

# Annual Report 2022



**OMV Petrom**  
The energy for a better life.



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**Note:** In this report, “the company”, “OMV Petrom”, “OMV Petrom Group” and “the Group” are sometimes used for convenience where references are made to OMV Petrom S.A. and its subsidiaries in general. The financials presented in the report are audited and represent OMV Petrom Group’s consolidated results prepared according to IFRS; all the figures refer to OMV Petrom Group unless otherwise stated. Figures may not add up due to rounding differences.

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

As per the legal requirements with reference to the disclosure of non-financial information, the company prepares and publishes a separate sustainability report, which includes the information required for the non-financial declaration, describing our sustainability initiatives. OMV Petrom’s Sustainability Report for 2022 will be published by May 31, 2023.

## The energy for a better life

Every single day, OMV Petrom makes people's lives better.

Every single day, OMV Petrom produces and supplies the energy for millions of people – for their comfort, their need for mobility, or their passion to travel.

Energy is part of our lives: fuels are the basis for mobility, gas is used for heating homes, and electricity powers the appliances that make our lives easier. Behind all this stands the energy of OMV Petrom.

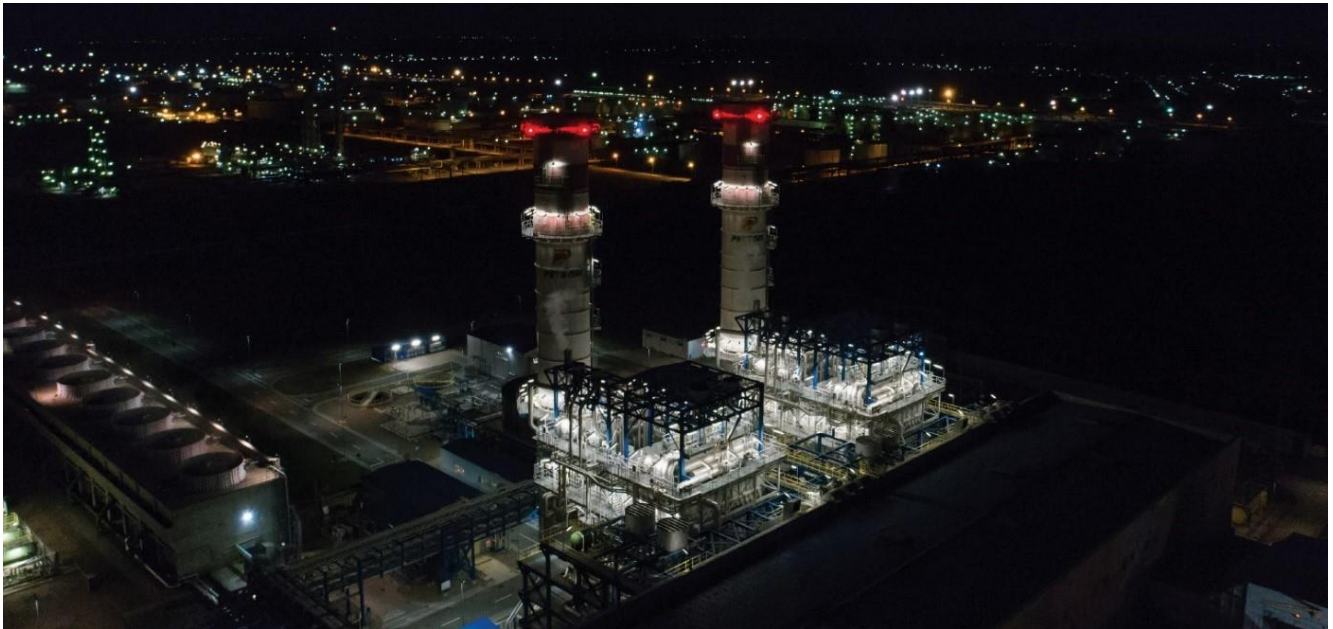
OMV Petrom leverages on the industry's expertise in Romania, as one of the first oil producing countries in the

world. At the same time, it successfully applies innovation and technical know-how to contribute to improving the quality of life, while transforming itself into a lower-carbon integrated energy company.

We produce energy in all its forms: fuels, gas, and electricity.

Safely. Securely. Responsibly.

Today and tomorrow.



## An integrated energy company

OMV Petrom is the largest energy company in Southeastern Europe. The company is active along the entire energy value chain: from exploration and production of oil and gas, to refining and fuels distribution, and further on to power generation and marketing of gas and power.

The company is organized into three operationally integrated business segments – Exploration & Production, Refining & Marketing, Gas & Power. OMV Petrom's integrated business model provides financial resilience due to synergies and natural hedging against oil and gas price volatility.

In Exploration & Production (E&P), OMV Petrom is present in Romania, Bulgaria and Georgia. Our expertise varies from deep onshore and offshore exploration to mature fields and shallow offshore production. In 2022, our portfolio consisted of 380 mn boe proved (1P) reserves and around 43 mn boe hydrocarbon production (thereof 2.9 mn tons of crude oil and natural gas liquids and 3.5 bn cubic meters of natural gas).



In Refining & Marketing (R&M), we operate the Petrobrazî refinery, which has a capacity of 4.5 mn tons per year and can process OMV Petrom's entire Romanian equity crude oil. We are present on the oil products retail market through a network of 780 filling stations located in Romania, Moldova, Bulgaria and Serbia. These filling stations are operated under two brands: Petrom and OMV. In 2022, the segment recorded 5.5 mn tons of refined product sales, of which 3.0 mn tons were retail sales.

In Gas & Power (G&P), we are engaged in electricity production, as well as gas and power sales. We operate the Brazi gas fired power plant, which has a capacity of 860 MW. In 2022, the segment recorded gas sales volumes of 46.1 TWh (thereof 35.8 TWh to third parties), the equivalent of 4.3 bcm, and generated 5.0 TWh of electricity.

Every day, millions of people and thousands of businesses in Romania and in the region use our energy. OMV Petrom's fuels and energy products enable mobility, provide heat for daily living and working, and form the basis for a variety of plastics and high-end petrochemical products.

OMV Petrom has a long tradition of sustainable and responsible behavior in delivering energy with the purpose of improving people's lives. Sustainability for OMV Petrom means creating long-term value for our customers and shareholders, while being an innovative company and an employer of choice. We conduct our business in a responsible way, respecting the environment and adding value to the communities in which we operate.

## Our business model

### EXPLORATION & PRODUCTION



Onshore Oil  
Exploration and Production



Onshore Gas  
Exploration and Production



Offshore Oil and Gas  
Exploration and Production

### GAS & POWER



Gas Marketing



Power Production



Power Marketing

### REFINING & MARKETING



Refining



Storage Logistics



Transportation



Marketing of Refined  
and Non-fuel Products

### USAGE



Aviation



Agriculture



Cars



Constructions



Plastics



Chemicals



Electricity



Heating



Hospitality



Steel

## Why invest in OMV Petrom

OMV Petrom is the largest energy company in Southeastern Europe and the largest Romanian company listed on the Bucharest Stock Exchange, with a market capitalization of EUR 5.3 bn at the end of 2022.

The company has a leading position in the fuels and natural gas markets in Romania and an important contribution to the country's security of electricity supply.

OMV Petrom's success is based on its integrated business model, operational excellence and financial discipline, which are key in generating sustainable growth and attractive returns for our shareholders.

**Our proposition to shareholders is clear:** growth in investment, increase in profitability and dividends – all while securing a sustainable long-term business through our energy transition.

We aim to maintain a disciplined capital approach, while investing close to EUR 11 bn and achieving a ROACE of more than 12% in 2030. We expect this to strengthen Romania's and South-East Europe's security of supply, as well as the EU's energy resilience.

We target to more than double our Clean CCS Operating Result in 2030 compared to 2020 and we are confident that this will allow us to increase base dividends by 5 to 10% per annum on average over the decade, in line with profits. In a favorable market environment and at management discretion, special dividends may also be distributed, provided that the company's investment plans are funded.

These elements are the main pillars of our attractive dividend policy: "OMV Petrom is committed to deliver a competitive shareholder return throughout the business cycle, including paying a progressive dividend, in line with the financial performance and investment needs, considering the long-term financial health of the company".

Sustainability remains at the core of our actions, as mitigating climate change is a strategic priority for our business, and we are committed to be part of the solution for the transition to cleaner energy.

Our long-term goal is to achieve net zero operations by 2050. We target to reduce Scope 1 to 3 intensity emissions by about 20% until 2030 compared to 2019.

To help achieve this, we plan to invest approximately EUR 2 bn in innovation and new technologies, mainly in hydrogen and carbon capture and storage.

In total, we expect that about a third of our cumulated investments will be into low and zero carbon new businesses.

Since privatization, OMV Petrom has provided a stable base for Romania's economy as a reliable energy supplier, a major employer, and a significant contributor to the state budget.

OMV Petrom will continue to consider its employees a priority, while also focusing on creating value for its customers by enhancing their satisfaction and experience.



## Excellent results supported by improved pricing and strong asset utilization

<b>CLEAN CCS OPERATING RESULT<sup>1</sup></b> (IN 2021: RON 4.3 bn)  <b>RON</b>  <b>12.2 bn</b>	<b>CLEAN CCS NET INCOME ATTRIBUTABLE TO STOCKHOLDERS<sup>1,2,3</sup></b> (IN 2021: RON 3.4 bn)  <b>RON</b>  <b>10.3 bn</b>	<b>NET INCOME ATTRIBUTABLE TO STOCKHOLDERS<sup>2</sup></b> (IN 2021: RON 2.9 bn)  <b>RON</b>  <b>10.3 bn</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b> (IN 2021: RON 7.0 bn)  <b>RON</b>  <b>11.3 bn</b>	<b>CAPITAL EXPENDITURE</b> (IN 2021: RON 2.8 bn)  <b>RON</b>  <b>3.6 bn</b>	<b>TOTAL DIVIDENDS PAID</b> (IN 2021: RON 1.7 bn)  <b>RON</b>  <b>4.4 bn<sup>4</sup></b>
<b>FREE CASH FLOW AFTER DIVIDENDS</b> (IN 2021: RON 3.0 bn)  <b>RON</b>  <b>3.8 bn<sup>4</sup></b>	<b>CLEAN CCS ROACE<sup>1,3</sup></b> (IN 2021: 12.7%)  <b>38.0%</b>	<b>BASE DIVIDEND / SHARE</b> (IN 2021: RON 0.0341)  <b>RON</b>  <b>0.0375<sup>5</sup></b>
<b>PAYOUT RATIO</b> (IN 2021: 67%)  <b>23%<sup>5</sup></b>	<b>DIVIDEND YIELD<sup>6</sup></b> (IN 2021: 6.8%)  <b>8.9%</b>	<b>TOTAL SHAREHOLDER RETURN<sup>7</sup></b> (IN 2021: 46%)  <b>(9)%</b>

All values refer to 2022, unless otherwise stated

<sup>1</sup> Adjusted for special items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from Refining and Marketing; special items include temporary hedging effects (in order to mitigate Income Statement volatility);

<sup>2</sup> After deducting net result attributable to non-controlling interests;

<sup>3</sup> Excludes additional special income reflected in the financial result;

<sup>4</sup> The 2022 value includes base dividends as well as special dividends paid;

<sup>5</sup> Dividend subject to GMS approval on April 26, 2023; it refers to base dividend only; a special dividend of RON 0.045/share was paid in 2022; a special dividend is also planned to be paid in 2023, with the exact value to be announced in mid-2023;

<sup>6</sup> Calculated with the share prices at the end of the year;

<sup>7</sup> Calculated with previous year dividend per share and taking into account the base dividend only.

## Partner for Romania

We are the largest private investor in Romania, the largest energy company, the biggest taxpayer and a major employer in the country. We are aware of the important role we play in the economy and responsible behaviour is deeply embedded in our company's culture.

**WE ARE AN  
IMPORTANT  
CONTRIBUTOR  
TO ROMANIA'S  
SECURITY OF  
ENERGY SUPPLY**

**~1/3 OF FUELS & GAS  
COMBINED NATIONAL  
DEMAND <sup>1</sup>**

**KEY ROLE IN  
BALANCING NATIONAL  
ELECTRICITY SYSTEM**

**JOBS**  
**WE EMPLOY**  
**~7,700 PEOPLE**

**~17**  
**BILLION EURO  
INVESTED DURING  
2005-2022**

**~39**  
**BILLION EURO  
TAXES AND  
STATE BUDGET  
CONTRIBUTIONS  
PAID DURING  
2005-2022**

**~120** **MILLION EURO IN SUSTAINABILITY  
PROJECTS DURING 2007-2022**

**TECHNOLOGY IS EMBEDDED  
IN OUR STRATEGY**

**SAFETY IS OUR  
TOP PRIORITY**

**WE PROMOTE ENERGY  
EFFICIENCY IN ROMANIA VIA  
"EFFICIENT ROMANIA" PROGRAM**

<sup>1</sup> Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on National Institute of Statistics.



# Company

Statement of the Chief Executive Officer

OMV Petrom on the capital markets

OMV Petrom Strategy

Sustainability

People

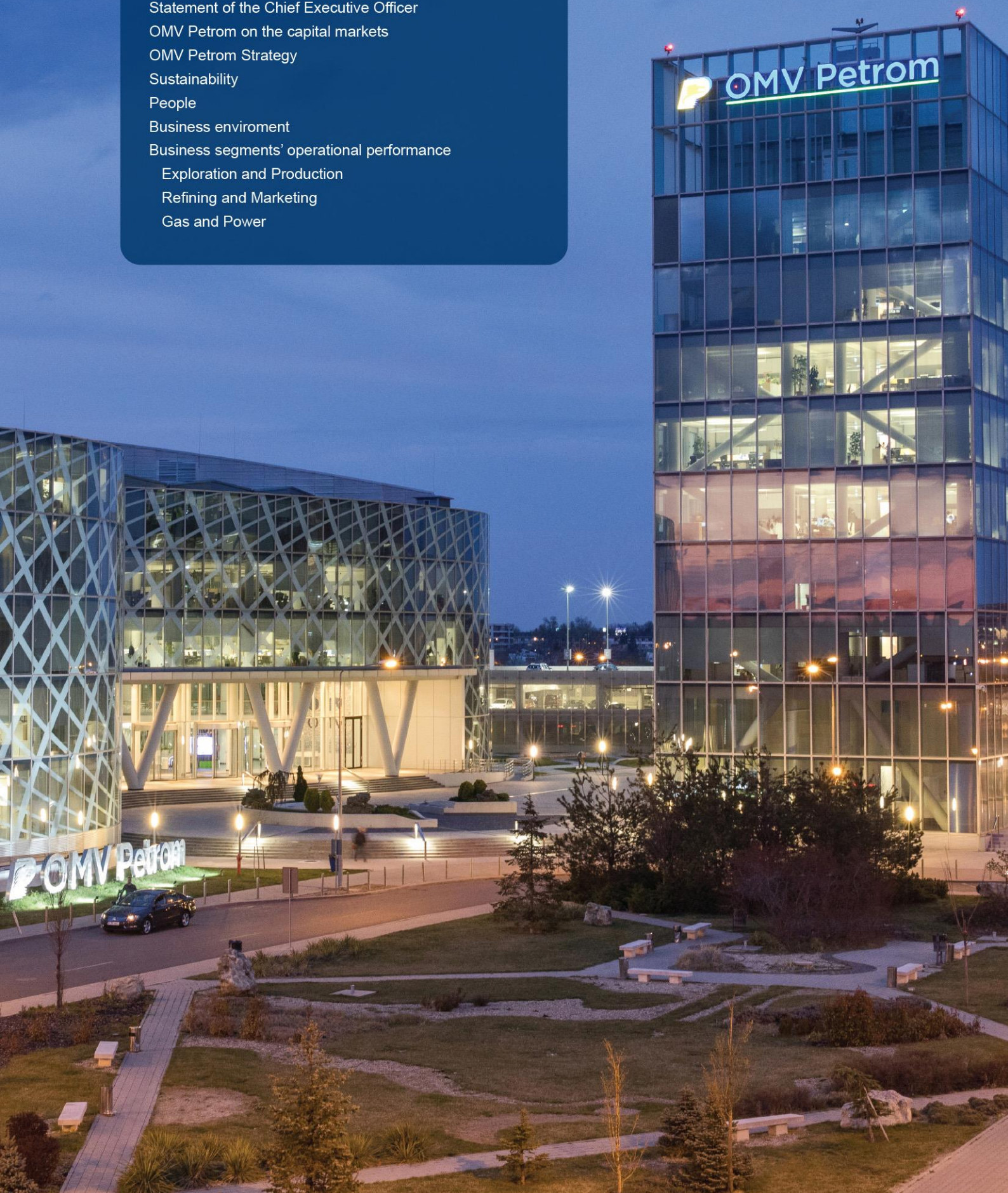
Business environment

Business segments' operational performance

Exploration and Production

Refining and Marketing

Gas and Power





## Statement of the Chief Executive Officer



### Dear Shareholders,

2022 was another challenging year with the military conflict at our country borders intensifying the commodity markets volatility and triggering administrative interventions by EU governments to protect consumers. The local market had the additional challenge of frequent and multiple changes in the fiscal and regulatory sector specific environment. Yet, we proved again our agility, diversified our supply sources and thus ensured business continuity and Romania's security of energy supply. I am very grateful to all my colleagues from the Executive Board and the entire team for their great commitment and achievements.

In this challenging context, our **2022 operational performance** was outstanding. High asset utilization combined with higher commodity prices and refining margins, enhanced the results of all our business segments. Headwinds came from lower hydrocarbon production, cost inflation, as well as increased taxation, mostly for gas and power. The high and volatile pricing environment generated by the market context led to a decrease of the gas and power market demand to record lows in the last 10 years: gas demand was down by 16%, power lower by 8% yoy. At the same time, the fuels retail demand in Romania remained resilient, with a 2% yoy increase, supported by economic growth and government's voluntary discounts offered. In the E&P segment, we managed to contain the production decline excluding portfolio optimization at 5.6% yoy, better than the initial estimation of a 7% decline. In the R&M segment, the refinery utilization reached 95%, while our retail sales volumes were up by 3%, outpacing demand growth in most of our operating countries. In the G&P

segment, we had a record high net electrical output of 5 TWh, up 5% yoy.

GHG intensity index decreased by around 11% vs. 2019 level, based on preliminary 2022 data. Our overarching ambition is to reduce the carbon intensity of our operations by 30% by 2030 compared to 2019; in 2023 we will continue to put our efforts into this. In addition, we reduced our methane emissions intensity by 70% vs. 2019 level, progressing towards our target of less than 0.2% by 2025.

The strong operational performance was also reflected in our solid **2022 financial performance**. Our Clean CCS Operating Result almost tripled yoy and was a solid base for our contribution to the Romanian economy and the Romanian energy sector. The net income was RON 10.3 bn, while the contribution to the Romanian state budget through taxes and dividends reached a record high of almost RON 20 bn, which positions us as the largest state budget contributor in 2022. Our specific industry taxes and contributions totalled more than RON 7 bn, almost 4 times higher yoy. We remain advocates of addressing the regulatory challenges and of the implementation of appropriate measures to protect vulnerable consumers. We voluntarily complied with the measures taken by the Romanian Government to partly compensate fuel prices. And we paid all our duties on time, including those coming from supplementary taxation mechanisms introduced during 2022.

With regards to **total shareholder returns**, we distributed the highest dividends last year, with a **competitive yield of 15.9%**, reflecting also the first special dividend distributed by our company. Total dividends paid in 2022 amounted to RON 4.4 bn. Moreover, based on our strong 2022 results, the Executive Board proposed a gross base dividend of RON 0.0375/share for the 2022 financial year, up 10% yoy, and announced the intention to propose the distribution of a special dividend in 2023, with the value to be communicated mid-year. The proposal for base dividend was approved by the Supervisory Board and is subject to further approval by the GMS on April 26, 2023, while the special dividend will be subject to a future GMS.

**Our share price evolution in 2022** reflected not only the outstanding financial performance and the record high dividends but also the impact of external factors such as the numerous fiscal and regulatory changes, mainly in gas and power. Moreover, the Government Ordinance 186/2022, approved and published in the last days of the year, which transposes the Council Regulation (EU) 2022/1854 and introduces a solidarity contribution for fiscal years

2022/2023, also put pressure on the share price performance.

Stock liquidity also improved, supported by the increase in free float to 28%, and reflecting the exit from OMV Petrom's shareholding of Fondul Proprietatea (FP), which sold its last 2.85% stake in December 2022, eliminating the overhang risk.

**Looking ahead**, our main focus remains to implement our Strategy 2030. As part of **Transition to low and zero carbon**, we plan to progress in 2023 with developing a renewable power portfolio and towards producing sustainable aviation fuel and second generation bioethanol. In addition, we target doubling the number of installed charging points for electric vehicles to around 240 by year end, and to have photovoltaic panels installed in about 50% of our Romanian filling station network by 2025.

As to **Grow regional gas** strategic pillar, we are only a few months away from the FID for our flagship project, Neptun Deep, planned for mid-year, with development works planned to start in 2024 and first gas earmarked for 2027.

As to **Optimize traditional business** strategic pillar, the main strategic targets for 2023 are a hydrocarbon production

of around 110 kboe/d (excluding possible divestments). We will have a major scheduled turnaround in the Petrobrazi refinery of around 40 days and a planned shut down at the Brazi power plant of around 80 days in the first half of 2023. In addition, we plan to finalize the rollout of MyAuchan stores in all 400 upgraded Petrom-branded filling stations by year end. We estimate broadly flat retail sales and lower gas sales and power yoy, in the context of volatile, still high commodity prices.

In 2023 we will continue to direct investments mainly to Romania, planning **RON 6 bn, 70% higher yoy**, with increased amounts dedicated mainly to the Neptun Deep project, accelerated low and zero carbon projects and the Petrobrazi refinery turnaround.

Please let me take this opportunity to **thank** all of the amazing OMV Petrom employees, our shareholders and wider stakeholders for their trust and continued support and to assure you that we will continue our greatest efforts to enhance both OMV Petrom's value and contribution to the countries in which we operate.

**Christina Verchere**

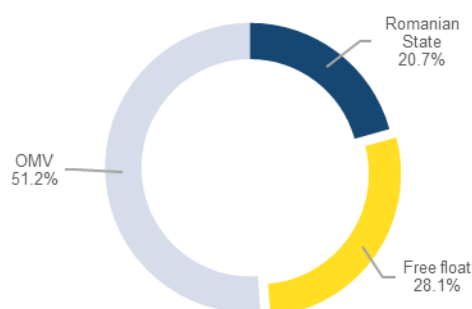


## OMV Petrom on the capital markets

### Shareholder structure

In 2022, OMV Petrom performed a 10% share capital increase (LSCI), in which the Romanian State contributed in-kind, while the other shareholders registered as of July 6, 2022 had the possibility to subscribe at RON 0.1/share, the nominal value. The cash subscription was finalized in October 2022 with a subscription rate of 96.1%. As a result of this corporate action, the stakes of OMV Aktiengesellschaft and of the Romanian state marginally increased to 51.2% and 20.7%, respectively.

Fondul Proprietatea (FP) exited our shareholding via an accelerated book building (ABB) in mid-December, after having sold, via another ABB, 4% of OMV Petrom share capital on January 26, 2022.



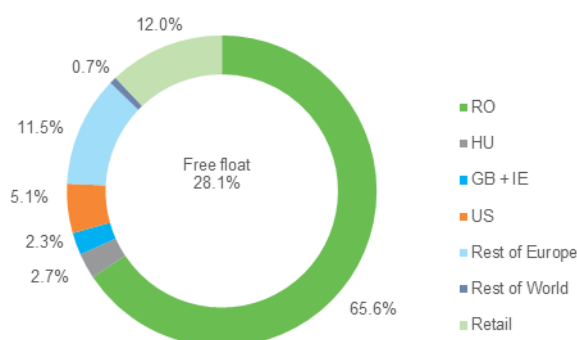
An analysis of our shareholder structure, as at the end of 2022, shows that 65.6% of the free float was held by Romanian institutional shareholders (2021: 69.1%), 12.0% by retail investors (2021: 9.6%), of which around 97% were Romanians. The remaining free float was held by foreign institutional shareholders, as follows: 5.1% from the USA (GDR component included in this category) (2021: 4.9%), 2.7% from Hungary (2021: 3.5%), 2.3% from the UK and Ireland (2021: 1.3%), 11.5% from other European countries (2021: 9.4%), and 0.7% from rest of the world (2021: 2.2%).

### Shares

The year 2022 was a very challenging year for the European energy sector in general and OMV Petrom in particular. The break out of the Russia-Ukraine military conflict amplified the supply-demand imbalances that emerged towards the end of 2021 from a fast post-pandemic demand recovery in the context of supply constraints, and generated a significant volatility in the

Thus, as of the end of December 2022, our free float increased to 28.1%, represented by shares traded within the Premium category of the Bucharest Stock Exchange (BSE) and as GDRs traded within the Standard category on the main market of the London Stock Exchange (LSE).

At the end of 2022, 641 legal entities from Romania and abroad held 88.0% of the free float securities or 24.8% of OMV Petrom total share capital, with the remaining 12.0% of the free float or 3.4% of capital being held by around 468,000 private individuals, mostly Romanians.



commodity prices (oil, gas, power) and refining margins. Governments in Europe reacted with measures to protect consumers. The Romanian government was no exception, yet we should outline that it introduced several price caps, more supplemental taxes and contributions, on top of an already burdensome taxation, especially on gas. All the above generated a significant volatility in OMV Petrom share price throughout the year, but mostly in December.

On February 24, the day when the Ukraine military conflict started, OMV Petrom share price declined by 4%, yet marginally outperformed some of its oil and gas majors peers. The stock price was slowly recovering from FP's ABB closed towards end-January, when a 4% of our share capital was sold at a 11% discount from the share price prior to the announcement. Another steep decline of 4.7% d/d was recorded on March 4, the day when global markets went down, following attacks by Russia of the administrative building of the largest nuclear plant in Ukraine.

The share price also reacted to announcements on dividend distributions and land share capital increase (**technical corrections**). On the **ex-base dividend** date of May 12, the SNP share price corrected by 7.6% (RON 0.035/share), slightly more than the 2021 dividend per share (DPS) of RON 0.0341/share. On June 15, the day the special dividend was announced as proposal, the share price appreciated by almost 6% intraday and 3.9% d/d at closing. On the **ex-special dividend** date of August 10, the SNP share price corrected by 8% (RON 0.0425/share), slightly less than the special dividend value of RON 0.0450/share.

Another technical adjustment occurred on July 5, the ex-date for the **share capital increase**. Compared to the adjusted price on the cum-date of RON 0.4575, the share price actually appreciated by 2.5% on that day.

**Quarterly results publication**, while generally in line with analysts' expectations, generated mostly neutral reactions among analysts who sent their reviews, with the share price closing flattish after quarterly Trading Update releases. A 1.8% decrease was recorded after Q4/21 results publication, when the 2021 initial base-dividend proposal was also announced. The share price increased by 2.7% after the Q2/22 results release, in the context of a strong performance of the Brent oil price in that week, and reached that day the **highest share price of the year of RON 0.5300**. The market seemed unimpressed by the Q3/22 results beat, with the share price being only 0.6% up that day. The **lowest share price** of the year of RON 0.3960 was reached on September 28.

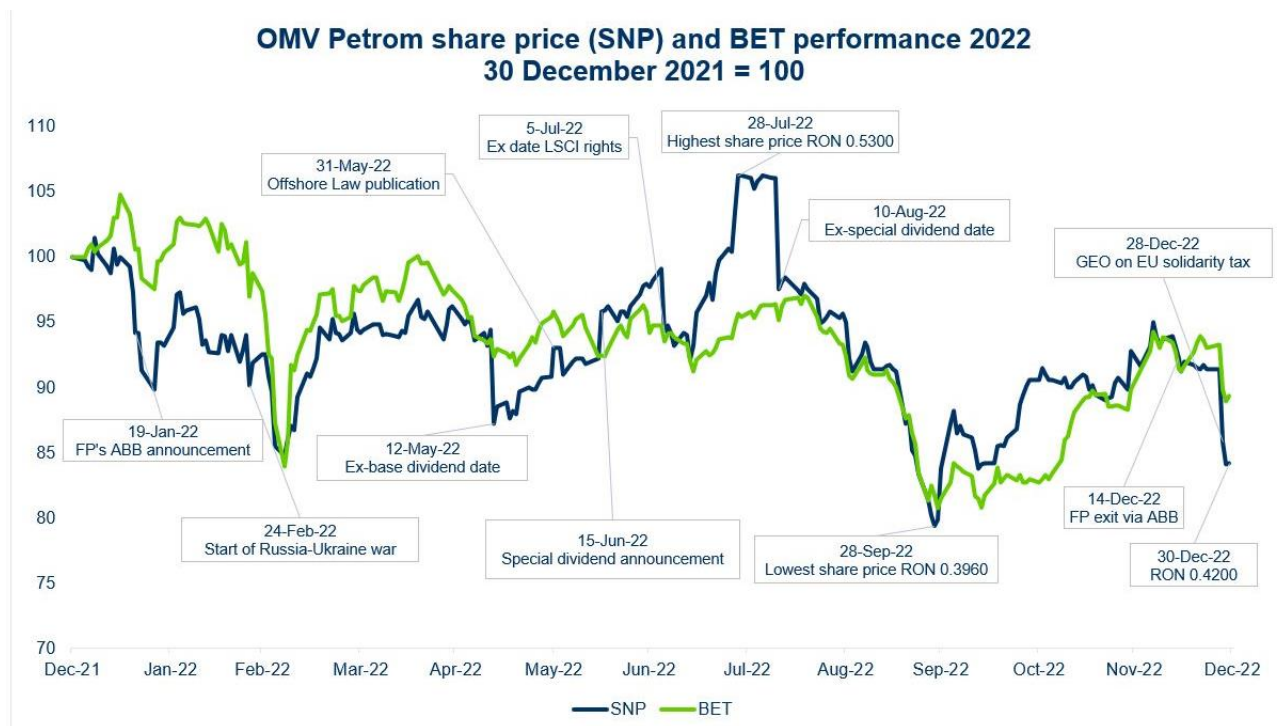
Besides company news, the evolution of OMV Petrom share price in 2022 was mainly influenced by **fiscal and regulatory related announcements**. The approval of the revised Offshore Law in mid-May led to share price appreciations in the second half of the month, as the law

brought some improved fiscal terms (fiscal stability and lower state fiscal take). On the contrary, the two Government Emergency Ordinances (GEO), GEO 27 published towards the end of March and GEO 119 published at the beginning of September, that introduced various price caps and additional overtaxation, especially for electricity, led to share price depreciations on those days of 1% and 3%, respectively. The **highest daily depreciation of the share price of 6.1%** (excluding technical corrections for corporate events) was recorded on December 28, when GEO 186 on the EU solidarity tax application in Romania was published.

In 2022, the **average share price** for trades on the Regular market was RON 0.4637, 6% higher than the 2021 figure of RON 0.4355, significantly underperforming the 43% yoy increase of the average Brent oil price.

The **average daily traded volume**, including Deal trades, was 14.2 mn shares (2021: 10.8 mn), up 31% yoy. The **average daily traded value** was RON 6.51 mn, up 37% yoy. The 2022 average daily traded value in EUR terms was EUR 1.32 mn.

The **median daily traded volume on the Regular market** fluctuated between a minimum of 5.7 mn shares in April and a maximum of 19.3 mn shares in December, in 9 out of the 12 months of the year being **above the FTSE threshold of around 7 mn shares**. As a result, the Bucharest Stock Exchange announced that OMV Petrom shares remained in the FTSE indices at the March 2023 review. For the September 2023 review, for which the reference period is July 2022-June 2023, OMV Petrom needs not to miss the threshold in more than two months out of the March-June 2023 period to remain in the FTSE indices.



The domestic indices evolution also reflected increased volatility of both market environment and the specific fiscal and regulatory regime of the energy sector in particular. The **BET index** closed the year 11% below the value at the end of 2021. **BET-TR (total return BET)** only depreciated by 2% yoy in 2022, as most stocks in the index have distributed attractive dividends. The **BET-NG index** (comprising stocks in the energy and utilities sectors), in which OMV Petrom has a weight of around 30%, outperformed the main index, and only decreased by 5% yoy. **The BET-BK index** (designed as a benchmark for asset managers and institutional investors) also decreased by 12% yoy.

In 2022, indices on the European and US exchanges reflected the market volatility enhanced by the conflict in Ukraine and supply chain disruptions and inflationary pressure generated by it. News from China on its zero COVID policy and global central banks' actions of hiking monetary policy rates to tame inflation also impacted market sentiment. Oil and gas sector specific indices outperformed, reflecting good results of constituent companies and mirroring Brent oil evolutions (STOXX Europe 600/Oil & Gas closed 24.1% higher yoy, while STOXX Europe 600 decreased by 13.1% yoy). DAX index decreased by 12.3% yoy, FTSE 100 increased by 0.7% yoy, while Dow Jones Industrial average index decreased by 8.9% yoy.

When adjusted to reflect the capital increase and the special dividend, OMV petrom share price depreciated by 0.6% yoy, while the **total shareholder return reached 18%**. The share price significantly **underperformed most of its peers**, both oil and gas majors and regional peers, which appreciated by 23% on average (excluding outliers).

**On an unadjusted basis**, OMV Petrom share ended the last trading session of the year on December 30 at RON 0.4200, 16% lower yoy, underperforming the BET index by 5.1 percentage points. The total shareholder return including only the base dividend of RON 0.0341/share for the 2021 financial year and paid in 2022 was (9)%. After including also the special dividend paid in 2022, the total shareholder return was at almost break even level.

OMV Petrom S.A. remained the largest Romanian company listed on the BSE by **market capitalization**, which stood at RON 26.2 bn or EUR 5.3 bn at the end of 2022. This represented around 13% of the total market capitalization of the companies listed on the BSE or for around 16% of the capitalization of the BET index (representing the 20 most liquid blue-chip stocks listed on the BSE).



**OMV Petrom S.A. share symbols**

ISIN	ROSNPPACNOR9
Bucharest Stock Exchange	SNP
Bloomberg	SNP RO
Reuters	ROSNP.BX

**OMV Petrom shares - at a glance**

	2022	2021	Δ (%)
Number of shares (mn)	62,311.7	56,644.1	10
Market capitalization (RON mn) <sup>1</sup>	26,171	28,265	(7)
Market capitalization (EUR mn) <sup>1</sup>	5,290	5,712	(7)
Year's high (RON)	0.5300	0.5100	4
Year's low (RON)	0.3960	0.3695	7
Year end (RON)	0.4200	0.4990	(16)
EPS (RON)	0.1684	0.0470 <sup>2</sup>	258
Total dividend per share (RON)	0.0375 <sup>4</sup>	0.0791 <sup>4</sup>	n.a.
Thereof base dividend per share (RON)	0.0375 <sup>3</sup>	0.0341	10
Dividend yield (%) <sup>5</sup>	8.9	15.9	(44)
Payout ratio (%) <sup>6</sup>	23	156	(85)

<sup>1</sup> Calculated based on the closing share prices and RON/EUR exchange rates as of the last trading day of the respective year; 2021 share price not adjusted for capital increase and special dividend paid in 2022;

<sup>2</sup> Figure from 2021 has been adjusted retrospectively as per IFRS requirements following the share capital increase finalized in 2022;

<sup>3</sup> Dividend subject to GMS approval on April 26, 2023; it refers to base dividend only;

<sup>4</sup> The 2021 value includes RON 0.0341/share base dividend for 2021 and RON 0.0450/share special dividend declared and paid in 2022; a special dividend is also planned to be paid in 2023, with the exact value to be announced in mid-2023

<sup>5</sup> Calculated based on the closing share prices as of the last trading day of the respective year; figure for 2021 includes also the special dividend declared and paid in 2022; 2021 share price not adjusted for capital increase and special dividend paid in 2022;

<sup>6</sup> Computed based on the Group's net profit attributable to stockholders of the parent; figure for 2021 includes also the special dividend declared and paid in 2022.

**Global Depositary Receipts (GDR)**

The **GDR price on the last trading day** in 2022 was USD 14.3, translating into a 20.6% yoy decrease (unadjusted) or a 6.1% decrease on an adjusted basis (for share capital increase and special dividend). In 2022, the GDR price ranged between a USD 18.0 **high** (first reached on January 4) and a USD 14.0 **low** (first reached on November 29).

In total, 19,821 GDRs were traded in 2022 (2021: 95,026), while the **daily average number of GDRs traded** was 80 (2021: 373).

The **highest monthly trading volume and value** were reached in April (10,186 GDRs worth of USD 0.17 mn),

while in January and October there were no trades. The **total value of GDRs traded** in 2022 was USD 0.32 mn (2021: USD 1.55 mn).

With regards to new GDRs issued, 2,000 GDRs were issued in March, 11,000 in April and 10,750 in November, the latter with the occasion of the share capital increase. 7,700 GDRs were cancelled in February. The **number of GDRs outstanding** at the end of each month ranged between 103,794 (in February) and **127,544 (in December)**. The latter figure represents 5.1% of the GDRs issued in the October 2016 secondary public offering and 0.11% of the OMV Petrom free float as of end-2022.

### OMV Petrom S.A. GDR symbols

London Stock Exchange Regulation S	PETB
ISIN Regulation S GDR	US67102R3049
London Stock Exchange Rule 144A	PETR
ISIN Rule 144A GDR	US67102R2058

### Own shares

At the end of 2022, OMV Petrom S.A. held a total number of 204,776 own shares, representing 0.0003% of total share capital. In 2022, OMV Petrom did not buy back or cancel any Treasury shares.

### Investor Relations activities

During 2022, the company's top management and the Investor Relations (IR) team had an active presence on the local and foreign capital markets, by attending brokers' conferences and organizing calls for analysts and investors as well as non-deal road shows. Such interactions provided the opportunity to regularly update investors and analysts on the Strategy 2030 execution and our quarterly operational and financial performance as well as on the company's response to challenges posed by energy prices volatility and the frequent changes of the local sector specific regulatory and fiscal environment.

In 2022, we attended 12 events, of which 4 non-deal road shows and 8 brokers' conferences. Of the 12 total events, 7 were virtual, as we gradually started to move to face to face meetings, once the COVID related constraints eased. A number of 7 events benefited from our top management presence, whereas 5 were at IR level only. During these events, we had a total of 92 one-on-one and group meetings with investors. In total, we met 110 investment funds from Romania, UK, US, France, Germany, Estonia, Czech Republic, Poland, Japan, Singapore, Sweden, Austria, Denmark, Belgium, Hungary and Bulgaria.

During 2022, the number of interactions with focus on ESG (Environmental, Social and Governance) topics increased. More specifically, we received questions around the impact of Europe's sector specific regulations on our sustainability strategy, low and zero carbon capital expenditure plans and long-term business sustainability in the context of increased European push for less use of fossil fuels.

The main tool via which we update capital markets is the quarterly reporting package, which provides a comprehensive resource for analysts and investors. The

package includes, among others, the **Trading Update of Key Performance Indicators (KPIs)**, which provides early guidance on OMV Petrom's key trends for the quarter, the **Quarterly report**, the **Factsheet**, as well as the **Questions and Answers** document of the quarterly conference calls, all published on the company's website, [www.omvpetrom.com](http://www.omvpetrom.com).

In the interest of transparency and timeliness, all company reports, releases, and important information for shareholders, analysts, and investors are promptly disseminated on the BSE and LSE websites and also posted in the Investors section on the company's website.

### Analyst coverage of OMV Petrom shares

At the end of 2022, **OMV Petrom stock was covered by ten analysts** (2021: ten), of whom nine (or 90%) had "Buy" or equivalent ratings (end of 2021: 90%) and one (or 10%) had a "Hold" or equivalent rating (end-2021: 10%). Same as at the end of 2021, no analyst had a Sell rating. Two analysts initiated coverage (Bank Pekao and Alpha Bank) and two discontinued coverage (Goldman Sachs and Renaissance Capital). **The average target price (TP) was RON 0.661**, translating into a **57.4% upside potential** compared to the share price of RON 0.4200 on the last day of trading in the year. This compares to an average TP of RON 0.544 as at end-2021 (unadjusted).

### Dividends

The Supervisory Board has approved the Executive Board's proposal to the Ordinary GMS to distribute a gross base dividend per share of RON 0.0375 for the year 2022, which is at the high end of the 5-10% range stated in the dividend guidance. This translates into a total cash outflow of RON 2,337 mn, a payout ratio of 23% of the Group's 2022 net profit attributable to stockholders of the parent (2021: 156%), or 28% of the Group's 2022 free cash flow (2021: 94%). The 2022 base dividend proposal is subject to the approval of the forthcoming Ordinary GMS on April 26, 2023.

The Executive Board also announced the intention to propose the distribution of a special dividend in 2023, with the exact amount to be announced in mid-2023. The

<sup>1</sup> Calculated including RON 0.0341/share base dividend for 2021 and RON 0.0450/share special dividend declared and paid in 2022.

potential distribution of special dividends will be subject to a future Ordinary General Meeting of Shareholders.

#### Dividend policy

OMV Petrom S.A. (the Company) is committed to deliver a competitive shareholder return throughout the business cycle, including paying a **progressive dividend**, in line with the financial performance and investment needs, considering the long term financial health of the Company.

On December 7, 2021, the Company made a stronger commitment **to increase its base dividend per share by 5% - 10% per annum on average by 2030.**

In a favorable market environment and at management discretion, **special dividends may also be distributed**, provided that the Company's investment plans are funded.

Total dividends are estimated to represent approximately **40% of the Company's operating cash flows** for 2022-2030 in a base case price scenario.



## Strategy 2030: Transforming for a lower carbon future

More than a year has passed since we launched our Strategy 2030, with the strategic ambition to **Lead the energy transition in South-East Europe**. While we witnessed significant disruption in the economic, geopolitical, and regulatory landscape in which we operate, the fundamentals of our strategy remain robust. This is true particularly in a context of inflationary pressures, a military conflict close to Romania's borders, supply chain issues and a European energy crisis which have brought into the spotlight how important energy affordability, security, and sustainability are, all at the same time.

This transformational journey towards a cleaner future for our company, for our customers and for our region builds on the very solid foundation of our traditional business model, as well as on our key role in the Romanian economy.

OMV Petrom continues to deliver the energy its customers need today while shifting its portfolio to greener products, with the objective of **Net Zero operations by 2050**.

