

**OMV PETROM S.A.**  
**SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2021**

Prepared in accordance with Order of the Ministry of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards

Contents

STATEMENT OF FINANCIAL POSITION	3
INCOME STATEMENT	4
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	8

# OMV PETROM S.A.

## STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021

(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
Intangible assets	5	2,693.74	2,620.93
Property, plant and equipment	6	23,897.03	25,872.41
Investments	7	1,732.08	1,747.47
Other financial assets	8	2,306.46	2,425.37
Other assets	9	321.83	221.80
Deferred tax assets	17	1,463.63	1,464.75
<b>Non-current assets</b>		<b>32,414.77</b>	<b>34,352.73</b>
Inventories	10	1,809.94	1,652.09
Trade receivables	8	2,635.69	1,309.30
Other financial assets	8	1,730.97	1,207.63
Other assets	9	217.75	183.58
Cash and cash equivalents		10,053.93	7,304.97
<b>Current assets</b>		<b>16,448.28</b>	<b>11,657.57</b>
Assets held for sale	11	14.83	719.24
<b>Total assets</b>		<b>48,877.88</b>	<b>46,729.54</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	12	5,664.41	5,664.41
Reserves		27,205.30	26,348.53
<b>Total equity</b>		<b>32,869.71</b>	<b>32,012.94</b>
Provisions for pensions and similar obligations	13	163.28	205.40
Interest-bearing debts	14	16.49	108.94
Lease liabilities	6, 15	295.43	340.22
Provisions for decommissioning and restoration obligations	13	6,032.03	7,244.66
Other provisions	13	660.65	634.79
Other financial liabilities	15	57.25	4.21
Other liabilities	16	52.01	14.09
<b>Non-current liabilities</b>		<b>7,277.14</b>	<b>8,552.31</b>
Trade payables	15	2,500.80	2,323.59
Interest-bearing debts	14	1,871.04	1,509.15
Lease liabilities	6, 15	138.05	120.62
Income tax liabilities		157.10	38.30
Other provisions and decommissioning	13	383.42	505.52
Other financial liabilities	15	2,657.77	747.84
Other liabilities	16	1,022.85	645.56
<b>Current liabilities</b>		<b>8,731.03</b>	<b>5,890.58</b>
Liabilities associated with assets held for sale	11	-	273.71
<b>Total equity and liabilities</b>		<b>48,877.88</b>	<b>46,729.54</b>

# OMV PETROM S.A.

## INCOME STATEMENT

### FOR THE YEAR ENDED DECEMBER 31, 2021

(all amounts are expressed in million RON, unless otherwise specified)

	Notes	2021	2020
Sales revenues	18, 26	21,486.04	15,437.24
Other operating income	19	172.64	407.16
Net income from consolidated subsidiaries and investments in associates	20	354.51	665.11
<b>Total revenues and other income</b>		<b>22,013.19</b>	<b>16,509.51</b>
Purchases (net of inventory variation)		(8,207.38)	(5,939.65)
Production and operating expenses		(4,086.83)	(3,416.87)
Production and similar taxes		(1,982.86)	(857.58)
Depreciation, amortization, impairments and write-ups	22	(3,182.01)	(2,884.08)
Selling, distribution and administrative expenses		(759.89)	(769.05)
Exploration expenses		(189.08)	(806.67)
Other operating expenses	21	(239.14)	(336.79)
<b>Operating result</b>	<b>26</b>	<b>3,366.00</b>	<b>1,498.82</b>
Interest income	23	160.03	335.29
Interest expenses	23	(485.85)	(319.80)
Other financial income and expenses	24	67.02	(10.41)
<b>Net financial result</b>		<b>(258.80)</b>	<b>5.08</b>
<b>Profit before tax</b>		<b>3,107.20</b>	<b>1,503.90</b>
Taxes on income	25	(418.78)	(122.32)
<b>Net income for the year</b>		<b>2,688.42</b>	<b>1,381.58</b>

# OMV PETROM S.A.

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED DECEMBER 31, 2021

(all amounts are expressed in million RON, unless otherwise specified)

	2021	2020
<b>Net income for the year</b>	<b>2,688.42</b>	<b>1,381.58</b>
Gains/(losses) on hedges arising during the year	(131.60)	467.80
Reclassification of (gains)/losses on hedges to income statement	7.43	(371.31)
<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b>(124.17)</b>	<b>96.49</b>
Remeasurement gains/(losses) on defined benefit plans	18.16	(12.25)
Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	57.22	(134.60)
<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>	<b>75.38</b>	<b>(146.85)</b>
Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	19.87	(15.44)
Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	(12.07)	23.50
<b>Total income tax relating to components of other comprehensive income</b>	<b>7.80</b>	<b>8.06</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>(40.99)</b>	<b>(42.30)</b>
<b>Total comprehensive income for the year</b>	<b>2,647.43</b>	<b>1,339.28</b>

# OMV PETROM S.A.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED DECEMBER 31, 2021

(all amounts are expressed in million RON, unless otherwise specified)

#### Statement of changes in equity for the year ended December 31, 2021

	Share capital	Revenue reserves	Cash flow hedge reserve	Other reserves	Treasury shares	Total equity
<b>Balance at January 1, 2021</b>	<b>5,664.41</b>	<b>26,198.54</b>	<b>74.36</b>	<b>75.65</b>	<b>(0.02)</b>	<b>32,012.94</b>
Net income for the year	-	2,688.42	-	-	-	<b>2,688.42</b>
Other comprehensive income/(loss) for the year	-	15.25	(56.24)	-	-	<b>(40.99)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,703.67</b>	<b>(56.24)</b>	<b>-</b>	<b>-</b>	<b>2,647.43</b>
Dividends distribution	-	(1,755.96)	-	-	-	<b>(1,755.96)</b>
Reclassification of cash flow hedges to balance sheet	-	-	(36.15)	-	-	<b>(36.15)</b>
Other changes	-	-	-	1.45	-	<b>1.45</b>
<b>Balance at December 31, 2021</b>	<b>5,664.41</b>	<b>27,146.25</b>	<b>(18.03)</b>	<b>77.10</b>	<b>(0.02)</b>	<b>32,869.71</b>

#### Statement of changes in equity for the year ended December 31, 2020

	Share capital	Revenue reserves	Cash flow hedge reserve	Other reserves	Treasury shares	Total equity
<b>Balance at January 1, 2020</b>	<b>5,664.41</b>	<b>26,583.21</b>	<b>27.70</b>	<b>75.65</b>	<b>(0.02)</b>	<b>32,350.95</b>
Net income for the year	-	1,381.58	-	-	-	<b>1,381.58</b>
Other comprehensive income/(loss) for the year	-	(10.29)	(32.01)	-	-	<b>(42.30)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,371.29</b>	<b>(32.01)</b>	<b>-</b>	<b>-</b>	<b>1,339.28</b>
Dividends distribution	-	(1,755.96)	-	-	-	<b>(1,755.96)</b>
Reclassification of cash flow hedges to balance sheet	-	-	78.67	-	-	<b>78.67</b>
<b>Balance at December 31, 2020</b>	<b>5,664.41</b>	<b>26,198.54</b>	<b>74.36</b>	<b>75.65</b>	<b>(0.02)</b>	<b>32,012.94</b>

For details on equity components, see Note 12.

# OMV PETROM S.A.

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2021

(all amounts are expressed in million RON, unless otherwise specified)

	Notes	2021	2020
<b>Profit before tax</b>		<b>3,107.20</b>	<b>1,503.90</b>
Dividend income		(369.15)	(562.20)
Interest income	23	(133.85)	(263.10)
Interest expenses and other financial expenses	23, 24	55.28	53.87
Net movement in provisions and allowances for:			
- Investments and loans		15.39	(122.19)
- Inventories		1.87	9.56
- Receivables		10.28	(23.99)
- Pensions and similar liabilities		(23.96)	(39.17)
- Decommissioning and restoration obligations		(98.31)	74.96
- Other provisions for risk and charges		(45.92)	33.56
Net gains on the disposal of businesses and non-current assets	19, 21	(63.53)	(43.47)
Net gains on the disposals of financial assets	24	(72.89)	-
Depreciation, amortization and impairments including write-ups		3,279.41	3,565.87
Other non-monetary adjustments	29	1,104.39	(105.66)
Dividends received		369.15	562.20
Interest received		124.81	195.47
Interest and other financial costs paid		(42.38)	(48.51)
Tax on profit paid		(283.89)	(315.90)
<b>Cash generated from operating activities before working capital movements</b>		<b>6,933.90</b>	<b>4,475.20</b>
(Increase)/decrease in inventories		(169.18)	284.50
(Increase)/decrease in receivables		(1,050.48)	642.10
Increase/(decrease) in liabilities		659.89	(7.98)
<b>Cash flow from operating activities</b>		<b>6,374.13</b>	<b>5,393.82</b>
<b>Investments</b>			
Intangible assets and property, plant and equipment		(2,676.68)	(3,056.25)
Investments in subsidiaries	29	-	(41.43)
Net loans reimbursed by/(given to) subsidiaries	29	35.23	(109.29)
<b>Disposals</b>			
Proceeds in relation to non-current assets	29	85.92	201.27
Proceeds from transfer of business	29	43.00	-
Proceeds from disposal of investments	29	488.63	71.59
<b>Cash flow from investing activities</b>		<b>(2,023.90)</b>	<b>(2,934.11)</b>
Increase in/ (net repayment of) loans taken from subsidiaries	29	280.25	(42.74)
Net repayments of other borrowings	29	(150.93)	(163.04)
Dividends paid		(1,740.98)	(1,740.32)
<b>Cash flow from financing activities</b>		<b>(1,611.66)</b>	<b>(1,946.10)</b>
Effect of foreign exchange rate changes on cash and cash equivalents		10.39	(3.94)
<b>Net increase in cash and cash equivalents</b>		<b>2,748.96</b>	<b>509.67</b>
Cash and cash equivalents at the beginning of the year		7,304.97	6,795.30
<b>Cash and cash equivalents at the end of the year</b>		<b>10,053.93</b>	<b>7,304.97</b>

# OMV PETROM S.A.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

(all amounts are expressed in million RON, unless otherwise specified)

## 1. LEGAL PRINCIPLES AND BASIS OF PREPARATION

OMV Petrom S.A. (22 Coralilor Street, 013329 Bucharest, Romania), hereinafter referred to also as “the Company” or “OMV Petrom”, has activities in Upstream, Downstream Oil and Downstream Gas business segments and it is listed on Bucharest Stock Exchange under “SNP” code and on London Stock Exchange under “PETB” and “PETR” codes.

Starting with January 1, 2022, OMV Petrom’s business segments were renamed as follows: Upstream to Exploration & Production; Downstream Oil to Refining & Marketing, and Downstream Gas to Gas & Power.

### Stockholders’ structure as at December 31, 2021 and 2020

	Percent 2021	Percent 2020
OMV Aktiengesellschaft	51.011%	51.011%
Romanian State	20.639%	20.639%
Fondul Proprietatea S.A.	6.997%	6.997%
Legal entities and private individuals	21.353%	21.353%
<b>Total</b>	<b>100.000%</b>	<b>100.000%</b>

As of December 31, 2021 the number of Global Depository Receipts (GDRs) was 111,494, equivalent of 16,724,100 ordinary shares, representing 0.030% of the share capital.

As of December 31, 2020 the number of GDRs was 181,611, equivalent of 27,241,650 ordinary shares, representing 0.048 % of the share capital.

### Statement of compliance

The separate financial statements (“financial statements”) of the Company have been prepared in accordance with the provisions of Ministry of Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

The Company also prepares consolidated financial statements in accordance with IFRS as endorsed by the EU, which are available on the Company’s website:

<https://www.omvpetrom.com/en/investors/publications>.

The financial year corresponds to the calendar year.

### Basis of preparation

The financial statements of OMV Petrom S.A. are presented in RON (“Romanian Leu”) and are prepared using going concern principles. All values are presented in millions, rounded to the nearest two decimals. The financial statements have been prepared on the historical cost basis, except for certain items that have been measured at fair value as described in Note 3 Accounting and valuation principles. For financial assets and liabilities where fair value differs from carrying amounts at the reporting date, fair values have been disclosed in Note 30.



## 2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses, the accompanying disclosures and the disclosure of contingent liabilities. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in actual outcomes that may differ from these estimates and may require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties in relation to capital management and financial risk management and policies are included in Note 33.

Changes in estimates are accounted for prospectively.

Correction of material prior period errors is made retrospectively, through retained earnings, by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. Errors which are not material are corrected in the period when they are discovered, through the income statement.

### Effect of climate-related matters and energy transition

OMV Petrom has considered the short- and long-term effects of climate change and energy transition in preparing the separate financial statements. The significant accounting estimates performed by management incorporate the future effects of OMV Petrom's own strategic decisions and commitments on having its portfolio adhered to the energy transition targets, short and long-term impacts of climate-related matters and energy transition to lower carbon energy sources together with management's best estimate on global supply and demand, including forecasted commodities prices.

OMV Petrom is aware of its responsibility and will live up to its commitment to the Paris Agreement and the EU climate targets.

Nevertheless, there is significant uncertainty around the changes in the mix of energy sources over the next 30 years and the extent to which such changes will meet the ambitions of the Paris Agreement. While companies can commit to such ambitions, financial reporting under IFRS requires the use of assumptions that represent management's current best estimate of the range of expected future economic conditions, which may differ from such ambitions.

OMV Petrom Group operates on a regional market with regional products and expects to see energy transition at different pace in the different countries where it operates. Hence, OMV Petrom's mid term plan assumptions, which are used for estimates in different areas of the financial statements, including impairment of assets, useful lives and decommissioning provisions, are based on a scenario, which is based on the International Energy Agency ("IEA") Stated Policies Scenario (STEPS) taken from the World Economic Outlook and adjusted such that the EU, the United States, China, Japan and South Korea (with a two-year delay for political alignment and measuring effectiveness) are following the IEA Sustainable Development Scenario ("SDS") and meeting the Paris Agreement targets.

To recognize the uncertainty in the pace of the energy transition, OMV Petrom performed a stress test analysis, using a decarbonization scenario which is built on the IEA SDS Scenario, where the entire world reaches the Paris Agreement commitment to be net-zero by 2070. The goal of this analysis is to assess the impact of this scenario on the recoverability of assets and valuation of liabilities.

The entire world following the Paris agreement targets has an impact on the global demand which impacts the oil and gas price assumptions, CO<sub>2</sub> price assumptions, refining margins, power prices and spreads as well as volume development expectations which have been used in the stress test analysis.

### **Recoverability of assets**

Commodity price assumptions may have a significant impact on the recoverable amounts of E&A assets and PPE.

Oil price assumptions have already been revised in 2020 to reflect changes in the market environment and led to net impairments of Upstream tangible assets of RON 346.37 million before tax and write-offs of exploration intangibles of RON 599.09 million before tax. In 2021, the oil and gas price assumptions in the mid term plan scenario, which reflect the potential impact of energy transition, did not materially change in comparison to 2020. Consequently, no impairment losses or reversals of impairments due to changes in price assumptions were recorded.

Management continues to monitor the relevant commodity price assumptions in the future. This might lead to additional impairment losses or reversals of impairments.

In the stress test, OMV Petrom assumes for the Upstream segment a USD 15-20 lower long term oil price than in the mid term plan scenario. According to this stress case, the carrying amounts of the oil and gas assets with proved reserves would have to be decreased by RON 10 billion; the value of oil and gas assets with unproved reserves that would be abandoned is not significant. The remaining carrying amount of property, plant and equipment of oil and gas assets with a share of oil production higher than 55% would be RON 5 billion in this stress case scenario.

In the Downstream Oil segment, the stress case reflects globally declining volume developments for almost all products resulting in negative growth rates and further decline in margins compared to the mid term plan scenario. This would lead to a further decrease in the carrying amount in total of RON 2 billion related to the Petrobrazil refinery.

In Downstream Gas the stress case reflects mainly an increase in the CO<sub>2</sub> prices, however long term expectations are that this increase would be reflected in the energy prices, and therefore this would not generate any impairment of Brazil gas fired power plant.

The stress case was calculated using a simplified method. The calculation is based on a discounted cash flows model similar to a value in use calculation where no future investments for enhancements, improvements and restructuring have been considered. In the Upstream segment, the cash flows are based on an adjusted mid-term planning for five years and a life of field planning for the remaining years until abandonment. In the Downstream Oil segment, the cash flows of the 5-year mid-term planning and a terminal value are included. The (negative) growth rates used for calculating the terminal value are estimated in line with the expected changes in the demand of the various products over the next 20 years. The stress case does not include any other changes to input factors than prices and volumes. It does not consider consequential changes that management could implement such as cost reductions, reserve reviews, divestments, and changes in business plans. The amounts presented above should therefore not be seen as a best estimate of an expected impairment impact following such a scenario.

### **Useful lives**

The tangible assets in Downstream Oil will in average be fully depreciated over the next 6 years. Demand for petroleum products is expected to stay robust over this period of time. It is therefore not expected that energy transition has a material impact on the expected useful lives of property, plant, and equipment in the Downstream Oil segment.

Average remaining proved (1P) reserves life ratio, assuming current annual production, is 9 years and depreciation is calculated based on the "unit-of-production" method, therefore OMV Petrom does not expect that energy transition has a material impact on the useful lives of property, plant and equipment in the Upstream segment.

As OMV Petrom doesn't see the Downstream Gas segment materially impacted by the energy transition, there is also no material impact on useful lives expected in this segment.

**Decommissioning provisions**

The economic cut-off date of Upstream oil and gas assets does not shift significantly under the stress case scenario. The impact on the carrying amount of the decommissioning provisions is therefore expected to be immaterial.

For refinery, no decommissioning provisions are recognized. The Petrobrazil refinery is expected to continue to be used for production even under a Paris-aligned energy transition scenario.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**a) Oil and gas reserves**

Mineral reserves (oil and gas reserves) are estimated by the Company's own engineers, in accordance with international and industry agreed standards based on the availability of geological and engineering data, reservoir performance data, drilling of new wells and commodity prices. The estimates are reviewed externally periodically (usually every two years). The last external review for oil and gas reserves was performed in 2021 for the reserves as of year-end 2020. Commercial reserves are evaluated according to internal regulations, which are in line with the industry standards.

The oil and gas assets are depreciated on a unit of production basis at a rate calculated by reference to either total proved or proved developed reserves (please refer to depreciation, amortization and depletion accounting policy below), determined as presented above. The carrying amount of oil and gas assets at December 31, 2021 is shown in Notes 5 and 6.

The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Company's development and production assets should be impaired.

**b) Provisions for decommissioning and restoration obligations**

The Company's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. These decommissioning and restoration obligations are principally of material importance in the Upstream segment (oil and gas wells, surface and offshore facilities). At the time the obligation arises, it is provided for in full by recognizing the present value of future decommissioning and restoration expenses as a liability. An equivalent amount is capitalized as part of the carrying amount of long-lived assets.

Decommissioning costs will be incurred by the Company at the end of the operating life of some of the facilities and properties.

Estimates of future restoration costs are based on current contracts concluded with suppliers, reports prepared by OMV Petrom engineers as well as past experience. Downward changes in the expected future costs or postponement in the future

affect both the provision and the related asset, to the extent that there is sufficient carrying amount, otherwise the provision is reversed to income statement.

Provisions for decommissioning and restoration costs require estimates of discount rates and inflation rates. These estimates have a material effect on the amount of the provisions (see Note 13).

The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future results.

