performance indicators

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

In accordance with the administration Plan of CONPET, chapter 7 “Performance indicators and criteria”, during 2018-2022, the performance indicators and objectives are being defined and set out as follows:

Cr t.n o.	Performance indicator	Performance objective	M.U.	Target values					KPI weights for the settlement of the remuneration ratio
				2018	2019	2020	2021	2022	
A. Financial Key Performance Indicators: 25%									
1.	Outstanding payments	Level zero	Thous and RON	0	0	0	0	0	2%
2.	The decrease of the operating expenses = (Operating expenses– Impairments of assets and impairments of provisions)/ Turnover	The maintenance of the share of expenses in the turnover at the level assumed by the Administration Plan	%	80.8%	82.6%	82%	81.5%	81.3%	8%
3.	Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses regarding the settlement of the modernization quota + Impairments of tangible and intangible assets, here included the revaluation differences.	The realization of adjusted EBITDA target assumed by the Administration Plan	Thous and RON	108,443 thousand RON	90,316 Thousand RON	95,987 Thousand RON	98,872 Thousand RON	101,785 Thousand RON	10%
4.	Labor Productivity	Achievement of the labor productivity level provided in the annual approved Budget	Thous and RON pers	100% According to Annual Budget	100% according to Annual Budget	100% According to Annual Budget	100% According to Annual Budget	100% According to Annual Budget	5%

B. NON-FINANCIAL KEY PERFORMANCE INDICATORS: 75%									
B1 OPERATIONAL: 25%									
5.	Framing within the specific consumptions for the crude oil transport (does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in contamination, where the owners do not ease access for remedy).	The target value is lower than the value of the maximal technological consumption, for crude oil	%	Domestic crude oil ≤ 0.361% Import crude oil Lukoil ≤ 0.29% Import crude oil Petrom ≤ 0.143% Import crude oil Midia ≤ 0.108%					3%
6.	Monitoring of the annual electricity average specific consumption for technological purposes	Maintenance of the annual electricity average specific technological consumption at a level of Max 3.3 Kwh/to	Kwh/to	Max 3.3 Kwh/to	Max 3.3 Kwh/to	Max 3.3 Kwh/to	Max 3.3 Kwh/to	Max 3.3 Kwh/to	2%
7.	Achievement of the investments financed out of the modernization quota	Min. Realization 95% of the annual Investments Plan financed out of the Modernization Quota	%	≥95 %	≥95%	≥95%	≥95%	≥95 %	20%
B2 OF CORPORATE GOVERNANCE: 50%									
8.	Implementation/development of the internal control management system in compliance with the legal requirements in force	100% achievement of the actions included in the program	%	100%	100%	100%	100%	100%	20%

9.	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the reporting due deadlines	%	100%	100%	100%	100%	100%	20%
10.	Boost institutional integrity by inclusion of the measures to mitigate corruption as an element of the management plans	Minimum 90% achievement of the measures assumed by the approved Integrity Plan	%	≥90 %	≥90 %	≥90 %	≥90 %	≥90 %	10%

Table 21 - Performance indicators and objectives

Quarterly review of the indicators is to identify possible deviations from targets and corrective action to be taken.

For the first nine months 2020, the total degree of achievement of the performance indicators for administrators is of 101.5% and in structure (financial and non-financial) presents as follows:

Key Performance Indicators	Degree of achievement of financial and non-financial key performance indicators		
	according to the contract of mandate	Achieved Q III Cumulated 2020	Variation
A. FINANCIAL KEY PERFORMANCE INDICATORS	25.0%	26.0%	1.0 pp
B. NON-FINANCIAL KEY PERFORMANCE INDICATORS	75.0%	75.5%	0.5 pp
B1 operational	25.0%	25.5%	0.5 pp
B2 of Corporate Governance	50.0%	50.0%	0.0 pp
Total degree of achievement of the performance indicators	100.0%	101.5%	1.5 pp

Table 22 Degree of achievement KPIs administrators – QIII 2020

The total degree of fulfillment of the key performance indicators was exceeded by 1.5 pp, mainly due to the favorable influence of the level of achievement of the financial performance indicators (1 pp).

A) Non-financial performance key indicators (+1 pp):

Planned Quarterly targets of the financial indicators for 2020 are based on the approved rectified Budget.

✓ **Outstanding Payments Indicator**

At 30.09.2020, the company did not register any overdue payments, the degree of achievement being **100%**.

✓ **Indicator Decrease of Operating Expenses**

The indicator Decrease of Operating Expenses contributed favorably by **0.2 pp**. The objective of this performance indicator is to decrease the share of operating expenses in turnover. The turnover increase by 0.5% and decrease of operating expenses adjusted by 1.8% have favorably influenced the achieved level of the indicator, the achievement degree in the first 9 months 2020 being of **102.2%**;

✓ **ADJUSTED EBITDA Indicator**

The adjusted EBITDA indicator favorably influenced the total degree of fulfillment of the financial indicators, the increase by 7% of this indicator brought an increase of 0.7 pp over the level of 100%

of the total degree. The increase in EBITDA was mainly due to operating profit, which increased by 12.8%. The achievement degree of the indicator in January-September 2020 is of **107%**.

✓ **Labor Productivity Indicator**

The degree of achievement of this indicator in the first 9 months 2020 is of **102.4%**, with a favorable contribution of **0.1 pp**. The increase in labor productivity by 2.4%, compared to the planned one, was achieved from the increase in operating income with 0.4% and from the decrease of the average number of staff with 32 people.

B) Non-financial performance key indicators (+0.5pp)

B1) Operational

✓ Operational Indicator “**Falling under the specific consumptions for the crude oil transport**”

The contribution of 0.5 pp in exceeding the level of 100% of the total degree of fulfillment was brought by the **operational indicator - The inclusion in the specific consumptions to the crude oil transport**, being registered a specific consumption to transport by 17.7% lower than the quarterly target.

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

In structure, the achievement of specific consumption for the crude oil transport on crude oil types and refineries for the period January 01 - September 30, 2020, as well as the average consumption reveals the followings:

Targets cumulated Q III 2020		Achievements cumulated Q III 2020		Indicator's Achievement Degree
Domestic crude oil ≤ 0.361%	0.309 %*)	Domestic crude oil = 0.343%	0.254%	117.7%
Import crude oil Lukoil ≤ 0.29%		Import crude oil Lukoil = 0.17%		
Import crude oil Petrom ≤ 0.143%		Import crude oil Petrom = 0.140%		
Import crude oil Midia ≤ 0.108%		Import crude oil Midia = 0.105%		

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

Table 23 The specific consumption for the crude oil transport on crude oil types and refineries QIII 2020

The achievement degree of this indicator in January 01– September 30, 2020 is of 117.7%.

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

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

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

If the level of achievement of this indicator registers values over 100%, the value taken into account in the calculation of the total degree of fulfillment of the indicators is limited to 100%. The average specific consumption of electric power in technological purpose achieved in January-September 2020 was of 2.54 Kwh/to, under the target level of 3.3 kwh/to, consequently, the achieved indicator is 100%.

✓ *Operational indicator, “Achievement of the investments financed out of the modernization quota”*

The objective of this indicator is the realization of investments financed from the modernization quota of at least 95% of the modernization quota constituted during the reporting period. The degree of achievement of the indicator is being determined based on the formula: Value of investments financed out of the modernization Quota, achieved/Value modernization quota achieved in the reporting year (modernization quota recognized in the expenses) X 100

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

The achieved level of this indicator in the period January - September 2020 is of 212.5% (58,077 thousand RON of investments financed from the modernization quota/27,334 thousand RON modernization quota constituted in the 9 months period 2020) and for determining the total degree of achievement of indicators at 9 months 2020 it was taken into account 100%.

B2) Corporate Governance Indicators

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

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

The indicator is determined as a ratio between: number of shares realized/Number of shares planned as per the “Program for the development of the internal/management control system of CONPET S.A.(RO. PDSCIM) *100.

The degree of achievement of the indicator assumed by the Management Plan is 100% when all the measures provided for in the program are carried out on time or are zero, if one or more of the measures contained in the PDSCIM are not carried out.

In the period January - September 2020 all the activities in the development program of the internal control management system of CONPET S.A., with a permanent term and all the actions due in the period January - September 2020 have been completed and, consequently, the degree of achievement is 100%.

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

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

The value of this indicator is being determined by the formula: number of measures fulfilled in due term/number of measures proposed X 100.

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

- If the indicator is 90% achieved and over 90%, then the achievement degree of the indicator is 100%.
- If the achieved indicator is lower than 90% , then the achievement degree of the indicator is 0.

In the first 9 months 2020 the level of this indicator was of 100% (25 measures fulfilled up to 30.09.2020/25 measures proposed in the integrity Plan).

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

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

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

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

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

In the first 9 months 2020, the level of this indicator was of 100%.

As per OMPF no.1952/2019 on the regulation of the monitoring procedure related to the implementation of the GEO no.109/2011 on Corporate Governance of the Public Enterprises, the state of achievement of the key-performance indicators in the mandate contracts are being communicated by reporting S1100 containing the following annexes:

- Annex no1. "Monitoring the application of the provisions of GEO no.109/2011",
- Annex no.2 "Auditing the annual financial statements. The state of achievement of the key performance indicators of the contracts of mandate"
- Annex no.3 "The List of the administrators of the public enterprises"

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

a) up to July 20, Annexes no.1 and 3 for the first quarter of the reporting year and Annex no.2 for the previous reporting year;

B) up to January 20 of the year following the completion of the reporting period, Annexes no.1 and 3 for Half II of the previous reporting year.

Thus, Annexes 1 and 3 for the Second Semester 2019 were sent to the Ministry of Economy, Energy and Business Environment in time, on January 14th, 2020, with the address no. 1567.

Annexes 1 and 3 for Half I 2020, namely Annex 2 for the year 2019 have been submitted to the Ministry of Energy on 16.07.2020, with address no.22055 of Conpet SA, registered at the Ministry with no. 451055/16.07.2020.

Directors with contract of mandate

The financial and non-financial performance indicators for the Director General and the Economic Director have been approved by Decision of the Board of Administration no.33/18.12.2018 and for the Deputy Director General have been approved by BoA Decision no.8/19.03.2019, the targets and shares thereof for the period 2018-2022 are provided in Annex no.1 to the Addendum no.1 to the directors mandate contracts and are being individually calculated based on the calculation model contained in Report no.49228/17.12.2018.

For the first nine months 2020, the total degree of achievement of the performance indicators for administrators is of 102.9%.

In structure, the quarterly (QIII 2020) degree of achievement of the key performance indicators reveals the following:

Key Performance Indicators	Degree of achievement of financial and non-financial key performance indicators		
	according to the contract of mandate	Targets cumulated Q III 2020	Variation
A. FINANCIAL KEY PERFORMANCE INDICATORS	50.0%	52.0%	2.0 pp
B. NON-FINANCIAL KEY PERFORMANCE INDICATORS	50.0%	50.9%	0.9 pp
B1 operational	30.0%	30.9%	0.9 pp
B2 of Corporate Governance	20.0%	20.0%	0.0 pp
Total degree of achievement of the performance indicators	100.0%	102.9%	2.9 pp

Table 24 Degree of achievement KPIs directors with contract of mandate - QIII 2020

3.3.8. Cash Flow

The Cash-flow Statement for the nine months period ended September 30th, 2020 is as follows: (DIRECT METHOD)

	Name of the element (thousand RON)	January - September 2020	January - September 2019
A	Net cash from operating activity	61,157	76,406
B	Net cash from investment activities	(49,740)	(33,556)
C	Net cash from financing activities	(53,026)	(62,108)
	Net increase of the cash and cash equivalents=A+B+C	(41,609)	(19,258)
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	196,968	240,424

Table 25 - Synthesis of the cash-flows for the nine months period ended September 30, 2020, as compared to September 30th, 2019

The extended version of the Interim Statement of Cash Flows for the 9-months period ended September 30th, 2020 is presented in Annex no.3.

The value of net cash flows from operating activity records a decrease by approximately 15.2 million RON generated by the increase in the amounts allocated from the revenues for the modernization quota (transport tariffs in 2020 include a higher modernization quota than the share of tariffs used in 2019) but also by the payments to suppliers for purchases of goods and services for the previous period, lower than in the 9 months 2019 period compared to 9 months 2020 (2020:

27 million; 2019: 19 million). The decrease in operating cash was also influenced by increased wages, with higher payments to employees.

