OMV PETROM S.A.

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2023

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

Contents

OMV PETROM S.A.
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023

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

	Notes	December 31, 2023	December 31, 2022[1]
ASSETS			
Intangible assets	6	437.44	2,812.19
Property, plant and equipment	7	28,060.53	22,768.34
Investments	8	1,788.57	1,793.93
Other financial assets	9	2,395.58	2,278.90
Other assets	10	530.04	311.01
Deferred tax assets	18	1,873.41	1,962.99
Non-current assets		**35,085.57**	**31,927.36**
Inventories	11	2,585.62	3,241.41
Trade receivables	9	2,341.32	3,969.99
Other financial assets	9	1,957.37	2,574.55
Other assets	10	1,625.65	1,894.06
Cash and cash equivalents	31	12,950.15	13,852.78
Current assets		**21,460.11**	**25,532.79**
Assets held for sale	12	-	14.83
Total assets		**56,545.68**	**57,474.98**
EQUITY AND LIABILITIES			
Share capital	13	6,231.17	6,231.17
Reserves		31,699.22	32,912.41
Total equity		**37,930.39**	**39,143.58**
Provisions for pensions and similar obligations	14	186.37	150.51
Lease liabilities	31	300.44	295.54
Provisions for decommissioning and restoration obligations	14	8,633.90	6,700.58
Other provisions	14	747.03	667.18
Other financial liabilities	16	46.89	12.84
Other liabilities	17	48.50	50.85
Non-current liabilities		**9,963.13**	**7,877.50**
Trade payables		3,425.63	3,460.39
Interest-bearing debts	15	1,256.41	1,891.68
Lease liabilities	31	126.06	138.79
Income tax liabilities		130.96	496.37
Other provisions and decommissioning	14	1,117.39	2,293.82
Other financial liabilities	16	466.00	1,040.05
Other liabilities	17	2,129.71	1,132.80
Current liabilities		**8,652.16**	**10,453.90**
Total equity and liabilities		**56,545.68**	**57,474.98**

[1] Comparative information dated December 31, 2022 has been restated. For further details see Note 4 Accounting and valuation principles.

OMV PETROM S.A.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

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

	Notes	2023	2022
Sales revenues	19, 28	33,162.07	55,837.69
Other operating income	20	610.41	1,133.57
Net income from consolidated subsidiaries and investments in associates	21	648.72	685.43
Total revenues and other income		**34,421.20**	**57,656.69**
Purchases (net of inventory variation)		(15,473.51)	(26,998.67)
Production and operating expenses		(4,612.28)	(6,943.41)
Production and similar taxes		(2,478.33)	(5,435.21)
Depreciation, amortization, impairments and write-ups	23	(3,009.47)	(4,846.10)
Selling, distribution and administrative expenses		(1,142.03)	(1,066.23)
Exploration expenses		(95.26)	(120.45)
Other operating expenses	22	(200.97)	(255.69)
Operating result	28	**7,409.35**	**11,990.93**
Interest income	24	1,023.05	769.09
Interest expenses	24	(789.24)	(798.19)
Other financial income and expenses	25	(31.72)	(34.40)
Net financial result		**202.09**	**(63.50)**
Profit before tax prior to solidarity contribution		**7,611.44**	**11,927.43**
Solidarity contribution on refined crude oil	26	(2,729.24)	-
Profit before tax		**4,882.20**	**11,927.43**
Taxes on income	27	(938.14)	(1,639.88)
Net income for the year		**3,944.06**	**10,287.55**

OMV PETROM S.A.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

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

	2023	2022
Net income for the year	**3,944.06**	**10,287.55**
Gains/(losses) on hedges arising during the year	(14.99)	57.15
Reclassification of (gains)/losses on hedges to income statement	22.50	(36.89)
Total of items that may be reclassified ("recycled") subsequently to the income statement	**7.51**	**20.26**
Remeasurement gains/(losses) on defined benefit plans	(27.21)	3.95
Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	(6.48)	(84.45)
Total of items that will not be reclassified ("recycled") subsequently to the income statement	**(33.69)**	**(80.50)**
Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(1.20)	(3.24)
Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	5.39	12.88
Total income tax relating to components of other comprehensive income	**4.19**	**9.64**
Other comprehensive income/(loss) for the year, net of tax	**(21.99)**	**(50.60)**
Total comprehensive income for the year	**3,922.07**	**10,236.95**

OMV PETROM S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement of changes in equity for the year ended December 31, 2023

	Share capital	Revenue reserves	Cash flow hedge reserve	Other reserves	Treasury shares	Total equity
Balance at January 1, 2023	**6,231.17**	**32,913.44**	**(1.01)**	**-**	**(0.02)**	**39,143.58**
Net income for the year	-	3,944.06	-	-	-	**3,944.06**
Other comprehensive income/(loss) for the year	-	(22.86)	0.87	-	-	**(21.99)**
Total comprehensive income for the year	**-**	**3,921.20**	**0.87**	**-**	**-**	**3,922.07**
Dividends distribution	-	(5,140.70)	-	-	-	**(5,140.70)**
Reclassification of cash flow hedges to balance sheet	-	-	5.44	-	-	**5.44**
Balance at December 31, 2023	**6,231.17**	**31,693.94**	**5.30**	**-**	**(0.02)**	**37,930.39**

Statement of changes in equity for the year ended December 31, 2022

	Share capital	Revenue reserves	Cash flow hedge reserve	Other reserves	Treasury shares	Total equity
Balance at January 1, 2022	**5,664.41**	**27,146.25**	**(18.03)**	**77.10**	**(0.02)**	**32,869.71**
Net income for the year	-	10,287.55	-	-	-	**10,287.55**
Other comprehensive income/(loss) for the year	-	3.32	(53.92)	-	-	**(50.60)**
Total comprehensive income/(loss) for the year	**-**	**10,290.87**	**(53.92)**	**-**	**-**	**10,236.95**
Dividends distribution	-	(4,480.53)	-	-	-	**(4,480.53)**
Share capital increase*	566.76	-	-	(120.66)	-	**446.10**
Reclassification of cash flow hedges to balance sheet	-	-	70.94	-	-	**70.94**
Other changes**	-	(43.15)	-	43.56	-	0.41
Balance at December 31, 2022	**6,231.17**	**32,913.44**	**(1.01)**	**-**	**(0.02)**	**39,143.58**

* 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.

OMV PETROM S.A.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

	Notes	2023	2022
Profit before tax		**4,882.20**	**11,927.43**
Dividend income		(637.30)	(696.68)
Interest income	24	(995.15)	(750.49)
Interest expenses and other financial expenses	24, 25	152.75	115.50
Net movement in provisions and allowances for:			
- Inventories		8.71	10.35
- Receivables and other financial assets		(25.52)	29.52
- Pensions and similar liabilities		8.65	(8.82)
- Decommissioning and restoration obligations		(21.50)	(30.80)
- Other provisions for risks and charges		(853.22)	909.70
Net gains on the disposal of businesses and non-current assets	20, 22	(11.57)	(21.12)
Depreciation, amortization and impairments including write-ups	23	3,051.26	4,901.83
Other non-monetary adjustments	31	2,073.36	(1,386.10)
Dividends received		637.30	696.68
Interest received		867.73	803.66
Interest and other financial costs paid		(135.19)	(103.90)
Tax on profit paid		(1,210.46)	(1,803.85)
Cash generated from operating activities before working capital movements		**7,792.06**	**14,592.91**
(Increase)/decrease in inventories		646.51	(1,447.06)
(Increase)/decrease in receivables and other assets		2,640.81	(3,112.84)
Increase/(decrease) in liabilities		(638.71)	986.19
Cash flow from operating activities		**10,440.67**	**11,019.20**
Investments			
Intangible assets and property, plant and equipment		(4,372.79)	(2,963.16)
Investments in subsidiaries and financial assets	31	(1,523.71)	(124.67)
Net loans reimbursed by/(given to) subsidiaries	31	49.77	(129.46)
Disposals			
Cash inflows in relation to non-current assets and financial assets	31	370.43	141.09
Cash inflows from transfer of business	31	11.84	0.99
Cash inflows from sale of investments	31	9.84	-
Cash flow from investing activities		**(5,454.62)**	**(3,075.21)**
Increase in share capital	13	-	446.10
Net increase in/(repayment of) loans taken from subsidiaries	31	(605.36)	132.50
Net repayments of other borrowings	31	(180.41)	(287.14)
Dividends paid		(5,101.47)	(4,438.11)
Cash flow from financing activities		**(5,887.24)**	**(4,146.65)**
Effect of foreign exchange rate changes on cash and cash equivalents		(1.44)	1.51
Net increase/(decrease) in cash and cash equivalents		**(902.63)**	**3,798.85**
Cash and cash equivalents at the beginning of the year		13,852.78	10,053.93
Cash and cash equivalents at the end of the year	31	**12,950.15**	**13,852.78**

OMV PETROM S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

(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, hereinafter referred to also as “the Company” or “OMV Petrom”, 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.

Stockholders’ structure as at December 31, 2023 and 2022

	Percent 2023	Percent 2022
OMV Aktiengesellschaft	51.157%	51.157%
Romanian State	20.698%	20.698%
Natural and legal persons	28.145%	28.145%
Total	**100.000%**	**100.000%**

During 2023, the Global Depository Receipts (GDRs) were delisted and cancelled from trading, therefore there are no GDRs as of December 31, 2023.

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

Statement of compliance

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

The list of investments held by the Company in other entities and details about these investments are presented in Note 8.

The accounting method used for reflecting the investments in these separate financial statements is presented in Note 4.3 i).

The Company also prepares consolidated financial statements in accordance with IFRS as endorsed by the European Union (EU), which are available on the Company’s website: https://www.omvpetrom.com/en/investors/publications.

The financial year corresponds to the calendar year.

Basis of preparation

The financial statements of OMV Petrom S.A. are presented in RON (“Romanian Leu”) and are prepared using going concern principles. All values are presented in millions, rounded to the nearest two decimals. Accordingly, there may be rounding differences. The financial statements have been prepared on the historical cost basis, except for certain items that have been measured at fair value as described in Note 4 Accounting and valuation principles. For details on fair value of financial assets and liabilities see Note 32.

2. EFFECTS OF CLIMATE CHANGE AND ENERGY TRANSITION

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

The Company is exposed to physical climate risks as well as risks associated with the energy transition, including risks for stranded assets, decrease in demand for fossil products, and regulatory risks. The risks from climate change and their management are described in the Directors' Report, section Risk Management.

The Company's targets and commitments to decarbonization

In 2021, the Company 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 Scope 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[1]. 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[2] refers to other indirect emissions that occur outside the organization from the use and processing of sold products. According to 2030 Business Strategy, between 2022-2030, ~35% of OMV Petrom Group capital expenditure will be allocated to low and zero carbon business.

Effects on estimation uncertainty

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

Nevertheless, there is significant uncertainty surrounding the changes in the mix of energy sources over the next 30 years and the extent to which such changes will meet the ambitions of the Paris Agreement. While companies can commit to such ambitions, financial reporting under IFRS requires the use of assumptions that represent management's current best estimate of the range of expected future economic conditions, which may differ from such targets. These assumptions include expectations about future worldwide decarbonization efforts and the transition of economies to net zero emissions.

The Company uses two different scenarios: the base case and the "net zero emissions by 2050" case. The scenarios differ in the underlying expectations of the pace of the future worldwide decarbonization and lead to different assumptions for demand, prices and margins of fossil commodities.

The **base case** is built on a scenario which assumes that all decarbonization pledges announced by governments around the world will be implemented in full and on time. In this scenario, the temperature increase by 2100 will be limited to 1.7°C with a probability of 50%. The underlying demand and price developments of fossil commodities are in line with the

[1] The base for the emission reduction targets are the Group's emissions in 2019.
[2] The following Scope 3 categories are included: category 11 – Use of sold products for energy supply and category 12 – End of life of sold products for non-energy use.

Announced Pledges Scenario (APS) which was modeled by the International Energy Agency (IEA)[3]. The base case is used for mid-term planning as well as for estimates relating to the measurement of various items in the financial statements, including impairment testing of non-financial assets and the measurement of provisions.

The **"net zero emissions by 2050"** case which is based on a faster decarbonization path than the base case is used for calculating sensitivities in order to recognize the uncertainty of the pace of the energy transition and to better understand the financial risk of the energy transition on the existing assets of the Company. The assumptions used in this case are in line with the Net Zero Emissions by 2050 (NZE) scenario modeled by the IEA[3]. It shows a pathway for the global energy sector to achieve net zero GHG emissions by 2050 and is compatible with limiting the temperature increase to 1.5°C.

For investment decisions, business cases are calculated using the price and demand assumptions according to the base case. These assumptions are the same as for mid-term planning and impairment tests. In addition, a stress test based on the commodity price assumptions of the "net zero emissions by 2050" scenario is mandatory for all investment decisions in order to assess the risk of stranded assets in this decarbonization scenario.

Recoverability of assets

The following table summarizes the carrying amounts of the intangible assets and PPE disaggregated according to the type of assets as at December 31, 2023:

Carrying amounts as of December 31, 2023

	Segment	Intangible assets	Property, plant and equipment
Refining and other related assets	Refining and Marketing	13.28	5,033.41
Oil and gas exploration and evaluation	Exploration and Production	329.63	-
Oil and gas production	Exploration and Production	3.09	21,375.74
Power plant and gas assets	Gas and Power	91.26	1,187.57
Other	Corporate and Other	0.18	463.81
Total		**437.44**	**28,060.53**

Carrying amounts as of December 31, 2022

	Segment	Intangible assets	Property, plant and equipment
Refining and other related assets	Refining and Marketing	15.61	3,838.75
Oil and gas exploration and evaluation	Exploration and Production	2,696.13	-
Oil and gas production	Exploration and Production	3.25	17,295.60
Power plant and gas assets	Gas and Power	96.87	1,230.06
Other	Corporate and Other	0.33	403.93
Total		**2,812.19**	**22,768.34**

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 mid-term planning and derived from the base case as described above was used. Costs for CO2 emissions are taken into account to the extent that carbon pricing schemes are in place in the respective countries. Disclosures on the impairment tests are included in Note 3c) Judgements, estimates and assumptions and Note 23 Cost information.