The strategy is built on three pillars: **Transition to low and zero carbon**, **Grow regional gas**, and **Optimize traditional business**. The execution of the strategy ensures long-term growth of the company, reinforces our commitment to sustainability and clean energy, and strengthens Romania's and South-East Europe's security of supply and the EU's energy resilience. The strong cash flows to be generated by our traditional integrated business will support the transformation and attractive shareholder returns.

Good progress in executing our strategy was achieved in 2022.

### OMV Petrom Strategy 2030: Transforming for a lower carbon future



#### Transition to low and zero carbon

To provide customers with a range of lower carbon energy options, OMV Petrom has already made significant steps towards achieving its objective to develop a low and zero carbon products portfolio. This portfolio will account for EUR 3.7 bn investments, representing around 35% of cumulated CAPEX by 2030, and is estimated to contribute with approximately 15% to the total 2030 Clean CCS Operating Result.

Pursuing the strategic objective of **more than 1 GW capacity of renewable power installed by 2030**, we have developed a strong portfolio of projects, opportunities, and initiatives with different phasing of implementation, a well-balanced mix of own developed projects and potential partnerships. The investments in renewable power will lead

to green power sales making up more than 20% of our total power sales by the end of the decade, thus contributing to decarbonizing our business and supporting our customers' transition to cleaner energy.

The first important project will be executed together with Complexul Energetic Oltenia. Four photovoltaic (PV) parks with a total capacity of ~450 MW will be built, which, according to our estimates, should supply electricity to the national energy system starting 2024. The total investments required for the development of the four photovoltaic parks amount to over EUR 400 mn, approximately 70% being financed through the EU Modernization Fund. By putting the four parks into operation, Romania's installed solar power capacity is expected to increase by ~30%. To manage the project, four companies were incorporated at the end of

October 2022, the initial share capital was paid, and the preparation of the EU financing contracts is in progress.

In the Petrobrazî refinery, the first batch of sustainable aviation fuel (SAF) was produced by co-processing locally produced rapeseed oil. As such, Petrobrazî is the first refinery in Romania to produce SAF. SAF can help reduce the CO<sub>2</sub> emissions from commercial flights by about 70%, compared to conventional fuel. Here, OMV Petrom plans to exceed 15% biofuel from the total fuel production in 2030, producing **150 kt/year of second generation ethanol from straws and 450 kt/year of SAF and renewable diesel**.

At the end of Q3/22, we announced the **final investment decision for a new aromatics unit at the Petrobrazî refinery**, worth of EUR 130 mn. This will function at modern operating standards with low environmental impact and will double the production capacity of aromatic products, to around 100 thousand tons per year, starting in 2026.

In the mobility area, our target for 2030 is to have **more than 500 points of alternative fuels**, thus contributing to decarbonizing passenger cars transportation. By the end of 2022, 120 fast and ultra fast EV charging points were installed and we will continue the program of installing charging points within our own filling stations network, but also in other EV charging locations.

For **carbon capture, utilization, and storage**, OMV Petrom aims to leverage its extensive expertise in hydrocarbon exploration and production, also capitalizing on Romania's onshore and offshore storage potential. We have identified the first onshore opportunity that we might develop by building on the existing assets and subsurface capabilities. In addition, OMV Petrom will test an innovative technology for carbon capture and utilization at the Petrobrazî refinery. OMV Petrom is partner in an ambitious European project to address the problem of CO<sub>2</sub> emissions through carbon capture and conversion technologies. Over a five-month period in 2024, we will capture the CO<sub>2</sub> from flue gases released by the cogeneration unit, further converting it electrochemically into formic acid.

In **low carbon hydrogen**, OMV Petrom explores various opportunities, from the production of blue, turquoise and green hydrogen to utilizing hydrogen for decarbonization of own assets, for industry demand and as fuel for mobility. As a first step, an application was submitted for EU funds via National Recovery and Resilience plan for a green hydrogen plant in Petrobrazî refinery. If, following the evaluation, the

application will be approved, first green hydrogen production is estimated in the second half of this decade.

OMV Petrom has made progress towards decarbonization of its internal power consumption with on-site PV projects in all business divisions. At the end of 2022, **PV panels were installed in 150 filling stations**, covering around 30% of the OMV and Petrom branded filling stations in Romania. The estimated annual production of the PV panels is 2,700 MWh and covers up to 25% of the consumption of a filling station.

In E&P, **several small hybrid energy efficiency projects are being developed**, producing renewable energy, and making the facilities more energy efficient. In total, the projects could add more than 3 MW installed solar power. The first PV park was commissioned in the first half of 2022 in Asset Valahia and is estimated to produce more than 4,600 MWh of green power throughout its entire life cycle, while the rest are expected to be commissioned in the first half of 2023. In addition, we have submitted the application for EU funds via National Recovery and Resilience plan for 2 MW capacity, to be built in Oprisenesti, a former E&P location.

With regards to direct GHG emissions, we have continued the implementation of projects aiming to reduce flaring, venting and fugitive methane emissions, to improve energy efficiency and to optimize processes. **A significant 70% reduction vs. 2019 was recorded for methane intensity**, to ~0.5% in 2022, with a target of less than 0.2% set for 2025. Overall, we have achieved **a lower carbon intensity index in our operations, by around 11% vs. 2019**. The decarbonization measures continue with more ambitious projects in all operational assets.

To achieve our decarbonization targets, we are already offering our customers solutions such as partial CO<sub>2</sub> offsetting. Starting October 2022, OMV Petrom offers the possibility to offset 20% of the CO<sub>2</sub> emissions generated during driving to the customers filling up their cars with MaxxMotion performance fuels, by supporting local and international carbon offset projects in the form of forest protection. OMV Petrom supports carbon offset projects from the Climate Partner portfolio that are certified by the Verified Carbon Standard. Carbon offset projects operate in different regions worldwide and are geared towards several United Nations Sustainable Development Goals (SDGs).

### Grow regional gas

**Neptun Deep project progresses towards FID planned for mid-2023**, with OMV Petrom as operator since August 2022, and Romgaz as partner. European energy security focus brings strong alignment from all stakeholders to move forward at increased pace. We plan to invest up to EUR 2 bn in the project and the estimated recoverable resources of around 50 bcm would ensure around 70 kboe/d plateau production net to OMV Petrom. Subject to FID in mid-2023, first gas is expected approximately four years later. The increase in equity gas will also support the country's efforts to decarbonize, as gas can replace coal in power generation and enable integration of renewable capacities. Our target is to reach 70% share of gas in 2030 in the company's total hydrocarbon production (2022: 52%), reflecting the pivotal role of natural gas as a transition fuel in the energy mix in Romania. In addition, we have been expanding in the Black Sea. In Bulgaria, we plan to spud one exploration well in the Han Asparuh offshore block in 2023-2024.

### Optimize traditional business

The third pillar of the Strategy 2030 focuses on **value over volume and operational excellence** in all business segments, capitalizing on our integrated business model. Our core business will continue to be highly cash generative, allowing us to fund our investments in regional gas growth and low and zero carbon projects, as well as the dividend distribution, until Neptun Deep comes on stream.

In **E&P**, **maximizing potential of the current assets** is our strategic priority. By drilling 55 wells and sidetracks, performing 647 workovers jobs and investing in other running business projects, we achieved 119 kboe/day production in 2022. Going forward, we will continue to optimize our operational footprint and high-grade our portfolio, striving to minimize production decline until 2025, while for the second half of the decade, production is expected to increase, due to the start-up of Neptun Deep production.

Production cost reached the level of 13.1 USD/boe for 2022, reflecting some one-off elements, a stronger USD vs RON, and the increase of cost base due to inflationary macroeconomic environment.

In **R&M**, our strategic priorities are maximizing Petrobrazi's profitability, building **a sustainable refining business** and securing our **leading retail position in Romania** with our **dual brand strategy** complemented by strong partnerships. The refinery utilization rate in 2022 was 95%, significantly above European refineries' level, proving once more the high level of performance of our asset. For 2023, we expect a lower utilization rate, as the first major turnaround after a

running-period of five years is planned in Petrobrazi refinery. In retail, we achieved a throughput per filling station of 5.7 mn liters in Romania and around 40% increase in non-fuel business margin vs. 2020. At the end of 2022, 275 MyAuchan convenience stores were opened in Petrom branded filling stations and the roll-out is expected to end in 2023, one year earlier than planned.

In **G&P**, our ambitions are to become the **supplier of choice for customers in their energy transition and to expand the operations in the countries neighbouring Romania**. For 2022, we achieved 46.1 TWh total gas sales, a very good performance considering the highly volatile market with regulatory and fiscal challenges. This volume also includes LNG (liquefied natural gas) acquired from abroad, a step in expanding our portfolio by diversifying our supply sources and chains. Moreover, we have intensified our activities in the neighbouring markets via gas and power buy and sell transactions, setting up good premises for further expansion of our regional footprint. In Romania, OMV Petrom was assigned as supplier of last resort, thus, at the end of 2022, more than 12,000 customers with more than 17,000 consumption points were part of our gas customers' portfolio, both residential and industrial.

The Brazi power plant celebrated its 10-year anniversary in 2022 and generated a record high net electrical output of 5.0 TWh. Thus, our integrated gas and power business model proved once more its value in 2022.

### Financial frame

The financial frame supporting the Strategy 2030 is based on three key elements: rigorous capital discipline, strong financial performance, and attractive returns to shareholders, with specific targets established for each element. In 2022, OMV Petrom reached EUR 2.5 bn Clean CCS Operating Result and 38% Clean CCS ROACE, significantly stronger than anticipated, supported by the favourable market context. EUR 0.7 bn were spent as CAPEX while EUR 0.9 bn were paid as dividends, both base and special, supported by a strong operating cash flow. By 2030, we remain committed to spend around **EUR 11 bn CAPEX**, with EUR 3.7 bn allocated to low and zero carbon projects, to achieve more than **12% Clean CCS ROACE** in 2030, **increase the base dividend per share by 5% - 10%** per annum on average, while maintaining the optionality of special dividends.



## Sustainability <sup>ii</sup>

### Our approach to sustainability

OMV Petrom aims to lead the energy transition in South-East Europe while supporting the United Nations' (UN) 2030 Sustainable Development Agenda by running responsible operations, fostering people and communities, and leveraging innovation and digitalization.

With the UN 2030 Sustainable Development Goals (SDGs) integrated into our sustainability mission and connections between the 17 goals and our strategic ambition and enablers, sustainability is a component of every aspect of the business.

To highlight our direct contribution to the UN SDGs, our Sustainability Framework is built on strategic enablers with four focus areas that include eleven material topics. The status of delivering on our targets as of the end of 2022 is presented below.

### 1. Transition to low and zero carbon

#### Carbon emission reduction

OMV Petrom is committed to acting on climate change mitigation and responsible resource management and focuses on improving the carbon efficiency of its operations and product portfolio.

#### 2022 achievements

- ▶ ~11% reduction vs. 2019. **Target 2030:** reduction of 30% in carbon intensity index of our operations;
- ▶ We continued to implement projects to phase out routine flaring. **Target 2025:** no new projects with routine flaring and venting practice and phase out existing routine flaring and venting latest until 2030;
- ▶ ~0.5% methane intensity, representing a 70% reduction vs. 2019. **Target 2030:** E&P methane intensity of 0.2% or lower.

### 2. Run responsible operations

We will achieve our business and climate targets by putting first the health and safety of our employees, customers and partners, putting an emphasis on resource efficiency and environmental protection, and behaving with integrity and transparency towards all of our stakeholders.

### Health, safety, security and environment

HSSE is the highest priority in all our activities and is essential to achieve the vision of "ZERO harm – NO losses".

#### 2022 achievements

- ▶ 0 fatalities recorded. **Target 2030:** zero work-related fatalities;
- ▶ combined TRIR at 0.38 per one million hours worked. **Target 2030:** stabilize TRIR at below 0.30;
- ▶ 0.14 for Process Safety Event Rate<sup>iii</sup> – leading position maintained. **Target 2030:** keep leading position (reference value = 0.18).

### Business principles

OMV Petrom follows the guidelines of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the UN SDGs.

#### 2022 achievements

- ▶ Over 490 employees were trained in business ethics. **Target 2025:** raise business ethics awareness for all employees through trainings and compliance communication programs;
- ▶ 701 registered grievances and 557 solved, in addition to 110 from the previous year. **Target 2025:** assess Community Grievance Mechanism of all business divisions against UN Effectiveness Criteria<sup>iv</sup>.

### 3. Foster People & Communities

In order to support the company's transformation to a low carbon business and its regional growth aspirations, we want to foster and retain a competent, diverse, and motivated staff.

Moreover, we work hard to have a positive influence on our communities by being receptive to their problems, acting on their concern and supporting their sustainable growth.

#### Employees

OMV Petrom sees its employees as the key to its success.

#### 2022 achievements

- ▶ 31% women at management level. **Target 2030:** 35% women at management level;

<sup>ii</sup> All information on 2022 achievements refers to preliminary data or estimates; final data will be available in the 2022 Sustainability Report to be published by 31 May 2023;

<sup>iii</sup> The Process Safety Event Rate is defined as T1+T2/ workhours business units (employees and contractors). This definition excludes workhours from the corporate functions General management and Finance in OMV Petrom;

<sup>iv</sup> Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, A source of continuous learning, Based on engagement and dialogue;

- ▶ 27.6 average training hours per employee. **Target 2030:** minimum 30 annual learning hours per employee;
- ▶ 73% employee engagement score. **Target 2030:** maintain the level of employee engagement.

### Supply chain

#### 2022 achievements

- ▶ 11 supplier audits conducted, covering sustainability topics. **Target 2025:** 20 supplier audits covering sustainability topics;
- ▶ 274 new suppliers screened against mandatory ESG criteria. **Target 2030:** all new suppliers screened against mandatory ESG criteria during supplier pre-qualification prior sourcing projects;
- ▶ 82% yearly spend with local suppliers. **Target 2030:** yearly spend with local suppliers to be at least 85% out of total Procurement spend.

### Community relations

#### 2022 achievements

- ▶ EUR ~40 mn investment for social and environmental projects. **Target 2030:** >80% local communities covered by social investments every year.

### Human rights

#### 2022 achievements

- ▶ 2,238 employees trained on human rights. **Target 2030:** train all employees on human rights.

## 4. Leverage Innovation & Digitalization

We are committed to investigate the application of cutting-edge technology, research, and pilot projects in alternative energy solutions.

### Innovation & Circular Economy

Innovation, research, and development are very important for OMV Petrom. Our innovation initiatives are concentrated on optimizing production, generating creative energy solutions, and using digital technology.

#### 2022 achievements

- ▶ The viscous saltwater injection started in Vața oil field in May 2022. After six months of injection of viscous saltwater, the first reaction could be observed and some wells responded by doubling the rate. **Target 2025:** implement Enhanced Oil Recovery (EOR) pilots to increase the recovery factor of our oil fields;
- ▶ We continued to develop a strong portfolio of circular economy initiatives with different phasing of implementation. In Petrobrazi refinery, the first batch of sustainable aviation fuel was produced by co-processing locally produced rapeseed oil. **Target 2030:** EUR 3.7 bn by 2030 investments for low and zero carbon business, of which EUR ~2 bn for innovation and new technologies.

### Digitalization

Run programs to reduce carbon footprint, enhance HSSE capabilities and resource efficiency and upskill employees. Details about specific projects will be available in the 2022 Sustainability Report.

For additional information please access the "Sustainability" section on our website [www.omvpetrom.com](http://www.omvpetrom.com).

## People

The new **People and Culture Strategy 2030**, launched in 2022, lays the foundation required by the organizational and individual transformations that supports the Group's efforts towards a future lifestyle that is sustainable and carbon neutral. The People and Culture strategy revolves around a profound change in mindset, from linear to circular, according to a clearly defined purpose: reinventing essentials for sustainable living. This approach is mirrored by the complementary structure of the strategy, building on four strategic drivers: **Employee experience, Growing talent, Organizational evolution, and New ways of working**. An additional pillar, **Transformation and Leadership**, was adopted as well in order to develop and upgrade the skills and abilities of our leaders in the direction of transformations that challenge us.

### Specific programs developed in 2022

- ▶ **Launch of second wave of GROW** – a Leadership Program focused on three main behaviours: Save Time, Develop People, Collaborate. Strong leaders are the key for the success of a company and by investing in them we ensure that all our people will be engaged and motivated to continue delivering the strategy and staying competitive. GROW is based on a minimum nine-month micro-learning concept and on the daily needs of OMV Petrom leaders, board members and first line of management. The second wave of the program took place from April 2022 to February 2023 and extended the target population to the second line of management.
- ▶ **Communication Kit for managers** project – it aims to foster an open communication culture, to value and empower managers as primary message carriers to all employees, to provide essential social communication know-how to effectively engage with their employees and social stakeholders. A quarterly communication kit is disseminated to all management levels. The kit includes a guide with tips and tricks on how to better communicate in the meetings with their teams.
- ▶ **Open4U** – in 2022, we relaunched our internship program in a hybrid version. Through this program, students had the chance to discover the business environment and become familiar with certain areas of activity and specific requests of the industrial environment. In 2022, we had 120 top class students onboarded, each of them having a dedicated mentor along the two-month summer internship.
- ▶ **Launch of HER Energy Academy** carried out by OMV together with OMV Petrom Leaders Foundation. The Personal Branding program brings together 20 young female students with technical background and aims to

support and guide them along their journey to a career in the energy field.

- ▶ **Launch of 4<sup>th</sup> edition of OMV Petrom Excellence Scholarship** program, dedicated to students with technical background. During the academic year 2022-2023, 80 students with very good academic results, passionate about the energy industry, will be part of our scholarship and mentorship program within E&P and R&M business segments.

### Training programs

In 2022, we delivered a total of 213,464 hours of training to our employees.

### Diversity and Inclusion initiatives

In 2022, we continued and developed our journey of Diversity, Equity and Inclusion. We tackled a more practical and specific approach towards inclusion addressing the needs of a more diverse population in our organization. Some of our initiatives:

- ▶ **Diversity, Equity & Inclusion Month** events were dedicated to women, generations, parents, disabilities and were aimed at bringing useful information and interactions to all employees of the Group. During the respective month we implemented two main events: **Parenting Experience Exchange** and **Unconscious Bias Panel Discussion**.
- ▶ **Bring your kids to work ... to celebrate Christmas**. 150 children attended together with their parents a lively event where they had the opportunity to learn more about oil&gas industry and enjoy quality time with their parents along with Christmas carols, dancing and storytelling.
- ▶ **International Women's Day**: The theme of 2022 International Women's Day was #BreakTheBias. The focus was on creating a bias-free environment, in which everybody – irrespective of their gender, social background, sexual orientation – can thrive. One important area, but certainly not the only one, was improving gender by raising awareness around biases, stereotypes and discrimination.

Moreover, in 2022, we launched the **Pulse Check** - our first Group Wide Pulse Check on Engagement. The rate of response was **67%** (5,724 employees) while the overall engagement score stood at **73%**.

Additional information will be available in the 2022 Sustainability Report.



## Business environment

### Global macroeconomic and sector trends

Global economic growth slowed down to an estimated 3.4% in 2022 as a series of shocks impacted negatively the world economy. Russia's invasion of Ukraine in February 2022 and the subsequent development of events profoundly disrupted production and trade of several commodities, including crude oil, natural gas and grains. Energy prices had been on the rise since the spring of 2021, driven by the solid post pandemic demand recovery, but this trend was greatly exacerbated by the sanctions imposed to Russia by the US and Western Europe. Soaring fuels and food costs pushed up prices across the globe, while developed countries were left grappling with inflation at levels last experienced in early 1980s. The major central banks commitment to achieve sustained disinflation led to successive increases in their benchmark interest rates, notably in the US, thus raising borrowing costs.

Fiscal policy continued, however, to be broadly supportive for growth, in both the US and Europe, with some of the target measures aimed at combating the climate crisis and helping to build a greener energy economy. The US, for instance, signed into law in August the so-called Inflation Reduction Act (IRA) which provides nearly USD 400 bn in funding for energy related projects, in the form of subsidies and tax credits for goods produced in the US. The expectation is that this programme would generate international spillover effects and, together with other similar US initiatives, such as the Creating Helpful Incentives to Produce Semiconductors for America (CHIPS) and Science Act, would help reduce the country's emissions by 1 bn tonnes of carbon annually by 2030.

The Eurozone (EZ) economy advanced by an estimated 3.5%, as the cost-of-living crisis impacted households' disposable income. Economic growth in the EZ slowed down markedly in the second half of 2022, being hampered by continued geopolitical uncertainty, higher inflation and tighter financial conditions. The decline in growth rate was largely attributable to the fall in net exports and a deceleration in construction.

The rise in energy prices, notably for natural gas and electricity, impacted Europe far harder than the other regions, including the US, given the former's heavy dependence on Russian natural gas imports. The imposition of sanctions against Russia led to a sizeable drop in EU's natural gas imports from this country. In 2022, the EU imported less than a quarter of its natural gas from Russia. In contrast, European LNG imports rose by 600 TWh, 60% higher compared to 2021, with two thirds of these coming from the US. LNG accounted for around 35% of Europe's gas supply in 2022, compared to only 20% the year before.

Elevated energy prices in Europe reduced households' disposable income substantially, implying the transfer of the equivalent of more than 2% of GDP to the rest of the world. In an effort to lower these costs, the EU agreed in August 2022 to implement measures aimed at reducing its natural gas demand by 15% between August 2022 and March 2023, compared to the average of the same period in the previous five years. Preliminary estimates indicate that gas demand declined by around 500 TWh in 2022 in the EU, approximately 12% of the 2019-2021 average, aided to a large extent by favourable weather conditions. The steepest fall was recorded in the industry and household sectors, where demand decreased by a combined 15%.

**Consumer prices** in advanced economies grew at an annual rate of 7.3%, the highest level in decades, as the shock to inflation triggered by higher energy and food prices propagated globally. After reaching a peak in 2022, consumer price index (CPI) inflation in both the US and Eurozone went on a downward path towards the end of the year. However, while in the US end-year CPI inflation stood at 6.4%, in the EZ it was 9.2%, in part reflecting the Federal Reserve's more rapid reaction to growing inflation by increasing interest rates, compared to a more passive approach of the European Central Bank. Energy and food inflation, which together account for two thirds of the headline inflation in the EZ, were a major driver of higher prices. Energy prices were also kept in check across a number of European countries through the adoption of fiscal measures aimed at compensating households for higher costs of living.

**Total global oil demand** rose by 2.3 mn bbl/d in 2022 to an estimated 99.9 mn bbl/d, as global economy continued to grow and the demand for transportation fuels returned close to its pre-pandemic level. Demand in OECD countries went up by 3%, supported by economic activity in both Europe and the Americas, notably in the US. Oil demand in non-OECD countries rose by only 2.2%, dragged down by China, where demand for gasoline, diesel and jet decreased by a cumulative 0.18 mn bbl/d – around -1.2% vs. 2021 – for the first time in two decades, due to the country's strict zero-COVID policy. **Global oil supply** increased by 4.6 mn bbl/d to 99.9 mn bbl/d in 2022, bringing the market into balance. Supply remained relatively strong, despite OPEC's decision in October to cut its targeted output by 2 mn bbl/d until mid-2023, thus reducing the world's ability to replenish its crude oil stocks in the near future. However, OPEC's move led to an actual drop in physical oil supply of less than 1 mn bbl/d, as most of its members were already failing to meet their targeted production levels. World oil supply benefited from increased US production, which reached its pre-pandemic

levels towards the end of the year, standing at around 12.4 mn bbl/d.

**Oil prices** went steeply upwards in the first two months of 2022, but later dropped in the second half of the year as fears of a slowdown in economic growth started to mount. Average Brent oil price rose in 2022 by 43% yoy to USD 101/bbl, while year-end price was only some 6% up yoy. The average Urals price was USD 76.9/bbl, 11% higher compared to 2021. Oil prices rose also in real terms, being 20% above their last ten-year average. The spread between Brent and Urals oil prices rose to around USD 24/bbl as Urals prices came under intense pressure from low demand triggered by sanctions on Russia's crude. High freight rates for oil tankers added more downward pressure to the value of Urals.

#### Romania – macroeconomic and sector trends

Romania's economy advanced by 4.8% yoy in 2022, growing stronger than initially expected. **Domestic consumption** continued to fuel growth, especially in the first half of the year, despite households' purchasing power being gradually eroded by inflation. Average net wage growth trended downwards throughout 2022, declining by 1.6% in real terms at the end of December, the lowest rate in more than a decade. The authorities' decision to cap electricity and natural gas prices for households softened to some extent the energy shock to disposable income.

The industrial sector contracted in 2022, with activity slowing down in the second half of the year, in line with demand.

**Industry production** was impacted by high energy costs and fell by 1.8%, dragged down by its energy component, which plunged by 9.4%. In contrast, the construction sector exhibited a positive performance, displaying a strong activity throughout the year, after the subdued performance recorded in 2021. Investments in the economy were on the rise, notably in the second half of the year. However, the **agricultural sector** had a dismal year, as the draught and the rise in fertilizer and energy prices at the beginning of 2022 had a substantial negative impact on the maize and sunflower harvests.

The contribution of net exports to economic growth went deeper into negative territory, as imports advanced faster than exports. Trade balance deficit deepened to EUR 19.7 bn, the equivalent of -6.9% of GDP, while the current account deficit worsened further compared to 2021, reaching EUR 26.6 bn, or -9.3% of GDP. Fiscal consolidation, however, remained on track. End-year **budget deficit** fell to -5.7% of GDP, aided by higher economic growth which led

to increases across major tax revenue components, including profit tax, income tax and VAT. A substantial boost in windfall tax revenues on sales of oil, gas and electricity, as well as royalties, allowed authorities to activate support schemes for consumers, as a reaction to high energy prices.

Romania's **annual consumer price index** (CPI) rose to 16.4% at the end of December, its highest level in two decades. The impact of higher energy prices was felt across all goods and services, with inflation pressures amplified further by production bottlenecks and the resilience of demand in certain segments. **Producer price index** (PPI) inflation, which reflects more appropriately companies' input costs squeeze, remained high, at 33%, virtually at the same level observed at the beginning of the year. However, after initially increasing and reaching a peak of 53% in August, PPI inflation went subsequently down, as energy prices pressures eased towards the end of the year. This was reflected in electricity and natural gas price evolutions on the main domestic trade platforms. The OPCOM average electricity baseload prices for the next day delivery stood at EUR 247.7 MWh at the end of the year, 8% higher compared to the same period a year ago and 49% lower compared to their peak level reached in August 2022. A similar trend, albeit of a different magnitude, could be observed on the Romanian Commodities Exchange (BRM), where natural gas prices fell, by the end of the year, by close to 50% from the EUR 184/MWh peak reached in September.

Higher inflation prompted the National Bank of Romania to raise its **benchmark interest rate** at each of its eight meetings in 2022 by a cumulative 500 basis points, to 6.75%. Nevertheless, monetary policy continued to remain loose with real interest rate deep into negative territory. The RON/EUR **exchange rate** exhibited a remarkable stability in 2022, with the RON depreciating by only 0.2% on average against the EUR. This led to a marginal erosion in competitiveness, compared to some other countries in the region. Against the USD, the RON depreciated by 12.7% on average, as the USD became more attractive and strengthened globally.

Romania's total **energy supply** fell by 0.6%, driven mostly by lower natural gas volumes. Oil supply was up by 17.1% to 11.6 mn toe, but imported oil products went down by 21.5% to 3.2 mn toe. Domestic natural gas supply fell by 6.4% to 9.4 mn toe, with imports accounting for 88% of the total adjustment.

## Business segments' operational performance

### Exploration and Production (E&P)

#### At a glance <sup>1</sup>

	2022	2021	Δ (%)
Segment sales (RON mn) <sup>2</sup>	16,270	9,227	76
Operating Result (RON mn) <sup>3</sup>	3,612	1,660	118
Special items (RON mn)	(1,821)	(154)	n.m.
Clean Operating Result (RON mn)	5,433	1,814	199
Operating Result before depreciation and amortization, impairments and write-ups (RON mn)	7,815	4,217	85
Capital expenditures (RON mn) <sup>4</sup>	2,559	2,025	26
Exploration expenditures (RON mn)	167	194	(14)
Total Group hydrocarbon production (mn boe)	43.49	47.21	(8)
thereof in Romania (mn boe)	43.49	46.42	(6)
Sales volumes (mn boe)	41.72	44.96	(7)
Production costs (USD/boe)	13.15	12.73	3
Proved reserves as of December 31 (mn boe)	380	419	(9)

<sup>1</sup> For information about the financial performance of the segment, please refer to the relevant section in the Directors' report;

<sup>2</sup> Including inter-segment sales;

<sup>3</sup> Excluding intersegmental profit elimination;

<sup>4</sup> Including capitalized exploration and appraisal and acquisitions.

#### HSSE is our first priority

Our foremost sustainability priority is the safety of our employees and partners, in line with our vision "Zero harm-NO losses". In 2022, we had no work related fatalities and we will continue to work together with our contractors, sub-contractors and partners to ensure that everyone goes back safe to their families. The Total Recordable Injury Rate (TRIR) improved to 0.58 compared with 0.65 in 2021, while the Lost Time Injury Rate (LTIR) (employees and contractors combined) was 0.37, compared with 0.36 in 2021.

In 2022, we continued our efforts in implementing a strong Safety Culture Program in all assets. As part of our HSSE Annual Plan, we maintained our focus on carbon management, process safety and contractor management. We continued to develop process safety road maps for all our facilities, while our integrated risk register remains one of our main tools in managing operational risks. We continued to build a sustainable and strong safety culture together with our contractors, one of the focus area remaining the learning from past incidents in order to avoid reoccurrence.

We continued to focus on improving the carbon efficiency of our operations, achieving approximately 38% decrease of the carbon<sup>v</sup> intensity in 2022 vs. 2019. Main measures focused on modernization, replacement and/or optimization of gas processing and transportation infrastructure.

We continue to act on climate change mitigation by developing projects that contribute to reaching our zero routine flaring and venting objective by 2030 the latest.

#### E&P operations in Romania

##### Exploration

OMV Petrom drilled three onshore exploration wells in Romania resulting in two oil discoveries.

In March 2022, OMV Petrom finalized the acquisition of the Spineni 3D seismic survey in the exploration block X Craiova. Processing of the 3D seismic has been completed and the interpretation has started. The prospects portfolio has been updated.

In June 2022, the exploration well 1 Verguleasa (X Craiova) discovered oil in the Meotian formation. This discovery

<sup>v</sup> Details will be available in OMV Petrom's Sustainability Report for 2022.



unlocks significant development opportunities, including the drilling of appraisal and development wells in the coming years. The experimental production has started and an initial field development plan is being developed.

In October 2022, the exploration well 3000 Stan Poetaş (VIII Urziceni block) operated by Hunt Oil was finalized. The main target in Jurassic was found dry and the well was consequently plugged and abandoned.

In November 2022, the exploration well 1 Ocnîța North (VI Târgoviște block) discovered oil in three different formations (Helvetian, Meotian and Oligocene). The well will be tested in 2023.

In Romanian offshore, prospect maturation has continued in Istria (OMV Petrom 100%) and Neptun Deep (OMV Petrom 50%, operator) blocks.

### Production

At the end of 2022, OMV Petrom operated 150 commercial oil and gas fields in Romania (end-2021: 152).

In Romania, OMV Petrom's hydrocarbon production declined by 6.3% compared to 2021 level, to 43.49 mn boe (or by 6.3% to 119.1 kboe/d). Crude oil and NGL production declined by 6.6% to 20.90 mn bbl (or 2.91 mn t), while natural gas production declined by 6.1% to 22.59 mn boe (or 3.45 bcm).

The main factors that impacted production in Romania in 2022 were natural decline and the transfer in Q4/21 of 40 marginal onshore oil and gas fields to Dacian Petroleum (the latter resulting in a 0.9 kboe/d yoy decrease), partly counterbalanced by the contribution of workovers and new wells. Excluding the effect of portfolio optimization, daily average production in Romania declined by 5.6% yoy.

Offshore production accounted for 14.70% (2021: 15.74%) from OMV Petrom's total hydrocarbon production in Romania (4.27% of the crude oil and NGL production and 24.35% of natural gas production).

Crude oil production based on enhanced oil recovery techniques accounted for 25% of total domestic oil production of OMV Petrom. Heavy oil, representing crude oil with density greater than 900 kg/m<sup>3</sup>, accounted for 36% of total production of crude oil and NGL.

The internal gas consumption for E&P domestic operations accounted for 10.6% of total gas production (2021: 10.2%).

### Key projects

#### ► Neptun Deep

As of August 2022, OMV Petrom became operator of the Neptun Deep offshore license block, after the takeover by Romgaz Black Sea Limited of the 50% stake in the license previously held by ExxonMobil. The declaration of commercial discovery (DoC) was submitted to the National Agency for Mineral Resources in December 2022; this represents an intermediate step towards the final investment decision, planned for mid-2023.

#### ► Drilling and workover

In 2022, we drilled a total number of 55 new wells and sidetracks (2021: 36), the drilling activities reaching a peak with 7 active rigs in October in the OMV Petrom operated areas.

Furthermore we commissioned the construction of the first automated onshore rig in OMV Petrom's portfolio in Romania as part of our automated well delivery process. The automatic rig will improve HSSE performance by reducing risk of accidents. Moreover, it will increase drilling efficiency by reducing time and costs due to a more effective execution of tasks. We expect that it will help us reduce the overall drilling cost per well by almost 10%. In addition, CO<sub>2</sub> emissions will be reduced as well.

At the end of 2022, the number of wells digitally monitored from an integrity point of view reached 4,000 units, representing 53% from the total of 7,500 operated active wells.

In 2022, we had an average of 90 crews available, which performed a total of 647 workover jobs and around 4,200 well interventions (2021: 695 and 4,500 respectively). All these led to an MTBF of 841 days (2021: 851).

As part of the projects development process, new opportunities have been identified and have already entered the maturation funnel, as follows:

#### ► Brădești area gas opportunity

This is a new gas field development in Asset Oltenia which has in scope smart completion workovers, new wells, facility upgrades and seismic acquisition in fields Răcari and Pitulați-Predești.

#### ► Enhanced oil recovery (EOR) Otești

The scope of the project is to implement viscous saltwater injection process in the eastern sector of the commercial field Otești by injecting into existing injector wells and drill

new producer wells, add new facilities for water treatment and preparation of the viscous water solution. During 2022, the project was matured through the internal governance process towards next steps.

### Onshore execution portfolio

OMV Petrom further invested in keeping operation of the facilities in line with HSSE standards and legal requirements, as well as in simplifying operations and improving cost efficiency. All these led to safeguarding oil and gas production and deliveries. All of the ongoing and newly started projects have been accelerated.

The following projects represent some highlights of our **main onshore projects**:

#### ► Park 70 Moreni project

The scope of this project is to build a new manned three-phase separation production facility, considering actual and future crude oil production rates, designed according to all current standards and requirements. The project was successfully accelerated in 2022, reaching mechanical completion in November 2022, ahead of schedule. Project execution was done in alignment with abandonment of partial equipment and works in operation, followed by project development in stages, object by object, in a difficult simultaneous operations environment.

#### ► Bustuchin area facilities program

The Bustuchin facilities upgrade is a program of asset modernization projects comprising of compressors station C144 M5, Park 1, 3, 4 and 5 Bustuchin, aiming at providing safe and fit for purpose facilities and safeguarding Bustuchin field production. In 2022, the construction works were executed for a part of the compressors and related skids and will continue in 2023. Park 1 and Park 3 received final investment decision and entered execution phase, with works showing good progress on site. In Park 1, main civil works have been already finished and all major equipments are already on position. In 2023, the remaining Parks 4 and 5 Bustuchin projects are being prepared for FID.

#### ► FRD Independența / Independența tank farm

Independența is a mature oil field in production since 1959. The purpose of FRD Independența is to increase production by drilling in previously undeveloped areas with high potential of oil accumulations. Out of the entire FRD scope, Independența Tank Farm is the last project remaining to be completed. In 2022, the project has moved to detail design preparation and is progressing towards the FID planned for mid-2023.

#### ► Solar to Power (S2P), Gas to Power (G2P) and Combined Heat & Power (CHP)

2022 marked a premiere in our energy efficiency program by commissioning the first Solar to Power (S2P) plant – a “pilot” project in Icoana (Asset Valahia) in the first half of 2022. Two other hybrid projects, S2P and G2P/CHP within Asset Valahia and Oltenia, started execution in 2022. Several new G2P and CHP units, with an installed capacity of approximately 11 MW, were added to the previous 42 units already built onshore. These are: CHP Suplacu de Barcău in Asset Crisana, CHP Vasiești and CHP Albotești in Asset Moldova. At the end of 2022, our combined G2P and CHP installed capacity stood at 107 MW, covering around 73% of E&P segment's electricity needs.

#### ► Enhanced oil recovery (EOR) Vața

Vața oil field was selected for the first large-scale deployment of viscous saltwater injection in Romania. The key elements of this project are a viscous saltwater make-up unit and a treatment unit for the produced saltwater. The execution of the first project phase using the existing well stock in the target area begun in 2021 and injection operation started in May 2022. After six months of injection of viscous saltwater, the first reaction could be observed and some wells responded by doubling the rate. All learnings will be incorporated in the concept for the second phase, which is planned to commence in the next years.

### Offshore portfolio

#### ► Rejuvenation program

In 2022, we achieved significant progress on the rejuvenation program, as well as for growth projects, despite challenges due to the aftermath of the pandemic and poor contractor performance.

We have made a smooth and swift adaptation of the contractual set up for construction works towards open tenders and selected new construction companies. We safely managed and delivered complete scope of the Petromar second total turnaround, including maintenance program and projects execution. We completed the works on platform 4 (PFS4), initiated works on platforms 6 and 7 (PFS6 and PFS7) and promptly initiated the tender for construction works on the Central Platform (PFCP).

In March 2022, we finalized the installation of the first online permanent structural monitoring system on the Pescăruș platform (PFSU), which allows us to track live the behavior of the structure and detect any significant structural damages.

We completed the subsea surveys on all our offshore jackets in the life time extension project. During the year, all offshore jackets were always covered by a valid certificate

issued by the independent verification body which closely monitored all our actions.

#### ► Offshore helidecks upgrade 1

The recent update of standards concerning offshore helidecks led to the need of the upgrade of the helidecks on the production platform PFCP, PFS3, PFS6 and PFS7. The strategy of offshore works was determined in such way to have a reduced impact on the availability of the helidecks. Upgrades on PFS3 and PFS6 were safely delivered and certified by regulatory authorities.

#### ► Midia gas terminal C3+ bypass

The objective of this project is to improve compliance to national transportation system specification of export gas in case of Midia C3+ main equipment unavailability. Until the end of the year, engineering was completed and the procurement process is ongoing.

#### ► Splash zone corrosion protection 1

The objective of this project is to perform coating reinstatement against corrosion in splash zone area for offshore structures in order to create necessary corrosion protection. Engineering was completed and purchase orders were placed. Pipeline in-line inspections to establish the remaining life time of the pipelines and refurbishment of offshore accommodation camps for improving the accommodation and quality of living in the offshore complex were carried out successfully.

#### ► Growth project: debottlenecking

The project "Debottlenecking" aims to identify specific areas and/or equipment in gas facilities that limit the flow of product; by optimizing them, the overall capacity in the plant can be increased. In this case, the scope of the project was to upgrade gas compression facility by increasing capacity in the low pressure system and by reducing back pressure for non-associated gas system. Main objectives of the project are to reduce production decline, add incremental production and increase gas recovery in Asset Petromar, by optimizing the capacity and efficiency of surface / top side facilities (focused on compressors) in order to mitigate falling reservoir pressures. In 2022, an integrated asset model was built evaluating various scenarios. This was verified with an external party, which led to a concept selection that is aimed to be implemented in the next years.

### Partnerships

Since July 2010, in order to optimize the portfolio of existing assets, OMV Petrom has entered into several partnerships with international companies for production enhancement.

The partnerships with PetroSantander, Expert Petroleum Solution, and Expert Petroleum are governed by **production enhancement contracts (PECs)** referred to as PEC Turnu, PEC Țicleni and PEC Timiș, covering 20 mature fields in total.

The PECs stipulate that the contractors take over and finance the operations, and together with OMV Petrom, commit to the future developments of the respective fields, in order to maximize production while improving efficiency. OMV Petrom remains the sole titleholder of the concession contracts and the owner of the hydrocarbon production and of the existing assets, as well as of the rights and obligations under the relevant petroleum concession as defined by the Petroleum Act.

In total, 33 workover jobs were performed by the contractors within the PECs in 2022. In addition, three new wells were drilled and completed by Expert Petroleum Solution in PEC Țicleni. The **total production of the PECs** in 2022 amounted to 5.7 kboe/d (2021: 6.0 kboe/d), of which PEC Țicleni 3.5 kboe/d, PEC Turnu 0.8 kboe/d, and PEC Timiș 1.4 kboe/d.

In Q4/20, Expert Petroleum notified OMV Petrom about the early termination of the PEC Timiș. However, Expert Petroleum agreed to continue operations whilst alternative options for the fields are assessed. An addendum to the PEC was signed, applicable from January 1, 2023.

In the **Joint Operations Agreement with Hunt Oil** (50% OMV Petrom, 50% Hunt Oil as operator), the Padina Nord well continued production until Q3/22, with a nominal production of 0.1 kboe/d (OMV Petrom share). As part of the ongoing exploration strategy, an exploration well was drilled in the second half of 2022, which was unsuccessful. The next exploration well is planned for the second half of 2023.

The **total production recorded by PECs and Joint Operations Agreements** in 2022 was 5.8 kboe/d (2021: 7.0 kboe/d), representing 4.8% (2021: 5.4%) of OMV Petrom's total domestic production.

### International E&P operations

#### ► Bulgaria

In the offshore exploration block Han-Asparuh (42.86% OMV Petrom, 57.14% TotalEnergies as operator), preparations have started and are ongoing for an exploration well to be drilled in 2023-2024.



### ► Georgia

In the offshore exploration Block II from Georgia, the first phase of the Production Sharing Contract commitments was

completed in Q1/22. The seismic acquisition remains on hold in 2023.