Cash outflows for payment of assets generated a net negative cash flow from investing activities in amount of 49.7 million RON. Net cash registers a negative value, increasing by aprox. 16 million RON due to the increase in the amount of payments to investment providers between January and September 2020, as compared to the same period of the previous year.

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

From the total of 197 million RON in the balance as of 30.09.2020, the share of the modernization quota is of 121 million RON.

3.3.9. Related party transactions

Between 01.01 - 30.09.2020, the Company performed the following significant transactions with related parties:

Thousand RON				
Partner	Unsettled amounts at December, 31st 2019	Procurement Period 01.01-30.09.2020	Settlements Period 01.01-30.09.2020	Unsettled amounts at September, 30th 2020
SNTFM CFR Marfă S.A.	5,075	57,514	55,714	6,874

*The amounts are in RON and VAT inclusive.

Table 26 - Purchases from related parties

3.4. Other aspects

3.4.1. Situation of lands not included in the share capital

At 30.09.2020 CONPET has registered in the company's patrimony lands with surface of 733,648.93 Sq.m, with a fair value of 22,584,099 RON, held based on the land ownership Certificated (709,949.07 sq.m) and sales contracts (23,699.86 Sq.m).

The company has augmented the share capital with some part of the lands held based on the land ownership certificates (Ro. CADP), not being included in the share capital lands with a surface of 554,537.62 Sq.m, being comprised in 48 CADP. The land ownership certificates for these lands have been obtained during 2001-2005 and the value assessed at the date of acquiring the certificates, set out in compliance with GD no.834/1991 is of 26,708,233 RON. These lands have been recorded in the company's patrimony at the expense of equity. The fair value of these lands at 30.06.2020 is of 12,348,115 RON.

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

Thus, under the lands appraisal reports, in compliance with the provisions of Art. 6 Para (3) of GD no.834/1991 ulterior completions and amendments, drafted by expert valuers, the Board of Administration has summoned the Extraordinary General Meeting of Shareholders, on 19.05.2016, in first call, namely 20.05.2016, in second call. At both EGMS meetings the quorum

has not been met.

Although there have been convened two general meetings of shareholders, the Board of Administration has summoned a new EGMS for 05.07.2016, with the same Agenda. Following the cast vote by the shareholders present and represented, the proposal to augment the share capital has not been approved, due to the lack of necessary quorum for approval votes.

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

Based on the new appraisal report has been convened the EGMS, on 04.07.2019 in first call and 05.07.2019 in second call, with the Agenda - Approval of the augmentation of the share capital by maximum value of 101,763,954.60 RON, representing contribution in kind (lands) in amount of 59,751,935.10 RON and cash amounting to maximum 42,012,019.50 RON, from the current value of 28,569,842.40 RON at the value of maximum 130,333,797 RON, by issuing a number of maximum 30,837,562 new shares, nominative, dematerialized, at a price of 3.3 RON/share, equal to the nominal value, without share premium.

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

On 24.09.2020, on the basis of the request of the Board of Administration, the EGMS issued Resolution No. 1, by which it approved the initiation of the operation to augment the share capital by the value of the lands held on the basis of the 48 ownership certificates and the initiation of formalities to the N.R.C. with a view to appointing an authorized assessor for the valuation of the land.

By application registered under No. 68468/29.09.2020, Conpet S.A. Ploiești requested the National Trade Registry Office of the Prahova Law Court to appoint an expert assessor, under the terms of Articles 38 and 39 of Law 31/1990 on companies, republished, with subsequent amendments and additions, to assess the contribution in kind representing the land for which Certificates of ownership have been obtained.

The delegated judge of the National Trade Registry Office of the Prahova Tribunal ordered by resolution of 30.09.2020 the appointment of an expert assessor.

3.4.2.Litigations

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

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

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

File no. 2782/229/2018 - Fetesti Court - in the course of settlement

Trial stage: First court on merits

Parties: Conpet SA –claimant
Zacon Trandafir - respondent

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

Court hearing: 26.11.2020

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

At 30.09.2020, CONPET S.A. had a number of 12 files before the courts in different procedural stages, having as subject the claims of the landowners related to the lack of use of the owned lands transited by the major pipelines that are part of the Crude Oil National Transport System. Among these, we list a number of 8 cases that we consider to be important in terms of the amount of the applicants' claims and representative through the legal content of the applications (the rest of the cases outlining some of the types of legal proceedings listed below):

Case 1.File no. 3451/108/2016 **– Timisoara Court – pending

Trial stage: Appeal - retrial

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

Clarifications: The Territorial Administrative Unit of the city of Pecica has filed a petition requesting the court to order the obligation of the defendant CONPET S.A. to divert the crude oil pipeline that crosses a number of 22 plots of building land, intended for housing construction, to pay the amount of 65,000 Euro representing the value of the house located in the plot no. A141.7760/5/174, registered in the Land Register no. 306869, because this can no longer be used, to pay an annual rent, during the existence of the pipeline, as a result of the enclosing of the areas shown above by the right of legal servitude exercised by CONPET S.A. and to compel the defendant CONPET S.A. to pay compensation for the period 31.10.2014-31.05.2016 as a result of the limitation of the attributes of the ownership of the 22 plots of building land and the decrease of the fair market value of the land in the real estate market due to the restrictions imposed by Order no.196/2006 of NAMR regarding constructions. At the same time it ruled the obligation of the respondent Conpet S.A. as to adjust every 3 years the amount of compensations to the

circulation value at that time of similar plots of land and to the provisions of the future orders of NAMR.

By the Report dated 07.06.2018 the High Court of Justice declared Conpet's appeal as inadmissible, being promoted against a final judgment, which does not fit into the hypothesis regulated by Art. 483 Para. 1 Code of Civil Procedure. By the conclusion of 10.10.2018, the High Court of Justice basically admits the appeal declared by the claimant-defendant Conpet S.A. against the civil decision no. 761/A of November 23rd, 2017 issued by the Timișoara Court of Appeal – Second Civil Section.

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

Court hearing: 23.11.2020

2. File no. 1372/212/2017 - Constanta Court - in the course of settlement

Trial stage: First court on merits

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

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

Court hearing: 07.01.2021

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

Trial stage: First court on merits

Dumitru Mitu and Mitu Rodica filed for a trial by applying the obligation of Conpet to payment of compensation for the two plots of land, situated in the village Lazu, Agigea comune, Constanta county affected by the routing of some pipes carrying petroleum products, as well as the obligation of the defendant to pay an annual rent for lack of use of the land affected by the exercise of the right of legal easement, starting with the date of 20.06.2014 and compensation in the form of an annual payment for the assignment of the partly use of the land on which the pipe is located, with the obligation to pay the trial costs.

Conpet SA filed a counterclaim by which it requested the court to oblige the claimants to allow CONPET S.A. the exercise of the right of legal servitude established by the provisions of art. 7 et seq. of Law no. 238/2004 on the two plots of land owned by the claimants. The right of legal servitude shall be exercised on a 2.4-meter-wide corridor located along the F2 Ø 20 " Constanța-Bărăganu crude oil major pipeline for the purpose of permanent access to the pipeline for the day-to-day inspection of the pipeline condition and for performing any repairs and to set the amount of the annual rent prescribed by the law owed by Conpet to the claimants in exchange for the exercise of the right to legal servitude. Conpet also formulated a petition of summoning in guarantee of the MINISTRY OF PUBLIC FINANCES and the NATIONAL AGENCY FOR MINERAL RESOURCES (A.N.R.M.) so that if CONPET S.A. Ploiesti falls in claims regarding the claims of the claimants formulated in the legal petition to compensate us with the amount that we shall be obligated to pay the claimants.

Court hearing: 04.11.2020

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

Trial stage: Appeal

Cîrstea Stelian and Cîrstea Gherghina filed a petition of trial asking the court to rule the obligation of Conpet SA to pay the lack of use from the date of acquisition of land - namely 06.10.2014, lack of use that is provisionally valued at the amount of 1,000 RON - following to increase iota application for summons after taking evidences and order CONPET SA to raise their pipelines and related facilities on land owned by the applicant and to the extent that it is not possible to be ordered defendant to pay a monthly amount equivalent to the value a rent for land occupied and damaged pipes and plants on it - the rent on the free market.

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

Clarifications: By the sentence no. 2797/23.07.2018 the Ploiești Court admits the request in part. It also dismissed as unfounded the plea of lack of quality of the Romanian state through the Ministry of Finance. It rejected as ungrounded the request of indicating the holder of the right formulated by the claimants in contradictory with the defendants: the Romanian State through the Ministry of Public Finances, the National Agency for Human Resources. It admitted in part the petition formulated by the claimant Conpet SA Ploiesti in contradictory with Biodiesel SA. Admits in part the request made by the plaintiffs in contradiction with the defendant Conpet S.A. Orders the defendant SC Conpet SA to pay to the complainants the sum of 350 RON representing the consideration of the non-use for the period October 2014 – October 2019 and subsequently the sum of 70 RON/year as an annuity for the duration of the concession. Admits the defendant Conpet SA's request for the refund of the judicial fee paid in addition to the resolution of the application for recusal of expert Ionescu Steliana. It provides for the refund to the defendant Conpet SA of the judicial stamp duty in the amount of 100 RON. Orders the defendant Conpet SA to pay the plaintiffs the sum of 95 RON in costs. The Decision was appealed by the respondents.

Court hearing: --

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

Trial stage: Merits- retrial

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

Clarifications: By the judgment no.1000/05.11.2019 the Moreni Court partially accepts the main part of the petition.

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

Court hearing: 19.10.2020

6. Case File no. 21382/281/2015 - Ploiești Court – pending

Trial stage: First court on merits

lordache Margareta initiated a legal suit requesting the court to rule the obligation of the respondent Conpet to pay the value of the non-use of the claimant's property, land located in Blejoi commune, Ploiestiori village, Prahova county, for the last three years prior to the introduction of the action.

Clarifications: By the Conclusion of 02.05.2017 the Ploiești Court suspends the trial of the case under art. 242 subsection (1) of the Civil Procedure Code. (Failure of the applicant to the obligations imposed by the court) In December 2017 the case was reinstated

By the decision no. 2624/01.02.2018 the Ploiești Court admits the request. It rejected the action as ungrounded. The judgment may be appealed after communication.

Court hearing: --

7. Case File no. 5413/204/2017 – High Court of Cassation and Justice – pending

Trial stage: Appeal

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

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

Clarifications: By the decision no. 2804/11.11.2019 the Ploiești Appellate Court rejects the appeal declared by the appellant Dobrogeanu Dumitru as unjustified. Admits the exception of the inadmissibility of the appeal. The court rejects as inadmissible the appeal declared by the appellant Dobrogeanu Păun loan. The decision was attacked with recourse by Dobrogeanu Dumitru and Dobrogeanu Păun loan.

Court hearing: --

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

Trial stage: First court on merits

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

Conpet formulated the counterclaim/re conventional petition requesting the court:

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

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

Court hearing: 27.10.2020

c). Litigations brought before the administrative court

CONPET S.A. Has 2 litigations pending before courts:

1. Case File no. 6575/105/2017 – Ploiești Court – pending

Trial stage: Appeal

By the intermediate Decision no. 442/23.02.2018, the Prahova Tribunal rejected the request of CONPET S.A. to suspend the measures of the Court of Accounts established by Decision No. 14/21.06.2017 to send the amount of 927,154.06 RON representing income to the state budget of exploiting the tubular material resulting from the decommissioning of parts of the tangible assets owned by the state public domain, together with interest and penalties relating thereto, up-to-date at the time of payment and sending to the state budget, the discounted value, of the amounts identified in view of the enlargement of the checks on the net amounts resulting from the exploit of materials related to tangible assets belonging to the state public domain, dismantled and decommissioned. CONPET S.A. appealed the intermediate Decision No 442/23.02.2018 at the Court of Appeal in Ploiesti.

