Annual Report 2023

OMV Petrom

Contents

Note: OMV Petrom S.A. is registered with the Trade Register under number J40/8302/1997 and has as unique fiscal registration code RO1590082. In this report, "the company", "OMV Petrom", "OMV Petrom Group" and "the Group" are sometimes used for convenience where references are made to OMV Petrom S.A. and its subsidiaries in general (for details regarding the Group structure, please see Note 33 to the Consolidated Financial Statements). The financials presented in the report are audited and represent OMV Petrom Group's consolidated results prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU); all the figures refer to OMV Petrom Group unless otherwise stated. Figures may not add up due to rounding differences.

Data on 2023 GHG emissions is preliminary; final data will be available in the 2023 Sustainability Report. As per the legal requirements with reference to the disclosure of non-financial information, the company prepares and publishes a separate sustainability report, which includes the information required for the non-financial declaration, describing our sustainability initiatives. OMV Petrom's Sustainability Report for 2023 will be published by April 30, 2024.

The energy for a better life

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

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

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

OMV Petrom leverages on the industry's expertise in Romania, as one of the first oil producing countries in the world. At the same time, it successfully applies innovation and technical know-how to contribute to improving the quality of life, while transforming itself into a lower-carbon integrated energy company.

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

Safely. Securely. Responsibly.

Today and tomorrow.

An integrated energy company

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

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

In Exploration & Production (E&P), OMV Petrom is present in Romania, Bulgaria and Georgia. Our expertise varies from deep onshore and offshore exploration to mature fields and shallow offshore production.

In 2023, our portfolio consisted of 424 mn boe proved (1P) reserves and around 41 mn boe hydrocarbon production (thereof 2.8 mn tons of crude oil and natural gas liquids and 3.3 bn cubic meters of natural gas).

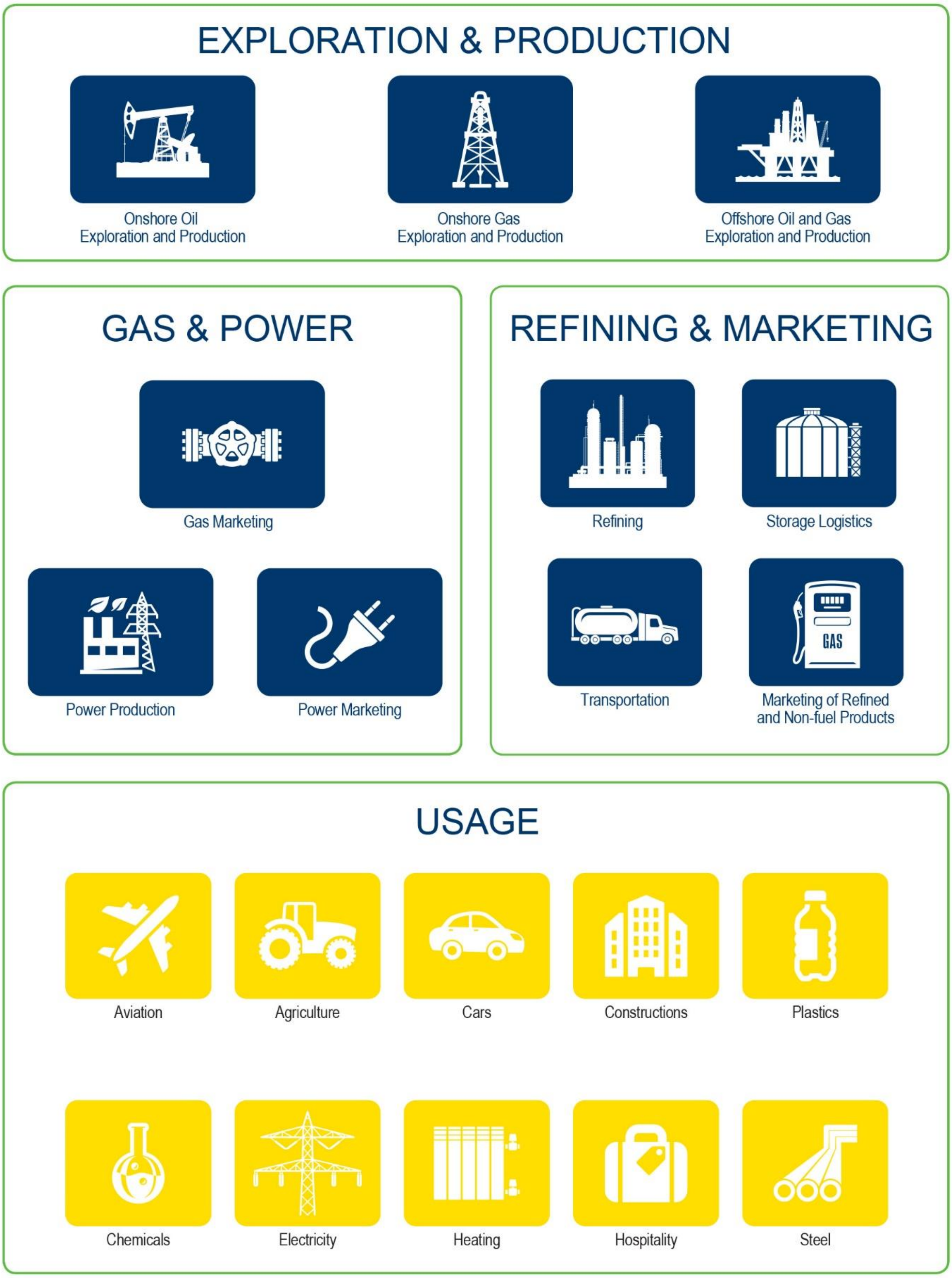
In Refining & Marketing (R&M), we operate the Petrobrazi refinery, which has a capacity of 4.5 mn tons per year and can process OMV Petrom's entire Romanian equity crude oil. We are present on the oil products retail market through a network of 780 filling stations located in Romania, Moldova, Bulgaria, and Serbia. These filling stations are operated under two brands: Petrom and OMV. In some of our filling stations in Romania, Bulgaria and Serbia we complemented the offer to our customers by installing charging points for electric vehicles (end-2023: 272 charging points, partially in partnerships). In 2023, the R&M business segment recorded 5.5 mn tons of refined product sales, of which 3.1 mn tons were retail sales.

In Gas & Power (G&P), we are engaged in electricity production, as well as gas and power sales. In Romania, we operate the Brazi gas fired power plant, which has a capacity of 860 MW. We carry out gas and power marketing operations in six countries, while expanding market access in Romania's geographical proximity. In 2023, the segment recorded gas sales volumes of 46.8 TWh (thereof 37.9 TWh to third parties), the equivalent of 4.4 bcm, and generated 4.2 TWh of electricity.

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

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

Our business model



Why invest in OMV Petrom

OMV Petrom is the largest integrated energy producer in Southeastern Europe and the second-largest Romanian company listed on the Bucharest Stock Exchange, with a market capitalization of EUR 7.2 bn at the end of 2023.

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

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

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

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

We target to more than double our Clean CCS Operating Result in 2030 compared to 2020 and we are confident that this will allow us to increase base dividends by 5 to 10% per annum over the decade, in line with profits. In a favorable market environment and at management discretion, special dividends may also be distributed, provided that the company's investment plans are funded. These elements are the main pillars of our attractive dividend policy: "OMV Petrom is committed to deliver a competitive shareholder return throughout the business cycle, including paying a progressive dividend, in line with the financial performance and investment needs, considering the long-term financial health of the company".

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

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

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

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

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

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

Resilient results and record high dividends paid in 2023

CLEAN CCS OPERATING RESULT [1] (IN 2022: RON 12.2 bn) RON 8.5 bn	**CLEAN CCS NET INCOME ATTRIBUTABLE TO STOCKHOLDERS [1,2,3] (IN 2022: RON 10.3 bn)** RON 7.5 bn	**NET INCOME ATTRIBUTABLE TO STOCKHOLDERS [2] (IN 2022: RON 10.3 bn)** RON 4.0 bn
CASH FLOW FROM OPERATING ACTIVITIES (IN 2022: RON 11.3 bn) RON 10.1 bn	**CAPITAL EXPENDITURE (IN 2022: RON 3.6 bn)** RON 4.7 bn	**TOTAL DIVIDENDS PAID [4] (IN 2022: RON 4.4 bn)** RON 5.1 bn
FREE CASH FLOW AFTER DIVIDENDS [4] (IN 2022: RON 3.8 bn) RON (0.7) bn	**CLEAN CCS ROACE [1, 3] (IN 2022: 38.0%)** 26.5%	**TOTAL DIVIDEND /SHARE PAID [5] (IN 2022: RON 0.0791)** RON 0.0825
INCREASE IN BASE DPS YOY [6] (IN 2022: 10%) 10%	**DIVIDEND YIELD [7] (IN 2022: 19.6%)** 7.2%	**TOTAL SHAREHOLDER RETURN [8] (IN 2022: 0%)** 56%

All values refer to 2023, unless otherwise stated

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

[2] After deducting net result attributable to non-controlling interests;

[3] Excludes additional special income reflected in the financial result, as well as the special item related to solidarity contribution on refined crude oil;

[4] Values include base dividends as well as special dividends paid;

[5] Include base and special dividends per share paid in 2022 and 2023;

[6] Dividend per share (DPS) in 2023 calculated with a base dividend of RON 0.0413, subject to GMS approval on April 24, 2024;

[7] Calculated with the share price at the end of each year; 2022 updated to include both base and special dividends paid in 2023; 2023 includes only a base dividend per share of RON 0.0413 subject to GMS approval on April 24, 2024; a special dividend is also planned to be announced in 2024;

[8] Calculated with share price appreciations over the respective years as well as paid base and special dividends; 2022 updated to include base and special dividends paid in 2023.

Partner for Romania

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

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

>1/3 OF **FUELS & GAS** COMBINED NATIONAL DEMAND [1]

KEY ROLE IN **BALANCING** NATIONAL **ELECTRICITY** SYSTEM

JOBS

WE EMPLOY ~7,700 PEOPLE

~18

BILLION EURO INVESTED DURING **2005-2023**

~42

BILLION EURO TAXES AND STATE BUDGET CONTRIBUTIONS DURING **2005-2023**

~160 MILLION EURO IN SUSTAINABILITY PROJECTS DURING 2007-2023

TECHNOLOGY IS EMBEDDED IN OUR STRATEGY

SAFETY IS OUR TOP PRIORITY

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

[1] Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on National Institute of Statistics and Romanian Energy Regulatory Authority.

Company

Statement of the Chief Executive Officer

Dear Shareholders,

2023 was a **strong year of execution** which characterized OMV Petrom's agility and resilience. We completed major steps in our 2030 Strategy, 2023 representing a turning point in our transformation journey. We contributed significantly to the security of Romania's energy supply by diversifying our supply sources and carrying out important planned turnarounds in the context of heightened geopolitical risk, caused by the conflict in the Middle East and the ongoing Russia-Ukraine conflict.

Despite the steep decline in commodity prices, following the unprecedented highs of 2022, the demand only started to improve in the fourth quarter of 2023. As an Executive Board, we have had a great deal to navigate this environment and I am **very grateful** to all our colleagues for their achievements and steadfast commitment.

Many **key project milestones** were achieved in 2023 as we deliver on our Strategy 2030 ambitions. Our Neptun Deep flagship project made notable progress with final investment decision taken in June and the awarding of more than 80% of the execution agreements by the year end. We also continued to roll out our renewable power and e-mobility portfolios. In our traditional activities, we partly offset the decline in hydrocarbon production, better than initially expected, we increased our gas sales despite the depressed market, we successfully finalized the turnarounds of our key downstream assets and we finalized the rollout of myAuchan stores in Petrom-branded filling stations a year ahead of schedule.

People **safety** is of paramount importance to us and we have a strong safety record. Sadly, however, we did experience a fatality in 2023 having lost a contractor's employee in a fatal accident during the refinery turnaround. Every loss is a tragedy and we express our sincere condolences to our colleague's family. Our express focus is to return to a zero fatality rate in 2024, in line with our "Committed to Zero Harm - Protect People, Environment, and Assets" vision.

Our **carbon intensity** index decreased by around 11% and we achieved a decrease in methane intensity by 73%, both vs. 2019. Our overarching ambition is to reduce the carbon intensity of our operations by 30% in 2030, compared to 2019 level.

Our strong operational performance enabled us to contribute significantly to the **economic and social development** of our communities. We ramped up our investments to RON 4.7 bn. This was achieved despite continuing to operate in a high inflationary environment and weaker market fundamentals, as reflected by the decline in Clean CCS Operating Result to RON 8.5 bn, in line with the 37% sales decline. Our resilience to macroeconomic headwinds is further illustrated by a decline in operating cash flow of only 11% to RON 10 bn. This performance allowed us to remain one of the largest contributors to the Romanian state budget, with RON 16 bn, yet 19% lower yoy. We also take pride in having made social contributions of around RON 200 mn to various health, educational and environmental projects in 2023.

Our ability to generate solid cash flow provided the foundation for distributing our historical-high dividends last year, **with a competitive yield of 19.6%,** reflecting also the second special dividend distributed to shareholders. Total dividends paid in 2023 amounted to RON 5.1 bn. Furthermore, the market's confidence in OMV Petrom's performance led to share price appreciation of 37% over the year, outperforming the main local index by five percentage points and the sector average by 39 percentage points. Together with dividends, this led to **a total shareholder return of 56%** in 2023**.**

Based on our 2023 results, **the Executive Board has proposed a gross base dividend of RON 0.0413/share** for the 2023 financial year, up 10% yoy. The Executive Board has also announced its intention to propose an additional special dividend in 2024, the third in the company's history. The base dividend proposal was approved by the

Supervisory Board and is subject to further approval by the GMS on April 24, 2024, while the special dividend would be subject to a future GMS.

Looking ahead, we are entering the most intensive period of investments in our company's history. We have around RON 8 bn per year planned for 2024 to 2026 as we deliver on our growth projects. This is more than double the RON 3.5 bn annual average for the period 2017 to 2021. It is an ambitious and very exciting plan, which will contribute to developing the Neptun Deep project, our renewable power portfolio and our e-mobility network, as well as projects in the Petrobrazi refinery such as the new aromatics and new SAF/HVO production units.

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

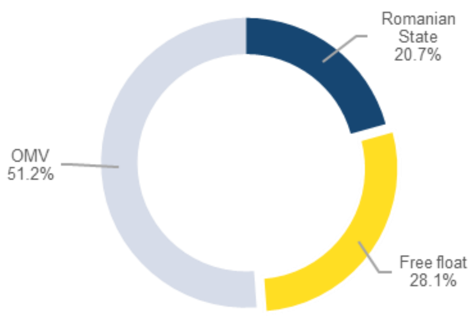
Christina Verchere

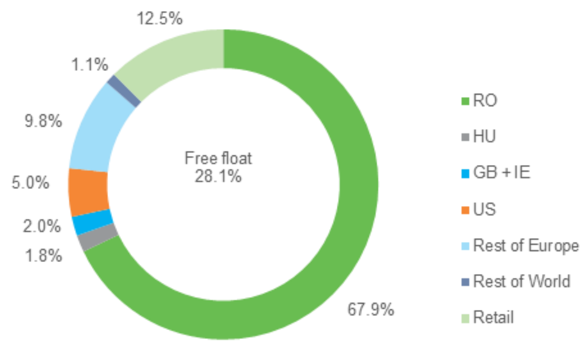
OMV Petrom on the capital markets

Shareholder structure

OMV Petrom's shareholder structure remained relatively unchanged in 2023: 51.2% – OMV Aktiengesellschaft, 20.7% – Romanian State while the remaining 28.1% represented the free float in the form of shares traded within the Premium category of the Bucharest Stock Exchange (BSE). GDRs were also traded within the Standard category on the main market of the London Stock Exchange (LSE) until October 25, 2023 (last trading day).

At the end of 2023, 651 legal entities from Romania and abroad held 87.5% of the free float securities or 24.6% of OMV Petrom total share capital, with the remaining 12.5% of the free float or 3.5% of total capital being held by around 479,000 private individuals, mostly Romanians.





An analysis of our shareholder structure, as at the end of 2023, shows that 67.9% of the free float was held by Romanian institutional shareholders (2022: 65.6%), and 12.5% by retail investors (2022: 12.0%) of which around 97% were Romanians. The remaining free float was held by foreign institutional shareholders, as follows: 5.0% from the USA (2022: 5.1%), 1.8% from Hungary (2022: 2.7%), 2.0% from the UK and Ireland (2022: 2.3%), 9.8% from other European countries (2022: 11.5%), and 1.1% from rest of the world (2022: 0.7%).

Shares

2023 was a year when both the European and the Romanian energy sector recorded lower prices, yet demand for our products, mainly gas and power in Romania remained on a downward trend. The energy markets adjusted to a large extent to the new reality of non-Russian supply sources and were less volatile. In Romania, the regulatory measures implemented in 2022 in the gas and power sector were maintained, while a new solidarity tax on refined crude oil was introduced, which induced some volatility in OMV Petrom share price mainly in the first half of the year.

2023 was quite an eventful year in terms of Strategy 2030 execution, with most notable milestones related to Neptun Deep and some of our low and zero carbon projects, mainly in the renewable power and e-mobility areas. The news on final investment decision related to Neptun Deep announced on June 21 was very long awaited by the market and was followed by the development plan endorsement by the regulator on August 3, and the main execution contracts awardings on August 3 and December 12. These announcements were welcomed by investors, considering the subsequent upward evolution of the share price.

OMV Petrom share ended the last trading session of the year on December 29 at RON 0.5745, 37% higher yoy, outperforming the BET index by 5.0 percentage points. Our share price also significantly **outperformed most of its peers**, both oil and gas majors and regional peers, which appreciated by 9% on average.

The **total shareholder return** including only the record high base dividend of RON 0.0375/share for the 2022 financial year and paid in 2023 was 46%. After including also the special dividend paid in 2023, the total shareholder return was 56%.

After Hidroelectrica's initial public offering (IPO) in mid 2023 OMV Petrom became the second-largest Romanian company listed on the Bucharest Stock Exchange by **market capitalization,** which stood at RON 35.8 bn or EUR 7.2 bn at the end of 2023. This represented around 12% of the total market capitalization of the companies listed on the BSE or around 17% of the capitalization of the BET index.

Chronologically, the year started with a solid share price increase, but from a low base, when markets were reacting to the introduction of the EU solidarity tax in December 2022. Early January, we recorded the **highest daily trading volume** on the Regular market of 62.2 mn shares on the first day of trading, followed by a drop in share price to RON 0.4295 on January 6, marking its **lowest level for the year.**

The announcements on dividend distributions were in line with market expectations. **Technical corrections** on ex-dividend dates were both below the dividend values. On the **ex-base dividend date** of May 12, OMV Petrom (SNP) share price corrected by 5.3% (or RON 0.0264/share), less than the 2022 base dividend per share (DPS) of RON 0.0375. On the **ex-special dividend date** of September 27, SNP share price corrected by 5% (or RON 0.0300/share), again less than the special dividend value of RON 0.0450/share**.**

The **highest share price of the year** of RON 0.6010 was recorded on September 20, likely on trading before ex-special dividend date.

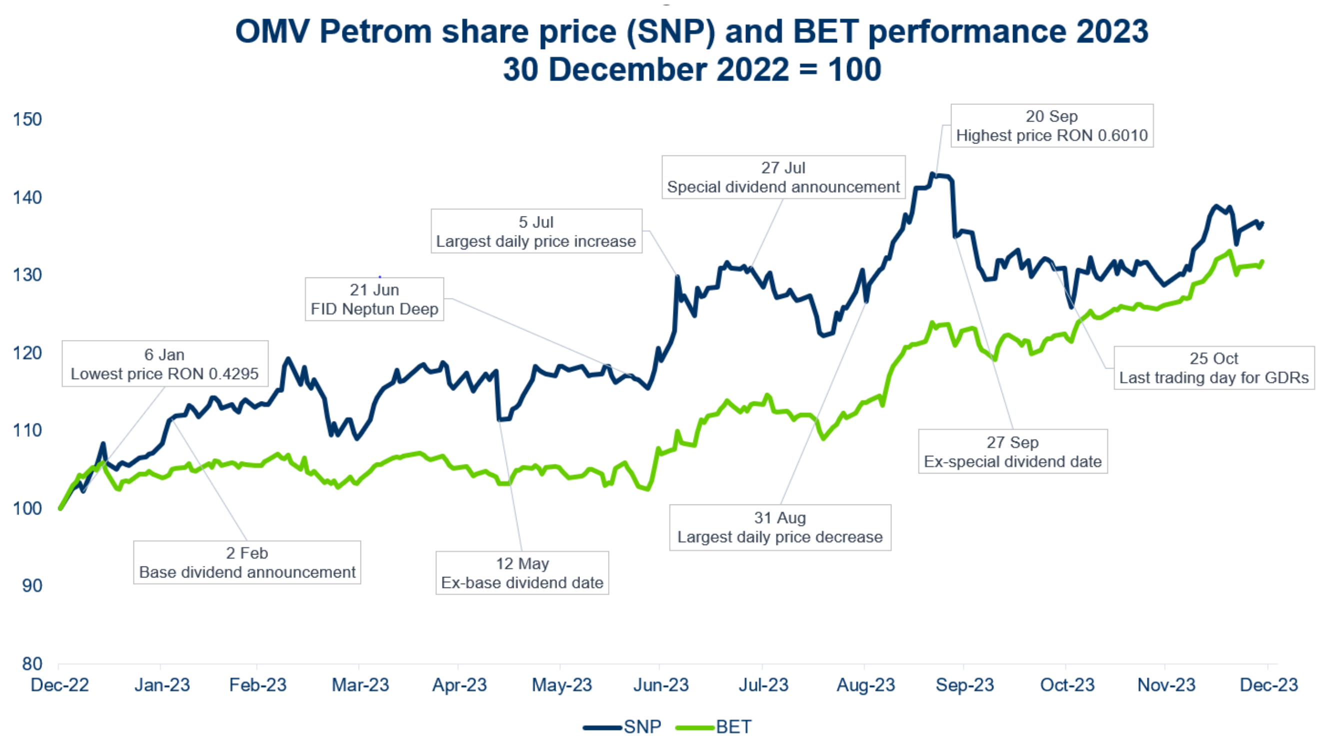
Quarterly results publication, generated mostly neutral reactions among analysts, and the share price evolution reflected this, closing almost unchanged. The exception was on the day of Q3/23 results release, when the share price decreased by 2.5%, partly due to some technical reasons, namely the sale of the supporting shares of the non-converted GDRs in the last days of October, in the context of the GDRs' delisting. This had a positive impact on trading volumes and a negative impact on the share price.

The highest daily share price appreciation of 5.7% was recorded on July 5. Conversely, the **highest daily share price depreciation** of 3.1% was recorded on August 31, to a large extent in relation to MSCI indices rebalancing moves by major international investment funds.

In 2023, the **average share price** for trades on the Regular market was RON 0.5147, 11% higher than the 2022 figure of RON 0.4637, significantly outperforming the 18% yoy decrease of the average Brent oil price, mostly due to natural hedge derived from our vertical business integration.

The **average daily traded volume**, including Deal trades, was 12.9 mn shares, down 9 % yoy (2022: 14.2 mn). The **average daily traded value** was RON 6.68 mn, up 2% yoy. The 2023 average daily traded value in EUR terms was EUR 1.35 mn.

OMV Petrom shares were maintained in the FTSE indices at the March and September 2023 reviews. **We have exceeded the FTSE threshold** of around 7 mn shares traded in ten out of twelve months of 2023.



The domestic indices evolution also exhibited lower volatility and upward trends. The **BET index** (representing the 20 most liquid blue-chip stocks listed on the BSE) closed the year 32% above the end-2022 value. **BET-TR (total return BET)** appreciated by 40% yoy in 2023. The **BET-NG index** (comprising stocks in the energy and utilities sectors), in which OMV Petrom has a weight of around 30%, performed in line with the main local index, and increased by 31% yoy. **The BET-BK index** (designed as a benchmark for asset managers and institutional investors) also increased by 31% yoy.

The Bucharest Stock Exchange benefited in 2023 of a new listing, namely Hidroelectrica's initial public offering (IPO), which increased investors' focus on and their interest in local market.

Global and European equities recovered during 2023 from their deep losses in 2022, yet in the context of new crises emerging on top of the ongoing Russia-Ukraine conflict, such as the banking crisis in March (in US and Swizerland) and rising Middle East tensions starting October. A persistently weak Chinese economy was partly offset by the resiliency of the US economy, while discussions on interest rates hikes by the major central banks and OPEC+ actions throughout the year impacted market sentiment as to prospects of oil demand/supply balance. Oil and gas sector specific indices underperformed, reflecting weaker results of constituent companies after the outperformance in the previous year, when their results were outstanding. Nevertheless, they outperformed the Brent oil price (STOXX Europe 600/Oil & Gas closed 3.4% higher yoy, while STOXX Europe 600 increased by 12.7% yoy). DAX index increased by 20.3% yoy, FTSE 100 increased by 3.8% yoy, while Dow Jones Industrial average index increased by 13.7% yoy.

OMV Petrom S.A. share symbols

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

OMV Petrom shares - at a glance

	2023	2022	Δ (%)
Number of shares (mn)	62,311.7	62,311.7	0
Market capitalization (RON mn)[1]	35,798	26,171	37
Market capitalization (EUR mn)[1]	7,196	5,290	36
Year's high (RON)	0.6010	0.5300	13
Year's low (RON)	0.4295	0.3960	8
Year end (RON)	0.5745	0.4200	37
EPS (RON)	0.0647	0.1684	(62)
Total dividend per share (RON)	0.0413	0.0825[3]	n.a.
Thereof base dividend per share (RON)	0.0413[2]	0.0375	10
Dividend yield (%)[4]	7.2	19.6	(63)
Payout ratio (%)[5]	64	50	28

[1] Calculated based on the closing share prices and RON/EUR exchange rates as of the last trading day of the respective year;
[2] Dividend subject to GMS approval on April 24, 2024; it refers to base dividend only;
[3] The 2022 value includes RON 0.0375/share base dividend for 2022 and RON 0.0450/share special dividend declared and paid in 2023; a special dividend is also planned to be announced in 2024;
[4] Calculated based on the closing share prices as of the last trading day of the respective year; figure for 2022 includes also the special dividend declared and paid in 2023;
[5] Computed based on the Group's net profit attributable to stockholders of the parent; figure for 2022 includes also the special dividend declared and paid in 2023.

Global Depositary Receipts (GDR)

Following OMV Petrom shareholders' decision, the GDRs were delisted from the main market of the London Stock Exchange. The **GDR price on the last trading day** on October 25, 2023 was USD 18.4, translating into a 28.7% yoy increase. In 2023, the GDR price was mostly on an upward trend, ranging between a USD 18.4 **high** (first reached on October 18) and a USD 14.2 **low** (first reached on January 11).

In total, 3,527 GDRs were traded in 2023 (2022: 19,821), while the **daily average number of GDRs traded** was 17 (2022: 80).

The **highest monthly trading volume and value** were reached in August (1,903 GDRs worth of USD 34,635). **The total value of GDRs traded** in 2023 was USD 0.06 mn (2022: USD 0.32 mn).

OMV Petrom S.A. GDR symbols

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

Own shares

At the end of 2023, OMV Petrom S.A. held a total number of 204,776 own shares without voting rights (suspended voting right shares), representing 0.0003% of total share capital. In 2023, OMV Petrom did not buy back or cancel any Treasury shares.

Investor Relations activities

During 2023, the company's top management and the Investor Relations (IR) team had an active presence on the local and foreign capital markets, by attending brokers' conferences and organizing calls for analysts and investors, as well as non-deal road shows. Such interactions provided the opportunity to regularly update investors and analysts on the Strategy 2030 execution and our quarterly operational and financial performance, as well as on the company's response to challenges posed by energy prices volatility and the changes of the local sector specific regulatory and fiscal environment.

In 2023, we attended eleven events, of which four non-deal road shows and seven brokers' conferences. A number of six events benefited from some of our top management presence, whereas five were at IR level only. During these events, the total number of one-on-one and group meetings with investors increased to around 100. We met investment funds from Romania, UK, US, France, Germany, Italy, Belgium, Estonia, Sweden, Austria, Czech Republic, Slovakia, Poland, Greece, Hungary, Malta, Croatia, Slovenia and New Zealand.

During 2023, the number of interactions with focus on ESG (Environmental, Social and Governance) topics increased. More specifically, we received questions around the impact of Europe's sector specific regulations on our sustainability strategy, low and zero carbon capital expenditure plans and long-term business sustainability in the context of increased European push for less use of fossil fuels.

The main tool via which we update capital markets is the quarterly reporting package, which provides a comprehensive resource for analysts and investors. This includes, among others, the **Trading Update of Key Performance Indicators (KPIs),** which provides early guidance on OMV Petrom's key trends for the quarter, the **Quarterly report**, the **Factsheet,** a **conference call with analysts and investors, the related presentation with speech** and **Data supplement** file, as well as the transcript of the **Questions and Answers** session during quarterly conference calls, all published on the company's website, www.omvpetrom.com.

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

Analyst coverage of OMV Petrom shares

At the end of 2023, **OMV Petrom stock was covered by eleven analysts** (2022: ten), of whom five (or 45%) had "Buy" or equivalent ratings (end of 2022: 90%) and six (or 55%) had a "Hold" or equivalent rating (end-2022: 10%). Unchanged since 2021, our shares have got no "Sell" rating. One analyst initiated coverage (IPOPEMA), while some brokerage houses have changed analysts, and one of them thus put our stock under review (Concorde Securities). **The average target price (TP) was RON 0.623,** translating into a **8.5% upside potential** compared to the share price of RON 0.5745 on the last day of trading in the year. This compares to an average TP of RON 0.661 as at end-2022 (unadjusted)**.**

Dividends

The Supervisory Board has approved the Executive Board's proposal to the Ordinary GMS to distribute a gross base dividend per share of RON 0.0413 for the year 2023, which is at the high end of the 5-10% range stated in the dividend guidance. This translates into a total cash outflow of RON 2,573 mn, a payout ratio of 64% of the Group's 2023 net profit attributable to stockholders of the parent (2022: 50%[i]), or 59% of the Group's 2023 free cash flow (2022: 62%). The 2023 base dividend proposal is subject to the approval of the forthcoming Ordinary GMS on April 24, 2024.

The Executive Board also announced the intention to propose in 2024 the distribution of a special dividend. The potential distribution of special dividends would be subject to the approval of a future Ordinary General Meeting of Shareholders.

Dividend policy

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

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

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

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

[i] Calculated including RON 0.0375/share base dividend for 2022 and RON 0.0450/share special dividend declared and paid in 2023.

Strategy 2030: Transforming for a lower carbon future

OMV Petrom is uniquely positioned to **Lead the energy transition in Southeastern Europe** this decade. We have already completed the second year of our Strategy 2030 implementation and, despite the significant turbulences in the economic, geopolitical, and regulatory landscape in which we operate, we have registered very good progress. We are committed to implementing our vision and to reaching our strategic targets; at the same time, we are determined to enhance our relevance in the dynamic market environment, while preparing for the next decade.

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

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

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

Transition to low and zero carbon

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

In 2023, OMV Petrom made significant progress towards its strategic objective of **more than 1 GW capacity of renewable power installed by 2030, together with partners.** We have already developed a strong portfolio of projects, opportunities and initiatives with different phasing of implementation, a well-balanced mix of own developed projects and partnerships. The investments in renewable power will lead to green power sales making up for more than 20% of our total power sales by the end of the decade, thus contributing to decarbonizing our business and supporting our customers' transition to cleaner energy.

The first important project was already announced in 2022: four photovoltaic (PV) parks with a total capacity of ~450 MW to be built together with Complexul Energetic Oltenia. In 2023, the financing contracts have been signed with the Ministry of Energy by the representatives of the four legal entities, beneficiaries of this financing and responsible for implementing the projects. The total investments required for the development of the four photovoltaic parks amount to over EUR 400 mn, approximately 70% being financed through the Modernization Fund. The four parks should supply electricity to the national energy system by 2026.

Other major renewable power projects have progressed in 2023. In June, OMV Petrom signed an agreement to purchase several projects to build photovoltaic parks in Romania, with a total installed power of ~710 MW. The projects are being developed until "ready-to-build" phase by the Danish developer Jantzen Renewables in locations with potential for strong yields in terms of solar energy. The completion of the transaction is estimated for 2024, once the ready to built status is reached.

At the end of 2023, we signed the acquisition of 50% of the largest wind power portfolio of projects in Romania. Together with our partner, Renovatio, we will develop, build and operate 1 GW capacity of renewable projects, out of which 950 MW wind and 50 MW photovoltaic. The completion of the transaction is estimated for 2024. According to our current estimates, the solar park will supply electricity to the national energy system starting 2024, while the wind parks will start production gradually. The projects have received access to the electricity network.

In the mobility area, our target for 2030 is to have **more than 500 points of alternative fuels,** thus contributing to decarbonizing passenger cars transportation. In 2023, we delivered on our ambition to become the largest e-mobility player via the acquisition of Renovatio Asset Management, the owner of Romania's leading electrical vehicles (EV) charging network, with more than 400 EV charging points in Romania and with plans to increase to approximately 650 by 2026. The closing of the transaction is expected to take place in 2024, after fulfilment of certain conditions. Earlier in 2023, we signed a financing agreement within the Connecting European Facilities (CEF) program for installing 328 charging points on TEN-T corridor in Romania. Our total network at the end of 2023 comprised 272 fast and ultra fast EV charging points installed, part of them in partnerships, and we will continue the program of installing charging points within our own filling stations network, as well as in other locations.

In addition, in 2023 OMV Petrom entered into a partnership with Vulcangas Romania for opening liquefied and compressed natural gas filling stations (LNG and CNG). The first one is expected to be operational in 2025 and will be installed at a Petrom filling station located in Chitila Sat, Ilfov County. This station will supply light and heavy transportation vehicles. Other future filling stations will be installed depending on the evolution of LNG and CNG demand in Romania.

Another low carbon activity in our 2030 strategic portfolio is **biofuels**, seen as the opportunity to reduce emissions in road transportation and aviation. At the end of 2023, we took an important step to ensure access to a reliable source of raw materials to produce biofuels, by acquiring a 50% stake of the Romanian company Respiră Verde, a local leader in the collection of used cooking oil. The closing of the transaction is expected to take place in 2024, after fulfilment of certain conditions, including the clearance from relevant authorities. We continue to develop our sustainable fuels portfolio, as we are planning **biofuels to exceed 15% in our total fuel production in 2030.**

In low carbon hydrogen, OMV Petrom explores various opportunities, from the production of blue, turquoise and green hydrogen to utilizing hydrogen for the decarbonization of own assets, for industry demand and as fuel for mobility. Consequently, we have applied for financing via the National Recovery and Resilience Plan for the construction of two green hydrogen production facilities with a total capacity of 55 MW at the Petrobrazi refinery. The financing contracts were signed in early 2024 with the Romanian Ministry of Energy for a maximum amount of EUR 50 mn, out of the total investment of around EUR 140 mn. First green hydrogen production is estimated for the second half of this decade.