[3] Based on the World Energy Outlook 2022 report published by the International Energy Agency (IEA)

The base case oil and CO_2 price assumptions and the exchange rates RON-USD and RON-EUR used for impairment testing are listed below (in 2023 real terms for 2023 and 2022 real terms for 2022):

2023 Oil and CO2 price assumptions for base case and impairment testing

	2024	2025	2026	2027	2028	2030	2040	2050
Brent oil price (USD/bbl)	78	71	65	64	59	59	55	55
RON/USD exchange rate	4.64	4.64	4.43	4.43	4.43	4.43	4.43	4.43
Brent oil price (RON/bbl)	362	329	288	284	262	262	244	244
CO_2 price EUA (EUR/t)	92	99	106	112	118	130	144	144
RON/EUR exchange rate	5.10	5.10	5.10	5.10	5.10	5.10	5.10	5.10
CO_2 price EUA (RON/t)	469	505	541	571	602	663	734	734

2022 Oil and CO2 price assumptions for base case and impairment testing

	2023	2024	2025	2026	2027	2030	2040	2050
Brent oil price (USD/bbl)	78	72	66	60	59	59	55	55
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)	362	334	306	278	274	274	255	255
CO_2 price EUA (EUR/t)	83	89	94	99	104	117	129	107
RON/EUR exchange rate	5.10	5.10	5.10	5.10	5.10	5.10	5.10	5.10
CO_2 price EUA (RON/t)	423	454	479	505	530	597	658	546

Sensitivities based on the “net zero emissions by 2050” climate scenario have been calculated to test the resilience of assets against risks from the energy transition.

The assumptions of the oil and CO_2 price used in the sensitivity analysis are included in the table below (in 2023 real terms):

2023 Oil and CO2 price assumptions for “net zero emissions by 2050” sensitivities

	2024	2025	2026	2027	2028	2030	2040	2050
Brent oil price (USD/bbl)	58	52	47	46	45	35	26	18
RON/USD exchange rate	4.43	4.43	4.43	4.43	4.43	4.43	4.43	4.43
Brent oil price (RON/bbl)	257	231	208	204	200	155	115	80
CO_2 price EUA (EUR/t)	102	109	115	121	127	138	201	251
RON/EUR exchange rate	5.10	5.10	5.10	5.10	5.10	5.10	5.10	5.10
CO_2 price EUA (RON/t)	520	556	587	617	648	704	1,025	1,280

The “net zero emissions by 2050” sensitivities were calculated using a simplified method and are based on a DCF model in line with the impairment testing calculations. The cash flows of oil and gas assets are based on adjusted mid-term planning for the next five years and life of field planning for the remaining years until abandonment. The “net zero emissions by 2050” case does not include any changes to input factors other than prices and volumes. The calculation considers an earlier economic cut-off date for oil and gas fields if the revenues impacted by lower prices are not sufficient to cover the costs. But it especially does not take into account any restructurings, cost reduction measures, divestments or other changes in the business plans that are not included in the base case. The amounts presented therefore should not be seen as a best estimate of an expected impairment impact following such a scenario.

The CO2 costs considered for oil and gas assets are based on the CO2 prices in the IEA NZE by 2050 scenario and 100% of OMV Petrom’s share of direct emissions from 2031 onward.

The sensitivities calculated based on the “net zero emissions by 2050“ case indicate that there is a risk of impairments of oil and gas assets. The carrying amounts of the oil and gas assets with proved reserves would have to be decreased by RON 12 billion. In addition, all oil and gas assets with unproved reserves would be abandoned with a pre-tax loss of RON 0.3 billion. Total post-tax impact on profit or loss would be RON 10 billion.

OMV Petrom plans to transform its refinery so that it will stay competitive as the decarbonization of the fuels and chemical sector progresses. A production portfolio will be developed to adapt the refinery for renewable fuels and sustainable chemical feedstocks production. Taking into account these transformation plans, management does not foresee a significant risk that the existing refinery would not be recoverable in the “net zero emissions by 2050“ scenario.

The carrying amounts of assets in the G&P segment are not expected to be at risk in “net zero emissions by 2050“ scenario.

Useful lives

The pace of the energy transition may have an impact on the remaining useful lives of assets. The existing assets in R&M are not foreseen to be significantly impacted by the “net zero emissions by 2050” scenario and 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 as described in Note 4.3 e) which is based on proved reserves. According to the current production plans, 36% of proved reserves as at December 31, 2023, will be left by 2030, 5% by 2040, and nil by 2050. The existing oil and gas assets with proved reserves (without considering any future investments) will therefore be significantly depreciated by 2030 and fully depreciated by 2050.

As OMV Petrom 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

The carrying amounts and maturity profile of decommissioning provisions are as follows:

Estimation of maturities and cash outflows of decommissioning and restoration obligations

	2023	
	Carrying amount	**Undiscounted inflated costs**
≤1 year	251.26	268.73
1 – 10 years	3,323.19	4,805.21
11 – 20 years	4,891.73	11,878.68
21 – 30 years	418.98	1,584.00
>30 years	-	-
Total	**8,885.16**	**18,536.62**

	2022	
	Carrying amount	Undiscounted inflated costs
≤1 year	212.79	233.63
1 – 10 years	2,652.34	4,362.81
11 – 20 years	3,167.90	12,153.39
21 – 30 years	880.34	4,996.77
>30 years	-	-
Total	**6,913.37**	**21,746.60**

The speed of the energy transition influences the timing of the decommissioning of oil and gas wells and facilities. In the "net zero emissions by 2050" scenario, some oil and gas fields could be shut down earlier. Given the low real interest rates used in the calculation and assuming a similar yearly decommissioning work capacity, there would not be any material impact on the book value of the decommissioning provisions.

For Petrobrazi refinery site built on owned land, no decommissioning provisions are recognized considering that this plant is a long-lived asset that will continue to be used in an energy transition scenario. There are significant investments planned in the next years with the goal of transforming the refinery site in the direction of renewable fuels and chemical feedstock production.

Deferred tax assets

In the "net zero emissions by 2050" scenario, deferred tax assets related to additional impairments would be considered recoverable.

Impact on ability to pay dividend

The management assessed the impact of the "net zero emissions by 2050" scenario on the ability of OMV Petrom to pay dividend. The potential impairment loss in this scenario would not impact the ability to pay dividends in 2024 because of the strong result and financial reserves.

Emissions certificates and CO_2 costs

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

Under this scheme, OMV Petrom S.A. is entitled to a yearly allocation of free emissions certificates.

Total expensed CO_2 costs amounted to RON 675.76 million in 2023 (2022: RON 988.23 million). The provisions for CO_2 emissions are presented within current other provisions and amounted to RON 675.67 million in 2023 (2022: RON 983.89 million). The accounting policies for emissions certificates are described in Note 4 Accounting and valuation principles.

In 2024, OMV Petrom expects to surrender 2,496 thousand emissions certificates from European Trading Scheme.

Emissions certificates[1]

Number of certificates, in thousands

European Trading Scheme	December 31, 2023	December 31, 2022
Certificates held as of January 1	3,263	3,076
Free allocation for the year	550	544
Certificates surrendered[2]	2,987	2,907
Net purchases/(sales) during the year	2,084	2,550
Certificates held as of December 31[3]	**2,910**	**3,263**

[1] One certificate entitles the holder to emit 1 t of green house gases (in CO_2e) during a defined period of time.

[2] According to verified emissions for the prior year.

[3] Amounts in balance related to emission rights are presented in Note 10 Other assets.

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses, as well as the disclosures in the notes. Estimates and judgments are continuously evaluated and are based on management's experience and other factors that are deemed reasonable at the date of preparation of these financial statements. However, uncertainty about these assumptions and estimates could result in actual outcomes that may differ from these estimates and may require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties in relation to capital management and financial risk management and policies are included in Note 35.

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 in Note 2 Effects of climate change and energy transition.

Estimates and assumptions

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

a) Oil and gas reserves

The oil and gas reserves are estimated by the Company's petroleum experts, 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, and reassessed at least once per year. The estimates are reviewed externally periodically (usually every two years). The last external assessment for oil and gas reserves was performed in 2023 for the reserves as of year-end 2022. 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, 2023 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 Company’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 Company’s core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. These decommissioning and restoration obligations are principally of material importance in the 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. Any such obligation is calculated on the basis of best estimates.

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

Estimates of future restoration costs are based on current contracts concluded with suppliers, reports prepared by OMV Petrom experts 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. Significant upward revisions trigger the assessment of the recoverability of the underlying asset.

Provisions for decommissioning and restoration costs require estimates of discount rates and inflation rates, which 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 Company 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. The impairments and reversals recognized in the reporting period are presented in Note 23 Cost information.

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 consider long-term views of global supply and demand. The Company's long term assumptions take into consideration the impacts of the climate change and the energy transition to lower-carbon energy sources (see Note 2).

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 3a) 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 sets used for the value in use calculations are included in Note 2 Effects from climate change and energy transition.

In 2023, 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.

In 2022, following the update of mid and long-term planning assumptions, an impairment test was performed for the E&P 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.

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 2023 and 2022, 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 captured spark spreads (being the differences between the captured electricity prices and the cost of gas and cost of CO_2 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 2023 and 2022, based on management estimations it was concluded that there were no triggering indicators for performing an impairment test in G&P.

d) Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is probable that future economic benefits are likely either from future operation or from sale or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that involves varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure.
The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in

the income statement in the period when the new information becomes available. The exploration and evaluation expenditure capitalized is presented under intangible assets in the statement of financial position.

e) Recoverability of Romanian State receivable

The management is periodically assessing the receivable related to expenditure recoverable from the Romanian State related to obligations for decommissioning and environmental costs, which was recognized based on the privatization agreement. The assessment process 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 Company's accounting policies, the following judgments were made, particularly with respect to the following:

f) Cash generating units

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

The Company cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing 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.

4. ACCOUNTING AND VALUATION PRINCIPLES

4.1. Changes in accounting policies

The Company has adopted the following new standards and amendments from January 1, 2023:

- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

Amendments to IAS 12: International Tax Reform Pillar Two Model Rules

On 23 May 2023, the International Accounting Standards Board issued Amendments to IAS 12 Income Taxes—International Tax Reform - Pillar Two Model Rules. The Company applies the mandatory temporary exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.
The mandatory temporary exception applies retrospectively. The retrospective application does not have any impact on the Company's separate financial statements because no new legislation to implement the top-up tax was enacted or substantively enacted as of December 31, 2022 in any jurisdiction in which the Company operates and no related deferred tax was recognized at that date.

Voluntary changes in accounting policies

The Company voluntarily changed its accounting policy for the presentation of purchased emission certificates and provisions for CO_2 emissions in the statement of financial position. Whereas the assets related to purchased emission certificates were netted with the provisions for CO_2 emissions in the past, the Company presents these items gross in the statement of financial position starting with December 31, 2023. The reason for the change is to improve the transparency of these balance sheet items. As of December 31, 2023, this change led to an increase of other assets and other provisions of RON 675.67 million.

The following table summarizes the impact on the statements of financial position of the comparative periods. A restated statement of financial position as of January 1, 2022, was not published in the primary financial statements considering that the change does not have a material impact on the Company's assets, liabilities and related financial indicators and it is reasonably expected not to influence decisions that the users of financial statements make on the basis of the financial statements.

Statement of Financial Position

December 31, 2022	As previously reported	Adjustments	As restated
Other assets	910.17	983.89	1,894.06
Current assets	**24,548.90**	**983.89**	**25,532.79**
Total assets	**56,491.09**	**983.89**	**57,474.98**
Other provisions and decommissioning	1,309.93	983.89	2,293.82
Current liabilities	**9,470.01**	**983.89**	**10,453.90**
Total equity and liabilities	**56,491.09**	**983.89**	**57,474.98**

January 1, 2022	As previously reported	Adjustments	As restated
Other assets	217.75	883.13	1,100.88
Current assets	**16,448.28**	**883.13**	**17,331.41**
Total assets	**48,877.88**	**883.13**	**49,761.01**
Other provisions and decommissioning	383.42	883.13	1,266.55
Current liabilities	**8,731.03**	**883.13**	**9,614.16**
Total equity and liabilities	**48,877.88**	**883.13**	**49,761.01**

4.2. Amendments to IFRSs not yet mandatory

The Company has not applied the following amendments to standards that have been issued but are not yet effective. They are not expected to have any material effect on the Company's financial statements. EU endorsement is still pending.

Amendments to IFRSs	IASB effective date
Amendments to IAS 1: Classification of Liabilities as Current and Non-Current	January 1, 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1: Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21: Lack of Exchangeability	January 1, 2025

4.3. Summary of accounting and valuation principles

a) Pre-licence costs

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

b) Licence acquisition costs

Exploration licence acquisition costs are capitalized in intangible assets.

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

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

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

c) Exploration and evaluation costs

Exploration expenses relate exclusively to the 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.

d) Development and production costs

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

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

e) Intangible assets and property, plant and equipment

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

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

Depreciation and amortization is calculated on a straight-line basis, except for Exploration and Production assets, where depletion occurs to a large extent on a unit-of-production basis. In the income statement, impairment losses for exploration assets are disclosed as exploration expenses, and those for other assets are reported within depreciation, amortization, 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
Business-specific property, plant and equipment		
E&P	Oil and gas core assets	Unit of production method
R&M	Storage tanks and refinery facilities	20 – 40
R&M	Pipeline systems	20
G&P	Gas pipelines	20 - 30
G&P	Gas fired power plant	8 – 30
Other property, plant and equipment		
Production and office buildings		20 – 50
Other plant and equipment		10 – 20
Fixtures and fittings		5 – 10

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

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

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

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

Under the successful efforts method, individual mineral interests and other assets are combined to cost centers (fields, blocks, areas), which are the basis for depreciation and impairment testing. If single wells or other assets from a pooled depreciation base with proved reserves are abandoned, the accumulated depreciation for the single asset might be not directly identifiable. In general, irrespective if book values of abandoned assets are identifiable, no loss is recognized from the partial relinquishment of assets from a pooled depreciation base as long as the remainder of the group of properties continues to produce oil or gas. It is assumed that the abandoned or retired asset is fully amortized. The capitalized costs for the asset are charged to the accumulated depreciation base of the cost center.

Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off.

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

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continued use. This classification requires that the sale must be estimated as highly probable, and that the asset or disposal group must be available for immediate sale 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

Intangible assets, as well as property, plant and equipment (including oil and gas assets), 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 Company estimates the asset's recoverable amount being the higher of fair value less costs of disposal and its value in use.