### c) Impairment of non-financial assets

The Company assesses each asset or cash generating unit (CGU) at each reporting period to determine whether any indication of impairment exists. When an indicator exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. Except for the assets whose carrying amount will be recovered through a sale transaction rather than through continuing use, for all impairment tests performed, the recoverable amount was based on value in use. The assessments require the use of different estimates and assumptions depending on the business such as crude oil prices, discount rates, reserves, growth rates, gross margins and spark spreads. The key estimates and assumptions used bear the risk of change due to the inherent volatile nature of various macro-economic factors and the uncertainty in asset or CGU specific factors like reserve volumes and production profiles, which can impact the recoverable amount of assets and/or CGUs.

#### Impairment testing in Upstream

The key valuation assumptions for the recoverable amounts of Upstream assets are the oil and natural gas prices, production volumes and the discount rates. The production profiles were estimated based on past experience and represent management's best estimate of future production. The cash-flow projections for the first five years are based on the mid-term plan and thereafter on on a "life of field" planning and therefore cover the whole life term of the field .

In 2021, there were no significant changes in the assumptions in comparison to 2020. Based on management estimations regarding long term Brent oil price and production volumes, an analysis of the triggering events was performed and it was concluded that there are no indicators for impairment or reversal of impairment, consequently no impairment test was necessary.

The nominal oil price assumptions and the RON/USD exchange rates are listed below:

Oil price assumptions in 2021	2022	2023	2024	2025	2026
Brent oil price (USD/bbl)	65	65	65	65	65
RON/USD exchange rate	4.14	4.14	4.14	4.14	4.14
Brent oil price (RON/bbl)	269	269	269	269	269

Oil price assumptions in 2020	2021	2022	2023	2024	2025
Brent oil price (USD/bbl)	50	60	60	65	65
RON/USD exchange rate	4.30	4.30	4.30	4.30	4.30
Brent oil price (RON/bbl)	215	258	258	280	280

For the years 2027 until 2030, the company assumed a Brent oil price of USD 65/bbl which is expected to gradually decline to USD 60/bbl until 2035. From 2035 onwards, the company applied a Brent oil price of USD 60/bbl. All before mentioned assumptions for the years after 2026 are based on 2026 real terms.

In 2020, the Company updated its mid-term plan and revised its long-term planning assumptions to reflect changes in the market environment. In addition, the short-term oil price assumption were updated in order to reflect the significant decrease in oil prices in 2020. The assumptions used for oil prices for short and medium term are based on management's best estimate and were consistent with external sources. The long-term assumptions were consistent with data provided by external studies and consider long-term views of global supply and demand.

The revisions in 2020 led to impairments (net of write-ups) of RON 346.37 million before tax and write-offs of exploration intangibles of RON 599.09 million before tax. The recoverable amounts of impaired assets or for which a reversal of impairment was booked amounted to RON 2,730.42 million. The after-tax discount rate used was 9.7%. The recoverable amount was based on the value in use.

In 2020, an increase of 1 percentage point in the after-tax discount rates would have led to an additional after-tax impairment of approximately RON 150 million. Furthermore, a Brent oil price decrease of USD 10/bbl per year would have led to an additional after-tax impairment of approximately RON 2.5 billion.

#### **Impairment testing in Downstream**

In the Downstream Oil business, besides the discount rates, the recoverable amounts are mainly impacted by the indicator refinery margin and the utilization rate in the refinery and by the retail margin and sales volumes in retail.

In 2021 and 2020, based on management estimations it was concluded that there were no triggering indicators for performing an impairment test in Downstream Oil.

In the Downstream Gas business, besides discount rates, the main valuation assumptions for the calculation of the recoverable amounts are the spark spreads (being the differences between the electricity prices and the cost of gas and cost of CO<sub>2</sub> certificates) and net electrical output for the power plant. The assumptions used for prices are based on management's best estimate, considering specifics of local market as well as the correlation between the local and regional markets.

In 2021, based on management estimations it was concluded that there were no triggering indicators for performing an impairment test in Downstream Gas.

In 2020, the long-term power and CO<sub>2</sub> price assumptions were revised taking into account the improved power generation market, favoring gas fired power plants as compared with coal fired power plants. This led to the full reversal of impairments for Brazi gas fired power plant, in amount of RON 518.65 million before tax based on an after-tax discount rate of 4.26%. An increase of 1 percentage point in the after-tax discount rates would not have changed the amount of the reversal, as the recoverable amount would have been still higher than the write-up cap. Also, a decrease of 25% in the spark-spread would not have had an impact on the reversal booked.

#### **d) Exploration and evaluation expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is probable that future economic benefits are likely either from future operation or from sale or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that involves varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure.

The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the income statement in the period when the new information becomes available. The exploration and evaluation expenditure capitalized is presented under intangible assets in the statement of financial position.

### e) Recoverability of Romanian State receivable

Management is periodically assessing the recoverability of the receivable related to expenditure recoverable from the Romanian State related to obligations for decommissioning and environmental costs, which was recognized based on the privatization agreement. The assessment process considers inter alia the history of amounts claimed, documentation process related requirements and potential litigation or arbitration proceedings. For more details, see Note 8 b).

## Judgments

In the process of applying the Company's accounting policies, the following judgments were made, particularly with respect to the following:

### f) Cash generating units

Management exercises judgment in determining the appropriate level of grouping Upstream assets into CGUs, in particular with respect to the Upstream assets which share significant common infrastructure and are consequently grouped into the same CGU.

### g) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

### h) Lease term and incremental borrowing rate

OMV Petrom determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has lease contracts which include prolongation and termination options. When determining the lease term to be used for the measurement of the lease, the Company takes into account all the relevant facts and circumstances that create an economic incentive for exercising either the extension or termination option of the lease term, such as market factors, the extent of oil and gas reserves or other relevant facts.

The Company cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rates were determined taking into consideration factors such as the term of the lease, credit risk, currency in which the lease was denominated and economic environment.

### 3. ACCOUNTING AND VALUATION PRINCIPLES

#### 3.1. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the changes as described below.

The Company has adopted the following amendments to standards from January 1, 2021:

- ▶ Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions
- ▶ Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021
- ▶ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2.

The amendments did not have any material impact on the company's financial statements.

#### 3.2. New and revised standards not yet mandatory

The Company has not applied the following new or revised IFRSs that have been issued but are not yet effective. They are not expected to have any material effects on the Company's financial statements. EU endorsement is still pending in some cases.

<b>Standards and amendments</b>	<b>IASB effective date</b>
Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use	January 1, 2022
Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
IFRS 17 Insurance Contracts and Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1: Classification of Liabilities as Current and Non-Current	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

### 3.3. Summary of accounting and valuation principles

#### a) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred. Pre-licence prospecting is performed in the very preliminary stage of evaluation when trying to identify areas that may potentially contain oil and gas reserves without having physical access to the area. Related costs may include seismic studies, magnetic measurements, satellite and aerial photographs, gravity-meter tests etc.

#### b) Licence acquisition costs

Exploration licence acquisition costs are capitalized in intangible assets.

Licence acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence acquisition costs is written off through the income statement.

Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas assets within tangible assets.

#### c) Exploration and evaluation costs

Exploration expenses relate exclusively to the business segment Upstream and comprise the costs associated with unproved reserves. These include geological and geophysical costs for the identification and investigation of areas with possible oil and gas reserves and administrative, legal and consulting costs in connection with exploration.

Exploration and evaluation costs are accounted for using the successful efforts method of accounting. Costs related to geological and geophysical activity are expensed as incurred. The costs associated to exploration and evaluation drilling are initially capitalized as oil and gas assets with unproved reserves pending determination of the commercial viability of the relevant properties. If prospects are subsequently deemed to be unsuccessful on completion of evaluation, the associated costs are included in the income statement for the year. If the prospects are deemed commercially viable, such costs are transferred to tangible oil and gas assets upon recognition of proved reserves and internal approval for development. The status of such prospects and related costs are reviewed regularly by technical, commercial and executive management including review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. Exploratory wells in progress at year -end which are determined to be unsuccessful subsequent to the statement of financial position date are treated as non-adjusting events, meaning that the costs incurred for such exploratory wells remain capitalized in the financial statements of the reporting period under review and will be expensed in the subsequent period.



## d) Development and production costs

Development costs including costs incurred to gain access to proved reserves and to prepare development wells locations for drilling, to drill and equip development wells and to construct and install production facilities, are capitalized as oil and gas assets.

Production costs, including those costs incurred to operate and maintain wells and related equipment and facilities (including depletion, depreciation and amortization charges as described below) and other costs of operating and maintaining those wells and related equipment and facilities, are expensed as incurred.

## e) Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at cost of acquisition or construction (including costs of major inspection and general overhauls) and are presented net of accumulated depreciation and impairment losses.

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use. The cost of self-constructed assets includes cost of direct materials, labour, overheads and other directly attributable costs that have been incurred in bringing the assets to their present location and condition.

Depreciation and amortization is calculated on a straight-line basis, except for Upstream assets, where depletion occurs to a large extent on a unit-of-production basis. In the income statement, impairment losses for exploration assets are disclosed as exploration expenses, and those for other assets are reported within depreciation, amortization, impairment charges and write-ups line.

<b>Intangible assets</b>		<b>Useful life (years)</b>
Goodwill		Indefinite
Software		3 – 5
Concessions, licences and other intangibles		5 - 20, or contract duration
<b>Business-specific property, plant and equipment</b>		
Upstream	Oil and gas core assets	Unit of production method
Downstream Oil	Storage tanks and refinery facilities	25 – 40
Downstream Oil	Pipeline systems	20
Downstream Gas	Gas pipelines	20 - 30
Downstream Gas	Gas fired power plant	8 – 30
<b>Other property, plant and equipment</b>		
Production and office buildings		20 – 50
Other plant and equipment		10 – 20
Fixtures and fittings		5 – 10

For the application of the unit of production depreciation method, the Company has separated the areas where it operates into regions. The unit of production factor is computed at the level of each productive region, based on the extracted quantities and the proved reserves or proved developed reserves as applicable.

Capitalized exploration and evaluation activities are generally not depreciated as long as they are related to unproved reserves but tested for impairment. Once the reserves are proved and commercial viability is established, the related assets are reclassified into tangible assets and once production starts depreciation commences. Capitalized development costs and support equipment are generally depreciated based on proved developed reserves/ total proved reserves by applying the unit-of-production method once production starts.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

An item of property, plant and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Under the successful efforts method individual mineral interests and other assets are combined to cost centers (fields, blocks, areas), which are the basis for depreciation and impairment testing. If single wells or other assets from a pooled depreciation base with proved reserves are abandoned, the accumulated depreciation for the single asset might be not directly identifiable. In general, irrespective if book values of abandoned assets are identifiable, no loss is recognized from the partial relinquishment of assets from a pooled depreciation base as long as the remainder of the group of properties continues to produce oil or gas. It is assumed that the abandoned or retired asset is fully amortized. The capitalized costs for the asset are charged to the accumulated depreciation base of the cost center. Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off.

Transactions in which control of an exploration entity is obtained are treated as asset acquisitions, if the entity does not constitute a business as defined by IFRS 3 Business Combinations.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and groups of assets are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. This classification requires that the sale must be estimated as highly probable, and that the asset must be available for immediate disposal in its present condition. The highly probable criteria implies that management must be committed to the sale and an active plan to locate a buyer was initiated, the transaction should be expected to qualify for recognition as a completed sale within one year from the date of classification (except if certain conditions are met), the asset is actively marketed at a price that is reasonable in relation to its current fair value and it is unlikely that significant changes will occur to the sale plan or that the plan will be withdrawn. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

#### **Impairment of intangible assets and property, plant and equipment**

In accordance with IAS 36, intangible assets as well as property, plant and equipment are reviewed at reporting date for any indications of impairment. For intangible assets with indefinite useful lives, impairment tests are carried out annually. This applies even if there are no indications of impairment. Impairment tests are performed on the level of cash generating units which generate cash inflows that are largely independent of those from other assets or groups of assets.

If any indication exists, or when annual impairment test for an asset is required, the Company estimates the asset's recoverable amount being the higher of fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The cash flows are generally derived from recent budgets and planning calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognized to reduce the asset to its lower recoverable amount. Impairment losses are recognized in the income statement under depreciation, amortization, impairment and write-ups and under exploration expenses.

If the reasons for impairment no longer apply in a subsequent period, a reversal is recognized in the income statement. The increased carrying amount related to the reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization and depreciation) if no impairment loss had been recognized in prior years.

## f) Major maintenance and repairs

The capitalized costs of regular and major inspections and overhauls are separate components of the related asset or asset groups. The capitalized inspection and overhaul costs are amortized on a straight line basis, or on basis of the number of service hours or produced quantities or similar, if this better reflects the time period for the inspection interval (until the next inspection date).

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection.

Cost of major remedial activities for wells workover, if successful, is also capitalized and depreciated using the unit-of-production method.

All other day-to-day repairs and maintenance costs are expensed as incurred.

## g) Research and development

Expenditure related to research activities is recognized as expense in the period in which it is incurred. Research and development (R&D) expenses are presented in the income statement within other operating expenses and include all direct and indirect materials, personnel and external services costs incurred in connection with the focused search for new insights related to the development and significant improvement of products, services and processes and in connection with research activities. Development costs are capitalized if the recognition criteria according to IAS 38 are fulfilled.

## h) Leases

OMV Petrom as a lessee recognizes lease liabilities and right-of-use assets for lease contracts according to IFRS 16. It applies the recognition exemption for short-term leases and leases in which the underlying asset is of low value and therefore does not recognize right-of-use assets and lease liabilities for such leases. Leases to explore for and use oil and natural gas, which comprise mainly land leases used for such activities, are not in the scope of IFRS 16. The rent for these contracts is recognized on a straight-line basis over the contract term.

At the commencement date of the lease (i.e. the date the underlying asset is available for use), lease liabilities are recognized at the net present value of fixed lease payments and lease payments which depend on an index or rate over the determined lease term with the applicable discount rate. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there are changes in the lease term, lease payments or in the assessment of an option to purchase the underlying asset.

Right-of-use assets are recognized at commencement date and measured at the present value of the lease liability plus prepayments and initial direct costs and presented within property, plant and equipment. After the commencement date, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses (see Note 3e) and adjusted for any remeasurement of the lease liability, if the case.

Non-lease components are separated from the lease components for the measurement of right-of-use assets and lease liabilities.

Variable lease payments that do not depend on an index or a rate are recognized as expenses, in the period in which the event or condition that triggers the payment occurs.

OMV Petrom as a lessor entered in contracts which were assessed as operating leases, for which payments received for rent are recognized as revenue from rents and leases over the period of the lease.

## i) Financial instruments

### Non-derivative financial assets

At initial recognition, OMV Petrom classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification depends both on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Debt instruments are classified and measured **at amortized cost** if both of the following conditions are met:

- ▶ the asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ▶ the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method less any impairment losses. Interest income, impairment losses and gains or losses on derecognition are recognized in profit or loss. The Company's financial assets at amortised cost include mainly trade receivables.

OMV Petrom recognizes allowances for expected credit losses (ECLs) for financial assets measured at amortized costs. The ECL calculation is based on external or internal credit ratings of the counterparty, associated probabilities of default and loss given default. External credit rating is based mainly on reports issued by well-known rating agencies and is reflected in OMV Petrom by grouping financial assets in five risk classes (risk class 1 being the lowest risk category).

The probabilities of default used for each risk class, as presented in Note 8, are based on Standard & Poor's average global corporate default rates. A loss given default of 45% was applied for computation of ECL of financial assets which are not credit impaired.

ECLs are recognized in two stages:

- i. Where there has not been a significant increase in the credit risk since initial recognition, credit losses are measured at 12 month ECLs. The 12 month ECL is the credit loss which results from default events that are possible within the next 12 months. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'.
- ii. Where there has been a significant increase in the credit risk since initial recognition, a loss allowance is required for the lifetime ECL, i.e. the expected credit losses resulting from possible default events over the expected life of a

financial asset. For this assessment, OMV Petrom considers all reasonable and supportable information that is available without undue cost or effort. Furthermore, OMV Petrom assumes that the credit risk on a financial asset has significantly increased if it is more than 30 days past due. If the credit quality improves for a lifetime ECL asset, OMV Petrom reverts to recognizing allowances on a 12 month ECL basis. A financial asset is considered to be in default when the financial asset is 90 days past due unless there is reasonable and supportable information that demonstrate that a more lagging default criterion is appropriate. A financial asset is written off when there is no reasonable expectation that the contractual cash flows will be recovered.

For trade receivables a simplified approach is adopted, where the impairment losses are recognized at an amount equal to lifetime expected credit losses. In case there are credit insurances or securities held against the balances outstanding, the ECL calculation is based on the probability of default of the insurer/securer for the insured/secured element of the outstanding balance and the remaining amount will take the probability of default of the counterparty.

Non-derivative financial assets classified as **at fair value through profit or loss** include trade receivables from sales contracts with provisional pricing because the contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding. Furthermore, this measurement category includes portfolios of trade receivables held with an intention to sell them. These assets are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

**Equity instruments** may be elected irrevocably as measured **at fair value through other comprehensive income** if they are not held for trading.

Interests in subsidiaries, associates and joint ventures that are accounted for in accordance with IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements, or IAS 28 Investments in Associates and Joint Ventures are measured at cost less any impairment losses.

OMV Petrom derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability that reflects the rights and obligations that the Company has retained. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial assets are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

Rights to payments to reimburse the Company for expenditure that it is required to make to settle a liability that is recognized as a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets are outside the scope of IFRS 9. Expenditure recoverable from Romanian State falls under this category.

#### **Non-derivative financial liabilities**

Non-derivative financial liabilities are carried at amortized cost except for contingent consideration related to acquisition of financial assets, which is measured at fair value at the date of acquisition and subsequently measured at fair value with the changes in fair value recognized in income statement. Long-term liabilities are discounted using the effective interest rate method (EIR).

A financial liability (or a part of a financial liability) is removed from the statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

**Derivative financial instruments and hedge accounting**

Derivative instruments are used to hedge risks resulting from changes in currency exchange rates and commodity prices. Derivative instruments are recognized at fair value. Unrealized gains and losses are recognized as income or expense, except where hedge accounting according to IFRS 9 is applied.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Those derivatives qualifying and designated as hedges either (i) a fair value hedge when hedging exposure to changes in the fair value of a recognized asset or liability or (ii) a cash flow hedge when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

For cash flow hedges, the effective part of the changes in fair value is recognized in other comprehensive income, while the ineffective part is recognized immediately in the income statement. Where the hedging of cash flows results in the recognition of a non-financial asset or liability, the carrying value of that item will be adjusted for the accumulated gains or losses recognized directly in other comprehensive income.

As per IFRS 9 Financial Instruments, contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments and measured at fair value. Associated gains or losses are recognized in the income statement, as follows: the result of derivative financial instruments related to petroleum products and power is presented in sales revenues and the result of derivative financial instruments related to materials (e.g. crude oil, CO<sub>2</sub>) is presented in purchases (net of inventory variation).

However, commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts and they fall under own use exemption. OMV Petrom enters into gas forward contracts with physical delivery, creating links within the value chain for the commodity. These contracts are not settled net. Therefore gas forward contracts fall under own use exemption as mentioned above.

**j) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalized until these assets are substantially ready for their intended use or for sale. Borrowing costs include interest on bank short-term and long-term loans, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. All other costs of borrowing are expensed in the period in which they are incurred.

**k) Government grants**

Government grants – except for emission rights (see Note 3.3m) – are recognized as income or deducted from the related asset where it is reasonable to expect that the granting conditions will be met and that the grants will be received.