For **carbon capture, utilization and storage**, OMV Petrom aims to leverage its in-depth knowledge of geological structures, evaluating onshore and offshore CO_2 storage potential. We have identified a first onshore opportunity that we might develop by building on the existing assets and subsurface capabilities. In addition, OMV Petrom will test an innovative technology for carbon capture and utilization at the Petrobrazi refinery. OMV Petrom is partner in an ambitious European project to address the problem of CO_2 emissions through carbon capture and conversion technologies. Over a five-month period in 2024, we will capture the CO_2 from flue gases released by the cogeneration unit, further converting it electrochemically into a marketable product.

With regards to direct GHG emissions, we have continued the implementation of projects aiming to reduce flaring, venting and fugitive methane emissions, to improve energy efficiency and to optimize processes. Our power consumption is increasingly sourced with green electricity acquired from the market as well as produced on-site in all business segments. **A significant 73% reduction vs. 2019 was recorded for methane intensity**, to 0.44% in 2023. Overall, we have achieved **a lower carbon intensity index in our operations by around 11% vs. 2019**. The decarbonization measures continue with more ambitious projects in all operational assets.

Grow regional gas

In 2023, we reached a very important milestone by taking the final investment decision for the **Neptun Deep project,** which will unlock significant gas resources and thus support Romania's energy transition. The development plan was endorsed by the regulator. By the end of 2023, more than 80% of the execution agreements had been awarded. For 2024, the aim is to finalize awarding of the main contracts, focus on permitting activities, start construction and prepare to spud the first well in 2025. First gas is expected for 2027. We plan to invest up to EUR 2 bn in the project and the estimated recoverable resources of around 50 bcm would ensure around 70 kboe/d plateau production, all net to OMV Petrom.

The increase in equity gas will also support the country's efforts to decarbonize, as gas can replace coal in power generation and enable integration of renewable capacities. Our 2030 target is to reach 70% share of gas in the company's total hydrocarbon production (2023: 52%), reflecting the pivotal role of natural gas as a transition fuel in the energy mix in Romania.

In addition, we continue to strengthen our position in the Black Sea. We took over operatorship and we will continue exploration activity in the Han Asparuh block in Bulgaria, while seismic acquisition remains on hold in the exploration Block II of Georgia.

Optimize traditional business

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

In **E&P, maximizing potential of our existing assets** is our strategic priority. By drilling 45 new wells and sidetracks, performing 497 workovers jobs and investing in other running business projects, we achieved 113 kboe/day production in 2023. Going forward, we will continue to optimize our operational footprint and high-grade our portfolio, striving to minimize production decline until Neptun Deep comes on stream, while for the second half of the decade, production is expected to increase, due to the start-up of Neptun Deep production.

Another strategic objective is to **lower the unitary production cost.** Notwithstanding all our efforts to decrease costs, the unit production cost will be negatively impacted by significantly lower production volumes until Neptun Deep comes on stream, and it is expected to decrease thereafter to above USD 7/boe by 2030. In 2023, production cost reached 16 USD/boe, reflecting lower production available for sale, the increase of cost base due to inflationary macroeconomic environment and unfavorable FX.

In **R&M,** our strategic priorities are maximizing Petrobrazi's profitability, building **a sustainable refining business** and maintaining our **leading retail position in Romania** with our **dual brand strategy** complemented by strong partnerships. The refinery utilization rate in 2023 was 80%, reflecting the planned turnaround that was successfully executed after a running-period of five years. Starting Q3/23, the refinery maintained an utilization rate of 95%. Last year, R&M segment was mainly responsible for the overall CAPEX increase by around RON 1 bn. In addition to the investments connected with the planned turnaround, we continued to invest in several other ongoing projects, the most significant being the new aromatics complex. In retail, we achieved a throughput per filling station of 5.7 mn liters in Romania and around 50% increase in non-fuel business margin vs. 2020. Non-fuel business margin at Group level increased by around 60% in 2023 vs. 2020. By the end of 2023, MyAuchan convenience stores had been opened in all Petrom branded filling stations across Romania, one year earlier than initially planned.

In **G&P**, our ambitions are to become **the supplier of choice for customers in their energy transition and to further expand our operations in the region.** For 2023, we achieved 46.8 TWh total gas sales, a very good performance considering the highly challenging market context, with reduced consumption, decreasing prices and highly regulated market. We continue to progress in diversifying our gas supply portfolio from third parties, especially in terms of import sources, via other routes and products, including LNG. Moreover, we have intensified our activities in the neighbouring markets via gas and power buy and sell transactions, further expanding of our regional footprint.

Financial frame

The financial frame supporting the Strategy 2030 is based on three key elements: rigorous capital discipline, strong financial performance, and attractive returns to shareholders, with specific targets established for each element. By 2030, we remain committed to spend around **EUR 11 bn CAPEX,** with EUR 3.7 bn allocated to low and zero carbon projects, to achieve more than **12% Clean CCS ROACE** in 2030, and **increase the base dividend per share by 5% - 10%** per annum over the decade, while maintaining the optionality of special dividends.

In 2023, OMV Petrom reached EUR 1.7 bn Clean CCS Operating Result and 26.5% Clean CCS ROACE. Around EUR 1 bn were spent as CAPEX, while about EUR 1 bn were paid as dividends, both base and special, supported by a strong operating cash flow generation.

Since we launched our Strategy 2030, we offered shareholders a competitive dividend yield relative to our peers. The base dividends were at the high end of the range provided in the dividend guidance and we also distributed special dividends two years in a row. Total dividend yield in 2023 (base and special) was 19.6%.

Sustainability [ii]

Our approach to sustainability

Sustainability is fully embedded in our 2030 Strategy, with a focus on managing responsible operations, nurturing people and communities, and capitalizing on innovation and digitalization. Our strategic ambition and the heart of our sustainability endeavors lie in driving the energy transition in Southeast Europe. The objectives of the UN 2030 Sustainable Development Agenda form an intrinsic component of our sustainability mission, with the Sustainability Framework addressing all relevant material topics.

The status of delivering on our targets as of the end of 2023 is presented below.

1.Transition to low and zero carbon

Carbon emission reduction

OMV Petrom is dedicated to taking action to mitigate climate change and manage resources responsibly. The company's primary focus is on increasing the carbon efficiency of its operations and product line.

2023 achievements

- ~11% reduction vs. 2019. **Target 2030**: reduction of 30% in carbon intensity index of our operations;
- We continued to implement projects to phase out routine flaring. **Target**: no new projects with routine flaring and venting practice and phase out existing routine flaring and venting **latest until 2030**;
- ~0.44% methane intensity, representing a 73% reduction vs. 2019.

2. Run responsible operations

We will meet our business and climate goals by prioritizing the health and safety of our employees, customers, and partners, emphasizing resource efficiency and environmental protection, and acting with integrity and transparency toward all of our stakeholders.

Health, safety, security and environment

HSSE is the highest priority in all our activities and is essential to achieve the vision “Committed to Zero Harm – Protect People, Environment and Assets”.

2023 results

- One contractor fatality recorded. **Target 2030**: zero work-related fatalities;
- Combined TRIR at 0.50 per one million hours worked. **Target 2030**: stabilize TRIR at below 1.00;
- 0.15 for Process Safety Event Rate[iii] – leading position maintained. **Target 2030**: keep leading position (reference value = 0.18).

Business principles

OMV Petrom follows the guidelines of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the UN SDGs (Sustainable Development Goals).

2023 achievements

- Over 4,500 employees were trained in business ethics. **Target 2025**: raise business ethics awareness for all employees through trainings and compliance communication programs;
- 583 registered grievances and 451 solved, in addition to 46 from the previous year. **Target 2025**: assess Community Grievance Mechanism of all business segments against UN Effectiveness Criteria[iv] .

3. Foster People & Communities

We seek to cultivate and retain a skilled, diverse, and motivated workforce to support the company's transition to a low-carbon business.

Furthermore, we strive to make a positive impact on our communities by being open to their problems, responding to their concerns, and promoting their long-term progress.

Employees

OMV Petrom sees its employees as the key to success.

2023 achievements

- 30% women at management level. **Target 2030**: 35% women at management level;
- 33 average training hours per employee. **Target 2030**: minimum 30 annual learning hours per employee;
- 79% employee engagement score. **Target 2030**: maintain the level of employee engagement.

[ii] All information on 2023 results refers to preliminary data or estimates; final data will be available in the 2023 Sustainability Report to be published by 30 April 2024;
[iii] The Process Safety Event Rate is defined as T1+T2/ workhours business units (employees and contractors). This definition excludes workhours from the corporate functions General management and Finance in OMV Petrom;
[iv] Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, A source of continuous learning, Based on engagement and dialogue;

Supply chain

2023 achievements

- 14 supplier audits conducted, covering sustainability topics. **Target 2025**: 20 supplier audits covering sustainability topics;
- 212 new suppliers screened against mandatory ESG criteria. **Target 2030**: all new suppliers screened against mandatory ESG criteria during supplier pre-qualification;
- 90.5% yearly spend with local suppliers. **Target 2030**: yearly spend with local suppliers to be at least 85% out of total Procurement spend.

Community relations

2023 achievements

- All local communities covered by total social investments of EUR 40.3 mn. **Target 2030**: >80% of local communities covered by social investments every year.

Human rights

2023 achievements

- 3,406 employees trained on human rights. **Target 2030**: train all employees on human rights.

4. Leverage Innovation & Digitalization

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

Innovation & Circular Economy

OMV Petrom places a high value on innovation, research and development. Our innovation projects are focused on improving production, developing innovative energy solutions and utilizing digital technology.

2023 achievements

- The Independența oil field upgraded in order to apply the injection of alkali viscous saltwater estimated for early 2024. **Target 2025**: implement Enhanced Oil Recovery (EOR) pilots to increase the recovery factor of our oil fields;
- We continued to develop circular economy initiatives with different phasing of implementation. **Target 2030**: EUR 3.7 bn by 2030 investments for low and zero carbon business, of which EUR ~2 bn for innovation and new technologies.

Digitalization

We run programs to reduce carbon footprint, enhance HSSE capabilities and resource efficiency as well as upskill employees. Details about specific projects will be available in the 2023 Sustainability Report.

For additional information please access the “Sustainability” section on our website www.omvpetrom.com.

People

Our **People and Culture Strategy 2030**, launched in 2022, lays the foundation required by the organizational and individual transformations, while actively supporting the Group's efforts towards a future lifestyle that is sustainable and carbon neutral. The People and Culture strategy revolves around a profound change in mindset, from linear to circular, according to a clearly defined purpose: *reinventing essentials for sustainable living*. Moreover, in April 2023, we launched our new Values – *We Care, We're Curious, We Progress* - that enhance and drive the setup of how we contribute, implement and determine change within the entire organization. This approach is mirrored by the complementary structure of the strategy, building on four strategic drivers: **Employee experience, Growing talent, Organizational evolution**, and **New ways of working**. An additional pillar, **Transformation and Leadership**, was adopted as well in order to develop and upgrade the skills and abilities of our leaders in the direction of transformations that challenge us.

Specific programs developed in 2023

- **Launch of third wave of GROW** – a Leadership Program focused on three main behaviours: Save Time, Develop People, Collaborate. Strong leaders are the key for the success of a company and by investing in them we ensure that all our people will be engaged and motivated to continue delivering the strategy and staying competitive. The GROW program is based on a minimum nine-month micro-learning concept and on the daily needs of OMV PetromExecutive board members, leaders and first line of management. The third wave of the program took place from May 2023 to February 2024 and extended the target population to the third line of management. During the same period, our front-line management went through a tailored Leadership Communication training, following the same GROW focus areas and principles.

- **Communication Kit for managers** project – it aims to enable fostering an open communication culture, to value and empower managers as primary message carriers to all employees, to provide essential social communication know-how to effectively engage with employees and social stakeholders. A quarterly communication kit is disseminated to all management levels. This includes a guide with tips and tricks on how to better communicate in the meetings with their teams.

- **Launch of the new Transformational Leadership Competencies –** In October 2023, we launched our new Leadership Competencies – *Lead self, Grow people, Drive change and Deliver impact*. In line with our Purpose, Strategy and Values, they have been developed to complete our business transformation framework. Thus they define the behaviors expected from our leaders across the Group. Therefore, they will also be integrated in our people processes and tools. Certain processes such as Recruiment and People Review will reflect customized methods for assessing leadership competencies, in line with the new skills. At the same time, the 360 feedback tool is built around them too. Moreover, all future leadership programs will also be directed towards enhancing these transformational competencies for our leaders.

- **Open4U** – In 2023, we had our 11th edition of the "**Open4U**" internship program that welcomed 100 students from diverse academic backgrounds (technical, IT, economic, socio-humanistic) for a learning journey across multiple divisions, each mentored individually. Primarily for top undergraduate and master students, our program connects the younger generation with OMV Petrom colleagues, providing them a platform to kickstart their careers with the assistance of our experts during a two-month internship. Interns have the opportunity to dive into the specifics of the energy industry, gain exposure to our business environment, and work alongside outstanding teams. The "**Open4U**" internship program started in 2012 and, to date, has seen participation from over 900 enthusiastic students, who shared their passion and desire for learning with us.

- In 2023, we held the second edition of "**Her Energy Academy**". This Mentoring and Personal Branding program, jointly run by OMV Petrom and a partnering non governmental organisation, engages 20 young women with soft-skills training, facilitating their path to a successful career in the energy industry. For six months, students took part in workshops and seminars focusing on areas such as: self-awareness, employability, personal branding, and critical thinking. The participants' visits to Petrobrazi refinery and Petrom City, allowed them to discover the energy industry and gain know-how on our business activities. They were also mentored by 20 accomplished female leaders across OMV Petrom, who offered individual advice, encouragement, the chance to cultivate close connections and shared their real-world experiences to help shape their careers.

- The **OMV Petrom Excellence Scholarship** program is dedicated to students with technical background and is supporting the education and growth of the younger generation. Every year, we offer a monthly scholarship to high-achieving technical students in departments from the Exploration & Production and the Refining & Marketing business divisions. During the OMV Petrom Excellence Scholarship program's 4th edition in 2022-2023, we provided private scholarships to 77 students interested in the energy industry, which were mentored by 57 professionals in developing projects. We also make it a priority to balance gender in our programs and support women seeking to advance in technical fields. 48% of our program participants were female students and we are proud that some graduates from our program have now joined our team. Students who received these scholarships bring fresh ideas and help maintain a good mix of generations, promoting a constant exchange of knowledge and skills.

- **My SF 2.0** - we have digitised our employees' services with MySF. Two new modules have been implemented, namely: **Employee Central** and **Recruitment & Onboarding**. Moreover, two other modules have been improved: **Performance & Development** and **Learning**.

Training programs

In 2023, we delivered a total of 255.386 hours of training to our employees.

Diversity, Equity, and Inclusion initiatives (DE&I)

The continuous involvement of Executive Board Members in a series of internal and external events and programs emphasizes the focus on DE&I of our Senior Management as well as strong commitment towards an inclusive and equitable organization.

In 2023 we continued our journey towards creating an inclusive diverse and equitable workplace. We mobilized our internal teams to create and implement impactful initiatives.

We created a cross divisional **Diversity, Equity & Inclusion Committee** in OMV Petrom that acts on a voluntary basis to design and deliver a series of initiatives. The activity of this Committee is aligned with our strategic directions. The Committee's actions are targeting the four priority areas: Gender, Parents, Disabilities and Generations.

- **Gender**: Through the **Group DE&I Program**, we dedicated an entire week in March 2023 to celebrating the women of our company with the theme #EmbraceEquity. That involved workshops, blog articles, and events aimed predominantly at our female employees. Among these events, we hosted an external keynote speaker to address the topic of Self-value versus market value as well as Career development for women. We also held a special virtual event inviting our female leaders, guided by our female Executive Board members to discuss diversity topics. Alongside these activities, we run an internal communication campaign dedicated to "**Embrace Equity**".

- **Parents**:
  In June, we hosted an event titled "**Eco Friendly for Kids and Parents**" which gathered around 60 participants. It tackled environmental sustainability and offered useful advice on improving our environmental stewardship, within a lively interactive workshop.

  In December 2023 we continued our annual tradition, "**Bring Your Kids to Work…to Celebrate Christmas**", with its second physical event for parents and children. More than 150 children who attended had the opportunity to learn more about the Oil & Gas Industry and got to spend quality time with their parents before Christmas.

  Additionally, we compiled a comprehensive "**New Parents Training**" resource guide, designed to assist new parents navigate the administrative elements of childbirth and their subsequent return to work. This will be introduced in 2024.

- Our **Disabilities stream**, consisting of a multi-disciplinary team of professionals. The aim is to create awareness and establish an inclusive space for our colleagues with disabilities. In October 2023, they organized an event aimed at promoting the significance of inclusivity for individuals with disabilities. With this occasion, a **Guide for Employees and Managers** was launched. This comprises general information about disabilities, a related toolkit for assistance as well as recommended behavior when interacting with a disabled person. A dedicated digital space for addressing disability matters was also created and made available in conjunction with this guide.

- **Generations:** a communication campaign and contest for all generations working together in OMV Petrom were very well received by our employees. We are continuously working to identify the most relevant way to transfer the knowledge between generations.

Moreover, we involved also our employees in key People & Culture strategies via initiatives, such as the **annual Pulse Check** and **employee events with EB members and other senior management**, where information about the progress made on OMV Petrom's Strategy 2030 is shared.

Pulse Check is one of our most important tools related to Employee Experience as part of our People & Culture Strategy and it also measures the engagement of our employees. Pulse Check is part of our Speak-up culture, that encourages employees to express their feedback within a safe and anonymous environment, via a dedicated platform.

It encompasses several dimensions, including Safety, Innovation, Line Manager, Employee Development, Strategy, Empowerment/Involvement, Wellbeing, Values, Sustainability and Culture. We achieved a participation rate of **83%**, as **7,067 employees** chose to have their say.

The **Engagement score reflecting our employees perception on Engagement ("Say**" about company, **"Stay"** within the company and "**Strive**"- perform with the company) improved to **79%.**

Additional information will be available in the 2023 Sustainability Report.

Business environment

Global macroeconomic and sector trends

The world economy slowed down in 2023 for the second year in a row, advancing by an estimated 3.1%. Overall growth and global trade were below historical averages, being adversely impacted by a combination of factors, including geopolitical tensions and an elevated level of interest rates. The deceleration in growth was largely attributable to the weak performance of developed economies, notably the Eurozone, which expanded by a meagre 0.5% in 2023. The increase in the cost of living and higher interest rates impacted Europe more than other developed economies as the continent was still reeling off from the earlier impact of higher energy prices. A restrictive fiscal policy also kept growth more suppressed in Europe in contrast to the US, where a more expansionary fiscal policy supported consumer spending, propelling growth to 2.5% in 2023. The rate of growth in emerging markets and developing economies stood at 4.1% in 2023, the same as a year before, sustained by the economic recovery in China, whose economy advanced by 5.2%, despite being hampered by a steep property sector slowdown and falling exports.

In their efforts to bring down inflation, the major central banks continued their monetary tightening cycle initiated in 2022. Benchmark interest rates rose further in 2023 reaching 5.5% in the US and an all-time high of 4% in the Eurozone. As a consequence, by the end of 2023 inflation fell significantly in both the US and Eurozone. However, the adverse effects of higher borrowing costs were felt across the global economy, making investment more expensive. Activity in the construction sector, which traditionally benefits from lower interest rates, was particularly affected across a number of European countries, notably in Germany, France and the Netherlands.

Natural gas consumption in Europe dropped by a further 11% in 2023 after falling by 13.8% in 2022. Warmer than normal temperatures in the last months of 2023 saw a subdued natural gas consumption, notably in Northwest Europe, which is the main consumption area of the continent. This triggered a much lower depletion in gas inventories, leaving the EU's gas storage levels to be over 86% full at the end of 2023, higher than usual. Industrial gas consumption continues to be generally depressed across the EU as natural gas prices remain above their long-term average.

Consumer prices in advanced economies slowed down to an annual rate of 4.6% in 2023 from 7.3% a year before. Inflation in both the US and Eurozone responded positively to the tightening of monetary policies, falling to 3.4% and 2.9% respectively at the end of 2023. The disinflationary process was triggered by a drop across the board for almost all commodity prices. The World Bank commodity price index, which includes energy, non-energy and precious metals, declined by 24% yoy. Energy price index slumped by 30%, while the price of fertilisers saw a 35% fall compared to 2022, helped by the decrease in natural gas prices. Nevertheless, despite these corrections, commodity prices continue to remain relatively high, around 20% above their ten-year averages.

A relatively mild counterbalancing effect to tighter monetary policy on Eurozone's inflation was the emergence of the crisis in the Middle East in the last part of 2023. Disruptions to shipping in the Red Sea pushed up freight costs from Asia to Europe significantly, temporarily disrupting European supply chains and lengthening transport times.

Total global oil demand rose by 1.9 mn bbl/d in 2023 reaching 101.0 mn bbl/d as global consumption of petroleum rose marginally above its pre-pandemic level. An estimated 0.8 mn bbl/d, which represents more than 40% of the year's increase, came from China. Oil demand went up marginally in the US driven by LPG, gasoline and jet/kerosene, while falling slightly in Europe, reflecting differences in economic growth. **Global oil supply** rose by 1.8 mn bbl/d to an estimated 101.8 mn bbl/d. A disproportionately large part of the increase came from the US, where production of petroleum and other liquids went up by 1.6 mn bbl/d to 21.9 mn bbl/d. OPEC reduced its oil production by 0.7 mn bbl/d in 2023 after Saudi Arabia adopted a 1 mn bbl/d voluntary production cut in July and subsequently extended it on a monthly basis. In a meeting in November 2023, OPEC+ members agreed to make additional voluntary cuts that would amount to 2 mn bbl/d, or 2% of global supply, a measure planned to take effect in early 2024. The policy of voluntary cuts put pressure on some members of the group with Angola, which produces around 1.1 mn bbl/d, deciding to leave OPEC.

Oil prices were slightly higher in the second half of the year compared to the first half, pushed up by the increased geopolitical risk in the Middle East and the resilience of global economic growth. Average Brent oil price dropped in 2023 by 18.4% yoy to USD 82.6/bbl, as oil supply and demand got into balance. In real terms, average Brent oil prices were still 8.4% above their last ten-year average.

Romania – macroeconomic and sector trends

Preliminary data showed that Romania's economy grew by 2% yoy in 2023, below initial government forecasts of 2.8%. However, despite slowing down, growth proved to be resilient to both existing economic conditions and geopolitical risk, with the economy posting one of the highest growth rates in the EU region. **Domestic consumption** decelerated as households' purchasing power was still falling in the first quarter of the year, eroded by higher inflation. Consumer earnings situation started to improve gradually later on when sustained strong nominal wage growth and falling prices propelled the 12-month rolling average of the real net wage growth in the economy to 4.8% at the end of 2023. Due to the lagging effects on consumption, retail sales almost halved its turnover growth rate between the beginning and end of the year.

Industry output woes deepened in 2023, continuing to be impacted by still elevated energy costs and weak external manufacturing demand in Europe, notably Germany. The volume of industrial production accelerated its decline contracting by 4.9% compared to a contraction of 1.8% a year earlier. Activity in the **construction sector** remained buoyant, despite the increase in input costs, partly stimulated by the absorption of EU funds, including those coming via EU's Recovery and Resilience Facility (RRF). **Agricultural output** had also a good year, supported by favourable weather conditions.

The evolution of Romania's macroeconomic imbalances displayed a mixed picture. Aided by improved trade conditions, the current account deficit dropped by 12.7% to EUR 22.7 bn, the equivalent of 7.1% of GDP, a value which is, nonetheless, still regarded as being high according to international standards. But, improvements in the fiscal position remained elusive, as preliminary data showed end-year budget deficit standing at 5.7% of GDP, virtually the same rate as a year ago. Lower than forecast budgetary revenues were partially responsible for the size of the deficit, which advanced in nominal terms to RON 89.9 bn from RON 81.0 bn a year ago. In an attempt to stem the widening of the budget deficit in the future, the authorities approved a fiscal package centered primarily around tax increases. The measures, of which some took effect in the last quarter of 2023 and some came into force in 2024, included a raise in corporate taxes, the elimination of preferential wage-related tax regimes in agriculture and construction, as well as the removal of reduced VAT rates for some goods and services. Companies with turnover above EUR 50 mn are subject to a minimum tax equivalent to 1% of their turnover starting 2024, whereas companies operating in the oil and gas sector are imposed a new tax of 0.5% of their adjusted turnover, applicable for 2024 and 2025.

Natural gas consumption continued to fall, albeit at a slower pace compared to the previous year. Following the 15.6% plunge in 2022, gas consumption dropped by another 7% in 2023 to 9.6 bcm, as some energy intensive sectors still regarded gas prices as being too high for their production activities.

Romania's **annual consumer price index** (CPI) fell faster than anticipated, especially towards the end of the year, reaching 6.6% at the end of December. **Producer price index** (PPI) inflation, which provides a more insightful view on the cost pressures faced by companies, went into negative territory in the second half of the year and reached -3.4% at the end of 2023, reflecting falling global commodity prices. Energy price inflation benefited from prior year's base effects, as the influence of energy price increases recorded between July and September 2022 dissipated. According to the current legislation, electricity and natural gas prices to households are expected to remain capped until March 2025.

The National Bank of Romania tightening monetary policy cycle ended in January 2023, when its **benchmark interest rate** was last raised to 7%. This helped to bring down inflation, thus increasing real interest rates. The latter turned positive again at the end of the year, in a sign of normalisation, after being rooted for several years in negative territory, following the post pandemic abnormally loose monetary policy conditions. The average EUR/RON **exchange rate** continued to remain somewhat stable, with the RON falling by 0.3% in 2023, displaying a relatively low volatility against the EUR throughout the year. Against the USD, the RON appreciated by 2.5% on average, influenced indirectly by the weakening of the USD against the EUR.

Romania's total **energy supply** fell by 2.9 %, driven mostly by lower coal production and import volumes. Phasing out coal usage in the economy is a pivotal element in the country's decarbonisation strategy. Oil supply fell by 12.6% to 10.2 mn toe, partially counterbalanced by the increase in imported oil refined products.

Business segments' operational performance

Exploration and Production (E&P)

At a glance [1]

	2023	2022	∆ (%)
Segment sales (RON mn)[2]	12,386	16,270	(24)
Operating Result (RON mn)[3]	4,170	3,612	15
Special items (RON mn)	(7)	(1,821)	100
Clean Operating Result (RON mn)	4,177	5,433	(23)
Operating Result before depreciation and amortization, impairments and write-ups (RON mn)	6,559	7,815	(16)
Capital expenditures (RON mn)[4]	2,584	2,559	1
Exploration expenditures (RON mn)	169	167	1
Total hydrocarbon production (mn boe)	41.37	43.49	(5)
Sales volumes (mn boe)	39.57	41.72	(5)
Production costs (USD/boe)	15.97	13.15	21
Proved reserves as of December 31 (mn boe)	424	380	12

[1] For information about the financial performance of the segment, please refer to the relevant section in the Directors' report;
[2] Including inter-segment sales;
[3] Excluding intersegmental profit elimination;
[4] Including capitalized exploration and appraisal and acquisitions.

HSSE is our first priority
Our employees' and partners' safety continues to be our foremost sustainability priority, in line with our vision "Committed to Zero harm – Protect People, Environment and Assets". In 2023, we had no work-related fatalities and we will continue to work together with our contractors, sub-contractors and partners to ensure that everyone returns safe to their families. The Total Recordable Injury Rate (TRIR) was 0.69, compared with 0.58 in 2022, while the Lost Time Injury Rate (LTIR) (employees and contractors combined) was 0.47, compared with 0.37 in 2022.

In 2023, we continued our efforts in building a strong safety culture program in all assets by implementing clear action plans. To make sure that safety remains everyone's top priority, we maintained a continuous dialogue on site with employees (including contractors'), listening to people's concerns and needs, while focusing on learning from incidents, in order to avoid reoccurrence.

We continued to focus on carbon management and process safety, by further developing process safety road maps for our facilities, while our integrated risk register remains one of our main tools in managing operational risks.

We managed to improve the carbon efficiency of our operations, achieving around 38% decrease of the carbon[v] intensity in 2023 vs. 2019. Main measures focused on modernization, replacement and/or optimization of gas processing and transportation infrastructure.

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

E&P activities in Romania

Exploration
OMV Petrom drilled three onshore exploration wells and one appraisal well in Romania resulting in two gas discoveries.

In Q1/23, OMV Petrom finalized the acquisition of 400 km^2 of 3D seismic survey in the exploration block XII Pitești.

Moreover, we finalized the acquisition of 125 km of 2D seismic lines in XIII Târgu Jiu block, which took place between December 2023 and January 2024.

In March 2023, the exploration well 3000 Colțești (XIII Târgu Jiu block) discovered gas and condensate in several layers

[v] Details will be available in OMV Petrom's Sustainability Report for 2023.

in the Sarmatian and Burdigalian formations. The well was tested in September, flowed up to 3,600 boe/d from the lower Burdigalian horizon and has been put in experimental production.

This well was followed by an appraisal well, 3010 Colțești, drilled in December 2023 in the Sarmatian formation, which identified gas in several layers. The well will be tested in early 2024.

In July 2023, the exploration well 1 Săpata (XII Pitești block) was found dry and the well was consequently plugged and abandoned.

Following a successful test in Q2/23 from the Meotian formation, experimental oil production from the 1 Ocnița North exploration well started in October (VI Târgoviște block). Three follow-up appraisal and exploration wells are planned.

In the Joint Operations Agreement with Hunt Oil (50% OMV Petrom, 50% Hunt Oil as operator), an exploration well was drilled in Q4/23 (VIII Urziceni block), which did not encounter any hydrocarbons. The well will be permanently abandoned during 2024.

In Romanian offshore, prospect maturation has continued in XIX Neptun exploration block.

Production

At the end of 2023, OMV Petrom operated 152 commercial oil and gas fields in Romania (end-2022: 150), reflecting the addition of Domino and Pelican South offshore gas fields from Neptun Deep.

In Romania, OMV Petrom's hydrocarbon production declined by 4.9% compared to 2022 level, to 41.37 mn boe or 113.3 kboe/d, better than initially estimated. Crude oil and NGL production declined by 4.5% to 19.96 mn bbl or 2.77 mn t, while natural gas production declined by 5.2% to 21.42 mn boe or 3.27 bcm.

The main factor that impacted production in Romania in 2023 was natural decline, partly counterbalanced by the contribution of workovers and new wells.

Offshore production accounted for 14.1% (2022: 14.7%) from OMV Petrom's total hydrocarbon production (4.1% of the crude oil and NGL production and 23.5% of natural gas production).

Heavy oil, representing crude oil with density greater than 900 kg/m^3, accounted for 35% of total production of crude oil and NGL. Crude oil production based on enhanced oil recovery techniques accounted for 24% of OMV Petrom's total production of crude oil and NGL.

The internal gas consumption for E&P operations increased to 11.2% of OMV Petrom gas production (2022: 10.6%), mainly due to additional consumption of gas to power (G2P) and combined heat & power (CHP) units put in production in 2023.

Since July 2010, in order to optimize the portfolio of existing assets, OMV Petrom has entered into several partnerships with international companies for production enhancement. These are governed by **production enhancement contracts (PECs)** and cover 20 mature fields in total. The total production of the PECs in 2023 amounted to 5.8 kboe/d (2022: 5.7 kboe/d), representing 5.1% (2022: 4.8%) of OMV Petrom's total production, of which PEC Țicleni 3.8 kboe/d, PEC Turnu 0.8 kboe/d, and PEC Timiş 1.2 kboe/d.

Key projects

▶ Neptun Deep

In June 2023, OMV Petrom (50%, operator) and its partner Romgaz Black Sea (50%) took the final investment decision for the development of the Neptun Deep project in the Black Sea. By the end of 2023, more than 80% of the execution agreements had been awarded. They included the subsea production system, shallow water platform, umbilicals, linepipe, drilling rig and the first parts of the rig services and well tangibles.

▶ Drilling and workover

In 2023, we drilled a total number of 45 new wells and sidetracks (2022: 55).

Furthermore, we commissioned the construction of the first automated onshore rig in OMV Petrom's portfolio in Romania as part of our automated well delivery process. The automatic rig will improve HSSE performance by reducing the risk of accidents. Moreover, it will increase drilling efficiency by reducing time and costs due to a more effective execution of tasks. We expect that it will help us reduce the overall drilling cost per well by almost 10%. In addition, CO_2 emissions would also be reduced.

At the end of 2023, the number of wells digitally monitored from an integrity point of view reached 4,400 units, representing 58% from the total of 7,500 operated active wells.

In 2023, we had an average of 92 crews available, which performed a total of 497 workover jobs and around 4,100 well interventions (2022: 647 and 4,200 respectively). All these led to an improvement of the MTBF to 855 days (2022: 841).

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

▶ Brădești area gas opportunity
The field development has progressed, seismic acquisition was finalized, first development phase was approved and drilling of first wells is to be started in 2024.

▶ Enhanced oil recovery (EOR) Otești
The scope of the project is to implement viscous saltwater injection process in the eastern sector of the commercial field Otești. A pilot was initiated in 2023 and is currently ongoing.

▶ Enhanced oil recovery (EOR) Vața and Independența
Vața oil field was selected, following a successful pilot in Independența oil field, for the first large-scale deployment of viscous saltwater injection in Romania. Results showed a significant increase in oil rate, however due to reprioritization of projects, the second phase is currently on hold.

In Independența oil field we upgraded the facility in order to apply the injection of alkali viscous saltwater, estimated for early 2024.

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

▶Park 70 Moreni
The aim was to build a new manned three-phase separation production facility, considering actual and future crude oil production rates, designed according to all current standards and requirements. The project was successfully put in operation in 2023 and is fully functional.

▶ Bustuchin area facilities program
The Bustuchin facilities upgrade is a program of asset modernization projects comprising of compressors station C144 M5, Parks 1, 3, 4 and 5 Bustuchin, aiming at providing safe and fit for purpose facilities and safeguarding Bustuchin field production. Park 3 has been successfully tested in 2023. In Park 1, the first projects milestones have been achieved in 2023; mechanical completion is expected in 2024.