By sue petition, CONPET S.A. appealed against the Conclusion no. 78/09.08.2017 issued by the Court of Accounts of Romania requesting that the sentence of the Court orders:

a) Cancellation of the Conclusion no. 78/09.08.2017 issued by the Romanian Court of Accounts respectively:

- *Recital 2 regarding Point II of the Opposition no. 27718/10.07.2017 (regarding the measures no. 1.2 and 1.3 of the Decision no. 24/21.06.2017, for removing the deviation presented in points 2 and 3 of the same decision), the findings of point A and B.*

b). Cancellation of a part of the Conclusion no. 14/21.06.2017 issued by the Court of Accounts of Romania, respectively:

- **The findings presented in point 2** regarding the decommissioning and valorisation of certain pipeline sections belonging to the National Transport System - part of the public domain of national interest, without previously being passed a decision of transfer from the state public domain to the private domain, for the purpose of drawing up the documentation of decommissioning and disposal;

- **The findings presented in point 3** regarding the fact that in 2016 a recovered buried pipe was capitalized by tender for recoverable buried pipe according to the recovery procedure approved by the Regulation on the conditions for participation in the tender and the modality of organizing the tender for the capitalization of buried and/or overground metal tubular material. *The valorisation was made before the adoption of a government decision approving the transfer from the public domain of the state to the private domain for the purpose of valorisation, according to the law;*
- **Measure no. 2 regarding the carrying out of the inventory** for identifying the sections of the National Transport System that have been abandoned or decommissioned as a result of the investments made in the National Transport System within the rehabilitation, modernization and development programs realized and the transmission of the results of the ANRM for initiating the government decision to approve the passage from the public domain of the state to the private domain of the state in order to remove them from service. *The regulation by internal procedure of the way of removing, dismantling and capitalizing the parts of the National Transport System decommissioned following the works of rehabilitation, modernization and development performed by the concessionaire;*
- **Measure no. 3 regarding the transfer of the amount of 927,154.06 RON** representing income to the state budget from the recovery of the pipeline material resulting from the decommissioning of parts of the tangible assets belonging to the public domain of the state, together with the related interests and penalties, updated at the date of payment. *The extension of checks to identify all the net amounts resulting from valorisation related to tangible assets belonging to the public domain of the dismantled, decommissioned state and their transfer to the budget, at the present value.*

c). The suspension of the measures established by Decision no. 14/21.06.2017, issued by the Prahova Chamber of Accounts, points no. 1.2 and 1.3, and measures 2 and 3 thereof until the final settlement of the case.

By the Conclusion of 23.02.2018 the Prahova Tribunal rejects the request to suspend the execution of the administrative act, as unjustified. The judgment was attacked with recourse by Conpet SA. By the decision no. 2946/19.09.2018 the Ploiești Appellate Court admits the appeal. The court annuls in its entirety the attacked judgement and sends the case for retrial to the same first court on merits. Final. The file regarding the application for suspension was registered at the Prahova Tribunal under no. 6575/105/2017 /a1 *. By the Decision no. 1850/09.11.2018 the Prahova Tribunal admits the petition, orders the suspension of the execution of measures 2 and 3 established by the Decision no. 14/21.06.2017, issued by the Prahova Chamber of Accounts until the final settlement of the case. Enforceable. The judgment was attacked with recourse by the Court of Accounts. By the Decision no. 145/15.02.2019 the Appellate Court rejects the appeal as unjustified Final.

In the case file, by Sentence no. 278/26.03.2020 the Prahova Tribunal admits the request for summons. Partially cancels the Conclusion no. 78/09.08.2017 issued by the Court of Accounts of Romania regarding recital 2 regarding point II of Appeal no. 27718/10.07.2017 (regarding the measures no. 1.2 and 1.3 of the Decision no. 24/21.06.2017, for the removal of the deviation presented at points 2 and 3 of the same decision), the findings from letter A and B. Annuls in part Decision no. 14/21.06.2017, issued by the Prahova Chamber of Accounts, regarding the findings presented in point no. 2, the findings presented in point no. 3, as well as measures no. 2 and no. 3 applied. Takes note that no costs have been claimed. The judgment was attacked with recourse by the Court of Accounts.

Court hearing: 21.10.2020

2. Case File no. 1474/105/2019 * – Prahova Tribunal – pending

Trial stage: First court on merits

The Municipality of Ploiești filed a petition for trial, requesting the court to rule the following:

- the obligation of Conpet to pay the amount of 17,748 RON/month, representing the value of the deprivation of use, starting from 30.03.2016 and until the moment of concluding a contractual form with the respondent, amount that will be updated by the inflation index communicated by the National Institute of Statistics;
- the obligation of Conpet to pay the RON equivalent of the amount of 72,110.17 Euro (VAT excluded), at the official RON/Euro exchange rate, communicated by the National Bank of Romania, valid at the date of payment, representing the value of the deprivation of use for the period 29.03.2013 - 29.03.2016;
- the obligation of Conpet to pay the trial costs incurred by this trial.

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

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

Court hearing: --

D) Litigations in relation to the structure of the share capital

Case File no. 5212/105/2018 –Prahova Tribunal

Trial stage: First court on merits

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

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

Clarifications: Conpet S.A. filed a Call for Romanian State Guarantee through the Ministry of Finance and A.A.A.S.

By the Conclusion of 25.06.2019 the Prahova Tribunal rejects as inadmissible the request for guarantee call of the Authority for the Administration of State Assets, formulated by the respondent Conpet S.A. An appeal was lodged against this decision of the Court by Conpet and the Romanian State through the Ministry of Public Finance. By the same Conclusion from 25.06.2019 the court admitted in principle the request for a Call on Guarantee of the Romanian State through the

Ministry of Public Finance, formulated by the defendant Conpet S.A. and rejected as unfounded the exception of lack of passive procedural quality of the Romanian State through the Ministry of Public Finance. The appeal was registered before the Court of Appeal Ploiesti with no. 5212/105/2018/2. By the Decision no. 515/05.11.2019 the Ploiești Appellate Court admits the exception of the inadmissibility of the appeal declared by the Romanian State through the Ministry of Public Finances. The court rejects this appeal as inadmissible. The court rejects the exception of the lack of interest and the exception of the inadmissibility of the appeal declared by Conpet SA. Dismisses this appeal as unfounded. Final.

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

Court hearing: 23.11.2020

3.5. Analysis of the Corporate Activity

3.5.1. Capital Market Business

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

At the end of the first nine months of 2020, the trading price of CONPET shares recorded a decrease by 5.03% compared to the closing price of the first trading day of the previous year.

In summary, the transactions recorded with CONPET shares on Bucharest Stock Exchange during January– September 2020 are as follows:

- 9,626 transaction have been performed, 20% more YoY (8,004 transactions). At the same time, the total volume of shares traded amounted to 1,126,894 shares, 127.42% higher than the volume recorded during January-September 2019 (495,505 shares);
- The total value of the transactions was of 85,318,210 RON, 2 times higher than the value registered in the same period of 2019 (39,212,315 RON);
- the average trading price was of 76.59 RON/share, lower by 2.55 Ron/share versus the average price of the shares registered during the same period of 2019 (79.14 RON/share);
- the maximum level registered by the trading price was of 86.00 RON/share and has been reached in the first half of June;
- A peak of the transactions was recorded in September 2020, when a total volume of 669,873 shares was traded, amounting 50,069,385 RON, representing 58.97% of the total volume of COTE shares traded during January-September 2020;
- the Market capitalization at the end of QIII 2020 was of 654,509,117 RON, decreasing by 5.26% as compared to the value recorded at the end of the same period of 2019 (690,870,734 RON). At 30.09.2020, as per TOP 100 issuers according to capitalization, CONPET ranked 21.

The main trading indices during January–September 2020 for the shares issued by CONPET are presented in the following table:

Indices	Average price (RON/share)	No. of transactions	No. of traded shares	Value of trades (RON)
Month				
January	80.45	837	80,097	6,426,966
February	79.78	1,109	51,218	4,003,038
March	65.01	2,425	103,613	6,649,820
April	74.37	1,207	63,192	4,699,122
May	81.36	1,072	47,173	3,852,668
June	79.41	1,366	75,098	6,135,457
July	76.93	574	22,541	1,725,346
August	76.20	509	23,089	1,756,408
September	75.80	527	660,873	50,069,385
Cumulated	76.59	9,626	1,126,894	85,318,210

Table 27 - Main trading indices

The evolution of the average trading price of CONPET S.A. shares, during January-September 2020, is the following:

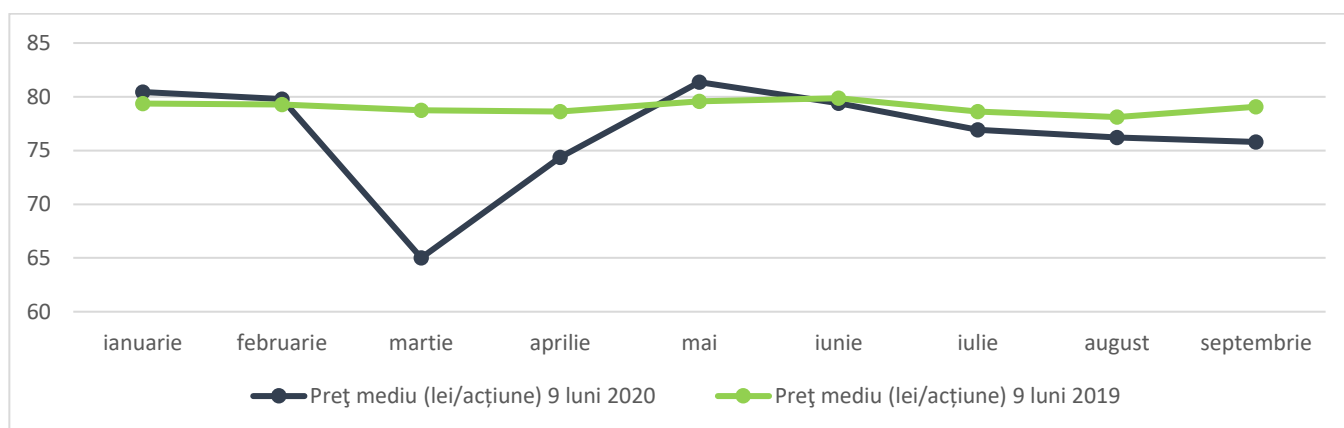


Chart 16 - Evolution of the average trading price of the shares

The stock price series issued by CONPET S.A. followed an upward trend in the first month of the year, recording a severe decrease until mid-March, then increasing slightly, maintaining its upward trend until the end of May. In June the share price was corrected by 7.28%, reaching 79 RON, as a result of the ex-dividend date.

Within the first 9 months of 2020, the average trading price of CONPET shares was below the values recorded within the same period of the previous year.

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



Chart 17 - Evolution of COTE share vs. BET index (rebased) (RON)

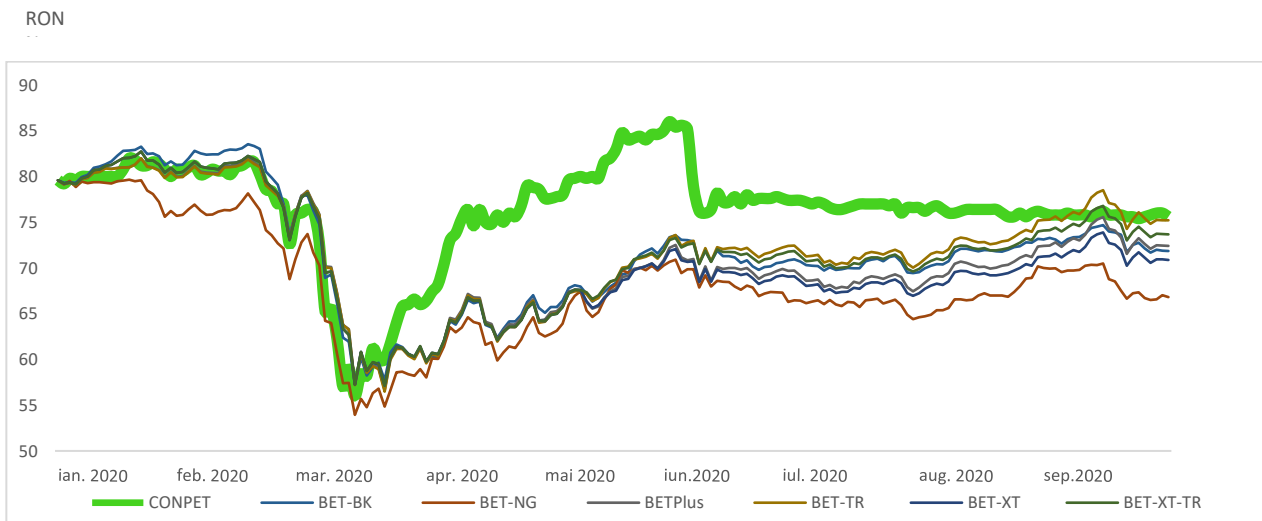


Chart 18 - Evolution of COTE share vs stock Indices (rebased) where is being included 9 months 2020

Own shares, issuance of bonds or other debt instruments

CONPET S.A. did not perform transactions having as scope the purchase of own shares and does not hold own shares at September 30th, 2020. CONPET S.A. has not issued bonds or other debt instruments.