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

If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognized to reduce the asset to its lower recoverable amount. Impairment losses are recognized in the income statement under depreciation, amortization, 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 income statement. The increased carrying amount related to the reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization and depreciation) if no impairment loss had been recognized in prior years.

f) Major maintenance and repairs

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

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

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

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

g) Research and development

Expenditure related to research activities is recognized as expense in the period in which it is incurred. Research and development (R&D) expenses are presented in the income statement within 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.

h) Leases

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

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

Right-of-use assets are recognized at commencement date and measured at the present value of the lease liability plus prepayments and initial direct costs and presented within property, plant and equipment. After the commencement date, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses (see Note 4.3 e) and adjusted for any remeasurement of the lease liability, if the case.

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

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

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

i) Financial instruments

Non-derivative financial assets

At initial recognition, OMV Petrom classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The classification depends both on the Company'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** as the following conditions are met:

- the assets are 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 assets 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 Company's financial assets at amortised cost include mainly investments in treasury bills and government bonds as well as trade receivables.

OMV Petrom recognizes allowances for expected credit losses (ECLs) for all financial assets measured at amortized costs. The ECL calculation is based on external or internal credit ratings of the counterparty, associated probabilities of default and loss given default. External credit rating is based mainly on reports issued by well-known rating agencies and is reflected in OMV Petrom by grouping financial assets in 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% (for 2023 and 2022) was applied for computation of ECL of financial assets which are not credit impaired.

ECLs are recognized in two stages:

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

ii. Where there has been a significant increase in the credit risk since initial recognition, a loss allowance is required for the lifetime ECL, i.e. the expected credit losses resulting from possible default events over the expected life of a financial asset. For this assessment, OMV Petrom considers all reasonable and supportable information that is available without undue cost or effort. Furthermore, OMV Petrom assumes that the credit risk on a financial asset has significantly increased if it is more than 30 days past due. If the credit quality improves for a lifetime ECL asset, OMV Petrom reverts to recognizing allowances on a 12 month ECL basis. A financial asset is considered to be in default when the financial asset is 90 days past due unless there is reasonable and supportable information 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.

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

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

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

Rights to payments to reimburse the Company for expenditure 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 Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Those derivatives qualifying and designated as hedges 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 income statement under sales revenues, purchases (net of inventory variation) or production and operating expenses.

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 Company's expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts and they fall under own use exemption. OMV Petrom enters into gas forward contracts with physical delivery, creating links within the value chain for the commodity. These contracts are not settled net. Therefore gas forward contracts fall under own use exemption as mentioned above.

j) Borrowing costs

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

k) Government grants

Government grants – except for emission rights (see Note 4.3 n)) – are recognized in other operating 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. These include also receivables from Romanian authorities in relation to compensations for sales at capped prices or other measures introduced via several Government Emergency Ordinances in order to mitigate the consequences of the energy crisis.

l) Inventories

Inventories are recognized at the lower of cost and net realizable value. 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.

m) Provisions

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

Decommissioning and environmental obligations

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

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

These decommissioning and restoration obligations are mainly of material importance in the 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 Company experts 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 the Company, part of its decommissioning and environmental costs will be reimbursed by the Romanian State. The portion to be reimbursed by the Romanian State has been presented as receivable and reassessed in order to reflect the current best estimate of the costs at 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 OMV Petrom 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 income statement (for Company obligation) or to the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

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

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

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

Provisions for restructuring programs are recognized if a detailed plan has been approved by management prior to the date of the 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.

n) Emission allowances

Emission allowances are measured at cost and presented within other short-term assets.Certificates received free of charge from governmental authorities (EU Emissions Trading Scheme for greenhouse gas emissions allowances) are recognized with acquisition cost of zero.

The emissions caused create an obligation to surrender emission rights. A provision is created for this obligation, which is valued at the market prices at the acquisition dates of the emission certificates acquired, forward market prices of open forward purchases and, for any remaining shortfall, at the market price as of reporting date.

OMV Petrom voluntarily changed its accounting policy for emission certificates in the reporting period (see section 1 of this note).

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 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 other comprehensive income or equity and not in income statement.

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

Production taxes

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

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 recognizes contract liabilities which are reported as other liabilities in the statement of financial position.

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

In the 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 Company 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 income statement. The Company acts as principal if it controls the goods before they are transferred to the customer. The Company has control over the goods when it bears the inventory risk before the goods have been transferred to the customers. A second indicator for having control of the goods before transferring them to the customer is the Company's ability to establish the price of goods. For sales of non-oil products, the Company considers this as being a secondary criterion, therefore, if the Company has the ability to set the price but it does not have inventory risk before transferring the goods to the customer, it acts as an agent in providing the goods.

The Company's gas and power supply contracts include a single performance obligation which is satisfied over the agreed delivery period. Revenue is recognized according to the consumption by the customer and in line with the amount to which the Company has a right to invoice. Gas and power deliveries are billed and paid on a monthly basis.

Power and gas sales are often subject to fees or tariffs for facilitating the transfer of goods and services. When the Company does not control the services related to such fees and tariffs before they are transferred to the customer and when it is not involved in the rendering of the service nor does it control the pricing, the Company is only an agent in providing these services.

As the revenues are recognized in the amount to which the Company has a right to invoice, OMV Petrom applies the practical expedient according to IFRS 15.121 in accordance with which the amount for unsatisfied remained performance obligations need not be disclosed.

Revenues from other sources

Revenues from other sources include mainly 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. As the operational activities of consolidated subsidiaries and associated entities are similar in nature with the operational activities of OMV Petrom, being also under the control or significant influence of the Company, dividends receivable from these entities, as well as impairments or reversals of impairments related to the cost of investments in the respective entities are presented as part of the operating result of the Company.

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) 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 Company to assess their rights and obligations arising from the arrangement. Specifically, the Company 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 Company 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, 2023 and 2022 the Company had joint arrangements classified as joint operations, both structured and not structured through separate vehicles.

The Company 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 Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation, line by line, in its financial statements.

The material joint arrangements where OMV Petrom is partner, as well as commitments in relation to the joint arrangements, are presented in Note 34.

s) 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 TRANSACTIONS

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

Currencies	December 31, 2023	December 31, 2022
Euro (EUR)	4.9746	4.9474
US dollar (USD)	4.4958	4.6346

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

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

6. INTANGIBLE ASSETS

Intangible assets for the year ended December 31, 2023

	Concessions, licences and other intangible assets	Oil and gas assets with unproved reserves	Total
COST			
Balance as at January 1, 2023	**1,309.16**	**3,507.60**	**4,816.76**
Additions*	1.11	162.88	163.99
Transfers (Note 7)	0.01	(2,488.66)	(2,488.65)
Disposals	-	(291.82)	(291.82)
Balance as at December 31, 2023	**1,310.28**	**890.00**	**2,200.28**
ACCUMULATED AMORTIZATION AND IMPAIRMENT			
Balance as at January 1, 2023	**1,193.10**	**811.47**	**2,004.57**
Amortization	9.37	0.98	10.35
Impairment	-	39.74	39.74
Transfers (Note 7)	-	-	-
Disposals	-	(291.82)	(291.82)
Balance as at December 31, 2023	**1,202.47**	**560.37**	**1,762.84**
CARRYING AMOUNT			
As at January 1, 2023	**116.06**	**2,696.13**	**2,812.19**
As at December 31, 2023	**107.81**	**329.63**	**437.44**

*) Includes the amount of RON 0.59 million representing increase from reassessment of decommissioning asset for exploration wells (under category "Oil and gas assets with unproved reserves").

In 2023, OMV Petrom took the final investment decision for the Neptun Deep project, therefore the related oil and gas assets in amount of RON 2,389.28 million were transferred from intangible assets into property, plant and equipment.

Intangible assets for the year ended December 31, 2022

	Concessions, licences and other intangible assets	Oil and gas assets with unproved reserves	Total
COST			
Balance as at January 1, 2022	**1,306.20**	**3,472.20**	**4,778.40**
Additions*	2.68	174.01	176.69
Transfers (Note 7)	0.55	(8.11)	(7.56)
Disposals	(0.27)	(130.50)	(130.77)
Balance as at December 31, 2022	**1,309.16**	**3,507.60**	**4,816.76**
ACCUMULATED AMORTIZATION AND IMPAIRMENT			
Balance as at January 1, 2022	**1,182.76**	**901.90**	**2,084.66**
Amortization	10.61	0.98	11.59
Impairment	-	39.09	39.09
Transfers (Note 7)	-	-	-
Disposals	(0.27)	(130.50)	(130.77)
Balance as at December 31, 2022	**1,193.10**	**811.47**	**2,004.57**
CARRYING AMOUNT			
As at January 1, 2022	**123.44**	**2,570.30**	**2,693.74**
As at December 31, 2022	**116.06**	**2,696.13**	**2,812.19**

*) 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").

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
COST						
Balance as at January 1, 2023	**2,539.70**	**43,866.74**	**11,356.58**	**787.11**	**1,087.66**	**59,637.79**
Additions*	15.42	3,901.17	748.96	140.35	1,052.78	**5,858.68**
Transfers**	33.51	2,426.61	411.57	19.18	(402.22)	**2,488.65**
Transfers (to)/from assets held for sale	17.02	–	–	–	–	**17.02**
Disposals	(12.68)	(603.21)	(382.51)	(97.99)	(0.32)	**(1,096.71)**
Balance as at December 31, 2023	**2,592.97**	**49,591.31**	**12,134.60**	**848.65**	**1,737.90**	**66,905.43**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as at January 1, 2023	**1,410.67**	**27,741.24**	**7,196.43**	**515.55**	**5.56**	**36,869.45**
Depreciation	103.29	1,875.04	613.84	130.70	–	**2,722.87**
Impairment	0.38	274.81	15.04	0.04	5.05	**295.32**
Transfers**	(5.40)	5.46	(0.07)	0.01	–	**–**
Transfers (to)/from assets held for sale	2.19	–	–	–	–	**2.19**
Disposals	(9.17)	(599.53)	(382.09)	(44.33)	(0.32)	**(1,035.44)**
Write-ups	(0.17)	(9.15)	(0.17)	–	–	**(9.49)**
Balance as at December 31, 2023	**1,501.79**	**29,287.87**	**7,442.98**	**601.97**	**10.29**	**38,844.90**
CARRYING AMOUNT						
As at January 1, 2023	**1,129.03**	**16,125.50**	**4,160.15**	**271.56**	**1,082.10**	**22,768.34**
As at December 31, 2023	**1,091.18**	**20,303.44**	**4,691.62**	**246.68**	**1,727.61**	**28,060.53**

*) Includes the amount of RON 1,535.77 million representing increase from reassessment of the decommissioning asset.
**) Net amount represents transfers from intangibles (Note 6)

	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
COST						
Balance as at January 1, 2022	**2,527.86**	**41,719.77**	**11,182.56**	**748.70**	**710.46**	**56,889.35**
Additions*	27.02	2,868.16	177.55	78.02	590.34	**3,741.09**
Transfers**	24.72	(65.31)	214.77	6.79	(173.41)	**7.56**
Transfers (to)/from assets held for sale	0.11	0.02	–	–	–	**0.13**
Disposals	(40.01)	(655.90)	(218.30)	(46.40)	(39.73)	**(1,000.34)**
Balance as at December 31, 2022	**2,539.70**	**43,866.74**	**11,356.58**	**787.11**	**1,087.66**	**59,637.79**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as at January 1, 2022	**1,320.91**	**24,500.59**	**6,720.58**	**430.97**	**19.27**	**32,992.32**
Depreciation	98.30	1,720.14	653.30	124.39	–	**2,596.13**
Impairment	17.08	2,227.10	35.38	5.18	26.02	**2,310.76**
Transfers**	5.35	(5.24)	(0.10)	(0.01)	–	**–**
Transfers (to)/from assets held for sale	0.11	0.02	–	–	–	**0.13**
Disposals	(30.90)	(653.97)	(211.99)	(44.98)	(39.73)	**(981.57)**
Write-ups	(0.18)	(47.40)	(0.74)	–	–	**(48.32)**
Balance as at December 31, 2022	**1,410.67**	**27,741.24**	**7,196.43**	**515.55**	**5.56**	**36,869.45**
CARRYING AMOUNT						
As at January 1, 2022	**1,206.95**	**17,219.18**	**4,461.98**	**317.73**	**691.19**	**23,897.03**
As at December 31, 2022	**1,129.03**	**16,125.50**	**4,160.15**	**271.56**	**1,082.10**	**22,768.34**

*) Includes the amount of RON 578.25 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 468.06 million (2022: RON 516.64 million).

For details on impairments see Note 23.

OMV Petrom as a lessee

OMV Petrom as a lessee recognized right-of-use assets related mainly to cars, rail cars and other transportation vehicles, the hydrogen plant at 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 as a lessee to extend or terminate the original lease term. The existence of such options is a business necessity, as the activities are largely dependent on the market factors and on the existence of oil and gas reserves. These provide operational flexibility in terms of managing the assets used in the Company's operation. These options are assessed by OMV Petrom at lease commencement whether it is reasonably certain that they will be exercised or not. Optional periods, which have not been taken into account in the measurement of the leases, exist mainly for equipment in E&P.

Leases not yet commenced in 2023 but committed amounted to RON 6.10 million (2022: RON 47.69 million).

Right-of-use assets recognized under IFRS 16

	Land and buildings	Plant and machinery	Other fixtures, fittings and equipment	Total
Right-of-use assets as at January 1, 2023	**61.61**	**123.64**	**225.43**	**410.68**
Additions	9.85	49.76	137.72	**197.33**
Depreciation	(8.26)	(28.40)	(118.63)	**(155.29)**
Disposals and other movements	(0.49)	-	(53.60)	**(54.08)**
Right-of-use assets as at December 31, 2023	**62.71**	**145.00**	**190.92**	**398.64**

	Land and buildings	Plant and machinery	Other fixtures, fittings and equipment	Total
Right-of-use assets as at January 1, 2022	**51.89**	**87.70**	**261.13**	**400.72**
Additions	17.45	61.10	77.43	**155.98**
Depreciation	(7.64)	(25.16)	(111.50)	**(144.30)**
Disposals and other movements	(0.09)	-	(1.63)	**(1.72)**
Right-of-use assets as at December 31, 2022	**61.61**	**123.64**[0]	**225.43**[0]	**410.68**

Additions in right-of-use assets are related to new lease contracts and remeasurement of existing contracts.

Amounts recognized in income statement

	2023	2022
Operating result		
Short-term lease expenses	4.08	2.65
Low-value lease expenses	0.60	0.61
Variable lease expenses	12.58	8.21
Depreciation expense of right-of-use assets	155.29	144.30
Net financial result		
Interest expense on lease liabilities	10.53	6.53
Foreign exchange loss on lease liabilities	1.13	0.20

In addition, OMV Petrom incurred in 2023 short-term lease costs of RON 64.15 million (2022: RON 41.51 million), which were capitalized in the cost of other assets.