## l) Inventories

Inventories are recognized at the lower of cost and net realizable value, except for inventories held for trading which are measured at fair value less cost to sell. Net realizable value is the estimated selling price in the normal course of activity less any selling expenses.

Cost of producing crude oil and gas and refined petroleum products is accounted on weighted average basis, and includes all costs incurred in the normal course of business in bringing each product to its present location and condition, including the appropriate proportion of depreciation, depletion and amortization and overheads based on normal capacity.

Appropriate allowances are made for any obsolete or slow moving stocks based on the management's assessments.

## m) Provisions

Provisions are made for all present obligations (legal or constructive) to third parties resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provision for individual obligations is based on the best estimate of the amount necessary to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is applicable, the increase in the provision due to the passage of time is recognized as a finance cost.

### **Decommissioning and environmental obligations**

The Company's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation obligations, more specifically consisting in:

- ▶ plugging and abandoning wells;
- ▶ cleaning of sludge pits;
- ▶ dismantlement of production facilities;
- ▶ restoration of producing areas in accordance with licence requirements and the relevant legislation.

These decommissioning and restoration obligations are mainly of material importance in the Upstream segment (oil and gas wells, surface and offshore facilities). At the time the obligation arises, it is provided for in full by recognizing the present value of future decommissioning and restoration expenses as a liability. An equivalent amount is capitalized as part of the carrying value of related property, plant and equipment. Any such obligation is calculated on the basis of best estimates. The capitalized asset is depreciated using the unit-of-production method for upstream activities and on straight-line basis for downstream assets.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action. The amount recognized is the best estimate of the expenditure required. Estimates of future remediation costs are based on current contracts concluded with suppliers, reports prepared by Company engineers, as well as past experience. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

Based on the privatization agreement of the Company, part of its decommissioning and environmental costs will be reimbursed by the Romanian State. The portion to be reimbursed by the Romanian State has been presented as receivable and reassessed in order to reflect the current best estimate of the costs at its present value, using the same discount rate as for the related provisions.



Changes in the assumptions related to decommissioning costs are dealt with prospectively, by recording an adjustment to the provision and a corresponding adjustment to property, plant and equipment (for OMV Petrom obligation) or to the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

The unwinding of the decommissioning provision is presented as part of the interest expenses in the income statement, net of the unwinding of the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

Changes in the assumptions related to environmental costs are dealt with prospectively, by recording an adjustment to the provision and a corresponding adjustment in the income statement (for Company obligation) or to the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

The unwinding of the environmental provision is presented as part of the interest expenses in the income statement, net of the unwinding of the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

The effect of changes in discount rate and timing assumptions for the receivable from the Romanian State which are additional to the changes in discount rates and timing assumptions for decommissioning costs and environmental costs is presented in the income statement under interest expenses or interest income.

#### **Pensions and similar obligations**

The Company has defined benefit plans and other benefits. Provisions for pensions and severance payments are calculated using the projected-unit-credit method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account. Actuarial gains/losses are recognized in full in the period in which they occur as follows: for retirement benefits in other comprehensive income (not reclassified to income statement in subsequent periods) and for other benefits in the income statement.

**Provisions for restructuring programs** are recognized if a detailed plan has been approved by management prior to the statement of financial position date, and an irrevocable commitment is thereby established. Voluntary amendments to employees' remuneration arrangements are recognized if the respective employees have accepted the Company's offer. Provisions for obligations under individual separation agreements are recognized at the present value of the obligation where the amounts and dates of payment are fixed and determined.

**Emission allowances** received free of cost from governmental authorities (EU Emissions Trading Scheme for greenhouse gas emissions allowances) reduce financial obligations for CO<sub>2</sub> emissions and are recognized based on net approach for Government Grant (i.e. zero value in accounting). Provisions are recognized only for shortfalls. Provisions for shortfalls are initially measured at the best estimation of expenditure required to settle the obligation. The related expenses are recognized as emission costs, included in production and operating expenses. If, subsequently to the recognition of a provision, emission rights are purchased then an asset is only recognized for the excess of the emission rights over the CO<sub>2</sub> emissions.



## n) Taxes on income and royalties

### Current tax

Current income tax is the expected tax payable or receivable on the taxable net result for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The taxable profit differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred income tax is recognised in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- ▶ where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in income statement.

Deferred tax assets and deferred tax liabilities at Company level are shown net if there is a legally enforceable right to offset and the deferred taxes relate to matters subject to the same tax jurisdiction.

**Production taxes**

Royalties are based on the value of oil and gas production and are included in the income statement under production and similar taxes.

**o) Revenue recognition****Revenues from contracts with customers**

Revenue is generally recognized when control over a product or a service is transferred to a customer. It is measured based on the consideration to which is expected to be entitled based on the contract with a customer and excludes amounts collected on behalf of third parties.

When the performance obligation is not yet satisfied, but the consideration from customers is either received or due, OMV Petrom recognizes contract liabilities which are reported as other liabilities in the statement of financial position.

When goods such as crude oil, LNG, oil products and similar goods are sold, the delivery of each quantity unit normally represents a single performance obligation. Revenue is recognized when control of the goods has been transferred to the customer, which is the point in time when legal ownership as well as the risk of loss has passed to the customer and is determined on the basis of the Incoterm agreed in the contract with the customer. These sales are done with normal credit terms according to the industry standards.

In the Downstream Oil retail business, revenues from the sale of petroleum products are recognized at a point in time, when products are supplied to the customers. Depending on whether the Company acts as a principal or as an agent in the sale of shop merchandise, revenue and costs related to such sales are presented gross or net in the income statement. The Company acts as principal if it controls the goods before they are transferred to the customer. The Company has control over the goods when it bears the inventory risk before the goods have been transferred to the customers. A second indicator for having control of the goods before transferring them to the customer is the Company's ability to establish the price of goods. For sales of non-oil products, the Company considers this as being a secondary criterion, therefore, if the Company has the ability to set the price but it does not have inventory risk before transferring the goods to the customer, it acts as an agent in providing the goods.

The Company's gas and power supply contracts include a single performance obligation which is satisfied over the agreed delivery period. Revenue is recognized according to the consumption by the customer and in line with the amount to which the Company has a right to invoice. Only in exceptional cases long-term gas supply contracts may contain stepped prices in different periods where the rates do not reflect the value of the goods at the time of delivery. In these cases, revenue is recognized based on the average contractual price.

In some contracts for the delivery of natural gas, the fees charged to the customer comprise a fixed charge as well as a variable fee depending on the volumes delivered. These contracts contain only one performance obligation which is represented by the availability of supply for the delivery of gas over a certain period. The revenue from fixed charges and variable fees is recognized in line with the amount chargeable to the customer. Gas and power deliveries are billed and paid on a monthly basis.

Gas storage and gas transportation contracts contain a stand-ready obligation for providing storage or transportation services over an agreed period of time. Revenue is recognized according to the amount to which the Company has a right to invoice for those transactions in which it acts in the capacity of principal. These services are billed and paid on a monthly basis.

Power and gas sales are often subject to fees or tariffs for facilitating the transfer of goods and services. When the Company does not control the services related to such fees and tariffs before they are transferred to the customer and when it is not involved in the rendering of the service nor does it control the pricing, the Company is only an agent in providing these services. As the revenues are recognized in the amount to which the Company has a right to invoice, OMV Petrom applies

the practical expedient according to IFRS 15.121 in accordance with which the amount for unsatisfied remained performance obligations need not be disclosed.

#### **Revenues from other sources**

Revenues from other sources include mainly the revenues from commodity transactions that are within the scope of IFRS 9 Financial Instruments, realized and unrealized results from hedging of sales transactions, as well as rental and lease revenues.

#### **Dividend and interest income**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income is accrued using the effective interest rate, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### **p) Cash and cash equivalents**

Cash is considered to be cash on hand and in operating accounts in banks. Cash equivalents represent deposits and highly liquid short-term investments with original maturities of less than three months.

### **q) Joint arrangements**

IFRS defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing the control.

Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement. Joint operations are joint arrangements in which the parties that share joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

As of December 31, 2021 and 2020 the Company had joint arrangements classified as joint operations.

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation, line by line, in its financial statements.

The material joint arrangements where OMV Petrom is partner, as well as commitments in relation to the joint arrangements, are presented in Note 32.

### **r) Exploration and production sharing agreements**

Exploration and production sharing agreements are contracts for oil and gas licenses in which the oil or gas production is shared between one or more oil companies and the host country/national oil company in defined proportions. Exploration expenditures are carried by the oil companies as a rule and recovered from the state or the national oil company through so called "cost oil" in a successful case only.

## 4. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the exchange rate ruling on transaction date. Monetary assets and liabilities denominated in foreign currency are converted into RON at the exchange rate on the reporting date, communicated by the National Bank of Romania:

Currencies	December 31, 2021	December 31, 2020
Euro (EUR)	4.9481	4.8694
US dollar (USD)	4.3707	3.9660

All differences resulting from foreign currency amounts settlements are recognized in income statement in the period they occurred. Unrealized foreign exchange gains and losses related to monetary items are recognized in the income statement for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currency of the Company, assessed in accordance with IAS 21, is the RON.

## 5. INTANGIBLE ASSETS

	Concessions, licences and other intangible assets	Oil and gas assets with unproved reserves	Total
<b>COST</b>			
<b>Balance as at January 1, 2021</b>	<b>1,294.19</b>	<b>3,443.85</b>	<b>4,738.04</b>
Additions*	14.72	159.97	174.69
Transfers (Note 6)	-	(0.18)	(0.18)
Disposals	(2.71)	(131.44)	(134.15)
<b>Balance as at December 31, 2021</b>	<b>1,306.20</b>	<b>3,472.20</b>	<b>4,778.40</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT</b>			
<b>Balance as at January 1, 2021</b>	<b>1,177.11</b>	<b>940.00</b>	<b>2,117.11</b>
Amortization	8.04	0.74	8.78
Impairment	-	92.74	92.74
Transfers (Note 6)	-	-	-
Disposals	(2.39)	(131.44)	(133.83)
Write ups	-	(0.14)	(0.14)
<b>Balance as at December 31, 2021</b>	<b>1,182.76</b>	<b>901.90</b>	<b>2,084.66</b>
<b>CARRYING AMOUNT</b>			
As at January 1, 2021	117.08	2,503.85	2,620.93
As at December 31, 2021	123.44	2,570.30	2,693.74

\*) Includes the amount of RON 0.63 million representing increase from reassessment of decommissioning asset for exploration wells (under category "Oil and gas assets with unproved reserves").

Oil and gas assets with unproved reserves include mainly expenditure capitalized in relation to Neptun project. OMV Petrom remains keen to see the Neptun Deep strategic project being developed. Based on management assessment it was concluded that there were no impairment triggers as at December 31, 2021 and 2020.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Land, land rights and buildings, incl. buildings on third-party property	Oil and gas assets	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Total
<b>COST</b>						
<b>Balance as at January 1, 2021</b>	<b>2,554.48</b>	<b>41,607.98</b>	<b>10,941.18</b>	<b>724.43</b>	<b>545.72</b>	<b>56,373.79</b>
Additions	9.38	1,868.33	64.84	79.68	467.43	<b>2,489.66</b>
Transfers*	18.80	(51.39)	332.48	2.98	(302.69)	<b>0.18</b>
Transfers to assets held for sale	(45.90)	(6.13)	(0.91)	(0.04)	–	<b>(52.98)</b>
Disposals**	(8.90)	(1,699.02)	(155.03)	(58.35)	–	<b>(1,921.30)</b>
<b>Balance as at December 31, 2021</b>	<b>2,527.86</b>	<b>41,719.77</b>	<b>11,182.56</b>	<b>748.70</b>	<b>710.46</b>	<b>56,889.35</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>						
<b>Balance as at January 1, 2021</b>	<b>1,231.52</b>	<b>22,736.25</b>	<b>6,144.23</b>	<b>371.35</b>	<b>18.03</b>	<b>30,501.38</b>
Depreciation	100.44	1,831.10	706.49	111.78	–	<b>2,749.81</b>
Impairment	1.79	426.28	7.84	0.27	1.41	<b>437.59</b>
Transfers*	(0.05)	2.73	(2.68)	–	–	<b>–</b>
Transfers to assets held for sale	(5.36)	0.38	(0.15)	(0.01)	–	<b>(5.14)</b>
Disposals	(7.43)	(494.33)	(135.10)	(52.42)	–	<b>(689.28)</b>
Write-ups	–	(1.82)	(0.05)	–	(0.17)	<b>(2.04)</b>
<b>Balance as at December 31, 2021</b>	<b>1,320.91</b>	<b>24,500.59</b>	<b>6,720.58</b>	<b>430.97</b>	<b>19.27</b>	<b>32,992.32</b>
<b>CARRYING AMOUNT</b>						
<b>As at January 1, 2021</b>	<b>1,322.96</b>	<b>18,871.73</b>	<b>4,796.95</b>	<b>353.08</b>	<b>527.69</b>	<b>25,872.41</b>
<b>As at December 31, 2021</b>	<b>1,206.95</b>	<b>17,219.18</b>	<b>4,461.98</b>	<b>317.73</b>	<b>691.19</b>	<b>23,897.03</b>

\*) Net amount represents transfers from intangibles (Note 5)

\*\*) Includes the amount of RON (1,195.36) million representing decrease from reassessment of the decommissioning asset.

Expenditure capitalized in the course of construction of tangible and intangible assets amounts to RON 475.54 million (2020: RON 527.05 million).

For details on impairments see Note 22.

### OMV Petrom as a lessee

OMV Petrom as a lessee recognized right-of-use assets related mainly to cars, rail cars and other transportation vehicles, the hydrogen plant at Petrobrazil Refinery, power generators and other equipment, as well as other land and office buildings leases.

Due to the nature of oil and gas operations, some lease contracts include the possibility for OMV Petrom as a lessee to extend or terminate the original lease term. The existence of such options is a business necessity, as the activities are largely dependent on the market factors and on the existence of oil and gas reserves. These provide operational flexibility in terms of managing the assets used in the Company's operation. These options are assessed by OMV Petrom at lease

commencement whether it is reasonably certain that they will be exercised or not. Optional periods, which have not been taken into account in the measurement of the leases, exist mainly for Upstream equipment and some transportation vehicles.

#### Right-of-use assets recognized under IFRS 16

	Land and buildings	Plant and machinery	Other fixtures, fittings and equipment	Total
<b>Right-of-use assets as at January 1, 2021</b>	<b>53.09</b>	<b>93.04</b>	<b>282.93</b>	<b>429.06</b>
Additions	6.68	18.61	79.30	<b>104.59</b>
Depreciation	(7.30)	(23.27)	(96.11)	<b>(126.68)</b>
Other movements	(0.58)	(0.68)	(4.99)	<b>(6.25)</b>
<b>Right-of-use assets as at December 31, 2021</b>	<b>51.89</b>	<b>87.70</b>	<b>261.13</b>	<b>400.72</b>

#### Amounts recognized in income statement

	2021	2020
<b>Operating result</b>		
Short-term lease expenses	1.47	2.57
Low-value lease expenses	0.47	0.58
Variable lease expenses	4.60	3.71
Depreciation expense of right-of-use assets	126.68	120.85
<b>Net financial result</b>		
Interest expense on lease liabilities	5.70	6.28
Foreign exchange loss on lease liabilities	4.18	4.28

In addition, OMV Petrom incurred in 2021 short-term lease costs of RON 55.74 million (2020: RON 54.73 million), which were capitalized in the cost of other assets.

Variable lease payments expensed in 2021, in amount of RON 4.60 million (2020: RON 3.71 million), were related to contingent rent mainly for power generators equipment, determined based on quantities.

For other information on lease liability please see Notes 15 and 29 a).

## 7. INVESTMENTS

As at December 31, 2021 the Company had investments in the following companies:

Company Name	Field of activity	Share interest percent	Cost	Impairment	Net book value
<b>Subsidiaries</b>					
OMV Petrom Marketing S.R.L.	Fuel distribution	100.00%	1,303.79	-	1,303.79
Petrom Moldova S.R.L.	Fuel distribution	100.00%	122.57	(111.17)	11.40
OMV Offshore Bulgaria GmbH	Exploration activities	100.00%	41.43	-	41.43
OMV Petrom Georgia LLC	Exploration and production services	100.00%	-	-	-
OMV Petrom Gas S.R.L.	Gas supply	100.00%	8.65	-	8.65
OMV Petrom Aviation S.R.L.	Airport services	99.99%	54.14	(17.43)	36.71
Petromed Solutions S.R.L.	Medical services	99.99%	3.00	-	3.00
OMV Srbija DOO	Fuel distribution	99.96%	181.92	-	181.92
OMV Bulgaria OOD	Fuel distribution	99.90%	138.02	-	138.02
Petrom Exploration & Production Limited	Exploration and production services	99.99%	0.91	(0.75)	0.16
<b>Associates</b>					
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	25.00%	7.00	-	7.00
Asociatia Romana pentru Relatia cu Investitorii	Public representation	20.00%	-	-	-
<b>Other investments</b>					
Telescaun Tihuta S.A.	Touristic facilities	1.68%	0.01	(0.01)	-
Credit Bank	Other financial services	0.22%	0.32	(0.32)	-
Forte Asigurari - Reasigurari S.A.	Insurance services	0.09%	0.02	(0.02)	-
<b>Total</b>			<b>1,861.78</b>	<b>(129.70)</b>	<b>1,732.08</b>

On May 21, 2021, OMV Petrom Georgia LLC was incorporated in Georgia following the signing of a Production Sharing Contract between OMV Petrom S.A. and the State of Georgia in relation to the exploration offshore Block II from Georgia.

On December 15, 2021, OMV Petrom S.A. acquired the remaining 0.01% interest in the subsidiary OMV Petrom Gas S.R.L., reaching the ownership of 100% in this subsidiary.

As at December 31, 2020 the Company had investments in the following companies:

Company Name	Field of activity	Share interest percent	Cost	Impairment	Net book value
<b>Subsidiaries</b>					
OMV Petrom Marketing S.R.L.	Fuel distribution	100.00%	1,303.79	-	1,303.79
Petrom Moldova S.R.L.	Fuel distribution	100.00%	122.57	(96.81)	25.76
OMV Offshore Bulgaria GmbH	Exploration activities	100.00%	41.43	-	41.43
OMV Petrom Gas S.R.L.	Gas supply	99.99%	8.65	-	8.65
OMV Petrom Aviation S.R.L.	Airport services	99.99%	54.14	(17.15)	36.99
Petromed Solutions S.R.L.	Medical services	99.99%	3.00	-	3.00
OMV Srbija DOO	Fuel distribution	99.96%	181.92	-	181.92
OMV Bulgaria OOD	Fuel distribution	99.90%	138.02	-	138.02
Petrom Exploration & Production Limited	Exploration and production services	99.99%	0.91	-	0.91
<b>Associates</b>					
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	25.00%	7.00	-	7.00
Asociatia Romana pentru Relatia cu Investitorii	Public representation	20.00%	-	-	-
<b>Other investments</b>					
Telescaun Tihuta S.A.	Touristic facilities	1.68%	0.01	(0.01)	-
Credit Bank	Other financial services	0.22%	0.32	(0.32)	-
Forte Asigurari - Reasigurari S.A.	Insurance services	0.09%	0.02	(0.02)	-
<b>Total</b>			<b>1,861.78</b>	<b>(114.31)</b>	<b>1,747.47</b>

On August 31, 2020, OMV Petrom S.A. completed the acquisition of 100% shares in OMV Offshore Bulgaria GmbH, which holds an interest in Han Asparuh offshore block in Bulgaria, from OMV Exploration & Production GmbH.