Dividends

Over the last 3 years, CONPET has distributed dividends in a ratio comprised between 88.4%-90% of the net profit.

The shareholders entitled to receive the dividends allocated out of the net profit to be distributed following the end of the financial year are those registered in the Consolidated Shareholders' Registry at the registration date approved by the General Meeting of Shareholders.

CONPET S.A. maintained the dividend policy, the gross dividend per share being of 7.05 RON, ranking second in top dividends distributed by the companies listed at the Bucharest Stock Exchange, category Premium. The dividend yield recorded at the date of dividend approval was of 8.92%.

The Ordinary General Meeting of Shareholders dated 29.04.2020 approved the distribution in the form of dividends of the amount of 57,757,444 RON from the net profit and of the amount of 3,298,140 RON from the reported result representing surplus realized from revaluation reserves.

The aggregate value of the gross dividend is of 7.052311 RON/share.

The evolution of the gross dividend per share within the financial years along the last 5 years is the following:

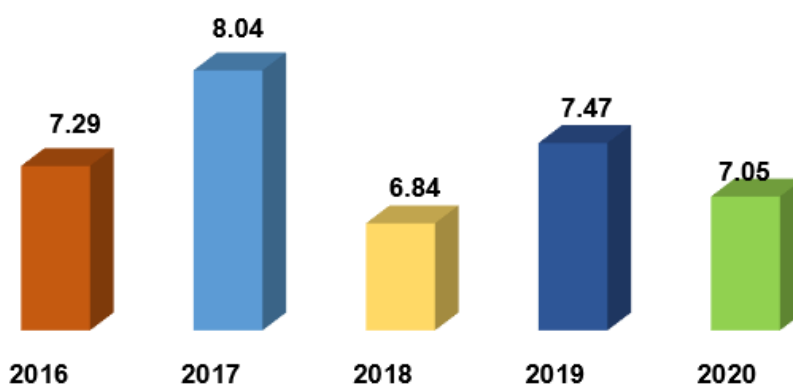


Chart 19 - Evolution of the dividend per share during 2016– 2020

3.5.2. The Executive Management

Over the period 01.01.2020-30.09.2020 the executive management had the following constituency:

Directors:

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 Advisor 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
Director of Critical Infrastructures and Administrative Activities	Eng. DRAGNE Laurențiu Marian	starting 03.02.2020 as per Decision of Director General no. 40/31.01.2020

Table 28 The Executive Management

Head of Units:

Head of Transport Operations Unit	Eng. STOICA Narcis Florin
Head of Maintenance Development Unit	Eng. BUZATU Dan
Head of Critical Infrastructures Unit	Eng. NECȘULESCU Radu Florentin

Chief Engineers:

Production Chief Engineer	Eng. BACIU Dan-Silviu
Development-Maintenance Chief Engineer	Eng. VLĂDESCU Robert Gheorghe

3.5.3. Activity regarding the sponsorship concluded in the first 9 months 2020

The sponsorship actions are being performed following the approval of the Revenues and Expenditure Budget as per the law, falling within the sponsorship expenses broken down by areas of interest.

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

For the year 2020, in the Revenues and Expenditure Budget of CONPET S.A. have been provided sponsorship expenses amounting to 700 thousand RON.

Within the meetings of the Board of Administration of the company there have been approved and paid, until 30.09.2020, sponsorship amounting to 430.000 RON, as follows:

- 35,000 RON - "Education, schooling and sports";
- 380,000 RON - " Medical care and health"
- 15,000 RON - "Other actions and activities"

In the context of the Covid-19 corona virus epidemic which Romania is facing since March 2020, CONPET SA supported, mainly through sponsorship actions, the public health units in Prahova and the humanitarian organization National Red Cross Society, institutions directly involved in the fight against the pandemic at county and national level. In this regard, the projects carried out aimed both at conducting a national campaign to inform the population about the effects of the new virus and to prevent contamination with Covid-19, and the purchase of medical equipment, protective equipment and disinfectants for hospitals in Prahova.

In the health and medical field, 5 objectives were sponsored:

- **The Romanian National Red Cross Society** with the amount of 180 thousand RON, having as object, the development of a campaign to inform the population about the effects of the new CORONAVIRUS and to prevent CORONAVIRUS contamination, respectively the distribution to the population, throughout the country, of informative materials, but especially materials that can prevent infection with the new virus (protective masks, soap, hand sanitizer, napkins and other hygiene products).
- **Ploiești Emergency County Hospital** with the amount of 100 thousand RON, in order to purchase ventilators for anesthesia and intensive care for the development, in optimal

conditions and maximum safety, of the medical activity in the hospital, in the current epidemiological context.

- **Câmpina Municipal Hospital** with the amount of 60 thousand RON for the purchase of protective materials for medical staff and medical equipment necessary for the treatment of patients in the context of the Covid pandemic -19;
- **General CF Hospital** with the amount of 40 thousand RON for the purchase of protective equipment (masks, coveralls, goggles) and disinfectant in order to carry out in good condition the medical activity and epidemiological protection of medical staff in the context of the Covid pandemic -19.

3.5.4. Coronavirus Pandemic Risk Issues (Covid-19)

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

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

4. RELEVANT CORPORATE EVENTS IN THE PERIOD JANUARY - SEPTEMBER 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;

5. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements at 30.09.2020 and for the 9 months period ended September 30th, 2020 were prepared in compliance with IAS 34 - Interim Financial Reporting.

The interim financial statements do not include all information and elements published in the annual financial statements and must be read together with the annual financial statements, prepared at December 31st, 2019.

The simplified interim financial statements at the date and for the nine months period ended September 30th, 2020, included in this report, have not been audited.

Accounting Policies

The accounting policies and the evaluation methods adopted in view of drafting the interim financial statements are compliant with those used at the preparation of the financial statements for the year concluded December 31st, 2019.

Annexes:

Annex no. 1 Interim Statement of the Financial Standing at September 30th, 2020;

Annex no. 2 Interim global result statement for the 9 months period ended at September 30th, 2020;

Annex no. 3 Interim cash-flow statement for the 9 months period ended September 30th, 2020;

Annex no. 4 Statement of the contracts for the procurement of works and products with values higher than 500,000 EURO, concluded during 01.01.2020-30.09.2020.

Annex no. 5 Statement of services procurement contracts with values higher than 100.000 Euro, concluded between 01.01.2020-30.09.2020;

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

**Director General
PhD Eng. CHIȘ Timur Vasile**

**Economic Director
Econ. Toader Sanda**

Annex no. 1

STATEMENT OF THE FINANCIAL POSITION AT SEPTEMBER 30th, 2020

	- RON-	
	September, 30 th 2020 (unaudited)	December, 31 st 2019 (audited)
ASSETS		
Intangible assets		
Tangible assets	494,281,971	463,635,969
Intangible assets	4,720,435	6,339,896
Financial Assets	1,457,405	810,598
Receivables related to the deferred corporate tax	5,851,860	5,422,459
Total non-current assets	506,311,671	476,208,922
Current assets		
Stocks	9,179,374	8,169,862
Trade receivables and other receivables	38,309,246	42,248,700
Cash and cash equivalents	196,967,661	238,576,951
Accrued expenses	1,071,807	1,862,719
Total current assets	245,528,088	290,858,232
TOTAL ASSETS	751,839,759	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	19,072,722	21,111,893
Other reserves	497,979,313	495,540,772
Retained earnings	43,857,468	43,997,162
Year's Result	48,945,829	58,876,719
Total Equities	644,139,142	653,810,356
Accrued revenues		
Investment Subsidies	983,472	1,065,921
Accrued revenues	4,945	8,171
Total Accrued Income	988,417	1,074,092
Long-term liabilities		
Long-term provisions	16,803,664	16,268,908
Other long-term liabilities	2,582,839	3,582,351
Total long-term liabilities	19,386,503	19,851,259
Current liabilities		
Trade liabilities	27,224,625	27,179,134
Current Corporate Tax	3,011,122	3,076,456
Other liabilities	34,249,332	38,838,402
Short-term provisions	22,840,618	23,237,455
Total current liabilities	87,325,697	92,331,447
Total liabilities	106,712,200	112,182,706

	September, 30 th 2020 (unaudited)	December, 31 st 2019 (audited)
TOTAL EQUITIES AND LIABILITIES	751,839,759	767,067,154

Annex no. 2

**INTERIM GLOBAL RESULT STATEMENT FOR THE 9 MONTH PERIOD ENDED AT
SEPTEMBER 30th, 2020**

	- RON-	
	9 months ended at September 30, 2020 (unaudited)	9 months ended at September 30, 2019 (unaudited)
Operating Revenues		
Turnover	304,009,229	304,201,535
Other revenues	30,358,525	25,780,506
Earnings from disposal of assets	-	4,703
Total operating revenues	334,367,754	329,986,744
Operating Expenses		
Expenditure on stocks	3,883,869	5,291,482
Expenses with energy and water	9,365,784	9,445,969
Personnel Expenses	121,487,211	119,051,338
Value adjustments for fixed assets, less adjustments related to rights of use recognized in intangible assets	35,877,013	34,636,086
Value adjustments on rights of use recognized in intangible assets	1,192,117	1,216,198
Impairments of current assets	(26,445)	(480,927)
Expenses related to external services	80,233,826	79,635,349
Loss from disposal of assets	133	-
Impairments related to provisions	137,919	1,978,376
Other expenses	29,703,302	25,718,130
Total operating expenses	281,854,729	276,492,000
Operating Profit	52,513,025	53,494,744
Financial Revenues	5,027,442	5,939,702
Interest expenses on leases	512,681	-
Other financial revenues	72,676	52,534
Financial expenses	585,357	52,534
Financial profit	4,442,085	5,887,168
Profit before corporate tax	56,955,110	59,381,912
Expenses with current corporate tax	8,438,682	9,891,662
Expenses with (revenues from) deferred corporate tax	(429,401)	(587,728)
Profit of the period	48,945,829	50,077,978
TOTAL GLOBAL RESULT	48,945,829	50,077,978
Result per share	5.65	5.78

- RON-

Annex no. 3

**INTERIM CASH-FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30th, 2020**

- RON-

	Name of the Element	9 months 2020 (unaudited)	9 months 2019 unaudited
	Cash flows from operating expenses:		
+	Proceeds from services supply	336,519,591	339,537,261
+	Proceeds from interests related to banking placements	5,694,385	5,955,317
+	Other proceeds	3,850,951	5,327,178
-	Payments to the suppliers of goods and services	89,372,371	85,801,149
-	Payments to and on behalf of the employees	119,221,277	115,960,358
-	VAT Payments	32,243,442	35,534,720
-	Expenses with corporate tax and specific tax	8,504,016	10,206,899
-	Other payments regarding operating activities	35,567,356	26,910,716
A	Net cash from operating activity	61,156,465	76,405,914
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	-	33,670
+	Proceeds from modernization quota	27,334,131	23,289,615
-	Payments for purchase of tangible assets	77,073,753	56,879,215
B	Net cash from investment activities	(49,739,622)	(33,555,930)
	Cash-flows from financing activities:		
+	Proceeds of dividends transferred to Depozitarul Central	-	2,786,508
-	Paid dividends	52,529,478	64,894,819
-	Payments on the debt related to the financial leasing	496,655	-
C	Net cash from financing activities	(53,026,133)	(62,108,311)
	Net increase of the cash and cash equivalents	(41,609,290)	(19,258,327)
	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 the end of the period	196,967,661	240,424,027