▶ Independenţa tank farm
The purpose of this project is to treat the oil production of Independenţa field. Final investment decision was taken mid-2023, the last packages of the detailed engineering works have been finalized and all major tenders are under preparation.

▶ Gas Plant Abrămut
The new gas plant Abrămut will ensure and safeguard current production from fields Abram, Abrămut, Săcuieni and Viișoara and will provide treatment capacity for gas from the ongoing drilling/workover projects. It will replace the existing gas plant which is outdated and inefficient. In 2023, the project has been matured, aiming for final investment decision in Q1/24.

▶ Solar to Power (S2P), Gas to Power (G2P) and Combined Heat & Power (CHP)
Several hybrid power plants were built and finalized in 2023: G2P Cosmești (3 MW) and S2P Cosmești (2 MW) in Asset Valahia; CHP Brădești (1.5 MW) and S2P Brădești (1 MW) in Asset Oltenia. Other three G2P/CHPs were installed in 2023: CHP Boldești (7.5 MW) and G2P Moreni (9 MW) in Asset Muntenia, and CHP Padina 571 (0.5 MW) in Asset Moldova.

At the end of 2023, our combined S2P, G2P and CHP installed capacity stood at around 95 MW (~130 MW including Petromar), covering around 77% of E&P segment's electricity needs.

Shallow offshore portfolio
▶ Rejuvenation program
In 2023, we made progress with the rejuvenation program, as well as with growth projects.

The tender for construction works on the Central Platform (PFCP) was finalized and offshore works started in Q4/23.

▶ Offshore helidecks upgrade 1
The last helideck upgrade on PFS 7 was safely delivered and certified by regulatory authorities by the end of 2023.

▶ Midia gas terminal C3+ bypass
The objective of this project is to improve compliance to national transportation system specification of export gas in case of Midia C3+ main equipment unavailability. In 2023,

the majority of mechanical works were completed after finalizing the construction works on site.

▶ Splash zone corrosion protection - phase 1

The objective of this project is to perform coating reinstatement against corrosion in splash zone area for offshore structures in order to create necessary corrosion protection. The project has entered into execution phase.

▶ Growth project: debottlenecking

This project will optimize the gas compression facility through the installation of additional compression capacity. Main objectives of the project are to reduce production decline, add incremental production and increase gas recovery in Asset Petromar, by optimizing the capacity and efficiency of surface facilities in order to mitigate falling reservoir pressures. The final investment decision was taken in 2023 and the project is ongoing.

International E&P activities

▶ Bulgaria

In the offshore exploration block Han-Asparuh, OMV Petrom took over operatorship and will continue exploration activity.

▶ Georgia

In the offshore exploration block II from Georgia, seismic acquisition remains on hold.

Production and proved reserves

	Oil and NGL		Natural gas		Total
	mn t	**mn bbl**	**bcm**	**mn boe**	**mn boe**
Production in 2023	2.77	19.96	3.27	21.42	**41.37**
Proved reserves as at end-2023	28.96	208.28	33.04	216.08	**424.36**

Reserve Replacement Rate (RRR)

As of December 31, 2023, **the total proved oil and gas reserves** in the OMV Petrom's portfolio increased to 424 mn boe (2022: 380 mn boe), mainly due to Neptun Deep project maturation. For the single year 2023, the RRR increased to 207% (2022: 10%). The three-year average RRR (excluding Kazakhstan) increased to 80% in 2023 (2022: 31%). The 2023 **proved and probable oil and gas reserves** amounted to 694 mn boe (2022: 741 mn boe).

Refining and Marketing (R&M)

At a glance[1]

		2023	2022	Δ (%)
Segment sales (RON mn)[2]		26,912	31,367	(14)
Operating Result (RON mn)[3]		2,318	4,076	(43)
Special items (RON mn)		(92)	(64)	(43)
CCS effects (RON mn)		(70)	122	n.m.
Clean CCS Operating Result (RON mn)[4]		2,480	4,019	(38)
Operating Result before depreciation and amortization, impairments and write-ups (RON mn)		3,032	4,830	(37)
Capital expenditure (RON mn)		1,955	835	134
Refinery utilization rate (%)		80	95	(16)
Refining input (kt)		3,843	4,591	(16)
Crude oil processed (kt)[5]		3,556	4,241	(16)
Total refined product sales (kt)[6]		5,450	5,522	(1)
thereof:	Gasoline (kt)	1,253	1,389	(10)
	Diesel (kt)	2,965	2,907	2
	Kerosene/Jet fuel (kt)	303	257	18
	Fuel Oils & Bitumen (kt)	262	203	29
thereof:	Retail sales volumes (kt)[7]	3,072	3,043	1

[1] For information about the financial performance of the segment, please refer to the relevant section in the Directors' report;
[2] Including inter-segment sales;
[3] Excluding intersegmental profit elimination;
[4] Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (current cost of supply – CCS – effects) resulting from Refining and Marketing;
[5] Including NGL;
[6] Total refined product sales include also third-party acquisitions;
[7] Retail sales volumes refer to sales via Group's filling stations in Romania, Bulgaria, Serbia and Moldova.

HSSE is our first priority

We always place the safety of our employees and contractors on top of our daily priorities. Despite this, in 2023, we regretfully lost one colleague, a contractor's employee, during the refinery turnaround. This is totally unacceptable and we will continue to work together with our contractors in learning from incidents in order to avoid reoccurrence of such tragic events.

The TRIR (employees and contractors combined) was 0.39 and the LTIR (employees and contractors combined) was 0.30, both figures better than the international benchmarks. We continued to focus on improving the HSSE performance by implementing new life-saving rules and requirements, which help prevent fatal and severe accidents, giving guidance on how to perform our work intrinsically safe. We also continued the roll out of several programs: „Safety Journey" program with follow up on the actions resulting from the safety culture assessments, "HSSE Motivational Management" application and "Contractors management" digital monitoring.

In 2023, the carbon[vi] intensity slightly increased by 3% compared to 2019, reflecting the Petrobrazi turnaround and post-shutdown installations running optimization. We continue to implement projects with positive impact on carbon intensity in order to reach our strategy targets.

[vi] Details will be available in OMV Petrom's Sustainability Report for 2023;

Operational performance

The operational performance of the Petrobrazi refinery remained at competitive levels despite the general turnaround.

In 2023, the OMV Petrom indicator refining margin[vii] was at solid levels at USD 13.96/bbl, still lower by USD 2.63 /bbl than the 2022 record values, due to weaker product spreads, mainly for diesel and jet.

In April 2023, OMV Petrom started a general turnaround of the Petrobrazi refinery, the first after five years of operations without major planned shutdowns. It lasted eight weeks and was carried out with the help of approximately 6,000 people involved (including contractors), with more than 2 mn working hours, checks on over 1,400 safety valves, pressure tests on approximately 6,000 pipes as well as checks on 5,000 pieces of instrumentation equipment.

In addition, during the refinery turnaround, OMV Petrom successfully replaced four coke drums following an investment of EUR 70 mn. They play an essential role in the refining process, ensuring the transformation of the heavy components into superior products. The new equipment is designed to operate at full capacity for at least two decades.

Turnarounds also help us maintain a competitive position in the refining business in the region and underpin our efforts to further improve our operational performance to international benchmarks.

In the context of planned maintenance works, the refinery utilization rate decreased to 80% in 2023 compared to 95% in 2022, still in line with European average (81% according to OPEC).

The continued focus on operational and energy efficiency allowed us to maintain the fuel and loss indicator at around 8%.

Production (kt)

	2023	2022	Δ (%)
Gasoline	1,055	1,282	(18)
Diesel	1,530	1,967	(22)
Kerosene/Jet fuel	120	82	46
Fuel Oils	171	123	39
LPG total	138	170	(19)
Petroleum coke	217	280	(23)
Other[1]	313	328	(5)
Total	**3,544**	**4,232**	**(16)**

[1] Comprises other products as: propylene, naphta, hydrotreated gasoline, heavy gasoline fraction, Sulphur, etc.

OMV Petrom Group's total refined product sales amounted to 5,450 kt in 2023, representing a 1% decrease compared to 2022, on lower equity products volumes.

Group **retail** sales volumes were 1% higher than in 2022, reaching 3,072 kt, mainly supported by demand increase. In Romania, retail sales reached 2,597 kt in 2023, broadly flat compared to 2022. Therefore, in 2023, the average throughput per station increased to 5.72 mn liters (2022: 5.66 mn liters) in Romania, while at Group level it increased to 4.83 mn liters (2022: 4.76 mn liters).

Retail market share[viii] in the operating region slightly decreased to 30% (2022: 31%), in the context of increased competition.

In 2023, we continued our mission of serving consumers with sustainable mobility solutions and services on the go.

OMV network provided its customers with top quality products and services, alongside fuel offerings. We managed to grow our loyalty program OMV MyStation, reaching only in Romania close to half a million loyal users, who are constantly being offered promotions for the in-station products and services. All in all, the OMV branded

[vii] Starting with April 2022, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent;

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

stations managed to create a high-quality experience for those who came to visit our premises.

The Petrom brand strenghtened its “value for money” positioning on the market, offering high quality fuels at an accesible price. A key achievement in 2023 came from our strategic partnership with Auchan, as we managed to finish the rollout of MyAuchan convenience stores in all our modernized Petrom filling stations (almost 400), one year earlier than the initial plan. Our cooperation with Auchan is a key milestone in our strategy to improve customers’ experience. With one stop, they can make their purchases together with their refueling, thus saving time. The know-how, product ranges and prices of a retail specialist were brought in the stations of the largest national fuel retailer. This approach is unique and innovative on the Romanian market and meets the expectations of the increasing convenience demand of our clients.

In 2023, the **total non-fuel margin** at Group level increased by 6.5% compared to the previous year, helped by a strong contribution of the Gastro and Shop activities. With the implementation of MyAuchan project finalized, this partnership will continue to be one of the key contributors to the non-fuel business of OMV Petrom.

Overall, **Group non-retail sales** decreased by 4% compared to 2022, reflecting lower product availability due to refinery turnaround. Leadership position in gasoline sales on the Ukrainian market was reinforced in 2023. Jet fuel sales continued their upward trend, surpassing the 2019 level and therefore becoming the new reference year for sales volumes in the industry.

In 2023, the non-retail business continued to be a strong contributor to the overall OMV Petrom result, capitalizing on market opportunities, improved processes and effective cost management. A strong focus remained on digitalization, operational excellence and customer centricity, in line with company strategy.

OMV Petrom fuel **prices** have a dynamic evolution reflecting international fuel quotations, namely Platts Mediterranean, as well as market competition. In addition, prices are influenced by the fiscal policy and the exchange rate. As the volatility of quotations continued throughout 2023, OMV Petrom fuel prices continued to reflect our moderate pricing policy, following the trends, not the highs or the lows.

As part of our Strategy 2030 actions, we accelerated our investments in e-mobility and made significant stepstowards securing the access to a reliable source of raw materials to produce biofuels and to EU funds for our green hydrogen project to be developed at Petrobrazi refinery. More information on our strategy execution is available in the “OMV Petrom Strategy” chapter.

With focus on energy efficiency, at the end of 2023, OMV Petrom had photovoltaic panels installed in 200 OMV and Petrom branded filling stations in Romania, accounting for around 36% of our network. Also, after the installation of 1,000 panels in 2022 at Depot Bacau, in 2023 we started other three similar projects for Depot Arad, Cluj and Isalnita, which are expected to be finalized in 2024.

The **filling stations network** operated within the OMV Petrom Group at the end of 2023 comprised a total of 780 filling stations, similar to 2022 level.

Number of filling stations per country at the end of period

	2023	2022	Δ
Romania	555	555	—
Moldova	69	69	—
Bulgaria	93	93	—
Serbia	63	63	—
Total	**780**	**780**	**-**

Gas and Power (G&P)

At a glance [1]

	2023	2022	Δ (%)
Segment sales (RON mn)[2]	12,182	30,407	(60)
Operating Result (RON mn)[3]	1,474	4,662	(68)
Special items (RON mn)	(671)	1,720	n.m.
Clean Operating Result (RON mn)	2,145	2,942	(27)
Operating Result before depreciation and amortization, impairments and write-ups (RON mn)	1,589	4,790	(67)
Capital expenditure (RON mn)	69	97	(29)
Gas sales volumes (TWh)	46.8	46.1	1
thereof to third parties (TWh)	37.9	35.8	6
Brazi net electrical output (TWh)	4.2	5.0	(17)

[1] For information about the financial performance of the segment, please refer to the relevant section in the Directors' report;
[2] Including inter-segment sales;
[3] Excluding intersegmental profit elimination.

HSSE is our first priority

Gas and Power HSSE performance remained at highest level throughout 2023. The health and safety of our employees and contractors are our top priorities and we are proud to once again record a year with no work-related incidents or lost-time injuries.

In 2023, carbon[ix] intensity level decreased by 3% vs 2019.

Operational performance

After an unprecedented year with record high prices for both gas and power in 2022, markets have gradually readjusted in 2023 close to pre-crisis levels, still, with persistent volatility. However, in Romania, this downward trend in prices has not translated into consumption recovery.

Regulations introduced by the Romanian authorities in 2022 to tackle the high energy prices were in place during 2023 as well, the gas and power markets continuing to be highly regulated.

According to ANRE, national **gas** consumption decreased by around 7% in 2023 as compared to 2022, industrial users' offtake continuing to decline throughout the year, as well as gas to power, with some uplift only at year end.

Regarding the supply sources, national gas consumption was covered by a slightly increasing domestic gas production and a lower share of imports compared to the previous year. During the year, gas prices normalized, overall registering significantly lower levels versus 2022 records. The market gas prices in Romania followed the European market evolution throughout the entire year.

In 2023, the liquidity on the Romanian centralized market BRM further decreased in the context of a highly regulated environment. Traded gas volumes, covering a variety of standard products for medium and long term (with delivery including in 2024) totalled 2.9 TWh (2022: 15.4 TWh), at an average price of RON 207/MWh[x]. The average gas price on the BRM day ahead market was 66%[xi] lower compared to the record high level in 2022, in line with the evolution of European gas hubs.

In 2023, our gas sales performance was very strong, despite the depressing market environment in terms of prices, margins and volumes. OMV Petrom's total gas sales volumes were 1% higher yoy, at 46.8 TWh, a strong achievement, considering overall weaker market demand and liquidity. Given the legislation in force starting April 2022, OMV Petrom supplied a significant part of its available gas production to the regulated market for households and

[ix] Details will be available in OMV Petrom's Sustainability Report for 2023.
[x] Standard products refers to all products offered on the BRM a trading platform i.e. weekly products, monthly products, quarterly products, gas-year products etc. and the price could include storage related tariffs in connection with the gas volumes sold/extracted from storage.
[xi] Average computed based on daily trades published on BRM platform.

district heating consumption, namely 10.4 TWh in 2023 (2022: 3.8 TWh). The declining equity volumes were complemented with third party sources, also lower yoy, around 75% from gas sales in Romania being supplied from equity and 25% from third parties sources.

In 2023, we successfully achieved a very good position on the Romanian gas market, managing to improve our sales to end-users. We continue to focus on strenghtening business collaboration with our customers, we persevere in our efforts to be a reliable business partner, willing to find innovative, mutually beneficial solutions.

We continue to progress in diversifying our gas supply portfolio from third parties, especially in terms of imported gas sources, via other routes and products. In 2023, we concluded the first gas purchase contract with Botaş (Türkiye), valid until March 2025, as well as a memorandum of understanding to expand collaboration in the field of liquified natural gas (LNG) in Southeastern Europe, thus contributing to our customers' and the entire country's security of supply.

OMV Petrom was appointed as Supplier of Last Resort (FUI) for the Romanian gas market in May and December, although a lower number of customers joined our portfolio in 2023 compared to 2022.

At the end of 2023, OMV Petrom had 2.0 TWh of gas in storage, fully compliant with the obligation to store gas.

On the **power** market, as per currently available data from the grid operator, national electricity consumption decreased by 5% to 53 TWh in 2023 (2022: 56 TWh). The national electricity production increased by 3% to 57 TWh (2022: 55 TWh). The increased power generation in 2023 was covered by significantly higher production from hydro sources, as well as from renewables, partially offset by lower coal and gas production. Romania was a net power exporter for the year overall, compared to a net power importer in 2022.

Similar to the gas market, power prices significantly declined throughout Europe in 2023. Prices on OPCOM followed the trends on the European markets, spot baseload power price declining throughout the year, averaging RON 514/MWh in 2023 (61% lower vs. 2022).

2023 was a very good year for our power business, reflecting our strong operational performance through optimization of products, countries, supply and sales channels, as well as constant strive for maximization of business opportunities.

Our Brazi power plant covered around 7% of the national power generation mix, contribution impacted by the planned outage with the entire capacity from March to beginning of July 2023. It was the largest planned outage since the start of operations in 2012, with the first steam turbine major inspection. After the outage, the power plant delivered an exceptional output, with record high production levels. For the full year, Brazi power plant net electrical output reached 4.2 TWh.

Starting 2023, under the Centralised Electricity Purchasing Mechanism (MACEE), Brazi power plant had the obligation to sell a significant portion of its production to OPCOM at a regulated price of 450 RON/MWh.

We made very good progress on enlarging our regional power operations, the activities on the neighbouring power markets being expanded in 2023, significantly contributing to the strong power result. We have expertise and access to relevant markets and trading platforms, enabling cross market optimisation.

In terms of renewable projects, we are progressing to achieve our strategic goals, including through partnerships; more details can be found in the Strategy section. This builds significant momentum in achieving our strategic targets to transition to low and zero carbon.

Report of the governing bodies

Report of the Supervisory Board

Transparency and accountability towards our shareholders is a well-established and deeply entrenched practice that has been implemented in the Company. In 2023, the Supervisory Board focused on strategy delivery, in the context of a volatile business, fiscal and regulatory environment.

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

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

Composition of the Supervisory Board

According to the Articles of Association, the Supervisory Board consists of nine members, one position being vacant at the date of this report.

The Supervisory Board members are appointed by the Ordinary GMS (except for the interim members who may be appointed by the Supervisory Board until the next GMS).

The Supervisory Board's current mandate started on April 28, 2021 and expires on April 28, 2025. The CVs of the current Supervisory Board members are available on the Company's corporate website and short presentations are also included in the Corporate Governance Report.

At the beginning of 2023, the Supervisory Board consisted of the following members: Alfred Stern (President), Martijn van Koten (Deputy President), Reinhard Florey – interim member, Daniel Turnheim, Katja Tautscher – interim member, Jochen Weise, Niculae Havrileț, Răzvan-Eugen Nicolescu and Marius Ştefan. Following Daniel Turnheim's waiver of his mandate as member of the Supervisory Board, Berislav Gaso was appointed as interim member of the Supervisory Board, as of March 17, 2023 and until the next GMS.

The Ordinary GMS held on April 26, 2023 approved the appointment of Reinhard Florey, Katja Tautscher and Berislav Gaso as permanent members of the Supervisory Board.

Therefore, at the end of 2023, the Supervisory Board had the following composition: Alfred Stern (President), Martijn van Koten (Deputy President), Reinhard Florey, Berislav Gaso, Katja Tautscher, Jochen Weise, Niculae Havrileț, Răzvan-Eugen Nicolescu and Marius Ştefan.

Starting with February 12, 2024, Niculae Havrileț waived his mandate as a member of the Supervisory Board of the Company, thus his seat becoming vacant.

Therefore, at the date of this report, the Supervisory Board had the following composition: Alfred Stern (President), Martijn van Koten (Deputy President), Reinhard Florey, Berislav Gaso, Katja Tautscher, Jochen Weise, Răzvan-Eugen Nicolescu and Marius Ştefan.

Independence

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

Moreover, for the purpose of preparing this report, the Company reconfirmed with all Supervisory Board members their independent or non-independent status as of December 31, 2023.

Following this evaluation, it resulted that the following Supervisory Board members met during 2023, as well as at the date of this report, all the independence criteria stipulated by the Corporate Governance Code and therefore have an independent status as per such criteria, namely: Jochen Weise, Răzvan-Eugen Nicolescu and Marius Ştefan.

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

Supervisory Board works

In 2023, the Supervisory Board thoroughly reviewed the position and prospects of the Company and accomplished its functions according to the relevant laws, the Articles of Association, the applicable Corporate Governance Code and the relevant internal regulations. The Supervisory Board coordinated with the Executive Board on important management matters, monitored the latter's work and was involved in the Company's key decisions, always following a comprehensive analysis.

During 2023, the Supervisory Board had seven meetings, to which members participated either in person, virtually or in hybrid format (in person and via audio/ video conferences). Moreover, for specific and particularly urgent matters and projects arising between the scheduled meetings, the Supervisory Board submitted its approval in writing by circulation, without an actual meeting being held, on five other occasions. All members of the Supervisory Board attended the vast majority of the meetings of the Supervisory Board in 2023. The average participation rate was above 95%. Only on three meetings, each time, one Supervisory Board member was represented by another Supervisory Board member.

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

During the meetings, the Executive Board duly provided detailed information, both verbally and in writing, on issues of fundamental importance for the Company, including its financial position, business strategy, planned investments and risk management.

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

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

Besides the usual items, proposals and materials that were discussed and submitted for approval of the Ordinary GMS in April 2023, Supervisory Board's main focus during 2023 was, amongst others, on the overall long-term development of the Company and the implementation of Strategy 2030, with the objective of securing sustainable long-term economic growth and of generating high cash flows for financing the Company's investments and attractive shareholder returns.

In 2023, the Supervisory Board approved the composition of the Executive Board for a new mandate of four years. In terms of investments, during 2023 the Supervisory Board approved the final investment decision for Neptun Deep project, and then the entering into the execution phase. Also, the Supervisory Board approved two major transactions: the the acquisition of three solar power parks at ready to build stage from Jantzen Renewables ApS, having a total capacity of ~710 MW, and the transaction with Renovatio for the development, construction and operation of wind and solar power projects, as well as the acquisition of electric vehicles charging points. At the same time, the Supervisory Board approved the application for grants for the construction of two (green) hydrogen production installations through water electrolisys and for the installation of ultra fast charging points for electric vehicles, making thus a significant progress in building a strong and diversified portfolio of projects in the renewable power and e-mobility areas.

Self-evaluation of the Supervisory Board

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

For the 2023 financial year, the Supervisory Board considers its composition to be satisfactory in terms of experience, expertise, qualification, number of members and presence. Regarding Supervisory Board diversity, the Supervisory Board members appreciate this as satisfactory in terms of age and internationality, only few members consider advisable to have more young members in the Supervisory Board. In terms of gender diversity a higher number of women in the Supervisory Board is seen as recommendable by most members. The preparation and organization of Supervisory Board meetings, including by reference to the frequency and duration of meetings, are considered about right by the vast majority of the Supervisory Board members. Most of the Supervisory Board members value the good collaboration with the Executive Board and the reporting of the Supervisory Board committees to the plenum. As regards the materials prepared for the meetings (including minutes thereof), overall they appreciate their content and quality as good. Likewise, the level of information they receive about topics such as: strategy implementation, business development, important projects, risk management, finance, sustainability and HSSE is considered good by most of the Supervisory Board members. At the same time, some of the Supervisory Board members made recommendations for improvement.

Audit Committee

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

At the beginning of 2023, the Audit Committee was composed of five members, namely Jochen Weise (President – independent), Reinhard Florey (Deputy President), Niculae Havrileț (member), Răzvan-Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent). During 2023, there was no change in the membership of the Audit Committee.

Therefore, at the end of 2023, the Audit Committee had the same composition as detailed above.

Following the waiver of his mandate as a member of the Supervisory Board of OMV Petrom, Niculae Havrileț ceased to hold the position as a member of the Audit Committee of OMV Petrom starting February 12, 2024, thus his seat becoming vacant.

Therefore, at the date of this report, the Audit Committee has the following composition: Jochen Weise (President – independent), Reinhard Florey (Deputy President), Răzvan-Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent).

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

In 2023, the Audit Committee members met five times, three meetings being organized exclusively virtually and two in hybrid format (in person and via audio / video conferences). All members of the Audit Committee attended all the meetings of the Audit Committee in 2023. Therefore, the participation rate was 100%.

During the meetings, the Audit Committee reviewed and recommended the adoption of the annual financial statements, reviewed the reports on payments to governments, endorsed the Executive Board's proposal regarding the allocation of profits as well as the proposal regarding the distribution of dividends for the financial year 2022 and also the proposal regarding the distribution of a special dividend in 2023 from the 2022 financial year's distributable profit. Moreover, the Audit Committee recommended to the Supervisory Board and to the Ordinary GMS the appointment of KPMG Audit SRL as independent financial auditor for 2023 financial year following the finalization of the public tendering process run by the Company in 2022.

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

Moreover, the Audit Committee focused on assessing the effectiveness and scope of the internal audit function, on monitoring the application of statutory and generally accepted standards of internal audit as well as on evaluating the reports of the internal audit activity, including the internal audit plan for 2023.

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

Independent financial auditor

KPMG Audit SRL (KPMG) acted as independent financial auditor for 2023 financial year.

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

Based on the recommendation of the Audit Committee and following Supervisory Board's approval, the Ordinary GMS held on April 26, 2023 approved the appointment of KPMG as OMV Petrom Group's independent financial auditor for 2023 financial year.

For 2024 financial year, based on the recommendations of the Audit Committee, a proposal for the reappointment of

KPMG as OMV Petrom Group's independent financial auditor will be submitted for approval to the next Ordinary GMS to be held on April 24, 2024.

Annual financial statements

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

Separate Financial Statements are 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.

KPMG audited the 2023 consolidated financial statements, read the Annual report including the Director's Report and has not identified information which is materially inconsistent with the consolidated financial statements or their knowledge obtained in the audit or otherwise appears to be materially misstated and will issue an unqualified audit opinion.

The financial statements for the year ended December 31, 2023, as well as the Executive Board proposal to distribute a base gross dividend of RON 0.0413 per share (corresponding to a payout ratio of 64% based on the Group's 2023 net profit attributable to stockholders of the parent) are presented to Audit Committee for review.

KPMG attends the relevant meeting of the Audit Committee convened to review the financial statements.

The annual separate and consolidated financial statements of OMV Petrom, including the manangement reports for the year ended December 31, 2023 and the Executive Board proposal for allocation of the profit, including distribution of dividends, are submitted to the approval of the Supervisory Board meeting of March 15, 2024 and afterwords in the Ordinary GMS to be held on April 24, 2024.

Furthermore, the Supervisory Board approved the reports on payments to governments for the year 2023, prepared in accordance with Chapter 8 of the Annex 1 of the Ministry of Finance Order no. 2844/2016 for approval of Accounting Regulations according to International Financial Reporting Standards, transposing Chapter 10 of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council.

Corporate Governance

The Supervisory Board also approved the 2023 Directors' Report, which includes the Corporate Governance Report.

We thank our shareholders for their confidence in OMV Petrom. The Company proved resilience and continued in 2023 its successful operational path of development as well as its Strategy 2030 execution, in the context of a challenging market, volatile fiscal and regulatory environment.

To this end, the Supervisory Board members would like to express their appreciation to the Executive Board members, its employees and trade union representatives for their commitment and hard work during 2023. We would also like to show our appreciation to the clients and business partners of OMV Petrom. The Supervisory Board is confident that the Company is well positioned to surmount further challenges ahead, take advantage of new opportunities and unlock its full potential in the years to come.

Bucharest, March 15, 2024

Alfred Stern

President of the Supervisory Board

Directors' report

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

OMV Petrom Group financials (RON mn) [xii]

	2023	2022	Δ (%)
Sales revenues	38,808	61,344	(37)
Operating Result	7,554	12,039	(37)
Net income	4,030	10,300	(61)
Net income attributable to stockholders	4,030	10,301	(61)
Cash flow from operating activities	10,114	11,337	(11)
Capital expenditures	4,704	3,551	32
Employees at the end of period	7,714	7,742	(0)

In 2023, the Group consolidated **sales revenues** reached RON 38,808 mn, by 37% lower compared to 2022, negatively impacted by lower commodity prices and lower sales volumes of electricity, only partially compensated by higher sales volumes of natural gas.

The Group's **Operating Result** for the year 2023 decreased by 37% to RON 7,554 mn (2022: RON 12,039 mn), mostly driven by the lower market prices and lower availability of our assets due to planned maintenance activities, mainly of Petrobrazi refinery and Brazi power plant. Clean CCS Operating Result of RON 8,482 mn decreased compared to RON 12,198 mn in 2022, due to lower contribution from all

xii Financials correspond to Consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union.

business segments, mainly triggered by weaker refining margins and lower utilisation rate due to the refinery turnaround in the Refining and Marketing segment, decrease in prices in the Exploration and Production segment, as well as lower gas margins from both third party transactions and equity gas in the Gas and Power segment. The result also reflected lower E&P specific taxes, mainly as a result of lower prices and high regulated sales quantities, which are exempted from overtaxation and for which royalties are calculated at capped prices instead of CEGH. Result also reflected decreased purchases, mainly due to lower acquisitions of electricity, natural gas and imported crude oil, partially offset by higher volumes of petroleum products acquired from third parties. Clean CCS Operating Result in 2023 is stated after eliminating net special charges of RON (838) mn, mainly related to the net temporary losses from forward power contracts in the Gas and Power segment, and inventory holding losses of RON (91) mn, mainly as a result of the decrease in crude oil prices.

In May 2023, the Law no. 119/2023 approving Government Emergency Orddinance 186/2022 introduced the obligation to pay for 2022 and 2023 a contribution of RON 350 for each tonne of crude oil processed for companies that produce and refine crude oil. Therefore, OMV Petrom reflected in 2023 the **Solidarity contribution on refined crude oil** for 2022 and 2023 in amount of RON 2,729 mn, presented as a separate line in the consolidated income statement, above Taxes on income line. The solidarity contribution on refined crude oil is a special item in the computation of Clean CCS Net income.

The **net income** was RON 4,030 mn in 2023 (2022: RON 10,300 mn).

The **return on average capital employed** [xiii] **(ROACE)** reached a value of 13.0% (2022: 38.1%), while Clean CCS ROACE decreased to 26.5% at the end of 2023, from 38.0% at the end of 2022.

Cash flow from operating activities amounted to RON 10,114 mn, lower compared to RON 11,337 mn in 2022, driven by lower operating result and payment of Solidarity contribution on refined crude oil for 2022, partly offset by favorable evolution of net working capital.

Capital expenditure amounted to RON 4,704 mn in 2023 and was 32% higher than in 2022.

Due to the significant cash balance at December 31, 2023, OMV Petrom Group reported a **net cash position including leases** [xiv] of RON 12,551 mn at the end of 2023, lower than RON 13,463 mn as at December 31, 2022.

Operating Result

Operating Result (RON mn)	2023	2022	∆ (%)
Exploration and Production[1]	4,170	3,612	15
Refining and Marketing	2,318	4,076	(43)
Gas and Power	1,474	4,662	(68)
Corporate and Other	(161)	(250)	36
Consolidation: elimination of intercompany profits	(248)	(61)	(309)
OMV Petrom Group Operating Result	**7,554**	**12,039**	**(37)**

[1] Excluding intersegmental profit elimination shown in the line "Consolidation"

In **Exploration and Production, Operating Result** increased to RON 4,170 mn in 2023 (2022: RON 3,612 mn). The operating result reflected lower prices and sales volumes, higher production costs, and unfavorable FX, elements which were partly offset by lower E&P taxation. The operating result reflected also special charges of RON (7) mn, significantly lower compared with special charges of RON (1,821) mn in 2022, which in turn included mainly impairments (net of write-ups) recognized following the update of mid- and long-term planning assumptions. **Exploration expenses** decreased to RON 112 mn in 2023 (2022: RON 134 mn), mainly due to lower write-offs, lower geological and geophysical expenses, and lower exploration seismic activities. Group **production costs** in USD

xiii For definitions of these ratios please refer to section "Abbreviations and definitions".

xiv Net debt/cash position including leases is calculated as interest bearing debt and lease liabilities less cash and cash equivalents. As at December 31, 2023 and December 31, 2022, OMV Petrom Group is on a net cash position as cash and cash equivalents are higher than interest bearing debt and lease liabilities.

increased by 21% to USD 16.0/boe, in the context of a positive one-off effect related to a tax audit in Q2/22, as well as due to lower production available for sale, increased overall costs, and unfavorable FX in 2023. Production cost in RON terms increased by 19% to RON 73.0/boe.

In **Refining and Marketing, Operating Result** decreased to RON 2,318 mn in 2023 (2022: RON 4,076 mn), as a result of lower refining margins and utilization rate as well as reduced product availability due to the planned turnaround of the refinery. In 2023, the OMV Petrom **indicator refining margin** decreased by USD 2.6/bbl to approximately USD 14.0/bbl, as a result of weaker spreads for diesel and jet. The **refinery utilization rate** decreased to 80% (2022: 95%), reflecting the Q2/23 planned turnaround after five years of operations without major planned shutdowns. Refining and Marketing Operating Result reflected also **special charges** of RON (92) mn (2022: RON (64) mn), and **CCS inventory holding losses** of RON (70) mn (2022: gains of RON 122 mn).

In **Gas and Power, Operating Result** decreased to RON 1,474 mn (2022: RON 4,662 mn) reflecting **special charges** of RON (671) mn, mainly consisting of net temporary losses from electricity forward contracts. In 2022, it included **net special gains** of RON 1,720 mn, mainly consisting of net temporary gains from electricity forward contracts.

The gas business had a robust performance, achieved in a very challenging market environment, with declining consumption, low market liquidity and significantly lower prices reducing margins. We have achieved a strong performance on our end users portfolio, with higher volumes sold. We have also recorded a good contribution from volumes extracted from storage in Q1/23. However, we have recorded reduced margins from both equity and third party gas, mainly on transactions outside Romania.

On the power business line, the result was built on transactions outside Romania, with good margin opportunities. Lower yoy net electrical output was recorded as the Brazi power plant was in planned outage with the entire capacity from March to beginning of July 2023.

Operating Result in the **Corporate and Other** segment amounted to RON (161) mn (2022: RON (250) mn).