### Production and proved reserves

	Oil and NGL		Natural gas		Total
	mn t	mn bbl	bcm	mn boe	mn boe
Production in 2022	2.91	20.90	3.45	22.59	<b>43.49</b>
Proved reserves as at end-2022	31.92	229.56	23.03	150.59	<b>380.15</b>

### Reserve Replacement Rate (RRR)

As of December 31, 2022, **the total proved oil and gas reserves** in the OMV Petrom's portfolio decreased to **380 mn boe** (2021: 419 mn boe), mainly due to reserves revisions. The three-year average RRR decreased to 31% in 2022 (2021: 40%). For the single year 2022, the RRR was 10% (2021: 31%).

The **proved and probable oil and gas reserves** increased to **741 mn boe** (2021: 680 mn boe) mainly supported by the Neptun Deep project maturation triggered by the submission of the declaration of commercial discovery to the National Agency for Mineral Resources, partly offset by the downward revision of the existing fields' estimated reserves.

## Refining and Marketing (R&M)

### At a glance<sup>1</sup>

	2022	2021	Δ (%)
Segment sales (RON mn) <sup>2</sup>	31,367	19,264	63
Operating Result (RON mn) <sup>3</sup>	4,076	2,663	53
Special items (RON mn)	(64)	142	n.m.
CCS effects (RON mn)	122	481	(75)
Clean CCS Operating Result (RON mn) <sup>4</sup>	4,019	2,041	97
Operating Result before depreciation and amortization, impairments and write-ups (RON mn)	4,830	3,433	41
Capital expenditure (RON mn)	835	766	9
Refinery utilization rate (%)	95	97	(2)
Refining input (kt)	4,591	4,737	(3)
Crude oil processed (kt) <sup>5</sup>	4,241	4,315	(2)
Total refined product sales (kt) <sup>6</sup>	5,522	5,339	3
thereof: Gasoline (kt)	1,389	1,283	8
Diesel (kt)	2,907	2,789	4
Kerosene/Jet fuel (kt)	257	164	57
Fuel Oils & Bitumen (kt)	203	315	(36)
thereof: Retail sales volumes (kt) <sup>7</sup>	3,043	2,944	3

<sup>1</sup> For information about the financial performance of the segment, please refer to the relevant section in the Directors' report;

<sup>2</sup> Including inter-segment sales;

<sup>3</sup> Excluding intersegmental profit elimination;

<sup>4</sup> Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (current cost of supply – CCS – effects) resulting from Refining and Marketing;

<sup>5</sup> Including NGL;

<sup>6</sup> Total refined product sales include also third-party acquisitions;

<sup>7</sup> Retail sales volumes refer to sales via Group's filling stations in Romania, Bulgaria, Serbia and Moldova.

### HSSE is our first priority

In Refining and Marketing, we continued to focus on improving the HSSE performance, by rolling out several programs throughout the organization (e.g. "Safety Culture" program - assessments and follow-up in Serbia, Moldova and Bulgaria), "Leading Safety", "Open dialog", "HSSE Contractors management" as well as the "Motivational management reward, recognition and consequence management – Strong leadership and commitment to safety awards").

The TRIR (employees and contractors combined) was 0.26 and the LTIR (employees and contractors combined) was

0.16, both figures better yoy and than the international benchmarks.

In 2022, additional usage of liquid fuel instead of natural gas in Petrobrazi refinery operations led to an increase of the carbon<sup>vi</sup> intensity index by 2% versus 2019. At the same time, projects with positive impact on carbon intensity are being implemented in order to reach our strategy targets. Various operational optimization measures and equipment replacements were already performed.

### Operational performance

The operational performance and energy efficiency of the Petrobrazi refinery were maintained at competitive levels. In 2022, the OMV Petrom indicator refining margin<sup>vii</sup> was

<sup>vi</sup> Details will be available in OMV Petrom's Sustainability Report for 2022;

<sup>vii</sup> Starting with April 2022, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent; the value of the indicator refining margin for 2021 was not restated;

USD 16.59/bbl, higher by USD 11.12/bbl than in 2021, as a result of better product spreads, mainly for diesel and gasoline.

The refinery utilization rate slightly decreased to 95% in 2022 compared to 97% in 2021, reflecting the April 2022

planned shutdown. The rate was significantly above European average.

The continued focus on operational and energy efficiency allowed us to maintain the fuel and loss indicator below 8%, similar to the previous year level.

### Production (kt)

	2022	2021	Δ (%)
Gasoline	1,282	1,286	(0)
Diesel	1,967	2,079	(5)
Kerosene/Jet fuel	82	86	(5)
Fuel Oils	123	241	(49)
LPG total	170	170	—
Petroleum coke	280	276	1
Other <sup>1</sup>	328	274	20
<b>Total</b>	<b>4,232</b>	<b>4,412</b>	<b>(4)</b>

<sup>1</sup> Comprises other products as: Propylene, Naphta, Hydrotreated Gasoline, Heavy Gasoline Fraction, Sulphur, etc.

OMV Petrom Group's total refined product sales amounted to 5,522 kt in 2022, representing a 3% increase compared to 2021.

Group **retail** sales volumes were 3% higher than in 2021, reaching 3,043 kt, mainly supported by the robust demand increase throughout the year, except for Q3/22. In Romania, retail sales reached 2,587 kt in 2022, 3% higher than in 2021. Therefore, in 2022 in Romania, the average throughput per station increased to 5.66 mn liters (2021: 5.48 mn liters), and at Group level, this indicator increased to 4.76 mn liters (2021: 4.57 mn liters).

Retail market share<sup>viii</sup> in the operating region remained flat compared to the previous year at 31%, reflecting the efficiency of our operations in the context of increased competition.

Within the OMV-branded filling stations, we continued to provide our customers with best-in-class fuels and convenience offer with a diversified range of services (e.g. money transfer, car insurance, utilities payments, courier services).

OMV MyStation loyalty application launched in 2022 offers loyal customers promotions for products and services in our OMV filling stations. The new application provides customers with a mechanism for collecting points and

personalized offers, designed to create a valuable experience at every stop at the filling station.

In the Petrom-branded filling stations, we consolidated our "value for money" proposition on fuels, while continuing our efforts to become more appealing to the younger families, via specific consumer promotions ("Mission Zero Uninsured Children – for zero victims in road accidents", special campaigns for children) and capitalizing on the accessibility of our offer.

We continued the development of the fast payment system at the pump in both Petrom and OMV branded filling stations, thus providing an enhanced experience for our customers by limiting their waiting time for refueling.

We continued to develop the strategic partnerships in the non-fuel area. The rollout of MyAuchan stores in upgraded Petrom filling stations reached 275 units in total, of which around 150 stores opened in 2022.

In 2022, the **total non-fuel margin** at Group level increased by 11% compared to the previous year, helped by a strong contribution of the Gastro business.

In 2022, the **non-retail** business continued to be a strong contributor to the overall OMV Petrom result. The commercial sales business reached the highest level in the

<sup>viii</sup> OMV Petrom's estimates based on preliminary data available; OMV Petrom retail market share is calculated by dividing retail sales (Gasoline + Diesel) by the total retail market (Gasoline + Diesel);

past 10 years, capitalizing on market opportunities, improved processes and effective cost management. Jet fuel sales continued the positive trend started at the end of 2020, although not reaching yet the 2019 level. A strong focus remained on digitalization, operational excellence and customer centricity, in line with company strategy.

Overall, **Group non-retail sales** increased by 3% compared to 2021, reflecting the partial recovery of the aviation business and the increased regional sales, despite lower exports.

OMV Petrom fuel **prices** have a dynamic evolution reflecting international fuel quotations, namely Platts Mediterranean, as well as market competition. In addition, prices are influenced by the fiscal policy and the exchange rate. As the volatility of quotations was extremely high throughout 2022 and an immediate reflection in product prices would make the market unstable, OMV Petrom fuel prices only reflect the trends, not the highs or lows.

As part of our Strategy 2030 actions, aiming at developing a low carbon mobility infrastructure in this part of Europe, we continued the partnerships in this area. As a result, at the end of 2022, 120 fast and ultra fast charging points for electrical vehicles were operational (from a total plan of more than 500 points of alternative fuels targeted by 2030).

At the end of 2022, OMV Petrom had photovoltaic panels installed in 150 OMV and Petrom filling stations in Romania. Our objective is that, by 2025, half of the entire network in Romania will be „solar” stations, with low energy consumption.

In October 2022, OMV Petrom took the final investment decision for a EUR 130 mn new unit of aromatic products at Petrobrazi refinery.

In July 2022, we produced the first batch of sustainable aviation fuel (SAF) at the Petrobrazi refinery by co-processing locally produced rapeseed oil. Thus, Petrobrazi became the first refinery in Romania to produce SAF. SAF can help reduce the CO<sub>2</sub> emissions from commercial flights by about 70% compared to conventional fuels.

In 2022, OMV Petrom began production of AdBlue, following an investment of approximately EUR 0.8 mn. In the first phase, AdBlue will be sold in OMV and Petrom branded filling stations and, starting 2023, it will be also sold in other networks. AdBlue is an essential product for reducing nitrogen oxide emissions from diesel engines by up to 90%.

The **filling stations network** operated within the OMV Petrom Group at the end of 2022 comprised a total of 780 filling stations, less than in 2021 by 7 filling stations, as effect of network optimization.

#### Number of filling stations per country at the end of period

	2022	2021	Δ
Romania	555	561	(6)
Moldova	69	69	—
Bulgaria	93	94	(1)
Serbia	63	63	—
<b>Total</b>	<b>780</b>	<b>787</b>	<b>(7)</b>



## Gas and Power (G&P)

### At a glance <sup>1</sup>

	2022	2021	Δ (%)
Segment sales (RON mn) <sup>2</sup>	30,407	6,880	342
Operating Result (RON mn) <sup>3</sup>	4,662	(253)	n.m.
Special items (RON mn)	1,720	(1,034)	n.m.
Clean Operating Result (RON mn)	2,942	781	277
Operating Result before depreciation and amortization, impairments and write-ups (RON mn)	4,790	(122)	n.m.
Capital expenditure (RON mn)	97	12	n.m.
Gas sales volumes (TWh)	46.1	48.9	(6)
thereof to third parties (TWh)	35.8	38.4	(7)
Brazi net electrical output (TWh)	5.0	4.8	5

<sup>1</sup> For information about the financial performance of the segment, please refer to the relevant section in the Directors' report;

<sup>2</sup> Including inter-segment sales;

<sup>3</sup> Excluding intersegmental profit elimination.

### HSSE is our first priority

Gas and Power HSSE performance was excellent again in 2022. The health and safety of our employees and contractors are always our top priority in any activity we perform. We continued to preserve flexibility in terms of processes and procedures in order to ensure that our employees and contractors remain healthy and safe. We are proud to once again record a year with no work-related incidents or lost-time injuries.

In 2022, we recorded a lower carbon<sup>ix</sup> intensity level by 2.7% as compared to the 2019 level, in the context of higher net electrical output.

### Operational performance

In 2022, the European energy sector faced probably one of the most turbulent years, with record-high natural gas, power and carbon prices, as well as with stringent concerns regarding security of supply across Europe in the context of reduced to almost no Russian gas flows towards the continent. Throughout the year, the EU regulatory bodies and national governments in various European countries had different approaches and implemented various measures aiming at managing this crisis to protect energy consumers.

According to our estimates, national **gas** consumption decreased by around 16% in 2022 as compared to 2021, to

the lowest level of Romania's gas consumption in the last two decades. The decline occurred mainly due to the fact that the end customers were affected by high prices. In addition, the decrease was also due to a high base effect, with consumption in the first half of 2021 at unusually high level due to cold weather. Regarding the supply sources, the national consumption was covered by a slightly increasing domestic gas production, as a result of a new producer entering the market, and a lower share of gas imports compared to the previous year. Gas prices reached record levels during the year, with the peak in August, following the upward trend that started in the second part of 2021. Throughout the year, market gas prices in Romania followed the European market trends.

As a result of the increased volatility and spiking energy prices, the Romanian government intervened and applied a series of support measures. In March 2022, the government issued Ordinance 27, providing for temporary measures for the gas and power markets. The ordinance was amended several times during the year, in terms of price cap levels, obligations, duration, applicability etc. This resulted in a very regulated energy market with high unpredictability and huge burden on operational processes. The legislation currently in force is applicable until the end of March 2025.

In 2022, on the Romanian centralized market BRM, the traded gas volumes covering a variety of standard products

<sup>ix</sup> Details will be available in OMV Petrom's Sustainability Report for 2022

for medium and long term totaled 15.4 TWh (with delivery until end-2023), compared to 40.8 TWh in 2021, at an average price of RON 482/MWh\*. The significantly reduced liquidity was influenced by limited supply, high market and regulatory unpredictability, as well as uncertainties coming from the geopolitical context.

In 2022, our gas sales performance was very strong, despite the above mentioned challenges. OMV Petrom's total gas sales volumes were 6% lower yoy, at 46.1 TWh. Given the legislation in force, starting April 2022, OMV Petrom supplied the available gas production to the regulated market for households and district heating consumption. OMV Petrom had no such obligation in 2021.

Sales volume decline was determined by lower supply, as equity production decreased versus 2021. Our efforts are always dedicated to ensure the security of supply of our customers, therefore we managed to successfully source higher gas volumes from third parties, thus offsetting the equity gas decline. The excellent operational gas business performance throughout the year was a result of our endeavours to progress with our strategic direction to develop operations in the neighboring countries. Therefore, in 2022 we achieved profitable transactions with third party gas, primarily with volumes bought and sold outside Romania.

Also in 2022, we faced a significant challenge for our gas business, as OMV Petrom was appointed as Supplier of Last Resort (FUL) for the Romanian gas market in March, May, June, July, August and October, and consequently we received a significant number of customers in our portfolio. Only in October, over 14,000 household and non-household consumers were added to our end-user portfolio, generating increased strain on our operational processes and supply concerns, given the prevailing market environment.

We continue to focus on collaborating with our end-user customers, especially in this context of significant market challenges. This is becoming much more difficult in this highly regulated gas market, with several sale obligations on our production volumes, but also supply concerns. Nevertheless, we continue to play our role, not only as an energy supplier, but also as a reliable business partner, willing to find innovative, mutually-beneficial solutions.

We have made significant progress in diversifying our gas supply portfolio from third parties, especially in terms of imported gas sources, via other routes and products.

At the end of 2022, OMV Petrom had 3.7 TWh of gas in storage, fully compliant with the obligation to store gas, reintroduced through GEO 27/2022.

On the **power** market, as per currently available data from the grid operator, national electricity consumption decreased by 8% to 56 TWh in 2022 (2021: 61 TWh). The national electricity production also decreased, by 6% to 55 TWh (2021: 59 TWh). This lower power generation in 2022 was covered by significantly diminished production from hydro sources, as a result of the drought during the year, lower coal production, slightly lower production from natural gas and nuclear, but higher from renewables. Romania was a net power importer for the year overall.

Power prices reached record highs in 2022 throughout Europe, with the peak in August. Prices on OPCOM followed the trends on the European markets. Spot base load power prices in Romania reached record levels, after the surge that started in the second half of 2021, averaging RON 1,303/MWh in 2022 (138% higher vs. 2021).

2022 was yet another excellent year for our power business. Brazi power plant reached a new record high of net electrical output, generating 5.0 TWh in 2022 and covering a record high 9% of the national power generation mix (2021: 8%). The power plant had an annual planned shutdown in March and April 2022, completed on time, on budget and with no HSSE incidents.

The plant's significant importance for the security and stability of the national energy system was again proved in 2022, especially given the challenging supply and consumption power profile impacted by the crisis.

In August, OMV Petrom celebrated 10 years since the commissioning of Brazi power plant. During this period, the plant generated over 34 TWh of electricity. We are proud that our Brazi power plant proved to be a sustainable reliable producer for the industry and households in Romania during this decade and a benchmark for the security of electricity supply, given its fast start-up time, flexibility and high efficiency. We believe that, for Romania's energy transition, natural gas is the best partner for renewable energy.

\* Data regarding Romanian centralized markets represent OMV Petrom's estimates based on available public information. The gas price for such transactions refers to various products in terms of storage costs, flexibility and timing.

At the same time, we made good progress towards reaching our strategic objective to invest in renewable power generation and achieve Net Zero operations by 2050. In October, we announced the partnership with CE Oltenia for a total installed capacity of around 450 MW, aiming to contribute together to Romania's energy transition. The

installed capacity of the four photovoltaic parks will increase by a third the total national installed capacity of solar energy, which is currently around 1.4 GW. Our goal is to put in function more than 1 GW of renewable power capacity by 2030, including through partnerships.





# Report of the governing bodies

Report of the Supervisory Board  
Directors' report  
Corporate governance report  
Corporate governance statement  
Declaration of the management



## Report of the Supervisory Board

Transparency and accountability towards our shareholders is a well-established and deeply entrenched practice that has been implemented in the Company. In 2022, the Supervisory Board focused on strategy delivery, despite the volatile business, fiscal and regulatory environment, as well as the effects of the Russia-Ukraine conflict.

The following report provides an overview of the Supervisory Board's main points of interest during the year under review. In addition to this report, shareholders as well as other stakeholders may access relevant information about the Company and the Supervisory Board by:

- ▶ reading the other sections of the Company's Annual Report;
- ▶ visiting the Company's website, [www.omvpetrom.com](http://www.omvpetrom.com), where various information about the Company and relevant contact details are available;
- ▶ contacting the Company directly – shareholders, investors and equity analysts can address their requests to the Investor Relations department;
- ▶ asking questions at the GMS, concerning the items to be debated during such meetings.

### Composition of the Supervisory Board

The Supervisory Board consists of nine members appointed by the Ordinary GMS (except for the interim members who may be appointed by the Supervisory Board until the next GMS). The Supervisory Board's current mandate started on April 28, 2021 and expires on April 28, 2025. The CVs of the current Supervisory Board members are available on the Company's corporate website and short presentations are also included in the Corporate Governance Report.

At the beginning of 2022, the Supervisory Board consisted of the following members: Alfred Stern (President) – interim member, Johann Pleininger (Deputy President), Daniel Turnheim, Martijn van Koten – interim member, Elena Skvortsova, Jochen Weise, Niculae Havrileț, Răzvan-Eugen Nicolescu and Marius Ștefan.

The Ordinary GMS held on 27 April 2022 approved the appointment of Martijn van Koten and Alfred Stern as permanent members of the Supervisory Board.

Later on, following Elena Skvortsova's waiver of her mandate as member of the Supervisory Board, Reinhard Florey was appointed as interim member of the Supervisory Board, as of November 1, 2022 and until the next GMS, so that at the end of 2022, the Supervisory Board had the following composition: Alfred Stern (President), Johann Pleininger (Deputy President), Reinhard Florey – interim member, Daniel Turnheim, Martijn van Koten, Jochen

Weise, Niculae Havrileț, Răzvan-Eugen Nicolescu and Marius Ștefan.

Starting January 1, 2023, Katja Tautscher also became interim member of the Supervisory Board, until the next GMS, following the waiver of Johann Pleininger of his mandate as member of the Supervisory Board.

Therefore, at the date of this report, the Supervisory Board had the following composition: Alfred Stern (President), Martijn van Koten (Deputy President), Reinhard Florey – interim member, Daniel Turnheim, Katja Tautscher – interim member, Jochen Weise, Niculae Havrileț, Răzvan-Eugen Nicolescu and Marius Ștefan.

### Independence

Upon appointing each Supervisory Board member, the Company conducts an independence evaluation based on the independence criteria provided by the Corporate Governance Code of the Bucharest Stock Exchange (which are substantially similar to those provided by the Company Law). The independence evaluation consists of an individual personal assessment carried out by the relevant Supervisory Board member, followed by an external assessment for those that consider themselves independent.

Moreover, for the purpose of preparing this report, the Company reconfirmed with all Supervisory Board members their independent or non-independent status as of December 31, 2022.

Following this evaluation, it resulted that the following Supervisory Board members met during 2022, as well as at the date of this report, all the independence criteria stipulated by the Corporate Governance Code and therefore have an independent status as per such criteria, namely: Jochen Weise, Răzvan-Eugen Nicolescu and Marius Ștefan.

Information on the independency of the Supervisory Board members is included also on the Company's corporate website.

### Supervisory Board works

In 2022, the Supervisory Board thoroughly reviewed the position and prospects of the Company and accomplished its functions according to the relevant laws, the Articles of Association, the applicable Corporate Governance Code and the relevant internal regulations. The Supervisory Board coordinated with the Executive Board on important management matters, monitored the latter's work and was involved in the Company's key decisions, always following a comprehensive analysis.

During 2022, the Supervisory Board members met seven times, three times virtually and four times in hybrid format (in person and via audio/ video conferences). Moreover, for specific and particularly urgent matters and projects arising between the scheduled meetings, the Supervisory Board submitted its approval in writing by circulation, without an actual meeting being held, on five other occasions. All members of the Supervisory Board attended the vast majority of the meetings of the Supervisory Board in 2022. The average participation rate was around 81%, this reflecting the absence of some Supervisory Board members (who did not take part in any debates and did not vote on that specific topic) in the meetings for the approval of related parties transactions in order to avoid any potential conflicts of interest. If excluding the respective meetings deciding on related parties transactions, the participation rate is above 95%. Only on four meetings we had, each time, one Supervisory Board member was represented by another Supervisory Board member.

In line with the Collective Labor Agreement, invitations to attend the Supervisory Board meetings were extended to trade union representatives and the meeting agenda and related documents were provided in a timely manner in that respect.

During the meetings, the Executive Board duly provided detailed information, both verbally and in writing, on issues of fundamental importance for the Company, including its financial position, business strategy, planned investments and risk management. Moreover, the Executive Board provided updates to the Supervisory Board on the impact of the Russian-Ukraine conflict on the Company's performance and activities, presenting an overview on the status of the operations and on the measures taken both at company and divisional levels to counteract the effects of the conflict, including the measures implemented to ensure the security of supply in the context of EU and US sanction restrictions, while being part of solidarity efforts by offering support via filling stations at the Ukrainian border and through sponsorships to the NGOs involved in supporting Ukrainian refugees.

In addition to the Russian-Ukraine conflict, in the regular reports to the Supervisory Board, the Executive Board focused on topics such as HSSE, energy sector overview, including energy transition projects, macroeconomic prospects, as well as on climate change related risks and opportunities and Neptun project developments.

Based on the reports of the Executive Board, as well as on the reports and recommendations from its consultative committees, the Supervisory Board discussed all significant matters for OMV Petrom in the plenary meetings. The frequency of both plenary and committee meetings has facilitated an intensive dialogue between the Executive Board and the Supervisory Board.

Besides the usual items, proposals and materials that were discussed and submitted for approval of the Ordinary GMS in April 2022, Supervisory Board's main focus during 2022 was, amongst others, on the overall long-term development of the Company and the implementation of Strategy 2030, with the objective of securing sustainable long-term economic growth and of generating high cash flows for financing the Company's investments and attractive shareholder returns. The Supervisory Board also approved the land share capital increase with the value of land received in administration and/or use from the Romanian State and for which OMV Petrom had obtained land ownership certificates, as previously approved by the Executive Board following delegation from the Extraordinary GMS. In terms of investments, during 2022 the Supervisory Board approved several major projects, like the development of four photovoltaic parks in partnership with Complexul Energetic Oltenia, as well as other investments at the Petrobrazi refinery.

### Self-evaluation of the Supervisory Board

Under the leadership of the President of the Presidential and Nomination Committee, and according to the Guideline in place for this purpose, the Supervisory Board undergoes annually a self-evaluation process aiming to assess and, if necessary, to improve both the efficiency and the effectiveness of the Supervisory Board's activities, as well as to ensure that the Supervisory Board can fulfill its responsibilities towards shareholders and other stakeholders.

For the 2022 financial year, the Supervisory Board considers its composition to be satisfactory in terms of experience, expertise, qualification, number of members and presence. Regarding Supervisory Board diversity, the Supervisory Board members appreciate this as satisfactory in terms of age and internationality, while in terms of gender diversity a higher number of women in the Supervisory Board is seen as recommendable by some members. The preparation and organization of Supervisory Board meetings, including by reference to the frequency and duration of meetings, are considered about right by the vast majority of the Supervisory Board members. The Supervisory Board

members value the good collaboration with the Executive Board and the reporting of the Supervisory Board committees to the plenum. As regards the materials prepared for the meetings (including minutes thereof), the Supervisory Board members appreciate their content and quality as good. Likewise, the level of information they receive about topics such as: strategy implementation, business development, important projects, risk management, finance, sustainability and HSSE is considered good by most of the Supervisory Board members.

### Audit Committee

The Audit Committee is a consultative committee consisting of Supervisory Board members who assist the Supervisory Board on topics such as financial reporting, external auditing, internal auditing, internal controls and risk management, as well as compliance, conduct and conflicts of interest.

At the beginning of 2022, the Audit Committee was composed of five members, namely Jochen Weise (President – independent), Daniel Turnheim (Deputy President), Niculae Havrileț (member), Răzvan-Eugen Nicolescu (member – independent) and Marius Ștefan (member – independent). Following the changes in the Supervisory Board, starting November 23, 2022, Reinhard Florey became member and Deputy President of the Audit Committee.

Therefore, at the end of 2022, including at the date of this report, the committee had the following composition: Jochen Weise (President – independent), Reinhard Florey (Deputy President), Niculae Havrileț (member), Răzvan-Eugen Nicolescu (member – independent) and Marius Ștefan (member – independent).

The CVs of the current Audit Committee members are available on the Company's corporate website and short presentations are also included in the Corporate Governance Report.

In 2022, the Audit Committee members met five times, four meetings being organized exclusively virtually, while one in hybrid format (in person and via audio and video conference). Moreover, the Audit Committee submitted its approval in writing by circulation, without an actual meeting being held, on one other occasion. All members of the Audit Committee attended the vast majority of the meetings of the Audit Committee in 2022. The average participation rate was around 95%. Only in one occasion, an Audit Committee member was represented by another member of the Audit Committee in a meeting.

During the meetings, the Audit Committee reviewed and recommended the adoption of the annual financial statements, reviewed the reports on payments to governments, endorsed the Executive Board's proposal regarding the allocation of profits as well as the proposal regarding the distribution of dividends for the financial year 2021 and also the proposal regarding the distribution of a special dividend in 2022 from the previous years' distributable profits. Moreover, the Audit Committee recommended to the Supervisory Board and to the Ordinary GMS the appointment of Ernst & Young Assurance Services SRL (EY) as independent financial auditor for 2022 financial year and also steered the public tendering process run in 2022, for the selection of the independent financial auditor for 2023 financial statements.

In addition, the Audit Committee supervised and evaluated the efficiency of OMV Petrom's internal control and risk management system, the adequacy of risk management and internal control reports, as well as the responsiveness and effectiveness of management to deal with failings or weaknesses identified during internal control activities.

Moreover, the Audit Committee focused on assessing the effectiveness and scope of the internal audit function, on monitoring the application of statutory and generally accepted standards of internal audit as well as on evaluating the reports of the internal audit activity, including the internal audit plan for 2022.

In the same time, the Audit Committee examined and reviewed, before their submission to the Supervisory Board for approval, related party transactions that exceeded or were expected to exceed 5% of the Company's net assets.

### Independent financial auditor

Ernst & Young Assurance Services SRL (EY) acted as independent financial auditor for 2022 financial year.

In 2022, OMV Petrom conducted a public tendering process in accordance with the EU Regulation no. 537/2014, for the selection of the independent financial auditor for the audit of 2023 individual and consolidated financial statements of OMV Petrom, the selection process being steered by the Audit Committee.

Based on the recommendations of the Audit Committee and following Supervisory Board's approval, a proposal for the appointment of OMV Petrom Group's independent financial auditor for 2023 financial year will be submitted for approval to the next Ordinary GMS to be held on April 26, 2023.

### Annual financial statements

OMV Petrom prepares Group consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union, presented within this Annual Report.

Separate financial statements of the Company for the year ended December 31, 2022 are also prepared in accordance with the IFRS, as the Ministry of Finance Order no. 2844/2016 stipulates that Romanian listed companies must prepare separate financial statements in accordance with the IFRS as endorsed by the European Union, starting with the year ended December 31, 2012.

EY audited the 2022 financial statements, read the annual report and has not identified information which is not consistent in all material respects with the information presented in the financial statements, and will issue an unqualified audit opinion.

The financial statements for the year ended December 31, 2022, as well as the Executive Board proposal to distribute a base gross dividend of RON 0.0375 per share (corresponding to a payout ratio of 23% based on the Group's 2022 net profit attributable to stockholders of the parent) were presented to the Audit Committee.

EY attended the relevant meeting of the Audit Committee convened to review the financial statements. The Audit Committee discussed the financial statements with the independent financial auditor and endorsed the Executive Board proposal for allocation of the profit, including distribution of dividends.

The annual separate and consolidated financial statements, the management reports for the year ended December 31, 2022 and the Executive Board proposal for allocation of the profit, including distribution of dividends, were approved in the Supervisory Board meeting of March 16, 2023 and are

further submitted for approval in the Ordinary GMS to be held on April 26, 2023.

Furthermore, the Supervisory Board approved the reports on payments to governments for the year 2022, prepared in accordance with Chapter 8 of the Annex 1 of the Ministry of Finance Order no. 2844/2016 for approval of Accounting Regulations according to International Financial Reporting Standards, transposing Chapter 10 of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council.

### Corporate Governance

The Supervisory Board also approved the 2022 Directors' Report which includes the Corporate Governance Report.

We thank our shareholders for their confidence in OMV Petrom. The Company continued its successful operational path of development in 2022 despite the difficulties caused by the effects of the volatile fiscal, regulatory and pricing environment and of the Russia-Ukraine conflict.

To this end, the Supervisory Board members would like to express their appreciation to the Executive Board members, employees and trade union representatives for their commitment and hard work during 2022. They successfully met the challenges of an unpredictable and demanding year and achieved excellent results. We would also like to show our appreciation to the clients and business partners of OMV Petrom. Thanks to the resilient operational performance and sound financial position in the context of the heightened energy price volatility, the Supervisory Board is confident that the Company is well positioned to surmount further challenges ahead, take advantage of new opportunities and unlock its full potential in the years to come.

**Bucharest, March 16, 2023**

**Alfred Stern**  
President of the Supervisory Board



## Directors' report



From left to right: Christopher Veit (EB Member – Exploration and Production); Alina Popa (Chief Financial Officer - EB Member); Christina Verchere (Chief Executive Officer - President of the EB); Radu Căprău (EB Member – Refining and Marketing); Franck Neel (EB Member – Gas and Power).

### OMV Petrom Group financials (RON mn)

	2022	2021	Δ (%)
Sales revenues	61,344	26,011	136
Operating Result	12,039	3,709	225
Net income	10,300	2,864	260
Net income attributable to stockholders	10,301	2,864	260
Cash flow from operating activities	11,337	6,997	62
Capital expenditures	3,551	2,821	26
Employees at the end of period	7,742	7,973	(3)

In 2022, the Group consolidated **sales revenues** reached RON 61,344 mn, by 136% higher compared to 2021, mainly supported by higher commodity prices and higher sales volumes of petroleum products and electricity, partly offset by lower gas sales volumes.

The Group's **Operating Result** for the year 2022 increased by 225% to RON 12,039 mn (2021: RON 3,709 mn), mostly driven by the higher market prices, the good availability of our assets, as well as the business integration benefits. Clean CCS Operating Result of RON 12,198 mn was significantly higher compared to RON 4,346 mn in 2021 due to much higher contribution from all business segments,

following the rise in prices in the Exploration and Production segment, increased margins on gas from third party transactions and higher power margin in the Gas and Power segment, as well as higher refining margins in the Refining and Marketing segment. Clean CCS Operating Result is stated after eliminating net special charges of RON (320) mn, mainly related to net impairments in Exploration and Production, partially offset by the net temporary gains from forward power contracts in the Gas and Power segment, and inventory holding gains of RON 160 mn, mainly resulting from the increase in crude oil prices. The result also reflects increased purchases, in terms of both volumes and prices for all products, and higher industry specific taxation.

The **net result was a profit** of RON 10,300 mn in 2022 (2021: RON 2,864 mn).

The **return on average capital employed<sup>xi</sup> (ROACE)** reached a value of 38.1% (2021: 10.8%), while Clean CCS ROACE increased to 38.0% at the end of 2022, from 12.7% at the end of 2021.

**Cash flow from operating activities** amounted to RON 11,337 mn, higher than RON 6,997 mn in 2021, driven by higher operating result, partly offset by adverse evolution of net working capital.

**Capital expenditure** amounted to RON 3,551 mn in 2022 and was 26% higher than in 2021.

Due to the significant cash balance at December 31, 2022, OMV Petrom Group reported a **net cash position including leases<sup>xii</sup>** of RON 13,463 mn at the end of 2022, higher than RON 9,391 mn as at December 31, 2021.

## Operating Result

Operating Result (RON mn)	2022	2021	Δ (%)
Exploration and Production <sup>1</sup>	3,612	1,660	118
Refining and Marketing	4,076	2,663	53
Gas and Power	4,662	(253)	n.m.
Corporate and Other	(250)	(99)	(154)
Consolidation: elimination of intercompany profits	(61)	(263)	77
<b>OMV Petrom Group Operating Result</b>	<b>12,039</b>	<b>3,709</b>	<b>225</b>

<sup>1</sup> Excluding intersegmental profit elimination shown in the line "Consolidation"

In **Exploration and Production, Operating Result** increased to RON 3,612 mn (2021: RON 1,660 mn), mainly driven by higher oil and gas prices and favorable FX (stronger USD vs. RON), partly offset by higher E&P taxation and lower sales volumes. In addition, operating result reflected also special charges of RON (1,821) mn mainly related to impairments, as in Q4/22 following the update of mid and long-term planning assumptions, an impairment test was performed for the Exploration and Production segment, which led to impairments (net of write-ups) for tangible assets of RON 1,813 mn, before tax. These impairments were driven mainly by revised future production profiles for our assets due to a steeper than previously expected natural decline and by higher operating costs.

**Exploration expenses** decreased to RON 134 mn in 2022 (2021: RON 203 mn), mainly due to lower 3D seismic acquisition activities and reduced geological and geophysical costs. Group **production costs** in USD increased by 3% to USD 13.1/boe, mainly due to lower production available for sale and increased expenses (including personnel related one-offs in H2/22), partly offset by favorable FX (stronger USD vs. RON) and positive impact in Q2/22 from a one-off effect related to a tax audit.

Production cost in RON terms increased by 16% to RON 61.6/boe.

In **Refining and Marketing, Operating Result** increased to RON 4,076 mn in 2022 (2021: RON 2,663 mn), as a result of improved refining margin and increased fuel demand. In H2/22, in line with GEO 106/2022 and GEO 131/2022 provisions, we voluntarily offered a discount per liter for customers in Romania, which had a negative impact of around RON 470 mn. In 2022, the OMV Petrom indicator **refining margin** increased by USD 11.1/bbl to USD 16.6/bbl in 2022, as a result of better spreads, mainly for diesel and gasoline. The **refinery utilization rate** slightly decreased to 95% (2021: 97%) reflecting the April 2022 planned shutdown. Refining and Marketing Operating Result reflected also **special charges** of RON (64) mn (2021: **special gains** of RON 142 mn), and **CCS inventory holding gains** of RON 122 mn (2021: RON 481 mn).

In **Gas and Power, Operating Result** increased to a RON 4,662 mn profit (2021: loss of RON (253) mn) reflecting **special gains** of RON 1,720 mn, mainly consisting of net temporary gains from power forward contracts. In 2021, it

<sup>xi</sup> For definitions of these ratios please refer to section "Abbreviations and definitions".

<sup>xii</sup> Net debt/cash position including leases is calculated as interest bearing debt and lease liabilities less cash and cash equivalents. As at December 31, 2022 and December 31, 2021, OMV Petrom Group is on a net cash position as cash and cash equivalents are higher than interest bearing debt and lease liabilities.

included **net special charges** of RON (1,034) mn, largely consisting of temporary losses from power forward contracts. The excellent clean result in 2022 was generated mainly by transactions with third party gas, primarily volumes bought and sold outside Romania, as well as by higher storage margin. Additional positive effect was achieved from gas short term optimization and balancing activities. The very good power business operational result was built on

high power prices and highest output of Brazi power plant since the start of operations in 2012, however significantly impacted by power overtaxation introduced by GEO 27 and GEO 119.

**Operating Result** in the **Corporate and Other** segment amounted to RON (250) mn (2021: RON (99) mn).

The tables below set forth a reconciliation of total Operating Result before depreciation and amortization, impairments and write-ups to Net income, respectively a reconciliation of Clean CCS net income attributable to stockholders of the parent to the reported Net income for the year attributable to stockholders of the parent:

(RON mn)	2022	2021	Δ (%)
<b>Net income for the year</b>	<b>10,300</b>	<b>2,864</b>	<b>260</b>
Add / (Less):			
Net financial result (loss)/(gain)	(17)	311	n.m.
Taxes on income	1,756	534	229
Depreciation, amortisation and impairment, including write-ups <sup>1, 2</sup>	5,120	3,500	46
<b>Operating Result before depreciation and amortization, impairments and write-ups</b>	<b>17,159</b>	<b>7,209</b>	<b>138</b>
Exploration and Production	7,815	4,217	85
Refining and Marketing	4,830	3,433	41
Gas and Power	4,790	(122)	n.m.
Corporate and Other	(215)	(57)	(277)
Consolidation	(61)	(263)	77

1) Includes also impairment losses for exploration assets, which in Consolidated income statement are presented under "Exploration expenses".

2) For the year ended 31 December 2021 includes also an amount of RON 3.42 mn representing impairment related to assets held for sale, which in Consolidated statement of cash flows is presented under "Net gains on the disposal of businesses, subsidiaries and non-current assets".

(RON mn)	2022	2021	Δ (%)
<b>Net income for the year attributable to stockholders of the parent</b>	<b>10,301</b>	<b>2,864</b>	<b>260</b>
Add / (Less):			
Total special items (gains)/losses	320	1,041	(69)
CCS effect: Inventory holding (gains)/losses	(160)	(421)	62
Tax effect on special items and CCS effects	(187)	(131)	(43)
<b>Clean CCS net income attributable to stockholders of the parent</b>	<b>10,273</b>	<b>3,353</b>	<b>206</b>

## Special items and CCS effect

(RON mn)	2022	2021	Δ (%)
<b>Net income for the year</b>	<b>10,300</b>	<b>2,864</b>	<b>260</b>
Add / (Less):			
Net financial result (loss/(gain))	(17)	311	n.m.
Taxes on income	1,756	534	229
<b>Operating Result Group</b>	<b>12,039</b>	<b>3,709</b>	<b>225</b>
Add / (Less):			
Special items (gains)/losses, thereof	320	1,058	(70)
Personnel restructuring	16	73	(78)
Unscheduled depreciation (impairments) / write-ups	1,813	83	n.m.
Other <sup>1</sup>	(1,508)	902	n.m.
CCS effect: Inventory holding (gains)/losses	(160)	(421)	62
<b>Clean CCS Operating Result</b>	<b>12,198</b>	<b>4,346</b>	<b>181</b>
Out of which:			
Clean Operating Result Exploration and Production	5,433	1,814	199
Clean CCS Operating Result Refining and Marketing	4,019	2,041	97
Clean Operating Result Gas and Power	2,942	781	277
Clean Operating Result Corporate and Other	(96)	(87)	(10)
Consolidated	(99)	(203)	51

1) Other special items mainly consisted of temporary hedging effects.

The disclosure of **Special items** is considered appropriate in order to facilitate the analysis of the ordinary business performance. To reflect comparable figures, certain items affecting the result are added back or deducted. They are being disclosed separately. These items can be divided into three categories: personnel restructuring, unscheduled depreciation and write-ups and other.

Furthermore, to enable effective performance management in an environment of volatile prices and comparability with peers, the **Current Cost of Supply (CCS)** effect is eliminated from the accounting result. The CCS effect, also called inventory holding gains or losses, represents the

difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have a distorting effect on the reported results. This performance measurement enhances the transparency of the results and is commonly used in the oil industry. OMV Petrom, therefore, published this measurement in addition to the Operating Result determined in accordance with IFRS.



## Notes to the income statement

Summarized consolidated income statement (RON mn)	2022	2021	Δ (%)
Sales revenues	61,344	26,011	136
Other operating income	1,339	185	n.m.
Net income from investments in associates	9	5	67
<b>Total revenues and other income</b>	<b>62,692</b>	<b>26,202</b>	<b>139</b>
Purchases (net of inventory variation)	(30,377)	(10,572)	(187)
Production and operating expenses	(6,919)	(4,101)	(69)
Production and similar taxes	(5,435)	(1,988)	(173)
Depreciation, amortization, impairments and write-ups	(5,064)	(3,399)	(49)
Selling, distribution and administrative expenses	(2,425)	(1,977)	(23)
Exploration expenses	(134)	(203)	34
Other operating expenses	(299)	(253)	(19)
<b>Operating result</b>	<b>12,039</b>	<b>3,709</b>	<b>225</b>
Net financial result	17	(311)	n.m.
Taxes on income	(1,756)	(534)	(229)
<b>Net income/(loss) for the year</b>	<b>10,300</b>	<b>2,864</b>	<b>260</b>
thereof attributable to non-controlling interests	(0.81)	0.08	n.m.
<b>thereof attributable to stockholders of the parent</b>	<b>10,301</b>	<b>2,864</b>	<b>260</b>

OMV Petrom is an integrated oil and gas company. The hydrocarbons produced by the Exploration and Production segment are processed and marketed through the other operating segments within the Group. Compared to 2021, consolidated sales revenues increased by 136% to RON 61,344 mn, mainly supported by higher commodity prices and higher sales volumes of petroleum products and electricity, partly offset by lower gas sales volumes. After the elimination of intersegment transactions of RON 16,212 mn, the contribution of the **Exploration and Production** segment representing sales to third parties was RON 58 mn (2021: RON 145 mn). Sales to third parties in the **Refining and Marketing** segment amounted to RON 31,282 mn or 51% of total consolidated sales (2021: RON 19,216 mn). After elimination of intersegment sales, the **Gas and Power Gas** segment's contribution was RON 29,969 mn or approximately 49% of total sales (2021: RON 6,616 mn).