Annex no. 4

STATEMENT OF WORKS AND PRODUCTS PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 500.000 EURO, CONCLUDED BETWEEN 01.01.2020-30.09.2020

RON-

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	4,126,231.19	24.04.2020	6	6
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
CUMULATED TOTAL - 2 CONTRACTS CUMULATED VALUE =9,363,914.69 RON											
QUARTER III - 0 CONTRACTS VALUE QUARTER III = 0 RON											
CUMULATED TOTAL - 2 CONTRACTS CUMULATED VALUE =9,363,914.69 RON											

Annex no. 5

STATEMENT OF SERVICES PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 100.000 EURO, CONCLUDED DURING 01.01.2020-30.09.2020

RON-

Cr t.n o.	Name of Contractor	Scope of Contract	Title of contract	Applied procurement procedure	Name of the beneficiary (if different from the contracting authority)	Contract notice number/in vitation of participation	Initial contract value (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	-	47110/03.1 2.2019	996,930.0	996,930.0	04.03.2020	5	5
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	-	16822/02.0 6.2020	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 22/19.02.2020	TENDER	-	16467/03.1 2.2019	2,707,500.0	2,707,500.0	11.08.2020	12	12
TOTAL QIII - 1 CONTRACT VALUE QIII = 2,707,500.0 RON											

Cr t.n o.	Name of Contractor	Scope of Contract	Title of contract	Applied procure ment proce dure	Name of the beneficiary (if different from the contracting authority)	Contract notice number/in vitation of participati on	Initial contract value (RON)	Contract value after potential addenda (in RON)	Start of the contract	Initially set contrac t duratio n (in months)	Final contract duration (in months)
CUMULATED TOTAL - 3 CONTRACTS CUMULATED VALUE =5,582,039.0 RON											



CONPET S.A., Romania
1-3 Anul 1848 Street, Ploiești 100559, Prahova
Tel: +40-244-401360; fax: +40-244-516451
TIN: RO 1350020; NACE Code 4950; CRN J29/6/22.01.1991
Subscribed and paid-up share capital 28 569 842.40 RON

FINANCIAL STATEMENTS
at the date and for the period of nine months ended
September 30, 2020

as per Order of the Ministry of Public Finances no.2844/2016 and the International Accounting Standard 34 “Interim Financial Reporting”



e-mail: conpet@conpet.ro
www.conpet.ro

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INTERIM STATEMENT OF THE FINANCIAL STANDING AT SEPTEMBER 30, 2020

	Note:	September 30 2020 (unaudited)	December, 31 2019 (audited)
ASSETS			
Fixed assets			
Tangible assets	4	494,281,971	463,635,969
Intangible assets	5	4,720,435	6,339,896
Financial Assets	6	1,457,405	810,598
Receivables related to the deferred corporate tax	13	5,851,860	5,422,459
Total non-current assets		506,311,671	476,208,922
Current assets			
Stocks	7	9,179,374	8,169,862
Trade receivables and other receivables	8	38,309,246	42,248,700
Cash and cash equivalents	9	196,967,661	238,576,951
Prepaid expenses		1,071,807	1,862,719
Total current assets		245,528,088	290,858,232
TOTAL ASSETS		751,839,759	767,067,154
Equities and liabilities			
Equities			
Subscribed and paid-up share capital	10	28,569,842	28,569,842
Legal reserves	10	5,713,968	5,713,968
Revaluation reserves	10	19,072,722	21,111,893
Other reserves	10	497,979,313	495,540,772
Retained earnings	10	43,857,468	43,997,162
Year's Result	10	48,945,829	58,876,719
Total Equities		644,139,142	653,810,356
Accrued revenues			
Investment Subsidies		983,472	1,065,921
Accrued revenues		4,945	8,171
Total Accrued Revenues		988,417	1,074,092
Long term liabilities			
Long-term provisions	12	16,803,664	16,268,908
Other long-term liabilities	11	2,582,839	3,582,351
Total long-term liabilities		19,386,503	19,851,259

The Company CONPET S.A.

INTERIM STATEMENT OF THE FINANCIAL STANDING AT September 30, 2020

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

Trade liabilities	11	27,224,625	27,179,134
Ordinary Corporate Tax	11	3,011,122	3,076,456
Other debts	11	34,249,332	38,838,402
Short-term provisions	12	22,840,618	23,237,455
Total current liabilities		87,325,697	92,331,447
Total liabilities		106,712,200	112,182,706
Total EQUITIES AND LIABILITIES		751,839,759	767,067,154

These interim financial statements and the related notes, from page 1 to page 27 have been authorized for issue and signed by the company's management at November 12, 2020.

Director General
Timur-Vasile Chis

Toader

Economic Director,
Econ Sanda

The attached notes from 1 to 19 are constituent parts of these financial statements.

The Company CONPET S.A.

The interim Statement of the global result for the period of nine months ended
September 30, 2020

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

**THE INTERIM STATEMENT OF THE GLOBAL RESULT AFTER A PERIOD OF NINE
MONTHS ENDED SEPTEMBER 30, 2020**

		9 months ended at September 30, 2020 (unaudited)	9 months ended at September 30, 2019 (unaudited)
Operating Revenues	15		
Turnover		304,009,229	304,201,535
Other revenues		30,358,525	25,780,506
Earnings from disposal of assets		-	4,703
Total Operating Revenues		334,367,754	329,986,744
Operating Expenses	16		
Expenditure on stocks		3,883,869	5,291,482
Expenses with energy and water		9,365,784	9,445,969
Personnel Expenses		121,487,211	119,051,338
Impairments of the fixed assets, less impairments related to rights of use recognized in intangible assets.		35,877,013	34,636,086
Impairments related to rights of use recognized in intangible assets		1,192,117	1,216,198
Impairments of current assets		(26,445)	(480,927)
Expenses related to external services		80,233,826	79,635,349
Losses from disposal of assets		133	-
Impairments related to provisions		137,919	1,978,376
Other expenses		29,703,302	25,718,130
Total Operating Expenses		281,854,729	276,492,000
Operating profit		52,513,025	53,494,744
Financial Revenues		5,027,442	5,939,702
Expenses regarding interests related to leasing contracts		512,681	-
Other financial revenues		72,767	52,534
Financial Expenses		585,357	52,534
Financial profit	17	4,442,085	5,887,168
Profit before corporate tax		56,955,110	59,381,912
Expenses with ordinary corporate tax	13	8,438,682	9,891,662
Expenses with (revenues from) deferred corporate tax		(429,401)	(587,728)
Profit of the year		48,945,829	50,077,978
TOTAL GLOBAL RESULT		48,945,829	50,077,978
Result per share		5.65	5.78

These interim financial statements and the related notes, from page 1 to page 27, have been authorized for issue and signed by the company's management at November 12, 2020.

Director General
Vasile Chis

Economic Director,
Econ. Sanda Toader

Timur-

The attached notes from 1 to 19 are constituent parts of these financial statements.

STATE OF THE CHANGES IN EQUITY AT SEPTEMBER 30, 2020(unaudited)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total 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						48,945,829	48,945,829
Net variation of the reserve - modernization quota	-	-	-	2,438,541	-	-	2,438,541
Surplus achieved from revaluation	-	-	(2,039,171)	-	2,039,171	-	-
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					1.119.275	(1,119,275)	-
Balance at September 30, 2020	28,569,842	5,713,968	19,072,722	497,979,313	43,857,468	48,945,829	644,139,142

Note: The position „Other reserves” includes also the reserve representing the modernization quota in amount of 460,363,010 RON at 30.06.2020, 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 the 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.

STATE OF THE CHANGES IN EQUITY AT SEPTEMBER 30, 2019(unaudited)

	Share capital	Legal reserves	Revaluation reserves	Others reserves	Retained earnings	Year's profit or loss	Total Equities
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						50,077,978	50,077,978
Net reduction of the modernization quota reserve	-	-	-	(511,248)	-	-	(511,248)
Surplus achieved from revaluation	-	-	(3,379,526)	-	3,379,526	-	-
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	-	-	-	-	1,433,785	(1,433,785)	-
Balance at September 30, 2019	28,569,842	5,713,968	22.145.121	494,927,605	45,088,143	50,077,978	646,522,657

Note: The position "Other reserves" comprises also the reserves from the modernization quota, in amount of 458,430,577 RON at 30.09.2019, namely 458,941,825 RON at 01.01.2019. These reserves are monthly settled on account of the expenses, by application of the modernization quota coefficient provided in the tariff over transport services proceeds. The reserves from the modernization quota are monthly reduced, by write-back to revenues of the depreciation of fix assets financed out of this source.

These preliminary financial statements and the related notes, from page 1 to page 28 have been authorized for issue and signed by the company management at November 12, 2020.

Director General
PhD. Eng. Timur-Vasile Chis

Economic Director,
Econ. Sanda Toader

Cash-Flow INTERIM Statement for the PERIOD OF NINE MONTHS ended September 30, 2020

-RON-

	Name of the Element	9 months 2020 Unaudited	9 months 2019 unaudited
	Cash flows from operating activities:		
+	Proceeds from services supply	336,519,591	339,537,261
+	Proceeds from interests related to bank img investments	5,694,385	5,955,317
+	Other proceeds	3,850,951	5,327,178
-	Payments to the suppliers of goods and services	89,372,371	85,801,149
-	Payments by and on behalf of the employees	119,221,277	115,960,358
-	VAT Payments	32,243,442	35,534,720
-	Payments corporate tax and specific tax	8,504,016	10,206,899
-	Other payments related to operating activities	35,567,356	26,910,716
A	Net cash from operating activity	61,156,465	76,405,914
	Cash flows from investment activities		
+	Proceeds from sale of tangible assets	-	33,670
+	Proceeds from modernization quota	27,334,131	23,289,615
-	Payments for procurement of tangible assets	77,073,753	56,879,215
B	Net cash from investment activities	(49.739.622)	(33,555,930)
	Cash flows from financing activities:		
+	Proceeds of dividends transferred to Depozitarul Central	-	2,786,508
-	Paid Dividends	52,529,478	64,894,819
-	Payments against the financial leasing- related debt	496,655	-
C	Net cash from financing activities	(53,026,133)	(62,108,311)
	Net increase of cash and cash equivalents cash=A+B+C=D2-D1	(41,609,290)	(19,258,327)
D1	Cash and cash equivalents at the beginning of the period	238,576,951	259,682,354
D2	Cash and cash equivalents end of the period	196,967,661	240,424,027

The value of the net cash flows out of the operating activity registers a reduction by approx 15.2 mRON generated by the increase of the amounts allocated out of proceeds for the modernization quota (the transport tariffs practiced in 2020 include a modernization quota higher than the one in the tariffs practiced in 2019) and by payments to the suppliers of goods and services related to the previous period, lower in the period of 9 months 2019, as compared to 2020 (2020: 27 mRON; 2019: 19 mRON). The decrease of the cash from operating activities has been also influenced by the increase of payments to the employees generated by augmentation of salaries.

Cash outflows for payment of assets generated a net negative cash flow from investing activities in amount of 49.7 m RON The net cash registers a negative value increasing by approximately 16 mRON due to the increase of the quantum of payments to the investment suppliers during

January-September 2020, compared to the same period of the previous year.

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

Out of the total of 197mRON availabilities in the balance at 30.09.2020, the part associated to the modernization quota is in amount of 121mRON.

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Director General
PhD. Eng. Timur-Vasile Chis

Economic Director,
Ec. Sanda Toader

The attached notes from 1 to 19 are constituent parts of these financial statements.

1. Business Description and General Information

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

The address of the registered offices is 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 S.A. 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 30.09.2020, Conpet S.A had a market capitalization of 654.5mRON (134.4mEURO), holding the 21st position in "Top 25 of the issuers after 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 30.09.2020 are the followings:

- The Romanian State by the Ministry of Energy, holding 5,083,372 shares representing 58.72% of the share capital,
- legal persons, with 2,376,070 shares representing 27.44 % and
- natural persons, with 1,198,086 shares representing 13.84 %.

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 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 Financial Reporting Standards (“IFRS”) and with IAS 34 - interim financial Reporting.

These interim financial statements 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 interim financial statements drafted at September 30, 2020 are not audited and have not been revised by the financial 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.