Reconciliation of total Operating Result before depreciation and amortization, impairments and write-ups to Net income

(RON mn)	2023	2022	Δ (%)
Net income for the year	**4,030**	**10,300**	**(61)**
Add / (Less):			
Net financial result (loss/(gain))	(263)	(17)	n.m.
Taxes on income	1,058	1,756	(40)
Solidarity contribution on refined crude oil[1]	2,729	-	n.a.
Depreciation, amortisation and impairment, including write-ups[2]	3,258	5,120	(36)
Operating Result before depreciation and amortization, impairments and write-ups	**10,812**	**17,159**	**(37)**
Exploration and Production	6,559	7,815	(16)
Refining and Marketing	3,032	4,830	(37)
Gas and Power	1,589	4,790	(67)
Corporate and Other	(120)	(215)	44
Consolidation	(248)	(61)	(309)

[1] Solidarity contribution on refined crude oil is presented as a separate line in the consolidated income statement, above Taxes on income line.
[2] Includes also impairment losses for exploration assets, which in Consolidated income statement are presented under "Exploration expenses".

Reconciliation of Clean CCS net income attributable to stockholders of the parent to the reported Net income for the year attributable to stockholders of the parent

(RON mn)	2023	2022	Δ (%)
Net income for the year attributable to stockholders of the parent	**4,030**	**10,301**	**(61)**
Add / (Less):			
Total special items (gains)/losses	3,567	320	n.m.
CCS effect: Inventory holding (gains)/losses	91	(160)	n.m.
Tax effect on special items and CCS effects	(224)	(187)	(20)
Clean CCS net income attributable to stockholders of the parent	**7,464**	**10,273**	**(27)**

Reconciliation of Clean CCS Operating Result to Reported Operating Result

(RON mn)	2023	2022	Δ (%)
Net income for the year	**4,030**	**10,300**	**(61)**
Add / (Less):			
Net financial result (loss/(gain))	(263)	(17)	n.m.
Taxes on income	1,058	1,756	40
Solidarity contribution on refined crude oil[1]	2,729	-	n.a.
Operating Result Group	**7,554**	**12,039**	**(37)**
Add / (Less):			
Special items (gains)/losses, thereof	838	320	162
Personnel restructuring	-	16	n.m.
Unscheduled depreciation (impairments) / write-ups	-	1,813	n.m.
Other[2]	838	(1,508)	n.m.
CCS effect: Inventory holding (gains)/losses	91	(160)	n.m.
Clean CCS Operating Result	**8,482**	**12,198**	**(30)**
Out of which:			
Clean Operating Result Exploration and Production	4,177	5,433	(23)
Clean CCS Operating Result Refining and Marketing	2,480	4,019	(38)
Clean Operating Result Gas and Power	2,145	2,942	(27)
Clean Operating Result Corporate and Other	(93)	(96)	3
Consolidated	(227)	(99)	(129)

[1] Solidarity contribution on refined crude oil is a special item in the computation of Clean CCS Net Income.
[2] Other special items mainly consisted of temporary hedging effects.

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

Furthermore, to enable effective performance management in an environment of volatile prices and comparability with peers, the **Current Cost of Supply (CCS)** effect is eliminated from the accounting result. The CCS effect, also called inventory holding gains or losses, represents the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have a distorting effect on the reported results. This performance measurement enhances the transparency of the results and is commonly used in the oil industry. OMV Petrom, therefore, published this measurement in addition to the Operating Result determined in accordance with IFRS.

Notes to the income statement [xv]

Summarized consolidated income statement (RON mn)	2023	2022	Δ (%)
Sales revenues	38,808	61,344	(37)
Other operating income	629	1,339	(53)
Net income from investments in associates	5	9	(46)
Total revenues and other income	**39,442**	**62,692**	**(37)**
Purchases (net of inventory variation)	(18,586)	(30,377)	39
Production and operating expenses	(4,584)	(6,919)	34
Production and similar taxes	(2,478)	(5,435)	54
Depreciation, amortization, impairments and write-ups	(3,216)	(5,064)	36
Selling, distribution and administrative expenses	(2,696)	(2,425)	(11)
Exploration expenses	(112)	(134)	17
Other operating expenses	(216)	(299)	28
Operating result	**7,554**	**12,039**	**(37)**
Net financial result	263	17	n.m.
Profit before tax prior to solidarity contribution	**7,817**	**12,056**	**(35)**
Solidarity contribution on refined crude oil	(2,729)	-	n.a.
Profit before tax	**5,088**	**12,056**	**(58)**
Taxes on income	(1,058)	(1,756)	40
Net income/(loss) for the year	**4,030**	**10,300**	**(61)**
thereof attributable to non-controlling interests	(0.10)	(0.81)	88
thereof attributable to stockholders of the parent	**4,030**	**10,301**	**(61)**

OMV Petrom is an integrated energy company. The hydrocarbons produced by the Exploration and Production segment are processed and marketed through the other operating segments within the Group. Compared to 2022, consolidated sales revenues decreased by 37% to RON 38,808 mn, negatively impacted by lower commodity prices and lower sales volumes of electricity, only partially compensated by higher sales volumes of natural gas. After the elimination of intersegment transactions of RON 12,328 mn, the contribution of the **Exploration and Production** segment representing sales to third parties was RON 57 mn (2022: RON 58 mn). Sales to third parties in the **Refining and Marketing** segment amounted to RON 26,878 mn or 69% of total consolidated sales (2022: RON 31,282 mn). After elimination of intersegment sales, the **Gas and Power** segment's contribution was RON 11,834 mn or approximately 30% of total sales (2022: RON 29,969 mn).

Sales to third parties are split by geographical areas on the basis of where the risks and benefits are transferred to the customer. Romania and Central and Eastern Europe represent the Group's most important **geographical markets.** Sales in Romania were in an amount of RON 32,923 mn or 85% of the Group's total sales (2022: RON 49,846 mn, 81% of total sales) and sales in the rest of Central and Eastern Europe were RON 5,826 mn or 15% of Group sales (2022: RON 11,256 mn).

Other operating income decreased to RON 629 mn (2022: RON 1,339 mn) mainly related to lower compensations from the Romanian State authorities for the sale of natural gas

[xv] Financials correspond to Consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union.

and electricity at capped prices as well as the elimination of subsidies supporting the voluntary price reductions for the sale of diesel and gasoline. These measures were introduced in 2022 via several Government Emergency Ordinances in order to mitigate the consequences of the energy crisis.

Purchases (net of inventory variation) which include costs of goods and materials employed, amounted to RON 18,586 mn and decreased by 39% yoy, mainly due to lower acquisitions of electricity and natural gas as well as lower imported crude oil, partially offset by higher volumes of traded petroleum products in order to sustain the planned turnaround of the Petrobrazi refinery.

Production and operating expenses decreased to RON 4,584 mn (2022: RON 6,919 mn) mainly due to lower power overtaxation, following the change in legislation applicable starting with 1 January 2023. Other impacts include lower expenses with CO_2 certificates, following lower emissions, as a result of planned outage of Brazi power plant, and lower market prices.

Production and similar taxes decreased to RON 2,478 mn (2022: RON 5,435 mn) following lower E&P specific taxes.

Depreciation, amortization, impairments and write-ups decreased to RON 3,216 mn comparing to RON 5,064 mn in 2022, as 2022 was negatively impacted by impairments (net of write-ups) for tangible assets in E&P.

Exploration expenses decreased to RON 112 mn (2022: RON 134 mn), mainly due to lower write-offs, lower geological and geophysical expenses, and lower exploration seismic activities.

Other operating expenses amounted to RON 216 mn (2022: RON 299 mn).

The net financial result was RON 263 mn in 2023, an increase compared to RON 17 mn from 2022, mainly due to higher interest income on bank deposits.

On May 12, 2023, the Law no. 119/2023 for the approval of the Government Emergency Ordinance 186/2022 for the implementation of the Council Regulation (EU) 2022/1854 regarding the solidarity contribution was published in the Official Gazette. 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 the years 2022 and 2023. Therefore, OMV Petrom reflected in 2023 the **Solidarity contribution on refined crude oil** in amount of RON 2,729 mn, out of which RON 1,485 mn for 2022 and RON 1,244 mn for 2023, presented as a separate line in the condensed consolidated income statement, above Taxes on income line.

As a result, the **profit before tax** for 2023 was RON 5,088 mn, lower compared to RON 12,056 mn in 2022.

Taxes on income were in the amount of RON 1,058 mn (2022: RON 1,756 mn), driven by the lower taxable profit generated during 2023.

Capital expenditure (CAPEX)

OMV Petrom Group Capital expenditure (RON mn)	2023	2022	Δ (%)
Exploration and Production	2,584	2,559	1
Refining and Marketing	1,955	835	134
Gas and Power	69	97	(29)
Corporate and Other	97	60	62
Total capital expenditure	**4,704**	**3,551**	**32**
+/- Other adjustments[1]	1,590	615	159
- Investments in financial assets	(1)	-	n.a.
Additions according to statement of non-current assets (intangible and tangible assets)	**6,294**	**4,166**	**51**
+/- Other changes[2]	(1,670)	(957)	(74)
Cash outflow for investments in intangible and tangible assets	**4,624**	**3,208**	**44**
+ Net outflow/(inflow) in relation to other investing activities[3]	1,106	(104)	n.m.
Net cash used for investing activities	**5,730**	**3,104**	**85**

[1] Other adjustments refer to capitalized decommissioning costs, write-offs of current year capitalised exploration wells and other non-cash additions;
[2] Other changes refer to items that did not affect cash flows during the period (including acquisitions through leasing, reassessment of decommissioning provisions) and consider changes of liabilities for investments and net advances paid for non-current assets.
[3] Net outflow/(inflow) in relation to other investing activities refers mainly to investments/ disposals in financial assets, subsidiaries and businesses and to cash inflows in relation to non-current assets.

Capital expenditure amounted to RON 4,704 mn in 2023, 32% higher than in 2022 (RON 3,551 mn).

Investments in **Exploration and Production** slightly increased by 1% to RON 2,584 mn and accounted for 55% of Group's total CAPEX for 2023. The increase was mainly due to Neptun Deep project (final investment decision in 2023), partially counterbalanced by lower drilling and workover activities.

Exploration expenditures slightly increased to RON 169 mn (2022: RON 167 mn), mainly driven by higher drilling expenditures, partially offset by lower geological and geophysical expenses.

Refining and Marketing investments amounted to RON 1,955 mn (2022: RON 835 mn). The majority of investments were directed to the Petrobrazi refinery for projects connected with the planned turnaround, coke drums replacement and for ongoing projects such as the new aromatics complex and the new crude oil tank. Our retail business also saw increased investments for the expansion of the electrical vehicle charging points network and modernization of the filling stations.

Gas and Power investments amounted to RON 69 mn in 2023 (2022: RON 97 mn), mostly directed to Brazi power plant planned maintenance.

Statement of financial position [xvi]

Summarized consolidated statement of financial position (RON mn)	2023	2022[1]	Δ (%)
Assets			
Non-current assets	35,373	32,218	10
Intangible assets and property, plant and equipment	30,755	27,767	11
Investments in associated companies	48	41	18
Other non-current assets	2,621	2,375	10
Deferred tax assets	1,949	2,036	(4)
Current assets (incl.Assets held for sale)	22,783	26,287	(13)
Inventories	3,126	3,815	(18)
Trade receivables	2,715	3,548	(23)
Assets held for sale	-	15	n.a.
Other current assets	16,942	18,909	(10)
Total assets	**58,157**	**58,505**	**(1)**
Equity and liabilities			
Total equity	39,379	40,508	(3)
Non-current liabilities	10,270	8,151	26
Provisions for pensions and similar obligations	195	157	24
Provisions for decommissioning and restoration obligations	8,654	6,716	29
Provisions and other liabilities	1,420	1,277	11
Current liabilities	8,508	9,846	(14)
Trade payables	4,067	4,266	(5)
Interest-bearing debts	110	138	(20)
Provisions and other liabilities	4,330	5,443	(20)
Total equity and liabilities	**58,157**	**58,505**	**(1)**

[1] Comparative information dated December 31, 2022 has been restated as OMV Petrom voluntarily changed its accounting policy for the presentation of purchased emission certificates and provisions for CO_2 emissions in the balance sheet. For further details see OMV Petrom Consolidated Financial Statements Note 5 Accounting and valuation principles.

Compared to December 31, 2022, **total assets** decreased by RON 349 mn, to RON 58,157 mn. Additions to intangible assets and property, plant and equipment amounted to RON 6,294 mn (2022: RON 4,166 mn).

Compared to December 31, 2022, **non-current assets** increased by RON 3,155 mn, to RON 35,373 mn, mainly due to increase in property, plant and equipment, as additions during the period and the increase in decommissioning asset following reassessment exceeded the depreciation and net impairments. In addition, following the final investment decision on Neptun Deep project, the related oil and gas assets in amount of approximately RON 2.4 bn were reclassified from intangible assets into property, plant and equipment.

The reduction in **current assets (including assets held for sale)** reflected lower cash and cash equivalents, lower trade receivables following declining sales, mainly in Gas and Power segment, decrease in inventories driven by lower gas volumes in stock and lower third party petroleum products, as well as lower other financial assets. The reduction in other financial assets was driven mainly by the decrease in cash guarantees for transactions with energy products and lower financial assets in relation with derivaties, partly offset by increase in short-term investments, mainly in Treasury bills.

Total equity decreased to RON 39,379 mn as of December 31, 2023, compared to RON 40,508 mn as of December 31, 2022, mainly as a result of the distributions of base dividend for the financial year 2022 and of the special dividends

[xvi] Financials correspond to Consolidated financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union.

approved on September 12, 2023, partly offset by the net profit generated in 2023. The Group's equity ratio was 68% as of December 31, 2023, slightly lower than the level of 69% as of December 31, 2022.

As at December 31, 2023, **total liabilities** increased by RON 781 mn compared with December 31, 2022. The increase in **non-current liabilities** by RON 2,119 mn was mainly due to the reassessment of provisions for decommissioning and restoration obligations, largely following decrease in the net discount rates and higher estimated costs. The decrease in **current liabilities** by RON 1,339 mn was driven mainly by the decrease in other provisions, mainly in connection with other risks assessed by the Group in the area of gas and power taxation in Romania, by the decrease in financial liabilities, mostly in relation to derivatives, and by lower income tax liabilities, partially offset by increase in other liabilities, largely related to the solidarity contribution on refined crude oil for 2023.

OMV Petrom Group reached a **net cash position including leases** of RON 12,551 mn as at December 31, 2023 lower than RON 13,463 mn as at December 31, 2022.

Cash flow

Summarized consolidated cash-flow statement (RON mn)	2023	2022
Cash generated from operating activities before working capital movements	**8,198**	**14,881**
Cash flow from operating activities	10,114	11,337
Cash flow from investing activities	(5,730)	(3,104)
Free cash flow	**4,384**	**8,232**
Cash flow from financing activities	(5,300)	(4,300)
Effect of exchange rates on cash and cash equivalents	(2)	2
Net increase/(decrease) in cash and cash equivalents	**(917)**	**3,933**
Cash and cash equivalents at beginning of the year	14,256	10,323
Cash and cash equivalents at end of the year	**13,339**	**14,256**
Free cash flow after dividends	**(717)**	**3,794**

In 2023, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-monetary adjustments, as well as net interest received and income tax paid was RON 8,198 mn (2022: RON 14,881 mn). Changes in **net working capital** generated a cash inflow of RON 1,915 mn, largely due to lower trade receivables following lower sales and also due to decrease in the cash guarantees for transactions with energy products (2022: outflow of RON 3,544 mn). **Cash flow from operating activities** decreased by RON 1,223 mn compared to 2022, reaching RON 10,114 mn.

In 2023, the **cash flow from investing activities** resulted in an outflow of RON 5,730 mn (2022: RON 3,104 mn) mainly related to payments for investments in property, plant and equipment, largely in the Exploration and Production and Refining and Marketing segments, and investments in short-term securities.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 4,384 mn (2022: RON 8,232 mn).

Cash flow from financing activities reflected an outflow of funds amounting to RON 5,300 mn (2022: RON 4,300 mn), mainly arising from the payment of dividends of RON 5,102 mn.

Free cash flow after dividends resulted in a cash outflow of RON 717 mn (2022: inflow of RON 3,794 mn).

Risk management

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

Risk Management Governance

OMV Petrom is evolving in a dynamic business landscape. Effective risk governance is essential for successfully navigating through uncertainties inherent to the nature of OMV Petrom's operations.

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

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

Enterprise-Wide Risk Management

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

OMV Petrom is constantly enhancing the EWRM process based on internal and external requirements.

In terms of tools and techniques, OMV Petrom follows the best international risk management practices and uses stochastic quantitative models to measure the potential loss associated with the Company's risk portfolio. The process is facilitated by a Group-wide IT system supporting the established individual process steps: risk identification, risk analysis, risk evaluation, risk treatment, reporting, and risk review through continuous monitoring of changes to the risk profile. The overall risk resulting from the bottom-up risk management process is computed using Monte Carlo simulations (for a 95% confidence level) and compared against planning data for a mid-term three-year horizon. The identified risks are analyzed depending on their nature, taking into consideration their causes, consequences, historical trends, volatility, and potential impact on cash flows.

It is OMV Petrom's view that the Group's overall risk is significantly lower than the sum of the individual risks due to its integrated nature and the fact that various risks partially offset each other. The balancing effects of industry risks, however, can often lag or weaken over time. OMV Petrom's risk management activities therefore focus on the net risk exposure of the Group's existing and future portfolio. The interdependencies and correlations between different risks are also reflected in the Company's consolidated risk profile.

Risk management and insurance activities are centrally coordinated at the corporate level by the Treasury, Risk & Insurance Management department. 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.

The overall objective of the risk policy is to safeguard the cash flows in line with the Group's risk appetite.

Financial and non-financial risks are regularly identified, assessed, and reported through the Group's EWRM process.

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

OMV Petrom's EWRM process has been set up in accordance with ISO 31000 Risk Management International Standard and comprises a dedicated risk organization working under a robust internal regulation framework using an information technology infrastructure. The effectiveness of the EWRM system is evaluated by an external auditor on an annual basis.

Risk management process

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

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

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

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

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

Risk taxonomy

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

Market and financial risks

Regarding the **market price risk**, OMV Petrom is naturally exposed to the price-driven volatility of cash flows generated by production, refining and marketing activities associated with crude oil, oil products, gas, electricity, and CO_2 certificates. Market risk has core strategic importance within OMV Petrom Group's risk profile and liquidity. The market price risks of OMV Petrom's commodities are closely analyzed, quantified, and evaluated. Corresponding optimization and hedging activities are undertaken to mitigate those risks. Such activities include margin hedges as well as stock hedges executed by using financial instruments. An optimization, trading, and hedging risk control governance system defines clear mandates including risk thresholds for such activities.

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

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

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

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

Operational risks

From an operational risk perspective, OMV Petrom is an integrated company with a wide asset base, composed mainly of hydrocarbon production and processing plants. The low-probability and high-impact risks associated with the operational activity (e.g., blowouts, explosions, earthquakes etc.) are identified and incident scenarios are developed and assessed for each of them. A special focus is given to process safety risks. Where required, mitigation plans are developed for each specific location. Besides emergency, crisis, and disaster recovery plans, OMV Petrom's policy regarding insurable risks is to transfer the risks via insurance instruments. These risks are closely analyzed, quantified, and monitored by the risk organization and are managed via detailed internal procedures.

OMV Petrom's risk management system is part of the corporate decision-making process. In the context of implementing the Strategy 2030, the risks associated with new major projects or important business initiatives are assessed and communicated to management prior to the approval decision, as part of the project evaluation process.

The execution of major onshore and offshore projects may be affected by changes to the respective regulatory or fiscal frameworks, by the unavailability of contractors, or the lack of qualified staff. Project costs may be negatively impacted by price inflation, labor shortages, or the disruption or reorganization of supply chains. In new business areas, in particular, OMV Petrom may more often invest through partnerships and joint ventures, which may expose the company to increased governance and credit risks and may negatively impact project execution. The effect of any of these risks may have a material adverse impact on OMV Petrom's business, results of operations, and financial condition.

As OMV Petrom's activities rely on information technology systems, the company may experience disruption due to major cyber events. Security controls are therefore implemented across the Group to protect information and IT assets that store and process information. **IT-related risks** are assessed, monitored regularly, and managed actively with dedicated information and security programs across the organization. OT (Operational Technology) related risks are reflected in the assessment of process safety risks. OMV Petrom recognizes the emergence of AI-related risks and is actively integrating measures within existing security controls to address potential disruptions and vulnerabilities associated with artificial intelligence.

OMV Petrom focuses on assessing the potential vulnerabilities of the Company to climate change (e.g., water deficiency, droughts, floods, landslides), the impact of the Company on the environment and the mitigation actions that will ensure a successful transition to a low-carbon environment (e.g. carbon emission reductions, compliance with new regulatory requirements). The short- and mid-term physical vulnerabilities related to climate change are identified and reported in the EWRM process. Additionally, OMV Petrom has performed a robust climate and vulnerability assessment for most of its main assets to identify the resilience to physical risks related to climate change using the Inter-governmental Panel on Climate Change (IPCC) scenarios corresponding to the time horizon suggested by the EU taxonomy.

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

Moreover, in the context of the energy crisis in Europe, additional regulatory measures such as subsidy schemes, gas and power price caps and over-taxation are being implemented. If energy prices in Europe remain at high levels, there is a risk that further regulatory and fiscal interventions may impact OMV Petrom financials.

Strategic risks

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

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

Strategic risk	Details
Climate change	Climate change risk refers to the risk of not meeting 2030 target ambitions for GHG emissions reduction, further underpinned by the risks regarding the implementation of the strategic low and zero-carbon business projects portfolio, the reduction of emissions of existing operations and assets, in the context of a potentially accelerated transition.
Traditional Business	In E&P, the sustainability focus, climate change targets and the cost management policy put pressure on traditional fossil fuel projects. E&P focus is on high grading of portfolio, Neptun Deep and building new low-carbon business areas (e.g., CCS). In R&M, the sustainability focus and climate change targets put pressure on traditional fuels demand driving R&M business towards transition to a low-carbon environment through developing a sustainable product portfolio and accelerating e-mobility plans.
Regional Gas Growth	The regional gas growth strategic risk in the Black Sea includes the Neptun Deep project and possible future projects in the Black Sea area. Geopolitical and regulatory risks, as well as operational and delivery risks might occur. These risks can trigger a delay or cancellation of exploration and potential developments in the Black Sea and risk of not delivering in time the first gas from Neptun Deep in 2027.
Human Capital and Communities	Human capital risks might arise from a variety of causes and can emerge under the following areas: loss of human capital, low employee engagement, lack of knowledge transfer, industry reputation or unbalanced relation with social partners. Attracting, retaining, and growing talents under the new market conditions while implementing People & Culture strategy ensures the needed employee experience. OMV Petrom acknowledges the significance of local communities where it operates and strives to build collaborative partnerships with them. The company endeavors to align its long-term sustainability/ESG agenda with the immediate needs identified in the communities where it operates.
Political and Regulatory	Potential change in policy following super-electoral year may generate regulatory changes and taxes, but mostly dictated by state budget needs. Separately, the company promotes the need for new legislation relating to low-carbon emissions technologies by engaging with private and public sector stakeholders – in order to generate public acceptance and support for such projects. This also materialized in attracting EU funding and committing resources to new business lines (renewable power, e-mobility, green hydrogen, biofuels and others).

OMV Petrom thoroughly monitors geopolitical developments, including the ongoing Russia-Ukraine conflict and any additional sanctions and countersanctions resulting from it, as well as the conflicts in the Middle East / Red Sea that have raised concerns about regional stability and their potential impact on OMV Petrom's business activities.

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

In addition, disruptions in supply chains, high inflation, and rising interest rates, could lead to a significant deterioration in economic growth, which in turn, could affect demand for OMV Petrom's products.

Climate change risk management

Climate change related risks and opportunities are integrated into OMV Petrom's EWRM process aimed at identifying, assessing, and managing business-related risks. The risks related to climate change might reflect a potential impact of acute or chronic events such as more frequent extreme weather events or systemic changes to our business due to changing legal framework and changing of customer behaviours. The acute risks are analysed for their impact on the Company's three-year financial plan. The effects of chronic risks are evaluated based on a qualitative analysis, taking into account a wider range of uncertainty.

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

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

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

As a supporter of the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD), OMV Petrom acknowledges and responds to climate change-related risks in accordance with TCFD recommendations, as well as the double materiality perspective proposed by the EU Non-Financial Reporting Directive.

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

Internal control

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

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

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

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

Element	Description
Internal control environment	The existence of a control environment forms the basis for an effective internal control system. Group-wide values and principles (e.g. business ethics) and organizational measures (e.g. clear assignment of responsibility and authority, signature rules, and segregation of duties) are defined and adhered to within this system.
Assessment of process and compliance risks	Generally, all business, management and support processes are included in the scope of the internal control system. They are assessed to identify risky and critical activities, as well as process and compliance risk.
Risk mitigation via control activities	Control activities and measures (e.g. segregation of duties, checks, approvals, IT access rights) are defined, implemented and performed to mitigate significant process and compliance risks.
Documentation and information	Documentation includes central databases with defined controls accessible for all relevant stakeholders. Periodic information is provided to management and governing bodies in respect of internal control system status update (spot checks performed, self assessments, etc.)
Monitoring and audit	Management and the Internal Audit department evaluate the effective implementation of the internal control system.

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

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

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

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

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

In accordance with Chapter 8 of the Ministry of Public Finance Order no. 2844/2016 for approval of Accounting Regulations according to International Financial Reporting Standards, with all subsequent additions and modifications, transposing Chapter 10 of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council, OMV Petrom management prepared a consolidated report on payments to governments for the year 2023. This report will be published together with the consolidated financial statements of OMV Petrom for the year ended December 31, 2023.

Subsequent events

Please refer to Note 40 in the Consolidated Financial Statements.

Outlook 2024

For the full year 2024, OMV Petrom expects **the average Brent oil price** to be around USD 80/bbl. We expect the **refining margins** to be around USD 10/bbl. Also we estimate that in Romania, the **demand for retail fuels, gas and power,** will be slightly above the 2023 level.

Legislative measures introduced in 2022 for the gas and power markets with regards to prices, margins, storage and contributions remain in place until end-March 2025. Companies that produce and refine crude oil pay a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023; the contribution for 2023 is due for payment at the end of June 2024 and amounts to RON 1.24 bn. A new tax on turnover was introduced as of January 1 (0.5% for OMV Petrom S.A. and OMV Petrom Marketing S.R.L.) with an estimated total annual impact of below RON 250 mn in 2024. The new tax is applicable in 2024-2025.

At **OMV Petrom Group** level, we expect a marginally **positive free cash flow before dividends**, due to the higher investments. **Organic CAPEX** is estimated at RON 6.5 bn (2023: RON 4.7 bn), with increased investments dedicated mainly to the Neptun Deep as well as low and zero carbon projects, mostly SAF/HVO, renewables and e-mobility. Additional investments for the announced low and zero carbon M&A transactions would bring total CAPEX to around RON 8 bn. Investments require predictable and stable regulatory and fiscal environment. We are also committed to offer **attractive returns to shareholders**: for 2023, the Supervisory Board approved Executive Board's proposal for a gross base DPS of RON 0.0413/share[xvii], up 10% yoy, at the high end of the 5-10% p.a. range stated in the dividend guidance. In addition, a special dividend is planned to be announced in 2024.

With regards to our **strategic pillar Optimize traditional business**, in the **Exploration and Production** segment, we expect production to be above 106 kboe/d, considering no divestments. We will continue to focus on the most profitable barrels, through assessing selective fields divestments. We plan investments of around RON 4.7 bn, of which around half for Neptun Deep. The rest will be used mainly for drilling around 40 new wells and sidetracks and for performing up to 500 workovers. In the **Refining and Marketing** segment,

[xvii] Subject to approval by the General Meeting of Shareholders on April 24, 2024.

our refinery utilization rate is estimated to be above 95%, while total refined product sales volumes are forecasted to be higher yoy; retail fuel sales volumes expected to be also higher yoy. In the **Gas and Power** segment, total gas sales volumes are estimated to be lower yoy, mainly due to lower supply volumes, while the net electrical output is forecasted to be higher yoy, reflecting a shorter Brazi power plant planned outage.

With regards to our **strategic pillar Grow regional gas,** we will progress with our flagship project **Neptun Deep.** The aim is to finalize awarding of the main contracts, focus on permitting activities, start construction and prepare to spud the first well in 2025. With regards to **Han Asparuh offshore Bulgaria,** we continue exploration activity, while in the case of **Georgia offshore exploration Block II** seismic acquisition remains on hold.

With regards to our **strategic pillar Transition to low and zero carbon,** we target to reduce the **carbon intensity** of our operations by 30% until 2030 vs. 2019. Our plans related to **alternative mobility** are to accelerate the expansion of the electrical vehicles charging network in the region with the ambition to reach around 1,000 charging points by year-end, including from the announced M&A transaction. In addition, we plan to progress in developing a **renewable power portfolio via partnerships;** we expect to close in 2024 the announced M&A transactions, subject to regulatory approvals and we envisage gradually starting electricity production in 2024. For all these projects, we are working on securing EU funds.

Non-financial declaration

As per the legal requirements with reference to the disclosure of non-financial information, the Company prepares and publishes a separate Sustainability Report, which includes the information required for the non-financial declaration, describing our sustainability initiatives. OMV Petrom's Sustainability Report for 2023 will be published by April 30, 2024.

Corporate governance report

The Company has always conferred great importance upon the principles of good corporate governance, considering corporate governance a key element underpinning the sustainable growth of the business and also the enhancement of long-term value creation for its shareholders. To remain competitive in a challenging environment, especially during recent times when the focus on environmental, social and corporate governance (ESG) elements increased significantly, OMV Petrom constantly develops and updates its corporate governance practices, so that it can meet new demands and also current and future opportunities.

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

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

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

Bucharest Stock Exchange Corporate Governance Code

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

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

General Meeting of Shareholders (GMS)

GMS organization

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

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

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

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

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

The Company promotes the participation of its shareholders in the GMS. The shareholders duly registered in the shareholders' register at the reference date may attend the GMS in person or by representation, based on a general or special proxy.

Shareholders may vote by correspondence, prior to the GMS. Also, the shareholers may vote by electronic means prior to the GMS via eVOTE online platform, in accordance with the provisions of art. 197 of Regulation no. 5/2018, if such voting method is indicated in the convening notice for the respective GMS.

The Company makes available at the headquarters and/ or on the Company's website templates of such proxies and voting bulletins for votes by correspondence.

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

GMS main duties and powers

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

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

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

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

Shareholders' rights

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

Shareholders have, among other rights provided under the Company's Articles of Association and the laws and regulations currently in force, the right to obtain information about the Company's activity, regarding the exercise of voting rights and the voting results in the GMS.

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

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

Supervisory Board

Supervisory Board members

According to the Articles of Association, the Supervisory Board consists of nine members, one position being vacant at the date of this report.

The Supervisory Board members are appointed by the Ordinary GMS (except for the interim members who may be appointed by the Supervisory Board until the next GMS), in accordance with the provisions of Company Law and the Articles of Association.

The Supervisory Board's current mandate started on April 28, 2021 and runs until April 28, 2025.

Herein below is the composition of the Supervisory Board at the end of 2023:

Alfred Stern (1965) – President
Effective September 2021, Alfred Stern is the Chairman of the Executive Board and the CEO of OMV. Between April and August 2021, he was OMV Executive Board Member for Chemicals & Materials. Alfred Stern has been the CEO of Borealis since 2018, and since 2012 a member of the Borealis Executive Board for Polyolefins and Innovation & Technology. Alfred Stern joined Borealis as Senior Vice President Innovation & Technology in 2008, coming from E.I. DuPont de Nemours, where he held several leadership positions in the areas of research and development, sales and marketing, and quality and business management in Switzerland, Germany and the United States. In his last assignment, he was Global Business Manager of a business unit in Engineering Polymers in the United States. He holds a PhD in material science and a Master's Degree in polymer engineering and science, both from the University of Leoben in Austria. Alfred Stern has been awarded, among others, the H.F. Mark Medal, the DuPont Award for a new product patent and a Prize of Honour from the Austrian Ministry of Science and Research. Alfred Stern is an Austrian citizen, he is married and has two children.

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

Martijn van Koten (1970) – Deputy President
Martijn van Koten was born in the Netherlands, where he studied Chemical Engineering at Delft University of Technology. He began his professional career at Shell in 1994, taking on several management and technical positions in the refining and downstream business in the UK, Germany and the Netherlands. Starting 2004, Martijn van Koten assumed Manufacturing Site General Manager positions at Shell in Sweden and Singapore, before becoming Vice President Manufacturing East & Middle East in Singapore in 2009 and Vice President Supply & Distribution Americas in the United States in 2013. In 2013, Martijn van Koten joined Borealis as Executive Board Member Operations, HSE & PTS in Austria. From 2018 to June 2021, he was Borealis Executive Board Member Base Chemicals & Operations in Austria. Martijn van Koten is a member of the OMV Board of Directors since July 1, 2021, being responsible for the division Refining. Since January 1, 2023, he is responsible for the division Fuels & Feedstock. He is married and has two daughters.

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

Reinhard Florey (1965)
Reinhard Florey graduated in mechanical engineering and economics from Graz University of Technology while also completing his music studies at the Graz University of Fine Arts. He started his career in corporate consulting and strategy consulting. From 2002 to 2012 he worked in different Senior Management and CFO positions worldwide for Thyssen Krupp. His most recent post was as CFO and deputy CEO of Outukumpu. Since July 1, 2016 Reinhard Florey has been the CFO of OMV Aktiengesellschaft.

Reinhard Florey was appointed as member of OMV Petrom Supervisory Board as of November 1, 2022.

Berislav Gaso (1974)
Berislav Gaso holds a master's degree in Mechanical Engineering from the Technical University of Munich, Germany, and a PhD in Business Administration from the University of St. Gallen, Switzerland. Berislav Gaso has held various management positions in the MOL Group after working as a junior partner at McKinsey & Company. Most recently, he was Executive Vice President in charge of MOL Group’s Exploration & Production Division. On March 1, 2023, Berislav Gaso assumed his role as a member of the Executive Board of OMV Aktiengesellschaft, where he is responsible for the Energy Division.

Berislav Gaso was appointed as member of OMV Petrom Supervisory Board as of March 17, 2023.

Katja Tautscher (1972)
Katja Tautscher graduated in law (Magister iuris) from University of Vienna, Law Faculty, Vienna, Austria and holds an executive MBA from INSEAD. She is member of the Austrian Bar Association since 2001 and admitted as a solicitor in England and Wales since 2005. From 1996 to 2006 she worked in different positions in prestigious law firms such as Clifford Chance (Düsseldorf), Allen & Overy (London, UK), Wolf Theiss (Vienna, Austria & Ljubljana, Slovenia). Her most recent position was as Chief Legal and Compliance Officer of Borealis AG, Vienna, Austria and since June 2022, Katja Tautscher became the SVP General Counsel of OMV Group.