As at December 31, 2020 the investments in Tasbulat Oil Corporation LLP in net amount of RON 115.44 million and Kom Munai LLP in net amount of RON 178.41 million were presented under assets held for sale (see note 11).



The details about addresses, equity and profit or loss of the companies in which OMV Petrom holds an interest of at least 20%, except those which do not have activity, are shown in the following table. Amounts are taken from the latest approved financial statements of the subsidiaries and the associate (for the year ended December 31, 2020).

Company Name	Address	Currency	Equity at December 31, 2020 (in million currency)	Profit or (loss) for the year ended December 31, 2020 (in million currency)
<b>Subsidiaries</b>				
OMV Petrom Marketing S.R.L.	22 Coralilor Street, District 1, Bucharest, Romania	RON	1,967.54	328.27
Petrom Moldova S.R.L.	8 Iesilor Street, Chisinau, Republica Moldova	MDL	52.54	(65.66)
OMV Petrom Gas S.R.L.	22 Coralilor Street, District 1, Bucharest, Romania	RON	33.21	2.14
OMV Petrom Aviation S.R.L.	31A Aurel Vlaicu, Otopeni, Ilfov County, Romania	RON	45.54	(3.66)
Petromed Solutions S.R.L.	22 Coralilor Street, District 1, Bucharest, Romania	RON	4.31	0.80
OMV Bulgaria OOD	90 Tsarigradsko Shose Blvd., Sofia 1784, Bulgaria	BGN	136.20	15.01
OMV Srbija DOO	Omladinskih brigada 90a, Belgrade, Serbia	RSD	8,871.05	509.51
<b>Associates</b>				
OMV Petrom Global Solutions S.R.L.	22 Coralilor Street, District 1, Bucharest, Romania	RON	124.69	21.35

The movements in impairment for investments were as follows:

	<b>2021</b>
<b>January 1</b>	<b>114.31</b>
Net allocations/(releases)	15.39
<b>December 31</b>	<b>129.70</b>

## 8. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

### a) Trade receivables

Trade receivables amount to RON 2,635.69 million as at December 31, 2021 (2020: RON 1,309.30 million).

#### Credit quality of trade receivables

December 31, 2021	Expected credit loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Risk class 1	0.07%	18.00	-	18.00
Risk class 2	0.24%	1,708.91	0.05	1,708.86
Risk class 3	1.21%	856.20	1.70	854.50
Risk class 4	10.37%	55.31	1.01	54.30
Risk class 5	100.00%	70.45	70.42	0.03
<b>Total</b>		<b>2,708.87</b>	<b>73.18</b>	<b>2,635.69</b>

December 31, 2020	Expected credit loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Risk class 1	0.07%	23.16	-	23.16
Risk class 2	0.25%	900.29	0.02	900.27
Risk class 3	1.19%	340.69	1.46	339.23
Risk class 4	10.26%	46.67	0.63	46.04
Risk class 5	100.00%	67.39	66.79	0.60
<b>Total</b>		<b>1,378.20</b>	<b>68.90</b>	<b>1,309.30</b>

The movements in impairment of trade receivables are as follows:

	2021	2020
<b>January 1</b>	<b>68.90</b>	<b>68.44</b>
Amounts written off	(0.14)	(0.06)
Net remeasurement of expected credit losses	4.42	0.52
<b>December 31</b>	<b>73.18</b>	<b>68.90</b>

There was no impairment for trade receivables with related parties (see Note 28) as of December 31, 2021 and December 31, 2020.

## b) Other financial assets (net of impairment)

	Liquidity term		
	December 31, 2021	less than 1 year	over 1 year
Expenditure recoverable from Romanian State	1,841.21	80.18	1,761.03
Loans to subsidiaries (Note 28)	311.79	0.20	311.59
Derivative financial assets (Note 30)	1,556.04	1,393.94	162.10
Other financial assets	328.39	256.65	71.74
<b>Total</b>	<b>4,037.43</b>	<b>1,730.97</b>	<b>2,306.46</b>

	Liquidity term		
	December 31, 2020	less than 1 year	over 1 year
Expenditure recoverable from Romanian State	2,402.19	359.05	2,043.14
Loans to subsidiaries (Note 28)	333.61	0.19	333.42
Derivative financial assets (Note 30)	647.52	646.13	1.39
Other financial assets	249.68	202.26	47.42
<b>Total</b>	<b>3,633.00</b>	<b>1,207.63</b>	<b>2,425.37</b>

**Expenditure recoverable from Romanian State**

As part of the privatization agreement, OMV Petrom S.A. is entitled to reimbursement by the Romanian State of part of decommissioning and environmental costs incurred to restore and clean up areas pertaining to activities prior to privatization in 2004. Consequently, OMV Petrom S.A. has recorded as receivable from the Romanian State the estimated decommissioning obligations having a net present value of RON 1,740.45 million as at December 31, 2021 (2020: RON 2,152.42 million) and the environmental liabilities with net present value of RON 100.76 million (2020: RON 249.77 million), as these were existing prior to privatization of OMV Petrom S.A.

On 7 March 2017, OMV AG, as party in the privatization agreement, initiated arbitration proceedings against the Romanian Ministry of Environment, in accordance with the International Chamber of Commerce Rules ("ICC"), regarding certain claims unpaid by the Ministry of Environment for costs incurred by OMV Petrom with well decommissioning and environmental remediation works, amounting to RON 287.66 million. On July 9, 2020, the Arbitral Tribunal issued the Final Award on the arbitration and requested the Ministry of Environment to reimburse to OMV Petrom S.A. the amount of RON 287.62 million and related interest (see Note 23). During 2021, the amount of RON 287.62 million representing the principal was collected.

On 2 October 2020, OMV AG, as party in the privatization agreement, initiated arbitration proceedings against the Romanian Ministry of Environment, in accordance with ICC rules regarding certain claims unpaid by the Ministry of Environment in relation to well decommissioning and environmental remediation works amounting to RON 155.73 million. As of December 31, 2021, the arbitration procedure is ongoing.

**Derivative financial assets**

As of December 31, 2021, derivative financial assets are mainly related to unrealized power forward acquisition contracts.

**Other financial assets**

As of December 31, 2021, "Other financial assets" line includes mainly receivables from realized swaps on crude oil and petroleum products and deferred consideration from sale of business and non-current assets.

On 14 September 2016, OMV Petrom signed a financing contract with the Romanian Ministry of Energy for a government grant to be received for Brazi power plant investment, which was subsequently increased through two addendums in 2017 and 2018, recorded as other financial assets against reduction of cost of fixed assets.

As of December 31, 2020 the present value of the financial asset representing government grant to be received for Brazi power plant investment was in amount of RON 39.15 million. During 2021 an amount of RON 37.61 million from the last two tranches was collected (see Note 29 d) and the remaining balance was written off.

#### Credit quality other financial assets at amortized cost – gross carrying amount

December 31, 2021	Expected credit loss rate	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	0.07%	108.73	-	-	108.73
Risk class 2	0.24%	1,899.86	-	47.80	1,947.66
Risk class 3	1.21%	120.43	-	-	120.43
Risk class 4	10.37%	50.77	-	-	50.77
Risk class 5	100.00%	-	-	498.58	498.58
<b>Total</b>		<b>2,179.79</b>	<b>-</b>	<b>546.38</b>	<b>2,726.17</b>

For risk class 2, "12-month ECL" included an amount of RON 1,848.39 million and "Lifetime ECL credit impaired" included an amount of RON 47.80 million, related to expenditure recoverable from Romanian State, which are outside the scope of IFRS 9.

December 31, 2020	Expected credit loss rate	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	0.07%	-	-	-	-
Risk class 2	0.25%	2,521.75	-	45.68	2,567.43
Risk class 3	1.19%	133.03	-	-	133.03
Risk class 4	10.26%	2.39	-	-	2.39
Risk class 5	100.00%	0.25	-	494.69	494.94
<b>Total</b>		<b>2,657.42</b>	<b>-</b>	<b>540.37</b>	<b>3,197.79</b>

For risk class 2, "12-month ECL" included an amount of RON 2,405.64 million and "Lifetime ECL credit impaired" included an amount of RON 45.68 million, related to expenditure recoverable from Romanian State, which are outside the scope of IFRS 9.

#### Credit quality other financial assets at amortized cost – expected credit loss

December 31, 2021	Expected credit loss rate	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	0.07%	-	-	-	-
Risk class 2	0.24%	7.24	-	47.80	55.04
Risk class 3	1.21%	0.58	-	-	0.58
Risk class 4	10.37%	2.37	-	-	2.37
Risk class 5	100.00%	-	-	498.58	498.58
<b>Total</b>		<b>10.19</b>	<b>-</b>	<b>546.38</b>	<b>556.57</b>

For risk class 2, "12-month ECL" included an amount of RON 7.18 million and "Lifetime ECL credit impaired" included an amount of RON 47.80 million, related to expenditure recoverable from Romanian State, which are outside the scope of IFRS 9.

<b>December 31, 2020</b>	<b>Expected credit loss rate</b>	<b>12-month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
Risk class 1	0.07%	-	-	-	-
Risk class 2	0.25%	4.83	-	45.68	50.51
Risk class 3	1.19%	0.50	-	-	0.50
Risk class 4	10.26%	0.11	-	-	0.11
Risk class 5	100.00%	0.11	-	494.69	494.80
<b>Total</b>		<b>5.55</b>	<b>-</b>	<b>540.37</b>	<b>545.92</b>

For risk class 2, "12-month ECL" included an amount of RON 3.45 million and "Lifetime ECL credit impaired" included an amount of RON 45.68 million, related to expenditure recoverable from the Romanian State, which are outside the scope of IFRS 9.

The amounts in the above tables do not include derivative financial assets as these are measured at fair value and neither loans to subsidiaries which are disclosed separately in Note 28.

The movements in impairment of other financial assets at amortized cost were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
<b>January 1, 2021</b>	<b>5.55</b>	<b>-</b>	<b>540.37</b>	<b>545.92</b>
Amounts written off	-	-	(11.93)	(11.93)
Net remeasurement of expected credit losses	4.64	-	17.94	22.58
<b>December 31, 2021</b>	<b>10.19</b>	<b>-</b>	<b>546.38</b>	<b>556.57</b>

	<b>12-month ECL</b>	<b>Lifetime ECL not credit impaired</b>	<b>Lifetime ECL credit impaired</b>	<b>Total</b>
<b>January 1, 2020</b>	<b>4.77</b>	<b>-</b>	<b>565.60</b>	<b>570.37</b>
Amounts written off	-	-	(12.99)	(12.99)
Net remeasurement of expected credit losses	0.78	-	(12.24)	(11.46)
<b>December 31, 2020</b>	<b>5.55</b>	<b>-</b>	<b>540.37</b>	<b>545.92</b>

## 9. OTHER ASSETS

The carrying value of other assets was as follows:

	Liquidity term		
	December 31, 2021	less than 1 year	over 1 year
Receivable from taxes	176.40	-	176.40
Advance payments on fixed assets	179.82	112.39	67.43
Prepaid expenses and deferred charges	64.87	21.92	42.95
Rental and lease prepayments	47.43	12.38	35.05
Other non-financial assets	71.06	71.06	-
<b>Total</b>	<b>539.58</b>	<b>217.75</b>	<b>321.83</b>

	Liquidity term		
	December 31, 2020	less than 1 year	over 1 year
Receivable from taxes	232.20	55.80	176.40
Advance payments on fixed assets	48.59	48.59	-
Prepaid expenses and deferred charges	48.96	10.03	38.93
Rental and lease prepayments	18.13	11.66	6.47
Other non-financial assets	57.50	57.50	-
<b>Total</b>	<b>405.38</b>	<b>183.58</b>	<b>221.80</b>

The increase in "Advance payments on fixed assets" is mainly related to Brazi power plant major maintenance.

## 10. INVENTORIES

	December 31, 2021	December 31, 2020
Crude oil	476.57	474.30
Natural gas	83.38	104.24
Other materials	304.76	272.49
Work in progress	136.48	95.44
Finished products	808.75	705.62
<b>Total</b>	<b>1,809.94</b>	<b>1,652.09</b>

The cost of materials and goods consumed during 2021 (whether used in production or re-sold) is RON 9,640.28 million (2020: RON 6,463.12 million) and includes also the cost related to CO<sub>2</sub> emissions amounting to RON 370.69 million (2020: RON 334.02 million) and the unrealized fair value gains from CO<sub>2</sub> forward contracts of RON 178.02 million (2020: RON 70.51 million).

As at December 31, 2021 and 2020 there were no inventories pledged as security for liabilities.

## 11. ASSETS HELD FOR SALE

	December 31, 2021	December 31, 2020
Land and buildings	14.83	1.39
Plant and equipment	-	226.84
Investments (see Note 7)	-	293.85
Other financial assets (see Note 28)	-	197.16
<b>Assets held for sale</b>	<b>14.83</b>	<b>719.24</b>
Provisions for decommissioning and restoration	-	273.46
Liabilities	-	0.25
<b>Liabilities associated with assets held for sale</b>	<b>-</b>	<b>273.71</b>

As at December 31, 2021, assets held for sale refer to plots of land from Corporate segment.

As at December 31, 2020, assets and liabilities held for sale referred to Upstream segment and were related to:

- ▶ the sale of the 100% shareholding in Kom-Munai LLP and Tasbulat Oil Corporation LLP in Kazakhstan to Magnetic Oil Limited, including assignment of loans granted to these subsidiaries.  
On May 14, 2021, OMV Petrom S.A. finalized the sale of its 100% share in Kom-Munai LLP and Tasbulat Oil Corporation LLP to Magnetic Oil Limited.
- ▶ 40 marginal onshore oil and gas fields, for which OMV Petrom S.A. concluded a transfer agreement with Dacian Petroleum S.R.L. in January 2020, which led to the reclassification of related assets and liabilities to "held for sale".  
On December 1, 2021, OMV Petrom S.A. closed the transfer of 40 marginal onshore oil and gas fields to Dacian Petroleum S.R.L.

## 12. EQUITY

### Share capital

The share capital of OMV Petrom S.A. consists of 56,644,108,335 fully paid shares as at December 31, 2021 and 2020 with a total nominal value of RON 5,664.41 million.

### Revenue reserves

Revenue reserves include retained earnings, as well as other non-distributable reserves (legal and geological quota facility reserves, other reserves from fiscal facilities).

Geological quota is amounting to RON 5,062.84 million as at December 31, 2021 and 2020. Until December 31, 2006, OMV Petrom S.A. benefited from geological quota facility whereby it could charge up to 35% of the market value of the volume of oil and gas extracted during the year. This facility was recognized directly in reserves. This quota was restricted to investment purposes, it is not distributable and it was non-taxable.

Legal reserves are amounting to RON 1,132.88 million as at December 31, 2021 and 2020. OMV Petrom S.A. sets its legal reserve in accordance with the provisions of the Romanian Companies Law, which requires that minimum 5% of the annual accounting profit before tax is transferred to "legal reserve" until the balance of this reserve reaches 20% of the share capital of the Company.

Other reserves from fiscal facilities are amounting to RON 560.65 million (2020: RON 500.47 million). The amount of RON 60.18 million was allocated to other reserves, representing fiscal facilities from reinvested profit in the year 2021 (2020: RON 46.41 million).

At the Annual General Meeting of Shareholders held on April 27, 2021, the shareholders of OMV Petrom S.A. approved the distribution of gross dividends in amount of RON 0.0310 per share for the financial year 2020.

On March 17, 2022, the Supervisory Board endorsed the management's proposal to distribute gross dividends of RON 0.0341 per share for the financial year 2021. The dividend proposal is subject to further approval by the Ordinary General Meeting of Shareholders, on April 27, 2022.

### Cash flow hedge reserve

In order to protect the Company's result and cash flows against commodity price volatility, OMV Petrom uses derivative instruments for both hedging selected product sales and reducing exposure to price risks on inventory fluctuations. Crude oil and product swaps are used to hedge the refining margin (crack spread) which is the difference between product prices and crude oil prices.

Certain financial instruments were accounted as cash flow hedges, with the effective part of the change in value of the derivative being accounted for in other comprehensive income. The cumulative unrealized loss recognized in other comprehensive income, net of tax, is in amount RON 18.03 million as at December 31, 2021 (2020: unrealized gain RON 74.36 million). The hedged item (underlying transaction) can affect either profit or loss or balance sheet; when this happens, the amounts previously accounted for in other comprehensive income are recycled to income statement or transferred to the carrying amount of the hedged item, respectively. For more details on hedges please refer to Note 33.

### Other reserves

Other reserves contain land for which land ownership certificates were obtained but was not yet included in share capital.



## 13. PROVISIONS

	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
<b>January 1, 2021</b>	<b>205.40</b>	<b>7,511.13</b>	<b>873.84</b>	<b>8,590.37</b>
thereof short-term	-	266.47	239.05	505.52
thereof long-term	205.40	7,244.66	634.79	8,084.85
Used	(13.39)	(323.50)	(122.35)	(459.24)
Net allocations/(releases)	(28.73)	(954.06)	91.04	(891.75)
<b>December 31, 2021</b>	<b>163.28</b>	<b>6,233.57</b>	<b>842.53</b>	<b>7,239.38</b>
thereof short-term	-	201.54	181.88	383.42
thereof long-term	163.28	6,032.03	660.65	6,855.96

### Provisions for pensions and similar obligations

Employees of the Company are entitled to receive retirement benefits on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Retirement benefits obligation as of December 31, 2021 amounts to RON 107.29 million (2020: RON 134.63 million). In addition, employees receive other benefits consisting in death and coffin benefits. Other benefits obligation as of December 31, 2021 amounts to RON 55.99 million (2020: RON 70.77 million).

Provisions have been set up based on actuarial calculations performed by qualified actuaries using the following parameters: a discount rate of 5.22% (2020: 3.35%) and an estimated average yearly salary increase of 3.00% (2020: 3.10%).

### Present value of the pensions and similar obligations

	2021	2020
<b>Present value of obligations as of January 1</b>	<b>205.40</b>	<b>232.32</b>
Current service cost	7.08	8.18
Past service cost	(13.94)	(43.73)
Interest cost	6.87	10.38
Benefits paid	(13.39)	(18.72)
Remeasurements for the year	(28.75)	16.96
<b>Present value of obligations as of December 31</b>	<b>163.28</b>	<b>205.40</b>

In 2021 and 2020 past service cost is related mainly to outsourcing and restructuring of activities in Upstream.

### Sensitivities changes in absolute terms

	Discount rate		Salary increase rate	
	0.50%	-0.50%	0.25%	-0.25%
<b>Pensions and other similar obligations increase/(decrease)</b>	<b>(7.50)</b>	<b>8.07</b>	<b>2.84</b>	<b>(2.75)</b>

**Maturity profile**

	Maturity profile			Duration
	1-5 years	6-10 years	>10 years	in years
<b>Retirement benefits</b>	<b>24.88</b>	<b>34.87</b>	<b>47.54</b>	<b>10.74</b>

**Provisions for decommissioning and restoration**

Changes in provisions for decommissioning and restoration are shown in the table below. In the event of changes in estimated restoration costs the effect of the change in present value is recognized in the period concerned. If the value increases, the increase is depreciated over the remaining useful life of the asset, and if it decreases, the decrease is deducted from capitalized asset value or recognized in the income statement if it exceeds the carrying amount of the related asset. The net discount rates applied for calculating the decommissioning and restoration costs at December 31, 2021 were 2.41% for onshore and 5.22% for offshore (2020: 0.50% for onshore and 3.10% for offshore). A decrease of 1 percentage point in the real interest rates used to calculate the decommissioning and restoration provisions would lead to an additional provision of RON 822 million.