The following amendments of the existing standards issued by the Committee for Accounting International Standards (IASB) and adopted by the European Union (EU) have entered into force during the financial reporting period ended at September 30, 2020; nevertheless, they don’t bear significant effect on the financial statements and are not applicable and were not presented in detail:

- Amendments to IAS 1 “the Overview of Financial Statements”, IAS 8 “Accounting policies, amendments of the accounting estimates and errors” (in force for annual periods starting or following the date of January 1,2020).
- Amendments of the references to the general conceptual framework in the IFRS standards (in force for the annual periods starting with or after the date of January 1,2020)
- The amendments to IFRS 9 “Financial instruments”, IAS 39 “Financial instruments: acknowledgment and evaluation”, IFRS 7 “Financial instruments: information to be supplied” (in force for annual periods starting with or following the date of January 1,2020).

- Amendments to IFRS 3 “Business combination” (in force for annual periods starting with or after January 1st 2019)
- The amendments to IFRS 16 “Leasing contracts” - Rental concessions related to COVID-19 (in force for the annual periods starting June 1, 2020 or ulterior to this date).

Certain amendments to the existing standards will enter into force ulterior to the date of 30.09.2020. The company has opted not to adopt the application thereof in the interim financial statements.

4. Tangible assets

In the first nine months of 2020 the intangible assets have evolved as follows:

Name	Land plots and land improvements	Special installations and buildings	Operating oil products	Machineries and equipments	Control and measurement devices	Means of transport	Other tangible assets	Tangible assets in progress	Total intangible assets
Gross accounting value at January 1, 2020	22,584,099	298,859,495	42,072,846	105,048,289	80,836,708	33,978,495	6,916,493	58,153,146	648,449,571
Cumulated depreciation at January 1, 2020	-	(44,169,472)	-	(52,066,352)	(61,498,222)	(22,221,629)	(4,555,901)	-	(184,511,576)
Impairments for depreciation receivables	-	-	-	-	-	-	-	(302,026)	(302,026)
Net accounting value at January 1, 2020	22,584,099	254,690,023	42,072,846	52,981,937	19,338,486	11,756,866	2,360,592	57,851,120	463,635,969
Inputs intangible assets	-	15,170,297	-	1,984,195	12,225,063	4,355,500	1,748,895	30,311,898	65,795,848
Outputs of tangible assets at gross value	-	(712,561)	-	(85,365)	(312,901)	-	(19,906)	-	(1,130,733)
Cumulated depreciation related to outputs	-	712,428	-	85,365	312,901	-	19,906	-	1,130,600
Depreciation registered during the year	-	(18,666,674)	-	(7,572,465)	(5,419,860)	(2,782,739)	(707,975)	-	(35,149,713)
Gross accounting value at September 30, 2020	22,584,099	313,317,231	42,072,846	106,947,119	92,748,870	38,333,995	8,645,482	88,465,044	713,114,686
Depreciation cumulated at September 30, 2020	-	(62,123,718)	-	(59,553,452)	(66,605,181)	(25,004,368)	(5,243,970)	-	(218,530,689)
Impairments for the depreciation of fixed assets September 30, 2020	-	-	-	-	-	-	-	(302,026)	(302,026)
Net accounting value at Wednesday, September 30, 2020	22,584,099	251,193,513	42,072,846	47,393,667	26,143,689	13,329,627	3,401,512	88,163,018	494,281,971
Difference	-	(3,496,510)	-	(5,588,270)	6,805,203	1,572,761	1,040,920	30,311,898	30,646,002

*The element "Means of transport" includes the value of the rights of use of the assets purchased in December, 2019 in financial leasing system, consisting of 30 means of transport necessary for the performance of the company's specific activities. The net value of these fixed assets in the statements of the financial standing at 30.09.2020 is of 1,810,745 RON and represents the gross value in amount of 2,228,610 RON, less the depreciation recorded in the first nine months of 2020, in amount of 417,865 RON.

At 30.09.2020, the net value of the tangible assets has increased as compared to 01.01.2020 by the amount of 30,646,002 RON and is composed of inputs of tangible assets in amount of 65,795,848 RON (+) and depreciation in amount of 35,149,713 RON (-).
The tangible assets put into operation in the first nine months of the year 2020 were in amount of 35,483,950 RON.

In the tangible assets are being included also fixed assets held based on a financial leasing contract concluded in December, 2019, consisting of 30 means of transport necessary for the carry out of the company's specific activities. The duration of the financial leasing contract is of 4 years and the gross accounting value of the rights of use of the assets taken in leasing, of 2,228,610 RON, is being included in the financial position at item - "Means of transport", which includes the company's means of transport.

The amortization of the assets in leasing registered in the first nine months of the year 2020 is in amount of 417,865 RON. The remaining value of these assets at 30.09.2020 is of 2,228,610 RON.

At 30.09.2020, CONPET has recorded in the company patrimony lands in surface of 733,649 sqm with an accounting value amounting to 22,584,099 RON, namely:

- 554,538 sqm represent lands with an accounting value of 12,348,115 RON, held under 48 Certificates of ownership obtained during 2001-2005, appraised on the date of acquiring the certificates, in accordance with GD 834/1991 on the establishment and appraisal of some lands owned by the state-owned companies, at the value of 26,708,233 RON. These lands have been obtained in the company patrimony on the expense of other equity reserves, without augmenting the share capital by the value thereof..
- 55,411.45 sqm represent lands with an accounting value of 3,144,984 RON held based on 14 Ownership Certificates obtained until 2001. The share capital of the company has been increased by the value of these lands.
- 23,700 sqm represent lands with an accounting value of 7,901,100 RON, acquired by the Company upon several sale-purchase contracts. A part of the procured lands are related to the corporate offices and on the other procured lands are placed telecommunication towers located in different sites over the country.

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

The tangible assets also include the oil operating product, assessed in the statement of the financial standing at the cost determined from the revaluation, restated by the application of IAS 29 "financial reporting in the hyperinflationary economies". During the first nine months of the year 2020 have been registered movements of oil products, the value thereof at 30.09.2020 being of 42,072,846 RON.

Tangible assets in progress

At September 30, 2020 the value of assets under execution is of 88,163,018 RON and comprises investment objectives provided in "2020 Investment Program", being mainly made up of: pipelines segments replacements on different lengths and routes, commissioning works of the crude oil pipelines at overcrossing and undercrossing of the rivers, tanks modernization, loading ramps modernization, SCADA and telecommunication works etc

5. Intangible assets

The statement of intangible assets in the first nine months of the year 2020 reveals the followings:

Name	Rights of use related to assets taken in leasing	Licenses and soft	Other intangible assets	Total intangible assets
Gross accounting value at January 1, 2020	4,963,226	5,645,183	910,983	11,519,392
Cumulated depreciation at January 1, 2020	(1,621,597)	(2,646,915)	(910,983)	(5,179,495)
The net accounting value at January 1, 2020	3,341,629	2,998,268	-	6,339,897
Intangible assets inputs	-	299,954	-	299,954
Intangible assets outputs at gross value	-	(53,205)	-	(53,205)
Cumulated depreciation of tangible assets outputs	-	53,205	-	53,205
Depreciation registered during the year	(1,192,117)	(727,299)	-	(1,919,416)
Gross accounting value at Wednesday, September 30, 2020	4,963,226	5,891,932	910,983	11,766,141
Cumulated depreciation at September 30, 2020	(2,813,714)	(3,321,009)	(910,983)	(7,045,706)
Net accounting value at September 30, 2020	2,149,512	2,570,923	-	4,720,435
Difference	(1,192,117)	(427,345)	-	(1,619,462)

At 30.09.2020 the net value of the intangible assets has decreased as compared to the end of 2019, by the amount of 1,619,462.

In the first nine months of 2020 of there ave been recorded inputs of tangible assets in amount of 299,954 RON and amortization in amount of 1,919,416 RON.

The amortization method used in the linear one.

The intangible assets contain: It programs, soft licenses, expenses borne by the company with the connection to the power energy network and the water network, recognized in intangible assets as right of use supply connection, as well as rights of use recognized as per IFRS,16.

The rights of use acknowledged within the intangible assets as per IFRS 16 have resulted form the lease and concession contracts concluded with various land owners, buildings and tank cars for the transport of oil products.

On the rented lands are located telecommunication equipment and cathodic protection stations in various locations in the country and the buildings are rented for being made available to the gendarmes, as per GD no.1486/2005 on the insurance of security and protection of the objectives, goods and values with gendarmes and for the performance of the administrative activity.

The rights of use of the assets related to the lease and concession contracts have been initially evaluated at 01.01.2019, at the value of of the leasing debt in amount of 4,963,226 RON. The leasing related debts have been determined as present value of the remaining leasing payments, applying a discount factor ("Discount rate") equal with the rate of interest for the lessee, at the date of application for the first time of IFRS,16.

In the first nine months of the year 2020, the value of depreciation of these types of assets were in amount of 1,192,117 RON.

6. Financial Assets

In the first nine months of the year 2020, financial assets reveal the followings:

Name	Other non-current securities	Non-current Receivables	Total financial assets
The net accounting value at January 1,2020	5,100	805,498	810,598
Inputs	-	646,978	646,978
Outputs	-	171	171
Net accounting value at Wednesday, September 30, 2020	5,100	1,452,305	1,457,405
Difference	-	646,807	646,807

At 30.09.2020, the value of the financial assets has increased as compared to January 1st,2020, by 646,807 RON, due to the increase of the fixed receivables.

The company holds contributions at the share capital of Registrul Independent 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 amount of 1,452,305 RON are made up, mainly, by non-refundable guarantees paid by the Company for leased lands.

7. Stocks

Name	Consumables	Services in progress	Waste products	Total stocks
Gross accounting value at January 1,2019	5,666,292	1,193,309	2,192,896	9,052,497
Impairments for stocks depreciation	(845,289)	-	(37,346)	(882,635)
Net accounting value at January 1, 2020	4,821,003	1,193,309	2,155,550	8,169,862
Stocks inputs during the period	5,242,571	743,744	917,545	6,903,860
Consumption/outputs of stocks during the period	(3,980,254)	(1,193,309)	(749,230)	(5,922,793)
Income from (Expense with) impairments for depreciation of stocks	26,761	-	1,684	28,445
Gross accounting value at September 30 ,2020	6,928,609	743,744	2,361,211	10,033,564
Impairments for stocks depreciation	(818,528)	-	(35,662)	(854,190)
Net accounting value at September 30, 2020	6,110,081	743,744	2,325,549	9,179,374
Difference	1,289,078	(449,565)	169,999	1,009,512

The stocks are made up of: materials, spare parts and other materials that are to be used in the performance of the activity, here included those composing the security and intervention stocks meant for the potential provoked technical breakdowns. In the stocks are also contained residual products (recoverable) occurred following the pipelines replacement works and fixed assets

scrapping.

The company registers in the ongoing services the cost of the unreceived services by the beneficiary up to the end of the period, at the expense of the revenues related to services in progress.

8. Trade Receivables and Other Receivables

At September 30, 2020 and December 31, 2019 the trade receivables and other receivables are the followings:

	September 30, 2020	December, 31 2019
Clients	36,773,342	39,276,991
Impairments for depreciation receivables	(341,524)	(341,524)
Other trade receivables	285,448	283,838
Subtotal trade receivables (net value)	36,717,266	39,219,305
Other receivables	4,988,715	6,424,129
Adjustments for the depreciation of other receivables	(3,396,735)	(3,394,734)
Subtotal other receivables (net value)	1,591,980	3,029,395
Total receivables	38,309,246	42,248,700

The structure of clients on activities reveals the followings:

	September 30, 2020	December, 31 2019
Clients - transport activities	36,230,057	38,623,179
Other clients - auxiliary activities	543,285	653,812
Total	36,773,342	39,276,991

The trade receivables are not interest bearer and have an average proceeds duration of 28 days. The main receivables in the balance sheet at September 30, 2020 are due by: OMV PETROM SA - 31,550,651 RON (December 31, 2019; 34.405.183 RON) and Petrotel Lukoil S.A.- 4,593,238 RON (December 31, 2019; 4,170,733 RON).

The crude oil transport services delivered to the clients have a significant share in the Company's turnover (over 99%).