Katja Tautscher was appointed as member of OMV Petrom Supervisory as of January 1, 2023.

Niculae Havrileţ (1956)
Niculae Havrileț graduated the Technical University Cluj Napoca, Faculty of Mechanical Engineering – Technologies. Niculae Havrileț has 40 years of experience in electricity and natural gas sectors, including over 25 years of experience in various leading positions. Moreover, Niculae Havrileț holds large experience in central public administration. From June 2012 to October 2017, he was the President of the National Energy Regulatory Authority (ANRE), including member of

the Regulatory Authorities Council within the Agency for the Cooperation of Energy Regulators (ACER) and member of the General Meeting of the Council of European Energy Regulators (CEER). From February 2018 to November 2019, he acted as a personal advisor to the Minister of Energy for issuing the National Energy Strategy for 2016-2030 up to 2050. Between December 2019 and until September 2021, Niculae Havrileț was state secretary within the Ministry of Economy, while between September 2021 and March 2022, he was the General Manager of Distribuție Energie Electrică Romania S.A. Starting June 2021, he is the Vicepresident of Romania Energy Center. In 2000, he has received the "Order of the Star of Romania" Knight.

Niculae Havrileţ was appointed as member of OMV Petrom Supervisory Board starting March 3, 2020 and waived his mandate as of February 12, 2024, his seat becoming vacant.

Jochen Weise (1956) – independent [xviii]
Jochen Weise graduated in Law from the Universities of Bochum and Bonn, Germany, where he also received his PhD. He holds a non-executive position as Senior Advisor Energy Infrastructure Investments to Allianz Capital Partners in London since November 2010. Previously, he was Supervisory Board member of Verbundnetzgas AG in Leipzig, Germany between December 2014 and June 2022, member of the Management Board, between April 2004 and August 2010, Executive Vice President Gas Supply & Trading, between January 2003 and March 2004, at E.ON Ruhrgas AG, and Director Commercial Sales at Deutsche Shell GmbH, between April 1998 and December 2001.

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

Răzvan-Eugen Nicolescu (1978) – independent[xix]
Răzvan-Eugen Nicolescu graduated from the Power Engineering Faculty of Politehnica University of Bucharest. He also completed various economic studies, being a graduate of the MBA program of Solvay Brussels School of– Economics and Management, as well as of an executive course on corporate governance at Harvard Business School. Răzvan-Eugen Nicolescu is a recognized specialist in the energy field, with a solid experience in both private and public sector. He was Director for Regulatory and Public Affairs of OMV Petrom S.A. between 2008-2014, Chairman and Vice-chairman of the European Union Agency for the Cooperation of Energy Regulators (ACER) between 2010-2016, as well as Minister of Energy in Romania in 2014, without being a member of any political party. Between February 2015 and April 2021, Răzvan-Eugen Nicolescu has been Partner – Energy Resources and Sustainability Industry Leader of Deloitte Central Europe. Since May 2021, he has been member of the Governing Board of the EIT – European Institute for Innovation and Technology, being appointed by the European Comission.

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

Marius Ștefan (1976) – independent[xx]
Marius Ștefan graduated the Bucharest Academy of Economic Studies (ASE), the Faculty of International Business and Economics (REI), and has a master in Management at the National University of Political Studies and Public Administration (SNSPA), a master in Business Administration (MBA) in Strategy at Robert H. Smith School of Business at the University of Maryland. He attended various executive education programs at Harvard Business School, Stanford GSB, London Business School, INSEAD and IMD. Marius Ștefan is the co-founder and the CEO of Autonom, the largest mobility network in Romania and he has been involved in the development of various local businesses. Marius Ștefan has over 25 years of experience in various leading positions and has a large expertise in business and financial strategy. He is the Chairman of the Board of Directors of Endeavor Romania, the world's leading community of high-impact entrepreneurs, Vice Chairman of the Board of Romanian Business Leaders, and serves as a board member of various companies.

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

Main duties and powers of the Supervisory Board

The Supervisory Board has the following main powers:
- to exercise control over the management of the Company by the Executive Board;
- to appoint and revoke the members of the Executive Board;
- to submit to the GMS a report concerning the supervision activity undertaken;
- to verify the reports of the members of the Executive Board;
- to verify the Company's annual separate and consolidated financial statements;

[xviii] Independent member as per the criteria of the Bucharest Stock Exchange Corporate Governance Code, criteria which are substantially similar to those provided by Company Law.
[xix] Independent member as per the criteria of the Bucharest Stock Exchange Corporate Governance Code, criteria which are substantially similar to those provided by Company Law.
[xx] Independent member as per the criteria of the Bucharest Stock Exchange Corporate Governance Code, criteria which are substantially similar to those provided by Company Law.

- to propose to the GMS the appointment and the revocation of the independent financial auditor, as well as the minimum term of the audit contract.

Details on the Supervisory Board works and activities in 2023, as well as the results of the Supervisory Board self-evaluation are included in the Supervisory Board Report.

Supervisory Board functioning

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

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

Special committees

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

Audit Committee

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

At the beginning of 2023, the Audit Committe had the following five members: Jochen Weise (President – independent), Reinhard Florey (Deputy President), Niculae Havrileţ (member), Răzvan Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent).

During 2023, there was no change in the membership of the Audit Committee.

Therefore, at the end of 2023, the Audit Commitee had the same composition as mentioned above.

Following the waiver of his mandate as a member of the Supervisory Board of OMV Petrom, Niculae Havrileț ceased to hold the position as a member of the Audit Committee of OMV Petrom starting February 12, 2024, thus his seat becoming vacant.

Therefore, at the date of this report, the Audit Commitee has the following composition: Jochen Weise (President – independent), Reinhard Florey (Deputy President), Răzvan Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent).

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

Main duties and powers of the Audit Committee

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

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

Details on the Audit Committee works and activities in 2023 are included in the Supervisory Board Report.

Audit Committee functioning

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

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

The decisions of the Audit Committee shall be taken by unanimous consensus of all members of the Audit Committee. In case unanimous consensus cannot be reached with respect to a specific item on the agenda, that item will be resolved upon by the Supervisory Board without the consultative opinion of the Audit Committee.

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

Presidential and Nomination Committee

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

At the beginning of 2023, the Presidential and Nomination Committee was composed of: Alfred Stern (President), Martjin van Koten (Deputy President), Răzvan-Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent). During 2023, there was no change in the membership of the Presidential and Nomination Committee.

Therefore, at the end of 2023, as well as at the date of this report, the Presidential and Nomination Committee has the same composition as mentioned above.

Main duties and powers of the Presidential and Nomination Committee

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

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

Presidential and Nomination Committee functioning

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

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

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

Presidential and Nomination Committee works

In 2023, the Presidential and Nomination Committee met two times, one meeting being organized virtually and one in person. All members of the Presidential and Nomination Committee attended all the meetings of the Presidential and Nomination Committee in 2023. Therefore, the participation rate was 100%. Moreover, the Presidential and Nomination Committee submitted its approval in writing by circulation, without an actual meeting being held, on one other occasion.

Executive Board

Executive Board members

The Executive Board of the Company comprises five members, appointed by the Supervisory Board for a mandate of four years ending on April 16, 2027.

At the beginning of 2023, the Executive Board was composed of the following members: Christina Verchere (CEO and President), Alina Gabriela Popa (CFO and member), Hans Christopher Veit (member in charge of Exploration & Production activity), Radu Sorin Căprău (member in charge of Refining & Marketing Oil activity) and Franck Neel (member in charge of Gas & Power activity).

On February 23, 2023, the Supervisory Board reappointed the following members of the Executive Board of OMV Petrom for a four-year mandate starting April 17, 2023 until April 16, 2027: Christina Verchere as CEO and President of the Executive Board, Alina Gabriela Popa as CFO and member of the Executive Board, Radu Sorin Căprău as Executive Board member responsible for Refining & Marketing activity and Franck Albert Neel as Executive Board member responsible for Gas & Power activity. Moreover, during the same meeting, the Supervisory Board approved the appointment of Cristian Hubati as new Executive Board member responsible for Exploration & Production activity for a four-year mandate starting April 17, 2023 until April 16, 2027, following the expiry on April 16, 2023 of the mandate as Executive Board member of Hans Christopher Veit.

Therefore, at the end of 2023, as well as at the date of this report, the Executive Board has the following composition:

Christina Verchere (1971)
Chief Executive Officer and President of the Executive Board
Christina Verchere holds a Master degree in Economics Science from the University of Aberdeen, Scotland. She started her career in 1993 and has spent over 20 years with an oil and gas supermajor, where she held numerous leadership positions in the UK, the US, Canada and Indonesia. From 2012 to 2014, she was the Regional President of BP Canada based in Calgary and from 2014 to 2018, she was BP Regional President of the Asia Pacific region, based in Jakarta, Indonesia. She was appointed Chief Executive Officer and President of the Executive Board of OMV Petrom as of May 1, 2018.

Alina Popa (1977)
Chief Financial Officer
Alina Popa graduated from Bucharest Academy of Economic Studies, Faculty of Accounting and Information Systems and is a member of Association of Chartered Certified Accountants (ACCA). She started her career at Deloitte Audit Romania. She joined OMV Petrom in 2006 and has held leadership positions in finance functions, coordinating important projects in the financial field. Between 2015 and 2019, she has been the General Manager and President of the Board of Directors of OMV Petrom Global Solutions, the Shared Service Center of OMV Group. She was appointed Chief Financial Officer and member of the OMV Petrom Executive Board as of April 17, 2019.

Cristian Hubati (1971)
Responsible for Exploration & Production
Cristian Hubati graduated the Faculty of Electrical Engineering from Polytechnic University of Bucharest in 1995 and holds a master's degree in Business Administration from Open University Business School, UK and also a postgraduate certificate in Board Practice and Directorship from Henley Business School, UK. Cristian Hubati has 20 years of experience in the oil and gas industry. He joined OMV Petrom in 2007 and he held since then various management positions in the OMV Group. He was appointed member of the OMV Petrom Executive Board starting April 17, 2023.

Radu-Sorin Căprău (1974)
Responsible for Refining & Marketing
After graduating the Faculty of Management from the University of Economic Studies in Braşov, Radu Căprău started his career in the sales & marketing area, before joining OMV in 2000 as Area Manager for OMV Romania. Since then, he held various management positions within OMV Group in Romania and Bulgaria, being responsible for Retail, Supply & Sales and Value Chain Management. In 2018, he was the Head of Crude Supply & Trading within OMV Refining & Marketing GmbH in Vienna. He was appointed member of the OMV Petrom Executive Board as of October 1, 2018.

Franck Albert Neel (1970)
Responsible for Gas & Power
Franck Neel studied Energy at the University of Rouen and received an Engineer Degree and then followed a Master of Mechanical Engineering at Cranfield University in United Kingdom. Later on, he earned an Executive Degree from the London Business School. Franck Neel spent 25 years working for the Group Engie. Thus, he started his career at Gaz de France in the engineering department, where he spent seven years, and then moved to the Marketing and Sales with different functions in different countries such as France, Czech Republic, Hungary, Netherlands, Italy and United Kingdom before joining OMV Petrom. He was appointed member of the OMV Petrom Executive Board as of July 1, 2018.

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

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

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

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

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

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

Executive Board functioning

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

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

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

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

In 2023, the Executive Board met 54 times, either in person or by video conference and passed resolutions by circulation on 8 other occasions in order to approve all matters requiring its approval in accordance with the Articles of Association and the Company's internal regulations, as well as to allow the members of the Executive Board to discuss all significant matters concerning the Company and to inform each other about all relevant issues of their activity.

Women's advancement

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

OMV Petrom strives for diverse teams and thus, aims to increase the percentage of women at senior management levels (including female executives and women in advanced management career level) to 32% by 2025. The Company supports this through a number of initiatives such as mentoring, succession planning, and specific programs. Additional information will be available in the 2023 Sustainability Report.

During 2023, OMV Petrom had three women in its management bodies: Christina Verchere, the CEO and President of the Executive Board, Alina Gabriela Popa, CFO and member of the Executive Board and Katja Tautcher, member of the Supervisory Board of OMV Petrom.

Moreover, at the end of 2023, the percentage of women at senior management levels (including female executives and women in advanced management career level) was 31.6%.

The percentage of women at all management levels was 30.1%.

The proportion of women in the OMV Petrom Group as a whole was 27.2% at year-end 2023.

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

Principles of Remuneration Policy

OMV Petrom targets to reach a market position with compensation levels designed to be competitive in the respective labour markets, ideally in reference to the oil and gas sector, in order to attract, motivate and retain the best qualified talents. This enables us to have a rewarding offer in place, which attracts, motivates and retains those people who are OMV Petrom's competitive advantage and a vital factor for OMV Petrom's sustainable success.

OMV Petrom's remuneration principles are targeting more than just being compliant with the legislation. The Company places people at the core of its business, being one of the main pillars of the Company's success. When setting up our reward structures and individual compensation packages, we always pay attention to internal equity.

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

The Remuneration Policy is aligned with OMV Petrom's long-term strategy, current market practice, as well as OMV Petrom's shareholders' views and interests. It follows OMV Petrom's core principle of pay according to performance. The current Remuneration Policy is available on the corporate website www.omvpetrom.com in the About Us section, Management & Corporate Governance sub-section.

Remuneration of the Executive Board and Supervisory Board members

The application of the Remuneration Policy and the performance outcomes for the financial year 2023 are presented in the 2023 Remuneration Report for OMV Petrom's Executive Board and Supervisory Board, that will be submitted for consultative vote in the Ordinary GMS on April 24, 2024.

Remuneration of other staff

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

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

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

Corporate governance statement [xxi]

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

[xxi] The statement summarises the main highlights of the Bucharest Stock Exchange Corporate Governance Code's provisions. For the full text of the Code please refer to Bucharest Stock Exchange website www.bvb.ro

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.			Upon appointment of each Supervisory Board member, the Company conducts an independence evaluation based on the independence criteria provided by the Corporate Governance Code (which are substantially similar to those provided by the Company Law). The independence evaluation consists of an individual personal assessment carried out by the relevant Supervisory Board member and is then followed by an external assessment for those that consider themselves independent. Moreover, for the purpose of preparing the Corporate Governance Report section of the Annual Report, the Company reconfirmed with all Supervisory Board members their independent or non-independent status as of December 31, 2023. Following this evaluation, it resulted that at the date of this report, three Supervisory Board members meet all the independence criteria provided by the Corporate Governance Code. Information on the independence status of the members of the Supervisory Board is included on the Company's corporate website, in the About Us section, Management & Corporate Governance sub-section, and in the Supervisory Board Report.
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	√		Information on the Supervisory Board and Executive Board members' permanent professional commitments and engagements, including executive and non-executive positions in companies and not-for-profit institutions is included in the Supervisory Board and Executive Board members' CVs, available on the Company's corporate website, in the About Us section, Management & Corporate Governance sub-section.
A.6. Any member of the Board should submit to the Board information on any relationship with a shareholder who holds either directly or indirectly, shares representing more than 5% of all voting rights.	√		The members of the Executive Board and the members of the Supervisory Board have, by law, a duty of care and a duty of loyalty to the Company, stated not only in the Company's Articles of Association, but also in other relevant internal regulations. The Company has put in place internal rules on how to deal with conflicts of interest.
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	√		The Company has a General Secretary, who supports the works of both the Executive Board and Supervisory Board (including its committees).
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the	√		Based on a Supervisory Board Self-Evaluation Guideline which provides the purpose, criteria, and frequency of such an evaluation, the Supervisory Board undergoes a self-evaluation process on a yearly basis. The self-evaluation is conducted under the leadership

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.			of the President of the Presidential and Nomination Committee. The outcome of the Supervisory Board's self-evaluation for 2023 is presented in the Supervisory Board Report.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	√		The Company's Executive Board meetings are held regularly (at least once every two weeks, but usually every week), while the Supervisory Board meets whenever necessary, but at least once every three months. Details on the number of meetings and attendance at the meetings of the Executive Board and the Supervisory Board, including the Audit Committee and the Presidential and Nomination Committee, during 2023, are included in the Supervisory Board Report and the Corporate Governance Report. The reports of the Supervisory Board and Executive Board for 2023 are included in the Annual Report and submitted for Ordinary GMS's approval.
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	√		Following the independence evaluation of the Supervisory Board members, as per the independence criteria provided by the Corporate Governance Code (which are substantially similar with those provided by the Company Law), it resulted that, at the date of this report, three Supervisory Board members meet all the independence criteria stipulated by the Corporate Governance Code. Information on the independence status of the members of the Supervisory Board is included on the Company's corporate website, in the About Us section, Management & Corporate Governance sub-section, and also in the Supervisory Board Report.
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		√	As stipulated in the Company's Articles of Association and applicable law, the Supervisory Board members are appointed by the Ordinary GMS, based on a transparent procedure of appointment and on the majority of votes of the shareholders. Prior to the Ordinary GMS, their CVs are made available for the consultation of the shareholders. The shareholders can supplement the candidates list for the position of member of the Supervisory Board. In accordance with the Company's Articles of Association, the Executive Board members are appointed by decision of the Supervisory Board based on the majority of votes. OMV Petrom's Supervisory

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
			Board has set up a Presidential and Nomination Committee. The main role of the Presidential and Nomination Committee is to be involved in the succession planning for the Executive Board, having full responsibility on the selection process of candidates for appointment in the Executive Board. In addition, the Presidential and Nomination Committee has the right to make recommendations concerning the proposal of candidates for appointment in the Supervisory Board. The Presidential and Nomination Committee is composed of four members appointed from among its members. As members of the Supervisory Board, all members of the Presidential and Nomination Committee are therefore non-executives. At the date of this report, two members of the Presidential and Nomination Committee are independent and thus, the Company is only "partially compliant" with this provision.
Section B - Risk management and internal control system			
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	√		OMV Petrom’s Supervisory Board has set up an Audit Committee from among its members. The members of the Audit Committee are therefore all non-executives. The Audit Committee is composed of five Supervisory Board members (one position being vacant at the date of this report), out of which three are independent. Therefore, at the date of this report, the Company is “compliant” with this provision. The Audit Committee includes members who have adequate qualifications relevant to the functions and responsibilities of the Audit Committee. In addition, three members have also financial, auditing or accounting experience.
B.2. The audit committee should be chaired by an independent non-executive member.	√		As members of the Supervisory Board, all members of the Audit Committee, including the president of the Audit Committee, are non-executives. Based on the independence evaluation, it resulted that at all times during 2023 as well as at the date of this report, the president of the Audit Committee meets all independence criteria provided by the Corporate Governance Code.

<table>
<tr><th>Provisions of the Bucharest Stock Exchange Corporate Governance Code</th><th>Complies</th><th>Does not comply or partially complies</th><th>Comments</th></tr>
<tr><td>B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.</td><td>√</td><td></td><td rowspan="5">The main roles and functions of the Audit Committee, as detailed in the Terms of Reference for the Audit Committee, consist of the following:
▶ examining and reviewing the annual separate and consolidated financial statements and the proposal for profit distribution;
▶ considering and making recommendations on the appointment, re-appointment or removal of the independent external financial auditor, which is to be elected by the Ordinary GMS;
▶ undertaking an annual assessment of the internal control system considering the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the Audit Committee, the responsiveness and effectiveness of management to deal with identified internal control failings or weaknesses and their submission of relevant reports to the Supervisory Board;
▶ reviewing conflicts of interests in transactions of the Company and its subsidiaries with related parties;
▶ evaluating the efficiency of the internal control system and risk management system;
▶ monitoring the application of statutory and generally accepted standards of internal auditing;
▶ regularly receiving a summary of the main findings of the audit reports, as well as other information regarding the activities of the Internal Audit department and evaluating the reports of the internal audit team;
▶ examining and reviewing, before their submission to the Supervisory Board for approval, related party transactions that exceed or are expected to exceed 5% of the Company's net assets, in accordance with Related Party Transactions Policy, and observing also the legal provisions in place;
▶ overseeing and approving the nature and level of non-audit services provided by the independent financial auditor to the Company, including by issuance of regulations/guidelines regarding such services.</td></tr>
<tr><td>B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.</td><td>√</td><td></td></tr>
<tr><td>B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.</td><td>√</td><td></td></tr>
<tr><td>B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.</td><td>√</td><td></td></tr>
<tr><td>B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.</td><td>√</td><td></td></tr>
<tr><td>B.8. Whenever the Code mentions reviews or analyses to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.</td><td>√</td><td></td><td>The Audit Committee submits periodic reports to the Supervisory Board on the specific subjects assigned to it.</td></tr>
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Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	√		The Company applies equal treatment to all its shareholders. According to the internal Policy on Related Party Transactions in place within the Company, related party transactions are considered on their merits in accordance with the normal industry standards, applicable laws and corporate regulations.
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	√		The Company adopted an internal Policy on Related Party Transactions providing for the main principles of review, approval and disclosure of related party transactions, according to the legal provisions in place and the Company's statutory documents, including the fact that related party transactions that exceed or are expected to exceed, either individually or jointly, an annual value of 5% of the Company's net assets must be approved by the Supervisory Board following the approval of the Executive Board and based on the review of the Audit Committee of the respective transaction. OMV Petrom submits reports on significant transactions with its related parties to the Financial Supervisory Authority and to the Bucharest Stock Exchange. Such reports are reviewed by the independent financial auditor according to the relevant laws in force.
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	√		Internal audits are carried out by a separate structural department within the Company, namely the Internal Audit department.
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.		√	The Internal Audit department administratively reports to the CEO. Still, the Internal Audit department continues to maintain some functional reporting to the Executive Board, meaning that the Company only "partially complies" with this provision. Nonetheless, the Audit Committee is regularly informed about the main internal audit findings and other activities of the Internal Audit department. Moreover, the Audit Committee approves the audit charter (which stands for the terms of reference of the Internal Audit department and which describes its purpose, authority and responsibility) and approves the annual internal audit plan. Therefore, in our opinion, the independence and objectivity of the internal audit function is not impaired by this reporting structure. Likewise, the Internal Audit Department did not encounter, in its past experiences, cases that could be considered as

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
			jeopardizing its independence or objectivity due to these functional reporting lines. The Company is assessing how to fully comply with this provision in the future.
Section C - Fair rewards and motivation			
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	√		The Company has a Remuneration Policy which is aligned with OMV Petrom's long-term strategy, current market practice, as well as OMV Petrom's shareholders' views and interests. It follows OMV Petrom's core principle of pay granted according to performance. The Remuneration Policy is available on the corporate website in the About Us section, Management & Corporate Governance sub-section. The implementation of the Remuneration Policy and the performance outcomes are presented in the annual Remuneration Report for OMV Petrom's Executive Board and Supervisory Board. The 2023 Remuneration Report for OMV Petrom's Executive Board and Supervisory Board will be submitted for consultative vote in the Ordinary GMS on 24 April 2024.
Section D - Building value through investors' relations			
D.1. The company should have an Investor Relations function - indicated, by person(s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures. D.1.2. Professional CVs of the members of its governing bodies, Board members' other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports);	√		The Company has a special department dedicated to Investor Relations that can be contacted via e-mail at investor.relations.petrom@petrom.com. Likewise, OMV Petrom has a special section of the corporate website dedicated to Investor Relations, where the following main information/documents are available, both in English and Romanian: ▶ Articles of Association – in the Investors section, Corporate Governance/ Documents sub-section, as well as in the About us section, Management & Governance/ Corporate Governance/ Documents sub-section; ▶ Rules and Procedures of the GMS – in the Investors section, Corporate Governance / Documents sub-section, as well as in the About Us section, Management & Governance / Documents sub-section; ▶ Detailed professional CVs for all members of the Executive Board and Supervisory Board – in the Investors section, Corporate Governance sub-section and in the About Us section, Management & Governance/ Supervisory Board or Executive Board sub-sections; ▶ Current reports and periodic reports – in the Investors section, News and Shareholder Information and Publications sub-sections; ▶ Convening notices and supporting materials for the GMS – in the Investors section, Corporate

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

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.			the Rules and Procedures of the GMS, as well as briefly stated in the Corporate Governance Report. Likewise, OMV Petrom publishes convening notices for every GMS which describe in detail the procedure to be followed for the respective meeting. In this manner, the Company ensures that the GMSs are adequately conducted and well organized, while the shareholders' rights are duly observed.
D.5. The independent financial auditors should attend the shareholders' meetings when their reports are presented there.	√		The independent financial auditors attend the Ordinary GMS whereby the annual separate and consolidated financial statements are submitted for approval.
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	√		All matters submitted for GMS approval are subject to the Supervisory Board's approval according to Company's internal rules. Moreover, the Annual Report submitted for GMS approval contains a brief assessment of the internal controls and significant risk management systems.
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	√		The Rules and Procedures of the GMS provide for the possibility for any professional, consultant, expert, financial analyst or accredited journalists to participate in the GMS, upon prior invitation from the President of the Supervisory Board.
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	√		The quarterly and semi-annual financial reports include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial and operational indicators, both on quarter-on-quarter and year-on-year terms.
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the Investor Relations section of the	√		OMV Petrom organizes one-to-one meetings and conference calls with financial analysts, investors, brokers and other capital market specialists to present the financial and operational elements relevant for their investment decision. In 2023, OMV Petrom organized four conference calls following the publication of the quarterly results. In addition, the Company's top management and the

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
company website at the time of the meetings/conference calls.			Investor Relations team had an active presence on the local and foreign capital markets, by attending brokers' conferences and organizing calls for analysts and investors as well as non-deal road shows. For more details, please also see the Annual Report's section relating to OMV Petrom on the capital markets. The Investor presentations were made available at the time of the meetings / conferences on the corporate website, in the Investors section, News and Shareholder Information sub-sections.
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	√		OMV Petrom conducts various activities regarding education, social and environmental responsibility, as well as governance, supporting the local communities in which it operates. OMV Petrom concentrates its sustainability efforts on the following focus areas: transition to low carbon business, running responsible operations, innovation and digitalization and fostering people and communities. More details in relation thereto may be found in the Sustainability Report for 2023, which is issued by the Company, in accordance with the legal requirements regarding the disclosure of non-financial information.

Declaration of the management

We confirm to the best of our knowledge that the consolidated financial statements for the year ended December 31, 2023 give a true and fair view of OMV Petrom Group's assets, liabilities, financial position and profit or loss, as required by the applicable accounting standards, and that the Directors' report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties associated with the expected development of the Group.

Bucharest, March 15, 2024

The Executive Board

Christina Verchere
Chief Executive Officer
President of the EB

Alina Popa
Chief Financial Officer
Member of the EB

Cristian Hubati
Member of the EB
Exploration and Production

Franck Neel
Member of the EB
Gas and Power

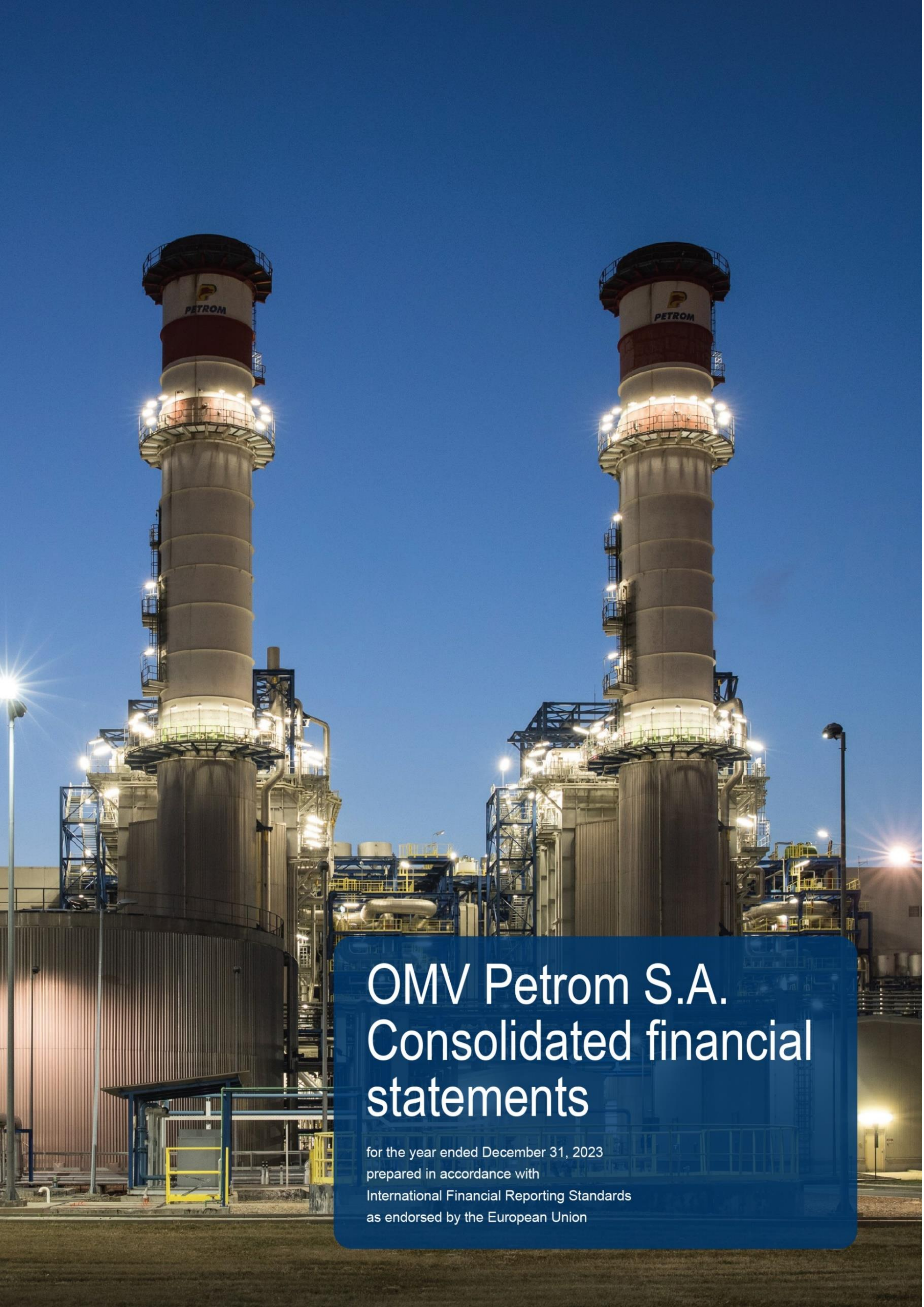
Radu Căprău
Member of the EB
Refining and Marketing

Abbreviations and definitions

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

ESG	Environmental, Social and Governance
EU, EUR	European Union, euro(s)
EURIBOR	Euro Interbank Offer Rate – the reference rate for European banks in interbank loans denominated in EUR
EV	Electric Vehicles
EWRM	Enterprise-Wide Risk Management
FID	Final Investment Decision
FP	Fondul Proprietatea
FRD	Field redevelopment
FX	Foreign exchange
GDP	Gross Domestic Product
GDR	Global Depositary Receipts
GMS	General Meeting of Shareholders
G&P	Gas and Power
HSSE	Health, Safety, Security and Environment
HU	Hungary
HVO	Hydrotreated vegetable oil
IE	Ireland
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LSE	London Stock Exchange
LTIR	Lost-time injury rate (employees and contractors). The number of lost time injuries (fatalities and lost workday injuries) per one million hours worked.
m, km	meter(s), kilometer(s)
mn	million / millions
mom	month-on-month
MTBF	mean time between failures
MW; MWh	megawatt(s); megawatt hour(s)
n.a.	not applicable/not available (as the case may be)
n.m.	not meaningful; the deviation is above (±) 500% or the comparison is made between values of opposite signs
NAMR	National Agency for Mineral Resources
Net debt/(cash)	Interest bearing debts and financial lease liabilities less liquid funds (cash and cash equivalents)
NGL	Natural Gas Liquids – it refers to condensate only
NOPAT	Net Operating Profit After Tax. Profit on ordinary activities after taxes +/- net effects related to financing structurel, +/- result from discontinued operations, +/- tax effect of adjustments
OECD	Organisation for Economic Co-operation and Development
OGMS	Ordinary general meeting of shareholders
OPCOM	The administrator of the Romanian electricity market
OPEC	Organization of Petroleum Exporting Countries
Operating Result	The “Operating result” includes the former indicator EBIT (“Earnings Before Interest and Taxes”) and the net result from equity-accounted investments
Operating Result before depreciation	Former EBITD = Operating Result Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets, including reversals
OPEX	Operating Expenses
Q	Quarter
PV	Photovoltaic

R&M	Refining and Marketing
ROACE	Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
ROBOR	Romanian Interbank Offer Rate – the reference rate for Romanian banks in interbank loans denominated in RON
RON	New Romanian leu
RRR	Reserve Replacement Rate
S.A.	Romanian JSC - Joint stock company (Societate pe Acţiuni)
SAF	Sustainable Aviation Fuel
SDGs	Sustainable Development Goals
SDS	Sustainable Development Scenario
Special items	Special items are expenses and income reflected in the financial statements that are disclosed separately, as they are not part of underlying ordinary business operations. They are being disclosed separately in order to enable investors to better understand and evaluate OMV Petrom Group's reported financial performance.
t, kt	metric tonne(s), thousand tonnes; 1t of crude oil = 7.193 bbl for Romania or 7.78 bbl for Kazakhstan
TCFD	Task Force on Climate-related Financial Disclosures
TEN-T	Trans-European Transport Network
TP	Target Price
TRIR	Total Recordable Injury Rate (employees and contractors); the number of recordable injuries (fatalities + lost workday cases + restricted work day cases + medical treatment cases) calculated as 12 months rolling average per 1,000,000 hours worked
TWh	terawatt hour(s)
UK	United Kingdom
UN	United Nations
US(A)	United States (of America)
USD	United States dollar(s)
VAT	Value added tax
yoy	year-on-year



OMV Petrom S.A. Consolidated financial statements

for the year ended December 31, 2023
prepared in accordance with
International Financial Reporting Standards
as endorsed by the European Union

Contents

OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED 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	7	655.74	3,015.67
Property, plant and equipment	8	30,099.20	24,751.07
Investments in associated companies	9	48.11	40.83
Other financial assets	10	2,077.17	2,047.46
Other assets	11	544.09	327.69
Deferred tax assets	19	1,948.93	2,035.60
Non-current assets		**35,373.24**	**32,218.32**
Inventories	12	3,126.11	3,814.84
Trade receivables	10	2,715.30	3,548.45
Other financial assets	10	1,908.61	2,390.87
Other assets	11	1,694.57	2,261.91
Cash and cash equivalents	34	13,338.67	14,256.13
Current assets		**22,783.26**	**26,272.20**
Assets held for sale	13	-	14.83
Total assets		**58,156.50**	**58,505.35**
EQUITY AND LIABILITIES			
Share capital	14	6,231.17	6,231.17
Reserves		33,147.19	34,271.42
Equity of stockholders of the parent		**39,378.36**	**40,502.59**
Non-controlling interests		0.52	5.81
Total equity		**39,378.88**	**40,508.40**
Provisions for pensions and similar obligations	15	195.18	157.08
Lease liabilities	34	529.80	498.86
Provisions for decommissioning and restoration obligations	15	8,654.42	6,716.36
Other provisions	15	754.80	674.47
Other financial liabilities	17	86.54	52.97
Other liabilities	18	48.50	50.85
Deferred tax liabilities	19	0.70	-
Non-current liabilities		**10,269.94**	**8,150.59**
Trade payables		4,067.46	4,265.77
Interest-bearing debts	16	110.05	137.87
Lease liabilities	34	147.65	155.96
Income tax liabilities		163.59	522.89
Other provisions and decommissioning	15	1,170.24	2,363.25
Other financial liabilities	17	569.00	1,125.78
Other liabilities	18	2,279.69	1,274.84
Current liabilities		**8,507.68**	**9,846.36**
Total equity and liabilities		**58,156.50**	**58,505.35**

[1] Comparative information dated December 31, 2022 has been restated. For further details see Note 5 Accounting and valuation principles.