Variable lease payments expensed in 2023, in amount of RON 12.58 million (2022: RON 8.21 million), were related to contingent rent mainly for power generators equipment, determined based on quantities.

For other information on lease liability please see Notes 16 and 31.

8. INVESTMENTS

As at December 31, 2023, OMV Petrom had investments in the following companies:

Company Name	Field of activity	Share interest percent	Cost	Impairment	Net book value
Subsidiaries					
OMV Petrom Marketing S.R.L.	Fuel distribution	100.00%	1,303.79	-	1,303.79
Petrom Moldova S.R.L.	Fuel distribution	100.00%	122.57	(110.47)	12.10
OMV Offshore Bulgaria GmbH	Exploration activities	100.00%	95.85	-	95.85
OMV Petrom Georgia LLC	Exploration and production services	100.00%	-	-	-
OMV Petrom E&P Bulgaria S.R.L. (former OMV Petrom Gas S.R.L.)	Exploration and production services	100.00%	8.77	-	8.77
Petromed Solutions S.R.L.	Medical services	100.00%	3.00	-	3.00
OMV Petrom Aviation S.R.L.	Airport services	99.99%	54.14	(17.95)	36.19
OMV Srbija DOO	Fuel distribution	99.96%	181.92	-	181.92
OMV Bulgaria OOD	Fuel distribution	99.90%	138.02	-	138.02
Petrom Exploration & Production Limited	Exploration and production services	100.00%	1.47	(0.75)	0.72
OMV Petrom Energy Solution S.R.L.*	Services incidental to oil and gas production	100.00%	-	-	-
Associates					
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	25.00%	7.00	-	7.00
OMV Petrom Biofuels S.R.L.	Production of bioethanol	25.00%	6.18	(4.97)	1.21
Asociatia Romana pentru Relatia cu Investitorii	Public representation	20.00%	-	-	-
Other investments					
Telescaun Tihuta S.A.	Touristic facilities	1.68%	0.01	(0.01)	-
Credit Bank	Other financial services	0.22%	0.32	(0.32)	-
Forte Asigurari - Reasigurari S.A.	Insurance services	0.09%	0.02	(0.02)	-
Total			**1,923.06**	**(134.49)**	**1,788.57**

* Newly set up in 2023

During 2023, OMV Petrom S.A. acquired the remaining share interest in the subsidiary Petrom Exploration & Production Limited S.R.L., reaching 100% ownership, and paid an amount of RON 0.56 million as share capital increase in this subsidiary.

On May 31, 2023, OMV Petrom S.A. sold 50% shares in OMV Petrom Biofuels S.R.L. to OMV Downstream GmbH, thus OMV Petrom S.A. retained 25% ownership and OMV Downstream GmbH reached 75% ownership (for further details, please refer to Note 31).

As at December 31, 2022 OMV Petrom had investments in the following companies:

Company Name	Field of activity	Share interest percent	Cost	Impairment	Net book value
Subsidiaries					
OMV Petrom Marketing S.R.L.	Fuel distribution	100.00%	1,303.79	-	1,303.79
Petrom Moldova S.R.L.	Fuel distribution	100.00%	122.57	(122.57)	-
OMV Offshore Bulgaria GmbH	Exploration activities	100.00%	95.85	-	95.85
OMV Petrom Georgia LLC	Exploration and production services	100.00%	-	-	-
OMV Petrom E&P Bulgaria S.R.L. (former OMV Petrom Gas S.R.L.)	Exploration and production services	100.00%	8.77	-	8.77
Petromed Solutions S.R.L.	Medical services	100.00%	3.00	-	3.00
OMV Petrom Aviation S.R.L.	Airport services	99.99%	54.14	(17.27)	36.87
OMV Srbija DOO	Fuel distribution	99.96%	181.92	-	181.92
OMV Bulgaria OOD	Fuel distribution	99.90%	138.02	-	138.02
OMV Petrom Biofuels S.R.L.	Production of bioethanol	75.00%	18.55	-	18.55
Petrom Exploration & Production Limited	Exploration and production services	99.99%	0.91	(0.75)	0.16
Associates					
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	25.00%	7.00	-	7.00
Asociatia Romana pentru Relatia cu Investitorii	Public representation	20.00%	-	-	-
Other investments					
Telescaun Tihuta S.A.	Touristic facilities	1.68%	0.01	(0.01)	-
Credit Bank	Other financial services	0.22%	0.32	(0.32)	-
Forte Asigurari - Reasigurari S.A.	Insurance services	0.09%	0.02	(0.02)	-
Total			**1,934.87**	**(140.94)**	**1,793.93**

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 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: S. Parc Fotovoltaic Isalnita S.A.; S. Parc Fotovoltaic Rovinari Est S.A.; S. Parc Fotovoltaic Tismana 1 S.A. and S. Solarist Tismana 2 S.A.. The legal entities represent joint operations, accounted for as OMV Petrom's share of assets, liabilities, income and expenses held or incurred jointly.

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.
As variable payments depend on future activities, a reliable estimation of their potential value and timing, if any, could not be made on the date of initial recognition of the investment. The conditions for determination of any variable payments were not met as at December 31, 2023 and December 31, 2022.

The details about addresses, equity and profit or loss of the companies in which OMV Petrom holds an interest of at least 20%, except those which do not have activity, are shown in the following table. Amounts are taken from the latest approved financial statements of the subsidiaries and of the associate (for the year ended December 31, 2022).

Company Name	Address	Currency	Equity at December 31, 2022 (in million currency)	Profit or (loss) for the year ended December 31, 2022 (in million currency)
Subsidiaries				
OMV Petrom Marketing S.R.L.	22 Coralilor Street, District 1, Bucharest, Romania	RON	2,338.89	555.84
Petrom Moldova S.R.L.	269, Sos Muncesti, Chisinau, 2002, Republic of Moldova	MDL	(20.79)	(69.01)
OMV Offshore Bulgaria GmbH	Trabrennstrasse 6-8, 1020 Wien, Austria	EUR	0.46	(3.48)
OMV Petrom E&P Bulgaria S.R.L. (former OMV Petrom Gas S.R.L.)	22 Coralilor Street, District 1, Bucharest, Romania	RON	63.12	(0.41)
Petromed Solutions S.R.L.	22 Coralilor Street, District 1, Bucharest, Romania	RON	4.75	1.15
OMV Petrom Aviation S.R.L.	31A Aurel Vlaicu, Otopeni, Ilfov County, Romania	RON	40.88	(1.50)
OMV Bulgaria OOD	2 Donka Ushlinova Str., Garitage park, Office Bld. 4, fl. 1, Sofia 1766, Bulgaria	BGN	144.60	23.35
OMV Srbija DOO	Omladinskih brigada 90a, Belgrade, Serbia	RSD	8,255.40	813.69
Associates				
OMV Petrom Global Solutions S.R.L.	22 Coralilor Street, District 1, Bucharest, Romania	RON	157.23	31.38
OMV Petrom Biofuels S.R.L	22 Coralilor Street, District 1, Bucharest, Romania	RON	20.53	(4.21)

The movements in impairment for investments were as follows:

	2023
January 1	**140.94**
Net allocations/(releases)	(6.45)
December 31	**134.49**

9. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

a) Trade receivables

As at December 31, 2023, trade receivables amount to RON 2,341.32 million, being measured at amortised cost. As at December 31, 2022, trade receivables amounted to RON 3,969.99 million, thereof trade receivables measured at fair value amounting to RON 9.04 million.

Credit quality of trade receivables

December 31, 2023	Equivalent to external credit rating	Probability of default	Gross carrying amount	Expected credit loss*	Net carrying amount
Risk class 1	AAA, AA+, AA, AA-, A+, A, A-	0.13%	2.76	-	2.76
Risk class 2	BBB+, BBB, BBB-	0.44%	1,174.15	0.06	1,174.09
Risk class 3	BB+, BB, BB-	1.18%	989.71	0.47	989.24
Risk class 4	B+, B, B-	8.52%	123.35	2.23	121.12
Risk class 5	CCC/C	29.54%	55.36	1.70	53.66
Risk class 6	SD/D	100.00%	76.48	76.03	0.45
Total			**2,421.81**	**80.49**	**2,341.32**

December 31, 2022	Equivalent to external credit rating	Probability of default	Gross carrying amount	Expected credit loss*	Net carrying amount
Risk class 1	AAA, AA+, AA, AA-, A+, A, A-	0.13%	17.39	-	17.39
Risk class 2	BBB+, BBB, BBB-	0.44%	1,492.21	0.18	1,492.03
Risk class 3	BB+, BB, BB-	1.18%	2,032.31	0.56	2,031.75
Risk class 4	B+, B, B-	8.52%	278.64	2.63	276.01
Risk class 5	CCC/C	29.54%	157.42	16.31	141.11
Risk class 6	SD/D	100.00%	75.44	72.78	2.66
Total			**4,053.41**	**92.46**	**3,960.95**

*Expected credit loss is computed as described in Note 4.3 i).

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:

	2023	2022
January 1	**92.46**	**73.18**
Amounts written off	(0.06)	(1.12)
Net remeasurement of expected credit losses	(11.91)	20.40
December 31	**80.49**	**92.46**

There was no impairment for trade receivables with related parties (see Note 30) as of December 31, 2023 and December 31, 2022.

b) Other financial assets (net of impairment)

		Liquidity term	
	December 31, 2023	**less than 1 year**	**over 1 year**
Expenditure recoverable from Romanian State	1,987.59	-	1,987.59
Treasury bills and government bonds	1,180.34	1,180.34	-
Derivative financial assets (Note 32)	285.47	262.68	22.79
Loans to subsidiaries (Note 30)	394.20	74.97	319.23
Other financial assets	505.35	439.38	65.97
Total	**4,352.95**	**1,957.37**	**2,395.58**

		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 32)	1,502.05	1,144.80	357.25
Loans to subsidiaries (Note 30)	436.26	204.57	231.69
Other financial assets	1,300.77	1,225.18	75.59
Total	**4,853.45**	**2,574.55**	**2,278.90**

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 1,946.62 million as at December 31, 2023 (2022: RON 1,573.54 million) and the environmental liabilities with net present value of RON 40.97 million (2022: RON 40.83 million), as these were existing prior to privatization of OMV Petrom S.A.

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, 2023.

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, which have been further consolidated in a single case, regarding certain claims unpaid by the Ministry of Environment in relation to well decommissioning and environmental remediation works. Such claims amount to RON 233.59 million and as of December 31, 2023, the arbitration procedure is ongoing.

Treasury bills and government bonds

As of December 31, 2023, OMV Petrom had investments in treasury bills and government bonds which are valued at amortized cost and have maturities during 2024.

Derivative financial assets

The decrease of derivative financial assets as of December 31, 2023 is mainly driven by the realization in 2023 of power forward contracts open as of December 31, 2022.

Other financial assets

“Other financial assets” line decrease in 2023 is mainly related to lower cash guarantees concluded for transactions with energy products.

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

December 31, 2023	Equivalent to external credit rating	Probability of default	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	AAA, AA+, AA, AA-, A+, A, A-	0.13%	30.40	-	-	30.40
Risk class 2	BBB+, BBB, BBB-	0.44%	3,404.23	-	41.38	3,445.61
Risk class 3	BB+, BB, BB-	1.18%	225.53	-	-	225.53
Risk class 4	B+, B, B-	8.52%	9.81	-	-	9.81
Risk class 5	CCC/C	29.54%	15.35	-	-	15.35
Risk class 6	SD/D	100.00%	-	-	495.06	495.06
Total			**3,685.32**	**-**	**536.44**	**4,221.76**

For risk class 2 in 2023, the gross carrying amount for “12-month ECL” included an amount of RON 1,994.36 million and for “Lifetime ECL credit impaired” included an amount of RON 41.38 million, related to expenditure recoverable from the Romanian State, which are outside the scope of IFRS 9.

December 31, 2022	Equivalent to external credit rating	Probability of default	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	AAA, AA+, AA, AA-, A+, A, A-	0.13%	50.45	-	-	50.45
Risk class 2	BBB+, BBB, BBB-	0.44%	2,702.71	-	42.44	2,745.15
Risk class 3	BB+, BB, BB-	1.18%	129.39	-	-	129.39
Risk class 4	B+, B, B-	8.52%	19.05	-	-	19.05
Risk class 5	CCC/C	29.54%	26.57	-	-	26.57
Risk class 6	SD/D	100.00%	-	-	494.46	494.46
Total			**2,928.17**	**-**	**536.90**	**3,465.07**

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.

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

December 31, 2023	Equivalent to external credit rating	Probability of default	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	AAA, AA+, AA, AA-, A+, A, A-	0.13%	-	-	-	-
Risk class 2	BBB+, BBB, BBB-	0.44%	9.61	-	41.38	50.99
Risk class 3	BB+, BB, BB-	1.18%	0.01	-	-	0.01
Risk class 4	B+, B, B-	8.52%	0.38	-	-	0.38
Risk class 5	CCC/C	29.54%	2.04	-	-	2.04
Risk class 6	SD/D	100.00%	-	-	495.06	495.06
Total			**12.04**	**-**	**536.44**	**548.48**

For risk class 2 in 2023, the expected credit loss for “12-month ECL” included an amount of RON 6.77 million and for “Lifetime ECL credit impaired” included an amount of RON 41.38 million, related to expenditure recoverable from the Romanian State, which are outside the scope of IFRS 9.

December 31, 2022	Equivalent to external credit rating	Probability of default	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Risk class 1	AAA, AA+, AA, AA-, A+, A, A-	0.13%	-	-	-	-
Risk class 2	BBB+, BBB, BBB-	0.44%	8.42	-	42.44	50.86
Risk class 3	BB+, BB, BB-	1.18%	0.35	-	-	0.35
Risk class 4	B+, B, B-	8.52%	0.73	-	-	0.73
Risk class 5	CCC/C	29.54%	3.53	-	-	3.53
Risk class 6	SD/D	100.00%	-	-	494.46	494.46
Total			**13.03**	**-**	**536.90**	**549.93**

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.

*Expected credit loss is computed as described in Note 4.3 i).

The amounts in the above tables do not include derivative financial assets as these are measured at fair value and neither loans to subsidiaries which are disclosed separately in Note 30.