In relation to part of the Company's decommissioning and restoration obligations, there is a corresponding receivable from the Romanian State, as presented in Note 8.

Revisions in estimates for decommissioning and restoration provisions arise from the yearly reassessment of the unit cost, the number of wells and other applicable items, as well as the expected timing of the decommissioning and restoration and revision of estimated net discount rates.

Details on the decommissioning and restoration obligations are as follows:

	2021	2020
<b>January 1</b>	<b>7,511.13</b>	<b>6,702.45</b>
Revisions in estimates	(1,205.78)	723.05
Unwinding effect	251.72	286.70
Used in current year	(323.50)	(201.07)
Transfer to liabilities associated with assets held for sale	-	-
<b>December 31</b>	<b>6,233.57</b>	<b>7,511.13</b>

The revisions in estimates impact the assets subject to decommissioning, the income statement or the related receivable from the Romanian State. The unwinding effect is included in the income statement under the interest expenses line (Note 23) net of the unwinding effect on the related receivable from the Romanian State. The effect of changes in net discount rate or timing of the receivables from the Romanian State (which are additional to the changes in net discount rate or timing of the decommissioning costs) is included in the income statement under interest expenses or interest income.

Impact from revision in estimates in 2021 was driven mainly by higher net discounting rates.

Impact from revision in estimates in 2020 was generated by lower net discounting rates and higher estimated average unit costs for onshore assets.

**Other provisions**

<b>December 31, 2021</b>	<b>Total</b>	<b>less than 1 year</b>	<b>over 1 year</b>
Environmental provision	386.49	46.73	339.76
Other personnel provisions	58.50	53.11	5.39
Provisions for litigations	81.82	3.01	78.81
Other	315.72	79.03	236.69
<b>Total</b>	<b>842.53</b>	<b>181.88</b>	<b>660.65</b>

<b>December 31, 2020</b>	<b>Total</b>	<b>less than 1 year</b>	<b>over 1 year</b>
Environmental provision	410.22	55.18	355.04
Other personnel provisions	109.72	108.21	1.51
Provisions for litigations	73.51	5.13	68.38
Other	280.39	70.53	209.86
<b>Total</b>	<b>873.84</b>	<b>239.05</b>	<b>634.79</b>

**Environmental provisions**

The environmental provisions were estimated by the management based on the list of environment related projects that must be completed by the Company. Provisions recorded as at December 31, 2021 and 2020 represent the best estimate of the Company's experts for environmental matters. Environmental provisions are mainly computed using a net discount rate of 2.41% (2020: 0.50%).

The Company recorded certain environmental liabilities against receivable from the Romanian State, as these obligations existed prior to privatization (as further explained in Note 8b) "Expenditure recoverable from Romanian State").

**Provisions for litigations**

The Company monitors all litigations instigated against it and assesses the likelihood of losses and the related costs using in house lawyers and external legal advisors. The Company has assessed the potential liabilities with respect to ongoing cases and recorded its best estimate of likely cash outflows.

**Emissions certificates**

Directive 2003/87/EC of the European Parliament and of the European Council established a greenhouse gas emissions trading scheme, requiring member states to draw up national plans to allocate emissions certificates. Romania was admitted to the scheme in January 2007, when it joined the EU.

Under this scheme, OMV Petrom S.A. is entitled to an allocation of 561,041 emission certificates for the year 2021 (2020: 643,767 emission certificates), received during the year according to article 10a) of the Directive.

During 2021 the Company had net purchases of 2,385,751 emissions certificates (2020: net sales of 329,915 emissions certificates).

A shortfall in emission certificates is provided for. As of December 31, 2021 and December 31, 2020 the Company was not short of certificates.

## 14. INTEREST-BEARING DEBTS

As at December 31, 2021 and December 31, 2020 OMV Petrom S.A. had the following loans:

Lender	December 31, 2021	December 31, 2020
<b>Interest bearing debts short-term</b>		
European Investment Bank (a)	94.25	92.75
Cash pooling (b)	1,772.26	1,413.14
Accrued interest and other	4.58	3.33
Prepayments in relation with loan amounts drawn	(0.05)	(0.07)
<b>Total interest bearing debts short-term</b>	<b>1,871.04</b>	<b>1,509.15</b>
<b>Interest-bearing debts long-term</b>		
European Investment Bank (a)	16.49	108.98
Prepayments in relation with loan amounts drawn	-	(0.04)
<b>Total interest-bearing debts long-term</b>	<b>16.49</b>	<b>108.94</b>
thereof maturing after more than 1 year but not later than 5 years	16.49	108.94
<b>Total interest-bearing debts</b>	<b>1,887.53</b>	<b>1,618.09</b>

(a) For the construction of the Brazil Power Plant, OMV Petrom S.A. concluded an unsecured loan agreement for an amount of EUR 200.00 million with European Investment Bank. The agreement was signed on May 8, 2009 and the final maturity date is June 15, 2023. The outstanding amount as at December 31, 2021 was RON 110.74 million (equivalent of EUR 22.38 million) (2020: RON 201.73 million, equivalent of EUR 41.43 million).

(b) Cash pooling agreements with valability until April 18, 2026, are signed between OMV Petrom S.A. and the following companies:

(i) OMV Petrom Marketing S.R.L. for an aggregated amount of RON 2,000.00 million. The amount drawn as at December 31, 2021 amounts to RON 1,574.99 million (2020: RON 1,286.09 million).

(ii) OMV Petrom Global Solutions S.R.L. for an aggregated amount of RON 250.00 million. The amount drawn as at December 31, 2021 amounts to RON 160.08 million (2020: RON 81.22 million).

(iii) OMV Petrom Gas S.R.L. for an aggregated amount of RON 150.00 million. The amount drawn as at December 31, 2021 amounts to RON 23.80 million (2020: RON 33.34 million).

(iv) Petromed Solutions S.R.L. for an aggregated amount of RON 15.00 million. The amount drawn as at December 31, 2021 amounts to RON 8.77 million (2020: RON 8.12 million).

(v) OMV Petrom Aviation S.R.L. for an aggregated amount of RON 25.00 million. The amount drawn as at December 31, 2021 amounts to RON 4.62 million (2020: RON 4.37 million).

The Company had several credit facilities in place as at December 31, 2021 and at December 31, 2020 as follows:

(c) An unsecured credit facility granted by Raiffeisen Bank S.A. up to EUR 80.00 million (equivalent of RON 395.85 million) consisting in two subfacilities: subfacility A with maturity date prolonged to December 31, 2022 (for an amount of EUR 20.00 million, equivalent of RON 98.96 million) and subfacility B with maturity date prolonged to December 31, 2025 (for an amount of EUR 60.00 million, equivalent of RON 296.89 million). Maturities for both subfacilities are subject to possibility of

further automatic extensions for successive periods of 12 months. Subfacility A can be used only in RON and only by OMV Petrom S.A. as overdraft credit line. Subfacility B can be used in EUR, USD, RON and GBP by OMV Petrom S.A., OMV Petrom Marketing S.R.L., OMV Petrom Gas S.R.L. and by OMV Petrom Aviation S.R.L. only for the issuance of letters of credit and/or issuance of letters of bank guarantee. As at December 31, 2021 and 2020 no withdrawals under the overdraft were made.

(d) An unsecured facility contracted by OMV Petrom S.A. from ING Bank N.V., that can be used in USD, RON or EUR, up to the maximum amount of EUR 60.00 million (equivalent of RON 296.89 million), for issuance of letters of bank guarantee and as overdraft for working capital financing. The maturity of the credit facility is November 9, 2026. No drawings under the overdraft were made as at December 31, 2021 and 2020.

(e) An uncommitted and unsecured credit facility contracted by OMV Petrom S.A. from BRD – Groupe Société Générale S.A. with maximum limit of EUR 90.00 million (equivalent of RON 445.33 million) that can be used in RON, with maturity date prolonged until April 30, 2022. The facility is designated to finance OMV Petrom's current activity and for issuance of bank guarantees, opening letters of credit and similar. The cash portion of the credit facility was not used as at December 31, 2021 and 2020.

(f) A committed and unsecured credit facility contracted by OMV Petrom S.A. from Banca Comercială Română S.A., that can be used in USD, EUR or RON, up to a maximum amount of EUR 200.00 million (equivalent of RON 989.62 million), for issuance of letters of bank guarantee and similar and as overdraft for working capital financing. As at December 31, 2021, the maturity for letters of bank guarantee and similar is January 13, 2024 and for overdraft the maturity is January 11, 2023, with the possibility to further extend the maturity for additional successive periods, final maturity being January 13, 2024. The cash portion of the credit facility was not used as at December 31, 2021 and 2020.

(g) An unsecured credit facility agreement was signed by OMV Petrom S.A. with Garanti Bank S.A. for up to EUR 15.00 million to be utilized for issuance of letters of bank guarantee and similar and as overdraft for working capital financing. The maturity of the credit facility was January 15, 2022 for overdraft purposes and March 15, 2023 for issuance of bank guarantees. The cash portion of this facility was not used as at December 31, 2020. In November 2021, the credit facility was closed.

OMV Petrom S.A. has signed also facilities with several banks for issuing letters of guarantee and letters of credit, as follows:

(h) An unsecured facility agreement was signed by OMV Petrom S.A. with BNP Paribas Fortis S.A./N.V.– Bucharest branch – for up to EUR 80.00 million (equivalent of RON 395.85 million), to be utilized only for issuance of letters of bank guarantee and letters of credit, with maturity date prolonged to July 15, 2022. Maturity is subject to possibility of further automatic extensions for successive periods of 12 months, but not longer than July 15, 2028.

(i) An unsecured credit facility received by OMV Petrom S.A. from Banca Transilvania S.A., up to EUR 25.00 million (equivalent of RON 123.70 million), to be utilized only for issuance of letters of bank guarantee, with maturity until September 17, 2025.

(j) An unsecured credit facility received by OMV Petrom S.A. from Banca Comercială Română S.A., up to RON 22.00 million to be utilized for issuance of guarantee instruments in favour of Romanian authorities generally in relationship with customs taxes and excises, with open-end maturity.

As at December 31, 2021 and 2020, OMV Petrom S.A. is in compliance with all financial covenants stipulated by the loan agreements.

Please refer to Note 33 for details regarding interest rates risk of interest-bearing debts.

## 15. OTHER FINANCIAL LIABILITIES

	December 31, 2021	less than 1 year	over 1 year
Derivative financial liabilities (Note 30)	2,406.76	2,356.53	50.23
Other financial liabilities	308.26	301.24	7.02
<b>Total</b>	<b>2,715.02</b>	<b>2,657.77</b>	<b>57.25</b>

	December 31, 2020	less than 1 year	over 1 year
Derivative financial liabilities (Note 30)	472.64	472.64	-
Other financial liabilities	279.41	275.20	4.21
<b>Total</b>	<b>752.05</b>	<b>747.84</b>	<b>4.21</b>

### Derivative financial liabilities

As of December 31, 2021, derivative financial liabilities are mainly related to unrealized power forward sales contracts.

### Other financial liabilities

As of December 31, 2021, "Other financial liabilities" line includes amounts payable related to realized swaps on crude oil and petroleum products and amounts due to employees in relation to salaries.

### Maturity profile of financial liabilities

The tables below summarize the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows (i.e. also including future finance charges):

	< 1 year	1-5 years	> 5 years	Total
<b>December 31, 2021</b>				
Interest-bearing debts	1,871.90	16.60	-	<b>1,888.50</b>
Lease liabilities	142.99	249.24	71.67	<b>463.90</b>
Trade payables	2,500.80	-	-	<b>2,500.80</b>
Derivative financial liabilities	2,356.53	50.23	-	<b>2,406.76</b>
Other financial liabilities	301.24	7.02	-	<b>308.26</b>
<b>Total</b>	<b>7,173.46</b>	<b>323.09</b>	<b>71.67</b>	<b>7,568.22</b>

	< 1 year	1-5 years	> 5 years	Total
<b>December 31, 2020</b>				
Interest-bearing debts	1,510.99	110.38	-	<b>1,621.37</b>
Lease liabilities	126.47	285.76	83.54	<b>495.77</b>
Trade payables	2,323.59	-	-	<b>2,323.59</b>
Derivative financial liabilities	472.64	-	-	<b>472.64</b>
Other financial liabilities	275.20	4.21	-	<b>279.41</b>
<b>Total</b>	<b>4,708.89</b>	<b>400.35</b>	<b>83.54</b>	<b>5,192.78</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 16. OTHER LIABILITIES

	December 31, 2021	less than 1 year	over 1 year
Tax liabilities	886.02	886.02	-
Social security	36.07	36.07	-
Contract liabilities	56.75	56.75	-
Deferred income	59.85	7.84	52.01
Other liabilities	36.17	36.17	-
<b>Total</b>	<b>1,074.86</b>	<b>1,022.85</b>	<b>52.01</b>

	December 31, 2020	less than 1 year	over 1 year
Tax liabilities	395.93	395.93	-
Social security	47.03	47.03	-
Contract liabilities	54.64	54.64	-
Deferred income	91.12	77.03	14.09
Other liabilities	70.93	70.93	-
<b>Total</b>	<b>659.65</b>	<b>645.56</b>	<b>14.09</b>

### Tax liabilities

The increase in "Tax liabilities" is mainly due to higher Upstream segment specific taxes.

### Contract liabilities

Contract liabilities include mainly advance payments received from customers for future deliveries of goods or services.

The changes in contract liabilities were as follows:

	2021	2020
<b>January 1</b>	<b>54.64</b>	<b>54.40</b>
Revenue recognized that was included in the contract liability balance at the beginning of the year	(54.38)	(28.55)
Increases due to cash received, excluding amounts recognized as revenue during the year	56.49	28.79
<b>December 31</b>	<b>56.75</b>	<b>54.64</b>

## 17. DEFERRED TAX

December 31, 2021	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
Tangible and intangible assets	431.86	-	431.86	-
Inventories	15.21	-	15.21	-
Receivables and other assets	165.50	(38.48)	127.02	3.38
Provisions for pensions and similar obligations	31.05	-	31.05	4.91
Other provisions	853.38	-	853.38	-
Liabilities	13.40	-	13.40	-
<b>Total</b>	<b>1,510.40</b>	<b>(38.48)</b>	<b>1,471.92</b>	<b>8.29</b>
Netting (same tax jurisdiction/country)	-	-	(8.29)	(8.29)
<b>Deferred tax, net</b>	<b>-</b>	<b>-</b>	<b>1,463.63</b>	<b>-</b>

December 31, 2020	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
Tangible and intangible assets	265.86	-	265.86	-
Inventories	14.92	-	14.92	-
Receivables and other assets	136.58	(38.02)	98.56	40.91
Provisions for pensions and similar obligations	34.88	-	34.88	2.02
Other provisions	1,060.89	-	1,060.89	-
Liabilities	32.57	-	32.57	-
<b>Total</b>	<b>1,545.70</b>	<b>(38.02)</b>	<b>1,507.68</b>	<b>42.93</b>
Netting (same tax jurisdiction/country)	-	-	(42.93)	(42.93)
<b>Deferred tax, net</b>	<b>-</b>	<b>-</b>	<b>1,464.75</b>	<b>-</b>

## 18. SALES REVENUES

	2021	2020
Revenues from contracts with customers	21,039.08	13,865.83
Revenues from other sources	446.96	1,571.41
<b>Total sales revenues</b>	<b>21,486.04</b>	<b>15,437.24</b>



### Revenues from contracts with customers

In the following tables, revenues recorded in 2021 and 2020 are disaggregated by products and reportable segments.

2021	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude Oil, NGL, condensates	-	58.53	58.53	-	-	58.53
Natural gas, LNG and power	5.48	6,260.61	3.73	6,256.88	2.78	6,268.87
Fuels and heating oil	-	12,554.97	12,554.97	-	-	12,554.97
Other goods and services*	41.51	2,099.38	2,036.98	62.40	15.82	2,156.71
<b>Total</b>	<b>46.99</b>	<b>20,973.49</b>	<b>14,654.21</b>	<b>6,319.28</b>	<b>18.60</b>	<b>21,039.08</b>

2020	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude Oil, NGL, condensates	-	47.63	47.63	-	-	47.63
Natural gas, LNG and power	5.09	4,694.66	2.14	4,692.52	-	4,699.75
Fuels and heating oil	-	7,896.37	7,896.37	-	-	7,896.37
Other goods and services*	43.87	1,164.08	1,099.45	64.63	14.13	1,222.08
<b>Total</b>	<b>48.96</b>	<b>13,802.74</b>	<b>9,045.59</b>	<b>4,757.15</b>	<b>14.13</b>	<b>13,865.83</b>

\*) Mainly in Downstream Oil related to non-fuel business and other petroleum products not included in categories above

### Revenues from other sources

Revenues from other sources mainly include revenues from commodity transactions that are within the scope of IFRS 9 Financial Instruments, realized and unrealized results from hedging of sales transactions, as well as rental and lease revenues.

In 2021, revenues from other sources include mainly power sales within the scope of IFRS 9 Financial Instruments (after net realized losses from power forward contracts) amounting to RON 1,397.63 million (2020: RON 1,127.84 million) and net unrealized losses from fair valuation of power forward contracts amounting to RON 1,073.93 million (2020: RON 42.78 million).

OMV Petrom acts as a lessor for lease arrangements assessed as operating leases mainly for land and buildings and equipment. Rental and lease revenues in 2021 amount to RON 35.04 million (2020: RON 32.52 million).

## 19. OTHER OPERATING INCOME

	2021	2020
Exchange gains from operating activities	5.65	38.03
Gains on disposal of businesses and non-current assets	70.32	51.03
Other operating income	96.67	318.10
<b>Total</b>	<b>172.64</b>	<b>407.16</b>

The line "Other operating income" in 2020 includes revenues from sale of CO<sub>2</sub> certificates in amount of RON 180.99 million and gains of RON 71.50 million from the fair value measurement of CO<sub>2</sub> certificates held for trading in Downstream.

## 20. NET INCOME FROM CONSOLIDATED SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

	2021	2020
Dividends from subsidiaries and associates	369.15	562.20
Net release/(set up) of impairment related to investments in subsidiaries	(14.64)	102.91
<b>Total</b>	<b>354.51</b>	<b>665.11</b>

## 21. OTHER OPERATING EXPENSES

	2021	2020
Exchange losses from operating activities	18.20	19.78
Losses on disposal of businesses and non-current assets	3.37	7.56
Other operating expenses	217.57	309.45
<b>Total</b>	<b>239.14</b>	<b>336.79</b>

"Other operating expenses" line includes an amount of RON 68.21 million (2020: RON 108.64 million) representing restructuring expenses mainly in relation with outsourcing and reorganization in Upstream and an amount of RON 20.46 million (2020: RON 8.50 million) representing costs with digitalization initiatives.

## 22. COST INFORMATION

For the years ended December 31, 2021 and December 31, 2020 the income statement includes the following personnel expenses:

	2021	2020
Wages and salaries	1,298.26	1,456.15
Other personnel expenses	202.76	247.13
<b>Total personnel expenses</b>	<b>1,501.02</b>	<b>1,703.28</b>

The above personnel expenses included an amount of RON 18.24 million, representing Company's contribution to state pension plan for the year ended December 31, 2021 (2020: RON 18.20 million).