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

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

	Notes	2023	2022
Sales revenues	20, 30	38,807.91	61,344.44
Other operating income	21	628.98	1,339.07
Net income from investments in associates	22	4.74	8.73
Total revenues and other income		**39,441.63**	**62,692.24**
Purchases (net of inventory variation)		(18,586.14)	(30,376.50)
Production and operating expenses		(4,583.68)	(6,918.90)
Production and similar taxes		(2,478.33)	(5,435.21)
Depreciation, amortization, impairments and write-ups	24	(3,216.19)	(5,064.36)
Selling, distribution and administrative expenses		(2,695.53)	(2,424.73)
Exploration expenses		(111.88)	(134.41)
Other operating expenses	23	(215.99)	(299.38)
Operating result	30	**7,553.89**	**12,038.75**
Interest income	25	1,012.95	776.09
Interest expenses	25	(722.22)	(725.86)
Other financial income and expenses	26	(27.54)	(33.13)
Net financial result		**263.19**	**17.10**
Profit before tax prior to solidarity contribution		**7,817.08**	**12,055.85**
Solidarity contribution on refined crude oil	27	(2,729.24)	-
Profit before tax		**5,087.84**	**12,055.85**
Taxes on income	28	(1,057.76)	(1,755.78)
Net income/(loss) for the year		**4,030.08**	**10,300.07**
thereof attributable to stockholders of the parent		4,030.18	10,300.88
thereof attributable to non-controlling interests		(0.10)	(0.81)
Basic and diluted earnings per share (RON)	29	**0.0647**	**0.1684**

OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED 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	**4,030.08**	**10,300.07**
Currency translation differences	4.58	1.19
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	**12.09**	**21.45**
Remeasurement gains/(losses) on defined benefit plans	(29.31)	4.96
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	**(35.79)**	**(79.49)**
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	5.75	12.73
Total income tax relating to components of other comprehensive income	**4.55**	**9.49**
Other comprehensive income/(loss) for the year, net of tax	**(19.15)**	**(48.55)**
Total comprehensive income/(loss) for the year	**4,010.93**	**10,251.52**
thereof attributable to stockholders of the parent	4,011.03	10,252.33
thereof attributable to non-controlling interests	(0.10)	(0.81)

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

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

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

	Share capital	Revenue reserves	Cash flow hedge reserve	Foreign currency translation reserve	Other reserves	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2023	**6,231.17**	**34,168.97**	**(1.01)**	**155.94**	**(52.46)**	**(0.02)**	**40,502.59**	**5.81**	**40,508.40**
Net income/(loss) for the year	-	4,030.18	-	-	-	-	4,030.18	(0.10)	**4,030.08**
Other comprehensive income/(loss) for the year	-	(24.60)	0.87	4.58	-	-	(19.15)	-	**(19.15)**
Total comprehensive income/(loss) for the year	**-**	**4,005.58**	**0.87**	**4.58**	**-**	**-**	**4,011.03**	**(0.10)**	**4,010.93**
Dividends distribution	-	(5,140.70)	-	-	-	-	(5,140.70)	(0.07)	**(5,140.77)**
Reclassification of cash flow hedges to balance sheet	-	-	5.44	-	-	-	5.44	-	**5.44**
Change in non-controlling interests	-	-	-	-	-	-	-	(5.12)	**(5.12)**
Balance at December 31, 2023	**6,231.17**	**33,033.85**	**5.30**	**160.52**	**(52.46)**	**(0.02)**	**39,378.36**	**0.52**	**39,378.88**

For details on equity components, see Note 14.

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

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

* 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 14.

** 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 14.

OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED 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		**5,087.84**	**12,055.85**
Interest income	25	(985.05)	(757.49)
Interest expenses and other financial expenses	25, 26	83.88	41.71
Net movement in provisions and allowances for:			
- Inventories		8.72	10.74
- Receivables and other financial assets		2.24	18.99
- Pensions and similar liabilities		9.72	(8.49)
- Decommissioning and restoration obligations		(20.18)	(30.86)
- Other provisions for risks and charges		(872.42)	941.64
Net income from investments in associates	9	(3.14)	(6.02)
Net gains on the disposal of subsidiaries, businesses and non-current assets	21, 23	(20.66)	(22.83)
Depreciation, amortization and impairments including write-ups	24	3,257.98	5,120.09
Other non-monetary adjustments	34	2,080.50	(1,363.10)
Interest received		858.23	814.04
Interest and other financial costs paid		(63.29)	(35.25)
Tax on profit paid		(1,225.91)	(1,898.38)
Cash generated from operating activities before working capital movements		**8,198.46**	**14,880.64**
(Increase)/decrease in inventories		669.06	(1,555.19)
(Increase)/decrease in receivables and other assets		2,029.75	(3,034.06)
Increase/(decrease) in liabilities		(783.37)	1,045.22
Cash flow from operating activities		**10,113.90**	**11,336.61**
Investments			
Intangible assets and property, plant and equipment		(4,624.18)	(3,208.43)
Investments and other financial assets	34	(1,500.17)	(45.39)
Acquisition of subsidiaries and businesses, net of cash acquired	34	(23.54)	-
Disposals			
Cash inflows in relation to non-current assets and financial assets	34	403.83	148.61
Cash inflows from transfer of business	34	11.84	0.99
Cash inflows from sale of subsidiaries, net of cash disposed	34	2.52	-
Cash flow from investing activities		**(5,729.70)**	**(3,104.22)**
Increase in share capital	14	-	446.10
Net repayments of borrowings	34	(198.58)	(308.30)
Dividends paid		(5,101.54)	(4,438.22)
Cash flow from financing activities		**(5,300.12)**	**(4,300.42)**
Effect of foreign exchange rate changes on cash and cash equivalents		(1.54)	1.51
Net increase/(decrease) in cash and cash equivalents		**(917.46)**	**3,933.48**
Cash and cash equivalents at the beginning of the year		14,256.13	10,322.65
Cash and cash equivalents at the end of the year	34	**13,338.67**	**14,256.13**

OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED 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, 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 consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

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

The financial year corresponds to the calendar year.

Basis of preparation

The consolidated financial statements of OMV Petrom Group, hereinafter referred to also as "the Group", are presented in RON ("Romanian Leu") and are prepared using going concern principles. All values are presented in millions, rounded to the nearest two decimals. Accordingly, there may be rounding differences. The consolidated financial statements have been prepared on the historical cost basis, except for certain items that have been measured at fair value as described in Note 5 Accounting and valuation principles. For details on fair value of financial assets and liabilities see Note 35.

2. EFFECTS OF CLIMATE CHANGE AND ENERGY TRANSITION

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

The Group 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.

OMV Petrom Group's targets and commitments to decarbonization

In 2021, OMV Petrom Group defined the first time concrete short- and medium-term targets for its emissions reductions and committed to achieve net-zero operations by 2050 (Scopes 1 and 2). By 2030, OMV Petrom is aiming for a reduction of 30% for 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[xxii]. 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[xxiii] 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 Group'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.

OMV Petrom Group 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

[xxii] The base for the emission reduction targets are the Group's emissions in 2019.
[xxiii] 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)[xxiv]. The base case is used for mid-term planning as well as for estimates relating to the measurement of various items in the Group 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 OMV Petrom Group. The assumptions used in this case are in line with the Net Zero Emissions by 2050 (NZE) scenario modeled by the IEA[xxiv]. 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 Group's 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
Retail	Refining and Marketing	18.44	2,037.59
Oil and gas exploration and evaluation	Exploration and Production	537.94	-
Oil and gas production	Exploration and Production	3.09	21,375.74
Power plant and gas assets	Gas and Power	82.81	1,187.56
Other	Corporate and Other	0.18	464.90
Total		**655.74**	**30,099.20**

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
Retail	Refining and Marketing	18.21	1,981.50
Oil and gas exploration and evaluation	Exploration and Production	2,891.04	-
Oil and gas production	Exploration and Production	3.25	17,295.61
Power plant and gas assets	Gas and Power	87.23	1,230.05
Other	Corporate and Other	0.33	405.16
Total		**3,015.67**	**24,751.07**

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 CO_2 emissions are taken into account to the extent that carbon pricing schemes are in place in the

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

respective countries. Disclosures on the impairment tests are included in Note 3 c) Judgements, estimates and assumptions and Note 24 Cost information.

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 CO_2 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 CO_2 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 CO_2 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 CO_2 costs considered for oil and gas assets are based on the CO_2 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 0.5 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.

For retail, cash flows of less than ten years were sufficient to demonstrate the recoverability of the carrying amounts of the currently existing assets. Consequently, there was no need to perform a calculation under the "net zero emissions by 2050".

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

Decommissioning provisions

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

Estimation of maturities and cash outflows of decommissioning and restoration obligations[1]

	2023	
	Carrying amount	**Undiscounted inflated costs**
≤1 year	251.65	269.14
1 – 10 years	3,329.81	4,813.54
11 – 20 years	4,899.09	11,899.37
21 – 30 years	423.46	1,602.94
>30 years	2.06	54.32
Total	**8,906.07**	**18,639.31**

	2022	
	Carrying amount	Undiscounted inflated costs
≤1 year	212.79	233.63
1 – 10 years	2,657.91	4,370.83
11 – 20 years	3,173.76	12,177.34
21 – 30 years	883.32	5,022.69
>30 years	1.37	60.39
Total	**6,929.15**	**21,864.88**

[1] Mainly related to decommissioning and restoration obligations in the E&P business segment

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. The only company from the Group included in this scheme is OMV Petrom S.A.

Under this scheme, OMV Petrom S.A. is entitled to 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 5 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 11 Other assets.

3. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses, as well as the disclosures in the notes. Estimates and judgments are continuously evaluated and are based on management's experience and other factors 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 Group's exposure to risks and uncertainties in relation to capital management and financial risk management and policies are included in Note 38.

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 Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Oil and gas reserves

The oil and gas reserves are estimated by OMV Petrom Group'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 7 and 8.

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

b) Provisions for decommissioning and restoration obligations

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

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

Estimates of future restoration costs are based on current contracts concluded with suppliers, reports prepared by OMV Petrom Group 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 15).

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

c) Impairment of non-financial assets

The Group assesses each asset or cash generating unit (CGU) at each reporting period to determine whether any indication of impairment exists or whether past impairments should be reversed. When an indicator exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The assessments require the use of different estimates and assumptions depending on the business such as prices, discount rates, reserves, growth rates, gross margins and spark spreads. The key estimates and assumptions used bear the risk of change due to the inherent volatile nature of various macro-economic factors and the uncertainty in asset or CGU specific factors like reserve volumes and production profiles, which can impact the recoverable amount of assets and/or CGUs. Changes in the economic situation, expectations about climate-related risks or other facts and circumstance might require a revision of these assumptions and could lead to impairments of assets or reversals of impairments in the future. The impairments and reversals recognized in the reporting period are presented in Note 24 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. OMV Petrom Group's long term assumptions take into consideration the impacts of the climate change and the energy transition to lower-carbon energy sources (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 3 a)) 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 Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is probable that future economic benefits are likely either from future operation or from sale or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that involves varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure.
The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the income statement in the period when the new information becomes available. The exploration and evaluation expenditure capitalized is presented under intangible assets in the statement of financial position.

e) Recoverability of Romanian State receivable

The management is periodically assessing the receivable related to expenditure recoverable from the Romanian State related to obligations for decommissioning and environmental costs in OMV Petrom S.A., which was recognized based on the privatization agreement. The assessment process is considering, inter alia, the history of amounts claimed, documentation process related requirements and potential litigation or arbitration proceedings. For more details, see Note 10 b).

Judgments

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

f) Cash generating units

Management exercises judgment in determining the appropriate level of grouping E&P assets into CGUs, in particular with respect to the E&P assets which share significant common infrastructure and are consequently grouped into the same CGU. In the R&M segment, each group of similar filling stations located in one country represent a CGU.

g) Contingencies

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

h) Lease term and incremental borrowing rate

OMV Petrom Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts which include prolongation and termination options. When determining the lease term to be used for the measurement of the lease, the Group takes into account all the relevant facts and circumstances that create an economic incentive for exercising either the extension or termination option of the lease term, such as market factors, the extent of oil and gas reserves or other relevant facts. In case of lease term in relation to land for filling stations and access roads, for periods covered by prolongation or termination options, the assumption applied was that the lease term will not exceed 20 years. The maximum useful life of filling station buildings is 20 years and beyond this period the exercise of any option becomes uncertain.

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

4. CONSOLIDATION

a) Subsidiaries

The consolidated financial statements comprise the financial statements of OMV Petrom S.A. ("OMV Petrom" / "the Company") and its subsidiaries ("OMV Petrom Group" or 'the Group") as at December 31, 2023, prepared in accordance with consistent accounting and valuation principles. The financial statements of the subsidiaries are prepared for the same reporting date, December 31, 2023, as those of the parent company.

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

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

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

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

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

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

Please refer to Note 33 for further details on Group structure.

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

Non-controlling interests are not significant as of December 31, 2023 and December 31, 2022.

b) Associates

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

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

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

The consolidated income statement reflects the share of the net results of operations of the associate. The share of any change in other comprehensive income (OCI) of the associate is presented as part of the Group’s OCI. In addition, where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of the changes and discloses it in the consolidated statement of changes in equity. The Group recognizes the dividend from an associate when the right to receive a dividend is established, and presents separately the dividends received (Note 9).

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

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

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

c) Interests in joint arrangements

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

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

- the structure of the joint arrangement – whether it is structured through a separate vehicle;

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

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

As of December 31, 2023 and 2022, the Group had joint arrangements classified as joint operations, both structured and not structured through separate vehicles.

The Group recognizes in relation to its interest in a joint operation its assets including its share of any assets held jointly, its liabilities including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation, as well as its expenses, including its share of any expenses incurred jointly. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation, line by line, in its financial statements.

The material joint arrangements where OMV Petrom is partner, as well as commitments in relation to the joint arrangements, are presented in Note 37.

5. ACCOUNTING AND VALUATION PRINCIPLES

5.1. Changes in accounting policies

The Group 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 OMV Petrom Group’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 Group 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 Group’s consolidated 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 Group operates and no related deferred tax was recognized at that date.

Voluntary changes in accounting policies

OMV Petrom 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, OMV Petrom 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 consolidated statements of financial position of the comparative periods. A restated consolidated 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 group'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.

Consolidated Statement of Financial Position

December 31, 2022	As previously reported	Adjustments	As restated
Other assets	1,278.02	983.89	2,261.91
Current assets	**25,288.31**	**983.89**	**26,272.20**
Total assets	**57,521.46**	**983.89**	**58,505.35**
Other provisions and decommissioning	1,379.36	983.89	2,363.25
Current liabilities	**8,862.47**	**983.89**	**9,846.36**
Total equity and liabilities	**57,521.46**	**983.89**	**58,505.35**

January 1, 2022	As previously reported	Adjustments	As restated
Other assets	301.25	883.13	1,184.38
Current assets	**17,299.69**	**883.13**	**18,182.82**
Total assets	**49,969.90**	**883.13**	**50,853.03**
Other provisions and decommissioning	417.77	883.13	1,300.90
Current liabilities	**8,192.65**	**883.13**	**9,075.78**
Total equity and liabilities	**49,969.90**	**883.13**	**50,853.03**

5.2. Amendments to IFRSs not yet mandatory

OMV Petrom Group 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 Group'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

5.3. Summary of accounting and valuation principles

a) Business combinations

Business combinations are accounted for using the acquisition method. Assets and liabilities of subsidiaries acquired are included at their fair values at the time of the acquisition. The non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets.

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

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

b) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred. Pre-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.

c) Licence acquisition costs

Exploration licence acquisition costs are capitalized in intangible assets.

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

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

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

d) Exploration and evaluation costs

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

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

e) Development and production costs

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

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

f) Intangible assets and property, plant and equipment

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

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

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

Intangible assets		**Useful life (years)**
Goodwill		Indefinite
Software		3 -5
Concessions, licences and other intangibles		5 - 20, or contract duration
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
R&M	Filling stations components	5 – 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 Group has separated the areas where it operates into regions. The unit-of-production factor is computed at the level of each productive region, based on the extracted quantities and the proved reserves or proved developed reserves as applicable.

Capitalized exploration and evaluation activities are generally not depreciated as long as they are related to unproved reserves, but tested for impairment. Once the reserves are proved and commercial viability is established, the related assets are 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 consolidated income statement when the asset is derecognized.

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

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

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

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and 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 Group estimates the asset's recoverable amount being the higher of fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The 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 Group's CGUs to which the individual assets are allocated.

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

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

g) Major maintenance and repairs

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

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

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

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

h) Research and development

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

i) Leases

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

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

Right-of-use assets are recognized at commencement date, and measured at the present value of the lease liability plus prepayments and initial direct costs and presented within property, plant and equipment. After the commencement date, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses (see Note 5.3 f)) and adjusted for any remeasurement of the lease liability, if the case.

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

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

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

j) Financial instruments

Non-derivative financial assets

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

Debt instruments are classified and measured **at amortized cost** 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 Group's financial assets at amortised cost include mainly investments in treasury bills and government bonds as well as trade receivables.

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

The probabilities of default used for each risk class, as presented in Note 10, 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 Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'.

ii. Where there has been a significant increase in the credit risk since initial recognition, a loss allowance is required for the lifetime ECL, i.e. the expected credit losses resulting from possible default events over the expected life of a financial asset. For this assessment, OMV Petrom Group considers all reasonable and supportable information that is available without undue cost or effort. Furthermore, OMV Petrom Group assumes that the credit risk on a financial asset has significantly increased if it is more than 30 days past due. If the credit quality improves for a lifetime ECL asset, OMV Petrom Group reverts to recognizing allowances on a 12 month ECL basis. A financial asset is considered to be in default when the financial asset is 90 days past due, unless there is reasonable and supportable information demonstrating that a more lagging default criterion is appropriate. A financial asset is written off when there is no reasonable expectation that the contractual cash flows will be recovered.

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

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

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

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

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

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

Non-derivative financial liabilities

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

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

Derivative financial instruments and hedge accounting

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

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

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

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

As per IFRS 9 Financial Instruments, contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments and measured at fair value. Associated gains or losses are recognized in the consolidated income statement 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 Group’s expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts and they fall under own use exemption. OMV Petrom Group enters into gas forward contracts with physical delivery, creating links within the value chain for the commodity. These contracts are not settled net. Therefore gas forward contracts fall under own use exemption as mentioned above.

k) Borrowing costs

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

l) Government grants

Government grants – except for emission rights (see Note 5.3 o)) – 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.

m) 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.

n) Provisions

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

Decommissioning and environmental obligations

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

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

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

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action. The amount recognized is the best estimate of the expenditure required. Estimates of future remediation costs are based on current contracts concluded with suppliers, reports prepared by Group 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 OMV Petrom S.A., part of OMV Petrom's decommissioning and environmental costs will be reimbursed by the Romanian State. The portion to be reimbursed by the Romanian State has been presented as receivable and reassessed in order to reflect the current best estimate of the costs at their present value, using the same discount rate as for the related provisions.

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

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

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

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

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

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

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

p) Taxes on income and royalties

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

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

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

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

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

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

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

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

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

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

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

Production taxes

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

q) Revenue recognition

Revenues from contracts with customers

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

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

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

In the R&M retail business, revenues from the sale of petroleum products are recognized at a point in time, when products are supplied to the customers. Depending on whether the Group acts as a principal or as an agent for the sale of shop merchandise, revenue and costs related to such sales are presented gross or net in the consolidated income statement. The Group acts as principal if it controls the goods before they are transferred to the customer. The Group has control over the goods when it bears the inventory risk before the goods have been transferred to the customers. A second indicator for having control of the goods before transferring them to the customer is the Group's ability to establish the price of goods. For sales of non-oil products, the Group considers this as being a secondary criterion, therefore, if the Group has the ability to set the price but it does not have inventory risk before transferring the goods to the customer, it acts as an agent in providing the goods. At filling stations, payments are due immediately at the time of purchase or in case of fuel cards sales, in accordance with the payment term agreed in the contracts.

The Group's gas and power supply contracts include a single performance obligation which is satisfied over the agreed delivery period. Revenue is recognized according to the consumption by the customer and in line with the amount to which the Group has a right to invoice. 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 Group does not control the services related to such fees and tariffs before they are transferred to the customer and when it is not involved in the rendering of the service nor does it control the pricing, the Group is only an agent in providing these services.

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

Revenues from other sources

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

Dividend and interest income

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

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

r) 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.

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.

6. FOREIGN CURRENCY AND TRANSLATION

a) Group companies

The consolidated financial statements are presented in RON, which is OMV Petrom S.A.'s functional currency and the Group's presentation currency. Each entity in OMV Petrom Group determines its own functional currency, and items included in its individual financial statements are measured using that functional currency. The functional currency of the foreign operations is generally their local currency.

Where the functional currency differs from the Group's presentation currency, individual financial statements are translated using the closing rate method. Differences arising between the statement of financial position items translated at closing and historical rates are presented as a separate item directly in equity and in consolidated other comprehensive income. Income statement items are translated at average rates for the period. The use of average rates for translation of income statement creates additional differences compared to the application of the closing rates in the statement of financial position which are also recorded in equity and in consolidated other comprehensive income. On disposal of a foreign operation, the component of consolidated other comprehensive income and equity relating to the translation of that particular foreign operation is recognized in the consolidated income statement.

The rates applied in translating foreign currencies to RON were as follows:

Currencies	Year ended December 31, 2023*	Average for the year ended December 31, 2023**	Year ended December 31, 2022*	Average for the year ended December 31, 2022**
US dollar (USD)	4.4958	4.5758	4.6346	4.6923
Euro (EUR)	4.9746	4.9464	4.9474	4.9313
Moldavian Leu (MDL)	0.2570	0.2520	0.2428	0.2481
Serbian Dinar (RSD)	0.0425	0.0422	0.0422	0.0420
Bulgarian Leva (BGN)	2.5434	2.5290	2.5295	2.5213

*) as communicated by the National Bank of Romania

**) The average exchange rate is calculated by the Group as the average of daily reference rates, as communicated by the National Bank of Romania, for the respective periods.

b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated income statement. Unrealized foreign exchange gains and losses related to monetary items are recognized in the consolidated income statement for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

7. 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	**1,360.12**	**3,703.48**	**5,063.60**
Exchange differences	0.32	1.22	**1.54**
Additions*	4.28	175.39	**179.67**
Transfers (Note 8)	-	(2,488.66)	**(2,488.66)**
Disposals	(1.44)	(291.82)	**(293.26)**
Balance as at December 31, 2023	**1,363.28**	**1,099.61**	**2,462.89**
ACCUMULATED AMORTIZATION AND IMPAIRMENT			
Balance as at January 1, 2023	**1,235.49**	**812.44**	**2,047.93**
Exchange differences	0.24	0.33	**0.57**
Amortization	11.12	0.98	**12.10**
Impairment	-	39.74	**39.74**
Transfers (Note 8)	-	-	**-**
Disposals	(1.37)	(291.82)	**(293.19)**
Balance as at December 31, 2023	**1,245.48**	**561.67**	**1,807.15**
CARRYING AMOUNT			
As at January 1, 2023	**124.63**	**2,891.04**	**3,015.67**
As at December 31, 2023	**117.80**	**537.94**	**655.74**

*) 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	**1,358.57**	**3,659.85**	**5,018.42**
Exchange differences	0.06	-	**0.06**
Additions*	4.97	182.24	**187.21**
Transfers (Note 8)	0.67	(8.11)	**(7.44)**
Disposals	(4.15)	(130.50)	**(134.65)**
Balance as at December 31, 2022	**1,360.12**	**3,703.48**	**5,063.60**
ACCUMULATED AMORTIZATION AND IMPAIRMENT			
Balance as at January 1, 2022	**1,226.47**	**902.87**	**2,129.34**
Exchange differences	0.04	-	**0.04**
Amortization	13.10	0.98	**14.08**
Impairment	-	39.09	**39.09**
Transfers (Note 8)	-	-	**-**
Disposals	(4.12)	(130.50)	**(134.62)**
Balance as at December 31, 2022	**1,235.49**	**812.44**	**2,047.93**
CARRYING AMOUNT			
As at January 1, 2022	**132.10**	**2,756.98**	**2,889.08**
As at December 31, 2022	**124.63**	**2,891.04**	**3,015.67**

*) 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").

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 asset. The conditions for determination of any variable payments were not met as at December 31, 2023 and December 31, 2022.

8. 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	**5,493.23**	**43,866.71**	**12,137.04**	**1,667.34**	**1,349.79**	**64,514.11**
Exchange differences	11.64	-	3.83	3.85	0.61	**19.93**
Additions*	64.93	3,901.17	749.08	143.37	1,255.63	**6,114.18**
Transfers**	87.03	2,426.61	473.72	110.72	(609.42)	**2,488.66**
Transfers (to)/from assets held for sale	17.02	-	-	-	-	**17.02**
Disposals	(21.72)	(603.21)	(403.81)	(144.85)	(0.90)	**(1,174.49)**
Balance as at December 31, 2023	**5,652.13**	**49,591.28**	**12,959.86**	**1,780.43**	**1,995.71**	**71,979.41**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as at January 1, 2023	**3,000.66**	**27,741.25**	**7,805.27**	**1,207.28**	**8.58**	**39,763.04**
Exchange differences	6.82	-	2.92	2.59	0.14	**12.47**
Depreciation	206.24	1,875.04	655.99	187.30	-	**2,924.57**
Impairment	1.13	274.81	16.31	1.29	5.05	**298.59**
Transfers**	(5.39)	5.46	0.04	(0.11)	-	**-**
Transfers (to)/from assets held for sale	2.19	-	-	-	-	**2.19**
Disposals	(16.44)	(599.53)	(403.25)	(91.04)	(0.90)	**(1,111.16)**
Write-ups	(0.17)	(9.15)	(0.17)	-	-	**(9.49)**
Balance as at December 31, 2023	**3,195.04**	**29,287.88**	**8,077.11**	**1,307.31**	**12.87**	**41,880.21**
CARRYING AMOUNT						
As at January 1, 2023	**2,492.57**	**16,125.46**	**4,331.77**	**460.06**	**1,341.21**	**24,751.07**
As at December 31, 2023	**2,457.09**	**20,303.40**	**4,882.75**	**473.12**	**1,982.84**	**30,099.20**

*) Includes the amount of RON 1,539.57 million representing increase from reassessment of the decommissioning asset.
**) Net amount represents transfers from intangibles (Note 7).

	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	**5,405.55**	**41,719.74**	**11,936.36**	**1,596.65**	**936.74**	**61,595.04**
Exchange differences	0.11	-	(0.55)	(0.35)	(0.02)	**(0.81)**
Additions*	35.57	2,868.16	177.82	79.58	817.46	**3,978.59**
Transfers**	105.34	(65.31)	255.92	76.15	(364.66)	**7.44**
Transfers (to)/from assets held for sale	(5.28)	0.02	-	-	-	**(5.26)**
Disposals	(48.06)	(655.90)	(232.51)	(84.69)	(39.73)	**(1,060.89)**
Balance as at December 31, 2022	**5,493.23**	**43,866.71**	**12,137.04**	**1,667.34**	**1,349.79**	**64,514.11**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as at January 1, 2022	**2,799.36**	**24,500.60**	**7,303.28**	**1,105.54**	**21.75**	**35,730.53**
Exchange differences	(0.07)	-	(0.45)	(0.14)	(0.04)	**(0.70)**
Depreciation	205.09	1,720.14	692.95	176.58	-	**2,794.76**
Impairment	29.87	2,227.10	36.27	8.06	26.60	**2,327.90**
Transfers**	5.35	(5.24)	(0.10)	(0.01)	-	**-**
Transfers (to)/from assets held for sale	(2.29)	0.02	-	-	-	**(2.27)**
Disposals	(36.47)	(653.97)	(225.94)	(82.75)	(39.73)	**(1,038.86)**
Write-ups	(0.18)	(47.40)	(0.74)	-	-	**(48.32)**
Balance as at December 31, 2022	**3,000.66**	**27,741.25**	**7,805.27**	**1,207.28**	**8.58**	**39,763.04**
CARRYING AMOUNT						
As at January 1, 2022	**2,606.19**	**17,219.14**	**4,633.08**	**491.11**	**914.99**	**25,864.51**
As at December 31, 2022	**2,492.57**	**16,125.46**	**4,331.77**	**460.06**	**1,341.21**	**24,751.07**

*) Includes the amount of RON 573.73 million representing increase from reassessment of the decommissioning asset.
**) Net amount represents transfers from intangibles (Note 7).

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 24.

OMV Petrom Group as a lessee

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

Due to the nature of oil and gas operations, some lease contracts include the possibility for OMV Petrom Group as a lessee to extend or terminate the original lease term. The existence of such options is a business necessity, as the activities are largely dependent on the market factors and on the existence of oil and gas reserves. These provide operational flexibility in terms of managing the assets used in the Group's operation. These options are assessed by OMV Petrom Group at lease commencement whether it is reasonably certain that they will be exercised or not. Optional periods, which have not been taken into account in the measurement of the leases, exist mainly for equipment in E&P.

Lease 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	**261.61**	**123.64**	**227.01**	**612.26**
Additions	55.29	49.76	139.48	**244.53**
Depreciation	(27.49)	(28.40)	(119.57)	**(175.46)**
Disposals and other movements	(0.44)	-	(53.59)	**(54.03)**
Right-of-use assets as at December 31, 2023	**288.97**	**145.00**	**193.33**	**627.30**

	Land and buildings	Plant and machinery	Other fixtures, fittings and equipment	Total
Right-of-use assets as at January 1, 2022	**259.19**	**87.70**	**262.41**	**609.30**
Additions	30.27	61.10	78.99	170.36
Depreciation	(27.73)	(25.16)	(112.62)	(165.51)
Disposals and other movements	(0.12)	-	(1.77)	(1.89)
Right-of-use assets as at December 31, 2022	**261.61**	**123.64**	**227.01**	**612.26**

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

Amounts recognized in consolidated income statement

	2023	2022
Operating result		
Short-term lease expenses	15.16	15.02
Low-value lease expenses	0.95	0.84
Variable lease expenses	29.84	29.41
Depreciation expense of right-of-use assets	175.46	165.51
Net financial result		
Interest expense on lease liabilities	16.85	11.70
Foreign exchange loss on lease liabilities	1.58	1.20

In addition, OMV Petrom Group 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 29.84 million (2022: RON 29.41 million) were related to contingent rent mainly for leased land for filling stations and for power generators equipment, determined based on turnover, quantities or other contractual parameters.

For other information on lease liability please see Note 17 and Note 34.

9. INVESTMENTS IN ASSOCIATED COMPANIES

As at December 31, 2022, OMV Petrom Group had one associated company: OMV Petrom Global Solutions S.R.L. with a shareholding of 25% and principal place of business in Romania.

On May 31, 2023, OMV Petrom S.A. sold 50% shares in OMV Petrom Biofuels S.R.L. to OMV Downstream GmbH, retaining 25% ownership, while OMV Downstream GmbH reached 75% ownership. Therefore, as at December 31, 2023, the Group had two associated companies, with 25% shareholding: OMV Petrom Global Solutions S.R.L. and OMV Petrom Biofuels S.R.L..

The associates are not material to the Group. The table below summarizes financial information for the Group's interest in associates (aggregated) and the reconciliation of the net carrying amounts:

	2023	2022
Balance as at January 1	**40.83**	**34.41**
Changes in consolidated Group	4.92	-
Group's share of:		
- profit/(loss) from continuing operations (Note 22)	4.74	8.73
- other comprehensive income	(0.78)	0.40
Less dividends during the year	(1.60)	(2.71)
Balance as at December 31	**48.11**	**40.83**

10. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

a) Trade receivables

Trade receivables are amounting to RON 2,715.30 million as at December 31, 2023, being measured at amortized cost. As of December 31, 2022, trade receivables amounted to RON 3,548.45 million, thereof trade receivables measured at fair value of 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%	116.38	0.01	116.37
Risk class 2	BBB+, BBB, BBB-	0.44%	698.06	0.07	697.99
Risk class 3	BB+, BB, BB-	1.18%	1,534.93	0.73	1,534.20
Risk class 4	B+, B, B-	8.52%	289.81	3.31	286.50
Risk class 5	CCC/C	29.54%	56.64	10.13	46.51
Risk class 6	SD/D	100.00%	179.34	145.61	33.73
Total			**2,875.16**	**159.86**	**2,715.30**

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%	104.37	0.01	104.36
Risk class 2	BBB+, BBB, BBB-	0.44%	1,576.70	0.21	1,576.49
Risk class 3	BB+, BB, BB-	1.18%	1,260.99	1.34	1,259.65
Risk class 4	B+, B, B-	8.52%	379.17	3.84	375.33
Risk class 5	CCC/C	29.54%	253.59	32.79	220.80
Risk class 6	SD/D	100.00%	119.36	116.58	2.78
Total			**3,694.18**	**154.77**	**3,539.41**

* Expected credit loss is computed as described in Note 5.3 j).