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
January 1, 2023	**13.03**	**-**	**536.90**	**549.93**
Amounts written off	-	-	(15.33)	(15.33)
Net remeasurement of expected credit losses	(0.99)	-	14.87	13.88
December 31, 2023	**12.04**	**-**	**536.44**	**548.48**

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
January 1, 2022	**10.19**	**-**	**546.38**	**556.57**
Amounts written off	-	-	(22.63)	(22.63)
Net remeasurement of expected credit losses	2.84	-	13.15	15.99
December 31, 2022	**13.03**	**-**	**536.90**	**549.93**

10. OTHER ASSETS

The carrying value of other assets was as follows:

		Liquidity term	
	December 31, 2023	**less than 1 year**	**over 1 year**
Emission rights	846.18	846.18	-
Receivable from taxes	226.62	50.22	176.40
Advance payments on fixed assets	496.23	496.23	-
Prepaid expenses and deferred charges	77.54	61.82	15.72
Rental and lease prepayments	50.11	14.76	35.35
Other non-financial assets	459.01	156.44	302.57
Total	**2,155.69**	**1,625.65**	**530.04**

		Liquidity term	
	December 31, 2022	**less than 1 year**	**over 1 year**
Emission rights	1,097.84	1,097.84	-
Receivable from taxes	218.42	42.02	176.40
Advance payments on fixed assets	121.60	54.17	67.43
Prepaid expenses and deferred charges	65.85	33.31	32.54
Rental and lease prepayments	48.47	13.83	34.64
Other non-financial assets	652.89	652.89	-
Total	**2,205.07**	**1,894.06**	**311.01**

Emission rights

From December 31, 2023 onwards OMV Petrom presents assets related to purchased emission certificates and provisions for CO_2 emissions gross in the balance sheet (see Note 4 for more details).

Advance payments on fixed assets

The increase in ”Advance payments on fixed assets” in 2023 is mainly related to Neptun Deep project.

Other non-financial assets

The decrease in “Other non-financial assets” line in 2023 is mainly in relation to compensation from Romanian authorities for sales of natural gas and electricity at capped prices, as well as in relation to elimination of the subsidies supporting voluntary price reduction for the sale of diesel and gasoline. As of December 31, 2023, “Other non-financial assets” line includes mainly compensations from Romanian authorities for sales of electricity at capped prices. These measures were introduced in 2022 via several Government Emergency Ordinances, including certain provisions with applicability starting 2023, in order to mitigate the consequences of the energy crisis.

11. INVENTORIES

	December 31, 2023	December 31, 2022
Crude oil	520.47	598.20
Natural gas	157.81	667.70
Other materials	449.22	401.68
Work in progress	242.33	197.54
Finished products	1,215.79	1,376.29
Total	**2,585.62**	**3,241.41**

The cost of materials and goods consumed during 2023 (whether used in production or re-sold) which does not include the cost related to CO_2 emissions is RON 15,695.29 million (2022: RON 28,413.02 million).

As at December 31, 2023 and 2022 there were no inventories pledged as security for liabilities.

12. ASSETS HELD FOR SALE

	December 31, 2023	December 31, 2022
Land and buildings	-	14.83
Assets held for sale	**-**	**14.83**

As at December 31, 2023, there were no assets held for sale. As at December 31, 2022, assets held for sale referred to plots of land from Corporate and Other segment.

13. EQUITY

Share capital

The share capital of OMV Petrom S.A. consists of 62,311,667,058 fully paid shares as at December 31, 2023 and 2022 with a total nominal value of RON 6,231.17 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 Depositary 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 non-taxable).

Geological quota is amounting to RON 5,062.84 million as at December 31, 2023 and 2022. 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, 2023, legal reserves are amounting to RON 1,246.23 million (2022: RON 1,246.23 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 667.84 million (2022: RON 623.94 million). The amount of RON 43.90 million was allocated to other reserves, representing fiscal facilities from reinvested profit in the year 2023 (2022: RON 63.29 million).

At the Annual General Meeting of Shareholders held on April 26, 2023, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2022 for the gross amount of RON 2,336.68 million (gross base dividend per share of RON 0.0375).

At the Ordinary General Meeting of Shareholders held on September 12, 2023, the shareholders of OMV Petrom S.A. approved the distribution of special dividends for the gross amount of RON 2,804.02 million (gross special dividend per share of RON 0.0450).

Total dividends distributed in 2023 amounted to RON 5,140.70 million (gross total dividend per share of RON 0.0825).

On March 15, 2024, the Supervisory Board endorsed the management’s proposal to distribute gross dividends for financial year 2023 of RON 2,573.46 million (gross base dividend per share of RON 0.0413). The dividend proposal is subject to further approval by the Ordinary General Meeting of Shareholders, on April 24, 2024.

Cash flow hedge reserve

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

Certain financial instruments were accounted as cash flow hedges, with the effective part of the change in value of the derivative being accounted for in other comprehensive income. The cumulative unrealized gain recognized in other comprehensive income, net of tax, is in amount of RON 5.30 million as at December 31, 2023 (2022: unrealized loss of RON 1.01 million). The hedged item (underlying transaction) can affect either profit or loss or balance sheet; when this happens, the amounts previously accounted for in other comprehensive income are recycled to income statement or transferred to the carrying amount of the hedged item, respectively. For more details on hedges please refer to Note 35.

Treasury shares

The total number of own shares held by OMV Petrom S.A. as of December 31, 2023 amounted to 204,776 (2022: 204,776).

14. PROVISIONS

	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
January 1, 2023	**150.51**	**6,913.37**	**2,748.21**	**9,812.09**
thereof short-term	-	212.79	2,081.03	2,293.82
thereof long-term	150.51	6,700.58	667.18	7,518.27
Used	(13.48)	(494.31)	(1,729.88)	(2,237.67)
Allocations	49.34	2,466.10	891.60	3,407.04
Releases	-	-	(296.77)	(296.77)
December 31, 2023	**186.37**	**8,885.16**	**1,613.16**	**10,684.69**
thereof short-term	-	251.26	866.13	1,117.39
thereof long-term	186.37	8,633.90	747.03	9,567.30

Provisions for pensions and similar obligations

Employees of the Company are entitled to receive retirement benefits on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Retirement benefits obligation as of December 31, 2023 amounts to RON 134.24 million (2022: RON 105.23 million). In addition, employees receive other benefits consisting in death and coffin benefits. Other benefits obligation as of December 31, 2023 amounts to RON 52.13 million (2022: RON 45.28 million).

Provisions have been set up based on actuarial calculations performed by qualified actuaries using the following parameters: a discount rate of 6.25% (2022: 8.00%) and an estimated average yearly salary increase of 3.69% (2022: 4.69%).

Present value of the pensions and similar obligations

	2023	2022
Present value of obligations as of January 1	**150.51**	**163.28**
Current service cost	4.73	5.53
Interest cost	12.04	8.52
Benefits paid	(13.48)	(10.92)
Remeasurements for the year	32.57	(15.90)
Present value of obligations as of December 31	**186.37**	**150.51**

Sensitivities changes in absolute terms

	Discount rate		Salary increase rate	
	+0.50%	-0.50%	+0.25%	-0.25%
Pensions and other similar obligations increase/ (decrease)	**(7.77)**	**8.33**	**3.19**	**(3.09)**

Maturity profile

	Maturity profile			Duration
	1-5 years	6-10 years	>10 years	in years
Retirement benefits	**36.81**	**51.30**	**46.13**	**9.69**

Provisions for decommissioning and restoration obligations

Changes in provisions for decommissioning and restoration are shown in the table below. If the value increases, the increase is depreciated over the remaining useful life of the asset, and if it decreases, the decrease is deducted from capitalized asset value or recognized in the income statement if it exceeds the carrying amount of the related asset. The net discount rates applied for calculating the decommissioning and restoration costs at December 31, 2023 were between 1.75% and 2.75% (2022: 3.79%). A decrease of 1 percentage point in the net discount rates used to calculate the decommissioning and restoration provisions would lead to an additional provision of RON 1,137 million, while in an opposite case the provision would decrease by RON 970 million.

In relation to part of the Company's decommissioning and restoration obligations, there is a corresponding receivable from the Romanian State, as presented in Note 9 b).

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:

	2023	2022
January 1	**6,913.37**	**6,233.57**
Revisions in estimates	1,891.30	587.81
Unwinding effect	574.80	421.33
Used in current year	(494.31)	(329.34)
December 31	**8,885.16**	**6,913.37**

The revisions in estimates impact the assets subject to decommissioning, the income statement or the related receivable from the Romanian State. The unwinding effect is included in the income statement under the interest expenses line (Note 24), net of the unwinding effect on the related receivable from the Romanian State. The effect of changes in the net discount rate or timing of the receivable from the Romanian State (which are additional to the changes in the net discount rate or timing of the decommissioning costs) is included in the income statement under interest expenses or interest income.

Impact from revision in estimates in 2023 was mainly driven by lower net discount rates and higher estimated unit costs.

Impact from revision in estimates in 2022 was mainly driven by higher estimated unit costs, partially offset by higher net discounting rate.

Other provisions

December 31, 2023	Total	less than 1 year	over 1 year
Provisions for CO_2 emissions	675.67	675.67	-
Environmental provisions	512.32	74.12	438.20
Other personnel provisions	52.14	50.31	1.83
Provisions for litigations	62.08	2.77	59.31
Residual other provisions	310.95	63.26	247.69
Total	**1,613.16**	**866.13**	**747.03**

December 31, 2022	Total	less than 1 year	over 1 year
Provisions for CO_2 emissions	983.89	983.89	-
Environmental provisions	403.94	51.39	352.55
Other personnel provisions	98.79	93.27	5.52
Provisions for litigations	62.73	3.14	59.59
Residual other provisions	1,198.86	949.34	249.52
Total	**2,748.21**	**2,081.03**	**667.18**

Provisions for CO_2 emissions

From December 31, 2023 onwards OMV Petrom presents assets related to purchased emission certificates and provisions for CO_2 emissions gross in the balance sheet (see Note 4 for more details). The decrease in 2023 is mainly due to lower consumptions of CO_2 certificates. During 2023 an amount of RON 983.89 million was used and an amount of RON 675.67 million was allocated to provisions for CO_2 emissions.

Environmental provisions

The environmental provisions were estimated by the management based on the list of environment related projects that must be completed by the Company. Provisions recorded as at December 31, 2023 and 2022 represent the best estimate of the Company’s experts for environmental matters and refer mainly to environmental works in relation to Arpechim refinery site. Environmental provisions are computed using mainly a net discount rate of 2.75% (2022: 3.79%). The increase of environmental provisions in 2023 is presented mainly on allocations line.

The Company recorded certain environmental liabilities against receivable from the Romanian State, as these obligations existed prior to privatization (as further explained in Note 9 b) “Expenditure recoverable from Romanian State”).

Provisions for litigations

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

Residual other provisions

“Residual other provisions” line decrease is mainly in connection with other risks assessed by the Company in the area of gas and power taxation, following clarifications during 2023.

15. INTEREST-BEARING DEBTS

As at December 31, 2023 and December 31, 2022, OMV Petrom S.A. had the following loans:

Lender	December 31, 2023	December 31, 2022
Interest bearing debts short-term		
European Investment Bank (a)	-	16.49
Cash pooling (b)	1,248.45	1,865.30
Accrued interest and other	7.96	9.89
Total interest bearing debts short-term	**1,256.41**	**1,891.68**

(a) For the construction of the Brazi Power Plant, OMV Petrom S.A. concluded in 2009 an unsecured loan agreement for an amount of EUR 200.00 million with European Investment Bank. This loan was fully reimbursed during 2023, at maturity. The outstanding amount as at December 31, 2022 was RON 16.49 million (equivalent of EUR 3.33 million).

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

(i) OMV Petrom Marketing S.R.L. for an aggregated amount of RON 2,400.00 million. The amount drawn as at December 31, 2023 amounts to RON 1,122.79 million (2022: RON 1,725.18 million).

(ii) OMV Petrom Global Solutions S.R.L. for an aggregated amount of RON 250.00 million. The amount drawn as at December 31, 2023 amounts to RON 109.14 million (2022: RON 120.63 million).

(iii) OMV Petrom E&P Bulgaria S.R.L. for an aggregated amount of RON 150.00 million. The amount drawn as at December 31, 2023 amounts to RON 10.51 million (2022: RON 8.82 million).

(iv) Petromed Solutions S.R.L. for an aggregated amount of RON 15.00 million. The amount drawn as at December 31, 2023 amounts to RON 6.01 million (2022: RON 8.13 million).

(v) OMV Petrom Aviation S.R.L. for an aggregated amount of RON 25.00 million. As at December 31, 2023, OMV Petrom S.A. had a receivable balance in relation to the cash pooling contract with OMV Petrom Aviation S.R.L in amount of RON 6.10 million (see Note 30). The amount drawn as at December 31, 2022 was RON 2.54 million.

In addition, as at December 31, 2023 and at December 31, 2022 the Company had several facilities which could be used as overdraft credit lines and/or for issuing letters of bank guarantee and letters of credit. No drawings under the overdraft lines were made as at December 31, 2023 and December 31, 2022.

As at December 31, 2023 and 2022, OMV Petrom S.A. was in compliance with all financial covenants stipulated by the loan agreements.

Please refer to Note 35 for details regarding interest rate risk of interest-bearing debts.

16. OTHER FINANCIAL LIABILITIES

	December 31, 2023	less than 1 year	over 1 year
Derivative financial liabilities (Note 32)	163.03	130.38	32.65
Other financial liabilities	349.86	335.62	14.24
Total	**512.89**	**466.00**	**46.89**

	December 31, 2022	less than 1 year	over 1 year
Derivative financial liabilities (Note 32)	652.00	648.25	3.75
Other financial liabilities	400.89	391.80	9.09
Total	**1,052.89**	**1,040.05**	**12.84**

Derivative financial liabilities

The decrease of derivative financial liabilities as of December 31, 2023 is mainly driven by the realization in 2023 of power forward contracts open as of December 31, 2022.

Other financial liabilities

As of December 31, 2023 and December 31, 2022, “Other financial liabilities” line includes, among others, amounts related to supplier finance programs, dividends payable, amounts due to employees in relation to salaries and cash guarantees received.