Depreciation, amortization and impairment losses, net of write-ups of intangible assets and property, plant and equipment, consisted of:

	2021	2020
Depreciation and amortization	2,751.24	2,797.91
Impairment intangible assets and property, plant and equipment	533.75	1,521.35
Write-ups intangible assets and property, plant and equipment	(2.18)	(753.38)
<b>Total depreciation, amortization and net impairment</b>	<b>3,282.81</b>	<b>3,565.88</b>

Net impairment losses booked during the year ended December 31, 2021 for intangible assets and property, plant and equipment (including those classified as held for sale) were related mostly to Upstream segment in amount of RON 529.38 million, reflecting mainly write-offs of exploration intangibles, unsuccessful workovers and obsolete or replaced assets. Net impairments in Downstream Oil segment were in amount of RON 1.69 million and in Downstream Gas segment in amount of RON 0.50 million.

Net impairment losses booked during the year ended December 31, 2020 for intangible assets and property, plant and equipment (including those classified as held for sale) were related mostly to Upstream segment in amount of RON 1,286.41 million, reflecting mainly impairment at CGU level and write-offs of exploration intangibles as described in Note 2, unsuccessful workovers and obsolete or replaced assets. These were partially offset by a write-up in amount of RON 518.65 million related to Brazi power plant in Downstream Gas segment (see Note 2). Net impairments in Downstream Oil segment were in amount of RON 0.15 million and in Corporate & Other segment in amount of RON 0.05 million.

In the income statement for the year ended December 31, 2021 net impairments are included under depreciation, amortization, impairments and write-ups in amount of RON 430.77 million (2020: RON 86.17 million) and under exploration expenses in amount of RON 100.80 million (2020: RON 681.79 million).

## 23. INTEREST INCOME AND INTEREST EXPENSES

	2021	2020
<b>Interest income</b>		
Interest income related to subsidiaries	7.45	13.42
Interest income from receivables and other	17.64	104.53
Interest income from short term bank deposits	108.76	145.15
Unwinding income for other financial assets and positive effect of changes in discount rate and timing for Romanian State receivable	26.18	72.19
<b>Total interest income</b>	<b>160.03</b>	<b>335.29</b>
<b>Interest expenses</b>		
Interest expenses	(51.49)	(50.66)
Unwinding expenses for retirement benefits provision	(6.87)	(10.25)
Unwinding expenses for decommissioning provision, net of the unwinding income for related Romanian State receivable	(204.04)	(232.81)
Unwinding expenses and discounting for other items and negative effect of changes in discount rate and timing for Romanian State receivable	(223.45)	(26.08)
<b>Total interest expenses</b>	<b>(485.85)</b>	<b>(319.80)</b>
<b>Net interest revenues/ (expenses)</b>	<b>(325.82)</b>	<b>15.49</b>

“Interest income from receivables and other in 2020” is mainly related to clearance of the arbitration proceedings initiated by OMV Aktiengesellschaft at the International Chamber of Commerce Paris against the Romanian Ministry of Environment.

“Unwinding expenses and discounting for other items and negative effect of changes in discount rate and timing for Romanian State receivable” in 2021 relate mainly to effects of discounting of the receivable from the Romanian State, while the effects of discounting of such receivable in 2020 were positive and presented on interest income.

## 24. OTHER FINANCIAL INCOME AND EXPENSES

	2021	2020
Net foreign exchange gains/(losses) from financing activities	(1.33)	(26.49)
Net gains/(losses) from investments and financial assets	72.14	19.29
Other financial expenses	(3.79)	(3.21)
<b>Other financial income and expenses</b>	<b>67.02</b>	<b>(10.41)</b>

## 25. TAXES ON INCOME

	2021	2020
Current income taxes	(402.97)	(182.19)
Deferred income taxes	(15.81)	59.87
<b>Taxes on income – (expense)/revenue</b>	<b>(418.78)</b>	<b>(122.32)</b>

The reconciliation of net deferred tax is as follows:

	2021	2020
Deferred tax asset as at January 1	1,464.75	1,411.81
Deferred tax asset as at December 31	1,463.63	1,464.75
<b>Changes in deferred taxes</b>	<b>(1.12)</b>	<b>52.94</b>
thereof deferred taxes (expenses)/revenues in Other Comprehensive Income	14.69	(6.93)
thereof deferred taxes (expenses)/revenues in the Income Statement	(15.81)	59.87
<b>Reconciliation</b>		
<b>Profit before tax</b>	<b>3,107.20</b>	<b>1,503.90</b>
Income tax rate applicable	16%	16%
<b>Profit tax expense based on income tax rate</b>	<b>(497.15)</b>	<b>(240.62)</b>
Tax credit	61.97	36.54
Change in valuation allowance	(0.46)	0.30
Tax effect of items that are (non-deductible)/non-taxable	16.87	81.46
<b>Profits tax expense in the Income Statement</b>	<b>(418.78)</b>	<b>(122.32)</b>

Tax effect of items that are (non-deductible)/non-taxable in 2020 was generated mainly by non-taxable revenues related to dividends.

## 26. SEGMENT INFORMATION

OMV Petrom S.A. is organized in three operating business segments: Upstream, Downstream Oil and Downstream Gas, while management, financing activities and certain service functions are concentrated in the Corporate & Other segment.

OMV Petrom's involvement in the oil and gas industry, by its nature, exposes it to certain risks. These include political stability, economic conditions, changes in legislation or fiscal regimes, as well as other operating risks inherent in the industry such as the high volatility of crude prices and of the US dollar. A variety of measures are taken to manage these risks.

Apart from the integration of OMV Petrom's upstream and downstream operations, and the policy of maintaining a balanced portfolio of assets in the Upstream segment, the main instruments used are operational in nature. There is a company-wide environmental risk reporting system in operation, designed to identify existing and potential obligations and to enable timely action to be taken. Insurance and taxation are also dealt with on a company-wide basis. Regular surveys are undertaken across OMV Petrom to identify current litigation and pending court and administrative proceedings.

Business decisions of fundamental importance are made by the Executive Board of OMV Petrom S.A. The business segments are independently managed, as each represents a strategic unit with different products and markets.

**Upstream** activities are engaged in Romania and main outcome products are crude oil and natural gas.

**Downstream Oil** operates Petrobrazi refinery, with an annual capacity of 4.5 million tons, and produces and delivers gasoline, diesel and other petroleum products to its wholesale customers.

**Gas** business unit, part of **Downstream Gas** segment, has the strategic objective to focus on gas sales, becoming a regional player. Business division **Power**, part of **Downstream Gas** segment, mainly extends the gas value chain into a gas fired power plant.

The key figure of operating performance for OMV Petrom S.A. is the Operating result. In compiling the segment results, business activities with similar characteristics have been aggregated. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices.

## Operating segments:

December 31, 2021	Upstream	Downstream *	Downstream Oil	Downstream Gas	Downstream elimination	Corporate & Other	Total	Consolidation	Total
Intersegment sales	9,082.25	138.97	25.70	237.25	(123.98)	143.09	<b>9,364.31</b>	(9,364.31)	-
Sales with third parties	54.38	21,392.80	14,749.82	6,642.98	-	38.86	<b>21,486.04</b>	-	<b>21,486.04</b>
<b>Total sales</b>	<b>9,136.63</b>	<b>21,531.77</b>	<b>14,775.52</b>	<b>6,880.23</b>	<b>(123.98)</b>	<b>181.95</b>	<b>30,850.35</b>	<b>(9,364.31)</b>	<b>21,486.04</b>
<b>Operating result</b>	<b>1,689.33</b>	<b>2,002.99</b>	<b>2,310.36</b>	<b>(307.37)</b>	-	<b>(101.65)</b>	<b>3,590.67</b>	<b>(224.67)</b>	<b>3,366.00</b>
Total assets**	21,054.97	5,152.72	3,794.03	1,358.69	-	383.08	<b>26,590.77</b>	-	<b>26,590.77</b>
Additions in PPE/IA	2,123.90	523.51	511.40	12.11	-	16.94	<b>2,664.35</b>	-	<b>2,664.35</b>
Depreciation and amortization	2,027.73	681.68	549.38	132.30	-	41.83	<b>2,751.24</b>	-	<b>2,751.24</b>
Impairment losses/ (write-ups), net	529.38	2.19	1.69	0.50	-	-	<b>531.57</b>	-	<b>531.57</b>

\*) Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

\*\*) Intangible assets (IA) and property, plant and equipment (PPE)

## Information about geographical areas:

December 31, 2021	Romania	Rest of Central Eastern Europe	Rest of Europe	Rest of world	Total
Sales with third parties*	20,543.33	931.64	10.88	0.19	<b>21,486.04</b>
Total assets**	26,584.64	-	-	6.13	<b>26,590.77</b>
Additions in PPE/IA	2,657.49	-	-	6.86	<b>2,664.35</b>

\*) Sales are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer.

\*\*) Intangible assets (IA) and property, plant and equipment (PPE)

**Operating segments:**

December 31, 2020	Upstream	Downstream *	Downstream Oil	Downstream Gas	Downstream elimination	Corpo- rate & Other	Total	Consoli- dation	Total
Intersegment sales	5,851.53	173.02	48.70	225.63	(101.31)	150.83	<b>6,175.38</b>	(6,175.38)	-
Sales with third parties	55.48	15,347.02	9,504.81	5,842.21	-	34.74	<b>15,437.24</b>	-	<b>15,437.24</b>
<b>Total sales</b>	<b>5,907.01</b>	<b>15,520.04</b>	<b>9,553.51</b>	<b>6,067.84</b>	<b>(101.31)</b>	<b>185.57</b>	<b>21,612.62</b>	<b>(6,175.38)</b>	<b>15,437.24</b>
<b>Operating result</b>	<b>(1,017.87)</b>	<b>2,412.37</b>	<b>1,101.28</b>	<b>1,311.09</b>	<b>-</b>	<b>(109.18)</b>	<b>1,285.32</b>	<b>213.50</b>	<b>1,498.82</b>
Total assets**	22,725.13	5,333.53	3,834.69	1,498.84	-	434.68	<b>28,493.34</b>	-	<b>28,493.34</b>
Additions in PPE/IA	2,713.93	615.17	606.54	8.63	-	22.83	<b>3,351.93</b>	-	<b>3,351.93</b>
Depreciation and amortization	2,097.84	654.20	542.49	111.71	-	45.87	<b>2,797.91</b>	-	<b>2,797.91</b>
Impairment losses/ (write-ups), net	1,286.41	(518.50)	0.15	(518.65)	-	0.05	<b>767.96</b>	-	<b>767.96</b>

\*) Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

\*\*) Intangible assets (IA) and property, plant and equipment (PPE)

**Information about geographical areas:**

December 31, 2020	Romania	Rest of Central Eastern Europe	Rest of Europe	Rest of world	Total
Sales with third parties*	15,239.25	192.97	-	5.02	<b>15,437.24</b>
Total assets**	28,493.34	-	-	-	<b>28,493.34</b>
Additions in PPE/IA	3,351.93	-	-	-	<b>3,351.93</b>

\*) Sales are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer.

\*\*) Intangible assets (IA) and property, plant and equipment (PPE)

**27. AVERAGE NUMBER OF EMPLOYEES**

The number of employees calculated as the average of the month's end number of employees during the year is 8,271 for 2021 and 10,949 for 2020.

The decrease in the number of employees was a result of outsourced activities, divestment and of reorganization and restructuring programs as a consequence of process optimization and cost efficiency measures.



## 28. RELATED PARTIES

The terms of the outstanding balances receivable from/payable to related parties are typically 0 to 60 days. The balances are unsecured and will be settled mainly in cash.

The balances with related parties comprise also loans receivable and payable, included in the Statement of financial position under "Other financial assets" (see also Note 8) and "Interest-bearing debts" respectively (refer to Note 14b).

Dividends receivable are not included in the below balances and revenues.

Please refer to Note 31 for details on the guarantees given or paid to related parties.

During 2021, the Company had the following transactions with related parties, including balances as of December 31, 2021:

	Nature of transactions	Purchases	Balances payable
<b>OMV Petrom S.A. subsidiaries</b>			
OMV Petrom Marketing S.R.L.	Acquisition of petroleum products	28.12	33.11
OMV Petrom Aviation S.R.L.	Airport sales services	24.90	2.77
Petromed Solutions S.R.L.	Medical services	21.70	1.28
OMV Petrom Georgia LLC	Various services	3.41	3.12
Petrom Moldova S.R.L.	Various services	0.09	-
Kom Munai LLP	Various services	0.06	-
<b>Total OMV Petrom S.A. subsidiaries</b>		<b>78.28</b>	<b>40.28</b>
<b>Other related parties</b>			
OMV Gas Marketing & Trading GmbH	Acquisition of natural gas and other	963.15	175.27
OMV Supply & Trading Limited	Acquisition of crude oil and petroleum products	884.15	1.10
OMV Petrom Global Solutions S.R.L.	Financial, bookkeeping, IT support and other services	470.67	64.16
OMV Exploration & Production GmbH	Delegation of personnel and other	99.56	27.49
OMV Downstream GmbH	Acquisition of petroleum products, other materials and services	63.83	20.55
OMV Aktiengesellschaft	Delegation of personnel and other	32.94	39.68
OMV Enerji Ticaret Anonim Şirketi	Acquisition of liquefied natural gas (LNG)	0.90	0.52
OMV Gas & Power GmbH	Delegation of personnel and other	0.81	0.13
OMV Abu Dhabi Production GmbH	Various services	0.41	0.41
OMV International Oil & Gas GmbH	Delegation of personnel	0.39	0.39
OMV New Zealand Limited	Various services	0.12	0.18
OMV - International Services Ges.m.b.H.	Various services	0.01	-
<b>Total other related parties</b>		<b>2,516.94</b>	<b>329.88</b>
<b>Total</b>		<b>2,595.22</b>	<b>370.16</b>

	Nature of transactions	Revenues	Balances receivable
<b>Total OMV Petrom S.A. subsidiaries</b>			
OMV Petrom Marketing S.R.L.	Sales of petroleum products	10,498.16	750.60
OMV Bulgaria OOD	Sales of petroleum products	823.50	90.84
Petrom Moldova S.R.L.	Sales of petroleum products	294.30	14.74
OMV Srbija DOO	Sales of petroleum products	141.07	25.90
OMV Offshore Bulgaria GmbH	Various services	2.71	-
Petromed Solutions S.R.L.	Financial, IT and other services	2.38	0.36
Kom Munai LLP	Delegation of personnel and other	1.88	-
OMV Petrom Aviation S.R.L.	Various services	0.76	0.28
OMV Petrom Georgia LLC	Various services	0.22	0.20
OMV Petrom Gas S.R.L.	Various services	0.20	(0.05)
Tasbulat Oil Corporation LLP	Delegation of personnel and other	0.06	-
<b>Total OMV Petrom S.A. subsidiaries</b>		<b>11,765.24</b>	<b>882.87</b>
<b>Other related parties</b>			
OMV Gas Marketing & Trading GmbH	Sales of natural gas and other	400.23	143.52
OMV Deutschland Marketing & Trading GmbH & Co. KG	Sales of propylene and petroleum products	357.28	62.04
OMV Downstream GmbH	Sales of petroleum products, delegation of personnel and other	181.73	14.74
OMV Supply & Trading Limited	Sales of petroleum products	58.97	-
OMV Exploration & Production GmbH	Delegation of personnel and other	26.09	4.08
OMV Petrom Global Solutions SRL	Various services	22.92	2.92
OMV Aktiengesellschaft	Delegation of personnel and other	11.69	2.79
Borealis AG	Sales of propylene	10.88	-
Borealis L.A.T Romania S.R.L.	Various sales and services	0.18	0.01
Petrom Exploration and Production Limited	Various services	0.01	-
<b>Total other related parties</b>		<b>1,069.98</b>	<b>230.10</b>
<b>Total</b>		<b>12,835.22</b>	<b>1,112.97</b>

The above transactions and balances do not include amounts related to loans given and received by OMV Petrom from related parties.

During 2020, the Company had the following transactions with related parties, including balances as of December 31, 2020:

	Nature of transactions	Purchases	Balances payable
<b>OMV Petrom S.A. subsidiaries</b>			
OMV Petrom Marketing S.R.L.	Acquisition of petroleum products	28.81	25.84
OMV Petrom Aviation S.R.L.	Airport services	26.74	4.31
Petromed Solutions S.R.L.	Medical services	21.23	1.76
OMV Bulgaria OOD	Acquisition of petroleum products	0.33	-
Petrom Moldova S.R.L.	Acquisition of diesel	0.10	0.03
Kom Munai LLP	Various services	0.10	-
<b>Total OMV Petrom S.A. subsidiaries</b>		<b>77.31</b>	<b>31.94</b>
<b>Other related parties</b>			
OMV Supply & Trading Limited	Acquisition of crude oil and petroleum products	1,130.86	238.76
OMV Petrom Global Solutions SRL	Financial, bookkeeping, IT support and other services	468.61	113.21
OMV Gas Marketing & Trading GmbH	Acquisition of natural gas and other	424.98	115.20
OMV Exploration & Production GmbH	Delegation of personnel and other	104.99	34.52
OMV Downstream GmbH	Acquisition of petroleum products, other materials and services	65.86	39.27
OMV Aktiengesellschaft	Delegation of personnel and other	31.51	38.71
OMV Gas & Power GmbH	Delegation of personnel and other	0.39	1.68
OMV Austria Exploration & Production GmbH	Acquisition of materials	0.12	-
OMV New Zealand Limited	Various services	0.06	0.06
OMV - International Services Ges.m.b.H.	Various services	0.01	-
<b>Total other related parties</b>		<b>2,227.39</b>	<b>581.41</b>
<b>Total</b>		<b>2,304.70</b>	<b>613.35</b>

	Nature of transactions	Revenues	Balances receivable
<b>OMV Petrom S.A. subsidiaries</b>			
OMV Petrom Marketing S.R.L.	Sales of petroleum products	6,692.92	538.19
OMV Perom Gas S.R.L.	Sales of gas	0.19	(0.07)
OMV Bulgaria OOD	Sales of petroleum products	479.04	32.64
Petrom Moldova S.R.L.	Sales of petroleum products	122.54	11.10
OMV Srbija d.o.o.	Sales of petroleum products	55.27	11.16
Kom Munai LLP	Delegation of personnel and other	2.70	1.23
Tasbulat Oil Corporation LLP	Delegation of personnel and other	2.32	0.82
Petromed Solutions S.R.L.	Financial, IT and other services	2.11	0.18
OMV Petrom Aviation S.R.L.	Various services	0.96	0.10
OMV Offshore Bulgaria GmbH	Various services	0.31	0.31
<b>Total OMV Petrom S.A. subsidiaries</b>		<b>7,358.36</b>	<b>595.66</b>
<b>Other related parties</b>			
OMV Gas Marketing & Trading GmbH	Sales of natural gas and other	333.96	0.45
OMV Deutschland Marketing & Trading GmbH & Co. KG	Sales of propylene	119.32	31.78
OMV Deutschland GmbH	Sales of propylene	111.37	-
OMV Downstream GmbH	Sales of petroleum products, delegation of personnel and other	91.34	3.02
OMV Supply & Trading Limited	Sales of petroleum products	29.54	-
OMV Exploration & Production GmbH	Delegation of personnel and other	26.08	3.14
OMV Petrom Global Solutions SRL	Various services	23.18	2.09
OMV Aktiengesellschaft	Delegation of personnel and other	11.92	2.61
OMV Austria Exploration & Production GmbH	Sale of fixed assets	0.33	-
Borealis L.A.T Romania S.R.L.	Various services	0.07	0.02
<b>Total other related parties</b>		<b>747.11</b>	<b>43.11</b>
<b>Total</b>		<b>8,105.47</b>	<b>638.77</b>

The above transactions and balances do not include amounts related to loans given and received by OMV Petrom from related parties.