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	**154.77**	**133.17**
Amounts written off	(2.20)	(7.64)
Net remeasurement of expected credit losses	7.32	29.46
Foreign exchange rate differences	(0.03)	(0.22)
December 31	**159.86**	**154.77**

There was no impairment for trade receivables with related parties (see Note 32) 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 35)	285.47	262.68	22.79
Investments	0.71	-	0.71
Other financial assets	531.67	465.59	66.08
Total	**3,985.78**	**1,908.61**	**2,077.17**

		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 35)	1,502.05	1,144.80	357.25
Investments	0.15	-	0.15
Other financial assets	1,321.76	1,246.07	75.69
Total	**4,438.33**	**2,390.87**	**2,047.46**

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.

Investments

Investments are related to companies that were not consolidated, as the Group neither has control nor significant influence over their operations, or they were considered immaterial for the Group.

Other financial assets

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

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

December 31, 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%	38.80	-	-	**38.80**
Risk class 2	BBB+, BBB, BBB-	0.44%	3,404.23	-	41.38	**3,445.61**
Risk class 3	BB+, BB, BB-	1.18%	242.49	-	-	**242.49**
Risk class 4	B+, B, B-	8.52%	10.78	-	-	**10.78**
Risk class 5	CCC/C	29.54%	15.35	-	-	**15.35**
Risk class 6	SD/D	100.00%	-	-	539.24	**539.24**
Total			**3,711.65**	**-**	**580.62**	**4,292.27**

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%	59.30	-	-	**59.30**
Risk class 2	BBB+, BBB, BBB-	0.44%	2,704.53	-	42.44	**2,746.97**
Risk class 3	BB+, BB, BB-	1.18%	139.48	-	-	**139.48**
Risk class 4	B+, B, B-	8.52%	19.10	-	-	**19.10**
Risk class 5	CCC/C	29.54%	26.58	-	-	**26.58**
Risk class 6	SD/D	100.00%	0.17	-	538.65	**538.82**
Total			**2,949.16**	**-**	**581.09**	**3,530.25**

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%	0.02	-	-	**0.02**
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%	-	-	539.24	**539.24**
Total			**12.05**	**-**	**580.62**	**592.67**

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%	-	-	538.65	**538.65**
Total			**13.03**	**-**	**581.09**	**594.12**

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 5.3 j).

The amounts in the above tables do not include derivative financial assets as these are measured at fair value.

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

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
January 1, 2023	**13.03**	**-**	**581.09**	**594.12**
Amounts written off	-	-	(15.33)	**(15.33)**
Net remeasurement of expected credit losses	(0.99)	-	14.86	**13.87**
Foreign exchange rate differences	0.01	-	-	**0.01**
December 31, 2023	**12.05**	**-**	**580.62**	**592.67**

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
January 1, 2022	**10.24**	**-**	**590.59**	**600.83**
Amounts written off	-	-	(22.63)	**(22.63)**
Net remeasurement of expected credit losses	2.79	-	13.13	**15.92**
December 31, 2022	**13.03**	**-**	**581.09**	**594.12**

11. 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	280.77	92.92	187.85
Advance payments on fixed assets	497.99	497.99	-
Prepaid expenses and deferred charges	79.67	63.59	16.08
Rental and lease prepayments	50.18	14.83	35.35
Other non-financial assets	483.87	179.06	304.81
Total	**2,238.66**	**1,694.57**	**544.09**

		Liquidity term	
	December 31, 2022	**less than 1 year**	**over 1 year**
Emission rights	1,097.84	1,097.84	-
Receivable from taxes	383.35	195.50	187.85
Advance payments on fixed assets	126.77	59.34	67.43
Prepaid expenses and deferred charges	75.81	43.27	32.54
Rental and lease prepayments	48.54	13.90	34.64
Other non-financial assets	857.29	852.06	5.23
Total	**2,589.60**	**2,261.91**	**327.69**

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 5 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.

12. INVENTORIES

	December 31, 2023	December 31, 2022
Crude oil	520.47	598.20
Natural gas	157.81	667.70
Other materials	455.70	408.79
Work in progress	242.33	197.54
Finished products	1,749.80	1,942.61
Total	**3,126.11**	**3,814.84**

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 of RON 23,972.86 million (2022: RON 31,754.98 million).

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

13. 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.

14. EQUITY OF STOCKHOLDERS OF THE PARENT

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

Certain financial instruments were accounted as cash flow hedges, with the effective part of the change in value of the derivative being accounted for in other comprehensive income. The cumulative unrealized 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 38.

Other reserves

As at December 31, 2023 and 2022, other reserves contain mainly reserves from business combinations in stages.

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).

15. PROVISIONS

	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
January 1, 2023	**157.08**	**6,929.15**	**2,824.93**	**9,911.16**
thereof short-term	-	212.79	2,150.46	**2,363.25**
thereof long-term	157.08	6,716.36	674.47	**7,547.91**
Exchange differences	-	0.01	3.07	**3.08**
Used	(13.79)	(494.31)	(1,738.20)	**(2,246.30)**
Allocations	51.89	2,471.22	898.89	**3,422.00**
Releases	-	-	(315.30)	**(315.30)**
December 31, 2023	**195.18**	**8,906.07**	**1,673.39**	**10,774.64**
thereof short-term	-	251.65	918.59	**1,170.24**
thereof long-term	195.18	8,654.42	754.80	**9,604.40**

Provisions for pensions and similar obligations

Employees of several Group companies are entitled to receive retirement benefits on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Retirement benefits obligation as of December 31, 2023 amounts to RON 140.79 million (2022: RON 110.20 million). In addition, employees receive other benefits consisting in death and coffin benefits. Other benefits obligation as of December 31, 2023 amounts to RON 54.39 million (2022: RON 46.88 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	**157.08**	**170.05**
Current service cost	5.01	5.79
Interest cost	12.50	8.85
Benefits paid	(13.79)	(11.02)
Remeasurements for the year	34.39	(16.59)
Present value of obligations as of December 31	**195.18**	**157.08**

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)	**(8.18)**	**8.77**	**3.36**	**(3.26)**

Maturity profile

	Maturity profile			Duration
	1-5 years	6-10 years	>10 years	in years
Retirement benefits	**38.58**	**53.17**	**49.05**	**9.74**

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 consolidated 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 3.00% (2022: between 3.42% and 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 1,141 million, while in an opposite case the provision would decrease by RON 973 million.

The provision for decommissioning and restoration costs includes mainly obligations in respect of OMV Petrom S.A. amounting to RON 8,885.16 million (2022: RON 6,913.37 million). In relation to part of the OMV Petrom S.A. decommissioning and restoration obligations, there is a corresponding receivable from the Romanian State, as disclosed under “Other financial assets” (Note 10 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	**6,929.15**	**6,253.93**
Exchange differences	0.01	—
Revisions in estimates	1,895.07	582.67
Unwinding effect	576.15	422.46
Used in current year	(494.31)	(329.91)
December 31	**8,906.07**	**6,929.15**

The revisions in estimates impact the assets subject to decommissioning, the consolidated income statement or the related receivable from the Romanian State. The unwinding effect is included in the consolidated income statement under the interest expenses line (Note 25), 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 consolidated 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 in Romania.

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

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	61.98	60.14	1.84
Provisions for litigations	69.83	2.77	67.06
Residual other provisions	353.59	105.89	247.70
Total	**1,673.39**	**918.59**	**754.80**

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	110.44	104.92	5.52
Provisions for litigations	70.08	3.20	66.88
Residual other provisions	1,256.58	1,007.06	249.52
Total	**2,824.93**	**2,150.46**	**674.47**

Provisions for CO_2 emissions

From December 31, 2023 onwards OMV Petrom Group presents assets related to purchased emission certificates and provisions for CO_2 emissions gross in the balance sheet (see Note 5 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 OMV Petrom Group. Provisions recorded as at December 31, 2023 and 2022 represent the best estimate of the Group'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.

OMV Petrom S.A. recorded certain environmental liabilities against receivable from the Romanian State, as these obligations existed prior to privatization (as further explained in Note 10 b) “Expenditure recoverable from Romanian State”).

Provisions for litigations

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

Residual other provisions

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

16. INTEREST-BEARING DEBTS

As at December 31, 2023 and December 31, 2022 OMV Petrom Group had the following loans:

Borrower	Lender	December 31, 2023	December 31, 2022
Interest-bearing debts short-term			
OMV Petrom S.A.	European Investment Bank (a)	-	16.49
OMV Petrom S.A.	OMV Petrom Global Solutions S.R.L. (b)	109.14	120.63
	Accrued interest and other	0.91	0.75
Total interest bearing debts short-term		**110.05**	**137.87**

(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) A cash pooling agreement with valability until April 18, 2026, was signed between OMV Petrom S.A. and OMV Petrom Global Solutions S.R.L. on April 25, 2014. The aggregated amount of the loan is RON 250.00 million. The amount drawn by the Group as at December 31, 2023 was RON 109.14 million (2022: RON 120.63 million).

In addition, as at December 31, 2023 and at December 31, 2022 the OMV Petrom Group’s companies 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 Group was in compliance with all financial covenants stipulated by the loan agreements.

Please refer to Note 38 for details regarding interest rate risk of interest-bearing debts.

17. OTHER FINANCIAL LIABILITIES

	December 31, 2023	less than 1 year	over 1 year
Derivative financial liabilities (Note 35)	163.03	130.38	32.65
Other financial liabilities	492.51	438.62	53.89
Total	**655.54**	**569.00**	**86.54**

	December 31, 2022	less than 1 year	over 1 year
Derivative financial liabilities (Note 35)	652.09	648.34	3.75
Financial liabilities in connection with joint operations	8.84	8.84	-
Other financial liabilities	517.82	468.60	49.22
Total	**1,178.75**	**1,125.78**	**52.97**

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 Group’s financial liabilities based on contractual undiscounted cash flows (also including future finance charges):

December 31, 2023	< 1 year	1-5 years	> 5 years	Total
Interest-bearing debts	110.05	-	-	**110.05**
Lease liabilities	167.06	361.42	277.27	**805.75**
Trade payables	4,067.46	-	-	**4,067.46**
Derivative financial liabilities	132.75	33.25	-	**166.00**
Other financial liabilities	438.62	53.88	0.01	**492.51**
Total	**4,915.94**	**448.55**	**277.28**	**5,641.77**

December 31, 2022	< 1 year	1-5 years	> 5 years	Total
Interest-bearing debts	137.98	-	-	**137.98**
Lease liabilities	169.92	318.87	270.79	**759.58**
Trade payables	4,265.77	-	-	**4,265.77**
Derivative financial liabilities	648.34	3.75	-	**652.09**
Other financial liabilities	477.44	49.21	0.01	**526.66**
Total	**5,699.45**	**371.83**	**270.80**	**6,342.08**

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

OMV Petrom Group participates in several supplier finance programs under which its suppliers may elect to receive early payment of their invoice from a bank by factoring their receivable from OMV Petrom Group to the bank. Under the afore mentioned agreements, the bank agrees to pay the invoices to a supplier participating in the program and receives settlement from OMV Petrom Group later. The principal purpose of those programs is to increase for OMV Petrom Group the payment term of the invoices and to allow the consenting suppliers to cash in their receivables before their maturity. These liabilities are presented within Trade payables and Other financial liabilities until payment, considering the specific contractual provisions.

18. OTHER LIABILITIES

	December 31, 2023	less than 1 year	over 1 year
Tax liabilities	1,588.99	1,588.99	-
Social security	53.09	53.09	-
Contract liabilities	324.02	324.02	-
Deferred income	133.59	85.09	48.50
Other liabilities	228.50	228.50	-
Total	**2,328.19**	**2,279.69**	**48.50**

	December 31, 2022	less than 1 year	over 1 year
Tax liabilities	938.01	938.01	-
Social security	40.73	40.73	-
Contract liabilities	239.34	239.34	-
Deferred income	57.04	6.19	50.85
Other liabilities	50.57	50.57	-
Total	**1,325.69**	**1,274.84**	**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 and contract liabilities recognized for vouchers sold to customers in the retail business.

The changes in contract liabilities were as follows:

	2023	2022
January 1	**239.34**	**150.04**
Revenue recognized that was included in the contract liability balance at the beginning of the year	(200.77)	(132.95)
Increases due to cash received, excluding amounts recognized as revenue during the year	285.45	222.25
December 31	**324.02**	**239.34**

19. 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	356.08	-	356.08	25.53
Inventories	32.08	-	32.08	-
Receivables and other assets	238.90	(48.10)	190.80	1.01
Provisions for pensions and similar obligations	32.55	-	32.55	1.35
Other provisions	1,316.45	-	1,316.45	-
Liabilities	48.16	-	48.16	-
Total	**2,024.22**	**(48.10)**	**1,976.12**	**27.89**
Netting (same tax jurisdiction/country)			(27.19)	(27.19)
Total deferred tax, net			**1,948.93**	**0.70**

December 31, 2022	Deferred tax assets total	Deferred tax assets not recognized	Deferred tax assets recognized	Deferred tax liabilities
Tangible and intangible assets	612.97	-	612.97	20.10
Inventories	28.40	-	28.40	-
Receivables and other assets	224.34	(39.86)	184.48	-
Provisions for pensions and similar obligations	30.91	-	30.91	5.81
Other provisions	1,161.78	-	1,161.78	-
Liabilities	42.30	-	42.30	-
Tax loss carried forward	0.67	-	0.67	-
Total	**2,101.37**	**(39.86)**	**2,061.51**	**25.91**
Netting (same tax jurisdiction/country)			(25.91)	(25.91)
Total deferred tax, net			**2,035.60**	**-**

As at December 31, 2023, losses carry-forward for tax purposes amounted to RON 159.67 million (2022: RON 143.81 million). Eligibility of tax losses for carry-forward expires as follows:

	2023	2022
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	-
2028 / After 2027	-	4.19
After 2028	–	-
unlimited	159.67	139.62
Total	**159.67**	**143.81**

No deferred tax asset was recognized for tax losses carry-forward included in the above table, in amount of RON 159.67 million (2022: RON 139.62 million).

20. SALES REVENUES

	2023	2022
Revenues from contracts with customers	38,161.65	51,875.32
Revenues from other sources	646.26	9,469.12
Total sales revenues	**38,807.91**	**61,344.44**

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	15.15	11,222.54	4.34	**11,255.95**
Fuels and heating oil	-	22,230.47	-	-	**22,230.47**
Other goods and services*	35.86	4,226.77	21.65	21.41	**4,305.69**
Total	**49.78**	**26,841.93**	**11,244.19**	**25.75**	**38,161.65**

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	14.56	20,460.01	3.35	**20,488.90**
Fuels and heating oil	-	26,198.33	-	-	**26,198.33**
Other goods and services*	39.88	4,818.48	10.84	18.80	**4,888.00**
Total	**50.86**	**31,331.46**	**20,470.85**	**22.15**	**51,875.32**

*) Mainly in Refining and Marketing related to non-fuel business and other petroleum products not included in 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 Group 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 45.06 million (2022: RON 46.85 million).

21. OTHER OPERATING INCOME

	2023	2022
Foreign exchange gains from operating activities	83.26	99.43
Gains on disposal of subsidiaries, businesses and non-current assets	25.06	26.79
Other operating income	520.66	1,212.85
Total	**628.98**	**1,339.07**

"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.

22. NET INCOME FROM INVESTMENTS IN ASSOCIATES

	2023	2022
Share of net result of associated companies	4.74	8.73
Total	**4.74**	**8.73**

23. OTHER OPERATING EXPENSES

	2023	2022
Foreign exchange losses from operating activities	84.86	119.14
Losses on disposal of subsidiaries, businesses and non-current assets	4.40	3.96
Other operating expenses	126.73	176.28
Total	**215.99**	**299.38**

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

24. COST INFORMATION

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

	2023	2022
Wages and salaries	1,514.29	1,402.20
Other personnel expenses	204.07	244.89
Total personnel expenses	**1,718.36**	**1,647.09**

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

	2023	2022
Depreciation and amortization	2,929.14	2,801.42
Impairment intangible assets and property, plant and equipment	338.33	2,366.99
Write-ups intangible assets and property, plant and equipment	(9.49)	(48.32)
Total depreciation, amortization and net impairment	**3,257.98**	**5,120.09**

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 in Romania. Net impairments in Refining and Marketing segment were in amount of RON 21.59 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 in Romania. Net impairments in Refining and Marketing segment were in amount of RON 40.00 million, in Gas and Power segment in amount of RON 2.23 million and in Corporate and Other segment in amount of RON 0.01 million.

In the consolidated income statement for the year ended December 31, 2023 net impairments are included under depreciation, amortization, impairments and write-ups in amount of RON 287.04 million RON (2022: RON 2,262.94 million) and under exploration expenses in amount of RON 41.80 million (2022: RON 55.73 million).

25. INTEREST INCOME AND INTEREST EXPENSES

	2023	2022
Interest income		
Interest income from receivables and other	62.82	43.34
Interest income from short term bank deposits	922.23	714.15
Other interest income	27.90	18.60
Total interest income	**1,012.95**	**776.09**
Interest expenses		
Interest expenses	(75.66)	(34.28)
Unwinding expenses for retirement benefits provision	(12.54)	(8.85)
Unwinding expenses for decommissioning provision, excluding the unwinding income for related Romanian State receivable	(473.89)	(326.67)
Other unwinding and discounting expenses	(160.13)	(356.06)
Total interest expenses	**(722.22)**	**(725.86)**
Net interest revenues/ (expenses)	**290.73**	**50.23**

26. OTHER FINANCIAL INCOME AND EXPENSES

	2023	2022
Net foreign exchange gains/(losses) from financing activities	(16.98)	(24.95)
Net gains/(losses) from investments and financial assets	(2.34)	(0.75)
Other financial expenses	(8.22)	(7.43)
Other financial income and expenses	**(27.54)**	**(33.13)**

27. 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 consolidated income statement as part of the operating result, but as a separate line above the “Taxes on income” line.

28. TAXES ON INCOME

	2023	2022
Current taxes	(967.54)	(2,257.05)
Deferred taxes	(90.22)	501.27
Taxes on income - (expense)/revenue	**(1,057.76)**	**(1,755.78)**

The reconciliation of net deferred tax is as follows:

	2023	2022
Deferred tax, net as at January 1	2,035.60	1,538.21
Deferred tax, net as at December 31	1,948.23	2,035.60
Changes in deferred tax	**(87.37)**	**497.39**
thereof deferred tax revenue / (expense) in consolidated other comprehensive income	2.85	(3.88)
thereof deferred tax revenue / (expense) in the consolidated income statement	(90.22)	501.27
Reconciliation		
Profit before tax	**5,087.84**	**12,055.85**
Income tax rate applicable for Parent company	16%	16%
Profit tax expense based on income tax rate of the Parent	**(814.05)**	**(1,928.94)**
Effect of differing foreign tax rates	5.59	3.18
Profit tax expense based on applicable rates	(808.46)	(1,925.76)
Tax effect of items that are (non-deductible) / non-taxable	(249.30)	169.98
Profit tax expense in the consolidated income statement	**(1,057.76)**	**(1,755.78)**

Tax effect of items that are (non-deductible)/non-taxable in 2023 was generated mainly by non-deductible solidarity contribution on refined crude oil, partially offset by fiscal credits in Romania. In 2022, main amounts included under items that are (non-deductible) / non-taxable relate to fiscal credits.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates in. Under the legislation, Group companies 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 Group's financial year beginning on January 1, 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group'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.

29. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Calculation of earnings per share is based on the following data:

	2023	2022
Net profit attributable to stockholders of the parent	4,030.18	10,300.88
Weighted average number of shares	62,311,462,282	61,181,320,081
Earnings per share in RON	0.0647	0.1684

The basic and diluted earnings per share are the same, as there are no instruments that have a dilutive effect on earnings.

30. SEGMENT INFORMATION

OMV Petrom Group is organized into three operating business segments: Exploration and Production, Refining and Marketing and Gas and Power, while management, financing activities and certain service functions are concentrated in the Corporate and Other segment.

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

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

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

Exploration and Production activities consist of exploration, development and production of crude oil and natural gas and are focused on Romania, Bulgaria and Georgia. Upstream products are sold mainly inside of OMV Petrom Group.

Refining and Marketing produces and delivers gasoline, diesel and other petroleum products to its customers, while through filling stations networks offers also a variety of services and non-oil business (NOB) goods. **Refining** division, part of Refining and Marketing segment, operates one Romanian refinery, Petrobrazi, with an annual capacity of 4.5 million tons. **Marketing** division, part of Refining and Marketing segment, delivers products to both retail and wholesale customers and operates in Romania, Bulgaria, Serbia and Republic of Moldova. OMV Petrom Group is the main player on the Romanian fuels market.

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

The key figure of operating performance for OMV Petrom Group is the Operating result. In compiling the segment results, business activities with similar characteristics have been aggregated. Intra-Group sales and cost allocations by the parent company are determined in accordance with internal Group policies. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices.

Segment reporting

December 31, 2023	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total	Consoli-dation	Consoli-dated total
Intersegment sales	12,328.44	60.95	348.59	189.53	**12,927.51**	(12,927.51)	**0.00**
Sales with third parties	57.06	26,877.70	11,833.52	39.63	**38,807.91**	-	**38,807.91**
Total sales	**12,385.50**	**26,938.65**	**12,182.11**	**229.16**	**51,735.42**	**(12,927.51)**	**38,807.91**
Operating result	**4,170.22**	**2,318.04**	**1,474.07**	**(160.77)**	**7,801.56**	**(247.67)**	**7,553.89**
Total assets*	21,916.77	7,102.72	1,270.37	465.08	**30,754.94**	-	**30,754.94**
Additions in PPE/IA	4,166.33	1,961.50	68.62	97.40	**6,293.85**	-	**6,293.85**
Depreciation and amortization	2,082.27	692.34	114.06	40.47	**2,929.14**	-	**2,929.14**
Impairment losses/ (write-ups), net	306.01	21.59	1.24	-	**328.84**	-	**328.84**

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

Information about geographical areas

December 31, 2023	Romania	Rest of Central Eastern Europe	Rest of Europe	Rest of world	Consolidated total
Sales with third parties*	32,922.70	5,826.19	59.02	-	**38,807.91**
Total assets**	29,827.23	923.54	-	4.17	**30,754.94**
Additions in PPE/IA	6,228.09	65.76	-	-	**6,293.85**

*) Sales to customers are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer; the net revenues from commodity transactions within the scope of IFRS 9 and hedging results are reported in the country in which the reporting entity is located;
**) Intangible assets (IA), property, plant and equipment (PPE).

Sales with third parties made in Rest of Central Eastern Europe in 2023 include mainly sales made in Bulgaria amounting to RON 2,269.78 million, in Serbia amounting to RON 1,368.71 million and in Hungary amounting to RON 1,199.07 million.

Segment reporting

December 31, 2022	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total	Consoli-dation	Consoli-dated total
Intersegment sales	16,212.26	84.71	438.37	175.01	**16,910.35**	(16,910.35)	**-**
Sales with third parties	58.01	31,281.79	29,968.57	36.07	**61,344.44**	-	**61,344.44**
Total sales	**16,270.27**	**31,366.50**	**30,406.94**	**211.08**	**78,254.79**	**(16,910.35)**	**61,344.44**
Operating result	**3,611.70**	**4,076.03**	**4,661.92**	**(250.37)**	**12,099.28**	**(60.53)**	**12,038.75**
Total assets*	20,189.90	5,854.07	1,317.28	405.49	**27,766.74**	-	**27,766.74**
Additions in PPE/IA	3,177.22	831.31	97.09	60.18	**4,165.80**	-	**4,165.80**
Depreciation and amortization	1,926.59	714.46	125.42	34.95	**2,801.42**	-	**2,801.42**
Impairment losses/ (write-ups), net	2,276.43	40.00	2.23	0.01	**2,318.67**	-	**2,318.67**

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

Information about geographical areas

December 31, 2022	Romania	Rest of Central Eastern Europe	Rest of Europe	Rest of world	Consolidated total
Sales with third parties*	49,846.32	11,255.95	242.17	-	**61,344.44**
Total assets**	26,843.59	918.00	-	5.15	**27,766.74**
Additions in PPE/IA	4,120.71	45.09	-	-	**4,165.80**

*) Sales to customers are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer; the net revenues from commodity transactions within the scope of IFRS 9 and hedging results are reported in the country in which the reporting entity is located;
**) Intangible assets (IA), property, plant and equipment (PPE).

Sales with third parties made in Rest of Central Eastern Europe in 2022 include mainly sales made in Hungary amounting to RON 5,200.39 million, in Bulgaria amounting to RON 2,903.50 million and in Serbia amounting to RON 1,560.29 million.

31. AVERAGE NUMBER OF EMPLOYEES

	December 31, 2023	December 31, 2022
Total OMV Petrom Group	**7,711**	**7,837**
thereof:		
OMV Petrom S.A.	7,228	7,372
Subsidiaries	483	465

The number of employees was calculated as the average of the month’s end number of employees during the year.

32. RELATED PARTIES

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

There are no guarantees given or paid to related parties as at December 31, 2023 and December 31, 2022.

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

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

	Nature of transactions	Purchases	Balances payable
OMV Petrom S.A. - parent company			
OMV Gas Marketing & Trading GmbH	Acquisition of natural gas and CO_2 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 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 OMV Petrom S.A.		**2,725.56**	**249.09**
OMV Petrom Group subsidiaries			
OMV Downstream GmbH	Acquisition of petroleum products and services	204.15	27.37
OMV Petrom Global Solutions S.R.L.	Financial, bookkeeping, IT support and other services	91.87	13.15
OMV Hungária Ásványolaj Kft.	Acquisition of bitumen	51.10	0.27
OMV - International Services Ges.m.b.H.	Various services	19.26	86.86
OMV Slovensko s.r.o.	Various services	0.92	1.45
Borealis L.A.T GmbH	Various acquisitions	0.90	-
OMV Aktiengesellschaft	Delegation of personnel and other	0.15	0.05
OMV Česká republika, s.r.o.	Various services	0.01	0.06
Total subsidiaries		**368.36**	**129.21**
Total OMV Petrom Group		**3,093.92**	**378.30**

	Nature of transactions	Revenues	Balances receivable
OMV Petrom S.A. - parent company			
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	0.20	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 OMV Petrom S.A.		**602.87**	**101.64**
OMV Petrom Group subsidiaries			
OMV Downstream GmbH	Delegation of personnel and other	3.86	2.01
OMV Petrom Global Solutions S.R.L.	Various services	2.82	0.24
OMV Česká republika, s.r.o.	Various services	0.49	-
Borealis L.A.T Romania S.R.L.	Various services	0.05	-
OMV Slovensko s.r.o.	Various services	0.04	0.04
OMV Hungária Ásványolaj Korlátolt Felelösségü Társaság	Various services	0.03	0.03
OMV - International Services Ges.m.b.H.	Various services	-	33.27
Total subsidiaries		**7.29**	**35.59**
Total OMV Petrom Group		**610.16**	**137.23**

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

During 2023, OMV Petrom Group had the following interest expenses with related parties, including balances as of December 31, 2023 for interest payable:

	Interest expense	Balances interest payable
OMV Petrom S.A. - parent company		
OMV Petrom Global Solutions S.R.L.	8.45	0.64
Total OMV Petrom S.A.	**8.45**	**0.64**
Total OMV Petrom Group	**8.45**	**0.64**

The balance payable to OMV Petrom Global Solutions S.R.L. in relation to cash pooling agreement is presented in Note 16b).

During 2023, OMV Petrom granted an intercompany loan to OMV Petrom Energy Solution S.R.L., with maximum limit of RON 1.00 million and maturity April 26, 2024. As at December 31, 2023, the balance receivable in relation to this loan amounted to RON 0.81 million, while interest income and interest receivables were insignificant. This loan was terminated on February 1, 2024.

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

	Nature of transactions	Purchases	Balances payable
OMV Petrom S.A. - parent company			
OMV Gas Marketing & Trading GmbH	Acquisition of natural gas and CO_2 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 OMV Petrom S.A.		**3,127.62**	**267.14**
OMV Petrom Group subsidiaries			
OMV Downstream GmbH	Acquisition of petroleum products and services	129.84	15.12
OMV Petrom Global Solutions S.R.L.	Financial, bookkeeping, IT support and other services	84.00	18.46
OMV Hungária Ásványolaj Kft.	Acquisition of bitumen	60.60	0.16
Borealis L.A.T GmbH	Acquisition of materials	11.45	-
OMV - International Services Ges.m.b.H.	Various services	8.98	104.14
OMV Aktiengesellschaft	Delegation of personnel and other	0.81	-
OMV Slovensko s.r.o.	Various services	0.53	0.53
OMV Česká republika, s.r.o.	Various services	0.11	0.06
Borealis Agrolinz Melamine GmbH	Various acquisitions	0.02	-
Total subsidiaries		**296.34**	**138.47**
Total OMV Petrom Group		**3,423.96**	**405.61**

	Nature of transactions	Revenues	Balances receivable
OMV Petrom S.A. - parent company			
OMV Gas Marketing & Trading GmbH	Sales of natural gas	1,265.08	38.97
OMV Downstream GmbH	Sales of petroleum products, delegation of personnel and other	589.11	1.75
OMV Hungária Ásványolaj Kft.	Sales of petroleum products	253.03	-
OMV Deutschland Marketing & Trading GmbH & Co. KG	Sales of propylene and petroleum products	252.82	37.23
Borealis AG	Sales of propylene	86.07	4.85
OMV Supply & Trading Limited	Various services	25.14	-
OMV Exploration & Production GmbH	Delegation of personnel and other	22.66	2.18
OMV Petrom Global Solutions S.R.L.	Various services	22.01	1.75
OMV Slovensko s.r.o.	Sales of petroleum products	18.51	-
OMV Aktiengesellschaft	Delegation of personnel and other	10.27	2.73
Borealis L.A.T Romania S.R.L.	Various services	0.20	0.02
OMV - International Services Ges.m.b.H.	Various services	0.02	0.02
Petrom Exploration and Production Limited	Various services	0.02	-
Total OMV Petrom S.A.		**2,544.94**	**89.50**
OMV Petrom Group subsidiaries			
OMV Downstream GmbH	Delegation of personnel and other	5.10	3.96
OMV Petrom Global Solutions S.R.L.	Various services	2.47	0.27
OMV Česká republika, s.r.o.	Various services	0.77	-
Borealis L.A.T Romania S.R.L.	Various services	0.12	-
OMV - International Services Ges.m.b.H.	Various services	-	31.46
Total subsidiaries		**8.46**	**35.69**
Total OMV Petrom Group		**2,553.40**	**125.19**

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

During 2022, OMV Petrom Group had the following interest expenses with related parties, including balances as of December 31, 2022 for interest payable:

	Interest expense	Balances interest payable
OMV Petrom S.A. - parent company		
OMV Petrom Global Solutions S.R.L.	8.02	0.64
Total OMV Petrom S.A.	**8.02**	**0.64**
Total OMV Petrom Group	**8.02**	**0.64**

The balance payable to OMV Petrom Global Solutions S.R.L. in relation to cash pooling agreement is presented in Note 16b).

There were no interest income and interest receivables with related parties in 2022.

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 are Österreichische Beteiligungs AG (ÖBAG, Vienna, which is in turn wholly owned by the Republic of Austria – 31.5%) and Mubadala Petroleum and Petrochemicals Holding Company L.L.C. (MPPH, Abu Dhabi – 24.9%).There is a consortium agreement in place between MPPH and ÖBAG providing for coordinated behavior and certain restrictions on transfers of shareholdings. 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 S.A. and therefore there are companies controlled or jointly controlled by the Romanian State which are related parties for OMV Petrom Group. In the normal course of business, OMV Petrom Group has 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 37.

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 any of the Group companies to the members of the Supervisory Board. As at December 31, 2023 and 2022, the Group companies did not have any obligations regarding pension payments to former members of the Supervisory Board.

The aggregate amount of remuneration and other benefits, including benefits in-kind, paid in 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.

33. DIRECT AND INDIRECT INVESTMENTS OF OMV PETROM GROUP WITH AN INTEREST OF AT LEAST 20% AS OF DECEMBER 31, 2023

Company Name	Share interest percentage	Consolidation treatment[3]	Activity	Country of incorporation
Subsidiaries (>50%)				
Petrom Moldova S.R.L.	100.00%	FC	Fuel distribution	Moldova
OMV Petrom Marketing S.R.L.	100.00%	FC	Fuel distribution	Romania
OMV Petrom Aviation S.R.L.[1]	100.00%	FC	Airport services	Romania
OMV Offshore Bulgaria GmbH	100.00%	FC	Exploration activities	Austria
OMV Petrom Georgia LLC	100.00%	FC	Exploration and production services	Georgia
OMV Petrom E&P Bulgaria S.R.L.(former OMV Petrom Gas S.R.L.)	100.00%	FC	Exploration and production services	Romania
Petromed Solutions S.R.L.	100.00%	FC	Medical services	Romania
OMV Srbija DOO	99.96%	FC	Fuel distribution	Serbia
OMV Bulgaria OOD	99.90%	FC	Fuel distribution	Bulgaria
OMV Petrom Energy Solution S.R.L.[2]	100.00%	NC	Services incidental to oil and gas production	Romania
Petrom Exploration & Production Limited	100.00%	NC	Exploration and production services	Isle of Man
Incorporated Joint operation				
S. Parc Fotovoltaic Isalnita S.A.	50.00%	PC	Energy production	Romania
S. Parc Fotovoltaic Rovinari Est S.A.	50.00%	PC	Energy production	Romania
S. Parc Fotovoltaic Tismana 1 S.A.	50.00%	PC	Energy production	Romania
S. Solarist Tismana 2 S.A.	50.00%	PC	Energy production	Romania
Associated companies (20-50%)				
OMV Petrom Global Solutions S.R.L.	25.00%	EM	Financial, IT and other services	Romania
OMV Petrom Biofuels S.R.L.	25.00%	EM	Production of bioethanol	Romania
Asociatia Romana pentru Relatia cu Investitorii	20.00%	NAE	Public representation	Romania

1) 1 (one) equity interest owned through OMV Petrom Marketing S.R.L.
2) newly set up during 2023
3) Consolidation treatment:

FC	Full consolidation
EM	Accounted for at equity (associated company)
NC	Not-consolidated subsidiary (companies of relative insignificance, both individually and collectively, to the consolidated financial statements)
NAE	Other investment recognized at cost (associated companies of relatively little importance to the assets and earnings of the consolidated financial statements)
PC	Joint operations; accounted for as OMV Petrom's share of assets, liabilities, income and expenses held or incurred jointly

Number of consolidated companies

	Full consolidation	Equity method
As at January 1, 2023	**11**	**1**
Included for the first time	-	1
Deconsolidated during the year	1	-
As at December 31, 2023	**10**	**2**
Romanian companies	5	2
Foreign companies	5	-

On February 20, 2023, OMV Petrom S.A. acquired the remaining share interest in the subsidiary Petrom Exploration & Production Limited, reaching 100% ownership 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. The company was deconsolidated in the Group financial statements and accounted for using the equity method starting with June 2023.