Maturity profile of financial liabilities

The table below summarizes the maturity profile of the Company’s financial liabilities based on contractual undiscounted cash flows (also including future finance charges):

	< 1 year	1-5 years	> 5 years	Total
December 31, 2023				
Interest-bearing debts	1,256.41	-	-	**1,256.41**
Lease liabilities	139.26	263.68	72.30	**475.24**
Trade payables	3,425.63	-	-	**3,425.63**
Derivative financial liabilities	132.75	33.25	-	**166.00**
Other financial liabilities	335.62	14.24	-	**349.86**
Total	**5,289.67**	**311.17**	**72.30**	**5,673.14**

	< 1 year	1-5 years	> 5 years	Total
December 31, 2022				
Interest-bearing debts	1,891.79	-	-	**1,891.79**
Lease liabilities	147.35	238.70	89.09	**475.14**
Trade payables	3,460.39	-	-	**3,460.39**
Derivative financial liabilities	648.25	3.75	-	**652.00**
Other financial liabilities	391.80	9.09	-	**400.89**
Total	**6,539.58**	**251.54**	**89.09**	**6,880.21**

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

OMV Petrom 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 the Company to the bank. Under the afore mentioned agreements, the bank agrees to pay the invoices to a supplier participating in the program and receives settlement from OMV Petrom later. The principal purpose of those programs is to increase for OMV Petrom 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 Other financial liabilities until payment.

17. OTHER LIABILITIES

	December 31, 2023	less than 1 year	over 1 year
Tax liabilities	1,562.20	1,562.20	-
Social security	50.17	50.17	-
Contract liabilities	211.13	211.13	-
Deferred income	133.05	84.55	48.50
Other liabilities	221.66	221.66	-
Total	**2,178.21**	**2,129.71**	**48.50**

	December 31, 2022	less than 1 year	over 1 year
Tax liabilities	902.14	902.14	-
Social security	38.36	38.36	-
Contract liabilities	121.03	121.03	-
Deferred income	76.84	25.99	50.85
Other liabilities	45.28	45.28	-
Total	**1,183.65**	**1,132.80**	**50.85**

Tax liabilities

The increase in ”Tax liabilities” is mainly triggered by the solidarity contribution on refined crude oil for 2023 partially offset by lower industry specific taxation.

Contract liabilities

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

The changes in contract liabilities were as follows:

	2023	2022
January 1	**121.03**	**56.75**
Revenue recognized that was included in the contract liability balance at the beginning of the year	(95.56)	(46.93)
Increases due to cash received, excluding amounts recognized as revenue during the year	185.66	111.21
December 31	**211.13**	**121.03**

18. DEFERRED TAX

December 31, 2023	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
Tangible and intangible assets	322.15	-	322.15	-
Inventories	18.26	-	18.26	-
Receivables and other assets	229.41	(45.51)	183.90	1.01
Provisions for pensions and similar obligations	31.02	-	31.02	1.20
Other provisions	1,310.88	-	1,310.88	-
Liabilities	9.41	-	9.41	-
Total	**1,921.13**	**(45.51)**	**1,875.62**	**2.21**
Netting (same tax jurisdiction/country)	-	-	(2.21)	(2.21)
Deferred tax, net	**-**	**-**	**1,873.41**	**-**

December 31, 2022	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
Tangible and intangible assets	579.81	-	579.81	-
Inventories	16.87	-	16.87	-
Receivables and other assets	216.69	(39.86)	176.83	-
Provisions for pensions and similar obligations	29.64	-	29.64	5.56
Other provisions	1,156.81	-	1,156.81	-
Liabilities	8.59	-	8.59	-
Total	**2,008.41**	**(39.86)**	**1,968.55**	**5.56**
Netting (same tax jurisdiction/country)	-	-	(5.56)	(5.56)
Deferred tax, net	**-**	**-**	**1,962.99**	**-**

19. SALES REVENUES

	2023	2022
Revenues from contracts with customers	32,540.70	46,392.95
Revenues from other sources	621.37	9,444.74
Total sales revenues	**33,162.07**	**55,837.69**

Revenues from contracts with customers

In the following tables, revenues recorded in 2023 and 2022 are disaggregated by products and reportable segments.

2023	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total
Crude Oil, NGL, condensates	-	369.54	-	-	369.54
Natural gas, LNG and power	13.92	7.71	11,263.32	4.34	11,289.29
Fuels and heating oil	-	18,974.62	-	-	18,974.62
Other goods and services*	38.20	1,827.55	21.65	19.85	1,907.25
Total	**52.12**	**21,179.42**	**11,284.97**	**24.19**	**32,540.70**

2022	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total
Crude Oil, NGL, condensates	-	300.09	-	-	300.09
Natural gas, LNG and power	10.98	5.78	20,507.27	3.35	20,527.38
Fuels and heating oil	-	22,856.94	-	-	22,856.94
Other goods and services*	41.63	2,638.22	10.93	17.76	2,708.54
Total	**52.61**	**25,801.03**	**20,518.20**	**21.11**	**46,392.95**

*) Mainly in Refining and Marketing related to other petroleum products not included in the categories above.

Revenues from other sources

In 2023, revenues from other sources include mainly power sales within the scope of IFRS 9 Financial Instruments (after net realized gains from power forward contracts) amounting to RON 1,253.89 million (2022: RON 7,659.73 million, after net realized losses from power forward contracts) and net unrealized losses from fair valuation of power forward contracts amounting to RON 697.37 million (2022: net unrealized gains of RON 1,837.98 million).

OMV Petrom acts as a lessor for lease arrangements assessed as operating leases mainly for land, buildings and equipment. Rental and lease revenues in 2023 amount to RON 31.95 million (2022: RON 33.03 million).

20. OTHER OPERATING INCOME

	2023	2022
Foreign exchange gains from operating activities	79.44	94.43
Gains on disposal of businesses and non-current assets	17.40	24.08
Other operating income	513.57	1,015.06
Total	**610.41**	**1,133.57**

"Other operating income” line decreased in 2023 mainly in relation to compensations from the Romanian authorities for the sales of natural gas and electricity at capped prices, as well as due to elimination of the subsidies supporting voluntary price reduction for the sale of diesel and gasoline. In 2023 “Other operating income” line includes mainly compensations from Romanian authorities for sales of electricity at capped prices. These measures were introduced in 2022 via several Government Emergency Ordinances, including certain provisions with applicability starting 2023, in order to mitigate the consequences of the energy crisis.

21. NET INCOME FROM CONSOLIDATED SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

	2023	2022
Dividends from subsidiaries and associates	637.30	696.68
Net release/(set up) of impairment related to investments in subsidiaries	11.42	(11.25)
Total	**648.72**	**685.43**

22. OTHER OPERATING EXPENSES

	2023	2022
Foreign exchange losses from operating activities	81.53	116.12
Losses on disposal of businesses and non-current assets	3.30	2.96
Other operating expenses	116.14	136.61
Total	**200.97**	**255.69**

“Other operating expenses” line includes an amount of RON 72.49 million representing research expenses (2022: RON 50.09 million) and an amount of RON 38.80 million (2022: RON 37.89 million) representing costs with digitalization initiatives.

23. COST INFORMATION

For the years ended December 31, 2023 and December 31, 2022 the income statement includes the following personnel expenses:

	2023	2022
Wages and salaries	1,417.12	1,315.70
Other personnel expenses	188.01	227.48
Total personnel expenses	**1,605.13**	**1,543.18**

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

	2023	2022
Depreciation and amortization	2,725.69	2,600.30
Impairment intangible assets and property, plant and equipment	335.06	2,349.85
Write-ups intangible assets and property, plant and equipment	(9.49)	(48.32)
Total depreciation, amortization and net impairment	**3,051.26**	**4,901.83**

Net impairment losses booked during the year ended December 31, 2023 for intangible assets and property, plant and equipment were related mostly to Exploration and Production segment in amount of RON 306.01 million, reflecting mainly write-offs of exploration intangibles, unsuccessful workovers and obsolete or replaced assets. Net impairments in Refining and Marketing segment were in amount of RON 18.32 million and in Gas and Power segment in amount of RON 1.24 million.

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 3, write-offs of exploration intangibles, unsuccessful workovers and obsolete or replaced assets. Net impairments in Refining and Marketing segment were in amount of RON 22.86 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.

In the income statement for the year ended December 31, 2023 net impairments are included under depreciation, amortization, impairments and write-ups in amount of RON 283.77 million (2022: RON 2,245.80 million) and under exploration expenses in amount of RON 41.80 million (2022: RON 55.73 million).

24. INTEREST INCOME AND INTEREST EXPENSES

	2023	2022
Interest income		
Interest income related to subsidiaries	19.47	6.51
Interest income from receivables and other	54.99	34.96
Interest income from short term bank deposits	920.69	709.02
Other interest income	27.90	18.60
Total interest income	**1,023.05**	**769.09**
Interest expenses		
Interest expenses	(144.54)	(108.07)
Unwinding expenses for retirement benefits provision	(12.04)	(8.52)
Unwinding expenses for decommissioning provision, excluding the unwinding income for related Romanian State receivable	(472.53)	(325.54)
Other unwinding and discounting expenses	(160.13)	(356.06)
Total interest expenses	**(789.24)**	**(798.19)**
Net interest revenues/ (expenses)	**233.81**	**(29.10)**

25. OTHER FINANCIAL INCOME AND EXPENSES

	2023	2022
Net foreign exchange gains/(losses) from financing activities	(19.31)	(21.33)
Net gains/(losses) from investments and financial assets	(4.20)	(5.64)
Other financial expenses	(8.21)	(7.43)
Other financial income and expenses	**(31.72)**	**(34.40)**

26. SOLIDARITY CONTRIBUTION ON REFINED CRUDE OIL

As a direct consequence of the energy crisis in Europe, regulatory measures such as subsidy schemes, capped prices for gas and power, overtaxation or the EU solidarity contribution have been implemented.

On May 12, 2023, law no. 119/2023 for the approval of the Government Emergency Ordinance 186/2022 to implement the Council Regulation (EU) 2022/1854 regarding the solidarity contribution was published in the Official Gazette in Romania. For companies that produce and refine crude oil, the law introduced the obligation to pay a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023.

In 2023, a solidarity contribution on refined crude oil in the total amount of RON 2,729 million was recognized for the quantities of crude oil processed during 2022 (RON 1,485 million) and 2023 (RON 1,244 million).

The aim of the EU regulation was to introduce a solidarity contribution which tackles surplus profits, but considering that the solidarity contribution in Romania was based on quantities of processed crude oil and not on profits, the solidarity contribution mentioned above does not fall in the scope of IAS 12 “Income taxes” and was not presented in the income statement as part of the operating result, but as a separate line above the “Taxes on income” line.

27. TAXES ON INCOME

	2023	2022
Current taxes	(845.41)	(2,143.12)
Deferred taxes	(92.73)	503.24
Taxes on income – (expense)/revenue	**(938.14)**	**(1,639.88)**

The reconciliation of net deferred tax is as follows:

	2023	2022
Deferred tax asset as at January 1	1,962.99	1,463.63
Deferred tax asset as at December 31	1,873.41	1,962.99
Changes in deferred taxes	**(89.58)**	**499.36**
thereof deferred taxes revenue/ (expense) in Other Comprehensive Income	3.15	(3.88)
thereof deferred taxes revenue/ (expense) in the Income Statement	(92.73)	503.24
Reconciliation		
Profit before tax	**4,882.20**	**11,927.43**
Income tax rate applicable	16%	16%
Profit tax expense based on income tax rate	**(781.15)**	**(1,908.39)**
Tax credit	217.01	234.49
Change in valuation allowance	(5.66)	(1.37)
Tax effect of items that are (non-deductible)/non-taxable	(368.34)	35.39
Profits tax expense in the Income Statement	**(938.14)**	**(1,639.88)**

Tax effect of items that are (non-deductible)/non-taxable in 2023 was generated mainly by non-deductible solidarity contribution on refined crude oil.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Company operates in. Under the legislation, the Company will be subject to Pillar Two income taxes on profits that are taxed at an effective tax rate of less than 15%. The legislation will be effective for the Company's financial year beginning on January 1, 2024. The Company is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Company's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings and financial statements of the constituent entities as well as on the mid-term planning data. Based on the assessment, no material exposure to Pillar Two income taxes is expected.

28. SEGMENT INFORMATION

OMV Petrom S.A. 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'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'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 company-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 company-wide basis. Regular surveys are undertaken across OMV Petrom to identify current litigation and pending court and administrative proceedings.

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

Exploration and Production activities are engaged in Romania and main outcome products are crude oil and natural gas, which are sold to other operating segments from OMV Petrom S.A.

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

Gas business unit, part of **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 S.A. is the Operating result. In compiling the segment results, business activities with similar characteristics have been aggregated. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices.

Segment reporting

December 31, 2023	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total	Consoli-dation	OMV Petrom
Intersegment sales	12,327.97	34.64	307.82	162.53	**12,832.96**	(12,832.96)	**-**
Sales with third parties	59.90	21,185.83	11,874.29	42.05	**33,162.07**	-	**33,162.07**
Total sales	**12,387.87**	**21,220.47**	**12,182.11**	**204.58**	**45,995.03**	**(12,832.96)**	**33,162.07**
Operating result	**4,181.90**	**2,160.53**	**1,490.47**	**(167.80)**	**7,665.10**	**(255.75)**	**7,409.35**
Total assets*	21,708.46	5,046.69	1,278.83	463.99	**28,497.97**	-	**28,497.97**
Additions in PPE/IA	4,153.83	1,702.85	68.62	97.37	**6,022.67**	-	**6,022.67**
Depreciation and amortization	2,082.27	487.86	115.25	40.31	**2,725.69**	-	**2,725.69**
Impairment losses/ (write-ups), net	306.01	18.32	1.24	-	**325.57**	-	**325.57**

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

Information about geographical areas

December 31, 2023	Romania	Rest of Central Eastern Europe	Rest of Europe	Rest of world	OMV Petrom
Sales with third parties*	31,544.21	1,558.84	59.02	-	**33,162.07**
Total assets**	28,493.80	-	-	4.17	**28,497.97**
Additions in PPE/IA	6,022.67	-	-	-	**6,022.67**

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

Sales with third parties made in Rest of Central Eastern Europe in 2023 include mainly sales made in Hungary amounting to RON 1,198.88 million.