Sales to third parties are split by geographical areas on the basis of where the risks and benefits are transferred to the customer. Romania and Central and Eastern Europe represent the Group's most important **geographical markets**. Sales in Romania were in an amount of RON 49,846 mn or 81% of the Group's total sales (2021: RON 21,650 mn, 83% of total sales) and sales in the rest of Central and Eastern Europe were RON 11,256 mn or 18% of Group sales (2021: RON 4,332 mn).

**Other operating income** increased to RON 1,339 mn (2021: RON 185 mn) mainly related to the recognition of revenues from Romanian authorities in relation to compensations for the natural gas sales at capped prices to clients allocated to the company as Supplier of Last Resort and for electricity sales at capped prices, as well as in relation to the subsidies supporting half of the RON 0.50 per liter voluntary price reduction for the fuel sales to customers in Romania. These measures were introduced via several government emergency ordinances in order to mitigate the consequences of the energy crisis.

**Purchases (net of inventory variation)** which include costs of goods and materials employed, amounted to RON 30,377 mn and increased by 187% yoy, mainly due to higher acquisitions of electricity and natural gas, following increased costs and volumes. Increased volumes of crude oil processed in the refinery and of petroleum products purchased to be resold, together with higher acquisition costs in line with market quotations also had a major contribution to the overall increase of purchases.

**Production and operating expenses** increased to RON 6,919 mn (2021: RON 4,101 mn) mainly due to power overtaxation, higher expenses with CO<sub>2</sub> certificates, following increased emissions and higher prices, and higher costs with electricity and natural gas used in our production activities.

**Exploration expenses** decreased to RON 134 mn (2021: RON 203 mn), mainly due to lower 3D seismic acquisition activities and reduced geological and geophysical costs.

**Other operating expenses** amounted to RON 299 mn (2021: RON 253 mn).

**The net financial result** was a gain of RON 17 mn in 2022 compared to a loss of RON (311) mn in 2021, mainly due

higher interest income on bank deposits, due to increase in the interest rates and balances of cash and cash equivalents, partially offset by higher interest expenses in relation to the discounting of receivables.

**Taxes on income** were in the amount of RON 1,756 mn (2021: RON 534 mn), driven by the higher profit generated during 2022.

### Capital expenditure (CAPEX)

OMV Petrom Group Capital expenditure (RON mn)	2022	2021	Δ (%)
Exploration and Production	2,559	2,025	26
Refining and Marketing	835	766	9
Gas and Power	97	12	n.m.
Corporate and Other	60	18	231
<b>Total capital expenditure</b>	<b>3,551</b>	<b>2,821</b>	<b>26</b>
+/- Other adjustments <sup>1</sup>	615	102	n.m.
<b>Additions according to statement of non-current assets (intangible and tangible assets)</b>	<b>4,166</b>	<b>2,924</b>	<b>42</b>
+/- Non-cash changes <sup>2</sup>	(957)	(77)	n.m.
<b>Cash outflow due to investments in intangible and tangible assets</b>	<b>3,208</b>	<b>2,846</b>	<b>13</b>
+ Net inflow in relation to sale/investment in subsidiaries, non-current assets and other financial assets	(104)	(593)	82
<b>Net cash used for investing activities</b>	<b>3,104</b>	<b>2,253</b>	<b>38</b>

<sup>1</sup> Capital expenditure is adjusted for capitalized decommissioning costs, write-offs of current year capitalised exploration wells and other non-cash additions;

<sup>2</sup> Additions are adjusted for items that did not affect cash flows during the period (including acquisitions through leasing, reassessment of decommissioning provisions) and changes of liabilities for investments.

**Capital expenditure** amounted to RON 3,551 mn, 26% higher than in 2021 (RON 2,821 mn).

Investments in **Exploration and Production** increased by 26% to RON 2,559 mn and accounted for 72% of Group's total CAPEX for 2022. The increase was mainly due to higher number of wells drilled and workovers performed, increased investments in integrity projects to ensure safety of operations and in energy efficiency projects to enable the energy transition.

**Exploration expenditures** decreased to RON 167 mn (2021: RON 194 mn), mainly due to lower 3D seismic acquisition activities, partly compensated by higher drilling wells.

**Refining and Marketing** investments amounted to RON 835 mn (2021: RON 766 mn). The majority of investments were directed to the Refining business, for projects connected with the 2023 major planned turnaround and to ongoing projects for coke drums replacement and for a new crude oil tank. In Retail, investments were mainly routed to the modernization of the Petrom branded filling stations with MyAuchan stores.

**Gas and Power** investments amounted to RON 97 mn (2021: RON 12 mn), the majority of investments being directed to the planned outage at the Brazi power plant.

## Statement of financial position

Summarized consolidated statement of financial position (RON mn)	2022	2021	Δ (%)
<b>Assets</b>			
Non-current assets	32,218	32,655	(1)
Intangible assets and property, plant and equipment	27,767	28,754	(3)
Investments in associated companies	41	34	19
Other non-current assets	2,375	2,329	2
Deferred tax assets	2,036	1,538	32
Current assets (incl. Assets held for sale)	25,303	17,315	46
Inventories	3,815	2,293	66
Trade receivables	3,548	2,641	34
Assets held for sale	15	15	—
Other current assets	17,925	12,366	45
<b>Total assets</b>	<b>57,521</b>	<b>49,970</b>	<b>15</b>
<b>Equity and liabilities</b>			
Total equity	40,508	34,214	18
Non-current liabilities	8,151	7,563	8
Provisions for pensions and similar obligations	157	170	(8)
Interest-bearing debts	-	16	(100)
Provisions for decommissioning and restoration obligations	6,716	6,052	11
Provisions and other liabilities	1,277	1,325	(4)
Current liabilities	8,862	8,193	8
Trade payables	4,266	3,266	31
Interest-bearing debts	138	255	(46)
Provisions and other liabilities	4,459	4,672	(5)
<b>Total equity and liabilities</b>	<b>57,521</b>	<b>49,970</b>	<b>15</b>

Compared to December 31, 2021, **total assets** increased by RON 7,552 mn, to RON 57,521 mn. Additions to intangible assets and property, plant and equipment amounted to RON 4,166 mn (2021: RON 2,924 mn).

Compared to December 31, 2021, **non-current assets** decreased by RON 437 mn, to RON 32,218 mn, mainly due to decrease in property, plant and equipment, as depreciation and net impairments exceeded the additions during the period and the increase in decommissioning asset following reassessment.

The increase in **current assets (including assets held for sale)** reflected higher cash and cash equivalents, increased inventories following higher volumes and average unit costs, higher trade receivables following higher sales, as well as higher other financial assets mainly related to cash guarantees for transactions with energy products.

**Total equity** increased to RON 40,508 mn as of December 31, 2022, compared to RON 34,214 mn as of December 31, 2021, mainly as a result of the net profit generated during 2022, that was partially offset by the dividend distribution for the financial year 2021 and the distribution of special dividends in 2022. Also, equity increased with RON 446 mn following the share capital increase of OMV Petrom S.A. finalized on November 3, 2022. The Group's equity ratio was 70% as of December 31, 2022, slightly higher than the level of 68% as of December 31, 2021.

As at December 31, 2022, **total liabilities** increased by RON 1,257 mn compared with December 31, 2021. The increase in **current liabilities** by RON 670 mn was largely due to higher trade payables following higher acquisitions, increase in other provisions and decommissioning, and higher income tax liabilities, partially offset by lower financial liabilities mostly in relation to derivatives. The increase in **non-current liabilities** by RON 587 mn was mainly due to the reassessment of provisions for decommissioning and

restoration obligations largely following higher estimated costs, partially offset by the increase in the net discount rate.

OMV Petrom Group reached a **net cash position including leases** of RON 13,463 mn as at December 31, 2022 higher than RON 9,391 mn as at December 31, 2021.

## Cash flow

Summarized consolidated cash-flow statement (RON mn)	2022	2021
<b>Cash generated from operating activities before working capital movements</b>	<b>14,881</b>	<b>7,430</b>
Cash flow from operating activities	11,337	6,997
Cash flow from investing activities	(3,104)	(2,253)
<b>Free cash flow</b>	<b>8,232</b>	<b>4,744</b>
Cash flow from financing activities	(4,300)	(1,914)
Effect of exchange rates on cash and cash equivalents	2	11
<b>Net increase in cash and cash equivalents</b>	<b>3,933</b>	<b>2,841</b>
Cash and cash equivalents at beginning of the year	10,323	7,481
<b>Cash and cash equivalents at end of the year</b>	<b>14,256</b>	<b>10,323</b>
<b>Free cash flow after dividends</b>	<b>3,794</b>	<b>3,003</b>

In 2022, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-monetary adjustments, as well as net interest received and income tax paid was RON 14,881 mn (2021: RON 7,430 mn). Changes in **net working capital** generated a cash outflow of RON 3,544 mn, largely due to increase in receivables driven by higher commodity prices, set-up of cash guarantees for transactions with energy products and increase in inventories following higher volumes and costs (2021: RON 433 mn). **Cash flow from operating activities** increased by RON 4,340 mn compared to 2021, reaching RON 11,337 mn.

In 2022, the **cash flow from investing activities** resulted in an outflow of RON 3,104 mn (2021: RON 2,253 mn) mainly related to payments for investments in property, plant and

equipment, largely in the Exploration and Production segment. The net outflow in 2021 was also impacted by the net proceeds from the disposal of Kazakhstan subsidiaries in amount of RON 462 mn.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 8,232 mn (2021: RON 4,744 mn).

**Cash flow from financing activities** reflected an outflow of funds amounting to RON 4,300 mn (2021: RON 1,914 mn), mainly arising from the payment of dividends of RON 4,438 mn.

**Free cash flow after dividends** resulted in a cash inflow of RON 3,794 mn (2021: RON 3,003 mn).



### Risk management

OMV Petrom is exposed to a variety of risks specific to the oil and gas industry, including market and financial risks, operational risks and strategic risks. The company's risk management processes focus on identification, assessment, and evaluation of such risks and their impact on the company's financial stability and profitability. The objective of these activities is to actively manage risks in the context of the OMV Petrom's risk appetite in order to achieve its long-term strategic goals.

Risk management and insurance function is centrally coordinated at the corporate level, which 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 responsible for the areas where the risks were identified, who are best suited to analyze, monitor and mitigate the respective risks.

During 2022, OMV Petrom monitored continuously the ongoing situation in Ukraine and its potential impact on the company's business activities. Continued and/or intensified disruptions in Russian commodity flows to Europe could result in further increases in European energy prices. Further sanctions on Russia and countersanctions issued by Russia could lead to disruptions in global supply chains and shortages, e.g., energy products, raw materials, agricultural products and metals and consequently lead to further increases in operational cost. OMV Petrom is responding to the situation with targeted measures to safeguard the Company's economic stability, as well as the secure supply of energy.

On the other hand, the global outbreak of the COVID-19 pandemic continues to have a major impact on global economic development, in particular driven by changes in China's zero-Covid policy and the emergence of new virus variants. In addition, disruptions in supply chains, high inflation and rising interest rates, could lead to a significant deterioration in economic growth.

### Enterprise Wide Risk Management

The main purpose of the **OMV Petrom's Enterprise-Wide Risk Management (EWRM)** process is to deliver value through risk-based management and decision-making which is ensured by applying a "three lines of defense model": 1. business management, 2. risk management and oversight functions, 3. internal audit.

OMV Petrom is constantly enhancing the EWRM process based on internal and external requirements. The process is facilitated by a Group-wide IT system supporting the established individual process steps (risk identification, risk

analysis, risk evaluation, risk treatment, risk reporting and risk review through continuous monitoring of changes to the risk profile).

In the EWRM process common risk terminology and language are used across OMV Petrom to facilitate an effective risk communication, whereby Environmental, Social and Governance (ESG) risk category is in our focus area in the OMV Petrom risk taxonomy.

**OMV Petrom's EWRM** system complies with the ISO 31000 Risk Management International Standard and comprises a dedicated risk organization working under a robust internal regulation framework using an information technology infrastructure.

### Risk management governance

Risk prevention is deeply integrated into the decision-making processes of everyday business activities at every level of our organization. The Executive Board sets, communicates and implements our risk management approach and objectives throughout the Group. Strategic risks are managed through specialised task forces: Performance, People, Technology and Innovation, New Energy Solutions and Stakeholders' Management.

To ensure that management takes risk-informed decisions, with adequate consideration of actual and prospective information, the Executive Board has empowered a dedicated Risk Management function with the objective to centrally lead and coordinate the Group's risk management-related processes. OMV Petrom's consolidated risk profile is reported twice a year to the Executive Board and to Supervisory Board's Audit Committee.

### Risk management process

As mentioned, the risk management system and its effectiveness are monitored by the Audit Committee of the Supervisory Board via regular reports.

**The risk management process** is based on a precautionary, systematic approach, aimed at timely identification and management of risks in order to avoid a possible negative impact on our business or reputation. We believe that creating a **risk-aware culture** throughout the organization, where everyone is conscious of the risks related to their jobs and implements risk management practices on a daily basis, is the most effective way to avoid a negative impact. To this end, our comprehensive EWRM program is driven by senior management and cascades to every employee of the Company. This approach ensures greater awareness and focus on risks that might affect the Company's objectives.

The risk management process, implemented through OMV Petrom's EWRM framework, combines **bottom-up and top-down processes**, each employee being responsible for managing the risks within his/her competency area.

The risks identified in the **bottom-up** risk process by operational staff during day-to-day business management are assessed against a mid-term time horizon of three years. Department heads are responsible for initiating the risk analysis, which includes selection of the appropriate risk identification techniques. These include not only interviews, workshops, surveys and analyses of historical losses, but also information on risks documented in risk registers. Heat maps or risk matrices are used to support the assessment process and serve to identify probability ranges and the related consequences if risks were to materialize.

Senior management evaluates **top-down** risks to provide a strategic perspective of risks across a longer time horizon. Permanently scanning the horizon to identify emerging risks and having regular risk meetings, the senior management have the full perspective on strategic risks landscape. This enables capturing new trends and developments of the operating environment and industry best practice, and thereby enables the Group to achieve its long term objectives.

In terms of tools and techniques, OMV Petrom follows the best international risk management practices and uses stochastic quantitative models to measure the potential loss associated with the Company's risk portfolio. The process is facilitated by a Group-wide 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. The overall risk resulting from the bottom-up risk management process is computed using Monte Carlo simulations (under a 95% confidence level) and compared against planning data for a mid-term three-year horizon. The identified risks are analysed depending on their nature, taking into consideration their causes, consequences, historical trends, volatility and potential cash flow impact.

### Risk taxonomy

The risks within OMV Petrom's EWRM system are organized into the following categories: **market and financial, operational and strategic**.

### Market and Financial Risks

Regarding 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, electricity and CO<sub>2</sub>

certificates. Market risk has core strategic importance within OMV Petrom Group's risk profile and liquidity. The market price risks of OMV Petrom's commodities are closely analysed, quantified and evaluated. Corresponding optimization and hedging activities are undertaken to mitigate those risks. Such activities include margin hedges as well as stock hedges executed by using financial instruments. An optimization, trading, and hedging risk control governance system defines clear mandates including risk thresholds for such activities. In addition, Emission Compliance Management ensures a balanced position of emission allowances by covering the gap with a structured approach.

In terms of **foreign exchange risk** management, OMV Petrom is essentially exposed to the volatility of RON against USD and EUR. The effect of foreign exchange risk on cash flows is regularly monitored.

Derivative financial instruments may be used for the purposes of managing exposure to commodity price and foreign exchange currencies, upon approval from OMV Petrom's Executive Board, in line with the Company's risk appetite and/or risk assessments.

**Counterparty credit risk** management refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to OMV Petrom. In light of a challenging geopolitical and economic environment with high inflation, volatile commodity prices, rising interest rates, and distorted supply chains, special attention is paid to changes in payment behavior. The Group's counterparty credit risks are assessed, monitored and managed at Company level using predetermined limits for specific countries, banks, clients and suppliers. Based on creditworthiness and available rating information, 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.

OMV Petrom is inherently exposed to **interest rate risk** due to its financial activities. The volatility of EURIBOR and ROBOR may trigger less or additional cash flow. However, the risk and the mentioned volatility in our cash flow are low.

### Operational Risks

From an operational risk perspective, OMV Petrom is an integrated company with a wide asset base composed mainly of hydrocarbon production and processing plants. The low-probability, high-impact risks associated with the operational activity (e.g. blowouts, explosions, earthquakes etc.) are identified and incident scenarios are developed and

assessed for each of them. A special focus is given to process safety risks. Where required, mitigation plans are developed for each specific location. Besides emergency, crisis and disaster recovery plans, OMV Petrom's policy regarding insurable risks is to transfer the risks via insurance instruments. These risks are closely analysed, quantified and monitored by the risk organization and are managed via detailed internal procedures.

OMV Petrom's risk management system is part of the corporate decision-making process. **Risks associated with new major projects** or important business initiatives are assessed and communicated to management prior to the approval decision, as part of the project evaluation process. The execution of major onshore and offshore projects may be affected by changes to the respective regulatory or fiscal frameworks, by the unavailability of contractors, or the lack of qualified staff. Project costs may be negatively impacted by price inflation, labor shortages, or the disruption or reorganization of supply chains. In new business areas in particular, OMV Petrom may more often invest through partnerships and joint ventures, which may expose the company to increased governance and credit risks and may negatively impact project execution. The effect of any of these risks may have a material adverse impact on OMV Petrom's business, results of operations, and financial condition.

As OMV Petrom's activities rely on information technology systems, the company may experience disruption due to major cyber events. Security controls are therefore implemented across the Group to protect information and IT assets that store and process information. **IT-related risks** are assessed, monitored regularly, and managed actively with dedicated information and security programs across the organization. OT (Operational Technology) related risks are also reflected.

The **ESG risks** are addressed in OMV Petrom through sustainability material topics: climate change and energy transition, environment, supply chain, health, safety & security, business principles & economic impacts, employees, community relations and human rights. Detailed information are presented in the Sustainability Report.

OMV Petrom focuses on assessing the potential vulnerabilities of the Company to climate change (e.g., water deficiency, droughts, floods, landslides), the impact of the Company on the environment and the mitigation actions that will ensure a successful transition to a low-carbon environment (e.g., carbon emission reductions, compliance with new regulatory requirements). The short- and mid-term physical vulnerabilities related to climate change are

identified and reported in the EWRM process; they do not exceed OMV Petrom's reporting threshold. Additionally, OMV Petrom has performed a robust climate and vulnerability assessment for most of its main assets to identify its resilience to physical risks related to climate change using the Inter-governmental Panel on Climate Change (IPCC) scenarios corresponding to the time horizon suggested by the EU taxonomy.

In terms of **regulatory compliance risks**, the company is in dialogue with the Romanian authorities on topics of relevance for the industry. In the last few years, we have seen a number of fiscal and regulatory initiatives put in discussion and/or implemented. This increases legislative volatility with influence on the overall business environment.

Moreover, in the context of the energy crisis in Europe, additional regulatory measures such as subsidy schemes, gas and power price caps and over-taxation are being implemented.

The Council Regulation (EU) 2022/1854 introduced a solidarity contribution, which was transposed into the local legislation of the Member States by the end of 2022 and is applicable for 2022 and/or 2023. It applies to companies that have at least 75% of total turnover generated from activities in the crude petroleum, natural gas, coal and refining sectors. It represents a contribution for surplus profits of the above mentioned companies and is calculated based on the taxable profits of those companies, as determined under national tax rules, which are above a 20% increase of the average taxable profits generated in the period 2018 to 2021. Romania transposed this regulation via GEO 186/2022, approved and published in December 2022. This GEO is following the Parliamentary approval process, thus it may be subject to changes.

### Strategic risks

In order to identify strategic risks which might have potential long-term effects on the company's objectives, OMV Petrom continuously monitors its internal and external environment.

From a **long-term** sustainability perspective, a strategic risk assessment process is in place, on the one hand, to capture the executive management's perspective of the risk environment across a longer-term horizon and, on the other hand, to develop risk mitigation plans and monitor implementation of defined actions. The strategic risks refer to both externally and internally driven risks (e.g. climate change, traditional business, regional gas growth, human capital and communities, as well as political and regulatory). An annual strategic risk assessment ensures a robust revalidation of identified risks. It captures new developments

or provides updated information on the operating environment and industry trends, and thereby has a positive

impact on the Company's ability to achieve its strategic objectives.



Strategic risk	Details
<b>Climate change</b>	Risk of not meeting 2030 emissions target ambitions combined with risk and opportunities from an accelerated speed for transition
<b>Traditional Business</b>	Sustainability focus and climate change targets put pressure on traditional business driving interest towards projects in the transition to low carbon environment
<b>Regional Gas Growth</b>	Delay or cancellation of exploration and potential development in Black Sea (Georgia and Bulgaria) and risk of not delivering in time the Neptun Deep Development Project
<b>Human Capital and Communities</b>	Attracting and retaining talents under the new market conditions to ensure the needed employee experience and harmonizing the Sustainability/ ESG long term agenda with immediate needs identified by the communities where we operate.
<b>Political and Regulatory</b>	Major political factors and emerging regulatory requirements may impact OMV Petrom's ability to achieve its strategic objectives.

### Climate Change Risk Management

Climate change related risks and opportunities are integrated into OMV Petrom's Enterprise-Wide Risk Management (EWRM) process aimed at identifying, assessing and managing business-related risks. The risks

related to climate change might reflect a potential impact of acute or chronic events like more frequent extreme weather events or systemic changes to our business due to changing legal framework and changing of customer behaviors. The acute risks are analyzed for their impact on the Company's



three-year financial plan. The effects of chronic risks are evaluated based on a qualitative analysis, taking into account a wider range of uncertainty.

Climate related risk and opportunities have already been reflected into our business plans and objectives in the medium term. The most substantive climate-related changes in the energy industry are expected to arise on a longer time scale – in particular with regard to revenues. Therefore, management pays close attention to climate change related long-term risks and opportunities and takes these into account in strategic decision-making. The climate change risks are assessed using the standardized methodology of the EWRM process.

This process is based on the EWRM Standard supplemented with a set of principles defining the ESG/sustainability risk and opportunity requirements as part of the OMV Petrom risk management framework, supported by the rights, responsibilities and expectations of specific risk stakeholders.

Being the first Romanian company to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), OMV Petrom considers and addresses climate change-related risks according to TCFD recommendations, as well as the double materiality perspective proposed by the EU Non-Financial Reporting Directive (more details can be found in the Sustainability Report).

OMV Petrom Executive Board members discuss quarterly the current and upcoming environmental, climate, and energy-related policies and regulations; related developments in the fuels, gas and power market; the status of innovation projects' implementation; and progress on achieving sustainability-related targets.

OMV Petrom focuses on evaluating the potential vulnerabilities of the Group to climate change (e.g., water scarcity, droughts, floods and landslides), the impact of the Group's activities on the environment and the mitigation actions that will ensure the transition to a low carbon environment (reduction of carbon emissions, compliance with new regulatory requirements).

#### Internal control

The Group has implemented an internal control system which includes activities aiming at preventing or detecting undesirable events and risks, such as fraud, errors, damages, non-compliance, unauthorized transactions and misstatements in the financial reporting.

OMV Petrom's internal control system covers all areas of Group operations with the following goals:

- ▶ Compliance with laws and internal regulations;
- ▶ Reliability of financial reporting (accuracy, completeness, and correct disclosure);
- ▶ Prevention and detection of fraud and error;
- ▶ Effective and efficient business operations.

#### OMV Petrom's internal control system framework consists of the following elements:

Element	Description
<b>Internal control environment</b>	The existence of a control environment forms the basis for an effective internal control system. Group-wide values and principles (e.g. business ethics) and organizational measures (e.g. clear assignment of responsibility and authority, signature rules, and segregation of duties) are defined and adhered to within this system.
<b>Assessment of process and compliance risks</b>	Generally, all business, management and support processes are completed within the scope of the internal control system. They are assessed to identify risky and critical activities, as well as process and compliance risk.
<b>Risk mitigation via control activities</b>	Control activities and measures (e.g. segregation of duties, checks, approvals, IT access rights) are defined, implemented and performed to mitigate significant process and compliance risks.
<b>Documentation and information</b>	Related duties include the documentation of main processes and procedures containing a description of key control activities performed.
<b>Monitoring and audit</b>	Management and the Internal Audit department evaluate the effective implementation of the internal control system.

OMV Petrom's successful management and operations mean creating value for all stakeholders and require systematically and transparently managing the Company while applying the best corporate governance principles. To attain this objective, OMV Petrom has implemented a rigorous Management System.

The Management System represents the set of policies, processes and regulations whose purpose is to manage and control the organization in order to achieve its objectives through optimized utilization of resources.

The Management System provides a structured framework of processes and regulations and describes what the company does, how it is organized, how it manages its business and who is responsible for what. It also ensures the continuous improvement of OMV Petrom's competitiveness by providing appropriate methods and tools.

The Internal Audit department assesses the effectiveness and efficiency of the organization's policies, procedures, and systems which are in place to ensure: proper identification and management of risks, reliability and integrity of information, compliance with laws and regulations, safeguarding of assets, economical and efficient use of resources and the accomplishment of established objectives and goals.

Internal Audit carries out regular audits of individual Group companies and informs the Audit Committee about the results of the audits performed.

### Outlook 2023

For the full year 2023, OMV Petrom expects **the average Brent oil price** to be above USD 80/bbl<sup>xiii</sup>. We expect the **refining margins** to be above USD 9/bbl. Also we estimate that in Romania, the **demand for oil products** in retail, as well as demand for **gas and power**, will be broadly stable compared to 2022.

Legislative measures introduced in 2022 for the gas and power markets were prolonged until end-March 2025 with regards to prices, margins, storage and contributions. The measures applicable in the second half of 2022 to reduce fuel prices on a voluntary basis were removed from January 1, 2023.

The Group has an Accounting Manual that is implemented consistently in all Group companies to ensure the application of uniform accounting for the same business cases. The Group Accounting Manual is updated regularly, based on changes in International Financial Reporting Standards. Furthermore, the organization of the Accounting and Financial Reporting departments is set up to achieve a high-quality financial reporting process. Roles and responsibilities are specifically defined and a revision process – the “four-eye principle” – is applied to ensure the correctness and accuracy of the financial reporting process. The establishment of Group-wide standards for the preparation of annual and interim financial statements by means of the Group Accounting Manual is also regulated by an internal corporate regulation.

In accordance with Chapter 8 of the Ministry of Public Finance Order no. 2844/2016 for approval of Accounting Regulations according to International Financial Reporting Standards, transposing Chapter 10 of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council, OMV Petrom management prepared a consolidated report on payments to governments for the year 2022. This report will be published together with the consolidated financial statements of OMV Petrom for the year ended December 31, 2022.

### Subsequent events

Please refer to Note 38 in the Consolidated Financial Statements.

At **OMV Petrom Group** level, we expect a marginally **positive free cash flow before dividends**, due to the higher investments. **CAPEX** is anticipated to increase to around RON 6 bn, by approximately 70%, with increased investments dedicated mainly to the Neptun Deep project, accelerated low and zero carbon projects and the Petrobrazi refinery turnaround. Investments require predictable and stable regulatory and fiscal environment. We are also committed to offer **attractive returns to shareholders**: for 2022, the Supervisory Board approved Executive Board's proposal for a gross base DPS of RON 0.0375/share<sup>xiv</sup>, up 10% yoy, at the high end of the 5-10% p.a. range stated in the dividend guidance. In addition, a special dividend is

<sup>xiii</sup> The budget is based on the assumption of 80 USD/bbl for Brent oil price for 2023;

<sup>xiv</sup> Subject to approval by the General Meeting of Shareholders on April 26, 2023.

planned to be paid in 2023, with the exact value to be announced in mid-2023.

With regards to our **strategic pillar Optimize traditional business**, in the **Exploration and Production** segment, we expect production to be around 110 kboe/d excluding possible divestments. We will continue to focus on the most profitable barrels, through assessing selective fields divestments. We plan investments of around RON 2.9 bn, including Neptun Deep, mainly for drilling around 55 new wells and sidetracks and for performing around 450 workovers. In the **Refining and Marketing** segment, within the partnership with Auchan, we plan to have MyAuchan stores in all 400 Petrom-branded filling stations by year-end, one year ahead of the initial plan. Our refinery utilization rate is estimated to be above 85%, considering the 42-day turnaround in April-May 2023, while the total refined product sales are forecasted to slightly decline versus the previous year's level of 5.5 mn tons. In the **Gas and Power** segment, both the total gas sales volumes and the net electrical output are estimated to be lower yoy. In case of gas, this is mainly on lower supply, both from equity and third parties, as well as still low demand. The net electrical output will be affected by the longer planned outage of two and a half months for the entire capacity of the Brazi power plant, in March-May 2023.

With regards to our **strategic pillar Grow regional gas**, we will progress our flagship project **Neptun Deep**, towards final

investment decision, which is planned for mid-2023. With regards to **Han Asparuh offshore Bulgaria**, we plan to spud one exploration well in 2023-2024, while in the case of **Georgia Offshore Exploration Block II** seismic acquisition remains on hold.

With regards to our **strategic pillar Transition to low and zero carbon**, we target to reduce the **carbon intensity** of our operations by 30% until 2030 vs. 2019. Our plans related to **alternative mobility** are to double the existing number of charging points for electrical vehicles by year-end. We also envisage to have **green energy sources** through photovoltaic panels installed in ~50% of our Romanian filling station network by 2025. In addition, we plan to progress in developing a **renewable power portfolio via partnerships**, as well as to further advance towards producing **sustainable aviation fuel and second generation bioethanol**.

#### Non-financial declaration

As per the legal requirements with reference to the disclosure of non-financial information, the Company prepares and publishes a separate Sustainability Report, which includes the information required for the non-financial declaration, describing our sustainability initiatives. OMV Petrom's Sustainability Report for 2022 will be published by May 31, 2023.

## Corporate governance report

The Company has always conferred great importance upon the principles of good corporate governance, considering corporate governance a key element underpinning the sustainable growth of the business and also the enhancement of long-term value for shareholders.

To remain competitive in a changing environment, especially during recent times when the focus on environmental, social and corporate governance (ESG) elements increased, OMV Petrom constantly develops and updates its corporate governance practices, so that it can meet new demands and future opportunities.

Since 2007, the Company has been governed in a two-tier system in which the Executive Board manages the daily business and operations of the Company, whereas the Supervisory Board monitors, supervises and controls the activity of the Executive Board. The powers and duties of the above-mentioned bodies are stated in the Company's Articles of Association, in the relevant internal regulations, which are available on the Company's website ([www.omvpetrom.com](http://www.omvpetrom.com)) and briefly detailed herein.

The Company is managed in an atmosphere of openness between the Executive Board and Supervisory Board, as well as within each of these corporate bodies. A transparent decision-making process, relying on clear and objective rules, enhances shareholders' confidence in the Company and its management. It also contributes to the protection of shareholders' rights, improving the overall performance of the Company and providing better access to capital and risk mitigation.

The members of the Executive Board and Supervisory Board have always paid due attention to their duty of care and loyalty. Hence, the Executive Board and Supervisory Board have passed their resolutions as required for the welfare of the Company, primarily in consideration of the interests of shareholders and employees.

### Bucharest Stock Exchange Corporate Governance Code

The Company first adhered to the Corporate Governance Code issued by the Bucharest Stock Exchange in 2010 and has continued to apply its principles, ever since then.

OMV Petrom complies with almost all of the provisions set forth in the Corporate Governance Code issued by the Bucharest Stock Exchange in 2016. More details on the Company's compliance status with the principles and recommendations stipulated under the Corporate Governance Code are presented in the corporate governance statement, which is a part of this Annual Report.

### General Meeting of Shareholders (GMS)

#### GMS organization

The GMS is the highest deliberation and decision forum of the Company. The main rules and procedures of the GMS are laid down in the Company's Articles of Association and in the Rules and Procedures of the GMS, both published on the Company's corporate website, as well as in the relevant GMS convening notice.

The GMS is convened by the Executive Board whenever this is necessary. In exceptional cases, when the Company's interest requires it, the Supervisory Board may also convene the GMS. At least 30 days before the GMS, the convening notice is published in the Official Gazette and in one widely-distributed newspaper in Romania and disseminated to the Financial Supervisory Authority and Bucharest and London Stock Exchanges. At the same time, the convening notice is also made available on the Company's website, together with all explanatory and supporting documents related to items included on the relevant GMS agenda.

The GMS is usually chaired by the President of the Supervisory Board, who may designate another person to chair the meeting. The chairman of the GMS designates two or more technical secretaries to verify the fulfillment of the formalities required by law for carrying out the GMS and for drafting the minutes thereof.

At the first convening, the quorum requirements are met if the shareholders representing more than half of the share capital of the Company are present, with decisions being validly passed with the affirmative vote of shareholders representing the majority of share capital of the Company. The same rules apply both to the Ordinary and Extraordinary GMS. The Ordinary GMS held at the second convening may validly decide on the issues included on the agenda of the first scheduled meeting, irrespective of the number of attending shareholders, by the majority of the votes expressed in such a meeting. For the Extraordinary GMS held at the second convening, the quorum and majority requirements are the same as for the first convening. Where the mandatory legal provisions set out otherwise, the quorum and majority requirements shall be carried out in accordance with such legal provisions.

In observance of capital market regulations, the resolutions of the GMS are disseminated to the Bucharest and London Stock Exchanges and the Financial Supervisory Authority within 24 hours after the relevant event. The resolutions will also be published on the Company's website.



The Company promotes the participation of its shareholders in the GMS. The shareholders duly registered in the shareholders' register at the reference date may attend the GMS in person or by representation, based on a general or special proxy. Shareholders may also vote by correspondence, prior to the GMS. The Company makes available at the headquarters and/ or on the Company's website templates of such proxies and voting bulletins for votes by correspondence.

The shareholders of the Company, regardless of their participation held in the share capital, may raise questions in writing or verbally regarding the items on the agenda of the GMS. To protect the interests of our shareholders, the answers to the questions shall be provided by observing the regulations applicable to special regime information (e.g. classified information), including commercially sensitive information, for which disclosure could result in losses or a competitive disadvantage for the Company.

#### GMS main duties and powers

The main duties of the **Ordinary GMS** are:

- ▶ to discuss, approve or modify the annual financial statements;
- ▶ to distribute the profit and establish the dividends;
- ▶ to elect and revoke the members of the Supervisory Board and the financial auditor and set their remuneration;
- ▶ to assess the activity of the Executive Board members and of the Supervisory Board members, to evaluate their performance and to discharge them of their liability in accordance with the provisions of law;
- ▶ to approve the income and expenditure budget for the next financial year;
- ▶ to approve the remuneration policy for the Executive Board and Supervisory Board members and to give a consultative vote on the remuneration report for the Executive Board and Supervisory Board members.

The **Extraordinary GMS** is entitled to decide mainly upon:

- ▶ changing the corporate form or the business object of the Company;
- ▶ increasing or reducing the share capital of the Company;
- ▶ spin-offs or mergers with other companies;
- ▶ early dissolution of the Company;
- ▶ amendments to the Articles of Association.

#### Shareholders' rights

Rights of the Company's minority shareholders are adequately protected according to relevant legislation.

Shareholders have, among other rights provided under the Company's Articles of Association and the laws and

regulations currently in force, the right to obtain information about the Company's activity, regarding the exercise of voting rights and the voting results in the GMS.

In addition, shareholders have the right to participate and vote in the GMS, as well as to receive dividends. OMV Petrom observes the one share, one vote, one dividend principle. There are no shares with multiple voting rights, preferential voting rights or maximum voting rights or other voting right restrictions such as non-voting shares without preference, priority shares, golden shares and other voting rights ceilings.

Moreover, shareholders have the right to challenge the decisions of GMS or withdraw from the Company and request the Company to acquire their shares, in certain conditions mentioned by the law. Likewise, as per the applicable legislation, one or more shareholders holding, individually or jointly, at least 5% of the share capital, may request the calling of a GMS. Such shareholders also have the right to add new items to the agenda of a GMS, provided such proposals are accompanied by a justification or a draft resolution proposed for approval and copies of the identification documents of the shareholders who make the proposals.

#### Rights of GDR holders

As endorsed on each GDR certificate, GDR holders have the rights set out in the terms and conditions of the GDRs.

These include the right to:

- ▶ withdraw the deposited shares;
- ▶ receive payment in US dollars from the GDR depositary of an amount equal to cash dividends or other cash distributions received by the GDR depositary from the Company in respect of the deposited shares, net of any applicable fees, charges and expenses of the depositary and any taxes withheld;
- ▶ receive from the GDR depositary additional GDRs representing additional shares received by the GDR depositary from the Company by way of free distribution (or if the issue of additional GDRs is deemed by the GDR depositary not to be reasonably practicable or to be unlawful, the net proceeds in US dollars of the sale of such additional shares);
- ▶ request the GDR depositary to exercise subscription or similar rights made available by the Company to shareholders (or if such process is deemed by the GDR depositary not to be lawful and reasonably practicable, the right to receive the net proceeds in US dollars of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights);

- ▶ instruct the GDR depositary regarding the exercise of any voting rights notified by the Company to the GDR depositary subject to certain conditions;
- ▶ receive from the GDR depositary copies received by the GDR depositary of notices provided by the Company to shareholders or other material information.

## Supervisory Board

### Supervisory Board members

The Supervisory Board consists of nine members appointed by the Ordinary GMS (except for the interim members who may be appointed by the Supervisory Board until the next GMS), in accordance with the provisions of Company Law and the Articles of Association. The Supervisory Board's current mandate started on April 28, 2021 and runs until April 28, 2025.

Herein below is the composition of the Supervisory Board at the end of 2022:

#### Alfred Stern (1965) – President

Effective September 2021, Alfred Stern is the Chairman of the Executive Board and the CEO of OMV. Between April and August 2021, he was OMV Executive Board Member for Chemicals & Materials. Alfred Stern has been the CEO of Borealis since 2018, and since 2012 a member of the Borealis Executive Board for Polyolefins and Innovation & Technology. Alfred Stern joined Borealis as Senior Vice President Innovation & Technology in 2008, coming from E.I. DuPont de Nemours, where he held several leadership positions in the areas of research and development, sales and marketing, and quality and business management in Switzerland, Germany and the United States. In his last assignment, he was Global Business Manager of a business unit in Engineering Polymers in the United States. He holds a PhD in material science and a Master's Degree in polymer engineering and science, both from the University of Leoben in Austria. Alfred Stern has been awarded, among others, the H.F. Mark Medal, the DuPont Award for a new product patent and a Prize of Honour from the Austrian Ministry of Science and Research. Alfred Stern is an Austrian citizen, he is married and has two children.

Alfred Stern was appointed as member and President of OMV Petrom Supervisory Board as of September 1, 2021.

#### Johann Pleininger (1962) – Deputy President

Johann Pleininger studied mechanical and economic engineering and began his career at OMV in 1977. From 2007 to 2013 he was Executive Board member responsible for Exploration & Production at OMV Petrom. Afterwards, he was the Senior Vice President responsible for the core

Upstream countries Romania, Austria, as well as the development of the Black Sea Region. From September 1, 2015 and until 31 December 2022, he was member of the OMV Executive Board, responsible for Upstream (Exploration & Production) division.

Johann Pleininger was appointed as member of OMV Petrom Supervisory Board as of August 10, 2019.

#### Reinhard Florey (1965)

Reinhard Florey graduated in mechanical engineering and economics from Graz University of Technology while also completing his music studies at the Graz University of Fine Arts. He started his career in corporate consulting and strategy consulting. From 2002 to 2012 he worked in different Senior Management and CFO positions worldwide for Thyssen Krupp. His most recent post was as CFO and deputy CEO of Outokumpu. Since July 1, 2016 Reinhard Florey has been the CFO of OMV Aktiengesellschaft.

Reinhard Florey was appointed as interim member of OMV Petrom Supervisory Board as of November 1, 2022 and until the next GMS.

#### Daniel Turnheim (1975)

Daniel Turnheim studied Business Administration at the Vienna University of Economics and Business Administration. In 2002, he joined OMV Group where he held several management positions. He was Executive Board member and CFO of OMV Petrom between January 2011 and December 2012. From January 2013 to June 2016, he was Senior Vice President of Corporate Finance within the OMV Aktiengesellschaft. From July 2016 to December 2022, he has held the position as Senior Vice-President of Corporate Finance & Controlling within the OMV Aktiengesellschaft. Since January 2023 he is Senior Vice-President of Finance & Tax and GBS within the OMV Aktiengesellschaft.

Daniel Turnheim was appointed as member of OMV Petrom Supervisory Board as of 1 January 2017.

#### Martijn van Koten (1970)

Martijn van Koten was born in the Netherlands, where he studied Chemical Engineering at Delft University of Technology. He began his professional career at Shell in 1994, taking on several management and technical positions in the refining and downstream business in the UK, Germany and the Netherlands. Starting 2004, Martijn van Koten assumed Manufacturing Site General Manager positions at Shell in Sweden and Singapore, before becoming Vice President Manufacturing East & Middle East in Singapore in 2009 and Vice President Supply &

Distribution Americas in the United States in 2013. In 2013, Martijn van Koten joined Borealis as Executive Board Member Operations, HSE & PTS in Austria. From 2018 to June 2021, he was Borealis Executive Board Member Base Chemicals & Operations in Austria. Martijn van Koten is a member of the OMV Board of Directors since July 1, 2021, being responsible for the division Refining. Since January 1, 2023, he is responsible for the division Fuels & Feedstock. He is married and has two daughters.

Martijn van Koten was appointed as member of OMV Petrom Supervisory Board as of August 1, 2021.

#### **Niculae Havrileț (1956)**

Niculae Havrileț graduated the Technical University Cluj Napoca, Faculty of Mechanical Engineering – Technologies. Niculae Havrileț has 40 years of experience in electricity and natural gas sectors, including over 25 years of experience in various leading positions. Moreover, Niculae Havrileț holds large experience in central public administration. From June 2012 to October 2017, he was the President of the National Energy Regulatory Authority (ANRE), including member of the Regulatory Authorities Council within the Agency for the Cooperation of Energy Regulators (ACER) and member of the General Meeting of the Council of European Energy Regulators (CEER). From February 2018 to November 2019, he acted as a personal advisor to the Minister of Energy for issuing the National Energy Strategy for 2016-2030 up to 2050. Between December 2019 and until September 2021, Niculae Havrileț was state secretary within the Ministry of Economy, while between September 2021 and March 2022, he was the General Manager of Distribuție Energie Electrică România S.A. Starting June 2021, he is the Vicepresident of Romania Energy Center. In 2000, he has received the “Order of the Star of Romania” Knight. Niculae Havrileț was appointed as member of OMV Petrom Supervisory Board starting March 3, 2020.