The main client of the Company, OMV PETROM SA, holds approximately 82% of the total short-term receivables at September 30, 2020.

Other receivables in amount of 4,988,715 RON include mainly: amounts to be recovered from various natural and legal persons, the majority in litigation pending before the law courts (1,803,804 RON, namely 36,2%), VAT non-exigible related to the invoices unarrived up to 30.09.2020 (689,356 RON, namely 13.8%), as well as amounts to be recovered from the budget representing allowances for medical leaves (670.443 RON, namely 13.4%).

Impairments for the depreciation of the trade receivables are being registered for uncertain clients, in litigation or insolvency, presenting non-collection risk. At September 30, 2020 the value of these impairments rests at the level of the end of the previous year, namely 341,524 RON.

The impairments for the depreciation of other receivables are being registered for the debits related to the legal files pending before the law courts, fines paid and under appeal proceedings. At September 30, 2020 the value of these impairments is in amount of 3,396,735 RON, at the same level as compared to December 31, 2019.

The Company' registers impairments for loss of values in quantum of 100% of the value of the receivable for the clients in litigation or insolvency and for other debts related to the established legal files or the fines facing challenge procedure.

Seniority-related statement of receivables

Trade receivables

	September 30 2020	December, 31 2019
Clients, of which:	36,773,342	39,276,991
<i>Receivables not reaching maturity</i>	36,396,360	38,885,905
<i>Depreciated receivables</i>	341,524	341,524
<i>Outstanding and undepreciated receivables, out of which:</i>	35,458	49,562
- overdue less than 30 days	11,951	48,275
- overdue between 30 and 60 days	3,505	-
- overdue between 60 and 90 days	1,078	-
- overdue between 90 and 270 days	18,924	1,287
Other trade receivables	285,449	283,838

Other receivables

	September, 30 2020	December, 31 2019
<i>Non-depreciated receivables</i>	1,591,980	3,029,395
<i>Depreciated receivables</i>	3,396,735	3,394,734
Total	4,988,715	6,424,129

9. Cash and Cash Equivalents

At September 30, 2020 and December 31, 2019 the cash and cash equivalents reveal the followings:

	September 30 2020	December, 31 2019
Current bank accounts	3,514,102	6,899,866
Bank deposits with maturity \leq 3 months	193,422,056	231,666,573
Cash in the register	31,504	10,512
Total	196,967,661	238,576,951

The cash and cash equivalents have decreased by 21.1% at September 30, 2020 as compared to December 31, 2019, due to the cash outputs for the payment of the dividends related to the financial year 2019 and assets procurement (investments) higher than the cash surplus from the operating activity related to the 9 months.

The cash in the accounts at 30/09/2020 include also the cash representing the modernization quota, with special use regime provided by GD no.168/1998, in amount of 121,320,009 RON. This is exclusively destined to the financing of the modernization and development works of the good in public domain.

10. Equities

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.

The structure of the share capital and the shareholding structure of CONPET S.A. at September 30, 2020 reveals the followings:

Shareholders	September 30, 2020			Tuesday, December 31, 2019		
	Number of shares	Amount (RON)	%	Number of shares	Amount (RON)	%
The Romanian State by the Ministry of Economy, Energy and Business Environment	5,083,372	16,775,128	58.7162	5,083,372	16,775,128	58.7162
Legal Persons	2,376,070	7,841,031	27.4451	2,361,896	7,794,256	27.2814
Natural Persons	1,198,086	3,953,683	13.8387	1,212,260	4,000,458	14.0024
Total	8,657,528	28,569,842	100%	8,657,528	28,569,842	100%

Legal reserves

At September 30, 2020 the value of the legal reserve is 5.713.968 RON (December 31, 2019; 5,713,968 RON).

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

Other reserves

At September 30, 2020, Other reserves are in amount of 497,979,313 RON, registering an increase by 2,438,541 RON compared with the end of 2019, at reserves - modernization quota.

The reserve related to the modernization quota is in amount of 460,363,010 RON and holds the major part of share in total other reserves (92.4%).

Revaluation reserves

Based on the Order of the Ministry of Public Finances no.2844/2016 for approval of the accounting Regulations compliant with IFRS, corroborated with those in Art.210, Para (3) of Law no.31/1990 on companies, republished, the company recognized in the revaluation reserves the favorable difference from the reevaluation of tangible assets.

At September 30, 2020 in the statement of the financial standing the reserves out of reevaluation are being presented at net value of 19,072,722 RON, resulting after the reduction of the gross value by the related deferred tax directly recognized in the equities, as per IAS 12.

Retained earnings

At September 30, 2020, the retained earnings is in amount of 43,857,468 RON and mainly comprises the difference in value associated to the tangible assets - oil operating product resulting from the application, for the first time, of IAS 29, in amount of 41,818,297 RON.

Profit of the year

The profit of the year, achieved in the first nine months of the year 2020 is of 48,945,829 RON, 2.3%

higher than the one registered in the first nine months of the year 2019(58,876,719 RON).

11. Trade Liabilities and other Liabilities

At September 30, 2020 and December 31, 2019, the trade receivables and other receivables look as follows:

Debts	December 31, 2019	September 30, 2020	Maturity term for the balance at September 30, 2020		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	27,179,134	27,224,625	27,224,625	-	-
Other liabilities, here included fiscal debts and social insurances related debts	45,497,209	39,843,293	37,260,454	2,582,839	-
Total	72,676,343	67,067,918	64,485,079	2,582,839	-

The trade liabilities comprise payment obligations for procurement of goods and services, mainly destined to the operating activities: crude oil rail transport services, energy and natural gas, fuels, rentals, telephony etc. The value of acquisitions destined to the operating activities in the 9 months of the year 2020 has a share of 54.9% in the total procurement, the difference of 45.1% being represented by obligations towards suppliers for acquisition of assets.

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

Debts	December 31, 2019	September 30, 2020	Maturity term for the balance at September 30, 2020		
			Under 1 year	Between 1- 5 years	Over 5 years
Salaries and assimilated debts	5,897,321	5,429,987	5,429,987	-	-
Salaries contributions	5,360,849	5,172,164	5,172,164	-	-
Ordinary Corporate Tax	3,076,456	3,011,122	3,011,122	-	-
Royalty due to the State Budget	8,059,150	7,521,652	7,521,652	-	-
VAT payable	3,073,760	2,851,241	2,851,241	-	-
Other taxes and debts - State Budget	980,693	1,150,783	1,150,783	-	-
Dividends Payable	13,410,903	10,471,263	10,471,263	-	-
Leasing-related debts	5,469,234	4,099,635	1,516,796	2,582,839	-
Other debts	168,843	135,446	135,446	-	-
Total	45,497,209	39,843,293	37,260,454	2,582,839	-

12. Provisions

	September 30 2020	Tuesday, December 31, 2019

Provisions for litigations	6,330,552	6,481,556
Provisions for employees' benefits	27,705,683	27,558,335
Other provisions for risks and expenses	5,608,047	5,466,472
Total	39,644,282	39,506,363
<i>Long-term provisions</i>	<i>16,803,664</i>	<i>16,268,908</i>
<i>Short-term provisions</i>	<i>22,840,618</i>	<i>23,237,455</i>

Provisions for litigations

In detail, the provisions for litigations are:

	September 30, 2020	December 31, 2019
Litigations for civil compensations	3,371,849	3,152,007
Litigations for the failure to respect, by third parties, of the contractual clauses	108,281	46,214
Other litigations	2,850,422	3,283,335
Total	6,330,552	6,481,556

In the first nine months of the year 2020, the provisions for litigations have registered a decrease by 151,004 RON, following the reduction of the provisions recorded during the previous period, with an amount higher than the one registered from the update of the provisions related to existing litigations and litigations occurred along the first 9 months.

The company is involved into various litigations for compensations claimed by various owners, natural and legal persons. Besides the compensations, they request either the payment of an annuity for the legal easement right on the lands owned by the claimants, or decommissioning of the pipelines and installations to be found on lands thereof. Following the restitution of their property rights, they are bringing proceedings in Court against the Company, invoking the lack of land use due to the fact that the latter are being crossed by the crude oil transport pipelines belonging to the public domain.

Provisions for employees' benefits

The amendments registered in the structure of provisions for employees benefits consisted of: reductions, mainly following the payments of benefits on retirement, with allowances representing the variable component awarded to the members of the Board of Administration and the directors with mandate for the year 2019, the payment of the benefit representing the employees share of profit related to 2019 and increases representing untaken annual leaves, the variable allowances due to the members of the Board of Administration and the directors, as per the mandate contract and the employees share of profit related to the nine months of the year 2020.

The biggest share in the provisions for the employees benefits is being held by the provisions for benefits granted upon retirement, in amount of 17,458,126 RON, of which 16,803,664 RON representing long-term liabilities, and 654,462 RON represents short-term obligations.

At 30.09.2020, the provision for the employees share of profit in amount of 4,725,484 RON representing provision for the service delivered by the employees in the first nine months of the year 2020, here included the labor precaution contribution, settled within the limits provided by the Budget.

The provisions of untaken leaves have registered a net increase by 2,056,734 RON for the vacation days related to the first nine months of the year 2020, not taken up until September 30, 2020.

At September 30, 2020 are being established provisions for the variable allowances granted to the members of the Board of Administration and the directors, as per the mandate contracts and for annual leaves not taken by the directors with mandate contract, in total amount of 1,989,282 RON.

Other Provisions

At September 30, 2020, the balance of the position "Other provisions" in amount of 5,608,047 RON is made up mainly of the provisions in amount of 5,154,122 RON established at the level of the earnings achieved out of the capitalization of the pipe material recovered following works (repairs/modernizations), consisting of the pipes replacement part of the National Transport System. The of the provision was settled following the control performed by the Court of Accounts and the litigation pending before the court. The position Other provisions include also provisions for environmental expenses in amount of 309,000 RON and other destinations in amount of 144,925 RON.

13. Ordinary and Deferred Corporate Tax

The expense related to the company's current and deferred corporate tax at September 30, 2020 and September 30, 2019 is being determined by a statutory rate of 16%.

	9 months ended at September 30, 2020	9 months ended at September 30, 2019
Expenses with ordinary corporate tax and specific tax	8,438,682	9,891,662
Expenses with /(revenues from) deferred corporate tax	(429,401)	(587,728)
Total	8,009,281	9,303,934

Reconciliation of the Effective Tax Rate

	September 30 2020	September 30 2019
Profit before taxation	56,955,110	59,381,912
- Corporate tax at the statutory rate by 16%	9,112,818	9,501,106
The Effect on the Corporate Tax of:		
- Non-deductible expenses	2,111,976	1,962,561
Non-taxable revenues	(1,930,515)	(1,630,872)
Elements similar to revenues	389,527	644,308
Elements similar to expenses	(988)	(647)
- Ordinary Corporate Tax	(101,852)	(175,281)
- The amounts representing sponsorship within the limit provided by the law	(430,000)	(442,578)
- Specific tax	22,043	33,065
- corporate tax bonus as per EGO no.33/2020	(734,327)	-
Expenses with ordinary corporate tax	8,438,682	9,891,662

Deferred Corporate Tax

The deferred and recoverable taxes were calculated based on the temporary taxable and/or deductible differences, determined for assets and liabilities as differences between the accounting value of the asset and/or liability and the amount awarded in fiscal purposes. The company recognizes the deferred taxes on the account of an expense or a revenue except for the tax generated by an event directly accounted in the equities. The Statement of movements regarding the receivable/debt with the deferred tax during the first six months of the year 2020 reveals the followings:

Explanations	Deferred corporate tax	Deferred corporate tax	Net deferred corporate tax	out of which:

	at the net value at January 1st 2020	recognized in the profit and loss account 9 months 2020	at September 30, 2020	Receivable related to the deferred corporate tax	Receivables related to the deferred corporate tax
Reevaluation of tangible assets	(421,193)	387,502	(33,691)	3,394,857	(3,428,548)
Provisions	5,283,969	46,227	5,330,196	5,330,196	-
Impairment of the current assets	559,683	(4,328)	555,355	555,355	-
Deferred corporate tax before compensation	5,422,459	429,401	5,851,860	9,280,408	(3,428,548)
Receivable/debt compensation	-	-	-	(3,428,548)	3,428,548
Net deferred corporate tax - recoverable					5,851,860

The debt representing the deferred tax, in the balance at 30.09.2020 is in amount of 3,428,548 RON and is recognized on account of the equities elements and the receivable related to deferred corporate tax, recognized in the statement of the global result, in the balance at the same date, is of 9,280,408 RON.