Segment reporting

December 31, 2022	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total	Consoli-dation	OMV Petrom
Intersegment sales	16,211.77	56.41	391.03	149.56	**16,808.77**	(16,808.77)	**-**
Sales with third parties	60.25	25,722.24	30,015.91	39.29	**55,837.69**	-	**55,837.69**
Total sales	**16,272.02**	**25,778.65**	**30,406.94**	**188.85**	**72,646.46**	**(16,808.77)**	**55,837.69**
Operating result	**3,626.20**	**4,002.82**	**4,681.72**	**(255.47)**	**12,055.27**	**(64.34)**	**11,990.93**
Total assets*	19,994.98	3,854.36	1,326.93	404.26	**25,580.53**	-	**25,580.53**
Additions in PPE/IA	3,168.98	591.56	97.09	60.15	**3,917.78**	-	**3,917.78**
Depreciation and amortization	1,926.59	512.31	126.61	34.79	**2,600.30**	-	**2,600.30**
Impairment losses/ (write-ups), net	2,276.43	22.86	2.23	0.01	**2,301.53**	-	**2,301.53**

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

Information about geographical areas

December 31, 2022	Romania	Rest of Central Eastern Europe	Rest of Europe	Rest of world	OMV Petrom
Sales with third parties*	49,477.67	6,117.85	242.17	-	**55,837.69**
Total assets**	25,575.38	-	-	5.15	**25,580.53**
Additions in PPE/IA	3,917.78	-	-	-	**3,917.78**

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

Sales with third parties made in Rest of Central Eastern Europe in 2022 include mainly sales made in Hungary amounting to RON 5,199.86 million.

29. AVERAGE NUMBER OF EMPLOYEES

The number of employees calculated as the average of the month's end number of employees during the year was 7,228 for 2023 and 7,372 for 2022.

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.

The balances with related parties comprise also loans receivable and payable, included in the Statement of financial position under “Other financial assets” (see also Note 9) and “Interest-bearing debts” respectively (refer to Note 15).

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

During 2023, the Company had the following transactions with related parties, including balances as of December 31, 2023:

	Nature of transactions	Purchases	Balances payable
OMV Petrom S.A. subsidiaries			
OMV Petrom Aviation S.R.L.	Airport sales services	38.61	9.06
OMV Petrom Marketing S.R.L.	Acquisition of petroleum products and other	37.63	217.85
Petromed Solutions S.R.L.	Medical services	22.98	3.37
OMV Petrom Georgia LLC	Various services	0.66	0.05
Petrom Moldova S.R.L.	Various services	0.34	0.11
OMV Petrom E&P Bulgaria S.R.L. (former OMV Petrom Gas S.R.L.)	Various services	0.27	0.27
Total OMV Petrom S.A. subsidiaries		**100.49**	**230.71**
Other related parties			
OMV Gas Marketing & Trading GmbH	Acquisition of natural gas and CO2 certificates	854.33	7.96
OMV Downstream GmbH	Acquisition of petroleum products, other materials and services	694.86	55.21
OMV Petrom Global Solutions S.R.L.	Financial, bookkeeping, IT support and other services	592.25	106.16
OMV Supply & Trading Limited	Acquisition of crude oil and other	414.51	10.83
OMV Exploration & Production GmbH	Delegation of personnel and other	125.71	28.35
OMV Aktiengesellschaft	Delegation of personnel and other	41.13	40.32
OMV Petrom Biofuels S.R.L.	Various acquisitions	4.64	-
OMV International Oil & Gas GmbH	Delegation of personnel	1.70	0.24
OMV Abu Dhabi Production GmbH	Various acquisitions	0.93	-
OMV - International Services Ges.m.b.H.	Various acquisitions	0.14	0.02
Total other related parties		**2,730.20**	**249.09**
Total		**2,830.69**	**479.80**

	Nature of transactions	Revenues	Balances receivable
OMV Petrom S.A. subsidiaries			
OMV Petrom Marketing S.R.L.	Sales of petroleum products	14,439.67	566.16
OMV Bulgaria OOD	Sales of petroleum products	687.71	45.98
Petrom Moldova S.R.L.	Sales of petroleum products	631.90	24.95
OMV Srbjia DOO	Sales of petroleum products	144.79	21.91
Petromed Solutions S.R.L.	Various services	2.41	0.43
OMV Offshore Bulgaria GmbH	Various services	2.07	0.21
OMV Petrom Aviation S.R.L.	Various services	0.91	0.26
OMV Petrom Georgia LLC	Various services	0.29	0.02
OMV Petrom E&P Bulgaria S.R.L. (former OMV Petrom Gas S.R.L.)	Various services	0.16	0.02
Total OMV Petrom S.A. subsidiaries		**15,909.91**	**659.94**
Other related parties			
OMV Deutschland Marketing & Trading GmbH & Co. KG	Sales of propylene and petroleum products	203.70	37.74
OMV Downstream GmbH	Sales of petroleum products, delegation of personnel and other	181.17	29.00
OMV Gas Marketing & Trading GmbH	Sales of natural gas and other	133.73	22.29
OMV Hungária Ásványolaj Kft.	Sales of petroleum products	30.47	2.53
OMV Petrom Global Solutions S.R.L.	Various services	23.73	4.32
OMV Exploration & Production GmbH	Delegation of personnel and other	18.43	2.88
OMV Aktiengesellschaft	Delegation of personnel and other	11.23	2.77
OMV Petrom Biofuels S.R.L.	Various services	0.31	0.10
Borealis L.A.T Romania S.R.L.	Various services	0.10	-
OMV Petrom Energy Solution S.R.L.	Various services	0.06	-
OMV - International Services Ges.m.b.H.	Various services	0.03	0.01
Petrom Exploration & Production Limited	Various services	0.02	-
Total other related parties		**602.98**	**101.64**
Total		**16,512.89**	**761.58**

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

During 2022, the Company had the following transactions with related parties, including balances as of December 31, 2022:

	Nature of transactions	Purchases	Balances payable
OMV Petrom S.A. subsidiaries			
OMV Petrom Marketing S.R.L.	Acquisition of petroleum products	34.64	89.87
OMV Petrom Aviation S.R.L.	Airport sales services	33.77	6.15
Petromed Solutions S.R.L.	Medical services	20.96	0.57
OMV Petrom Georgia LLC	Various services	0.57	0.11
Petrom Moldova S.R.L.	Various services	0.16	0.03
Total OMV Petrom S.A. subsidiaries		**90.10**	**96.73**
Other related parties			
OMV Gas Marketing & Trading GmbH	Acquisition of natural gas and CO2 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	-
Total other related parties		**3,127.62**	**267.14**
Total		**3,217.72**	**363.87**

	Nature of transactions	Revenues	Balances receivable
OMV Petrom S.A. subsidiaries			
OMV Petrom Marketing S.R.L.	Sales of petroleum products	18,282.37	1,374.78
OMV Bulgaria OOD	Sales of petroleum products	1,105.67	71.32
Petrom Moldova S.R.L.	Sales of petroleum products	1,018.60	52.31
OMV Srbjia DOO	Sales of petroleum products	209.44	21.93
Petromed Solutions S.R.L.	Various services	2.42	0.37
OMV Offshore Bulgaria GmbH	Various services	1.26	0.19
OMV Petrom Aviation S.R.L.	Various services	0.76	0.18
OMV Petrom Georgia LLC	Various services	0.56	0.11
OMV Petrom Biofuels S.R.L.	Various services	0.46	0.34
OMV Petrom E&P Bulgaria S.R.L. (former OMV Petrom Gas S.R.L.)	Various services	0.19	0.01
Total OMV Petrom S.A. subsidiaries		**20,621.73**	**1,521.54**
Other related parties			
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 & Production Limited	Various services	0.02	-
Total other related parties		**2,544.94**	**89.50**
Total		**23,166.67**	**1,611.04**

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

As of December 31, 2023, there were in place intercompany loans granted by the Company to the following related parties:

a) OMV Offshore Bulgaria GmbH: one intercompany loan with maximum limit of EUR 57.00 million (equivalent of RON 283.55 million) and maturity August 31, 2025.

b) OMV Bulgaria OOD: one intercompany loan with maximum limit of EUR 55.00 million (equivalent of RON 273.60 million) and maturity prolonged to December 30, 2028.

c) Petrom Moldova S.R.L.: one intercompany loan with maximum limit of EUR 25.00 million (equivalent of RON 124.37 million) and maturity August 7, 2024.

d) OMV Srbjia DOO: one intercompany loan with maximum limit of EUR 20.00 million (equivalent of RON 99.49 million) and maturity April 28, 2028.

e) OMV Petrom Energy Solution S.R.L.: one intercompany loan with maximum limit of RON 1.00 million and maturity April 26, 2024. This loan was terminated on February 1, 2024.

The balances receivable in respect to these loans, as at December 31, 2023 and December 31, 2022 are presented below:

	Gross balance at December 31, 2023	Impairment at December 31, 2023	Net balance at December 31, 2023	Net balance at December 31, 2022
OMV Offshore Bulgaria GmbH	184.34	-	184.34	183.22
OMV Bulgaria OOD	135.62	-	135.62	204.17
Petrom Moldova S.R.L.	67.30	-	67.30	48.87
OMV Petrom Aviation S.R.L.	6.13	-	6.13	-
OMV Petrom Energy Solution S.R.L.	0.81	-	0.81	-
Total	**394.20**	**-**	**394.20**	**436.26**

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

	Interest income 2023	Balances receivable at December 31, 2023	Interest income 2022	Balances receivable at December 31, 2022
OMV Petrom S.A. subsidiaries				
OMV Offshore Bulgaria GmbH	8.36	0.43	2.66	0.31
OMV Bulgaria OOD	6.45	0.30	2.42	0.34
Petrom Moldova S.R.L.	3.71	0.14	1.12	0.09
OMV Srbija DOO	0.83	-	0.31	-
OMV Petrom Aviation S.A.	0.12	-	-	-
OMV Petrom Energy Solution S.R.L.	0.01	0.01	-	-
Total OMV Petrom S.A. subsidiaries	**19.48**	**0.88**	**6.51**	**0.74**
Other related parties	**-**	**-**	**-**	**-**
Total	**19.48**	**0.88**	**6.51**	**0.74**

	Interest expenses 2023	Balances payable at December 31, 2023	Interest expenses 2022	Balances payable at December 31, 2022
OMV Petrom S.A. subsidiaries				
OMV Petrom Marketing S.R.L.	81.83	6.98	82.96	9.02
OMV Petrom E&P Bulgaria S.R.L. (former OMV Petrom Gas S.R.L.)	0.63	0.06	0.76	0.05
Petromed Solutions S.R.L.	0.42	0.03	0.46	0.05
OMV Petrom Aviation S.R.L.	0.06	-	0.14	0.01
Total OMV Petrom S.A. subsidiaries	**82.94**	**7.07**	**84.32**	**9.13**
Other related parties				
OMV Petrom Global Solutions S.R.L.	8.45	0.64	8.02	0.64
Total other related parties	**8.45**	**0.64**	**8.02**	**0.64**
Total	**91.39**	**7.71**	**92.34**	**9.77**

The balances payable to related parties in relation to cash pooling agreements are presented in Note 15.

Ultimate parent

As disclosed in Note 1, OMV Petrom S.A.'s major shareholder is OMV Aktiengesellschaft, being the ultimate parent of the Group, with its office based at Trabrennstraße 6-8, 1020 Vienna, Austria. As at 31 December 2023, the main shareholders of OMV Aktiengesellschaft were 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. On 28 February 2024, MPPH transferred all of the 24.9% shares in OMV Aktiengesellschaft to Abu Dhabi National Oil Company (ADNOC).

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 and therefore there are companies controlled or jointly controlled by the Romanian State which are related parties for OMV Petrom. In the normal course of business, OMV Petrom has sales and purchases transactions with some of these related parties, at normal market terms, unless otherwise specified in the legislation.

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 2023, OMV Petrom took the final investment decision for the Neptun Deep project and the development plan approved by OMV Petrom and Romgaz was endorsed by the National Agency for Mineral Resources.

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, through four separate legal entities, in a 50% - 50% equity interest structure. In July 2023, the financing contracts to construct the photovoltaic parks have been signed by the Ministry of Energy, as contracting authority, and by the four legal entities, beneficiaries of this financing and responsible for implementing the projects.

For more details on these joint arrangements see Note 34.

Key management remuneration

For 2023, 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 22,000 per year (2022: EUR 20,000 per year), an additional gross remuneration per meeting corresponding to a net remuneration of EUR 4,400 for each member for the Audit Committee (2022: EUR 4,000 per meeting) and an additional gross remuneration per meeting corresponding to a net remuneration of EUR 2,200 for each member for the Presidential and Nomination Committee (2022: EUR 2,000 per meeting). These levels of remuneration apply since the Ordinary General Meeting of Shareholders in April 2023. The aggregate amount of remuneration for the members of the Supervisory Board amounted to RON 1.55 million (2022: RON 1.65 million).

As at December 31, 2023 and 2022, there were no loans or advances granted by the Company to the members of the Supervisory Board. As at December 31, 2023 and 2022, the Company 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 2023 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 65.36 million (2022: RON 67.86 million), representing short term employee benefits RON 55.79 million (2022: RON 57.55 million) and share based payment and other long term benefits RON 9.57 million (2022: RON 10.31 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. CASH FLOW STATEMENT INFORMATION

Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash at banks and on hand	395.48	317.58
Short-term deposits	12,554.67	13,535.20
Cash and cash equivalents	**12,950.15**	**13,852.78**

Other non-monetary adjustments

Other non-monetary adjustments include mainly the solidarity contribution for 2023 due for payment in 2024, the change in the fair value of derivatives through income statement and impact from reassessment of long-term receivables.

Cash flows from investing activities

Payments made for investments in intangible assets and property, plant and equipment are derived from additions to intangible assets and property, plant and equipment, by eliminating non-cash items, such as effects from lease contracts and the reassessment of decommissioning and restoration obligations, and considering changes in liabilities for investments and net advances paid for fixed assets.

During 2023 OMV Petrom invested an amount of RON 1,499.61 million in Romanian Treasury bills and Government bonds (2022: RON 51.57 million), reflected in line "Investments in subsidiaries and financial assets". The investments redeemed during the year are amounting to RON 348.94 million (2022: RON 52.00 million), reflected in line “Cash inflows in relation to non-current assets and financial assets”.

“Investments in subsidiaries and financial assets” line in 2023 includes also the amount of RON 23.54 million representing transfer to an escrow account in relation to ongoing transaction to acquire entities in the field of renewable energy and the amount of RON 0.56 million paid for the increase in the share capital of Petrom Exploration & Production Limited.