#### **Jochen Weise (1956) – independent<sup>xv</sup>**

Jochen Weise graduated in Law from the Universities of Bochum and Bonn, Germany, where he also received his PhD. He holds a non-executive position as Senior Advisor Energy Infrastructure Investments to Allianz Capital Partners in London since November 2010. Previously, he was Supervisory Board member of Verbundnetzgas AG in Leipzig, Germany between December 2014 and June 2022, member of the Management Board, between April 2004 and August 2010, Executive Vice President Gas Supply & Trading, between January 2003 and March 2004, at E.ON

Ruhrgas AG, and Director Commercial Sales at Deutsche Shell GmbH, between April 1998 and December 2001.

Jochen Weise was appointed as member of OMV Petrom Supervisory Board as of 1 November 2016.

#### **Răzvan-Eugen Nicolescu (1978) – independent<sup>xvi</sup>**

Răzvan-Eugen Nicolescu graduated from the Power Engineering Faculty of Politehnica University of Bucharest. He also completed various economic studies, being a graduate of the MBA program of Solvay Brussels School of Economics and Management, as well as of an executive course on corporate governance at Harvard Business School. Răzvan-Eugen Nicolescu is a recognized specialist in the energy field, with a solid experience in both private and public sector. He was Director for Regulatory and Public Affairs of OMV Petrom S.A. between 2008-2014, Chairman and Vice-chairman of the European Union Agency for the Cooperation of Energy Regulators (ACER) between 2010-2016, as well as Minister of Energy in Romania in 2014, without being a member of any political party. Between February 2015 and April 2021, Răzvan-Eugen Nicolescu has been Partner – Energy Resources and Sustainability Industry Leader of Deloitte Central Europe. Since May 2021, he has been member of the Governing Board of the EIT – European Institute for Innovation and Technology, being appointed by the European Commission.

Răzvan-Eugen Nicolescu was appointed as member of OMV Petrom Supervisory Board as of 28 April 2021.

#### **Marius Ștefan (1976) – independent<sup>xvii</sup>**

Marius Ștefan graduated the Bucharest Academy of Economic Studies (ASE), the Faculty of International Business and Economics (REI), and has a master in Management at the National University of Political Studies and Public Administration (SNSPA), a master in Business Administration (MBA) in Strategy at Robert H. Smith School of Business at the University of Maryland. He attended various executive education programs at Harvard Business School, Stanford GSB, London Business School, INSEAD and IMD. Marius Ștefan is the co-founder and the CEO of Autonom, the largest mobility network in Romania and he has been involved in the development of various local businesses. Marius Ștefan has over 25 years of experience in various leading positions and has a large expertise in business and financial strategy. He is the Chairman of the Board of Directors of Endeavor Romania, the world's leading community of high-impact entrepreneurs, Vice Chairman of

<sup>xv</sup> Independent member as per the criteria of the Bucharest Stock Exchange Corporate Governance Code, criteria which are substantially similar to those provided by Company Law.

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<sup>xvii</sup> Independent member as per the criteria of the Bucharest Stock Exchange Corporate Governance Code, criteria which are substantially similar to those provided by Company Law.

the Board of Romanian Business Leaders, and serves as a board member of various companies.

Marius Ștefan was appointed as member of OMV Petrom Supervisory Board as of 28 April 2021.

Starting with January 1, 2023, Katja Tautscher was appointed interim member of the Supervisory Board of OMV Petrom following Johann Pleininger's waiver of his mandate. Below is a brief presentation of Katja Tautscher:

#### **Katja Tautscher (1972)**

Katja Tautscher graduated in law (Magister iuris) from University of Vienna, Law Faculty, Vienna, Austria and holds an executive MBA from INSEAD. She is member of the Austrian Bar Association since 2001 and admitted as a solicitor in England and Wales since 2005. From 1996 to 2006 she worked in different positions in prestigious law firms such as Clifford Chance (Düsseldorf), Allen & Overy (London, UK), Wolf Theiss (Vienna, Austria & Ljubljana, Slovenia). Her most recent position was as Chief Legal and Compliance Officer of Borealis AG, Vienna, Austria and since June 2022, Katja Tautscher became the SVP General Counsel of OMV Group.

Moreover, also starting with January 1, 2023, Martijn van Koten became Deputy President of the Supervisory Board following Johann Pleininger's waiver of his mandate.

#### **Main duties and powers of the Supervisory Board**

The Supervisory Board has the following main powers:

- ▶ to exercise control over the management of the Company by the Executive Board;
- ▶ to appoint and revoke the members of the Executive Board;
- ▶ to submit to the GMS a report concerning the supervision activity undertaken;
- ▶ to verify the reports of the members of the Executive Board;
- ▶ to verify the Company's annual separate and consolidated financial statements;
- ▶ to propose to the GMS the appointment and the revocation of the independent financial auditor, as well as the minimum term of the audit contract.

Details on the Supervisory Board works and activities in 2022, as well as the results of the Supervisory Board self-evaluation are included in the Supervisory Board Report.

#### **Supervisory Board functioning**

The responsibilities of the members of the Supervisory Board, as well as the working procedures and the approach

to conflicts of interest are governed by relevant internal regulations.

The Supervisory Board meets whenever necessary, but at least once every three months. The Supervisory Board may hold meetings in person or by telephone or video conference. At least five of the Supervisory Board members must be present or represented for resolutions to be validly passed. The decisions of the Supervisory Board shall be validly passed by the affirmative vote of the majority of the members present or represented at such Supervisory Board meeting. In the event of parity of votes, the President of the Supervisory Board or the person empowered by him/her to chair the meeting shall have a casting vote. In urgent cases, the Supervisory Board may take decisions by circulation, without an actual meeting being held, by the majority of votes. The President shall decide on whether issues are of an urgent nature.

#### **Special committees**

The Supervisory Board may assign particular issues to certain Supervisory Board members, acting individually or as part of special committees, and may also refer to experts to analyze certain issues. The task of the committees is to issue recommendations for preparing resolutions to be passed by the Supervisory Board itself, without preventing the entire Supervisory Board from dealing with matters assigned to the committees. The special committees established at the level of the Supervisory Board are the Audit Committee and the Presidential and Nomination Committee.

#### **Audit Committee**

The Audit Committee is composed of five members appointed by decision of the Supervisory Board from among its members.

During 2022, there was only one change in the membership of the Audit Committee.

At the beginning of 2022, the Audit Committee had the following five members: Jochen Weise (President – independent), Daniel Turnheim (Deputy President), Niculae Havrileț (member), Răzvan Eugen Nicolescu (member – independent) and Marius Ștefan (member – independent). Following the changes in the Supervisory Board, starting November 23, 2022, Reinhard Florey became member and Deputy President of the Audit Committee.

Therefore, at the end of 2022, as well as at the date of this report, the Audit Committee had the following composition: Jochen Weise (President – independent), Reinhard Florey (Deputy President), Niculae Havrileț (member), Răzvan



Eugen Nicolescu (member – independent) and Marius Ștefan (member – independent).

The Audit Committee's members have adequate qualifications relevant to the functions and responsibilities of the Audit Committee. In addition, three members have also financial, auditing or accounting expertise.

### Main duties and powers of the Audit Committee

The main duties and powers of the Audit Committee according to the Audit Committee's Terms of Reference focus on four main areas:

- ▶ Financial reporting – to examine and review the annual separate and consolidated financial statements of the Company and the proposal for the distribution of the profits before their submission to the Supervisory Board and subsequently to the GMS for approval; to oversee and approve the nature and level of non-audit services provided by the independent financial auditor to the Company, as well as the issuance of regulations/guidelines with regards to such services;
- ▶ External audit – to consider and make recommendations to the Supervisory Board on the appointment, re-appointment and removal of independent financial auditors, subject to approval by the shareholders;
- ▶ Internal audit, internal controls and risk management – to undertake an annual assessment of the internal control system;
- ▶ Compliance, conduct and conflicts of interest – to review conflicts of interests in transactions of the Company and its subsidiaries with related parties and examine and review, before their submission to the Supervisory Board for approval, the related party transactions that exceed or are expected to exceed 5% of the Company's net assets with the observance of the legal provisions in place.

Details on the Audit Committee works and activities in 2022 are included in the Supervisory Board Report.

### Audit Committee functioning

The working procedures of the Audit Committee are stated in the Audit Committee's Terms of Reference.

The Audit Committee meets on a regular basis, at least three times per year, and on an extraordinary basis if required. The Audit Committee's meetings are chaired by the President or, in his/her absence, by the Deputy or by another member, by virtue of a mandate from the President.

The decisions of the Audit Committee shall be taken by unanimous consensus of all members of the Audit Committee. In case unanimous consensus cannot be reached with respect to a specific item on the agenda, that

item will be resolved upon by the Supervisory Board without the consultative opinion of the Audit Committee.

In urgent cases, the Audit Committee may take decisions also by circulation, without an actual meeting being held, with the unanimous consensus of all members of the Audit Committee. The President shall decide on whether issues are of an urgent nature.

### Presidential and Nomination Committee

The Presidential and Nomination Committee is composed of four members appointed by the Supervisory Board among its members.

At the beginning of 2022, the Presidential and Nomination Committee was composed of: Alfred Stern (President), Johann Pleininger (Deputy President), Răzvan-Eugen Nicolescu (member – independent) and Marius Ștefan (member – independent). During 2022, there was no change in the membership of the Presidential and Nomination Committee.

Following the changes in the Supervisory Board, starting January 1, 2023, Martijn van Koten became member and Deputy President of the Presidential and Nomination Committee.

Therefore, at the date of this report, the Presidential and Nomination Committee had the following composition: Alfred Stern (President), Martijn van Koten (Deputy President), Răzvan-Eugen Nicolescu (member – independent) and Marius Ștefan (member – independent).

### Main duties and powers of the Presidential and Nomination Committee

The main role of the Presidential and Nomination Committee is to be involved in the succession planning for the Executive Board, having full responsibility on the selection process of candidates for appointment in the Executive Board. In addition, the Presidential and Nomination Committee:

- ▶ has the right to make recommendations concerning the proposal of candidates for appointment in the Supervisory Board;
- ▶ is in charge with the preparation of the remuneration policy and the remuneration report for the Executive Board and Supervisory Board members;
- ▶ deals with and decides on matters concerning the remuneration of the Executive Board members and the content of mandate contracts with Executive Board members;
- ▶ carries out the Supervisory Board self-evaluation and the assessment of independency of Supervisory Board

members, under the leadership of the President of the Presidential and Nomination Committee.

#### **Presidential and Nomination Committee functioning**

The Presidential and Nomination Committee meets on a regular basis, at least once per year, and on an extraordinary basis if required. The Presidential and Nomination Committee's meetings are chaired by the President or, in his/her absence, by the Deputy or by another member, by virtue of a mandate from the President.

The decisions of the Presidential and Nomination Committee shall be validly passed by the affirmative vote of the majority of the members present or represented at the meeting. In the event of parity of votes, the President or the person empowered by him/her to chair the meeting shall have a casting vote. However, the President shall endeavor to achieve that, to the extent possible, resolutions are passed with a consensus among its members.

In urgent cases, the Presidential and Nomination Committee may take decisions also by circular resolution, without an actual meeting being held, by the majority of votes. The President shall decide on whether issues are of an urgent nature.

#### **Presidential and Nomination Committee works**

In 2022, Presidential and Nomination Committee met five times, all meetings being organized exclusively virtually. All members of the Presidential and Nomination Committee attended the vast majority of the meetings of the Presidential and Nomination Committee in 2022. The average participation rate was around 96%. Only in one occasion, a Presidential and Nomination Committee member was represented by another member of the Presidential and Nomination Committee in a meeting.

### **Executive Board**

#### **Executive Board members**

The Executive Board of the Company comprises five members, appointed by the Supervisory Board for a mandate of four years ending on April 17, 2023.

During 2022, there were no changes in the membership of the Executive Board.

On February 23, 2023, the Supervisory Board reappointed the following members of the Executive Board of OMV Petrom for a four-year mandate starting April 17, 2023 until April 16, 2027: Christina Verchere as CEO and President of

the Executive Board, Alina Gabriela Popa as CFO and member of the Executive Board, Radu Sorin Căprău as Executive Board member responsible for Refining & Marketing activity and Franck Albert Neel as Executive Board member responsible for Gas & Power activity. Moreover, during the same meeting, the Supervisory Board approved the appointment of Cristian Hubati as new Executive Board member responsible for Exploration & Production activity for a four-year mandate starting April 17, 2023 until April 16, 2027, following the expiry on April 16, 2023 of the mandate as Executive Board member of Hans Christopher Veit.

Therefore, at the end of 2022, as well as at the date of this report, the Executive Board has the following composition:

#### **Christina Verchere (1971)**

##### **Chief Executive Officer and President of the Executive Board**

Christina Verchere holds a Master degree in Economics Science from the University of Aberdeen, Scotland. She started her career in 1993 and has spent over 20 years with an oil and gas supermajor, where she held numerous leadership positions in the UK, the US, Canada and Indonesia. From 2012 to 2014, she was the Regional President of BP Canada based in Calgary and from 2014 to 2018, she was BP Regional President of the Asia Pacific region, based in Jakarta, Indonesia. She was appointed Chief Executive Officer and President of the Executive Board of OMV Petrom as of May 1, 2018.

#### **Alina Popa (1977)**

##### **Chief Financial Officer**

Alina Popa graduated from Bucharest Academy of Economic Studies, Faculty of Accounting and Information Systems and is a member of Association of Chartered Certified Accountants (ACCA). She started her career at Deloitte Audit Romania. She joined OMV Petrom in 2006 and has held leadership positions in finance functions, coordinating important projects in the financial field. Between 2015 and 2019, she has been the General Manager and President of the Board of Directors of OMV Petrom Global Solutions, the Shared Service Center of OMV Group. She was appointed Chief Financial Officer and member of the OMV Petrom Executive Board as of April 17, 2019.

#### **Christopher Veit (1958)**

##### **Responsible for Exploration & Production**

Christopher Veit holds a degree in Mechanical Engineering and a Masters degree of Petroleum Engineering of the Mining University at Leoben. He joined OMV Group in 1986 as a Production Engineer. He held various technical and management positions in Libya, Pakistan and Austria such as the Senior Vice President and Managing Director of OMV Austria Exploration & Production GmbH. As of January 2016, he took over the position as Senior Vice-president of Exploration, Development & Production within OMV Exploration & Production GmbH. He also represented OMV in several supervisory boards of its subsidiaries. He is member of the advisory board of the Department of Petroleum Engineering at Mining University in Leoben. He was appointed member of the OMV Petrom Executive Board starting October 1, 2020.

#### **Radu-Sorin Căprău (1974)**

##### **Responsible for Refining & Marketing**

After graduating the Faculty of Management from the University of Economic Studies in Braşov, Radu Căprău started his career in the sales & marketing area, before joining OMV in 2000 as Area Manager for OMV Romania. Since then, he held various management positions within OMV Group in Romania and Bulgaria, being responsible for Retail, Supply & Sales and Value Chain Management. In 2018, he was the Head of Crude Supply & Trading within OMV Refining & Marketing GmbH in Vienna. He was appointed member of the OMV Petrom Executive Board as of October 1, 2018.

#### **Franck Albert Neel (1970)**

##### **Responsible for Gas & Power**

Franck Neel studied Energy at the University of Rouen and received an Engineer Degree and then followed a Master of Mechanical Engineering at Cranfield University in United Kingdom. Later on, he earned an Executive Degree from the London Business School. Franck Neel spent 25 years working for the Group Engie. Thus, he started his career at Gaz de France in the engineering department, where he spent seven years, and then moved to the Marketing and Sales with different functions in different countries such as France, Czech Republic, Hungary, Netherlands, Italy and United Kingdom before joining OMV Petrom. He was appointed member of the OMV Petrom Executive Board as of July 1, 2018.

#### **Main duties and powers of the Executive Board**

The main powers of the Executive Board, performed under the supervision and control of the Supervisory Board, are:

- ▶ to establish the strategy and policies regarding the development of the Company, including the organization structure of the Company and the operational divisions;
- ▶ to submit annually for the approval of the GMS, within four months after the end of the financial year, the report regarding the business activity of the Company, the financial statements for the previous year, as well as the business activity and budget projects of the Company for the current year;
- ▶ to conclude legal acts on behalf of and for the account of the Company, with observance of matters reserved to the GMS or to the Supervisory Board;
- ▶ to hire and dismiss, and to establish the duties and responsibilities of the Company's personnel, in line with the Company's overall personnel policy;
- ▶ to undertake all the measures necessary and useful for the management of the Company, implied by the daily management of each division or delegated by the GMS or by the Supervisory Board, with the exception of those reserved to the GMS or to the Supervisory Board through operation of law or of the Articles of Association;
- ▶ to exercise any competence delegated by the Extraordinary GMS.

The Executive Board reports to the Supervisory Board on a regular basis on all relevant issues concerning the course of business and its operations, strategy implementation, the risk profile and risk management of the Company.

Moreover, the Executive Board ensures that the provisions of the relevant capital markets legislation are complied with and implemented by the Company. Likewise, the Executive Board ensures the implementation and operation of accounting, risk management and internal controlling systems which meet the requirements of the Company.

The members of the Executive Board have the duty to disclose immediately to the Supervisory Board any material personal interests they may have in transactions of the Company, as well as all other conflicts of interest. Furthermore, they have the duty to notify other Executive Board colleagues of such interests forthwith.

All business transactions between the Company and the members of the Executive Board, as well as persons or companies closely related to them, must be in accordance with normal business standards and applicable corporate regulation. Such business transactions, as well as their terms and conditions, require the prior approval of the Supervisory Board.

#### **Executive Board functioning**

The responsibilities of the Executive Board members, as well as the working procedures and the approach to conflicts of interest are governed by the relevant internal regulations.

The Executive Board may hold meetings in person or by telephone or video conference. The meetings of the Executive Board are held regularly (at least once every two weeks, but usually every week) and whenever necessary for the operative management of the Company's daily business.

The Executive Board shall have a quorum if all members were invited and if at least three members are personally present. The Executive Board shall pass its resolutions by simple majority of the votes cast. In the event of a tie, the President shall have a casting vote. However, the President shall endeavor in her/his best efforts to achieve that, to the extent possible, resolutions are passed unanimously.

Should the nature of the situation requires it, the Executive Board can pass a resolution by circulation based on the written unanimous agreement, without an actual meeting being held. The President shall assess whether such a procedure is called for. Such a procedure may not be used for resolutions pertaining to the annual financial statements of the Company or its registered share capital.

In 2022, the Executive Board met 45 times, either in person or by video conference and passed resolutions by circulation on 10 other occasions in order to approve all matters requiring its approval in accordance with the Articles of Association and the Company's internal regulations, as well as to allow the members of the Executive Board to discuss all significant matters concerning the Company and to inform each other about all relevant issues of their activity.

### Women's advancement

The Company supports gender diversity and development of women in management positions, although acknowledges the gender gap in the oil and gas industry.

OMV Petrom strives for diverse teams and thus, aims to increase the percentage of women at senior management levels (including female executives and women in advanced management career level) to 32% by 2025. The Company supports this through a number of initiatives such as mentoring, succession planning, and specific programs. Additional information will be available in the 2022 Sustainability Report.

During 2022, until October 31, inclusively, OMV Petrom had three women in its management bodies: Christina Verchere, the CEO and President of the Executive Board, Alina Gabriela Popa, CFO and member of the Executive Board and Elena Skvortsova, member of the Supervisory Board of OMV Petrom, who waived her mandate effective of November 1. Starting January 1, 2023, Katja Tautcher became Supervisory Board member, so at the date of this

report, OMV Petrom has again three women in its management bodies.

Moreover, at the end of 2022, the percentage of women at senior management levels (including female executives and women in advanced management career level) was 31.1%.

The percentage of women at all management levels was 29.1%.

The proportion of women in the OMV Petrom Group as a whole was 27.2% at year-end.

OMV Petrom is committed to protecting the rights, opportunities of all employees, by promoting parity, eliminating gender bias and by offering learning opportunities. Also, OMV Petrom makes available to all employees an Ombudsman Department, namely the PetrOmbudsman, to which they may raise work related issues, including gender related.

### Principles of Remuneration Policy

OMV Petrom targets to reach a market position with compensation levels designed to be competitive in the respective labour markets, ideally in reference to the oil and gas sector, in order to attract, motivate and retain the best qualified talents. This enables us to have a rewarding offer in place, which attracts, motivates and retains those people who are OMV Petrom's competitive advantage and a vital factor for OMV Petrom's sustainable success. In addition, when setting up our reward structures and individual compensation packages, we always pay attention to internal equity.

OMV Petrom's remuneration principles are targeting more than just being compliant with the legislation. The Company places people at the core of its business, being one of the main pillars of the Company's success.

Starting with 2021 financial year, OMV Petrom has in place a Remuneration Policy for the Executive Board and Supervisory Board drafted by the Presidential and Nomination Committee, in close cooperation with independent consultants, approved by the Supervisory Board and ultimately by the Ordinary GMS. In 2022, following the launch of the Strategy 2030, which outlines how the Company plans to manage its transition to be fit for a lower carbon future, a revised Remuneration Policy reflecting the Strategy was approved by the Ordinary GMS.

The Remuneration Policy is aligned with OMV Petrom's long-term strategy, current market practice, as well as OMV Petrom's shareholders' views and interests. It follows OMV



Petrom's core principle of pay according to performance. The current Remuneration Policy is available on the corporate website [www.omvpetrom.com](http://www.omvpetrom.com) in the About Us section, Management & Corporate Governance sub-section.

#### **Remuneration of the Executive Board and Supervisory Board members**

The implementation of the Remuneration Policy and the performance outcomes for the financial year 2022 are presented in the 2022 Remuneration Report for OMV Petrom's Executive Board and Supervisory Board, that will be submitted for consultative vote in the Ordinary GMS on April 26, 2023.

#### **Remuneration of other staff**

The employees of OMV Petrom are employed under local Romanian terms and conditions and the salaries are set in RON currency. The employment contracts are concluded with OMV Petrom and governed by the Romanian law. Reflecting additional responsibilities in other OMV Petrom Group companies, there are employees with an additional part time employment contract with other entities within OMV Petrom Group.

The remuneration of OMV Petrom employees is at competitive levels for the relevant oil and gas industry and includes: (i) a fixed base remuneration, paid monthly as a net salary determined by applying to the base gross salary the income tax quotas and social contributions, (ii) other fixed payments, such as fixed bonuses and special allowances according to the Collective Labour Agreement, (iii) other statutory and non-statutory benefits, such as private insurance, holiday indemnity / special days off and, depending on the assigned position, a company car, car compensation fee, commuting and transportation support and (iv) short-term (discretionary and / or annual) performance-related bonuses. The measures / key performance indicators used are based on financial and non-financial metrics.

In order to compensate the transfer of the social security contributions from the employer to the employee based on the fiscal changes introduced by OUG no. 79/2017, OMV Petrom granted a 20% indemnity allowance, applicable to all working agreements, as a temporary measure. Starting with January 1, 2023, this 20% allowance was included in the base salary, but this may be subject to change in the future in case the legal provisions regulating payment of social security contributions will undergo amendments.

Corporate governance statement<sup>xviii</sup>

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
<b>Section A - Responsibilities</b>			
A.1. All companies should have internal regulation of the Board which includes the terms of reference/ responsibilities for the Board and key management functions of the company, applying, among others, the General Principles of this Section.	√		OMV Petrom is managed in a two-tier system by an Executive Board, which manages the daily business of the Company under the supervision of the Supervisory Board. The Company's corporate governance structure and principles, as well as the competences and responsibilities of the GMS, the Supervisory Board and the Executive Board are laid down in the Articles of Association, the Rules and Procedures of the GMS, the internal rules of the Supervisory Board and of the Executive Board, and in other relevant internal regulations. The main responsibilities of the Executive Board and Supervisory Board (including its committees), as well as of the GMS are also mentioned in the Annual Report and on the Company's website, About Us section, Management & Corporate Governance sub-section.
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	√		The members of the Executive Board and the members of the Supervisory Board have, by law, a duty of care and a duty of loyalty to the Company, stated not only in the Company's Articles of Association, but also in other internal regulations. Moreover, the Company has in place internal rules on how to deal with conflicts of interest, when such situations occur, providing for immediate disclosure and refraining from debates/voting on that particular matter.
A.3. The Supervisory Board should have at least five members.	√		The Supervisory Board consists of nine members appointed by the Ordinary GMS, in accordance with the provisions of Company Law and the Company's Articles of Association.
A.4. The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Supervisory Board should submit a declaration	√		OMV Petrom's governance follows a two-tier system, with the Executive Board ensuring the management of the Company under the control and supervision of the Supervisory Board. The Supervisory Board comprises nine members who are all non-executives. Therefore, the balance between executives and non-executives is ensured. Upon appointment of each Supervisory Board member, the Company conducts an independence evaluation

<sup>xviii</sup> The statement summarises the main highlights of the Bucharest Stock Exchange Corporate Governance Code's provisions. For the full text of the Code please refer to Bucharest Stock Exchange website [www.bvb.ro](http://www.bvb.ro)

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.			<p>based on the independence criteria provided by the Corporate Governance Code (which are substantially similar to those provided by the Company Law). The independence evaluation consists of an individual personal assessment carried out by the relevant Supervisory Board member and is then followed by an external assessment for those that consider themselves independent.</p> <p>Moreover, for the purpose of preparing the Corporate Governance Report section of the Annual Report, the Company reconfirmed with all Supervisory Board members their independent or non-independent status as of December 31, 2022.</p> <p>Following this evaluation, it resulted that at the date of this report, three Supervisory Board members meet all the independence criteria provided by the Corporate Governance Code. Information on the independence status of the members of the Supervisory Board is included on the Company's corporate website, in the About Us section, Management &amp; Corporate Governance sub-section, and in the Supervisory Board Report.</p>
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	√		Information on the Supervisory Board and Executive Board members' permanent professional commitments and engagements, including executive and non-executive positions in companies and not-for-profit institutions is included in the Supervisory Board and Executive Board members' CVs, available on the Company's corporate website, in the About Us section, Management & Corporate Governance sub-section.
A.6. Any member of the Board should submit to the Board information on any relationship with a shareholder who holds either directly or indirectly, shares representing more than 5% of all voting rights.	√		<p>The members of the Executive Board and the members of the Supervisory Board have, by law, a duty of care and a duty of loyalty to the Company, stated not only in the Company's Articles of Association, but also in other internal regulations.</p> <p>The Company has put in place internal rules on how to deal with conflicts of interest.</p>
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	√		The Company has a General Secretary, who supports the works of both the Executive Board and Supervisory Board (including its committees).
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points	√		<p>Based on a Supervisory Board Self-Evaluation Guideline which provides the purpose, criteria, and frequency of such an evaluation, the Supervisory Board undergoes a self-evaluation process on a yearly basis.</p> <p>The self-evaluation is conducted under the leadership of the President of the Presidential and Nomination Committee.</p>

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.			The outcome of the Supervisory Board's self-evaluation for 2022 is presented in the Supervisory Board Report.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	√		The Company's Executive Board meetings are held regularly (at least once every two weeks, but usually every week), while the Supervisory Board meets whenever necessary, but at least once every three months. Details on the number of meetings and attendance at the meetings of the Executive Board and the Supervisory Board, including the Audit Committee and the Presidential and Nomination Committee, during 2022, are included in the Supervisory Board Report and the Corporate Governance Report. The reports of the Supervisory Board and Executive Board for 2022 are included in the Annual Report and submitted for Ordinary GMS's approval.
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	√		Following the independence evaluation of the Supervisory Board members, as per the independence criteria provided by the Corporate Governance Code (which are substantially similar with those provided by the Company Law), it resulted that, at the date of this report, three Supervisory Board members meet all the independence criteria stipulated by the Corporate Governance Code. Information on the independence status of the members of the Supervisory Board is included on the Company's corporate website About Us section, Management & Corporate Governance sub-section, and in the Supervisory Board Report.
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		√	As stipulated in the Company's Articles of Association and applicable law, the Supervisory Board members are appointed by the Ordinary GMS, based on a transparent procedure of appointment and on the majority of votes of the shareholders. Prior to the Ordinary GMS, their CVs are made available for the consultation of the shareholders. The shareholders can supplement the candidates list for the position of member of the Supervisory Board. In accordance with the Company's Articles of Association, the Executive Board members are appointed by decision of the Supervisory Board based on the majority of votes. OMV Petrom's Supervisory Board has set up a Presidential and Nomination Committee.



Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
			<p>The main role of the Presidential and Nomination Committee is to be involved in the succession planning for the Executive Board, having full responsibility on the selection process of candidates for appointment in the Executive Board. In addition, the Presidential and Nomination Committee has the right to make recommendations concerning the proposal of candidates for appointment in the Supervisory Board. The Presidential and Nomination Committee is composed of four members appointed from among its members. As members of the Supervisory Board, all members of the Presidential and Nomination Committee are therefore non-executives.</p> <p>At the date of this report, two members of the Presidential and Nomination Committee are independent and thus, the Company is only "partially compliant" with this provision.</p>
<b>Section B - Risk management and internal control system</b>			
<p>B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.</p>	√		<p>OMV Petrom's Supervisory Board has set up an Audit Committee from among its members. The members of the Audit Committee are therefore all non-executives. The Audit Committee is composed of five Supervisory Board members, out of which three are independent. Therefore, at the date of this report, the Company is "compliant" with this provision.</p> <p>The Audit Committee includes members who have adequate qualifications relevant to the functions and responsibilities of the Audit Committee. In addition, three members have also financial, auditing or accounting experience.</p>
<p>B.2. The audit committee should be chaired by an independent non-executive member.</p>	√		<p>As members of the Supervisory Board, all members of the Audit Committee, including the president of the Audit Committee, are non-executives.</p> <p>Based on the independence evaluation, it resulted that at all times during 2022 as well as at the date of this report, the president of the Audit Committee meets all independence criteria provided by the Corporate Governance Code.</p>
<p>B.3. Among its responsibilities, the audit committee should undertake</p>	√		

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
an annual assessment of the system of internal control.			The main roles and functions of the Audit Committee, as detailed in the Terms of Reference for the Audit Committee, consist of the following:
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	√		<ul style="list-style-type: none"> <li>▶ examining and reviewing the annual separate and consolidated financial statements and the proposal for profit distribution;</li> <li>▶ considering and making recommendations on the appointment, re-appointment or removal of the independent external financial auditor, which is to be elected by the Ordinary GMS;</li> <li>▶ undertaking an annual assessment of the internal control system considering the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the Audit Committee, the responsiveness and effectiveness of management to deal with identified internal control failings or weaknesses and their submission of relevant reports to the Supervisory Board;</li> </ul>
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	√		
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	√		<ul style="list-style-type: none"> <li>▶ reviewing conflicts of interests in transactions of the Company and its subsidiaries with related parties;</li> <li>▶ evaluating the efficiency of the internal control system and risk management system;</li> <li>▶ monitoring the application of statutory and generally accepted standards of internal auditing;</li> <li>▶ regularly receiving a summary of the main findings of the audit reports, as well as other information regarding the activities of the Internal Audit department and evaluating the reports of the internal audit team;</li> </ul>
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	√		<ul style="list-style-type: none"> <li>▶ examining and reviewing, before their submission to the Supervisory Board for approval, related party transactions that exceed or are expected to exceed 5% of the Company's net assets, in accordance with Related Party Transactions Policy, and observing also the legal provisions in place;</li> <li>▶ overseeing and approving the nature and level of non-audit services provided by the independent financial auditor to the Company, including by issuance of regulations/guidelines regarding such services.</li> </ul>
B.8. Whenever the Code mentions reviews or analyses to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	√		The Audit Committee submits periodic reports to the Supervisory Board on the specific subjects assigned to it.

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	√		The Company applies equal treatment to all its shareholders. According to the internal Policy on Related Party Transactions in place within the Company, related party transactions are considered on their merits in accordance with the normal industry standards, applicable laws and corporate regulations.
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	√		The Company adopted an internal Policy on Related Party Transactions providing for the main principles of review, approval and disclosure of related party transactions, according to the legal provisions in place and the Company's statutory documents, including the fact that related party transactions that exceed or are expected to exceed, either individually or jointly, an annual value of 5% of the Company's net assets must be approved by the Supervisory Board following the approval of the Executive Board and based on the review of the Audit Committee of the respective transaction. OMV Petrom submits reports on significant transactions with its related parties to the Financial Supervisory Authority and to the Bucharest Stock Exchange. Such disclosure reports are reviewed by the independent financial auditor according to the relevant laws in force.
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	√		Internal audits are carried out by a separate structural department within the Company, namely the Internal Audit department.
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.		√	The Internal Audit department administratively reports to the CEO. Still, the Internal Audit department continues to maintain some functional reporting to the Executive Board, meaning that the Company only "partially complies" with this provision. Nonetheless, the Audit Committee is regularly informed about the main internal audit findings and other activities of the Internal Audit department. Moreover, the Audit Committee approves the audit charter (which stands for the terms of reference of the Internal Audit department and which describes its purpose, authority and responsibility) and approves the annual internal audit plan. Therefore, in our opinion, the independence and objectivity of the internal audit function is not impaired by this reporting structure. Likewise, the Internal Audit Department did not encounter, in its past experiences, cases that could be considered as

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
			jeopardizing its independence or objectivity due to these functional reporting lines. The Company is assessing how to fully comply with this provision in the future.
<b>Section C - Fair rewards and motivation</b>			
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	√		The Company has a Remuneration Policy which is aligned with OMV Petrom's long-term strategy, current market practice, as well as OMV Petrom's shareholders' views and interests. It follows OMV Petrom's core principle of pay granted according to performance. The Remuneration Policy is available on the corporate website in the About Us section, Management & Corporate Governance sub-section.  The implementation of the Remuneration Policy and the performance outcomes are presented in the annual Remuneration Report for OMV Petrom's Executive Board and Supervisory Board. The 2022 Remuneration Report for OMV Petrom's Executive Board and Supervisory Board will be submitted for consultative vote in the Ordinary GMS on 26 April 2023.
<b>Section D - Building value through investors' relations</b>			
D.1. The company should have an Investor Relations function - indicated, by person(s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures. D.1.2. Professional CVs of the members of its governing bodies, Board members' other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports);	√		The Company has a special department dedicated to Investor Relations that can be contacted via e-mail at investor.relations.petrom@petrom.com. Likewise, OMV Petrom has a special section of the corporate website dedicated to Investor Relations, where the following main information/documents are available, both in English and Romanian: <ul style="list-style-type: none"> <li>▶ Articles of Association – in the About us section, Management &amp; Governance sub-section;</li> <li>▶ Rules and Procedures of the GMS – in the About Us section, Management &amp; Governance / General Meeting of Shareholders sub-section;</li> <li>▶ Detailed professional CVs for all members of the Executive Board and Supervisory Board – in the About Us section, Management &amp; Governance/ Supervisory Board or Executive Board sub-sections;</li> <li>▶ Current reports and periodic reports – in the Investors section, News and Shareholder Information and Publications sub-sections;</li> <li>▶ Convening notices and supporting materials for the GMS – in the About Us section, General Meeting of Shareholders sub-section;</li> <li>▶ Financial calendar and information on other corporate events – in the Investors section, News and Shareholder Information sub-section;</li> <li>▶ Name and contact information of a person able to provide investors with relevant information on</li> </ul>



Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
<p>D.1.4. Information related to general meetings of shareholders;</p> <p>D.1.5. Information on corporate events;</p> <p>D.1.6. The name and contact data of a person who should be able to provide relevant information on request;</p> <p>D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>			<p>request – in the Investors section, News and Shareholder Information sub-section;</p> <p>► Investor Presentations, Annual and Interim Reports, Annual and Interim Financial Statements, both separate and consolidated, including also the independent financial auditor reports, as the case – in the Investors section, News and Shareholder Information and Publications sub-sections.</p>
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.	√		The Company's Dividend Policy is published on its corporate website in the Investors section, Shares and Dividends sub-section, as well as in the About Us section, Management & Corporate Governance sub-section.
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts mean the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	√		The Company has a Forecast Policy which is published on its corporate website in the About Us section, Management & Corporate Governance sub-section.
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of	√		The details regarding the organization of the GMS are mentioned in the Company's Articles of Association and the Rules and Procedures of the GMS, as well as briefly stated in the Corporate Governance Report. Likewise, OMV Petrom publishes convening notices for every GMS which describe in detail the procedure to be followed for the respective meeting. In this manner, the

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
the next general meeting of shareholders.			Company ensures that the GMSs are adequately conducted and well organized, while the shareholders' rights are duly observed.
D.5. The independent financial auditors should attend the shareholders' meetings when their reports are presented there.	√		The independent financial auditors attend the Ordinary GMS whereby the annual separate and consolidated financial statements are submitted for approval.
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	√		All matters submitted for GMS approval are subject to the Supervisory Board's approval according to Company's internal rules. Moreover, the Annual Report submitted for GMS approval contains a brief assessment of the internal controls and significant risk management systems.
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	√		The Rules and Procedures of the GMS provide for the possibility for any professional, consultant, expert, financial analyst or accredited journalists to participate in the GMS, upon prior invitation from the President of the Supervisory Board.
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	√		The quarterly and semi-annual financial reports include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial and operational indicators, both on quarter-on-quarter and year-on-year terms.
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the Investor Relations section of the company website at the time of the meetings/conference calls.	√		OMV Petrom organizes one-to-one meetings and conference calls with financial analysts, investors, brokers and other market specialists to present the financial and operational elements relevant for their investment decision. In 2022, OMV Petrom organized four conference calls following the publication of the quarterly results. In addition, the Company's top management and the Investor Relations team had an active presence on the local and foreign capital markets, by attending brokers' conferences and organizing calls for analysts and investors as well as non-deal road shows. For more details, please also see the Annual Report's section

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	√		<p>relating to OMV Petrom on the capital markets. The Investor presentations were made available at the time of the meetings / conferences on the corporate website, in the Investors section, Events, Roadshows and Conferences sub-sections.</p> <p>OMV Petrom conducts various activities regarding education, social and environmental responsibility, as well as governance, supporting the local communities in which it operates. OMV Petrom concentrates its sustainability efforts on the following focus areas: transition to low carbon business, running responsible operations, innovation &amp; digitalization and fostering people and communities.</p> <p>More details in relation thereto may be found in the Sustainability Report for 2022, which is issued by the Company, in accordance with the legal requirements regarding the disclosure of non-financial information.</p>

## Declaration of the management

We confirm to the best of our knowledge that the consolidated financial statements for the year ended December 31, 2022 give a true and fair view of OMV Petrom Group's assets, liabilities, financial position and profit or loss, as required by the applicable accounting standards, and that the Directors' report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties associated with the expected development of the Group.