The net amount of the deferred tax represents deferred corporate tax recoverable in amount of 5,851,860 RON.

14. Result per share

The result per share in the first nine months of the year 2020, as compared to the same period of the previous year, reveals the followings:

	September 30, 2020	September 30, 2019
Profit of the Financial Year	48,945,829	50,077,978
The cash from ordinary shares at the beginning and the end of the period	8,657,528	8,657,528
Basic earnings and diluted per share (RON/share)	5.65	5.78

15. Operating Revenues

a) Turnover

	September 30 2020	September 30 2019
Revenues from transport service, of which:	300,978,774	299,195,203
<i>Revenues from transport services on Domestic subsystem</i>	226,441,788	221,032,440
<i>Revenues from transport services Import Subsystem</i>	74,536,986	78,162,763
Revenues from rents	1,214,251	1,197,728
Other revenues included in the turnover	1,816,204	3,808,604
Total turnover revenues	304,009,229	304,201,535

The transport revenues are being achieved out of services supplied to the clients for the transport of the crude oil, rich gas and condensate quantities approved by Order of the President of the National Agency for Mineral Resources.

In the first nine months of the year 2020 the quantities transported on subsystems, as compared to the same period of the previous years, reveals the followings:

	9 months ended September 30, 2020	9 months ended Monday, September 30, 2019
Domestic Subsystem	2,568,041	2,608,273
Import Subsystem	2,442,549	2,705,430
TOTAL(QUANTITIES)	5,010,590	5,313,703

The total quantity of transported products has increased by 5.7% in the first nine months of the year 2020, as compared to the same period of the previous year, given the context of the decrease, by 1.5%, of the quantities transported on the domestic transport subsystem and by 9.7% of the quantity transported on the import subsystem.

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

Along the two analyzee period there have been approved the following tariffs:

Tariffs for transport services on the Domestic Subsystem:

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

Tariffs for the 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, 2018 - December 30, 2019	<120	38.85	38.00	27.00*)	117/2018
	<120	16.60	16.00	24.74*)	
Starting December 31, 2019	< 120	40.40	39.50	15.00	427/2019
	> 120	17.25	17.00	12.85	

*) Starting the date of March 14, 2019 up to December 30, 2019, for the relation transport with Petromidia Refinery was applied a tariff of 14.00 RON/ton for the installment of up to 120 thousand tons and 12.00 RON/ton for the installment bigger than 120Ktons (approved by NAMR Order no.172/2019).

b) Total Operating Expenses

	September 30, 2020	September 30, 2019
Revenues out of consumption of the modernization quota	24,895,590	23,800,863
Earnings from disposal of assets	-	4,703
Other revenues	5,462,935	1,979,643
Total Operating Expenses	30,358,525	25,785,209

Other operating revenues have recorded an increase by 17.7% in the first nine months as compared to the same period of the previous year, from 25,785,209 RON to 30,358,525 RON.

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. The revenues representing the modernization quota recorded an increase by 4.6% in the first nine months of the year 2020, as compared to the same period of the year 2019.

16. Operating Expenses

a) **Stocks Expenses and Utilities**

	September 30, 2020	September 30, 2019
Expenses with consumables	3,183,000	4,518,300
Other material expenses	680,464	697,386
Other with energy and water	9,365,784	9,445,969
Merchandise Expenses	20,405	75,796
Total Expenses related Stocks and Utilities	13,249,653	14,737,451

b) **Personnel Expenses**

The personnel expenses include the expenses with the salaries, bonuses awarded to the employees, other personnel expenses, allowances related to the mandate contract of the members of the Board of Administration and the Directors with mandate and the expenditure with the contributions due by the employer.

	September 30, 2020	September 30, 2019
Salaries expenses	95,059,695	94,246,818
Obligations related to Employees Bonuses	16,653,422	15,162,325
Other personnel expenses	64,180	1,734,050
Expenses with the remuneration of the directors with mandate contract	4,157,537	2,257,989
4,157,537		
Expenses with contributions due by the Employer	5,552,377	5,650,156
Total operating expenses	121,487,211	119,051,338

The personnel expenses are detailed as follows:

Salaries expenses

	September 30 2020	September 30 2019
Expenses with basic salaries and related bonuses	94,508,245	90,050,952
Premiums	-	3,773,269
Aids for retirement	524,550	358,918
Aids for marriage	26,900	63,679
Total salary related expenses	95,059,695	94,246,818

The expenses with the basic salaries and related bonuses of the employees have increased in the first 9 months of 2020 as compared to the first nine of 2019, due to the increase of the salaries with 300 RON/employee at 01.10.2019.

As per the provisions of the Collective Labor Agreement in force, the Company has also granted the employees benefits consisting of retirement aids, as well as premiums, wedding aids (only in Half I of the year 2019).

Obligations related to Employees Bonuses

	September 30 2020	September 30 2019
Employees share of profit	6,439,906	5,083,747
Meal vouchers	3,821,145	3,878,235
Social expenses provided at Art.25 of Law no.227/2015 of the Fiscal Code, with Utterior amendments and completions	5,303,156	4,645,712

Other expenses as per the the Collective Labor Agreement	1,089,215	1,554,631
Total	16,653,422	15,162,325

The values of bonuses granted to the employees has an increase (of 1,491,097 RON) in the first nine months of 2020, as compared to the same period of the year 2019, due, mainly, to the payment of the benefit related to the employees share of profit in a quantum bigger than that paid in 2019. As per the provisions of the Collective Labor Agreement in force, the Company has granted the employees bonuses as social expenditure provided at Art.25 of Law no.227/2015 on the Fiscal Code, consisting of holiday tickets and treatment, here included the transport, present offered to the employees, aids for birth, funeral, serious diseases, humanitarian and other social expenditure as per the Collective Labor Agreement (Ro.CCM).

The value of the bonuses granted as social expenses and other expenses as per CCM in the first nine months of the year 2020, as compared to the same period of the previous year, has mainly increased following the grant of the gift vouchers on the occasion of Oilman Day, in quantum of 1,150 RON/employee.

In view of protecting the health of the employees in the context of (Covid-19) Pandemics, there where it was possible, the activity of the employees has been performed in telework regime, what has determined a reduction of the expenses with transport of employees to and from the work site. Also, given the traffic restrictions and termination of some activities during the state of emergency and alert conditions, there has been recorded a reduction of the expenses with the daily allowance, of the value of expenses with the holiday and treatment, here included the transport and expenses with kindergartens, nurseries, after-school, supported by the company for the employees children.

Other personnel expenses

	September 30 2020	September 30 2019
Expenses with compensatory payments related to personnel lay-offs	62,160	1,734,050
Expenses with the rights of the personnel due based on court order s	2,020	-
Total	64,180	1,734,050

The position "Other personnel expenses" recorded in the first nine months of the year 2020 includes, mainly, the expenses with compensatory payments, granted as per the Collective Labor Agreement, related to personnel lay-offs performed in the month of November, 2019, outstanding in January, 2020, for which the company has established provision at the end of 2019.

The expenses with the remuneration of the directors with mandate contract and the administrators

	September 30, 2020	September 30, 2019
Allowance of the directors with mandate	2,243,303	1,045,022
Allowances of the Board of Administration members	1,914,234	1,212,967
Total	4,157,537	2,257,989

The expenses with the allowances related to the mandate contracts of the directors and administrators register an increase as compared to the first six months of 2019. In 2019, the amount of the allowances was smaller, as the company has paid to the administrators and directors with mandate contract the variable allowance related to 2018 pro-rata, starting the date of appointment thereof in capacities.

Expenses with contributions due by the Employer

	September 30, 2020	September 30, 2019
Company's contribution to the facultative pensions	2,094,131	2,170,563

funds		
Company's contribution to the health voluntary insurance	1,072,886	1,143,529
Precautionary labor contribution and other contributions	2,385,360	2,336,064
Total	5,552,377	5,650,156

Following the salary increases from October 2019, the precautionary labor contribution has proportionally increased, so that in the first three quarters of the year 2020 is 49,296 RON higher, as compared to the same period of 2019.

c) Expenses related to external services

	September 30, 2020	September 30, 2019
Railway transport expenses	47,428,066	45,217,242
Expenses with royalties and rentals	23,334,921	23,355,417
Third-parties pumping expenses	3,540,920	3,604,672
Expenses with the maintenance and repairs	1,291,093	1,976,998
Expenses with decontaminations, monitoring environmental factors	504,697	338,167
Expenses with travels, detachments and transfers	517,952	1,065,533
Expenses with goods and personnel transport	31,536	31,571
Postal expenses and telecommunication fees	386,004	394,463
Other services performed by third parties	3,198,637	3,651,386
Total expenses related to external services	80,233,826	79,635,349

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

This is being calculated as per the provisions of the Oil Law no.238/2004, by application of a quota of 10% on the value of gross revenues achieved out of oil transport operations and oil transit via the oil national transport systems, as well as from the oil operations performed by the oil terminals in State's public property.

d) Other Expenses

	September 30, 2020	September 30, 2019
Taxes, fees and similar levies related expenses	1,676,590	1,629,962
Expenses with compensations, fees and penalties	66,427	54,806
Granted donations (sponsorship)	430,000	442,578
Expenses with environmental protection	28,750	74,715
Modernization quota establishment - related expenses	27,334,131	23,289,615
Other operating expenses	167,404	226,453
Other expenses	29,703,302	25,718,129

In the first nine months of 2020 the expenses registered with other taxes, fees and assimilated levies comprise, mainly, the expenses local taxes and expenses with the contribution to the special fund, due based on Law no.448/2006 regarding the protection and promotion of the rights of people with disabilities

The company constitutes reserves regarding the modernization quota through other operating expenses in compliance with the provisions of the GD no. 168/1998 further amendments and with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and updates.

17. Net Financial Result

	September 30, 2020	September 30, 2019
Interest revenues	5,015,221	5,920,396
Other financial revenues	12,221	19,306
Total financial revenues	5,027,442	5,939,702
Expenses regarding interests related to leasing contracts	512,681	-
Other financial revenues	72,767	52,534
Total financial expenses	585,357	52,534
Net Financial Result	4,442,085	5,887,168

The financial revenues represent, in proportion of 99.8% interests for cash investments in bank deposits. In the first 9 months, the amount thereof has decreased by 15.4% compared to the same period of the year 2019, due to the decrease of the interests practiced by the banks. The financial expenses have increased due to the registration of some expenses with the interests related to the leasing contract, however maintaining at a very low level compared to the revenues. The net financial result has been reduced by 24.5% in the first nine months of the year 2020 as compared to the same year of the year 2019.

18. Related Parties

During 01.01-30.09.2020, the Company has deployed the following significant transactions with related parties:

Procurement from related parties

Partner	Unsettled amounts at December, 31 2019	Procurement (Period 01.01 - 30.09.2020)	Settlements (Period 01.01 - 30.09.2020)	Unsettled amounts at September 30, 2020
SNTFM CFR Marfă S.A.	5,075,103	57,513,519	55,714,250	6,874,372

*The amounts are VAT exclusive

19. Other Mentions

In the context of Coronavirus pandemic (Covid-19), although the evolution is unfavorable, being recorded a high growth of the coronavirus confirmed cases, the number thereof meeting an upward trend as from the date of completion of these interim financial statements, up to the moment of issuance thereof, both at global level, as well as in Romania, the company's activity was not affected by situations that would have impact on the evolution and continuity of the activity.

Holding a reliable financial stability and a good capacity for action, CONPET can rapidly and efficiently implement all the emergency measures that are required for the protection of its employees' health, as well as for safe administration of the crude oil National Transport System. Permanently, the company's management monitors the potential impact of the coronavirus pandemic and takes all possible measures for mitigating any adverse effect on the company's business.

These preliminary financial statements and the related notes, from page 1 to page 26 have been authorized for issue and signed by the company management at February 28th, 2019.

Director General
PhD. Eng. Timur-Vasile Chis

Economic Director,
Econ. Sanda Toader