In December 2019, OMV Petrom S.A. signed a contract to acquire OMV Offshore Bulgaria GmbH, the transaction being completed in August 2020 (see Note 31 for more details). This transaction was accounted for as asset acquisition, given that the acquired entity does not constitute a business as defined by IFRS 3 Business Combinations.

During 2021, there were in place intercompany loans granted by the Company to the following subsidiaries:

- a) OMV Offshore Bulgaria GmbH: one intercompany loan with maximum limit of EUR 57.00 million (equivalent of RON 282.04 million) and maturity August 31, 2025.
- b) OMV Bulgaria OOD: one intercompany loan with maximum limit of EUR 55.00 million (equivalent of RON 272.15 million) and maturity December 30, 2023.
- c) OMV Srbija DOO: one intercompany loan with maximum limit of EUR 20.00 million (equivalent of RON 98.96 million) and maturity December 30, 2023.
- d) Petrom Moldova S.R.L.: one intercompany loan with maximum limit of EUR 15.00 million (equivalent of RON 74.22 million) and maturity August 7, 2024.

The balances receivable in respect to these loans, as at December 31, 2021 and December 31, 2020 are presented below:

	Gross balance at December 31, 2021	Impairment at December 31, 2021	Net balance at December 31, 2021	Net balance at December 31, 2020
OMV Offshore Bulgaria GmbH	168.19	-	168.19	146.02
OMV Bulgaria OOD	94.08	-	94.08	143.74
Petrom Moldova S.R.L.	49.52	-	49.52	43.85
<b>Total</b>	<b>311.79</b>	<b>-</b>	<b>311.79</b>	<b>333.61</b>

There was no impairment for loans to subsidiaries as of December 31, 2021 and December 31, 2020.

The intercompany loans which were given to Kom Munai LLP and Tasbulat Oil Corporation LLP and were presented under assets held for sale as at December 31, 2020, were sold to Magnetic Oil Limited on May 14, 2021.

Interest income and interest expenses as well as balances receivable and balances payable related to interest income and interest expenses in respect to related parties are presented below:

	Interest income 2021	Balances receivable at December 31, 2021	Interest income 2020	Balances receivable at December 31, 2020
<b>OMV Petrom S.A. subsidiaries</b>				
OMV Offshore Bulgaria GmbH	2.10	0.10	0.77	0.08
OMV Bulgaria OOD	1.55	0.07	2.57	0.09
Kom Munai LLP	1.27	-	5.41	-
OMV Srbija DOO	0.98	-	0.59	-
Tasbulat Oil Corporation LLP	0.79	-	3.15	-
Petrom Moldova S.R.L.	0.76	0.03	0.89	0.02
OMV Petrom Aviation SA	-	-	0.03	-
<b>Total OMV Petrom S.A. subsidiaries</b>	<b>7.45</b>	<b>0.20</b>	<b>13.41</b>	<b>0.19</b>
<b>Other related parties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7.45</b>	<b>0.20</b>	<b>13.41</b>	<b>0.19</b>

	Interest expenses 2021	Balances payable at December 31, 2021	Interest expenses 2020	Balances payable at December 31, 2020
<b>OMV Petrom S.A. subsidiaries</b>				
OMV Petrom Marketing S.R.L.	28.64	3.73	28.56	2.12
OMV Petrom Gas S.R.L.	0.47	0.05	1.63	0.06
Petromed Solutions S.R.L.	0.17	0.02	0.20	0.01
OMV Petrom Aviation S.R.L.	0.06	0.01	0.05	0.01
<b>Total OMV Petrom S.A. subsidiaries</b>	<b>29.34</b>	<b>3.81</b>	<b>30.44</b>	<b>2.20</b>
<b>Other related parties</b>				
OMV Petrom Global Solutions S.R.L.	2.00	0.28	1.87	0.14
<b>Total other related parties</b>	<b>2.00</b>	<b>0.28</b>	<b>1.87</b>	<b>0.14</b>
<b>Total</b>	<b>31.34</b>	<b>4.09</b>	<b>32.31</b>	<b>2.34</b>

The balances payable to related parties in relation to cash pooling agreements are presented in Note 14 b).

#### Ultimate parent

As disclosed in Note 1, OMV Petrom S.A.'s major shareholder is OMV Aktiengesellschaft, being the ultimate parent of the Group, with its office based at Trabrennstraße 6-8, 1020 Vienna, Austria. The main shareholders of OMV Aktiengesellschaft are Österreichische Beteiligungs AG (ÖBAG; previously Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB), Vienna, which is in turn wholly owned by the Republic of Austria – 31.5%) and Mubadala Petroleum and Petrochemicals Holding Company L.L.C (MPPH, Abu Dhabi – 24.9%). There is a consortium agreement in place between MPPH and ÖBAG providing for coordinated behavior and certain restrictions on transfers of shareholdings.

The consolidated financial statements of OMV Aktiengesellschaft are prepared in accordance with IFRS as adopted by the EU and in accordance with the supplementary accounting regulations pursuant to Sec. 245a, Para. 1 of the Austrian Company Code (UGB) and are available on OMV's website:

<https://www.omv.com/en/investor-relations/publications>

#### Key management remuneration

For 2021, the General Meeting of Shareholders of OMV Petrom S.A. approved an annual gross remuneration corresponding to a net remuneration for each member of the Supervisory Board amounting to EUR 20,000 per year (2020: EUR 20,000 per year), an additional gross remuneration per meeting corresponding to a net remuneration of EUR 4,000 for each member for the Audit Committee (2020: EUR 4,000 per meeting) and an additional gross remuneration per meeting corresponding to a net remuneration of EUR 2,000 for each member for the Presidential and Nomination Committee (2020: EUR 2,000 per meeting).

As at December 31, 2021 and 2020, there were no loans or advances granted by any of the Group companies to the members of the Supervisory Board. As at December 31, 2021 and 2020, the Group companies did not have any obligations regarding pension payments to former members of the Supervisory Board.

The aggregate amount of remuneration and other benefits, including benefits in-kind, paid in 2021 to the members of the Executive Board and the directors reporting to Executive Board members, collectively as a group, for their activities performed in all capacities, amounted to RON 66.69 million (2020: RON 69.40 million).

The remuneration paid to members of the Executive Board and to the directors reporting to Executive Board members aims to be at competitive levels and consists of:

- ▶ fixed remuneration based on contractual arrangements;
- ▶ performance-related remuneration assessed against financial and non-financial metrics (including OMV Petrom S.A. share price evolution, HSSE and sustainability metrics) in line with company strategy, to align the interests of management and shareholders, including both short and long term plans:
  - ▶ performance bonus program of 1 year;
  - ▶ long term incentive as multi-year performance plan of 3 years;
- ▶ benefits in kind (non-cash benefits) as support to properly carry out job related activities, including car company, accident and liability insurance.

## 29. CASH FLOW STATEMENT INFORMATION

### a) Drawings and repayments of other borrowings

The following tables show the reconciliation of the changes in liabilities arising from financing activities:

	Interest-bearing debts	Lease liabilities	Total
<b>January 1, 2021</b>	<b>1,618.09</b>	<b>460.84</b>	<b>2,078.93</b>
Repayments of interest bearing debts and principal portion of lease liabilities	(93.49)	(136.30)	<b>(229.79)</b>
Increase in interest bearing debts	78.86	-	<b>78.86</b>
Net increase/(decrease) in loans with subsidiaries	280.25	-	<b>280.25</b>
<b>Total cash flows relating to financing activities</b>	<b>265.62</b>	<b>(136.30)</b>	<b>129.32</b>
Lease liabilities recognized during the year	-	104.59	<b>104.59</b>
Net other changes	3.82	4.35	<b>8.17</b>
<b>Total non-cash changes</b>	<b>3.82</b>	<b>108.94</b>	<b>112.76</b>
<b>December 31, 2021</b>	<b>1,887.53</b>	<b>433.48</b>	<b>2,321.01</b>
thereof short-term	1,871.04	138.05	<b>2,009.09</b>
thereof long-term	16.49	295.43	<b>311.92</b>

	Interest-bearing debts	Lease liabilities	Total
<b>January 1, 2020</b>	<b>1,707.92</b>	<b>511.02</b>	<b>2,218.94</b>
Repayments of interest bearing debts and principal portion of lease liabilities	(91.80)	(112.79)	<b>(204.59)</b>
Increase in interest bearing debts	41.55	-	<b>41.55</b>
Net increase/(decrease) in loans with subsidiaries	(42.74)	-	<b>(42.74)</b>
<b>Total cash flows relating to financing activities</b>	<b>(92.99)</b>	<b>(112.79)</b>	<b>(205.78)</b>
Lease liabilities recognized during the year	-	66.18	<b>66.18</b>
Net other changes	3.16	(3.57)	<b>(0.41)</b>
<b>Total non-cash changes</b>	<b>3.16</b>	<b>62.61</b>	<b>65.77</b>
<b>December 31, 2020</b>	<b>1,618.09</b>	<b>460.84</b>	<b>2,078.93</b>
thereof short-term	1,509.15	120.62	<b>1,629.77</b>
thereof long-term	108.94	340.22	<b>449.16</b>

## b) Investments in subsidiaries

During 2021, OMV Petrom set up a new subsidiary, OMV Petrom Georgia LLC, and acquired the remaining 0.01% interest in the subsidiary OMV Petrom Gas S.R.L.. These investments did not have a significant impact in the cash flow from investing activities.

On August 31, 2020, OMV Petrom S.A. completed the acquisition of 100% shares in OMV Offshore Bulgaria GmbH, which holds an interest in Han Asparuh offshore block in Bulgaria, from OMV Exploration & Production GmbH. The cost paid for this investment was in amount of RON 41.43 million.

## c) Net loans reimbursed by/(given to) subsidiaries

During 2021 OMV Petrom S.A. granted loans amounting to RON 212.02 million (2020: RON 237.04 million) and was reimbursed loans amounting to RON 247.25 million (2020: RON 127.75 million).

## d) Proceeds in relation to non-current assets

In 2021, proceeds in relation to non-current assets include the amount of RON 37.61 million representing encashment from the last two tranches of the government grant for Brazi power plant investment (2020: RON 140.19 million related to the third tranche). For details please see Note 8 b).

## e) Transfer of business

On December 1, 2021, OMV Petrom S.A. closed the transfer of 40 marginal onshore oil and gas fields to Dacian Petroleum S.R.L..



<b>Net assets at the date of transfer</b>	<b>2021</b>
Intangible assets and property, plant and equipment	219.12
Provisions for decommissioning and restoration obligations	(156.86)
Other adjustments related to items transferred	1.81
<b>Net assets</b>	<b>64.07</b>
<b>Gain/(Loss) on transfer of business</b>	<b>2021</b>
Proceeds on transfer of business	66.68
Net assets disposed of	(64.07)
<b>Gain on transfer of business</b>	<b>2.61</b>
<b>Net cash flow from transfer of business</b>	<b>2021</b>
Proceeds on transfer of business	66.68
Deferred consideration	(23.68)
<b>Net cash inflow on transfer of business</b>	<b>43.00</b>

In 2020 OMV Petrom did not transfer any business.

## f) Disposal of investments

On May 14, 2021, OMV Petrom S.A. completed the sale of its 100% owned subsidiaries in Kazakhstan, Kom-Munai LLP and Tasbulat Oil Corporation LLP, including loans given to them, to Magnetic Oil Limited. The result of the transaction was a gain of RON 72.89 million and the proceeds from sale of investments and loans in 2021 are amounting to RON 488.63 million. In 2020 OMV Petrom received an advance for the sale of Kazakhstan subsidiaries, in amount of RON 71.59 million.

During 2020, OMV Petrom did not dispose of any investment.

## g) Exploration cash-flows

The amount of cash outflows in relation to exploration activities incurred by OMV Petrom S.A. for the year ended December 31, 2021 is of RON 222.47 million (2020: RON 208.54 million), out of which the amount of RON 92.41 million is related to operating activities (2020: RON 99.42 million) and the amount of RON 130.06 million represents cash outflows for exploration investing activities (2020: RON 109.12 million).

## h) Other non-monetary adjustments

Other non-monetary adjustments include mainly the change in the fair value of derivatives through income statement and impact from reassessment of long-term receivables.

## i) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash at banks and on hand	106.81	157.48
Short-term deposits	9,947.12	7,147.49
<b>Cash and cash equivalents</b>	<b>10,053.93</b>	<b>7,304.97</b>

## 30. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following overview presents the measurement of assets and liabilities recognized at fair value.

In accordance with IFRS 13, the individual levels are defined as follows:

Level 1: Using quoted prices in active markets for identical assets or liabilities.

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). In order to determine the fair value for financial instruments, usually forward prices of commodities, as obtained from the market, and foreign exchange rates are used as inputs to the valuation model. Net amount of assets and liabilities associated with assets held for sale are measured at fair value. The basis of the valuation was fair values less cost of disposal derived from an agreed sales price.

Level 3: Using inputs for the asset or liability that are not based on observable market data such as prices, but on internal models or other valuation methods.

**Fair value hierarchy of financial assets as at December 31, 2021**

	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	21.10	-	21.10
Other derivatives	-	1,534.94	-	1,534.94
<b>Total</b>	<b>-</b>	<b>1,556.04</b>	<b>-</b>	<b>1,556.04</b>

**Fair value hierarchy of financial liabilities as at December 31, 2021**

	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	(42.56)	-	(42.56)
Other derivatives	-	(2,364.20)	-	(2,364.20)
<b>Total</b>	<b>-</b>	<b>(2,406.76)</b>	<b>-</b>	<b>(2,406.76)</b>

**Fair value hierarchy of financial assets and assets held for sale as at December 31, 2020**

	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	16.33	-	<b>16.33</b>
Other derivatives	-	631.19	-	<b>631.19</b>
Net amount of assets and liabilities associated with assets held for sale	-	445.53	-	<b>445.53</b>
<b>Total</b>	-	<b>1,093.05</b>	-	<b>1,093.05</b>

**Fair value hierarchy of financial liabilities as at December 31, 2020**

	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	(19.58)	-	<b>(19.58)</b>
Other derivatives	-	(453.06)	-	<b>(453.06)</b>
Other financial liabilities	-	-	(15.88)	<b>(15.88)</b>
<b>Total</b>	-	<b>(472.64)</b>	<b>(15.88)</b>	<b>(488.52)</b>

There were no transfers between levels of the fair value hierarchy. There were no changes in the fair value measurement techniques for assets and liabilities that are measured at fair value.

The financial assets and financial liabilities whose fair values differ from their carrying amounts as at December 31, 2021 and December 31, 2020, as well as the respective differences are presented in the tables below. The fair values of these financial assets and liabilities were determined by discounting future contractual cash flows using interest rates prevailing at the reporting date for similar assets and liabilities with similar maturities, obtained from the market for similar transactions (Level 2 – observable inputs).

The management assessed that the fair values of other financial assets and financial liabilities that were measured at amortized cost approximate their carrying amounts.

**December 31, 2021**

	Fair value	Carrying amount	Difference
Loans to subsidiaries	321.92	311.79	10.13
<b>Financial assets</b>	<b>321.92</b>	<b>311.79</b>	<b>10.13</b>
Interest-bearing debts	1,888.39	1,887.53	0.86
<b>Financial liabilities</b>	<b>1,888.39</b>	<b>1,887.53</b>	<b>0.86</b>

**December 31, 2020**

	Fair value	Carrying amount	Difference
Loans to subsidiaries	346.06	333.61	12.45
<b>Financial assets</b>	<b>346.06</b>	<b>333.61</b>	<b>12.45</b>
Interest-bearing debts	1,620.79	1,618.09	2.70
<b>Financial liabilities</b>	<b>1,620.79</b>	<b>1,618.09</b>	<b>2.70</b>

**Offsetting of financial assets and liabilities**

According to IAS 32, financial assets and liabilities are offset and the net amounts are reported in the statement of financial position when OMV Petrom has a current legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. OMV Petrom enters in the normal course of business into various master netting arrangements in the form of International Swaps and Derivatives Association (ISDA) agreements or European Federation of Energy Traders (EFET) agreements or other similar arrangements. When the offsetting criteria mentioned in IAS 32 are met, corresponding financial assets and liabilities are presented net in the statement of the financial position.

During 2021 OMV Petrom has updated its assessment of IAS 32 netting criteria further to a legal assessment of the major agreements in place.

The following tables present the carrying amounts of recognized financial assets and financial liabilities that are subject to various netting arrangements. The net column would be on the Company's statement of financial position, if all set-off rights were exercised.

**Offsetting of financial assets 2021**

	Gross amounts	Amounts set-off in the statement of financial position	Net amounts presented in the statement of financial position*	Assets available to set-off** (not offset)	Net amounts
Derivative financial instruments	1,945.26	(389.22)	1,556.04	(349.31)	1,206.73
Trade receivables	2,861.36	(225.67)	2,635.69	(6.81)	2,628.88
Other financial assets	334.54	(6.15)	328.39	(78.18)	250.21
<b>Total</b>	<b>5,141.16</b>	<b>(621.04)</b>	<b>4,520.12</b>	<b>(434.30)</b>	<b>4,085.82</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 8.

\*\*) Assets not offset as the criteria from IAS 32 is not fulfilled.

**Offsetting of financial liabilities 2021**

	Gross amounts	Amounts set-off in the statement of financial position	Net amounts presented in the statement of financial position*	Liabilities available to set-off** (not offset)	Net amounts
Derivative financial instruments	2,795.98	(389.22)	2,406.76	(349.31)	2,057.45
Trade payables	2,726.47	(225.67)	2,500.80	(6.81)	2,493.99
Other financial liabilities	314.41	(6.15)	308.26	(78.18)	230.08
<b>Total</b>	<b>5,836.86</b>	<b>(621.04)</b>	<b>5,215.82</b>	<b>(434.30)</b>	<b>4,781.52</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 15.

\*\*) Liabilities not offset as the criteria from IAS 32 is not fulfilled.

**Offsetting of financial assets 2020**

	Gross amounts	Amounts set-off in the statement of financial position	Net amounts presented in the statement of financial position*	Assets available to set-off** (not offset)	Net amounts
Derivative financial instruments	647.52	-	647.52	(429.41)	218.11
Trade receivables	1,352.02	(42.72)	1,309.30	-	1,309.30
Other financial assets	249.68	-	249.68	(62.33)	187.35
<b>Total</b>	<b>2,249.22</b>	<b>(42.72)</b>	<b>2,206.50</b>	<b>(491.74)</b>	<b>1,714.76</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 8.

\*\*) Assets not offset as the criteria from IAS 32 is not fulfilled.

**Offsetting of financial liabilities 2020**

	Gross amounts	Amounts set-off in the statement of financial position	Net amounts presented in the statement of financial position*	Liabilities available to set- off** (not offset)	Net amounts
Derivative financial instruments	472.64	-	472.64	(429.41)	43.23
Trade payables	2,366.31	(42.72)	2,323.59	-	2,323.59
Other financial liabilities	279.41	-	279.41	(62.33)	217.08
<b>Total</b>	<b>3,118.36</b>	<b>(42.72)</b>	<b>3,075.64</b>	<b>(491.74)</b>	<b>2,583.90</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 15.

\*\*) Liabilities not offset as the criteria from IAS 32 is not fulfilled.