Bucharest, March 16, 2023

The Executive Board

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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  
Exploration and Production

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Franck Neel  
Member of the EB  
Gas and Power

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Radu Căprău  
Member of the EB  
Refining and Marketing



## Abbreviations and definitions

ABB	Accelerated Book Building
ANRE	Romanian Energy Regulatory Authority
bbl	barrel(s), i.e. 159 liters
bbl/d	bbl per day
bcf	billion cubic feet; 1 billion standard cubic meters = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
bcm	billion cubic meters
bn	billion / billions
boe, kboe	barrels of oil equivalent, thousand barrels of oil equivalent
boe/d, kboe/d	boe per day, kboe per day
BET	a free float market capitalization weighted index reflecting the performance of the most traded 17 companies on the BSE's regulated market
BSE	Bucharest Stock Exchange
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
Capital employed	Equity including minorities + net debt/(cash)
CCS / CCS effects / Inventory holding gains / (losses)	<p>Current cost of supply</p> <p>Inventory holding gains and losses represent the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost.</p> <p>In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have distorting effect on reported results (Operating Result, Net income etc.).</p> <p>The amount disclosed as CCS effects represents the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to realizable value) and the charge based on the current cost of supply.</p> <p>The current cost of supply is calculated monthly using data from our refinery's supply and production systems at Downstream Oil level.</p>
CCS	Carbon Capture and Storage
CCU	Carbon Capture and Usage
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Clean CCS Operating Result	Operating Result adjusted for special items and CCS effects. Group clean CCS Operating Result is calculated by adding the clean CCS Operating Result of Downstream Oil, the clean Operating Result of the other segments and the reported consolidation effect adjusted for changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost.
Clean CCS net income attributable to stockholders	Net income attributable to stockholders, adjusted for the after tax effect of special items and CCS
Clean CCS ROACE	Clean CCS Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) adjusted for the after tax effect of special items and CCS, divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
CNG	Compressed Natural Gas
CV	Curriculum Vitae
EB	Executive Board
EPS	Earnings per share = Net income attributable to stockholders divided by weighted number of shares
E&P	Exploration and Production
Equity ratio	Equity / (Total Assets) in %
ESG	Environmental, Social and Governance
EU, EUR	European Union, euro(s)
EURIBOR	Euro Interbank Offer Rate – the reference rate for European banks in interbank loans denominated in EUR
EV	Electric Vehicles

EWRM	Enterprise-Wide Risk Management
FP	Fondul Proprietatea
FRD	Field redevelopment
GDP	Gross Domestic Product
GDR	Global Depositary Receipts
GMS	General Meeting of Shareholders
G&P	Gas and Power
HSSE	Health, Safety, Security and Environment
HU	Hungary
IE	Ireland
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LSE	London Stock Exchange
LTIR	Lost-time injury rate (employees and contractors). The number of lost time injuries (fatalities and lost workday injuries) per one million hours worked.
m, km	meter(s), kilometer(s)
mn	million / millions
mom	month-on-month
MTBF	mean time between failures
MW; MWh	megawatt(s); megawatt hour(s)
n.a.	not applicable/not available (as the case may be)
n.m.	not meaningful; the deviation is above ( $\pm$ ) 500% or the comparison is made between values of opposite signs
NAMR	National Agency for Mineral Resources
Net debt/(cash)	Interest bearing debts and financial lease liabilities less liquid funds (cash and cash equivalents)
NGL	Natural Gas Liquids – it refers to condensate only
NOPAT	Net Operating Profit After Tax. Profit on ordinary activities after taxes +/- net interest on net borrowings, +/- result from discontinued operations, +/- tax effect of adjustments
OECD	Organisation for Economic Co-operation and Development
OGMS	Ordinary general meeting of shareholders
OPCOM	The administrator of the Romanian electricity market
OPEC	Organization of Petroleum Exporting Countries
Operating Result	The “Operating result” includes the former indicator EBIT (“Earnings Before Interest and Taxes”) and the net result from equity-accounted investments
Operating Result before depreciation	Former EBITD = Operating Result Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets, including reversals
OPEX	Operating Expenses
Q	quarter
PV	Photovoltaic
R&M	Refining and Marketing
ROACE	Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
ROBOR	Romanian Interbank Offer Rate – the reference rate for Romanian banks in interbank loans denominated in RON
RON	New Romanian leu

RRR	Reserve Replacement Rate
S.A.	Romanian JSC - Joint stock company (Societate pe Acțiuni)
SAF	Sustainable Aviation Fuel
SDGs	Sustainable Development Goals
SDS	Sustainable Development Scenario
Special items	Special items are expenses and income reflected in the financial statements that are disclosed separately, as they are not part of underlying ordinary business operations. They are being disclosed separately in order to enable investors to better understand and evaluate OMV Petrom Group's reported financial performance.
t, kt	metric tonne(s), thousand tonnes; 1t of crude oil = 7.193 bbl for Romania or 7.78 bbl for Kazakhstan
TCFD	Task Force on Climate-related Financial Disclosures
TP	Target Price
TRIR	Total Recordable Injury Rate (employees and contractors); the number of recordable injuries (fatalities + lost workday cases + restricted work day cases + medical treatment cases) calculated as 12 months rolling average per 1,000,000 hours worked;
TWh	terawatt hour(s)
UK	United Kingdom
UN	United Nations
US(A)	United States (of America)
USD	United States dollar(s)
VAT	Value added tax
yoy	year-on-year



# OMV Petrom S.A. Consolidated financial statements

for the year ended December 31, 2022  
prepared in accordance with  
International Financial Reporting Standards  
as endorsed by the European Union





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# OMV PETROM S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS OF DECEMBER 31, 2022

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

	Notes	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
Intangible assets	6	3,015.67	2,889.08
Property, plant and equipment	7	24,751.07	25,864.51
Investments in associated companies	8	40.83	34.41
Other financial assets	9	2,047.46	1,995.88
Other assets	10	327.69	333.29
Deferred tax assets	18	2,035.60	1,538.21
<b>Non-current assets</b>		<b>32,218.32</b>	<b>32,655.38</b>
Inventories	11	3,814.84	2,293.02
Trade receivables	9	3,548.45	2,640.68
Other financial assets	9	2,390.87	1,742.09
Other assets	10	1,278.02	301.25
Cash and cash equivalents	32	14,256.13	10,322.65
<b>Current assets</b>		<b>25,288.31</b>	<b>17,299.69</b>
Assets held for sale	12	14.83	14.83
<b>Total assets</b>		<b>57,521.46</b>	<b>49,969.90</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	13	6,231.17	5,664.41
Reserves		34,271.42	28,548.93
<b>Equity of stockholders of the parent</b>		<b>40,502.59</b>	<b>34,213.34</b>
Non-controlling interests		5.81	0.55
<b>Total equity</b>		<b>40,508.40</b>	<b>34,213.89</b>
Provisions for pensions and similar obligations	14	157.08	170.05
Interest-bearing debts	15	-	16.49
Lease liabilities	32	498.86	501.41
Provisions for decommissioning and restoration obligations	14	6,716.36	6,051.61
Other provisions	14	674.47	672.95
Other financial liabilities	16	52.97	98.84
Other liabilities	17	50.85	52.01
<b>Non-current liabilities</b>		<b>8,150.59</b>	<b>7,563.36</b>
Trade payables	16	4,265.77	3,265.78
Interest-bearing debts	15	137.87	255.06
Lease liabilities	32	155.96	158.32
Income tax liabilities		522.89	203.82
Other provisions and decommissioning	14	1,379.36	417.77
Other financial liabilities	16	1,125.78	2,725.48
Other liabilities	17	1,274.84	1,166.42
<b>Current liabilities</b>		<b>8,862.47</b>	<b>8,192.65</b>
<b>Total equity and liabilities</b>		<b>57,521.46</b>	<b>49,969.90</b>

# OMV PETROM S.A. AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENT

### FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Notes	2022	2021
Sales revenues	19, 28	61,344.44	26,011.13
Other operating income	20	1,339.07	185.47
Net income from investments in associates	21	8.73	5.23
<b>Total revenues and other income</b>		<b>62,692.24</b>	<b>26,201.83</b>
Purchases (net of inventory variation)		(30,376.50)	(10,572.06)
Production and operating expenses		(6,918.90)	(4,100.78)
Production and similar taxes		(5,435.21)	(1,988.06)
Depreciation, amortization, impairments and write-ups	23	(5,064.36)	(3,399.41)
Selling, distribution and administrative expenses		(2,424.73)	(1,976.73)
Exploration expenses		(134.41)	(203.36)
Other operating expenses	22	(299.38)	(252.58)
<b>Operating result</b>	<b>28</b>	<b>12,038.75</b>	<b>3,708.85</b>
Interest income	24	776.09	160.69
Interest expenses	24	(725.86)	(464.74)
Other financial income and expenses	25	(33.13)	(6.70)
<b>Net financial result</b>		<b>17.10</b>	<b>(310.75)</b>
<b>Profit before tax</b>		<b>12,055.85</b>	<b>3,398.10</b>
Taxes on income	26	(1,755.78)	(533.68)
<b>Net income/(loss) for the year</b>		<b>10,300.07</b>	<b>2,864.42</b>
thereof attributable to stockholders of the parent		10,300.88	2,864.34
thereof attributable to non-controlling interests		(0.81)	0.08
<b>Basic and diluted earnings per share (RON)</b>	<b>27</b>	<b>0.1684</b>	<b>0.0470</b>

# OMV PETROM S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED DECEMBER 31, 2022

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

	2022	2021
<b>Net income for the year</b>	<b>10,300.07</b>	<b>2,864.42</b>
Currency translation differences	1.19	66.66
Gains/(losses) on hedges arising during the year	57.15	(131.60)
Reclassification of (gains)/losses on hedges to income statement	(36.89)	7.43
<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b>21.45</b>	<b>(57.51)</b>
Remeasurement gains/(losses) on defined benefit plans	4.96	20.26
Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	(84.45)	57.22
<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>	<b>(79.49)</b>	<b>77.48</b>
Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(3.24)	61.47
Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	12.73	(12.40)
<b>Total income tax relating to components of other comprehensive income</b>	<b>9.49</b>	<b>49.07</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>(48.55)</b>	<b>69.04</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>10,251.52</b>	<b>2,933.46</b>
thereof attributable to stockholders of the parent	10,252.33	2,933.37
thereof attributable to non-controlling interests	(0.81)	0.09

# OMV PETROM S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED DECEMBER 31, 2022

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

#### Consolidated statement of changes in equity for the year ended December 31, 2022

	Share capital	Revenue reserves	Cash flow hedge reserve	Foreign currency translation reserve	Other reserves	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2022</b>	<b>5,664.41</b>	<b>28,387.59</b>	<b>(18.03)</b>	<b>154.75</b>	<b>24.64</b>	<b>(0.02)</b>	<b>34,213.34</b>	<b>0.55</b>	<b>34,213.89</b>
Net income/(loss) for the year	-	10,300.88	-	-	-	-	10,300.88	(0.81)	<b>10,300.07</b>
Other comprehensive income/(loss) for the year	-	4.18	(53.92)	1.19	-	-	(48.55)	-	<b>(48.55)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>10,305.06</b>	<b>(53.92)</b>	<b>1.19</b>	<b>-</b>	<b>-</b>	<b>10,252.33</b>	<b>(0.81)</b>	<b>10,251.52</b>
Dividends distribution	-	(4,480.53)	-	-	-	-	(4,480.53)	(0.11)	<b>(4,480.64)</b>
Share capital increase*	566.76	-	-	-	(120.66)	-	446.10	-	<b>446.10</b>
Reclassification of cash flow hedges to balance sheet	-	-	70.94	-	-	-	70.94	-	<b>70.94</b>
Change in non-controlling interests and other changes**	-	(43.15)	-	-	43.56	-	0.41	6.18	<b>6.59</b>
<b>Balance at December 31, 2022</b>	<b>6,231.17</b>	<b>34,168.97</b>	<b>(1.01)</b>	<b>155.94</b>	<b>(52.46)</b>	<b>(0.02)</b>	<b>40,502.59</b>	<b>5.81</b>	<b>40,508.40</b>

\* On November 3, 2022, OMV Petrom S.A. completed the share capital increase with the value of RON 566.76 million, by in-kind contribution of the Romanian State in amount of RON 120.66 million and cash contribution of other shareholders in amount of RON 446.10 million. For more details please see Note 13.

\*\* Other changes through "Revenue reserves" in amount of RON (43.15) million include RON (37.29) million representing increase of value of land plots subject to the land share capital increase carried out during 2022, as per independent valuation report, and RON (5.86) million representing directly attributable transaction costs associated with the share capital increase carried out during 2022.

Other changes through "Other reserves" in amount of RON 43.56 million include RON 37.29 million representing increase of value of land plots subject to the land share capital increase carried out during 2022, as per independent valuation report, and RON 6.27 million land for which ownership was obtained from the Romanian State during the year and that was subject to the land share capital increase carried out during 2022.

For details on equity components, see Note 13.



**Consolidated statement of changes in equity for the year ended December 31, 2021**

	Share capital	Revenue reserves	Cash flow hedge reserve	Foreign currency translation reserve	Other reserves	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2021</b>	<b>5,664.41</b>	<b>27,262.19</b>	<b>74.36</b>	<b>(168.83)</b>	<b>238.52</b>	<b>(0.02)</b>	<b>33,070.63</b>	<b>0.50</b>	<b>33,071.13</b>
Net income for the year	-	2,864.34	-	-	-	-	2,864.34	0.08	<b>2,864.42</b>
Other comprehensive income/(loss) for the year	-	17.02	(56.24)	323.58	(215.33)	-	69.03	0.01	<b>69.04</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>2,881.36</b>	<b>(56.24)</b>	<b>323.58</b>	<b>(215.33)</b>	<b>-</b>	<b>2,933.37</b>	<b>0.09</b>	<b>2,933.46</b>
Dividends distribution	-	(1,755.96)	-	-	-	-	(1,755.96)	(0.04)	<b>(1,756.00)</b>
Reclassification of cash flow hedges to balance sheet	-	-	(36.15)	-	-	-	(36.15)	-	<b>(36.15)</b>
Change in non-controlling interests and other	-	-	-	-	1.45	-	1.45	-	<b>1.45</b>
<b>Balance at December 31, 2021</b>	<b>5,664.41</b>	<b>28,387.59</b>	<b>(18.03)</b>	<b>154.75</b>	<b>24.64</b>	<b>(0.02)</b>	<b>34,213.34</b>	<b>0.55</b>	<b>34,213.89</b>

For details on equity components, see Note 13.

# OMV PETROM S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Notes	2022	2021
<b>Profit before tax</b>		<b>12,055.85</b>	<b>3,398.10</b>
Interest income	24	(757.49)	(134.51)
Interest expenses and other financial expenses	24, 25	41.71	32.82
Net movement in provisions and allowances for:			
- Inventories		10.74	(4.19)
- Receivables		18.99	(60.36)
- Pensions and similar liabilities		(8.49)	(24.17)
- Decommissioning and restoration obligations		(30.86)	(96.89)
- Other provisions for risk and charges		941.64	(17.85)
Income from associated companies	8	(6.02)	(2.08)
Net gains on the disposal of subsidiaries, businesses and non-current assets	20, 22	(22.83)	(35.95)
Depreciation, amortization and impairments including write-ups		5,120.09	3,496.79
Other non-monetary adjustments	32	(1,363.10)	1,125.33
Interest received		814.04	125.45
Interest and other financial costs paid		(35.25)	(20.25)
Tax on profit paid		(1,898.38)	(351.98)
<b>Cash generated from operating activities before working capital movements</b>		<b>14,880.64</b>	<b>7,430.26</b>
(Increase)/decrease in inventories		(1,555.19)	(212.60)
(Increase)/decrease in receivables		(3,034.06)	(1,080.36)
Increase/(decrease) in liabilities		1,045.22	859.69
<b>Cash flow from operating activities</b>		<b>11,336.61</b>	<b>6,996.99</b>
<b>Investments</b>			
Intangible assets and property, plant and equipment		(3,208.43)	(2,846.22)
Investments and other financial assets	32	(45.39)	-
<b>Disposals</b>			
Proceeds in relation to non-current assets and financial assets	32	148.61	88.01
Proceeds from transfer of business	32	0.99	43.00
Proceeds from sale of subsidiaries, net of cash disposed	32	-	462.27
<b>Cash flow from investing activities</b>		<b>(3,104.22)</b>	<b>(2,252.94)</b>
Increase in share capital	13	446.10	-
Net repayments of borrowings	32	(308.30)	(172.92)
Dividends paid		(4,438.22)	(1,741.02)
<b>Cash flow from financing activities</b>		<b>(4,300.42)</b>	<b>(1,913.94)</b>
Effect of foreign exchange rate changes on cash and cash equivalents		1.51	11.32
<b>Net increase in cash and cash equivalents</b>		<b>3,933.48</b>	<b>2,841.43</b>
Cash and cash equivalents at the beginning of the year		10,322.65	7,481.22
<b>Cash and cash equivalents at the end of the year</b>	32	<b>14,256.13</b>	<b>10,322.65</b>

# OMV PETROM S.A. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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

## 1. LEGAL PRINCIPLES AND BASIS OF PREPARATION

OMV Petrom S.A., with its headquarter based at 22 Coralilor Street, 013329 Bucharest, Romania, has activities in Exploration and Production (E&P), Refining and Marketing (R&M) and Gas and Power (G&P) 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 Group business segments were renamed as follows: Upstream to Exploration and Production; Downstream Oil to Refining and Marketing, and Downstream Gas to Gas and Power.

### Stockholders' structure as at December 31, 2022 and 2021

	Percent 2022	Percent 2021
OMV Aktiengesellschaft	51.157%	51.011%
Romanian State	20.698%	20.639%
Fondul Proprietatea S.A.	-	6.997%
Legal entities and private individuals	28.145%	21.353%
<b>Total</b>	<b>100.000%</b>	<b>100.000%</b>

As of December 31, 2022, the number of Global Depositary Receipts (GDRs) was 127,544, equivalent of 19,131,600 ordinary shares, representing 0.031% of the share capital.

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

### Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

Romanian listed Companies such as OMV Petrom S.A. are required by Ministry of Finance Order no. 1121/2006 to submit the consolidated financial statements prepared in accordance with IFRS as endorsed by EU starting 2007.

The financial year corresponds to the calendar year.

### Basis of preparation

The consolidated financial statements of OMV Petrom Group, hereinafter referred to also as “the Group”, 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. Accordingly, there may be rounding differences. The consolidated 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 4 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 33.

## 2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses, as well as the disclosures in the notes. 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 Group's exposure to risks and uncertainties in relation to capital management and financial risk management and policies are included in Note 36.

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.

Significant estimates and assumptions were required in particular with regards to the effects from the climate crisis and energy transition. These estimates and assumptions are described below.

### Significant estimates and assumptions in assessing climate-related risks

OMV Petrom Group has considered the short- and long-term effects of climate change and energy transition in preparing the consolidated financial statements. They are subject to uncertainty and they may have significant impacts on the assets and liabilities currently reported by the Group.

In 2021, OMV Petrom Group defined the first time concrete short- and medium-term targets for its emissions reductions and committed to achieve net-zero operations by 2050 (Scopes 1 and 2). By 2030, OMV Petrom is aiming for a reduction of 30% for Scopes 1 and 2, both absolute emissions and carbon intensity, and 20% for Scopes 1, 2 and 3 emissions and net carbon intensity of energy supply<sup>xix</sup>. For 2022, we have achieved a lower carbon intensity index of our operations, by around 11% vs. 2019. Scope 1 represents direct emissions from operations that are majority-owned or controlled by the organization, Scope 2 represents indirect emissions associated with the purchase of electricity, steam, heat etc., while Scope 3 refers to other indirect emissions that occur outside the organization from the use and processing of sold products.

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

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

<sup>xix</sup> The base for the emission reduction targets are the Group's emissions in 2019.

estimate of the range of expected future economic conditions, which may differ from such targets. These assumptions include expectations about future worldwide decarbonization efforts and the transition of economies to net zero emissions.

OMV Petrom Group uses two different scenarios: the base case and the stress case. The scenarios differ in the underlying expectations about the pace of the future worldwide decarbonization and lead to different assumptions for demand, prices and margins of fossil commodities. The base case is used for the mid-term planning as well as for estimates going into the measurement of various items in the group financial statements, including impairment testing of non-financial assets and the measurement of provisions. The stress case which is based on a faster decarbonization path than the base case is used for calculating sensitivities in order to recognize the uncertainty in the pace of the energy transition and to better understand the financial risk from energy transition on the existing assets of OMV Petrom Group. Both scenarios, the base and stress case, reflect more climate change mitigation efforts and a faster decarbonization path than the scenarios used in the prior year. But OMV Petrom Group still expects to see energy transition at different paces in different parts of the world.

The base case is built on a scenario in which OECD (Organisation for Economic Co-operation and Development) countries will achieve the net zero emissions goal between 2050 and 2070 (equivalent to a path between the IEA “net zero emissions” (NZE) and “sustainable development” (SDS) scenarios) and non-OECD countries will implement all announced decarbonization pledges in full and on time (equivalent to the IEA “announced pledges scenario” (APS))<sup>xx</sup>.

For the stress test analysis, a decarbonization scenario is used which is a potential trajectory to reaching the climate goals according to the Paris agreement. In this scenario, it is assumed that advanced economies will reach the net zero emissions goal by 2050, while middle-income and developing economies will only follow at a later point but not later than 2070. This scenario is built on a path between the IEA SDS and IEA NZE scenarios. The entire world following the commitments of the Paris agreement leads to lower global demand for oil and gas and consequently to lower oil and gas prices than in the base case. In addition, this scenario incorporates other possible effects such as slower economic growth in the short term.

In an additional sensitivity analysis for assessing the recoverability of the oil and gas assets in the E&P segment, OMV Petrom Group used the Net Zero Emissions by 2050 scenario which was modeled by the IEA<sup>xxi</sup>. It shows a pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050.

For investment decisions, business cases are calculated based on the same price and demand assumptions as are used for the mid-term planning and impairment tests. In addition, a business case calculation based on the stress case assumptions is mandatory for all investment decisions in order to assess the economic viability under a “Paris aligned” scenario. The IEA NZE scenario is not used for investment decisions.

Costs for CO<sub>2</sub> emissions are taken into account in business case calculations, impairment tests as well as the stress case scenario calculations to the extent carbon pricing schemes are in place in the respective countries.

### Recoverability of assets

Commodity price assumptions have a significant impact on the recoverable amounts of E&A assets and PPE. For the impairment tests, the price set as defined for the mid-term planning and incorporating the energy transition scenario as described above was used. Disclosures on the impairment tests are included in Note 2c). The outcome of the impairment tests is not in line with the goals of the Paris agreement.

The sensitivities calculated based on the stress case indicate that there is mainly a risk for impairments in a Paris-aligned scenario for oil and gas assets in the E&P segment. In order to further assess the risk from different decarbonization

<sup>xx</sup> Based on World Energy Outlook 2021 report published by International Energy Agency (IEA). The sustainable development scenario (SDS) which was not included in the IEA World Energy Outlook 2022 report is a normative scenario used to model a “well below 2°C” pathway as well as the achievement of other sustainable development goals and its outcomes are close to the “announced pledges scenario” (APS).

<sup>xxi</sup> Based on the World Energy Outlook 2022 report published by International Energy Agency (IEA)



scenarios and its impact on OMV Petrom Group's oil and gas assets, an additional calculation of a possible effect of using the oil and gas prices in a 1.5°C compatible Net Zero Emission by 2050 (NZE) scenario by the IEA has been performed.

The impact of the OMV Petrom Group stress case and the "NZE by 2050" calculation on the carrying amounts of property, plant and equipment related to oil and gas assets are summarized in the table below.

#### Sensitivities on oil and gas assets\*

	Decrease of carrying amounts of oil and gas assets	Remaining carrying amounts of oil and gas assets	Brent oil price in real terms 2030/2040/2050**
	in billion RON	in billion RON	USD/bbl
OMV Petrom stress case scenario	(11)	6	47/27/20
IEA NZE scenario	(12)	5	36/30/25

\* property, plant and equipment related to oil and gas assets

\*\* in 2027 real terms

Whereas the recoverability of the refinery in the R&M segment would also be impacted through globally declining demand for almost all products, resulting in lower margins and cracks in a scenario assuming a quicker decarbonization path, the carrying amounts of assets in the G&P segment are not expected to be at risk.

More details on the stress tests including a description of the assumptions applied are included in Note 2c).

#### Useful lives

The pace of energy transition may have an impact on the remaining useful lives of assets. The depreciable fixed assets in R&M will in average be fully depreciated over the next 5 to 7 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 R&M segment.

In the E&P segment, oil and gas assets are depreciated using the unit-of-production method which is based on proved reserves. According to the current production plans, 39% of proved reserves as at December 31, 2022, will be left by 2030, 6% by 2040 and nil by 2050. The existing oil and gas assets with proved reserves will therefore be significantly depreciated until 2030 and fully depreciated until 2050.

As OMV Petrom Group doesn't see the existing assets in the G&P segment materially impacted by the energy transition, there is also no material impact on useful lives in this segment expected.

#### Decommissioning provisions

Under the stress case scenario, where no consequential measures that management could implement are considered, the potential earlier economic cut-off date of some oil and gas assets does not significantly impact the carrying amount of the decommissioning provisions.

For refinery, no decommissioning provisions are recognized. The Petrobrazi refinery site is expected to continue to be used for production under a Paris-aligned energy transition scenario. There are significant investments planned in the next years with the goal to adapt OMV Petrom Group's refinery site in the direction of biofuels and chemical feedstock production.

## 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 Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

## a) Oil and gas reserves

Mineral reserves (oil and gas reserves) are estimated by OMV Petrom Group'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. Changes to the estimates of oil and gas reserves impact prospectively the amount of amortization and depreciation. The carrying amount of oil and gas assets at December 31, 2022 is shown in Notes 6 and 7.

The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Group's development and production assets should be impaired. Downward revisions of these estimates could lead to impairment of the asset's carrying amount.

## b) Provisions for decommissioning and restoration obligations

The Group'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 E&P 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 Group 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 Group engineers or by independent contractors, as well as past experience. Any significant, 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 14).

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 Group assesses each asset or cash generating unit (CGU) at each reporting period to determine whether any indication of impairment exists or whether past impairments should be reversed. 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. The assessments require the use of different estimates and assumptions depending on the business such as 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. Changes in the economic situation, expectations about climate-related risks or other facts and circumstance might require a revision of these assumptions and could lead to impairments of assets or reversals of impairments in the future.

### Significant assumptions

The price and margin assumptions used in impairment testing are based on management's best estimate and were consistent with external sources. Whereas prices in the near term are anchored in recent forward prices and market developments, long term price assumptions are developed using a variety of long-term forecasts by reputable experts and consultants and consider long-term views of global supply and demand. OMV Petrom Group's long term assumptions take into consideration the impacts of the climate change and the energy transition to lower-carbon energy sources.

### Impairment testing in E&P

The key valuation assumptions for the recoverable amounts of E&P assets are prices and margins, production volumes, exchange and discount rates. The production profiles were estimated based on reserves estimates (see Note 2a) and 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 a "life of field" planning and therefore cover the whole life term of the field.

The oil price assumptions as well as the RON/USD exchange rates are listed below (in nominal terms in the first 5 years and afterwards in 2027 real terms in 2022, and 2026 real terms in 2021):

Oil price assumptions in 2022	2023	2024	2025	2026	2027	2030	2040	2050
Brent oil price (USD/bbl)	80	75	70	65	65	65	60	60
RON/USD exchange rate	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64
Brent oil price (RON/bbl)	371	348	325	301	301	301	278	278

Oil price assumptions in 2021	2022	2023	2024	2025	2026	2030	2040	2050
Brent oil price (USD/bbl)	65	65	65	65	65	65	60	60
RON/USD exchange rate	4.14	4.14	4.14	4.14	4.14	4.14	4.14	4.14
Brent oil price (RON/bbl)	269	269	269	269	269	269	248	248

In 2022, following the update of mid and long-term planning assumptions, an impairment test was performed for the Exploration and Production segment.

The update of mid and long-term planning assumptions led to impairments (net of write-ups) for tangible assets of RON 1,813 million, before tax, reported in the line "Depreciation, amortization, impairments and write-ups". These net impairments were driven mainly by revised future production profiles for certain oil and gas assets due to a steeper than previously expected natural decline and by higher operating costs. The recoverable amount of impaired assets or for which a reversal of impairment was booked amounted to RON 9,455 million. The after-tax discount rate used was 10.28%. The recoverable amount was based on the value in use.

In 2021, an analysis of the triggering events was performed and it was concluded that there were no indicators for impairment or reversal of impairment, consequently no impairment test was necessary.

#### Impairment testing in R&M

In the R&M business, besides 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 2022 and 2021, based on management estimations it was concluded that there were no triggering indicators for performing an impairment test in R&M.

#### Impairment testing in G&P

In the G&P 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 2022 and 2021, based on management estimations it was concluded that there were no triggering indicators for performing an impairment test in G&P.

#### Sensitivities based on stress case

Sensitivities based on a stress case scenario have been calculated to test the resilience of assets against risks from a slower economic growth and the Ukraine conflict in the near term and from climate-related risks in the longer term. Long-term price and margin assumptions are based on a Paris-aligned scenario with a worldwide transition to net zero emissions between 2050 and 2070 (for more details see above note related to climate-related risks).

The assumptions of the oil price used in the sensitivity analysis are included in the table below (prices in nominal terms in the first 5 years and afterwards in 2027 real terms):

Oil price assumptions in 2022 for sensitivity analysis	2023	2024	2025	2026	2027	2030	2040	2050
Brent oil price (USD/bbl)	65	60	55	50	50	47	27	20
RON/USD exchange rate	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Brent oil price (RON/bbl)	276	255	234	213	213	200	115	85

The stress case sensitivities were calculated using a simplified method. The calculation was based on a DCF model similar to a value in use calculation where no future investments for enhancements and improvements were considered. The calculations do not consider consequential measures that management could implement such as divestments and changes in business plans. The amounts presented should therefore not be seen as a best estimate of an expected impairment impact following such a scenario.

In the E&P 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. The stress case does not include any other changes to input factors than prices and volumes and does not consider any restructuring measures.

Under this stress test scenario, the carrying amounts of property, plant and equipment related to the oil and gas assets with proved reserves would have to be decreased by RON 11 billion. For E&P oil and gas assets an additional sensitivity based on prices according to the IEA Net Zero by 2050 scenario was calculated and showed a decrease in the carrying amount of property, plant and equipment related to oil and gas assets with proved reserves of RON 12 billion (see above note related to climate-related risks). The value of oil and gas assets with unproved reserves that would be abandoned is not significant.

In the R&M segment, the stress case reflects globally declining demand for almost all products resulting in lower margins and cracks compared to the base case scenario. Under the stress case scenario, the carrying amounts related to Petrobrazî refinery would have to be decreased in total by RON 0.4 billion.

In the stress test calculations for Petrobrazî refinery, the cash flows of the 5-year mid-term planning were adjusted for the lower margins. The refining indicator margin was assumed to be lower by approximately 50% in the stress case than in the mid-term planning. The terminal value was calculated based on the cash flows derived from the last detailed planning period and a growth rate which is equivalent to the CAGR derived from a long-term estimate of margins and sales volumes. This growth rate is approximately -3%. In addition, cash flows assumed for the terminal value incorporate a significant decrease in operating costs and investments.

#### d) Exploration and evaluation expenditure

The application of the Group'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

The management is periodically assessing the receivable related to expenditure recoverable from the Romanian State related to obligations for decommissioning and environmental costs in OMV Petrom S.A., which was recognized based on the privatization agreement. The assessment process is considering, inter alia, the history of amounts claimed, documentation process related requirements and potential litigation or arbitration proceedings. For more details, see Note 9 b).

### Judgments

In the process of applying the Group'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 E&P assets into CGUs, in particular with respect to the E&P 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 Group 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 Group has lease contracts which include prolongation and termination options. When determining the lease term to be used for the measurement of the lease, the Group 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. In case of lease term in relation to land for filling stations and access roads, for periods covered by prolongation or termination options, the assumption applied was that the lease term will not exceed 20 years. The maximum useful life of filling station buildings is 20 years and beyond this period the exercise of any option becomes uncertain.

The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rates to measure lease liabilities. These 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. CONSOLIDATION

### a) Subsidiaries

The consolidated financial statements comprise the financial statements of OMV Petrom S.A. ("OMV Petrom" / "the Company") and its subsidiaries ("OMV Petrom Group" or "the Group") as at December 31, 2022, prepared in accordance with consistent accounting and valuation principles. The financial statements of the subsidiaries are prepared for the same reporting date, December 31, 2022, as those of the parent company.

Control exists when OMV Petrom is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when OMV Petrom has less than a majority of the voting or similar rights of an investee, OMV Petrom considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement with the other vote holders of the investee; rights arising from other contractual arrangements as well as voting rights and potential voting rights. OMV Petrom re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Consolidation of a subsidiary begins when OMV Petrom obtains control over the subsidiary and ceases when OMV Petrom loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date OMV Petrom gains control until the date OMV Petrom ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of OMV Petrom Group. All intra-group assets and liabilities, income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in consolidated income statement. Any investment retained is recognized at fair value.

The number of consolidated entities is as follows:

	Full consolidation	Equity method
<b>As at January 1, 2022</b>	<b>10</b>	<b>1</b>
Included for the first time	1	-
<b>As at December 31, 2022</b>	<b>11</b>	<b>1</b>
Romanian companies	6	1
Foreign companies	5	-

In 2022, four separate legal entities were set up in relation to the partnership with Complexul Energetic Oltenia, representing joint operations.

Please refer to Note 31 for further details on Group structure.

The Company holds majority of the voting rights in all fully consolidated subsidiaries.

Non-controlling interests are not significant as of December 31, 2022 and December 31, 2021.

## b) Associates

An associate is an entity in which the Group has significant influence, through participation in the financial and operating policy decisions of the investee, but does not have control nor joint control over these policies. This is normally presumed to exist when OMV Petrom has 20% or more of the voting power of the entity. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Investments in associated companies are accounted for using the equity method, under which the investment is initially recognized at cost and subsequently adjusted for the Group's share of the profit or loss less dividends received and the Group's share of other comprehensive income and other movements in equity.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to Group's investment in the associate. In case the net investment in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The consolidated income statement reflects the share of the net results of operations of the associate. The share of any change in other comprehensive income (OCI) of the associate is presented as part of the Group's OCI. In addition, where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of the changes and discloses it in the consolidated statement of changes in equity. The Group recognizes the dividend from an associate when the right to receive a dividend is established, and presents separately the dividends received (Note 8).

The aggregate of the Group's share of net profit or loss of an associate is shown on the face of the consolidated income statement under operating result.

The financial statements of the associates are prepared for the same reporting period as the Group.

When the Group has transactions with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

### c) Interests in joint arrangements

IFRS defines joint control as the contractually agreed sharing of control over 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.

Classifying the joint arrangement as joint venture or joint operation requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- ▶ the structure of the joint arrangement – whether it is structured through a separate vehicle;
- ▶ when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - ▶ the legal form of the separate vehicle;
  - ▶ the terms of the contractual arrangement;
  - ▶ other facts and circumstances, considered on a case by case basis.

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, 2022, the Group had joint arrangements classified as joint operations, both structured and not structured through separate vehicles.

As of December 31, 2021, the Group had joint arrangements classified as joint operations, not structured through a separate vehicle.

The Group recognizes in relation to its interest in a joint operation its assets including its share of any assets held jointly, its liabilities including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation, as well as its expenses, including its share of any expenses incurred jointly. The Group 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 35.

## 4. ACCOUNTING AND VALUATION PRINCIPLES

### 4.1. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following IFRS amendments to standards which have been adopted by the Group from January 1, 2022:

- ▶ Amendment to IFRS 3 Business Combinations: Reference to the Conceptual Framework;
- ▶ Amendment to IAS 16 Property, Plant and Equipment: Proceeds before intended use;
- ▶ Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract;
- ▶ Annual Improvements 2018-2020, making minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments did not have a material impact on OMV Petrom Group's financial statements.

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

OMV Petrom Group has not applied the following new or revised IFRSs that have been issued but are not yet effective. They are not expected to have a material effect on the Group's financial statements. EU endorsement is still pending in some cases.

Standards and amendments	IASB effective date
IFRS 17 Insurance Contracts and Amendments to IFRS 17	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
Amendments to IAS 1: Classification of Liabilities as Current and Non-Current	January 1, 2024
Amendments to IAS 1: Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	January 1, 2024

### 4.3. Summary of accounting and valuation principles

#### a) Business combinations

Business combinations are accounted for using the acquisition method. Assets and liabilities of subsidiaries acquired are included at their fair values at the time of the acquisition. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Goodwill is calculated as the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Goodwill is recognized as an asset and reviewed for impairment at least annually. All impairments are immediately charged against income statement, and there are no subsequent reversals of goodwill impairment. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in income statement.

Non-controlling interests entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent's shareholders' equity. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### b) 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.

#### c) 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 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.



## d) Exploration and evaluation costs

Exploration expenses relate exclusively to the E&P business segment 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 until the existence or absence of potentially commercially viable reserves is determined. 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 date of the statement of financial position 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.

## e) 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.

## f) 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 Exploration and Production assets, where depletion occurs to a large extent on a unit-of-production basis. In the consolidated income statement, impairment losses for exploration assets are disclosed as exploration expenses, and those for other assets are reported within depreciation, amortization, impairments and write-ups line.

Intangible assets		Useful life (years)
Goodwill		Indefinite
Software		3 - 5
Concessions, licences and other intangibles		5 - 20, or contract duration
<b>Business-specific property, plant and equipment</b>		
E&P	Oil and gas core assets	Unit of production method
R&M	Storage tanks and refinery facilities	25 – 40
R&M	Pipeline systems	20
R&M	Filling stations components	5 – 20
G&P	Gas pipelines	20 - 30
G&P	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 Group 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 consolidated 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 Group, 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 at 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 Group 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 Group'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 consolidated income statement under depreciation, amortization, impairments and write-ups or under exploration expenses.

If the reasons for impairment no longer apply in a subsequent period, a reversal is recognized in the consolidated 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.

#### **g) 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.

## h) 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 the line 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.

## i) Leases

OMV Petrom Group 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 4f) 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 Group 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.

## j) Financial instruments

### Non-derivative financial assets

At initial recognition, OMV Petrom Group 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 Group's business model for managing the financial assets, as well as 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 income statement. The Group's financial assets at amortised cost include mainly trade receivables.

OMV Petrom Group 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 Group by grouping financial assets in six risk classes (risk class 1 being the lowest risk category).

The probabilities of default used for each risk class, as presented in Note 9, 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 Group 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 Group considers all reasonable and supportable information that is available without undue cost or effort. Furthermore, OMV Petrom Group 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 Group 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 demonstrating 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 for the remaining amount on 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 income statement.

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

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability that reflects the rights



and obligations that the Group has retained. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group.

Rights to payments to reimburse the Group for expenditure required 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 the 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 financial 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 Group 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 are 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 non-financial items 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 consolidated 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 non-financial items in accordance with the Group'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 Group 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.

## k) 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.

## l) Government grants

Government grants – except for emission rights (see Note 4.3 n) – are recognized as income or deducted from the carrying amount of the related assets where it is reasonable to expect that the granting conditions will be met and that the grants will be received.

## m) 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, natural 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.

## n) 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 Group'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 Exploration and Production 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 Group engineers or by independent contractors, 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 OMV Petrom S.A., part of OMV Petrom's 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 their 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 Group obligation) or to 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 consolidated income statement (for Group obligation) or to the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

The unwinding of the decommissioning and environmental provisions is presented as part of the interest expenses in the consolidated 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 consolidated income statement under interest expenses or interest income.

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

OMV Petrom Group 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 consolidated other comprehensive income (not reclassified to income statement in subsequent periods) and for other benefits in the consolidated income statement.

**Provisions for restructuring programs** are recognized if a detailed plan has been approved by management prior to the date of the consolidated statement of financial position, 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 charge 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.

## o) 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 consolidated 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 recognized 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 arrangements, 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 profits 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 arrangements, 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 profits 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 recognized directly in other comprehensive income or equity is recognized in consolidated other comprehensive income or equity and not in consolidated income statement.

Deferred tax assets and deferred tax liabilities at Group 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 consolidated income statement under production and similar taxes.

## **p) 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 expected to be entitled to according to 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 Group recognizes contract liabilities which are reported as other liabilities in the consolidated 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 R&M 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 Group acts as a principal or as an agent for the sale of shop merchandise, revenue and costs related to such sales are presented gross or net in the consolidated income statement. The Group acts as principal if it controls the goods before they are transferred to the customer. The Group 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 Group's ability to establish the price of goods. For sales of non-oil products, the Group considers this as being a secondary criterion, therefore, if the Group 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. At filling stations, payments are due immediately at the time of purchase.

The Group'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 Group 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 contracts contain a stand-ready obligation for providing storage services over an agreed period of time. Revenue is recognized according to the amount to which the Group 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 Group 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 Group is only an agent in providing these services.

As the revenues are recognized in the amount to which the Group has a right to invoice, OMV Petrom Group 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 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.

### **q) 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.

### **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.

## 5. FOREIGN CURRENCY AND TRANSLATION

### a) Group companies

The consolidated financial statements are presented in RON, which is OMV Petrom S.A.'s functional currency and the Group's presentation currency. Each entity in OMV Petrom Group determines its own functional currency, and items included in its individual financial statements are measured using that functional currency. The functional currency of the foreign operations is generally their local currency, except for Kazakhstan entities that have USD as functional currency.

Where the functional currency differs from the Group's presentation currency, individual financial statements are translated using the closing rate method. Differences arising between the statement of financial position items translated at closing and historical rates are presented as a separate item directly in equity and in consolidated other comprehensive income. Income statement items are translated at average rates for the period. The use of average rates for translation of income statement creates additional differences compared to the application of the closing rates in the statement of financial position which are also recorded in equity and in consolidated other comprehensive income. On disposal of a foreign operation, the component of consolidated other comprehensive income and equity relating to the translation of that particular foreign operation is recognized in the consolidated income statement.

The rates applied in translating foreign currencies to RON were as follows:

Currencies	Year ended December 31, 2022*	Average for the year ended December 31, 2022**	Year ended December 31, 2021*	Average for the year ended December 31, 2021**
US dollar (USD)	4.6346	4.6923	4.3707	4.1630
Euro (EUR)	4.9474	4.9313	4.9481	4.9208
Moldavian Leu (MDL)	0.2428	0.2481	0.2463	0.2354
Serbian Dinar (RSD)	0.0422	0.0420	0.0421	0.0419
Bulgarian Leva (BGN)	2.5295	2.5213	2.5299	2.5159

\*) as communicated by the National Bank of Romania

\*\*) The average exchange rate is calculated by the Group as the average of daily reference rates, as communicated by the National Bank of Romania, for the respective periods.

### b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated income statement. Unrealized foreign exchange gains and losses related to monetary items are recognized in the consolidated 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.

## 6. 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, 2022</b>	<b>1,358.57</b>	<b>3,659.85</b>	<b>5,018.42</b>
Exchange differences	0.06	-	<b>0.06</b>
Additions*	4.97	182.24	<b>187.21</b>
Transfers (Note 7)	0.67	(8.11)	<b>(7.44)</b>
Disposals	(4.15)	(130.50)	<b>(134.65)</b>
<b>Balance as at December 31, 2022</b>	<b>1,360.12</b>	<b>3,703.48</b>	<b>5,063.60</b>
<b>ACCUMULATED AMORTIZATION AND IMPAIRMENT</b>			
<b>Balance as at January 1, 2022</b>	<b>1,226.47</b>	<b>902.87</b>	<b>2,129.34</b>
Exchange differences	0.04	-	<b>0.04</b>
Amortization	13.10	0.98	<b>14.08</b>
Impairment	-	39.09	<b>39.09</b>
Transfers (Note 7)	-	-	<b>-</b>
Disposals	(4.12)	(130.50)	<b>(134.62)</b>
<b>Balance as at December 31, 2022</b>	<b>1,235.49</b>	<b>812.44</b>	<b>2,047.93</b>
<b>CARRYING AMOUNT</b>			
<b>As at January 1, 2022</b>	<b>132.10</b>	<b>2,756.98</b>	<b>2,889.08</b>
<b>As at December 31, 2022</b>	<b>124.63</b>	<b>2,891.04</b>	<b>3,015.67</b>

\*) Includes the amount of RON 0.31 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, 2022 and 2021.

## 7. 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, 2022</b>	<b>5,405.55</b>	<b>41,719.74</b>	<b>11,936.36</b>	<b>1,596.65</b>	<b>936.74</b>	<b>61,595.04</b>
Exchange differences	0.11	-	(0.55)	(0.35)	(0.02)	(0.81)
Additions*	35.57	2,868.16	177.82	79.58	817.46	3,978.59
Transfers**	105.34	(65.31)	255.92	76.15	(364.66)	7.44
Transfers to assets held for sale	(5.28)	0.02	-	-	-	(5.26)
Disposals	(48.06)	(655.90)	(232.51)	(84.69)	(39.73)	(1,060.89)
<b>Balance as at December 31, 2022</b>	<b>5,493.23</b>	<b>43,866.71</b>	<b>12,137.04</b>	<b>1,667.34</b>	<b>1,349.79</b>	<b>64,514.11</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>						
<b>Balance as at January 1, 2022</b>	<b>2,799.36</b>	<b>24,500.60</b>	<b>7,303.28</b>	<b>1,105.54</b>	<b>21.75</b>	<b>35,730.53</b>
Exchange differences	(0.07)	-	(0.45)	(0.14)	(0.04)	(0.70)
Depreciation	205.09	1,720.14	692.95	176.58	-	2,794.76
Impairment	29.87	2,227.10	36.27	8.06	26.60	2,327.90
Transfers**	5.35	(5.24)	(0.10)	(0.01)	-	-
Transfers to assets held for sale	(2.29)	0.02	-	-	-	(2.27)
Disposals	(36.47)	(653.97)	(225.94)	(82.75)	(39.73)	(1,038.86)
Write-ups	(0.18)	(47.40)	(0.74)	-	-	(48.32)
<b>Balance as at December 31, 2022</b>	<b>3,000.66</b>	<b>27,741.25</b>	<b>7,805.27</b>	<b>1,207.28</b>	<b>8.58</b>	<b>39,763.04</b>
<b>CARRYING AMOUNT</b>						
<b>As at January 1, 2022</b>	<b>2,606.19</b>	<b>17,219.14</b>	<b>4,633.08</b>	<b>491.11</b>	<b>914.99</b>	<b>25,864.51</b>
<b>As at December 31, 2022</b>	<b>2,492.57</b>	<b>16,125.46</b>	<b>4,331.77</b>	<b>460.06</b>	<b>1,341.21</b>	<b>24,751.07</b>

\*) Includes the amount of RON 573.73 million representing increase from reassessment of the decommissioning asset.