During 2022, OMV Petrom set up a new subsidiary, OMV Petrom Biofuels S.R.L., wherein OMV Petrom S.A. held 75% and OMV Downstream GmbH held 25% of the shares. The Company’s contribution to the share capital of the new subsidiary in 2022 amounted to RON 18.55 million, presented in line “Investments in subsidiaries and financial assets”. On May 31, 2023, OMV Petrom S.A. sold 50% shares in OMV Petrom Biofuels S.R.L. to OMV Downstream GmbH, thus OMV Petrom S.A. retained 25% ownership and OMV Downstream GmbH reached 75% ownership. The impact of this transaction in the income statement was a loss of RON 2.53 million and the cash inflows amounted to RON 9.84 million, presented in “Cash inflows from sale of investments”.

During 2022 OMV Petrom paid an amount of RON 54.42 million to OMV Offshore Bulgaria GmbH as capital contribution and an amount of RON 0.12 million for the increase in the share capital of OMV Petrom E&P Bulgaria S.R.L. (previously named OMV Petrom Gas S.R.L.).

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, with no significant impact in the cash flow from investing activities.

Net loans reimbursed by/(given to) subsidiaries reflected loans granted by OMV Petrom S.A. during 2023 amounting to RON 95.63 million (2022: RON 450.08 million) and loans reimbursed amounting to RON 145.40 million (2022: RON 320.62 million).

Cash inflows from transfer of business in 2023 and 2022 were in relation to the transfer of 40 marginal onshore oil and gas fields to Dacian Petroleum S.R.L., which was closed on December 1, 2021. During 2023 and 2022 OMV Petrom did not transfer any business.

Exploration cash flows

The amount of cash outflows in relation to exploration activities incurred by OMV Petrom S.A. for the year ended December 31, 2023 is of RON 180.43 million (2022: RON 325.90 million), out of which the amount of RON 68.86 million is related to operating activities (2022: RON 198.88 million) and the amount of RON 111.57 million represents cash outflows for exploration investing activities (2022: RON 127.02 million).

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
January 1, 2023	**1,891.68**	**434.33**	**2,326.01**
Repayments of interest bearing debts and principal portion of lease liabilities	(27.98)	(152.43)	**(180.41)**
Net increase/(decrease) in loans with subsidiaries	(605.36)	-	**(605.36)**
Total cash flows relating to financing activities	**(633.34)**	**(152.43)**	**(785.77)**
Lease liabilities recognized during the year	-	197.33	**197.33**
Net other changes	(1.93)	(52.73)	**(54.66)**
Total non-cash changes	**(1.93)**	**144.60**	**142.67**
December 31, 2023	**1,256.41**	**426.50**	**1,682.91**
thereof short-term	1,256.41	126.06	**1,382.47**
thereof long-term	-	300.44	**300.44**

	Interest-bearing debts	Lease liabilities	Total
January 1, 2022	**1,887.53**	**433.48**	**2,321.01**
Repayments of interest bearing debts and principal portion of lease liabilities	(133.29)	(153.85)	**(287.14)**
Net increase/(decrease) in loans with subsidiaries	132.50	-	**132.50**
Total cash flows relating to financing activities	**(0.79)**	**(153.85)**	**(154.64)**
Lease liabilities recognized during the year	-	155.98	**155.98**
Net other changes	4.94	(1.28)	**3.66**
Total non-cash changes	**4.94**	**154.70**	**159.64**
December 31, 2022	**1,891.68**	**434.33**	**2,326.01**
thereof short-term	1,891.68	138.79	**2,030.47**
thereof long-term	-	295.54	**295.54**

As of December 31, 2023, the Company had available RON 788.19 million of undrawn committed borrowing facilities that may be used without any restrictions (December 31, 2022: RON 390.83 million).

32. 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 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, 2023

	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	6.31	-	**6.31**
Derivatives valued at fair value through profit or loss	-	279.16	-	**279.16**
Total	**-**	**285.47**	**-**	**285.47**

Fair value hierarchy of financial liabilities as at December 31, 2023

	Level 1	Level 2	Level 3	Total
Derivatives valued at fair value through profit or loss	-	(163.03)	-	**(163.03)**
Total	**-**	**(163.03)**	**-**	**(163.03)**

Fair value hierarchy of financial assets as at December 31, 2022

	Level 1	Level 2	Level 3	Total
Trade receivables	-	9.04	-	9.04
Derivatives valued at fair value through profit or loss	-	1,502.05	-	**1,502.05**
Total	**-**	**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)**
Derivatives valued at fair value through profit or loss	-	(650.80)	-	**(650.80)**
Total	**-**	**(652.00)**	**-**	**(652.00)**

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 carrying amount of financial assets and financial liabilities valued at amortized cost approximates their fair value.

Offsetting of financial assets and liabilities

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

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 Company’s statement of financial position, if all set-off rights were exercised.

Offsetting of financial assets 2023

	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	293.69	(8.22)	285.47	(40.93)	244.54
Trade receivables	2,357.50	(16.18)	2,341.32	(8.47)	2,332.85
Other financial assets	506.62	(1.27)	505.35	-	505.35
Total	**3,157.81**	**(25.67)**	**3,132.14**	**(49.40)**	**3,082.74**

*) 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 2023

	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	171.25	(8.22)	163.03	(40.93)	122.10
Trade payables	3,441.81	(16.18)	3,425.63	(8.47)	3,417.16
Other financial liabilities	351.13	(1.27)	349.86	-	349.86
Total	**3,964.19**	**(25.67)**	**3,938.52**	**(49.40)**	**3,889.12**

*) 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 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	4,883.27	(913.28)	3,969.99	(23.53)	3,946.46
Other financial assets	1,325.79	(25.02)	1,300.77	(3.74)	1,297.03
Total	**7,803.34**	**(1,030.53)**	**6,772.81**	**(209.12)**	**6,563.69**

*) 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	744.23	(92.23)	652.00	(181.85)	470.15
Trade payables	4,373.67	(913.28)	3,460.39	(23.53)	3,436.86
Other financial liabilities	425.91	(25.02)	400.89	(3.74)	397.15
Total	**5,543.81**	**(1,030.53)**	**4,513.28**	**(209.12)**	**4,304.16**

*) 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.

33. COMMITMENTS AND CONTINGENCIES

Commitments

As at December 31, 2023 the commitments engaged by the Company for acquisitions of fixed assets (except those in relation to joint arrangements) are in amount of RON 1,311.63 million (2022: RON 1,823.32 million), out of which RON 1,217.07 million related to property, plant and equipment (2022: RON 1,686.82 million) and RON 94.56 million for intangible assets (2022: RON 136.50 million).

The Company has additional commitments in relation to joint arrangements - for details please refer to Note 34.

Leases not yet commenced 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.

The Company provides for litigations that are more likely than not to result in obligations. Management is of the opinion that for litigations, to the extent not covered by provisions or insurance, there is either no present obligation, the possibility of an outflow is remote or the related amounts are not significant.

Contingent liabilities

The production facilities and properties of the Company are subject to a variety of environmental protection laws and regulations; provisions are made for obligations arising from environmental protection measures in accordance with the Company’s accounting policies.

OMV Petrom S.A. entered into guarantees as part of the ordinary course of the Company’s business, mainly under credit facilities granted by banks, without cash collateral. No material losses are likely to arise from such guarantees.

34. 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 retained 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 2023, OMV Petrom took the final investment decision for the Neptun Deep project and the development plan approved by OMV Petrom and Romgaz was endorsed by the National Agency for Mineral Resources.

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 retained a participating interest of 50%. Starting October 2013, Hunt has been appointed as operator (previously OMV Petrom S.A. was operator). In January 2024, OMV Petrom received a notification from Hunt on its decision to withdraw from the joint operating agreement, with no material impact on the financial statements as of December 31, 2023.

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 S.A.'s share of the aggregate commitments for acquisitions of fixed assets in relation with these joint arrangements as at December 31, 2023 amounts to RON 5,405.07 million (2022: RON 76.14 million), mainly in relation to Neptun Deep project.

35. RISK MANAGEMENT

Capital risk management

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

Net debt is calculated as interest-bearing debts and lease liabilities, less cash and cash equivalents. Due to the significant cash balance, OMV Petrom S.A. reported a net cash position of RON 11,267.24 million at December 31, 2023 (2022: RON 11,526.77 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. The risks are assessed and monitored individually, with a dedicated set of mitigating measures put in place.

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

Risk exposures and responses

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

Beside the business operational and strategic category of exposures, the market and financial risk category plays an important role in the Company's risk profile and it is managed with dedicated diligence – market and financial risks include, 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 price risk

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

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 Company 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 where the underlying exposure exists. When certain conditions are met, the Company may elect to apply IFRS 9 hedge accounting principles in order to recognize 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 the statement of financial position.

Nominal and fair values of derivative financial instruments

December 31, 2023	Nominal value	Fair value assets	Fair value liabilities
Commodity price risk			
Oil including oil products swaps*)	58.27	6.31	-
Commodity hedges (designated in hedge relationship)	**58.27**	**6.31**	**-**
Oil including oil products swaps*)	781.63	8.89	(5.12)
Natural gas swaps	56.63	21.72	-
Power forward sales and acquisition contracts	1,226.07	205.70	(142.00)
European Emission Allowances forward acquisition contracts	567.24	42.75	(14.69)
Commodity hedges (valued at fair value through profit or loss)	**2,631.57**	**279.06**	**(161.81)**
Foreign currency risk			
USD	144.65	0.10	(1.22)
EUR	39.09	-	-
Foreign currency hedges (valued at fair value through profit or loss)	**183.74**	**0.10**	**(1.22)**

December 31, 2022	Nominal value	Fair value assets	Fair value liabilities
Commodity price risk			
Oil including oil products swaps*)	83.67	-	(1.20)
Commodity hedges (designated in hedge relationship)	**83.67**	**-**	**(1.20)**
Oil including 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)
Commodity hedges (valued at fair value through profit or loss)	**5,509.91**	**1,502.05**	**(649.04)**
Foreign currency risk			
USD	251.96	-	(1.76)
EUR	0.82	-	-
Foreign currency hedges (valued at fair value through profit or loss)	**252.78**	**-**	**(1.76)**

*) Only purchased crude oil is used as underlying, not equity crude oil.

Cash flow hedge accounting

In Refining and Marketing business, OMV Petrom is exposed to inventory risks and refining margins volatility. In order to mitigate those risks the Company 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 2023 and 2022, OMV Petrom S.A. concluded mainly stock hedges in relation to crude oil inventory purchases, using swaps instruments. During 2022, the margin hedges in relation to highly probable sales of gasoline, which were concluded by OMV Petrom S.A. in 2021, reached their maturities.

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

2023	Forecast purchases	Forecast sales	Total
Nominal value	-	58.27	**58.27**
Below one year	-	58.27	**58.27**
More than one year	-	-	**-**
Fair value - assets	-	6.31	**6.31**
Fair value - liabilities	-	-	**-**
Cash flow hedge reserve (before tax)	-	6.31	**6.31**

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)**

Cash flow hedging - Impact of hedge accounting

2023	Forecast purchases	Forecast sales	Total
Cash flow hedge reserve as of January 1, 2023 (net of tax)	-	(1.01)	**(1.01)**
Gains/(losses) recognized in OCI	(6.48)	(14.99)	**(21.47)**
Amounts reclassified to income statement	-	22.50	**22.50**
Amounts transferred to cost of non-financial item	6.48	-	**6.48**
Tax effects	-	(1.20)	**(1.20)**
Cash flow hedge reserve as of December 31, 2023 (net of tax)	**-**	**5.30**	**5.30**
Hedge ineffectiveness recognized in income statement	-	-	**-**

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)**
Cash flow hedge reserve as of December 31, 2022 (net of tax)	**-**	**(1.01)**	**(1.01)**
Hedge ineffectiveness recognized in income statement	(8.36)	-	**(8.36)**

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

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

Derivative financial instruments may be used where appropriate to hedge the risk associated with foreign currency transactions, in case the fluctuation in USD/RON or EUR/RON currency rates might negatively impact the Company’s cash flows.

Foreign currency sensitivity analysis

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

	RON equivalent of EUR denominated balances (million)		RON equivalent of USD denominated balances (million)	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Assets	1,118.85	1,946.90	252.63	248.04
Liabilities	1,154.15	1,142.89	243.58	518.42
Net assets/(liabilities) in the statement of financial position	**(35.30)**	**804.01**	**9.05**	**(270.38)**
Adjustments for foreign currency derivatives	(39.09)	(0.82)	122.29	251.96
Net currency exposure	**(74.39)**	**803.19**	**131.34**	**(18.42)**

The following table details the Company’s sensitivity to a 10% increase and decrease in the USD and EUR against RON. The sensitivity analysis includes 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)	
	2023	2022	2023	2022
Profit/ (Loss)	(7.44)	80.32	12.50	(1.72)
Other comprehensive income	-	-	0.63	(0.12)

-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)	
	2023	2022	2023	2022
Profit/ (Loss)	7.44	(80.32)	(12.50)	1.72
Other comprehensive income	-	-	(0.63)	0.12

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

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

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

Interest rate risk management

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

The sensitivity 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, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Short term borrowings	1,248.45	1,881.79	12.48	18.82

In 2023 and 2022, there was no need for hedging the interest rate risk, hence no financial instruments were used for such purpose.

Counterparty Credit Risk management

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

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

Liquidity risk management

For the purpose of assessing liquidity risk, budgeted operating and financial cash inflows and outflows are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This analysis provides the basis for financing decisions and capital commitments. To ensure that the Company remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in form of deposits and committed credit lines are maintained. The maturity profile of the Company's financial liabilities is presented in Note 16.

Impact of Ukraine conflict

The geopolitical context driven by the ongoing conflict in Ukraine had no significant negative impact on the financial statements as of December 31, 2023.

36. REMUNERATION GROUP AUDITOR

In 2023, the statutory auditor KPMG Audit SRL had a contractual audit fee of EUR 757,000 (2022, prior year auditor Ernst & Young Assurance Services SRL: EUR 554,034) for the statutory audit of the standalone and consolidated annual financial statements of the Company and of its Romanian subsidiaries. Services contracted with the statutory auditor other than audit services were of EUR 116,000, representing mainly 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 (2022: EUR 442,390).

Other KPMG network firms performed audit services for the OMV Petrom subsidiaries in amount of EUR 82,000 (2022, Ernst & Young: 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 625,815 (2022, Ernst & Young: EUR 33,000).

37. SUBSEQUENT EVENTS

There are no other significant events subsequent to the reporting date, except for those already disclosed in the financial statements.

These financial statements, comprising statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, were approved on March 15, 2024

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President of the EB

Alina Popa
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Member of the EB

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