**31.COMMITMENTS AND CONTINGENCIES****Commitments**

As at December 31, 2021 the total commitments engaged by the Company for investments (except those in relation to joint arrangements) are in amount of RON 996.67 million (2020: RON 779.77 million), out of which RON 809.92 million related to property, plant and equipment (2020: RON 607.28 million) and RON 186.75 million for intangible assets (2020: RON 172.49 million).

The Company has additional commitments in relation to joint arrangements - for details please refer to Note 32.

**Litigations**

We face a variety of litigations, arbitrations, proceedings and disputes referring to a wide range of subjects, such as, but without being limited to, real estate matters, fiscal matters, intellectual property, environmental, competition, administrative matters, commercial matters, labour related litigation, debt recovery, insolvency of contractors, criminal deeds, and contraventional matters. It is possible that unanticipated judicial outcomes might occur.

The Company provides for litigations that are likely to result in obligations. Management is of the opinion that litigations, to the extent not covered by provisions or insurance, will not materially affect the Company's financial position.

**Contingent liabilities**

The production facilities and properties of the Company are subject to a variety of environmental protection laws and regulations; provisions are made for probable obligations arising from environmental protection measures.

In December 2019, OMV Petrom S.A. signed a contract to acquire OMV Offshore Bulgaria GmbH, which holds a stake in the Han Asparuh exploration license in Bulgaria. The transaction was completed at the end of August 2020, by means of acquisition of 100% shares in OMV Offshore Bulgaria GmbH from OMV Exploration & Production GmbH.

The contract between OMV Petrom S.A. and the seller OMV Exploration & Production GmbH includes contingent variable payments to be made by OMV Petrom S.A. which are dependent on reserves determinations at final investment decision milestone and at reserves revision milestone. The reserves determinations will have to be certified by a jointly appointed suitable qualified and experienced third party reserves auditor.

At the date of these financial statements, a reliable estimate of the potential variable payments and timing, if any, cannot be made. Therefore, no provision has been recognized in this respect in OMV Petrom's Financial Statements as at December 31, 2021 and 2020.

In addition, OMV Petrom has contingent liabilities representing performance guarantees, mainly under credit facilities granted by banks, without cash collateral, in amount of RON 158.24 million as at December 31, 2021 (2020: RON 268.81 million) and parent company guarantees (PCG) with total exposure of RON 224.66 million (2020: RON 243.47 million), mainly issued on behalf of OMV Srbija DOO to cover the risk of non-payment of liabilities for fuels to supplier Nafta Industrija Srbije j.s.c, to the limit of RON 222.66 million at December 31, 2021, equivalent of EUR 45 million (2020: RON 243.47 million, equivalent of EUR 50 million).

## 32. INTERESTS IN JOINT ARRANGEMENTS

In 2008 OMV Petrom S.A. entered into a farm out arrangement with ExxonMobil Exploration and Production Romania Limited ("Exxon") with the purpose to explore and develop the Neptun Deepwater block in Black Sea and has a participating interest of 50%. Starting August 2011, ExxonMobil has been appointed as operator (previously OMV Petrom S.A. was operator).

In 2010 OMV Petrom S.A. entered into a farm out arrangement with Hunt Oil Company of Romania S.R.L. ("Hunt") with the purpose to explore and develop Adjud and Urziceni East onshore blocks and has a participating interest of 50%. Starting October 2013, Hunt has been appointed as operator (previously OMV Petrom S.A. was operator).

Joint activities described above were classified as joint operations according with IFRS 11.

OMV Petrom's share of the aggregate capital commitments for these joint arrangements as at December 31, 2021 is amounting RON 45.55 million (2020: RON 44.73 million), mainly in relation to offshore activities requirements.

## 33. RISK MANAGEMENT

### Capital risk management

OMV Petrom S.A. continuously manages its capital adequacy to ensure that it is optimally capitalized, in accordance with its risks exposure in order to maximize the return to stakeholders. The capital structure of OMV Petrom S.A. consists of shareholders' equity (comprising share capital, reserves and revenue reserves as disclosed in the "Statement of Changes in Equity") and debt (which includes the short and long term Interest-bearing debts and Lease liabilities). Capital risk management at OMV Petrom S.A. is part of the value management and it is based on permanent review of the gearing ratio of the Company.

Net debt is calculated as interest-bearing debts and lease liabilities, less cash and cash equivalents. Due to the significant cash balance, OMV Petrom S.A. reported a net cash position of RON 7,732.92 million at December 31, 2021 (2020: RON 5,226.04 million).

The Company's management reviews the capital structure as well as risk reports regularly. As part of this review, the cost of capital and the risks associated with each class of capital are considered.

### **Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

### **Financial risk management objectives and policies**

The objective of OMV Petrom Risk Management function is to assess if the risk estimations are within the tolerance levels set in the Risk Appetite statement and to provide assurance that the risks are well managed and kept under control by the risk owners. Low probability high potential impact risks are assessed and monitored individually, with a dedicated set of mitigating measures put in place.

To ensure that management takes risk-informed decisions, with adequate consideration of actual and prospective information/data, OMV Petrom Executive Board has empowered a dedicated Risk Management function with the objective to centrally lead and coordinate the Company's risk management-related processes. This department ensures that well-defined and consistent risk management processes, tools, and techniques are applied across the entire organization. Risk ownership is assigned to the managers who are best suited to oversee and manage the respective risk. OMV Petrom's consolidated risk profile is reported twice a year to the Executive Board and to Supervisory Board's Audit Committee.

### **Risk exposures and responses**

OMV Petrom S.A.'s Risk Management function performs a central coordination of a mid-term Enterprise Wide Risk Management (EWRM) and a long-term Strategic Risk Management processes in which it actively pursues the identification, analysis, evaluation and treatment of significant risks (market and financial, operational and strategic) in order to assess their effects on planned cash flows, to engage management in planning and implementing mitigating actions and to provide to the executive and Supervisory Board's Audit Committee members the assurance that risks are under control and within the tolerance levels from the risk appetite.

The main purpose of the OMV Petrom's EWRM process is to deliver value through risk-based management and decision-making. OMV Petrom is constantly enhancing the EWRM process based on internal and external requirements. The process is facilitated by OMV Petrom IT system supporting the established individual process steps (risk identification, risk analysis, risk evaluation, risk treatment, reporting, and risk review through continuous monitoring of changes to the risk profile), guided by the ISO 31000 risk management framework.

Beside the business operational and strategic category of exposures, the market and financial risk category plays an important role in the Company's risk profile and it is managed with dedicated diligence – market and financial risks include, commodity market price risk, foreign exchange risk, interest rate risk, counterparty credit risk, and liquidity risk.

Response wise, any risk which increases near to its significance level or which is sensitive to the risk appetite level is monitored and specific treatment plans are proposed, approved and implemented accordingly in order to decrease the risk exposure.

### **Climate Change Risks**

OMV Petrom consistently evaluates the Company's exposure to risks related to climate-change in addition to the market price risk from European Emission Allowances. Such risks comprise the potential impact of acute or chronic events like more frequent extreme weather events or systemic changes to our business model due to a changing legal framework or substitution of OMV Petrom's products due to changing consumer behavior. OMV Petrom recognizes climate change as a key global challenge. We thus integrate the related risks and opportunities into the development of the Company's business strategy. Please refer to Note 2 for more details on effects of climate change risk.

**Commodity Market Price Risk**

In regard to the market price risk, OMV Petrom is naturally exposed to the price-driven volatility of cash flows generated by production, refining, and marketing activities associated with crude oil, oil products, gas, and electricity. Market risk has core strategic importance within OMV Petrom's risk profile and liquidity. The market price risks of OMV Petrom commodities are closely analysed, quantified, and evaluated.

Financial derivative instruments are used where appropriate to hedge the main industry risks resulting from changes in commodity prices which could have a negative effect on assets, liabilities or expected future cash flows.

Hedges are generally placed where the underlying exposure exists. When certain conditions are met, the Company may elect to apply IFRS 9 hedge accounting principles in order to recognize the offsetting effects in the income statement of changes in the fair value of the hedging instruments at the same time with the hedged items.

In 2020 the risk management objective for the refinery margin hedges for diesel and jet changed and therefore the corresponding hedging relationships were discontinued. The accumulated gains and losses remained in the cash flow hedging reserve upon realization of the hedged items. The gains and losses related to the forecast sales and purchases of specific products for which the hedged future cash flows were no longer expected to occur, being affected by COVID-19 outbreak, were immediately reclassified from other comprehensive income.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives are not designated as hedging instruments, they are classified as fair value through profit or loss (FVPL) in accordance with IFRS 9.

**Cash flow hedge accounting**

In Downstream Oil Business, OMV Petrom is especially exposed to volatile refining margins and inventory risks. In order to mitigate those risks the Company enters into corresponding hedging activities, which include margin hedges as well as stock hedges.

The risk management strategy is to harmonize the pricing of product sales and purchases in order to remain within an approved range of priced stocks at all times, by means of undertaking stock hedges so as to mitigate the price exposure. In respect of refinery margin hedges, crude oil and products are hedged with the aim to protect future margins.

During 2021 OMV Petrom S.A. concluded margin hedges in relation to highly probable sales of gasoline and stock hedges in relation to crude oil inventory purchased, using swaps instruments.

During 2020 OMV Petrom S.A. concluded stock hedges in relation to oil inventory purchases and it discontinued most of the refinery margin hedges which had been concluded in 2019, due to the change in the risk management objective.

In case of refinery margin hedges for gasoline, the product crack spread is designated as the hedged item, buying Brent crude oil on a fixed basis and selling the product on a fixed basis. The crack spread for gasoline is a separately identifiable component and can therefore represent the specific risk component designated as hedged item. In case of refinery margin hedges on fuel oil, which had been concluded in 2019 with maturities during 2020 and 2021, forecast sales and purchase transactions for fuel oil and oil products are designated as the hedged items.

Stock hedges are used to mitigate price exposure whenever actual priced stock levels deviate from target levels. Forecast purchase and sales transactions for crude oil and oil products are designated as the hedged items.

Hedge ineffectiveness can arise from timing differential between derivative and hedged item delivery and pricing differentials (derivatives are valued on the future monthly average quotations (or other periods) and sales/purchases are valued on prices at the date of transaction/delivery).



**Nominal and fair values of derivatives designated and effective as hedging instruments**

<b>2021</b>	<b>Forecast purchases</b>	<b>Forecast sales</b>	<b>Total</b>
Nominal value	-	631.84	<b>631.84</b>
Below one year	-	631.84	<b>631.84</b>
More than one year	-	-	-
Fair value - assets	-	21.10	<b>21.10</b>
Fair value - liabilities	-	42.56	<b>42.56</b>
Cash flow hedge reserve (before tax)	-	(21.46)	<b>(21.46)</b>

<b>2020</b>	<b>Forecast purchases</b>	<b>Forecast sales</b>	<b>Total</b>
Nominal value	91.87	147.85	<b>239.72</b>
Below one year	91.87	147.85	<b>239.72</b>
More than one year	-	-	-
Fair value - assets	-	16.33	<b>16.33</b>
Fair value - liabilities	14.18	5.40	<b>19.58</b>
Cash flow hedge reserve (before tax)	(14.18)	10.93	<b>(3.25)</b>

The tables above show the fair values of derivative financial instruments designated and effective as hedging instruments together with their notional amounts. The notional amount, reflected gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of the transactions outstanding at the year-end and are not indicative of either the market risk or the credit risk. Fair values are presented in lines "Other financial assets" and "Other financial liabilities" in the statement of financial position.

**Cash flow hedging - Impact of hedge accounting**

<b>2021</b>	<b>Forecast purchases</b>	<b>Forecast sales</b>	<b>Total</b>
Cash flow hedge reserve as of January 1, 2021 (net of tax)	(11.91)	86.27	<b>74.36</b>
Gains/(losses) recognized in OCI	57.22	(131.60)	<b>(74.38)</b>
Amounts reclassified to income statement	-	7.43	<b>7.43</b>
Amounts transferred to cost of non-financial item	(43.04)	-	<b>(43.04)</b>
Tax effects	(2.27)	19.87	<b>17.60</b>
<b>Cash flow hedge reserve as of December 31, 2021 (net of tax)</b>	<b>-</b>	<b>(18.03)</b>	<b>(18.03)</b>
Hedge ineffectiveness recognized in income statement	-	(2.78)	<b>(2.78)</b>

2020	Forecast purchases	Forecast sales	Total
Cash flow hedge reserve as of January 1, 2020 (net of tax)	22.48	5.22	27.70
Gains/(losses) recognized in OCI	(134.60)	467.80	333.20
Amounts reclassified to income statement	-	(369.69)	(369.69)
Amounts reclassified from OCI because the hedged future cash flows no longer expected to occur	14.79	(1.62)	13.17
Amounts transferred to cost of non-financial item	78.87	-	78.87
Tax effects	6.55	(15.44)	(8.89)
<b>Cash flow hedge reserve as of December 31, 2020 (net of tax)</b>	<b>(11.91)</b>	<b>86.27</b>	<b>74.36</b>
Thereof discontinued hedges	-	77.09	77.09
Hedge ineffectiveness recognized in income statement	(3.81)	9.72	5.91

For "Forecast purchases" the hedge ineffectiveness is included in line item "Purchases (net of inventory variation)" in the income statement. The hedge ineffectiveness and recycling of "Forecast sales" for hedges where a risk component of the non-financial item is designated as the hedged item in the hedging relationship are shown in line item "Sales revenues" in the income statement.

#### Foreign exchange risk management

Because OMV Petrom operates in many currencies, the corresponding exchange risks are analyzed. OMV Petrom is mostly exposed to the movement of the US dollar and Euro against Romanian Leu. Other currencies have only limited impact on cash flows and operating result.

Financial derivative instruments may be used where appropriate to hedge the risk associated with foreign currency transactions, whereas a decrease of USD/RON currency rate or an increase of EUR/RON currency rate is unfavorable to company's cash flows.

#### Foreign currency sensitivity analysis

The carrying amounts at the reporting date of foreign currency denominated monetary assets and liabilities of OMV Petrom, which induce sensitivity to RON/EUR and RON/USD exchange rates in the financial statements, are as follows:

	RON equivalent of EUR denominated balances (million)		RON equivalent of USD denominated balances (million)	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Assets	1,514.77	654.65	214.71	985.00
Liabilities	1,196.08	852.21	376.64	914.59
<b>Net assets/(liabilities) in the statement of financial position</b>	<b>318.69</b>	<b>(197.56)</b>	<b>(161.93)</b>	<b>70.41</b>
Adjustments for foreign currency derivatives	3.10	24.22	181.92	(22.11)
<b>Net currency exposure</b>	<b>321.79</b>	<b>(173.34)</b>	<b>19.99</b>	<b>48.30</b>

The following table details the Company's sensitivity to a 10% increase and decrease in the USD and EUR against RON. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in total comprehensive income before tax generated by a 10% currency fluctuation and a negative number below indicates a decrease in total comprehensive income before tax with the same value.

**+10% increase in the foreign currencies rates**

	Impact for EUR denominated items, in million RON (i)		Impact for USD denominated items, in million RON (ii)	
	2021	2020	2021	2020
Profit/ (Loss)	32.18	(17.33)	4.15	5.16
Other comprehensive income	-	-	(2.15)	(0.33)

**-10% decrease in the foreign currencies rates**

	Impact for EUR denominated items, in million RON (i)		Impact for USD denominated items, in million RON (ii)	
	2021	2020	2021	2020
Profit/ (Loss)	(32.18)	17.33	(4.15)	(5.16)
Other comprehensive income	-	-	2.15	0.33

(i) This is mainly attributable to the exposure to EUR of loans to subsidiaries, trade receivables, derivative financial assets, lease liabilities, derivative financial liabilities and trade payables at the year-end.

(ii) This is mainly attributable to the exposure to USD of other financial assets, cash and cash equivalents, other financial liabilities and trade payables at the year end.

The effect in equity is the effect in profit or loss before tax and other comprehensive income, net of income tax (16%).

The above sensitivity analysis of the inherent foreign exchange risk shows the translation exposure at the end of the year; however, the cash flow exposure during the year is continuously monitored and managed by the Company.

**Interest rate risk management**

To facilitate management of interest rate risk, the Company's liabilities are analyzed in terms of fixed and variable rate borrowings, currencies and maturities. Currently, OMV Petrom has limited exposure to this risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 1% increase or decrease represents management's assessment of the reasonably possible change in interest rates (with all other variables held constant).

**Analysis for change in interest rate risk:**

	Balance as at		Effect of 1% change in interest rate, before tax	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Short term borrowings	1,866.51	1,505.89	18.67	15.06
Long term borrowings	16.49	108.98	0.16	1.09

In 2021 and 2020, there was no need for hedging the interest rate risk, hence no financial instruments were used for such purpose.

**Counterparty Credit Risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations or on its financial standing resulting in financial loss to the Company. The main counterparty credit risks are assessed, monitored and managed using predetermined limits for specific countries, banks and business partners. On the basis of creditworthiness, all counterparties are assigned maximum permitted exposures in terms of credit limits (amounts and maturities), and the creditworthiness assessments and granted limits are reviewed on a regular basis. For all counterparties depending on their liquidity class, parts of their credit limits are secured via liquid contractual securities such as bank guarantee letters, credit insurance and other similar instruments. The credit limit monitoring procedures are governed by internal guidelines.

The Company does not have any significant credit risk concentration exposure to any single counterparty or any group of counterparties having similar characteristics, besides the members of its Group. The Company's cash and cash equivalent is primarily invested in banks with rating at least BBB- (S&P and Fitch) and Baa3 (Moody's).

#### **Liquidity risk management**

For the purpose of assessing liquidity risk, budgeted operating and financial cash inflows and outflows are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This analysis provides the basis for financing decisions and capital commitments. To ensure that the Company remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in form of deposits and committed credit lines are maintained. The maturity profile of the Company's financial liabilities is presented in Note 15.

### **34. EXPENSES GROUP AUDITOR**

In 2021 the statutory auditor Ernst & Young Assurance Services SRL had a contractual statutory audit fee of EUR 537,535 (2020: EUR 545,000) for the statutory audit of the standalone and consolidated annual financial statements of the Company and of its Romanian subsidiaries and associates. Services contracted with the statutory auditor other than audit services were of EUR 112,510 (2020: EUR 128,920), representing mainly other assurance services in relation to certain reports issued by the Company that are not prohibited by Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Other EY network firms performed audit services for the OMV Petrom subsidiaries of EUR 68,167 (2020: EUR 153,900) and non-audit services that are not prohibited by Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of EUR 28,942 (2020: EUR 5,946).

## 35. SUBSEQUENT EVENTS

In the context of the conflict between Russia and Ukraine, started on February 24, 2022, the European Union, United States of America, United Kingdom and other countries imposed various sanctions for Russia, including financing restrictions on certain Russian banks and state-owned companies. While OMV Petrom does not have operations in Ukraine or in Russia, it monitors the geopolitical developments on a continuous basis and regularly reviews the potential impact on its business activities. Disruptions in Russian commodity flows to Europe could result in further increases in European energy prices and accelerate the risk of cost inflation. The above does not have any impact on OMV Petrom separate financial statements for the year ended December 31, 2021. At the date of these financial statements it is not possible to reliably estimate the impact on the financial position and results of the Company for future periods.

These financial statements, comprising statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, were approved on March 17, 2022.

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Christina Verchere  
Chief Executive Officer  
President of the EB

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Alina Popa  
Chief Financial Officer  
Member of the EB

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Christopher Veit  
Member of the EB  
Upstream

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Franck Neel  
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