\*\*) Net amount represents transfers from intangibles (Note 6).

Expenditure capitalized in the course of construction of tangible and intangible assets amounts to RON 516.64 million (2021: RON 476.06 million).

For details on impairments see Note 23.

### OMV Petrom Group as a lessee

OMV Petrom Group as a lessee recognized right-of-use assets related mainly to land for filling stations, cars, rail cars and other transportation vehicles, the hydrogen plant at Petrobrazi 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 Group 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 Group's operation. These options are assessed by OMV Petrom Group 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 equipment and transportations vehicles in E&P.

Lease not yet commenced in 2022 but committed amounted to RON 47.69 million (2021: RON 20.32 million).

#### 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, 2022</b>	<b>259.19</b>	<b>87.70</b>	<b>262.41</b>	<b>609.30</b>
Additions	30.27	61.10	78.99	<b>170.36</b>
Depreciation	(27.73)	(25.16)	(112.62)	<b>(165.51)</b>
Other movements	(0.12)	-	(1.77)	<b>(1.89)</b>
<b>Right-of-use assets as at December 31, 2022</b>	<b>261.61</b>	<b>123.64</b>	<b>227.01</b>	<b>612.26</b>

#### Amounts recognized in consolidated income statement

	2022	2021
<b>Operating result</b>		
Short-term lease expenses	15.02	15.34
Low-value lease expenses	0.84	0.69
Variable lease expenses	29.41	22.87
Depreciation expense of right-of-use assets	165.51	150.04
<b>Net financial result</b>		
Interest expense on lease liabilities	11.70	10.79
Foreign exchange loss on lease liabilities	1.20	8.65

In addition, OMV Petrom Group incurred in 2022 short term lease costs of RON 41.51 million (2021: RON 55.74 million) which were capitalized in the cost of other assets.

Variable lease payments expensed in 2022 in amount of RON 29.41 million (2021: RON 22.87 million) were related to contingent rent mainly for leased land for filling stations and for power generators equipment, determined based on turnover, quantities or other contractual parameters.

For other information on lease liability please see Note 16 and Note 32 a).



## 8. INVESTMENTS IN ASSOCIATED COMPANIES

As at December 31, 2022 and December 31, 2021 OMV Petrom Group had one associated company: OMV Petrom Global Solutions S.R.L. with a shareholding of 25% and principal place of business in Romania.

The associate is not material to the Group. The table below summarizes financial information for the Group's interest in associate (aggregated) and the reconciliation of the net carrying amount:

	2022	2021
<b>Balance as at January 1</b>	<b>34.41</b>	<b>31.68</b>
<b>Group's share of:</b>		
- profit from continuing operations (Note 21)	8.73	5.23
- other comprehensive income	0.40	0.65
<b>Total comprehensive income</b>	<b>9.13</b>	<b>5.88</b>
Less dividends during the year	(2.71)	(3.15)
<b>Balance as at December 31</b>	<b>40.83</b>	<b>34.41</b>

## 9. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

### a) Trade receivables

Trade receivables are amounting to RON 3,548.45 million as at December 31, 2022 (2021: RON 2,640.68 million), thereof trade receivables measured at fair value amounting to RON 9.04 million (2021: RON 61.86 million).

#### Credit quality of trade receivables

December 31, 2022	Expected credit loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Risk class 1	0.13%	104.37	0.01	104.36
Risk class 2	0.44%	1,576.70	0.21	1,576.49
Risk class 3	1.18%	1,260.99	1.34	1,259.65
Risk class 4	8.52%	379.17	3.84	375.33
Risk class 5	29.54%	253.59	32.79	220.80
Risk class 6	100.00%	119.36	116.58	2.78
<b>Total</b>		<b>3,694.18</b>	<b>154.77</b>	<b>3,539.41</b>

December 31, 2021	Expected credit loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
Risk class 1	0.07%	109.31	-	109.31
Risk class 2	0.24%	899.22	0.05	899.17
Risk class 3	1.21%	1,413.87	4.98	1,408.89
Risk class 4	10.37%	143.22	4.09	139.13
Risk class 5	10.37%	21.79	0.63	21.16
Risk class 6	100.00%	124.58	123.42	1.16
<b>Total</b>		<b>2,711.99</b>	<b>133.17</b>	<b>2,578.82</b>

In 2022 the previous Risk class 4 was split in two different risk classes (Risk classes 4 and 5) in order to provide a more transparent view on the credit risk position of the Group. Former Risk class 5 became the new Risk class 6. The figures from 2021 were updated accordingly.

The amounts in the above tables do not include trade receivables which are measured at fair value.

The movements in impairment of trade receivables are as follows:

	2022	2021
<b>January 1</b>	<b>133.17</b>	<b>204.09</b>
Amounts written off	(7.64)	(3.92)
Net remeasurement of expected credit losses	29.46	(66.81)
Foreign exchange rate differences	(0.22)	(0.19)
<b>December 31</b>	<b>154.77</b>	<b>133.17</b>

There was no impairment for trade receivables with related parties (see Note 30) as of December 31, 2022 and December 31, 2021.

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

	Liquidity term		
	December 31, 2022	less than 1 year	over 1 year
Expenditure recoverable from Romanian State	1,614.37	-	1,614.37
Derivative financial assets (Note 33)	1,502.05	1,144.80	357.25
Investments	0.15	-	0.15
Other financial assets	1,321.76	1,246.07	75.69
<b>Total</b>	<b>4,438.33</b>	<b>2,390.87</b>	<b>2,047.46</b>

	December 31, 2021	Liquidity term	
		less than 1 year	over 1 year
Expenditure recoverable from Romanian State	1,841.21	80.18	1,761.03
Derivative financial assets (Note 33)	1,556.09	1,393.99	162.10
Investments	0.91	-	0.91
Other financial assets	339.76	267.92	71.84
<b>Total</b>	<b>3,737.97</b>	<b>1,742.09</b>	<b>1,995.88</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 1,573.54 million as at December 31, 2022 (2021: RON 1,740.45 million) and the environmental liabilities with net present value of RON 40.83 million (2021: RON 100.76 million), as these were existing prior to privatization of OMV Petrom S.A.

On March 7, 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 ("ICC") Rules, 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. The amount of RON 287.62 million representing the principal and the amount of RON 82.34 million representing default interest were collected in 2021 and 2022, respectively.

On October 2, 2020, OMV AG, as party in the privatization agreement, initiated arbitration proceedings against the Romanian Ministry of Environment, in accordance with the 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. On August 30, 2022, 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 155.52 million and related interest. In October 2022, the Ministry of Environment challenged the award in front of Paris Court of Appeal, procedure which is ongoing as of December 31, 2022.

Furthermore, towards the end of 2022, OMV AG, as party in the privatization agreement, initiated two other arbitration proceedings against the Romanian Ministry of Environment, in accordance with the ICC Rules, regarding certain claims unpaid by the Ministry of Environment in relation to well decommissioning and environmental remediation works amounting to RON 231.37 million. As of December 31, 2022, the arbitration procedure is ongoing.

### Derivative financial assets

As of December 31, 2022 and December 31, 2021, derivative financial assets are mainly related to unrealized power forward contracts.

### Investments

Investments are related to companies that were not consolidated, as the Group neither has control nor significant influence over their operations, or they were considered immaterial for the Group.

### Other financial assets

"Other financial assets" line in 2022 is mainly related to cash guarantees concluded by OMV Petrom S.A. for transactions with energy products.

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

December 31, 2022	Expected credit loss rate	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	0.13%	59.30	-	-	59.30
Risk class 2	0.44%	2,704.53	-	42.44	2,746.97
Risk class 3	1.18%	139.48	-	-	139.48
Risk class 4	8.52%	19.10	-	-	19.10
Risk class 5	29.54%	26.58	-	-	26.58
Risk class 6	100.00%	0.17	-	538.65	538.82
<b>Total</b>		<b>2,949.16</b>	<b>-</b>	<b>581.09</b>	<b>3,530.25</b>

For risk class 2 in 2022, the gross carrying amount for “12-month ECL” included an amount of RON 1,620.64 million and for “Lifetime ECL credit impaired” included an amount of RON 42.44 million, related to expenditure recoverable from the Romanian State, which are outside the scope of IFRS 9.

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%	110.67	-	-	110.67
Risk class 2	0.24%	1,900.34	-	47.80	1,948.14
Risk class 3	1.21%	129.20	-	-	129.20
Risk class 4	10.37%	24.48	-	-	24.48
Risk class 5	10.37%	26.52	-	-	26.52
Risk class 6	100.00%	-	-	542.79	542.79
<b>Total</b>		<b>2,191.21</b>	<b>-</b>	<b>590.59</b>	<b>2,781.80</b>

For risk class 2 in 2021, the gross carrying amount for “12-month ECL” included an amount of RON 1,848.39 million and for “Lifetime ECL credit impaired” included an amount of RON 47.80 million, related to expenditure recoverable from the Romanian State, which are outside the scope of IFRS 9.

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

December 31, 2022	Expected credit loss rate	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	0.13%	-	-	-	-
Risk class 2	0.44%	8.42	-	42.44	50.86
Risk class 3	1.18%	0.35	-	-	0.35
Risk class 4	8.52%	0.73	-	-	0.73
Risk class 5	29.54%	3.53	-	-	3.53
Risk class 6	100.00%	-	-	538.65	538.65
<b>Total</b>		<b>13.03</b>	<b>-</b>	<b>581.09</b>	<b>594.12</b>

For risk class 2 in 2022, the expected credit loss for “12-month ECL” included an amount of RON 6.27 million and for “Lifetime ECL credit impaired” included an amount of RON 42.44 million, related to expenditure recoverable from the Romanian State, which are outside the scope of IFRS 9.

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%	0.62	-	-	0.62
Risk class 4	10.37%	1.14	-	-	1.14
Risk class 5	10.37%	1.24	-	-	1.24
Risk class 6	100.00%	-	-	542.79	542.79
<b>Total</b>		<b>10.24</b>	<b>-</b>	<b>590.59</b>	<b>600.83</b>

For risk class 2 in 2021, the expected credit loss for “12-month ECL” included an amount of RON 7.18 million and for “Lifetime ECL credit impaired” included an amount of RON 47.80 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.

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

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
<b>January 1, 2022</b>	<b>10.24</b>	<b>-</b>	<b>590.59</b>	<b>600.83</b>
Amounts written off	-	-	(22.63)	(22.63)
Net remeasurement of expected credit losses	2.79	-	13.13	15.92
<b>December 31, 2022</b>	<b>13.03</b>	<b>-</b>	<b>581.09</b>	<b>594.12</b>

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
<b>January 1, 2021</b>	<b>5.59</b>	<b>-</b>	<b>584.58</b>	<b>590.17</b>
Amounts written off	-	-	(11.93)	(11.93)
Net remeasurement of expected credit losses	4.65	-	17.94	22.59
<b>December 31, 2021</b>	<b>10.24</b>	<b>-</b>	<b>590.59</b>	<b>600.83</b>



## 10. OTHER ASSETS

The carrying value of other assets was as follows:

	Liquidity term		
	December 31, 2022	less than 1 year	over 1 year
Receivable from taxes	383.35	195.50	187.85
Advance payments on fixed assets	126.77	59.34	67.43
Prepaid expenses and deferred charges	75.81	43.27	32.54
Rental and lease prepayments	48.54	13.90	34.64
Other non-financial assets	971.24	966.01	5.23
<b>Total</b>	<b>1,605.71</b>	<b>1,278.02</b>	<b>327.69</b>

	Liquidity term		
	December 31, 2021	less than 1 year	over 1 year
Receivable from taxes	234.07	46.22	187.85
Advance payments on fixed assets	181.70	114.27	67.43
Prepaid expenses and deferred charges	65.88	22.92	42.96
Rental and lease prepayments	47.50	12.45	35.05
Other non-financial assets	105.39	105.39	-
<b>Total</b>	<b>634.54</b>	<b>301.25</b>	<b>333.29</b>

“Other non-financial assets” line in 2022 mainly includes receivables from Romanian authorities in relation to the compensations for the natural gas sales at capped prices to clients allocated to the Company as Supplier of Last Resort and for electricity sales at capped prices, as well as receivables in relation with the subsidies supporting half of the RON 0.50 per liter voluntary price reduction for the sale of diesel and gasoline. These measures were introduced via several Government Emergency Ordinances in order to mitigate the consequences of the energy crisis.

## 11. INVENTORIES

	December 31, 2022	December 31, 2021
Crude oil	598.20	476.57
Natural gas	667.70	83.38
Other materials	408.79	310.46
Work in progress	197.54	136.48
Finished products	1,942.61	1,286.13
<b>Total</b>	<b>3,814.84</b>	<b>2,293.02</b>

The cost of materials and goods consumed during 2022 (whether used in production or re-sold) is of RON 32,677.96 million (2021: RON 12,046.16 million) and includes also the cost related to CO<sub>2</sub> emissions amounting to RON 770.02 million (2021: RON 370.69 million) and the unrealized fair value losses from CO<sub>2</sub> forward contracts of RON 152.96 million (2021: unrealized gains of RON 178.02 million).

As at December 31, 2022 and 2021 there are no inventories pledged as security for liabilities.

## 12. ASSETS HELD FOR SALE

	December 31, 2022	December 31, 2021
Land and buildings	14.83	14.83
<b>Assets held for sale</b>	<b>14.83</b>	<b>14.83</b>

As at December 31, 2022 and 2021, assets held for sale refer to plots of land from Corporate segment.

## 13. EQUITY OF STOCKHOLDERS OF THE PARENT

### Share capital

As at December 31, 2022 the share capital of OMV Petrom S.A. consists of 62,311,667,058 fully paid shares (2021: 56,644,108,335 fully paid shares) with a total nominal value of RON 6,231.17 million (2021: RON 5,664.41 million).

On November 3, 2022, OMV Petrom S.A. completed the share capital increase by in-kind and cash contribution, with the value of RON 566.76 million, from RON 5,664.41 million to RON 6,231.17 million, through the issue of a number of 5,667,558,723 new ordinary nominative shares, in dematerialized form, each share having a nominal value of RON 0.1, as follows:

- (i) 1,206,602,392 new shares, with a total value of RON 120.66 million, established according to valuation report issued by an independent expert valuator, representing the in-kind contribution of the Romanian State, through the Ministry of Energy, as a result of obtaining land ownership certificates;
- (ii) 4,460,956,331 new shares (including underlying 1,612,500 new shares represented by 10,750 new global depositary receipts), with a total value of RON 446.10 million, subscribed in cash, within the exercise of the preference rights, by the shareholders of OMV Petrom SA, other than the Romanian State.

The newly issued shares and the new share capital of OMV Petrom S.A. were registered with the Trade Register Office on 25 October 2022, with the Romanian Financial Supervisory Authority on 1 November 2022 and with the Romanian Central Depository on 3 November 2022.

### 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, 2022 and 2021. 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.

As at December 31, 2022 legal reserves are amounting to RON 1,246.23 million (2021: RON 1,132.88 million). 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 623.94 million (2021: RON 560.65 million). The amount of RON 63.29 million was allocated to other reserves, representing fiscal facilities from reinvested profit in the year 2022 (2021: RON 60.18 million).

At the Annual General Meeting of Shareholders held on April 27, 2022, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2021 for the gross amount of RON 1,931.56 million (gross base dividend per share of RON 0.0341).

At the Ordinary General Meeting of Shareholders held on July 26, 2022, the shareholders of OMV Petrom S.A. approved the distribution of special dividends for the gross amount of RON 2,548.98 million (gross special dividend per share of RON 0.0450).

Total dividends distributed in 2022 amounted to RON 4,480.53 million (gross total dividend per share of RON 0.0791).

On March 16, 2023, the Supervisory Board endorsed the management's proposal to distribute gross dividends for financial year 2022 of RON 2,336.68 million (gross base dividend per share of RON 0.0375 ). The dividend proposal is subject to further approval by the Ordinary General Meeting of Shareholders, on April 26, 2023.

#### Cash flow hedge reserve

In order to protect the Group's result and cash flows against commodity price volatility, OMV Petrom Group 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 of RON 1.01 million as at December 31, 2022 (2021: unrealized loss of RON 18.03 million). The hedged item (underlying transaction) can affect 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 36.

#### Foreign currency translation reserve

During 2021, the amount of RON 306.25 million representing exchange rate losses from the translation of foreign operations was recognized in the consolidated income statement, following disposal of Kom-Munai LLP and Tasbulat Oil Corporation LLP.

#### Other reserves

As at December 31, 2022, other reserves contain mainly reserves from business combinations in stages. As at December 31, 2021, other reserves contained also land for which land ownership certificates were obtained from the Romanian State and that was subject to the share capital increase carried out during 2022.

During 2021, exchange gains on loans considered net investment in Kom-Munai LLP and Tasbulat Oil Corporation LLP, in amount of RON 215.33 million, were recycled to consolidated income statement following disposal of these subsidiaries.

#### Treasury shares

The total number of own shares held by OMV Petrom S.A. as of December 31, 2022 amounted to 204,776 (2021: 204,776).

## 14. PROVISIONS

	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
<b>January 1, 2022</b>	<b>170.05</b>	<b>6,253.93</b>	<b>888.40</b>	<b>7,312.38</b>
thereof short-term	-	202.32	215.45	<b>417.77</b>
thereof long-term	170.05	6,051.61	672.95	<b>6,894.61</b>
Exchange differences	-	-	(1.09)	<b>(1.09)</b>
Used	(11.02)	(329.91)	(94.19)	<b>(435.12)</b>
Net allocations/(releases)	(1.95)	1,005.13	1,047.92	<b>2,051.10</b>
<b>December 31, 2022</b>	<b>157.08</b>	<b>6,929.15</b>	<b>1,841.04</b>	<b>8,927.27</b>
thereof short-term	-	212.79	1,166.57	<b>1,379.36</b>
thereof long-term	157.08	6,716.36	674.47	<b>7,547.91</b>

### Provisions for pensions and similar obligations

Employees of several Group companies 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, 2022 amounts RON 110.20 million (2021: RON 112.15 million). In addition, employees receive other benefits consisting in death and coffin benefits. Other benefits obligation as of December 31, 2022 amounts to RON 46.88 million (2021: RON 57.90 million).

Provisions have been set up based on actuarial calculations performed by qualified actuaries using the following parameters: a discount rate of 8.00% (2021: 5.22%) and an estimated average yearly salary increase of 4.69% (2021: 3.00%).

### Present value of the pensions and similar obligations

	2022	2021
<b>Present value of obligations as of January 1</b>	<b>170.05</b>	<b>213.69</b>
Current service cost	5.79	7.42
Past service cost	-	(13.94)
Interest cost	8.85	7.23
Benefits paid	(11.02)	(13.71)
Remeasurements for the year	(16.59)	(30.64)
<b>Present value of obligations as of December 31</b>	<b>157.08</b>	<b>170.05</b>

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

### 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>(6.39)</b>	<b>6.83</b>	<b>2.64</b>	<b>(2.57)</b>

**Maturity profile**

	Maturity profile			Duration
	1-5 years	6-10 years	>10 years	in years
<b>Retirement benefits</b>	<b>30.66</b>	<b>38.75</b>	<b>40.79</b>	<b>9.89</b>

**Provisions for decommissioning and restoration obligations**

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 consolidated income statement if it exceeds the carrying amount of the related asset. Net discount rates applied for calculating of decommissioning and restoration costs at December 31, 2022 were between 3.42% and 3.79% (2021: between 1.43% and 2.41% for onshore and 5.22% 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 872 million, while in an opposite case the provision would decrease by RON 746 million.

The provision for decommissioning and restoration costs includes mainly obligations in respect of OMV Petrom S.A. amounting to RON 6,913.37 million (2021: RON 6,233.57 million). In relation to part of the OMV Petrom S.A. decommissioning and restoration obligations, there is a corresponding receivable from the Romanian State, as disclosed under "Other financial assets" (Note 9b).

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:

	2022	2021
<b>January 1</b>	<b>6,253.93</b>	<b>7,539.79</b>
Exchange differences	-	0.04
Revisions in estimates	582.67	(1,215.04)
Unwinding effect	422.46	252.64
Used in current year	(329.91)	(323.50)
<b>December 31</b>	<b>6,929.15</b>	<b>6,253.93</b>

The revisions in estimates impact the assets subject to decommissioning, the consolidated income statement or the related receivable from the Romanian State. The unwinding effect is included in the consolidated income statement under the interest expenses line (Note 24), 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 receivable from the Romanian State (which are additional to the changes in net discount rate or timing of the decommissioning costs) is included in the consolidated income statement under interest expenses or interest income.

Impact from revision in estimates in 2022 was driven mainly by higher estimated unit costs, partially offset by the higher net discounting rate in Romania.

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



**Other provisions**

<b>December 31, 2022</b>	<b>Total</b>	<b>less than 1 year</b>	<b>over 1 year</b>
Environmental provision	403.94	51.39	352.55
Other personnel provisions	110.44	104.92	5.52
Provisions for litigations	70.08	3.20	66.88
Other provisions	1,256.58	1,007.06	249.52
<b>Total</b>	<b>1,841.04</b>	<b>1,166.57</b>	<b>674.47</b>

<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	68.06	62.67	5.39
Provisions for litigations	94.19	3.08	91.11
Other provisions	339.66	102.97	236.69
<b>Total</b>	<b>888.40</b>	<b>215.45</b>	<b>672.95</b>

**Environmental provisions**

The environmental provisions were estimated by the management based on the list of environment related projects that must be completed by OMV Petrom Group. Provisions recorded as at December 31, 2022 and 2021 represent the best estimate of the Group's experts for environmental matters. Environmental provisions are computed using mainly a net discount rate of 3.79% (2021: 2.41%).

OMV Petrom S.A. recorded certain environmental liabilities against receivable from the Romanian State, as these obligations existed prior to privatization (as further explained in Note 9b "Expenditure recoverable from Romanian State").

**Provisions for litigations**

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

**Other provisions**

"Other provisions" line in 2022 is mainly in connection with other risks assessed by the Group in the area of gas and power taxation in Romania.

**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.

The only company from the Group included in this scheme is OMV Petrom S.A. Under this scheme, OMV Petrom S.A. is entitled to an allocation of 544,450 emission certificates for the year 2022 (2021: 561,041 emission certificates), received during the year according to article 10a) of the Directive.

During 2022, the Group had net purchases of 2,549,711 emissions certificates (2021: 2,385,751 emissions certificates).

A shortfall in emission certificates is provided for. As of December 31, 2022 and 2021, the Group was not short of certificates.

## 15. INTEREST-BEARING DEBTS

As at December 31, 2022 and December 31, 2021 OMV Petrom Group had the following loans:

Borrower	Lender	December 31, 2022	December 31, 2021
<b>Interest-bearing debts short-term</b>			
OMV Petrom S.A.	European Investment Bank (a)	16.49	94.25
OMV Petrom S.A.	OMV Petrom Global Solutions S.R.L. (b)	120.63	160.08
	Accrued interest and other	0.75	0.78
	Prepayments in relation with loan amounts drawn	-	(0.05)
<b>Total interest bearing debts short-term</b>		<b>137.87</b>	<b>255.06</b>
<b>Interest-bearing debts long-term</b>			
OMV Petrom S.A.	European Investment Bank (a)	-	16.49
<b>Total interest-bearing debts long-term</b>		<b>-</b>	<b>16.49</b>
thereof maturing after more than 1 year but not later than 5 years		-	16.49
<b>Total interest-bearing debts</b>		<b>137.87</b>	<b>271.55</b>

(a) For the construction of the Brazi 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, 2022 was RON 16.49 million (equivalent of EUR 3.33 million) (2021: RON 110.74 million, equivalent of EUR 22.38 million).

(b) A cash pooling agreement with valability until April 18, 2026, was signed between OMV Petrom S.A. and OMV Petrom Global Solutions S.R.L. on April 25, 2014. The aggregated amount of the loan is RON 250.00 million, usable in RON, EUR, USD or GBP. The amount drawn by the Group as at December 31, 2022 was RON 120.63 million (2021: RON 160.08 million).

The OMV Petrom Group's companies had several credit facilities in place as at December 31, 2022 and at December 31, 2021 as follows:

(c) An unsecured credit facility granted by Raiffeisen Bank S.A. up to EUR 80.00 million (equivalent of RON 395.79 million) consisting in two subfacilities: subfacility A with maturity date prolonged to December 31, 2023 (for an amount of EUR 20.00 million, equivalent of RON 98.95 million) and subfacility B with maturity date prolonged to December 31, 2025 (for an amount of EUR 60.00 million, equivalent of RON 296.84 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 different currencies by OMV Petrom S.A., OMV Petrom Marketing S.R.L., OMV Petrom E&P Bulgaria 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, 2022 and 2021 no withdrawals were made under the overdraft credit line.

(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 100.00 million (equivalent of RON 494.74 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. On January 31, 2023 the maximum amount of the credit facility was increased to EUR 200.00 million (equivalent of RON 989.48 million) and the validity was changed to "until further notice". No drawings under the overdraft were made as at December 31, 2022 and 2021.

- (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 445.27 million) that can be used in RON, with maturity date prolonged until April 30, 2023. The facility is designated to finance OMV Petrom S.A. 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, 2022 and 2021. The credit facility is expected to be prolonged.
- (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 250.00 million (equivalent of RON 1,236.85 million), for issuance of letters of bank guarantee and similar and as overdraft for working capital financing. As at December 31, 2022, the maturity for letters of bank guarantee and similar was January 13, 2024 and for overdraft the maturity was January 11, 2023, with the possibility to further extend the maturity for additional successive periods, final maturity being January 13, 2024. On January 11, 2023, the maximum amount of the credit facility was increased to EUR 270.00 million (equivalent of RON 1,335.80 million) and the validity was changed to “until further notice”. The cash portion of the credit facility was not used as at December 31, 2022 and 2021.
- (g) An unsecured facility contracted by OMV Srbija DOO from Raiffeisen Banka a.d. Belgrad, with a maximum limit of RSD 600.00 million (equivalent of RON 25.32 million) and maturity date prolonged to March 29, 2024. The destination of the facility is for general corporate purposes financing. As at December 31, 2022 and 2021 no amount was used under the facility.
- (h) An unsecured credit facility agreement was signed by Petrom Moldova S.R.L. with Banca Comercială Română Chişinău S.A. for up to MDL 20.00 million (equivalent of RON 4.86 million) to be utilized as overdraft for working capital financing. Final maturity is December 31, 2023. No drawings were made under the overdraft facility as at December 31, 2022 and 2021.
- (i) An unsecured facility contracted by OMV Bulgaria OOD from Raiffeisenbank Bulgaria EAD, with a limit of BGN 19.75 million (equivalent of RON 49.96 million) and maturity date prolonged to June 30, 2027. The destination of the facility is the financing of current operational activities and issuance of letters of bank guarantee. There were no drawings under the overdraft facility as at December 31, 2022 and 2021.
- OMV Petrom Group's companies have signed also facilities with several banks for issuing letters of bank guarantee and letters of credit, as follows:
- (j) An unsecured facility agreement was signed by OMV Petrom S.A. with BNP Paribas Fortis Bank S.A./N.V. – Bucharest branch – for up to EUR 100.00 million (equivalent of RON 494.74 million), to be utilized only for issuance of letters of bank guarantee and letters of credit, with maturity date prolonged to July 15, 2023. Maturity is subject to possibility of further automatic extensions for successive periods of 12 months, but not longer than July 15, 2028.
- (k) An unsecured credit facility received by OMV Petrom S.A. from Banca Transilvania S.A., up to EUR 25.00 million (equivalent of RON 123.69 million), to be utilized only for issuance of letters of bank guarantee, with maturity until September 17, 2025.
- (l) An unsecured credit facility received by OMV Petrom S.A. from Unicredit Bank S.A., up to EUR 130.00 million (equivalent of RON 643.16 million), to be utilized only for issuance of letters of bank guarantee, with maturity until September 7, 2025.
- (m) 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.
- (n) A frame facility contracted by OMV Srbija DOO from Raiffeisen Banka a.d. Belgrad, with a maximum limit of EUR 2.00 million (equivalent of RON 9.89 million) and maturity date prolonged to March 31, 2025. The destination of the facility is the issuance of letters of bank guarantee and letters of credit.

(o) A credit facility contracted by OMV Srbija DOO from OTP banka Srbija akcionarsko društvo Novi Sad, with a maximum limit of RSD 7,038.56 million (equivalent of RON 297.03 million) and maturity date to February 15, 2023. The destination of the facility is the issuance of letters of bank guarantee. The facility was not prolonged.

(p) An unsecured credit facility agreement was signed by Petrom Moldova S.R.L. with Banca Comercială Română Chişinău S.A. for up to MDL 1.00 million (equivalent of RON 0.24 million) to be utilized for issuance of letters of bank guarantees. Maturity is December 31, 2023 and it is expected to be prolonged.

As at December 31, 2022 and 2021, OMV Petrom Group is in compliance with all financial covenants stipulated by the loan agreements.

Please refer also to Note 36 for details regarding interest rate risk of interest-bearing debts.

## 16. OTHER FINANCIAL LIABILITIES

	December 31, 2022	less than 1 year	over 1 year
Derivative financial liabilities (Note 33)	652.09	648.34	3.75
Financial liabilities in connection with joint operations	8.84	8.84	-
Other financial liabilities	517.82	468.60	49.22
<b>Total</b>	<b>1,178.75</b>	<b>1,125.78</b>	<b>52.97</b>
	December 31, 2021	less than 1 year	over 1 year
Derivative financial liabilities (Note 33)	2,406.76	2,356.53	50.23
Financial liabilities in connection with joint operations	6.06	6.06	-
Other financial liabilities	411.50	362.89	48.61
<b>Total</b>	<b>2,824.32</b>	<b>2,725.48</b>	<b>98.84</b>

### Derivative financial liabilities

As of December 31, 2022 and 2021, derivative financial liabilities are mainly related to unrealized power forward contracts. The significant decrease during 2022 is mainly driven by the realization of power forward sales contracts open as of December 31, 2021.

### Other financial liabilities

As of December 31, 2022, "Other financial liabilities" line includes, among others, amounts related to supplier finance programs, cash guarantees received, dividends payable and amounts due to employees in relation to salaries.

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 table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows (i.e. also including future finance charges):

December 31, 2022	< 1 year	1-5 years	> 5 years	Total
Interest-bearing debts	137.98	-	-	137.98
Lease liabilities	169.92	318.87	270.79	759.58
Trade payables	4,265.77	-	-	4,265.77
Derivative financial liabilities	648.34	3.75	-	652.09
Other financial liabilities	477.44	49.21	0.01	526.66
<b>Total</b>	<b>5,699.45</b>	<b>371.83</b>	<b>270.80</b>	<b>6,342.08</b>
December 31, 2021	< 1 year	1-5 years	> 5 years	Total
Interest-bearing debts	256.01	16.60	-	272.61
Lease liabilities	168.14	326.93	256.18	751.25
Trade payables	3,265.78	-	-	3,265.78
Derivative financial liabilities	2,356.53	50.23	-	2,406.76
Other financial liabilities	368.95	48.59	0.02	417.56
<b>Total</b>	<b>6,415.41</b>	<b>442.35</b>	<b>256.20</b>	<b>7,113.96</b>

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

OMV Petrom Group participates in several supplier finance programs under which its suppliers may elect to receive early payment of their invoice from a bank by factoring their receivable from OMV Petrom Group to the bank. Under the aforementioned agreements, the bank agrees to pay the invoices to a supplier participating in the program and receives settlement from OMV Petrom Group later. The principal purpose of those programs is to increase for OMV Petrom Group the payment term of the invoices and to allow the consenting suppliers to cash in their receivables before their maturity. These liabilities are presented within Trade payables and Other financial liabilities until payment.

## 17. OTHER LIABILITIES

	December 31, 2022	less than 1 year	over 1 year
Tax liabilities	938.01	938.01	-
Social security	40.73	40.73	-
Contract liabilities	239.34	239.34	-
Deferred income	57.04	6.19	50.85
Other liabilities	50.57	50.57	-
<b>Total</b>	<b>1,325.69</b>	<b>1,274.84</b>	<b>50.85</b>
	December 31, 2021	less than 1 year	over 1 year
Tax liabilities	929.86	929.86	-
Social security	38.37	38.37	-
Contract liabilities	150.04	150.04	-
Deferred income	60.40	8.39	52.01
Other liabilities	39.76	39.76	-
<b>Total</b>	<b>1,218.43</b>	<b>1,166.42</b>	<b>52.01</b>



**Contract liabilities**

Contract liabilities include mainly advance payments received from customers for future deliveries of goods or services and contract liabilities recognized for vouchers sold to customers in the retail business.

The changes in contract liabilities were as follows:

	2022	2021
<b>January 1</b>	<b>150.04</b>	<b>143.63</b>
Revenue recognized that was included in the contract liability balance at the beginning of the year	(132.95)	(139.17)
Increases due to cash received, excluding amounts recognized as revenue during the year	222.25	145.58
<b>December 31</b>	<b>239.34</b>	<b>150.04</b>

**18.DEFERRED TAX**

	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
<b>December 31, 2022</b>				
Tangible and intangible assets	612.97	-	612.97	20.10
Inventories	28.40	-	28.40	-
Receivables and other assets	224.34	(39.86)	184.48	-
Provisions for pensions and similar obligations	30.91	-	30.91	5.81
Other provisions	1,161.78	-	1,161.78	-
Liabilities	42.30	-	42.30	-
Tax loss carried forward	0.67	-	0.67	-
<b>Total</b>	<b>2,101.37</b>	<b>(39.86)</b>	<b>2,061.51</b>	<b>25.91</b>
Netting (same tax jurisdiction/country)			(25.91)	(25.91)
<b>Total deferred tax, net</b>			<b>2,035.60</b>	<b>-</b>

	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
<b>December 31, 2021</b>				
Tangible and intangible assets	463.60	-	463.60	23.68
Inventories	29.81	-	29.81	-
Receivables and other assets	174.35	(38.48)	135.87	3.38
Provisions for pensions and similar obligations	32.27	-	32.27	5.10
Other provisions	859.55	-	859.55	-
Liabilities	49.27	-	49.27	-
Tax loss carried forward	-	-	-	-
<b>Total</b>	<b>1,608.85</b>	<b>(38.48)</b>	<b>1,570.37</b>	<b>32.16</b>
Netting (same tax jurisdiction/country)			(32.16)	(32.16)
<b>Total deferred tax, net</b>			<b>1,538.21</b>	<b>-</b>

As at December 31, 2022, losses carry-forward for tax purposes amounted to RON 143.81 million (2021: RON 122.42 million). Eligibility of tax losses for carry-forward expires as follows:

	2022	2021
2022	-	-
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	-
After 2027	4.19	-
unlimited	139.62	122.42
<b>Total</b>	<b>143.81</b>	<b>122.42</b>

No deferred tax asset was recognized for tax losses carry-forward included in the above table, in amount of RON 139.62 million (2021: RON 122.42 million).

## 19. SALES REVENUES

Revenues	2022	2021
Revenues from contracts with customers	51,875.32	25,540.79
Revenues from other sources	9,469.12	470.34
<b>Total sales revenues</b>	<b>61,344.44</b>	<b>26,011.13</b>

### Revenues from contracts with customers

In the following tables, revenues recorded in 2022 and 2021 are disaggregated by products and reportable segments.

	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total
<b>2022</b>					
Crude Oil, NGL, condensates	-	300.09	-	-	<b>300.09</b>
Natural gas, LNG and power	10.98	14.56	20,460.01	3.35	<b>20,488.90</b>
Fuels and heating oil	-	26,198.33	-	-	<b>26,198.33</b>
Other goods and services*	39.88	4,818.48	10.84	18.80	<b>4,888.00</b>
<b>Total</b>	<b>50.86</b>	<b>31,331.46</b>	<b>20,470.85</b>	<b>22.15</b>	<b>51,875.32</b>
<b>2021</b>					
Crude Oil, NGL, condensates	93.49	58.53	-	-	<b>152.02</b>
Natural gas, LNG and power	5.55	12.21	6,229.99	2.78	<b>6,250.53</b>
Fuels and heating oil	-	15,065.23	-	-	<b>15,065.23</b>
Other goods and services*	38.61	3,955.81	62.24	16.35	<b>4,073.01</b>
<b>Total</b>	<b>137.65</b>	<b>19,091.78</b>	<b>6,292.23</b>	<b>19.13</b>	<b>25,540.79</b>

\* Mainly in Refining and Marketing related to non-fuel business and other petroleum products not included in categories above.

**Revenues from other sources**

In 2022, 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 7,659.73 million (2021: RON 1,397.63 million) and net unrealized gains from fair valuation of power forward contracts amounting to RON 1,837.98 million (2021: net unrealized losses of RON 1,073.93 million).

OMV Petrom Group acts as a lessor for lease arrangements assessed as operating leases mainly for land, buildings and equipment. Rental and lease revenues in 2022 amount to RON 46.85 million (2021: RON 50.04 million).

**20. OTHER OPERATING INCOME**

	2022	2021
Foreign exchange gains from operating activities	99.43	7.92
Gains on disposal of subsidiaries, businesses and non-current assets	26.79	72.02
Other operating income	1,212.85	105.53
<b>Total</b>	<b>1,339.07</b>	<b>185.47</b>

“Other operating income” line in 2022 includes mainly income from Romanian authorities in relation to compensations for the natural gas sales at capped prices to clients allocated to the Company as Supplier of Last Resort and for electricity sales at capped prices, as well as in relation to the subsidies supporting half of the RON 0.50 per liter voluntary price reduction for the sale of diesel and gasoline. These measures were introduced via several Government Emergency Ordinances in order to mitigate the consequences of the energy crisis.

**21. NET INCOME FROM INVESTMENTS IN ASSOCIATES**

	2022	2021
Share of net result of associated companies	8.73	5.23
<b>Total</b>	<b>8.73</b>	<b>5.23</b>

**22. OTHER OPERATING EXPENSES**

	2022	2021
Foreign exchange losses from operating activities	119.14	21.91
Losses on disposal of subsidiaries, businesses and non-current assets	3.96	32.71
Other operating expenses	176.28	197.96
<b>Total</b>	<b>299.38</b>	<b>252.58</b>

“Other operating expenses” line includes an amount of RON 15.75 million (2021: RON 72.90 million) representing restructuring expenses and an amount of RON 37.89 million (2021: RON 20.46 million) representing costs with digitalization initiatives at Group level.

## 23. COST INFORMATION

For the years ended December 31, 2022 and December 31, 2021 the consolidated income statement includes the following personnel expenses:

	2022	2021
Wages and salaries	1,402.20	1,382.60
Other personnel expenses	244.89	220.66
<b>Total personnel expenses</b>	<b>1,647.09</b>	<b>1,603.26</b>

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

	2022	2021
Depreciation and amortization	2,801.42	2,965.47
Impairment intangible assets and property, plant and equipment	2,366.99	536.96
Write-ups intangible assets and property, plant and equipment	(48.32)	(2.22)
<b>Total depreciation, amortization and net impairment</b>	<b>5,120.09</b>	<b>3,500.21</b>

Net impairment losses booked during the year ended December 31, 2022 for intangible assets and property, plant and equipment were related mostly to Exploration and Production segment in amount of RON 2,276.43 million, reflecting mainly impairment at CGU level as described in Note 2, write-offs of exploration intangibles, unsuccessful workovers and obsolete or replaced assets in Romania. Net impairments in Refining and Marketing segment were in amount of RON 40.00 million, in Gas and Power segment in amount of RON 2.23 million and in Corporate and Other segment in amount of RON 0.01 million.

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 Exploration and Production segment in amount of RON 529.38 million, reflecting mainly write-offs of exploration intangibles, unsuccessful workovers and obsolete or replaced assets in Romania. Net impairments in Refining and Marketing segment were in amount of RON 4.86 million and in Gas and Power segment in amount of RON 0.50 million.

In the consolidated income statement for the year ended December 31, 2022 net impairments are included under depreciation, amortization, impairments and write-ups in amount of RON 2,262.94 million (2021: RON 433.94 million) and under exploration expenses in amount of RON 55.73 million (2021: RON 100.80 million).

For the year ended December 31, 2022, the consolidated income statement includes increased "Production and operating expenses", mainly triggered by power overtaxation introduced in 2022.

## 24. INTEREST INCOME AND INTEREST EXPENSES

	2022	2021
<b>Interest income</b>		
Interest income from receivables and other	43.34	25.02
Interest income from short term bank deposits	714.15	109.49
Unwinding income for other financial assets and positive effect of changes in discount rate and timing for Romanian State receivable	18.60	26.18
<b>Total interest income</b>	<b>776.09</b>	<b>160.69</b>
<b>Interest expenses</b>		
Interest expenses	(34.28)	(29.03)
Unwinding expenses for retirement benefits provision	(8.85)	(7.13)
Unwinding expenses for decommissioning provision, net of the unwinding income for related Romanian State receivable	(326.67)	(205.13)
Unwinding expenses and discounting for other items and negative effect of changes in discount rate and timing for Romanian State receivable	(356.06)	(223.45)
<b>Total interest expenses</b>	<b>(725.86)</b>	<b>(464.74)</b>
<b>Net interest revenues/ (expenses)</b>	<b>50.23</b>	<b>(304.05)</b>

“Interest income from short term bank deposits” increased in 2022 mainly due to higher average interest rates on deposits and due to more cash available during 2022.

## 25. OTHER FINANCIAL INCOME AND EXPENSES

	2022	2021
Net foreign exchange gains/(losses) from financing activities	(24.95)	(2.91)
Net gains/(losses) from investments and financial assets	(0.75)	-
Other financial expenses	(7.43)	(3.79)
<b>Other financial income and expenses</b>	<b>(33.13)</b>	<b>(6.70)</b>

## 26. TAXES ON INCOME

	2022	2021
Current taxes	(2,257.05)	(517.84)
Deferred taxes	501.27	(15.84)
<b>Taxes on income - (expense)/revenue</b>	<b>(1,755.78)</b>	<b>(533.68)</b>

The reconciliation of net deferred tax is as follows:

	2022	2021
Deferred tax, net as at January 1	1,538.21	1,533.74
Deferred tax, net as at December 31	2,035.60	1,538.21
<b>Changes in deferred tax</b>	<b>497.39</b>	<b>4.47</b>
thereof deferred tax revenue / (expense) in consolidated other comprehensive income	(3.88)	15.01
thereof deferred tax related to "held for sale"	-	5.30
thereof deferred tax revenue / (expense) in the consolidated income statement	501.27	(15.84)
<b>Reconciliation</b>		
<b>Profit before tax</b>	<b>12,055.85</b>	<b>3,398.10</b>
Income tax rate applicable for Parent company	16%	16%
<b>Profit tax expense based on income tax rate of the Parent</b>	<b>(1,928.94)</b>	<b>(543.70)</b>
Effect of differing foreign tax rates	3.18	3.38
Profit tax expense based on applicable rates	(1,925.76)	(540.32)
Tax effect of items that are (non-deductible) / non-taxable	169.98	6.64
<b>Profit tax expense in the consolidated income statement</b>	<b>(1,755.78)</b>	<b>(533.68)</b>

In 2022, main amounts included under items that are (non-deductible) / non-taxable relate to fiscal credits.

## 27. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Calculation of earnings per share is based on the following data:

	2022	2021
Net profit attributable to stockholders of the parent	10,300.88	2,864.34
Weighted average number of shares	61,181,320,081	60,967,807,874
Earnings per share in RON	0.1684	0.0470

The basic and diluted earnings per share are the same, as there are no instruments that have a dilutive effect on earnings.

Following the share capital increase finalized on November 3, 2022 (for details please see Note 13), figures for 2021 have been adjusted retrospectively in accordance with IFRS requirements.



## 28. SEGMENT INFORMATION

OMV Petrom Group is organized into three operating business segments: Exploration and Production, Refining and Marketing and Gas and Power, while management, financing activities and certain service functions are concentrated in the Corporate and Other segment.

OMV Petrom Group'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 commodity prices and of the US dollar. A variety of measures are taken to manage these risks.

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

**Exploration and Production** activities consist of exploration, development and production of crude oil and natural gas and are focused on Romania, Bulgaria and Georgia. Starting with May 14, 2021, when the sale of Kazakhstan subsidiaries was finalized, the Group ceased to have operational activities in Kazakhstan. Upstream products are sold mainly inside of OMV Petrom Group.

**Refining and Marketing** produces and delivers gasoline, diesel and other petroleum products to its customers, while through filling stations networks offers also a variety of services and non-oil business (NOB) goods. **Refining** division, part of Refining and Marketing segment, operates one Romanian refinery, Petrobrazi, with an annual capacity of 4.5 million tons. **Marketing** division, part of Refining and Marketing segment, delivers products to both retail and wholesale customers and operates in Romania, Bulgaria, Serbia and Republic of Moldova. OMV Petrom Group is the main player on the Romanian fuels market.

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

The key figure of operating performance for OMV Petrom Group is the Operating result. In compiling the segment results, business activities with similar characteristics have been aggregated. Intra-Group sales and cost allocations by the parent company are determined in accordance with internal Group policies. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices.

**Operating segments**

December 31, 2022	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total	Consolidation	Consolidated total
Intersegment sales	16,212.26	84.71	438.37	175.01	16,910.35	(16,910.35)	-
Sales with third parties	58.01	31,281.79	29,968.57	36.07	61,344.44	-	61,344.44
<b>Total sales</b>	<b>16,270.27</b>	<b>31,366.50</b>	<b>30,406.94</b>	<b>211.08</b>	<b>78,254.79</b>	<b>(16,910.35)</b>	<b>61,344.44</b>
<b>Operating result</b>	<b>3,611.70</b>	<b>4,076.03</b>	<b>4,661.92</b>	<b>(250.37)</b>	<b>12,099.28</b>	<b>(60.53)</b>	<b>12,038.75</b>
Total assets*	20,189.90	5,854.07	1,317.28	405.49	27,766.74	-	27,766.74
Additions in PPE/IA	3,177.22	831.31	97.09	60.18	4,165.80	-	4,165.80
Depreciation and amortization	1,926.59	714.46	125.42	34.95	2,801.42	-	2,801.42
Impairment losses/ (write-ups), net	2,276.43	40.00	2.23	0.01	2,318.67	-	2,318.67

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

**Information about geographical areas**

December 31, 2022	Romania	Rest of Central Eastern Europe	Rest of Europe	Rest of world	Consolidated total
Sales with third parties*	49,846.32	11,255.95	242.17	-	61,344.44
Total assets**	26,843.59	918.00	-	5.15	27,766.74
Additions in PPE/IA	4,120.71	45.09	-	-	4,165.80

\*) Sales to customers are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer; the net revenues from commodity transactions within the scope of IFRS 9 and hedging results are reported in the country in which the reporting entity is located;

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

Sales with third parties made in Rest of Central Eastern Europe in 2022 include sales made in Hungary amounting to RON 5,200.39 million and in Bulgaria amounting to RON 2,903.50 million.

**Operating segments**

December 31, 2021	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total	Consolidation	Consolidated total
Intersegment sales	9,082.76	48.01	264.15	169.74	9,564.66	(9,564.66)	-
Sales with third parties	144.53	19,215.93	6,615.93	34.74	26,011.13	-	26,011.13
<b>Total sales</b>	<b>9,227.29</b>	<b>19,263.94</b>	<b>6,880.08</b>	<b>204.48</b>	<b>35,575.79</b>	<b>(9,564.66)</b>	<b>26,011.13</b>
<b>Operating result</b>	<b>1,660.22</b>	<b>2,663.18</b>	<b>(253.24)</b>	<b>(98.61)</b>	<b>3,971.55</b>	<b>(262.70)</b>	<b>3,708.85</b>
Total assets*	21,241.65	5,779.64	1,347.86	384.44	28,753.59	-	28,753.59
Additions in PPE/IA	2,126.86	766.33	12.23	18.19	2,923.61	-	2,923.61
Depreciation and amortization	2,027.73	764.71	131.11	41.92	2,965.47	-	2,965.47
Impairment losses/ (write-ups), net	529.38	4.86	0.50	-	534.74	-	534.74

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

**Information about geographical areas**

<b>December 31, 2021</b>	<b>Romania</b>	<b>Rest of Central Eastern Europe</b>	<b>Rest of Europe</b>	<b>Rest of world</b>	<b>Consolidated total</b>
Sales with third parties*	21,650.01	4,331.60	10.88	18.64	<b>26,011.13</b>
Total assets**	27,795.94	951.52	-	6.13	<b>28,753.59</b>
Additions in PPE/IA	2,835.97	80.78	-	6.86	<b>2,923.61</b>

\*) Sales to customers are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer; the net revenues from commodity transactions within the scope of IFRS 9 and hedging results are reported in the country in which the reporting entity is located;

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

Sales with third parties made in Rest of Central Eastern Europe in 2021 include sales made in Bulgaria amounting to RON 1,942.28 million.

**29. AVERAGE NUMBER OF EMPLOYEES**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Total OMV Petrom Group</b>	<b>7,837</b>	<b>8,852</b>
thereof:		
OMV Petrom S.A.	7,372	8,271
Subsidiaries	465	581

The number of employees was calculated as the average of the month's end number of employees during the year.

**30. 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.

There are no guarantees given or paid to related parties as at December 31, 2022 and December 31, 2021.

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

During 2022, OMV Petrom Group had the following transactions with related parties, including balances as of December 31, 2022:

	Nature of transactions	Purchases	Balances payable
<b>OMV Petrom S.A. - parent company</b>			
OMV Gas Marketing & Trading GmbH	Acquisition of natural gas and CO <sub>2</sub> certificates	1,375.69	6.97
OMV Supply & Trading Limited	Acquisition of crude oil and other	922.95	3.26
OMV Petrom Global Solutions S.R.L.	Financial, bookkeeping, IT support and other services	557.98	127.16
OMV Downstream GmbH	Acquisition of petroleum products, services and other	122.61	56.75
OMV Exploration & Production GmbH	Delegation of personnel and other	109.95	29.16
OMV Aktiengesellschaft	Delegation of personnel and other	29.30	43.35
OMV Deutschland Marketing & Trading GmbH & Co. KG	Acquisition of petroleum products	6.44	-
OMV International Oil & Gas GmbH	Delegation of personnel	1.60	0.25
OMV Abu Dhabi Production GmbH	Various services	1.01	0.24
OMV Austria Exploration & Production GmbH	Various services	0.05	-
OMV - International Services Ges.m.b.H.	Various services	0.02	-
OMV Enerji Ticaret Anonim Şirketi	Various acquisitions	0.01	-
Borealis AG	Various services	0.01	-
<b>Total OMV Petrom S.A.</b>		<b>3,127.62</b>	<b>267.14</b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Downstream GmbH	Acquisition of petroleum products and services	129.84	15.12
OMV Petrom Global Solutions S.R.L.	Financial, bookkeeping, IT support and other services	84.00	18.46
OMV Hungária Ásványolaj Kft.	Acquisition of bitumen	60.60	0.16
Borealis L.A.T GmbH	Acquisition of materials	11.45	-
OMV - International Services Ges.m.b.H.	Various services	8.98	104.14
OMV Aktiengesellschaft	Delegation of personnel and other	0.81	-
OMV Slovensko s.r.o.	Various services	0.53	0.53
OMV Česká republika, s.r.o.	Various services	0.11	0.06
Borealis Agrolinz Melamine GmbH	Various acquisitions	0.02	-
<b>Total subsidiaries</b>		<b>296.34</b>	<b>138.47</b>
<b>Total OMV Petrom Group</b>		<b>3,423.96</b>	<b>405.61</b>

	Nature of transactions	Revenues	Balances receivable
<b>OMV Petrom S.A. - parent company</b>			
OMV Gas Marketing & Trading GmbH	Sales of natural gas	1,265.08	38.97
OMV Downstream GmbH	Sales of petroleum products, delegation of personnel and other	589.11	1.75
OMV Hungária Ásványolaj Kft.	Sales of petroleum products	253.03	-
OMV Deutschland Marketing & Trading GmbH & Co. KG	Sales of propylene and petroleum products	252.82	37.23
Borealis AG	Sales of propylene	86.07	4.85
OMV Supply & Trading Limited	Various services	25.14	-
OMV Exploration & Production GmbH	Delegation of personnel and other	22.66	2.18
OMV Petrom Global Solutions S.R.L.	Various services	22.01	1.75
OMV Slovensko s.r.o.	Sales of petroleum products	18.51	-
OMV Aktiengesellschaft	Delegation of personnel and other	10.27	2.73
Borealis L.A.T Romania S.R.L.	Various services	0.20	0.02
OMV - International Services Ges.m.b.H.	Various services	0.02	0.02
Petrom Exploration and Production Limited	Various services	0.02	-
<b>Total OMV Petrom S.A.</b>		<b>2,544.94</b>	<b>89.50</b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Downstream GmbH	Delegation of personnel and other	5.10	3.96
OMV Petrom Global Solutions S.R.L.	Various services	2.47	0.27
OMV Česká republika, s.r.o.	Various services	0.77	-
Borealis L.A.T Romania S.R.L.	Various services	0.12	-
OMV - International Services Ges.m.b.H.	Various services	-	31.46
<b>Total subsidiaries</b>		<b>8.46</b>	<b>35.69</b>
<b>Total OMV Petrom Group</b>		<b>2,553.40</b>	<b>125.19</b>

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

During 2022, OMV Petrom Group had the following interest expenses with related parties, including balances as of December 31, 2022 for interest payable:

	Interest expense	Balances interest payable
<b>OMV Petrom S.A. - parent company</b>		
OMV Petrom Global Solutions S.R.L.	8.02	0.64
<b>Total OMV Petrom S.A.</b>	<b>8.02</b>	<b>0.64</b>
<b>Total OMV Petrom Group</b>	<b>8.02</b>	<b>0.64</b>

The balance payable to OMV Petrom Global Solutions S.R.L. in relation to cash pooling agreement is presented in Note 15b).

There were no interest income and interest receivables with related parties in 2022.

During 2021, OMV Petrom Group 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. - parent company</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 OMV Petrom S.A.</b>		<b>2,516.94</b>	<b>329.88</b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Downstream GmbH	Acquisition of petroleum products, other materials and services	188.55	36.78
OMV Petrom Global Solutions S.R.L.	Financial, bookkeeping, IT support and other services	70.45	9.66
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of bitumen	34.70	0.56
OMV - International Services Ges.m.b.H.	Various services	8.12	60.85
Borealis L.A.T GmbH	Acquisition of materials	5.88	2.81
OMV Exploration & Production GmbH	Delegation of personnel and other	0.97	-
OMV Aktiengesellschaft	Delegation of personnel and other	0.93	0.05
Borealis Agrolinz Melamine GmbH	Various services	0.12	0.04
OMV Česká republika, s.r.o.	Delegation of personnel	0.06	-
<b>Total subsidiaries</b>		<b>309.78</b>	<b>110.75</b>
<b>Total OMV Petrom Group</b>		<b>2,826.72</b>	<b>440.63</b>



	Nature of transactions	Revenues	Balances receivable
<b>OMV Petrom S.A. - parent company</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 S.R.L.	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 & Production Limited	Various services	0.01	-
<b>Total OMV Petrom S.A.</b>		<b>1,069.98</b>	<b>230.10</b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Petrom Global Solutions S.R.L.	Various services	1.97	0.10
OMV Downstream GmbH	Delegation of personnel and other	1.55	1.06
OMV Česká republika, s.r.o.	Delegation of personnel	0.85	-
Borealis L.A.T Romania s.r.l.	Various services	0.09	-
OMV Exploration & Production GmbH	Delegation of personnel	0.05	-
OMV - International Services Ges.m.b.H.	Various services	0.02	22.58
<b>Total subsidiaries</b>		<b>4.53</b>	<b>23.74</b>
<b>Total OMV Petrom Group</b>		<b>1,074.51</b>	<b>253.84</b>

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

During 2021, OMV Petrom Group had the following interest expenses with related parties, including balances as of December 31, 2021 for interest payable:

	Interest expense	Balances interest payable
<b>OMV Petrom S.A. - parent company</b>		
OMV Petrom Global Solutions S.R.L.	2.00	0.28
<b>Total OMV Petrom S.A.</b>	<b>2.00</b>	<b>0.28</b>
<b>Total OMV Petrom Group</b>	<b>2.00</b>	<b>0.28</b>

The balance payable to OMV Petrom Global Solutions S.R.L. in relation to cash pooling agreement is presented in Note 15b).

There were no interest income and interest receivables with related parties in 2021.

### 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 Trabrennststraße 6-8, 1020 Vienna, Austria. The main shareholders of OMV Aktiengesellschaft are Österreichische Beteiligungs AG (ÖBAG, 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>

### Government-related entities

Based on the OMV Petrom ownership structure, the Romanian State via the Ministry of Energy has significant influence over OMV Petrom S.A. and therefore there are companies controlled or jointly controlled by the Romanian State which are related parties for OMV Petrom Group. In the normal course of business, OMV Petrom Group has transactions with some of these related parties, at arm's length, unless otherwise specified in the legislation. The cumulative values of the transactions with each of these related parties are not significant.

In May 2022, S.N.G.N. Romgaz S.A. ("Romgaz") signed a share sale and purchase agreement for the acquisition of ExxonMobil Exploration and Production Romania Limited, which had a farm out arrangement with OMV Petrom and a 50% participating interest in the Neptun Deepwater block in Black Sea. On 1 August 2022, the deal was finalized and on the same date OMV Petrom took over the operatorship for the Neptun Deep block.

In October 2022, OMV Petrom S.A. and Complexul Energetic Oltenia S.A. have signed a partnership agreement to build four photovoltaic parks in Romania, with a total capacity of ~450 MW. For more details on these joint arrangements see Note 35.

### Key management remuneration

For 2022, 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 (2021: 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 (2021: 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 (2021: EUR 2,000 per meeting).

As at December 31, 2022 and 2021, there were no loans or advances granted by any of the Group companies to the members of the Supervisory Board. As at December 31, 2022 and 2021, 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 2022 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 67.86 million (2021: RON 66.69 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.

### 31. DIRECT AND INDIRECT INVESTMENTS OF OMV PETROM GROUP WITH AN INTEREST OF AT LEAST 20% AS OF DECEMBER 31, 2022

Company Name	Share interest percentage	Consolidation treatment**	Activity	Country of incorporation
<b>Subsidiaries (&gt;50%)</b>				
Petrom Moldova S.R.L.	100.00%	FC	Fuel distribution	Moldova
OMV Petrom Marketing S.R.L.	100.00%	FC	Fuel distribution	Romania
OMV Petrom Aviation S.R.L.*	100.00%	FC	Airport services	Romania
OMV Offshore Bulgaria GmbH	100.00%	FC	Exploration activities	Austria
OMV Petrom Georgia LLC	100.00%	FC	Exploration and production services	Georgia
OMV Petrom E&P Bulgaria S.R.L.(former OMV Petrom Gas S.R.L.)	100.00%	FC	Exploration and production services	Romania
Petromed Solutions S.R.L.	100.00%	FC	Medical services	Romania
OMV Srbija DOO	99.96%	FC	Fuel distribution	Serbia
OMV Bulgaria OOD	99.90%	FC	Fuel distribution	Bulgaria
OMV Petrom Biofuels S.R.L.	75.00%	FC	Production of bioethanol	Romania
Petrom Exploration & Production Limited	99.99%	NC	Exploration and production services	Isle of Man
<b>Incorporated Joint operation</b>				
S. Parc Fotovoltaic Isalnita S.A.	50.00%	PC	Energy production	Romania
S. Parc Fotovoltaic Rovinari Est S.A.	50.00%	PC	Energy production	Romania
S. Parc Fotovoltaic Tismana 1 S.A.	50.00%	PC	Energy production	Romania
S. Solarist Tismana 2 S.A.	50.00%	PC	Energy production	Romania
<b>Associated companies (20-50%)</b>				
OMV Petrom Global Solutions S.R.L.	25.00%	EM	Financial, IT and other services	Romania
Asociatia Romana pentru Relatia cu Investitorii	20.00%	NAE	Public representation	Romania

\*) 1 (one) equity interest owned through OMV Petrom Marketing S.R.L.

\*\*) Consolidation treatment:

FC	Full consolidation
EM	Accounted for at equity (associated company)
NC	Not-consolidated subsidiary (companies of relative insignificance, both individually and collectively, to the consolidated financial statements)
NAE	Other investment recognized at cost (associated companies of relatively little importance to the assets and earnings of the consolidated financial statements)
PC	Joint operations; accounted for as OMV Petrom's share of assets, liabilities, income and expenses held or incurred jointly

On January 17, 2022, OMV Petrom S.A. acquired the remaining 0.003% interest in the subsidiary Petromed Solutions S.R.L., reaching 100% ownership in this subsidiary.

On March 28, 2022, a new subsidiary was set up, OMV Petrom Biofuels S.R.L., having as main activity the production of bioethanol, wherein OMV Petrom S.A. holds 75% and OMV Downstream GmbH holds 25% of the shares. The subsidiary is fully consolidated in the Group financial statements starting with first quarter of 2022.

OMV Petrom Gas S.R.L., previously reported under Gas and Power business segment, was renamed as OMV Petrom E&P Bulgaria S.R.L., with its main future activity being exploration and production of hydrocarbons, and will be reported under Exploration and Production business segment.

On October 27, 2022, four separate legal entities were set up in relation to the partnership agreements signed by OMV Petrom S.A. with Complexul Energetic Oltenia to build four photovoltaic parks, in a 50% - 50% equity interest structure. The legal entities represent joint operations, accounted for as OMV Petrom's share of assets, liabilities, income and expenses held or incurred jointly.

The subsidiaries which are not consolidated have very low volumes of business; the total sales, net income/losses and equity of such companies represent less than 1% of the consolidated totals.

## 32. CASH FLOW STATEMENT INFORMATION

### a) Drawings and repayments of 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, 2022</b>	<b>271.55</b>	<b>659.73</b>	<b>931.28</b>
Repayments of interest bearing debts and principal portion of lease liabilities	(133.29)	(175.01)	<b>(308.30)</b>
Increase in interest bearing debts	-	-	-
<b>Total cash flows relating to financing activities</b>	<b>(133.29)</b>	<b>(175.01)</b>	<b>(308.30)</b>
Lease liabilities recognized during the year	-	170.36	<b>170.36</b>
Net other changes	(0.39)	(0.26)	<b>(0.65)</b>
<b>Total non-cash changes</b>	<b>(0.39)</b>	<b>170.10</b>	<b>169.71</b>
<b>December 31, 2022</b>	<b>137.87</b>	<b>654.82</b>	<b>792.69</b>
thereof short-term	137.87	155.96	<b>293.83</b>
thereof long-term	-	498.86	<b>498.86</b>

	Interest-bearing debts	Lease liabilities	Total
<b>January 1, 2021</b>	<b>283.97</b>	<b>680.39</b>	<b>964.36</b>
Repayments of interest bearing debts and principal portion of lease liabilities	(93.49)	(158.29)	<b>(251.78)</b>
Increase in interest bearing debts	78.86	-	78.86
<b>Total cash flows relating to financing activities</b>	<b>(14.63)</b>	<b>(158.29)</b>	<b>(172.92)</b>
Lease liabilities recognized during the year	-	135.23	<b>135.23</b>
Net other changes	2.21	2.40	<b>4.61</b>
<b>Total non-cash changes</b>	<b>2.21</b>	<b>137.63</b>	<b>139.84</b>
<b>December 31, 2021</b>	<b>271.55</b>	<b>659.73</b>	<b>931.28</b>
thereof short-term	255.06	158.32	<b>413.38</b>
thereof long-term	16.49	501.41	<b>517.90</b>

## b) Investments and other financial assets

In 2022, OMV Petrom invested an amount of RON 51.57 million in Romanian Government bonds, which were kept until maturity.

Also, on March 28, 2022, OMV Petrom set up a new subsidiary, OMV Petrom Biofuels S.R.L., wherein OMV Petrom S.A. holds 75% and OMV Downstream GmbH holds 25% of the shares. The impact in cash flows was an inflow of RON 6.18 million representing the contribution of OMV Downstream GmbH to the share capital of the subsidiary.

## c) Proceeds in relation to non-current assets and financial assets

In 2022, proceeds in relation to non-current assets and financial assets include the amount of RON 52.00 million representing the redemption value of the Romanian Government bonds acquired during the year. For details please see Note 32 b).

In 2021, proceeds in relation to non-current assets and financial assets included the amount of RON 37.61 million representing encashment from the last two tranches of the government grant for Brazi power plant.

## d) 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.. The cash inflows for this transfer of business were RON 43.00 million in 2021 and RON 0.99 million in 2022.

<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>

During 2022, OMV Petrom Group did not transfer any business.

## e) Disposal of Group companies

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, to Magnetic Oil Limited.

<b>Net assets at the date of sale</b>	<b>2021</b>
<b>Assets</b>	
Intangible assets	6.44
Property, plant and equipment	510.93
Deferred tax assets	2.86
Inventories	27.94
Trade receivables	15.54
Other financial assets	36.69
Other assets	18.02
Cash and cash equivalents	26.36
<b>Liabilities</b>	<b>2021</b>
Provisions	(86.16)
Lease liabilities	(4.75)
Deferred tax liabilities	(27.01)
Trade payables	(14.01)
Other financial liabilities	(4.67)
Other liabilities	(10.66)
<b>Net assets and loans sold</b>	<b>497.52</b>
<b>Gain/(loss) on sales of subsidiaries</b>	<b>2021</b>
Proceeds from sale	560.22
Net assets and loans sold	(497.52)
Recycling of currency translation reserves on sale of subsidiaries	(90.92)
<b>Loss on sale of subsidiaries</b>	<b>(28.22)</b>
<b>Net cash flow from sale of subsidiaries</b>	<b>2021</b>
Proceeds from sale	560.22
Advance received in prior year	(71.59)
Subsidiaries' cash at the date of sale	(26.36)
<b>Proceeds from sale of subsidiaries, net of cash disposed</b>	<b>462.27</b>

In 2022, OMV Petrom Group did not dispose of any subsidiary.



## f) Exploration cash-flows

The amount of cash outflows in relation to exploration activities incurred by OMV Petrom Group for the year ended December 31, 2022 is of RON 346.05 million (2021: RON 239.71 million), out of which the amount of RON 212.11 million is related to operating activities (2021: RON 106.70 million) and the amount of RON 133.94 million represents cash outflows for exploration investing activities (2021: RON 133.01 million).

## g) 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.

## h) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash at banks and on hand	720.93	375.53
Short-term deposits	13,535.20	9,947.12
<b>Cash and cash equivalents</b>	<b>14,256.13</b>	<b>10,322.65</b>

### 33. 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. Trade receivables held for sale and trade receivables from sales contracts with provisional pricing are measured at fair value.

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, 2022

	Level 1	Level 2	Level 3	Total
Trade receivables	-	9.04	-	9.04
Other derivatives	-	1,502.05	-	1,502.05
<b>Total</b>	-	1,511.09	-	1,511.09

#### Fair value hierarchy of financial liabilities as at December 31, 2022

	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	(1.20)	-	(1.20)
Other derivatives	-	(650.89)	-	(650.89)
<b>Total</b>	-	(652.09)	-	(652.09)

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

	Level 1	Level 2	Level 3	Total
Trade receivables	-	61.86	-	61.86
Derivatives designated and effective as hedging instruments	-	21.10	-	21.10
Other derivatives	-	1,534.99	-	1,534.99
<b>Total</b>	-	1,617.95	-	1,617.95

#### 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>	-	(2,406.76)	-	(2,406.76)

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 liabilities whose fair values differ from their carrying amounts as at December 31, 2022 and December 31, 2021, as well as the respective differences are presented in the tables below. The fair values of these financial liabilities

were determined by discounting future contractual cash flows using interest rates prevailing at reporting date for similar 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 2022			
Financial liabilities	Fair value	Carrying amount	Difference
Interest-bearing debts	137.85	137.87	(0.02)
<b>Total</b>	<b>137.85</b>	<b>137.87</b>	<b>(0.02)</b>

December 31 2021			
Financial liabilities	Fair value	Carrying amount	Difference
Interest-bearing debts	272.41	271.55	0.86
<b>Total</b>	<b>272.41</b>	<b>271.55</b>	<b>0.86</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 consolidated statement of financial position when OMV Petrom Group 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 Group 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 consolidated statement of the financial position.

During 2021 OMV Petrom Group 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 values in the net column would be on the Group's consolidated statement of financial position, if all set-off rights were exercised.

#### Offsetting of financial assets 2022

	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	1,594.28	(92.23)	1,502.05	(181.85)	1,320.20
Trade receivables	4,461.73	(913.28)	3,548.45	(23.53)	3,524.92
Other financial assets	1,346.78	(25.02)	1,321.76	(3.74)	1,318.02
<b>Total</b>	<b>7,402.79</b>	<b>(1,030.53)</b>	<b>6,372.26</b>	<b>(209.12)</b>	<b>6,163.14</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 9.

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

**Offsetting of financial liabilities 2022**

	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	744.32	(92.23)	652.09	(181.85)	470.24
Trade payables	5,179.05	(913.28)	4,265.77	(23.53)	4,242.24
Other financial liabilities	542.84	(25.02)	517.82	(3.74)	514.08
<b>Total</b>	<b>6,466.21</b>	<b>(1,030.53)</b>	<b>5,435.68</b>	<b>(209.12)</b>	<b>5,226.56</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 16.

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

**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	1,945.31	(389.22)	1,556.09	(349.31)	1,206.78
Trade receivables	2,866.35	(225.67)	2,640.68	(6.81)	2,633.87
Other financial assets	345.91	(6.15)	339.76	(78.18)	261.58
<b>Total</b>	<b>5,157.57</b>	<b>(621.04)</b>	<b>4,536.53</b>	<b>(434.30)</b>	<b>4,102.23</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 9.

\*\*) 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	3,491.45	(225.67)	3,265.78	(6.81)	3,258.97
Other financial liabilities	417.65	(6.15)	411.50	(78.18)	333.32
<b>Total</b>	<b>6,705.08</b>	<b>(621.04)</b>	<b>6,084.04</b>	<b>(434.30)</b>	<b>5,649.74</b>

\*) Net amounts presented in the statement of financial position are detailed in Note 16.

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

**34. COMMITMENTS AND CONTINGENCIES****Commitments**

As at December 31, 2022 the commitments engaged by OMV Petrom Group for acquisitions of fixed assets (except those in relation to joint arrangements) are in amount of RON 1,870.88 million (2021: RON 983.33 million), out of which RON 1,734.38 million related to property, plant and equipment (2021: RON 796.56 million) and RON 136.50 million for intangible assets (2021: RON 186.77 million).

The Group has additional commitments in relation to joint arrangements - for details please refer to Note 35.

Leases not yet commenced in 2022 but committed are disclosed separately in Note 7.

### 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.

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

### Contingent liabilities

The production facilities and properties of all Group companies are subject to a variety of environmental protection laws and regulations in the countries where they operate; provisions are made for obligations arising from environmental protection measures in accordance with the Group's accounting policies.

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 Group Financial Statements as at December 31, 2022 and December 31, 2021.

On April 16, 2020, the Bulgarian Commission for Protection of Competition announced the initiation of an investigation regarding the determination of the prices on fuel market. OMV Bulgaria OOD is subject to this investigation, among other major manufacturers and retailers on Bulgarian market. During 2020 two requests of providing information were received from authorities and the responses were submitted in due time. There were no additional requests from authorities in 2021 and 2022, but the investigation is not yet finalized. The sanctions for antitrust infringements are up to 10% of the total company's turnover of the respective undertaking for the financial year prior to the sanctioning decision. At the date of these financial statements, we are not able to evaluate the outcome of the investigation and no provision was recorded in this respect.

OMV Petrom entered into guarantees as part of the ordinary course of the Group's business, mainly under credit facilities granted by banks, without cash collateral (please see Note 15). No material losses are likely to arise from such guarantees.

## 35. 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 the Black Sea and has a participating interest of 50%. Starting August 2011, Exxon has been appointed as operator (previously OMV Petrom S.A. was operator). In May 2022, S.N.G.N. Romgaz S.A. ("Romgaz") signed a share sale and purchase agreement for the acquisition of Exxon, and thus its participating interest in the block. On 1 August 2022, the deal was finalized and on the same date OMV Petrom took over the operatorship for the Neptun Deep block.

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).

In December 2019, OMV Petrom S.A. signed a contract to acquire OMV Offshore Bulgaria GmbH, which at that time held a 30% stake in the Han Asparuh exploration license in Bulgaria, alongside Repsol and Total. In June 2020, this percentage increased to 42.86% following Repsol's exit from the joint venture, as approved by the Bulgarian regulator. The remaining interest of 57.14% is held by Total, which is also the operator. 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.

In 2022, OMV Petrom entered into a partnership with Complexul Energetic Oltenia to build four photovoltaic parks with a total capacity of approximately 450 MW. The parks will be developed through four separate legal entities, in a 50% - 50% equity interest structure. The intention is to sell the produced electricity by these entities to the two partners in equal shares.

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

OMV Petrom Group's share of the aggregate commitments for acquisitions of fixed assets in relation with these joint arrangements as at December 31, 2022 amounts to RON 90.32 million (2021: RON 45.55 million), mainly for offshore activities.

## 36. RISK MANAGEMENT

### Capital risk management

OMV Petrom Group continuously manages its capital adequacy to ensure that its entities will be optimally capitalized, in accordance with their risk exposure, in order to maximize the return to shareholders. The capital structure of OMV Petrom Group consists of equity attributable to stockholders of the parent (comprising share capital, reserves and revenue reserves as disclosed in the "Consolidated 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 Group is part of the value management and it is based on permanent review of the gearing ratio of the Group.

Net debt is calculated as interest-bearing debts and lease liabilities, less cash and cash equivalents. Due to the significant cash balance, the Group reported a net cash position of RON 13,463.44 million at December 31, 2022 (2021: RON 9,391.37 million).

### Risk management objectives and policies

The objective of OMV Petrom Risk Management function is 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 Group'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 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 Board and Supervisory Board's Audit Committee members the assurance that risks are under control.

The main purpose of the OMV Petrom's EWRM process is to deliver value through risk-based management and decision-making. OMV Petrom Group is constantly enhancing the EWRM process based on internal and external requirements. The process is facilitated by OMV Petrom Group-wide 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 Group's risk profile and it is managed with dedicated diligence – market and financial risks include 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.

#### Market Risk

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

Derivative financial instruments are used where appropriate to manage market price risks resulting from changes in commodity prices and foreign exchange rates, which could have a negative effect on assets, liabilities or expected future cash flows.

For the purpose of mitigating market price risks the Group enters into derivative financial instruments such as OTC swaps and forwards. Swaps do not involve an investment at the time the contracts are concluded; settlement normally takes place at the end of the quarter or month.

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

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

The tables hereafter show the fair values of derivative financial instruments together with their nominal amounts. The nominal amount, recorded gross, is the amount of a derivative's underlying asset or reference rate (as absolute amount for both sales and purchases contracts) and is the basis upon which changes in the value of derivatives are measured. The nominal 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 consolidated statement of financial position.

**Nominal and fair values of derivative financial instruments**

<b>December 31, 2022</b>	<b>Nominal value</b>	<b>Fair value assets</b>	<b>Fair value liabilities</b>
<b>Commodity price risk</b>			
Oil incl. oil products swaps*)	83.67	-	(1.20)
<b>Commodity hedges (designated in hedge relationship)</b>	<b>83.67</b>	<b>-</b>	<b>(1.20)</b>
Oil incl. oil products swaps*)	1,086.55	-	(3.39)
Power forward sales and acquisition contracts	3,855.01	1,397.49	(636.42)
European Emission Allowances forward acquisition contracts	568.35	104.56	(9.23)
<b>Commodity hedges (valued at fair value through profit or loss)</b>	<b>5,509.91</b>	<b>1,502.05</b>	<b>(649.04)</b>
<b>Foreign currency risk</b>			
USD	261.67	-	(1.77)
EUR	21.60	-	(0.08)
<b>Foreign currency hedges (valued at fair value through profit or loss)</b>	<b>283.27</b>	<b>-</b>	<b>(1.85)</b>

<b>December 31, 2021</b>	<b>Nominal value</b>	<b>Fair value assets</b>	<b>Fair value liabilities</b>
<b>Commodity price risk</b>			
Oil incl. oil products swaps*)	631.84	21.10	(42.56)
<b>Commodity hedges (designated in hedge relationship)</b>	<b>631.84</b>	<b>21.10</b>	<b>(42.56)</b>
Oil incl. oil products swaps*)	405.26	-	(0.16)
Power forward sales and acquisition contracts	4,203.49	1,285.69	(2,362.60)
European Emission Allowances forward acquisition contracts	629.82	248.60	(0.31)
<b>Commodity hedges (valued at fair value through profit or loss)</b>	<b>5,238.57</b>	<b>1,534.29</b>	<b>(2,363.07)</b>
<b>Foreign currency risk</b>			
USD	215.41	0.69	(1.11)
EUR	22.25	0.01	(0.02)
<b>Foreign currency hedges (valued at fair value through profit or loss)</b>	<b>237.66</b>	<b>0.70</b>	<b>(1.13)</b>

\*) Only purchased crude oil is used as underlying, not equity crude oil.

**Cash flow hedge accounting**

In Refining and Marketing business, OMV Petrom Group is exposed to inventory risks and refining margins volatility. In order to mitigate those risks, the Group enters into corresponding hedging activities, which include stock hedges and limited margin 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 2022, OMV Petrom S.A. concluded mainly stock hedges in relation to crude oil inventory purchases, using swaps instruments. During 2021, OMV Petrom S.A. concluded margin hedges in relation to highly probable sales of gasoline, with maturities until December 2022, and stock hedges in relation to crude oil inventory purchases, using also swaps.

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.

In case of refinery margin hedges, 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 is a separately identifiable component and can therefore represent the specific risk component designated as hedged item.

Hedge ineffectiveness can arise from timing differential between derivative and hedged item delivery and pricing differentials (derivatives are valued on the future monthly – or other periods – average quotations 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

2022	Forecast purchases	Forecast sales	Total
Nominal value	-	83.67	83.67
Below one year	-	83.67	83.67
More than one year	-	-	-
Fair value - assets	-	-	-
Fair value - liabilities	-	1.20	1.20
Cash flow hedge reserve (before tax)	-	(1.20)	(1.20)

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

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

2022	Forecast purchases	Forecast sales	Total
Cash flow hedge reserve as of January 1, 2022 (net of tax)	-	(18.03)	(18.03)
Gains/(losses) recognized in OCI	(84.45)	57.15	(27.30)
Amounts reclassified to income statement	-	(36.89)	(36.89)
Amounts transferred to cost of non-financial item	84.45	-	84.45
Tax effects	-	(3.24)	(3.24)
<b>Cash flow hedge reserve as of December 31, 2022 (net of tax)</b>	<b>-</b>	<b>(1.01)</b>	<b>(1.01)</b>
Hedge ineffectiveness recognized in income statement	(8.36)	-	(8.36)

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

For "Forecast purchases" the hedge ineffectiveness is included in line item "Purchases (net of inventory variation)" in the consolidated 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 consolidated income statement.

### European Emission Allowances

All OMV Petrom's business segments are exposed to fluctuation in the price of carbon under the EU Emission Trading Scheme (ETS). European Emission Allowance purchases are always executed in due time and it is OMV Petrom's highest priority to fulfill all legal obligations under the ETS. OMV Petrom monitors price risks from emission allowances and manages it using derivative instruments traded bilaterally on the secondary market (so-called over-the-counter or OTC transactions).

### Foreign exchange risk management

Because OMV Petrom Group operates in many currencies, the corresponding exchange risks are analyzed. OMV Petrom Group 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.

Derivative financial instruments may be used where appropriate to hedge the risk associated with foreign currency transactions, in case the fluctuation of USD/RON or of EUR/RON currency rates might negatively impact the Group'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 Group companies, which induce sensitivity to RON/EUR and RON/USD exchange rates in the consolidated financial statements, are as follows:

	RON equivalent of EUR denominated balances (million)		RON equivalent of USD denominated balances (million)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assets	1,942.45	1,484.61	267.95	227.14
Liabilities	1,517.81	1,551.71	535.03	393.17
<b>Net assets/(liabilities) in statement of financial position</b>	<b>424.64</b>	<b>(67.10)</b>	<b>(267.08)</b>	<b>(166.03)</b>
Adjustments for foreign currency derivatives	(21.60)	(16.06)	242.25	169.17
<b>Net currency exposure</b>	<b>403.04</b>	<b>(83.16)</b>	<b>(24.83)</b>	<b>3.14</b>

Translation risk arises on the consolidation of subsidiaries preparing their financial statements in other currencies than in Romanian Leu, but also from the consolidation of assets and liabilities naturally denominated in foreign currency. Foreign currency assets and liabilities are those which result from transactions denominated in other currencies than the functional currencies of OMV Petrom Group companies. The largest exposures result from changes in the value of the US dollar and Euro against the Romanian Leu.

The following table details OMV Petrom Group's sensitivity to a 10% increase and decrease in the USD and EUR against the relevant functional currencies. The sensitivity analysis includes 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)	
	2022	2021	2022	2021
Profit/ (Loss)	40.30	(8.32)	(2.36)	2.46
Other comprehensive income	-	-	(0.12)	(2.15)

**-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)	
	2022	2021	2022	2021
Profit/ (Loss)	(40.30)	8.32	2.36	(2.46)
Other comprehensive income	-	-	0.12	2.15

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

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

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 OMV Petrom Group.

**Interest rate risk management**

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

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at the reporting date. For floating rate liabilities, the analysis is prepared assuming that 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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Short term borrowings	137.12	254.33	1.37	2.54
Long term borrowings	-	16.49	-	0.16

In 2022 and 2021, 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 counterparty will default on its contractual obligations or on its financial standing, resulting in financial loss to OMV Petrom Group. The main counterparty credit risks are assessed, monitored and managed at Group level 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.

OMV Petrom Group does not have any significant credit risk concentration exposure to any single counterparty or any group of counterparties having similar characteristics. The Group'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 throughout OMV Petrom Group 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 OMV Petrom Group 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 Group financial liabilities is presented in Note 16.

#### **Impact of Ukraine conflict**

The geopolitical context driven by the ongoing conflict in Ukraine had no significant negative impact on the consolidated financial statements as of December 31, 2022, in the context of exceptionally high commodity prices and supported by our equity position across the value chain, with the Petrobrazil refinery on the oil value chain and the Brazil power plant on the gas value chain.

## **37. REMUNERATION GROUP AUDITOR**

In 2022, the statutory auditor Ernst & Young Assurance Services SRL had a contractual audit fee of EUR 576,534 (2021: EUR 537,535) 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 442,390, representing mainly services in relation to the simplified prospectus prepared by OMV Petrom S.A. for the issuance of new shares in the context of the share capital increase carried out during 2022, as well as other assurance services in relation to certain reports issued by the Company and its subsidiaries that are not prohibited by Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council (2021: EUR 112,510).

Other Ernst & Young network firms performed audit services for the OMV Petrom subsidiaries in amount of EUR 68,167 (2021: EUR 68,167) and non-audit services for the Company and its subsidiaries that are not prohibited by Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council in amount of EUR 33,000 (2021: EUR 28,942).



## 38. SUBSEQUENT EVENTS

There are no significant events subsequent to the reporting date.

These consolidated financial statements, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, were approved on March 16, 2023.

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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  
Exploration and Production

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Franck Neel  
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