The subsidiaries which are not consolidated have very low volumes of business; the total sales, net income/losses and equity of such companies represent less than 1% of the consolidated totals.

34. CASH FLOW STATEMENT INFORMATION

Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash at banks and on hand	784.00	720.93
Short-term deposits	12,554.67	13,535.20
Cash and cash equivalents	**13,338.67**	**14,256.13**

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 Group 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 and other 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 and other financial assets” line in 2023 includes also 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 impact in cash flows was an inflow of RON 6.18 million representing the contribution of OMV Downstream GmbH to the share capital of the subsidiary, presented in line “Investments and other 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. This transaction resulted in net cash inflow of RON 2.52 million, presented in “Cash inflows from sale of subsidiaries, net of cash disposed”.

The amount of RON 23.54 million presented in line “Acquisition of subsidiaries and businesses, net of cash acquired” represents the transfer made by OMV Petrom to an escrow account, in relation to ongoing transaction to acquire entities in the field of renewable energy.

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 Group for the year ended December 31, 2023 is of RON 203.44 million (2022: RON 346.05 million), out of which the amount of RON 85.47 million is related to operating activities (2022: RON 212.11 million) and the amount of RON 117.97 million represents cash outflows for exploration investing activities (2022: RON 133.94 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	**137.87**	**654.82**	**792.69**
Repayments of interest bearing debts and principal portion of lease liabilities	(27.98)	(170.60)	**(198.58)**
Total cash flows relating to financing activities	**(27.98)**	**(170.60)**	**(198.58)**
Lease liabilities recognized during the year	-	244.53	**244.53**
Net other changes	0.16	(51.30)	**(51.14)**
Total non-cash changes	**0.16**	**193.23**	**193.39**
December 31, 2023	**110.05**	**677.45**	**787.50**
thereof short-term	110.05	147.65	**257.70**
thereof long-term	-	529.80	**529.80**

	Interest-bearing debts	Lease liabilities	Total
January 1, 2022	**271.55**	**659.73**	**931.28**
Repayments of interest bearing debts and principal portion of lease liabilities	(133.29)	(175.01)	**(308.30)**
Total cash flows relating to financing activities	**(133.29)**	**(175.01)**	**(308.30)**
Lease liabilities recognized during the year	-	170.36	**170.36**
Net other changes	(0.39)	(0.26)	**(0.65)**
Total non-cash changes	**(0.39)**	**170.10**	**169.71**
December 31, 2022	**137.87**	**654.82**	**792.69**
thereof short-term	137.87	155.96	**293.83**
thereof long-term	-	498.86	**498.86**

As of December 31, 2023, the Group had available RON 837.82 million of undrawn committed borrowing facilities that may be used without any restrictions (December 31, 2022: RON 417.12 million).

35. 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	-	(650.89)	-	**(650.89)**
Total	**-**	**(652.09)**	**-**	**(652.09)**

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

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

Offsetting of financial assets 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	2,731.48	(16.18)	2,715.30	(8.47)	2,706.83
Other financial assets	532.94	(1.27)	531.67	-	531.67
Total	**3,558.11**	**(25.67)**	**3,532.44**	**(49.40)**	**3,483.04**

*) Net amounts presented in the statement of financial position are detailed in Note 10.

**) 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	4,083.64	(16.18)	4,067.46	(8.47)	4,058.99
Other financial liabilities	493.78	(1.27)	492.51	-	492.51
Total	**4,748.67**	**(25.67)**	**4,723.00**	**(49.40)**	**4,673.60**

*) Net amounts presented in the statement of financial position are detailed in Note 17.
**) 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	4,461.73	(913.28)	3,548.45	(23.53)	3,524.92
Other financial assets	1,346.78	(25.02)	1,321.76	(3.74)	1,318.02
Total	**7,402.79**	**(1,030.53)**	**6,372.26**	**(209.12)**	**6,163.14**

*) Net amounts presented in the statement of financial position are detailed in Note 10.
**) Assets not offset as the criteria from IAS 32 is not fulfilled.

Offsetting of financial liabilities 2022

	Gross amounts	Amounts set-off in the statement of financial position	Net amounts presented in the statement of financial position*	Liabilities available to set-off** (not offset)	Net amounts
Derivative financial instruments	744.32	(92.23)	652.09	(181.85)	470.24
Trade payables	5,179.05	(913.28)	4,265.77	(23.53)	4,242.24
Other financial liabilities	542.84	(25.02)	517.82	(3.74)	514.08
Total	**6,466.21**	**(1,030.53)**	**5,435.68**	**(209.12)**	**5,226.56**

*) Net amounts presented in the statement of financial position are detailed in Note 17.
**) Liabilities not offset as the criteria from IAS 32 is not fulfilled.

36. COMMITMENTS AND CONTINGENCIES

Commitments

As at December 31, 2023 the commitments engaged by OMV Petrom Group for acquisitions of fixed assets (except those in relation to joint arrangements) are in amount of RON 1,407.21 million (2022: RON 1,870.88 million), out of which RON 1,304.82 million related to property, plant and equipment (2022: RON 1,734.38 million) and RON 102.39 million for intangible assets (2022: RON 136.50 million).

The Group has additional commitments in relation to joint arrangements - for details please refer to Note 37.

Leases not yet commenced but committed are disclosed separately in Note 8.

Litigations

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

OMV Petrom Group provides for litigations that are more likely than not to result in obligations. Management is of the opinion that 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 all Group companies are subject to a variety of environmental protection laws and regulations in the countries where they operate; provisions are made for obligations arising from environmental protection measures in accordance with the Group's accounting policies.

On April 16, 2020, the Bulgarian Commission for Protection of Competition announced the initiation of an investigation regarding the determination of the prices on fuel market. OMV Bulgaria OOD is subject to this investigation, among other major manufacturers and retailers on Bulgarian market. During 2020 two requests of providing information were received from authorities and the responses were submitted in due time. There were no additional requests from authorities in 2021, 2022 and 2023, but the investigation is not yet finalized. The sanctions for antitrust infringements are up to 10% of the total company's turnover of the respective undertaking for the financial year prior to the sanctioning decision. At the date of these financial statements, we are not able to evaluate the outcome of the investigation and no provision was recorded in this respect.

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

37. 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 consolidated financial statements as of December 31, 2023.

In December 2019, OMV Petrom S.A. signed a contract to acquire OMV Offshore Bulgaria GmbH, which at that time held a 30% stake in the Han Asparuh exploration license in Bulgaria, alongside Repsol and Total. In June 2020, this percentage increased to 42.86% following Repsol's exit from the joint venture, as approved by the Bulgarian regulator. The remaining interest of 57.14% is held by Total, which is also the operator. The transaction was completed at the end of August 2020, by means of acquisition of 100% shares in OMV Offshore Bulgaria Gmbh from OMV Exploration & Production Gmbh. In 4th quarter 2023, TotalEnergies notified OMV Petrom of its decision to withdraw from the joint operating agreement and from the Han Asparuh license. The process for OMV Petrom to take over TotalEnergies participation interest in the license is in progress, with no material impact on the consolidated 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 Group'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 90.32 million), mainly in relation to Neptun Deep project.

38. RISK MANAGEMENT

Capital risk management

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

Net debt is calculated as interest-bearing debts and lease liabilities, less cash and cash equivalents. Due to the significant cash balance, the Group reported a net cash position of RON 12,551.17 million at December 31, 2023 (2022: RON 13,463.44 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 Group's risk management-related processes. This department ensures that well-defined and consistent risk management processes, tools, and techniques are applied across the entire organization. Risk ownership is assigned to the managers who are best suited to oversee and manage the respective risk. OMV Petrom's consolidated risk profile is reported twice a year to the Executive Board and to Supervisory Board's Audit Committee.

Risk exposures and responses

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

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

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

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

Market price risk

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

Derivative financial instruments are used where appropriate to manage market price risks resulting from changes in commodity prices and foreign exchange rates, which could have a negative effect on assets, liabilities or expected future cash flows.

For the purpose of mitigating market price risks the Group enters into derivative financial instruments such as OTC swaps and forwards. Swaps do not involve an investment at the time the contracts are concluded; settlement normally takes place at the end of the quarter or month.

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

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

The tables hereafter show the fair values of derivative financial instruments together with their nominal amounts. The nominal amount, recorded gross, is the amount of a derivative's underlying asset or reference rate (as absolute amount for both sales and purchases contracts) and is the basis upon which changes in the value of derivatives are measured. The nominal amounts indicate the volume of the transactions outstanding at the year-end and are not indicative of either the market risk or the credit risk. Fair values are presented in lines "Other financial assets" and "Other financial liabilities" in the consolidated 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	261.67	-	(1.77)
EUR	21.60	-	(0.08)
Foreign currency hedges (valued at fair value through profit or loss)	**283.27**	**-**	**(1.85)**

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

Cash flow hedge accounting

In Refining and Marketing business, OMV Petrom Group is exposed to inventory risks and refining margins volatility. In order to mitigate those risks, the Group enters into corresponding hedging activities, which include stock hedges and limited margin hedges.

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

During 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 consolidated income statement. The hedge ineffectiveness and recycling of “Forecast sales” for hedges where a risk component of the non-financial item is designated as the hedged item in the hedging relationship are shown in line item “Sales revenues” in the consolidated income statement.

European Emission Allowances

All OMV Petrom’s business segments are exposed to fluctuation in the price of carbon under the EU Emission Trading Scheme (ETS). European Emission Allowance purchases are always executed in due time and it is OMV Petrom’s highest priority to fulfill all legal obligations under the ETS. OMV Petrom monitors price risks from emission allowances and manages it using derivative instruments traded bilaterally on the secondary market (so-called over-the-counter or OTC transactions).

Foreign exchange risk management

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

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

Foreign currency sensitivity analysis

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

	RON equivalent of EUR denominated balances (million)		RON equivalent of USD denominated balances (million)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Assets	1,092.80	1,942.45	252.63	267.95
Liabilities	1,517.70	1,517.81	262.84	535.03
Net assets/(liabilities) in statement of financial position	**(424.90)**	**424.64**	**(10.21)**	**(267.08)**
Adjustments for foreign currency derivatives	(39.09)	(21.60)	122.29	242.25
Net currency exposure	**(463.99)**	**403.04**	**112.08**	**(24.83)**

Translation risk arises on the consolidation of subsidiaries preparing their financial statements in other currencies than in Romanian Leu, but also from the consolidation of assets and liabilities naturally denominated in foreign currency. Foreign currency assets and liabilities are those which result from transactions denominated in other currencies than the functional currencies of OMV Petrom Group companies. The largest exposures result from changes in the value of the US dollar and Euro against the Romanian Leu.

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

+10% increase in the foreign currencies rates

	Impact for EUR denominated items, in million RON (i)		Impact for USD denominated items, in million RON (ii)	
	2023	2022	2023	2022
Profit/ (Loss)	(46.40)	40.30	10.58	(2.36)
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)	46.40	(40.30)	(10.58)	2.36
Other comprehensive income	-	-	(0.63)	0.12

(i) This is mainly attributable to the exposure to EUR of derivative financial assets, 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.

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

Interest rate risk management

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

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

Analysis for change in interest rate risk

	Balance as at		Effect of 1% change in interest rate, before tax	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Short term borrowings	109.14	137.12	1.09	1.37

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 OMV Petrom Group. The main counterparty credit risks are assessed, monitored and managed at Group level using predetermined limits for specific countries, banks and business partners. On the basis of creditworthiness, all counterparties are assigned maximum permitted exposures in terms of credit limits (amounts and maturities), and the creditworthiness assessments and granted limits are reviewed on a regular basis. For all counterparties, depending on their liquidity class, parts of their credit limits are secured via liquid contractual securities such as bank guarantee letters, credit insurance and other similar instruments. The credit limit monitoring procedures are governed by internal guidelines.

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

Liquidity risk management

For the purpose of assessing liquidity risk, budgeted operating and financial cash inflows and outflows throughout OMV Petrom Group are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This analysis provides the basis for financing decisions and capital commitments. To ensure that OMV Petrom Group remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in form of deposits and committed credit lines are maintained. The maturity profile of the Group financial liabilities is presented in Note 17.

Impact of Ukraine conflict

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

39. 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).

40. SUBSEQUENT EVENTS

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

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

Christina Verchere
Chief Executive Officer
President of the EB

Alina Popa
Chief Financial Officer
Member of the EB

Cristian Hubati
Member of the EB
Exploration and Production

Franck Neel
Member of the EB
Gas and Power

Radu Căprău
Member of the EB
Refining and Marketing

Gabriela Mardare
Vice President Finance

Nicoleta Drumea
Head of Financial Reporting

Contact and Disclaimer

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Înștiințare cu privire la îndreptarea unei erori nesemnificative în Raportul Anual aferent anului financiar încheiat la 31 Decembrie 2023

OMV Petrom S.A. anunță că în Raportul Anual al Grupului OMV Petrom aferent anului financiar încheiat la 31 Decembrie 2023, în capitolul dedicat performanței operaționale a segmentului de Rafinare și Marketing, textul următor de la pagina 34 a variantei în limba engleză, respectiv pagina 36 a variantei în limba română:

> *„În 2023, marja totală obținută din comercializarea produselor complementare la nivel de Grup a crescut cu 6,5% față de anul precedent, creştere sprijinită de o contribuţie solidă a segmentelor Gastro și Shop."*

se va modifica și înlocui cu următorul text:

> *„În 2023, marja totală obținută din comercializarea produselor complementare la nivel de Grup a crescut cu 10% față de anul precedent, creştere sprijinită de o contribuţie solidă a segmentelor Gastro și Shop."*

Aceeași modificare se aplică și la pagina 86 a variantei în limba engleză, respectiv pagina 89 a variantei în limba română a Raportului Anual al OMV Petrom S.A.

Bucureşti
23 aprilie 2024

Notice regarding the correction of insignificant error in the Annual Report for the financial year ended on 31 December 2023

OMV Petrom S.A. announces that in the Annual Report of the OMV Petrom Group for the financial year ended on 31 December 2023, in the chapter dedicated to the operational performance of Refining and Marketing business segment, the following wording from page 34 in the English version and page 36 in the Romanian version:

> *"In 2023, the total non-fuel margin at Group level increased by 6.5% compared to the previous year, helped by a strong contribution of the Gastro and Shop activities."*

shall be amended and replaced with the following wording:

> *"In 2023, the total non-fuel margin at Group level increased by 10% compared to the previous year, helped by a strong contribution of the Gastro and Shop activities."*

The same change applies also to page 86 in the English version and page 89 in the Romanian version of the Annual Report of OMV Petrom S.A.

Bucharest
23 April 2024

Supervisory Board Report on OMV PETROM S.A.'s separate Financial Statements prepared in accordance with Ministry of Finance Order no. 2844/2016

In 2023, the Supervisory Board thoroughly reviewed the position and prospects of OMV Petrom S.A. ("OMV Petrom" or the "Company"), and performed its functions according to the relevant laws, the Articles of Association, the applicable Corporate Governance Code and the relevant internal regulations. We supervised the Executive Board on the management of OMV Petrom and coordinated on important matters, monitored its work and we were involved in the Company's key decisions, always following a comprehensive analysis.

The Supervisory Board received detailed information, both verbally and in writing, on issues of fundamental importance for the Company, including its financial position, business strategy, planned investments and risk management. We discussed all significant matters for OMV Petrom in the plenary meetings, based on the reports of the Executive Board.

The separate financial statements were presented to the Audit Committee. KPMG Audit SRL audited the 2023 separate financial statements, read the Directors' Report and has not identified information which is materially inconsistent with the separate financial statements or their knowledge obtained in the audit or otherwise appears to be materially misstated and will issue an unqualified audit opinion. The auditors attended the relevant meeting of the Audit Committee convened to review the separate financial statements.

The separate financial statements of OMV Petrom, including the manangement reports for the year ended December 31, 2023 and the Executive Board proposal for allocation of the profit, including distribution of dividends, are submitted to the approval of the Supervisory Board meeting of March 15, 2024 and afterwords in the Ordinary General Meeting of Shareholder to be held on April 24, 2024.

We have also reviewed and analyzed the attached report of the Executive Board (Directors' Report) presented as Appendix 1 which gives a true and fair view of the development and performance of the business and the financial position of OMV Petrom, together with a description of the principal risks and associated uncertainties as of December 31, 2023.

Hence, the separate financial statements of OMV Petrom, for the year ended December 31, 2023, prepared in accordance with Ministry of Finance Order no. 2844/2016 with all subsequent modifications and clarifications were approved in today's Supervisory Board meeting and will further be submitted for approval in the Ordinary General Meeting of Shareholders to be held on April 24, 2024.

Furthermore, we have reviewed and approved the separate report on payments to governments for the year 2023, prepared in accordance with Chapter 8 of the Annex 1 of Ministry of Public Finance Order no. 2844/2016 for approval of Accounting Regulations according to International Financial Reporting Standards with all subsequent modifications and clarifications, transposing Chapter 10 of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council.

Bucharest, March 15, 2024

Alfred Stern

President of the Supervisory Board

Appendix 1

Directors' Report on OMV PETROM S.A.'s separate Financial Statements prepared in - accordance with Ministry of Finance Order no. 2844/2016 and in compliance with the Regulation no. 5/2018, Appendix 15, issued by the Financial Supervisory Authority

Overview of the Company's nature

The Company's headquarters is located at Coralilor Street no. 22, district 1, Bucharest, Romania. The Company was set up according to the Government Ordinance no. 49/October 1997, approved by Law no. 70/April 1998. The Company is registered with the Trade Register under number J40/8302/1997 and has as unique fiscal registration code RO1590082. The Company has as main activities exploration and production of hydrocarbons, refining of crude oil, marketing of petroleum products, sale of natural gas, as well as production and sales of electricity. The Company performs its activity either directly (mainly in Romania) or through its affiliates in Romania (marketing of petroleum products and production of biofuels), Bulgaria (exploration of hydrocarbons and marketing of petroleum products), Georgia (exploration of hydrocarbons), Serbia and Republic of Moldova (marketing of petroleum products).

As at December 31, 2023, 28.15% of the Company's capital represented the free float, traded as shares within the Premium category of the Bucharest Stock Exchange, under SNP symbol. GDRs were also traded within the Standard category on the main market of the London Stock Exchange (LSE) until October 25, 2023 (last trading day). Market capitalization as of December 31, 2023 was RON 35,798,052,725.

The Company is the parent company of OMV Petrom Group ("the Group"). Separate financial statements of the Company for the year ended December 31, 2023 are prepared in accordance with Order of the Ministry of Finance no.2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications. The annual consolidated financial statements are also prepared by the Company in accordance with IFRS as endorsed by the European Union (EU). In its turn, the parent Company OMV Petrom S.A. is part of the OMV Group which prepares consolidated financial statements at the level of OMV Aktiengesellschaft, with its registered office at Trabrennstrasse 6-8, 1020 Vienna, Austria. The annual consolidated financial statements of the OMV Petrom Group and OMV Group are public and may be obtained from the companies' websites, i.e. www.omvpetrom.com and www.omv.com.

OMV Petrom has vertically integrated activities and is organized into three operating business segments: Exploration & Production, Refining & Marketing and Gas & Power, while the management, the financing activities and certain service functions are concentrated in the Corporate & Other segment.

As at December 31, 2023 and 2022 the total share capital amounted to RON 6,231,166,705.80, representing 62,311,667,058 shares with a nominal value of RON 0.1 per share. The shareholders' structure as at December 31, 2023 and as at December 31, 2022 is presented below:

	No. of shares	Percent
OMV Aktiengesellschaft	31,876,679,783	51.157%
Romanian State through the Ministry of Energy	12,897,296,810	20.698%
Legal entities and private individuals	17,537,690,465	28.145%
Total	**62,311,667,058**	**100.000%**

Following OMV Petrom shareholders' decision, the GDRs were delisted from the main market of the London Stock Exchange in 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.

1. Analysis of the company's activity

1.1. a) The activity developed or which is to be developed by the company and its subsidiaries

OMV Petrom develops the following main activities:

- The exploration and production of crude and natural gas on fields located onshore and offshore;
- Emergency works, commissioning and repair of wells;
- Crude oil refining;
- The distribution, transport, storing, marketing, bunkering of ships and the supply of airships with crude oil products;
- Wholesale and retail trade in merchandise and miscellaneous products;
- The import and export of crude oil, petroleum products, petrochemicals and chemicals, equipment, machines and specific technologies;
- Production of biofules;
- Sale of natural gas;
- Production, transmission, distribution, trade of electricity;
- Medical and social activity for its own employees and third parties;
- Other activities established and detailed in the Articles of Association of the company.

The detailed structure of the consolidated companies in OMV Petrom Group at December 31, 2023 is presented in Annex a) to the current report.

b) The date when the company was established

The Company was established on October 27, 1997 and started its activity as of November 1, 1997, as per the Emergency Ordinance no. 49/1997 approved through Law no. 70/1998 under the name of S.N.P. Petrom S.A. (SNP – Societatea Nationala a Petrolului/ National Oil Company). In the Extraordinary General Meeting of Shareholders dated September 14, 2004 the change of the Company's name from SNP Petrom SA to S.C. Petrom S.A. was approved.

Starting January 1, 2010, the Company name is OMV Petrom S.A., based on the Resolution of the Extraordinary General Meeting of Shareholders dated October 20, 2009.

c) Mergers or significant reorganizations of the company, the subsidiaries or the companies controlled performed during the financial year.

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 company was deconsolidated in the Group financial statements and accounted for using the equity method starting with June 2023.

d) Asset acquisitions and/or alienation

There were no significant divestments or outsourcing projects finalized in 2023.

e) Overview of the main results of the company

2023 was a strong year of execution which characterized OMV Petrom's agility and resilience. We completed major steps in our 2030 Strategy, 2023 representing a turning point in our transformation journey. We contributed significantly to the security of Romania's energy supply by diversifying our supply sources and carrying out important planned turnarounds in the context of heightened geopolitical risk, caused by the conflict in the Middle East and the ongoing war in Ukraine.

Many key project milestones were achieved in 2023 as we deliver on our Strategy 2030 ambitions. Our Neptun Deep flagship project made notable progress with final investment decision taken in June and the awarding of more than 80% of the execution agreements by the year end. We also continued to roll out our renewable power and e-mobility portfolios. In 2023, OMV Petrom made significant progress towards its strategic objective of more than 1 GW capacity of renewable power installed by 2030, together with partners. We have already developed a strong portfolio of projects, opportunities and initiatives with different phasing of implementation, a well-balanced mix of own developed projects and partnerships. The investments in renewable power will lead to green power sales making up for more than 20% of our total power sales by the end of the decade, thus contributing to decarbonizing our business and supporting our customers' transition to cleaner energy.

The first important project was already announced in 2022: four photovoltaic (PV) parks with a total capacity of ~450 MW to be built together with Complexul Energetic

Oltenia. In 2023, the financing contracts have been signed with the Ministry of Energy by the representatives of the four legal entities, beneficiaries of this financing and responsible for implementing the projects. The total investments required for the development of the four photovoltaic parks amount to over EUR 400 mn, approximately 70% being financed through the Modernization Fund. The four parks should supply electricity to the national energy system by 2026.

Other major renewable power projects have progressed in 2023. In June, OMV Petrom signed an agreement to purchase several projects to build photovoltaic parks in Romania, with a total installed power of ~710 MW. The projects are being developed until "ready-to-build" phase by the Danish developer Jantzen Renewables in locations with potential for strong yields in terms of solar energy. The completion of the transaction is estimated for 2024, once the ready to built status is reached.

At the end of 2023, we signed the acquisition of 50% of the largest wind power portfolio of projects in Romania. Together with our partner, Renovatio, we will develop, build and operate 1 GW capacity of renewable projects, out of which 950 MW wind and 50 MW photovoltaic. The completion of the transaction is estimated for 2024. According to our current estimates, the solar park will supply electricity to the national energy system starting 2024, while the wind parks will start production gradually. The projects have received access to the electricity network.

In the mobility area, our target for 2030 is to have more than 500 points of alternative fuels, thus contributing to decarbonizing passenger cars transportation. In 2023, we delivered on our ambition to become the largest e-mobility player via the acquisition of Renovatio Asset Management, the owner of Romania's leading electrical vehicles (EV) charging network, with more than 400 EV charging points in Romania and with plans to increase to approximately 650 by 2026. The closing of the transactions is expected to take place in 2024, after fulfilment of certain conditions. Earlier in the year, we signed a financing agreement within the Connecting European Facilities (CEF) program for installing 328 charging points on TEN-T corridor in Romania.

Our total group network at the end of 2023 comprised 272 fast and ultra fast EV charging points installed, part of them in partnerships, and we will continue the program of installing charging points within our own filling stations network, as well as in other locations.

In our traditional activities, we partly offset the decline in hydrocarbon production, better than initially expected, we increased our gas sales despite the depressed market, we successfully finalized the turnarounds of our key downstream assets and we finalized the rollout of myAuchan stores in Petrom-branded filling stations a year ahead of schedule.

People safety is of paramount importance to us and we have a strong safety record. Sadly, however, we did experience a fatality in 2023 having lost a contractor's employee in a fatal accident during the refinery turnaround. Every loss is a tragedy and we express our sincere condolences to our colleague's family. Our express focus is to return to a zero fatality rate in 2024, in-line with our "Committed to Zero Harm - Protect People, Environment, and Assets" vision.

Our carbon intensity index decreased by around 11% and we achieved a decrease in methane intensity by 73%, both vs. 2019. Our overarching ambition is to reduce the carbon intensity of our operations by 30% in 2030, compared to 2019 level.

Our strong operational performance enabled us to contribute significantly to the economic and social development of our communities. We ramped up our investments to RON 4.7 bn at Group level. This was achieved despite continuing to operate in a high inflationary environment and weaker market fundamentals, as reflected by the decline in Group Clean CCS Operating Result to RON 8.5 bn, in line with the 37% sales decline. Our resilience to macroeconomic headwinds is further illustrated by a decline in Group operating cash flow of only 11% to RON 10 bn. This performance allowed us to remain one of the largest contributors to the Romanian state budget, with RON 16 bn, yet 19% lower yoy. We also take pride in having made social contributions of around RON 200 mn to various health, educational and environmental projects in 2023.

Our ability to generate solid cash flow provided the foundation for distributing our historical-high dividends last year, with a competitive yield of 19.6%, reflecting also the second special dividend distributed to shareholders. Total dividends paid in 2023 amounted to RON 5.1 bn. Furthermore, the market's confidence in OMV Petrom's performance led to share price appreciation of 37% over the year, outperforming the main local index by 5 percentage points and the sector average by 39 percentage points. Together with dividends, this led to a total shareholder return of 56% in 2023.

Based on our 2023 results, the Executive Board has proposed a gross base dividend of RON 0.0413/share for the 2023 financial year, up 10% yoy. The Board has also announced its intention to propose an additional special dividend in 2024, the third in the company's history. The base dividend proposal was approved by the Supervisory Board and is subject to further approval by the GMS on April 24, 2024, while the special dividend would be subject to a future GMS.

1.1.1 General evaluation elements

Items from separate financial statements, RON mn	2023	2022	2021
Net income	3,944	10,288	2,688
Net turnover *	33,162	55,838	21,486
Operating Result	7,409	11,991	3,366
Operating expenses	27,012	45,666	18,647
Liquidity (cash and cash equivalents)	12,950	13,853	10,054

* For the purpose of this report, turnover corresponds to the Sales Revenues line from Income Statement, part of Separate Financial Statements 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

In 2023, OMV Petrom's Operating Result amounted to RON 7,409 mn, lower compared to RON 11,991 mn in 2022, mostly driven by the lower market prices and lower availability of our assets due to planned maintenance activities, mainly of Petrobrazi refinery and Brazi power plant.

The information related to net turnover split per geographical areas is presented below:

RON mn	2023	2022	2021
Romania	31,544	49,478	20,543
Rest of CEE	1,559	6,118	932
Rest of Europe	59	242	11
TOTAL	**33,162**	**55,838**	**21,486**

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

Please see section 5 for a detailed analysis of the financial statements.

1.1.2. Evaluation of the company's technical expertise

a) Main products and services

OMV Petrom is an integrated energy company, covering the full chain of upstream and downstream activities. Its products can be grouped into the following categories, representative for the company's activity:

- Crude oil;
- Natural gas;
- Petroleum products: e.g. gasoline, diesel, kerosene, heavy fuel oil, LPG;
- Electricity.

b) Main outlets for each product or service and the distribution methods

OMV Petrom is present on relevant markets as a producer and supplier of crude oil and natural gas, petroleum products and electricity.

- **Crude oil:** OMV Petrom accounts for almost the entire oil production in Romania which is delivered to its own refinery - Petrobrazi; the crude oil transportation is handled by the state owned company Conpet S.A.
- **Natural gas:** OMV Petrom accounts for around a third of the gas production in Romania. Gas equity volumes are complemented with third party supply gas

volumes, and are placed on the market, to industrial end-users, as well as to wholesalers, either via bilateral contracts or on the centralized markets, while also delivered to internal consumers (such as the Brazi power plant). Given the legislation in force, starting April 2022, OMV Petrom supplied the available gas production to the regulated market for households and district heating consumption. For the delivery of the natural gas, OMV Petrom uses the national pipeline system operated by Transgaz and also the distribution networks.

- **Petroleum products:** These products are either produced in the Petrobrazi refinery or supplied from third parties and are sold to both Romanian and international markets. The company uses both retail and wholesale distribution channels, directly or through affiliates, to sell the refined products. The Group's retail supply channel consisted in a network of 780 fuel filling stations as of end-2023, of which 555 filling stations in Romania and the other 225 in the neighboring countries: Bulgaria, Serbia and the Republic of Moldova. Retail market share[i] in the operating region slightly decreased to 30% (2022: 31%), in the context of increased competition.
- **Electricity**: 2023 was a very good year for our power business, reflecting our strong operational performance through optimization of products, countries, supply and sales channels, as well as constant strive for maximization of business opportunities.
  Our Brazi power plant covered around 7% of the national power generation mix, contribution impacted by the planned outage with the entire capacity from March to beginning of July 2023. It was the largest planned outage since the start of operations in 2012, with the first steam turbine major inspection. After the outage, the power plant delivered an exceptional output, with record high production levels. For the full year, Brazi power plant net electrical output reached 4.2 TWh. For the delivery of the power, OMV Petrom uses the national power grid of Transelectrica and distributions networks.

c) Analysis of various types of Company's revenues

The weight of each revenue category in total revenues as well as each product/ service category in total turnover are presented in the tables below:

Item	Total value – RON mn			Share in revenues (%)		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
Operating revenues *	34,410	57,668	22,028	96	98	97
thereof Turnover	33,162	55,838	21,486	92	95	94
Financial revenues **	1,448	887	753	4	2	3
TOTAL	**35,858**	**58,555**	**22,781**	**100**	**100**	**100**

Figures in this and the following tables may not add up due to rounding differences.
* The difference to Turnover represents other operating income and income from consolidated subsidiaries and equity-accounted investments.
** Financial revenues indicator contains Interest income, Net gains from investments and financial assets, Foreign exchange revenues from financing activities.

[i] OMV Petrom's estimates based on preliminary data available; OMV Petrom retail market share is calculated by dividing retail sales (Gasoline + Diesel) by the total retail market (Gasoline + Diesel);

Item	Total value – RON mn			Share in revenues (%)		
	2023	2022	2021	2023	2022	2021
Revenues from contracts with customers						
Crude Oil, NGL, condensates	370	300	59	1	1	-
Natural gas, LNG and power	11,289	20,527	6,269	34	37	29
Fuels and heating oil	18,975	22,857	12,555	57	41	58
Other goods and services	1,907	2,709	2,157	6	5	10
Revenues from other sources						
Net revenues in relation to power sales within the scope of IFRS 9	557	9,498	324	2	17	2
Other goods and services	65	(53)	123	0	0	1
Total turnover	**33,163**	**55,838**	**21,486**	**100**	**100**	**100**

d) New products

OMV Petrom continues to take important steps to increase the share of biofuels:

In 2022 Petrobrazi became the first ISCC (International Sustainability and Carbon Certification) certified refinery in the country capable of producing sustainable aviation fuel (SAF) and hydrotreated vegetable oil (HVO) by co-processing biological feedstocks. OMV Petrom is considering expanding its production capacity to produce sustainable fuels from a wide range of residual feedstocks, such as used cooking oil.

Used cooking oil is one of the main renewable feedstocks to produce SAF and HVO, which used within the transportation sector would considerably reduce carbon emissions. By using SAF, CO_2 emissions from commercial flights are approximately 80% lower than conventional fuel.

In 2023 OMV Petrom has signed an agreement to purchase 50% of the shares of the Romanian company “Respiră Verde SRL”, a local leader in the collection of used cooking oil. The closing of the transaction is expected to take place in 2024, after fulfilment of certain conditions, including the clearance of the Competition Council and of the Commission for Screening of Foreign Direct Investments.

1.1.3 Evaluation of the provision of technical and material resources (domestic and imports)

OMV Petrom is processing mainly domestically produced crude oil in its Petrobrazi refinery in order to obtain petroleum products and to maximize the company’s integration value. The Company is also constantly evaluating the economic benefits from processing imported crude. During 2023, year with turnaround, OMV Petrom processed 766 thousand tons imported crude oil (2022: 1,241 thousand tons).

1.1.4. Overview of the sale activity

A breakdown of Company’s turnover per each business segment is presented in the table below:

Turnover per segments of activity, RON mn	Year ended December 31		
	2023	2022	2021
Exploration and Production	60	60	54
Refining and Marketing	21,186	25,722	14,750
Gas and Power	11,874	30,016	6,643
Corporate and Other	42	39	39
Total	**33,162**	**55,838**	**21,486**

Turnover per segments refers to sales to third parties (excluding inter-segmental sales).

The Company's turnover in 2023 decreased by 41% compared to 2022, to RON 33,162 mn. Turnover decreased mainly impacted by lower commodity prices and lower sales volumes of electricity, only partially compensated by higher sales volumes of natural gas.

OMV Petrom S.A. is the parent company of OMV Petrom Group whose business model envisages the use of several sales channels and subsidiaries. Therefore, we also present the turnover breakdown at OMV Petrom Group level:

Group turnover per segments of activity, RON mn	Year ended December 31		
	2023	**2022**	**2021**
Exploration and Production	57	58	145
Refining and Marketing	26,878	31,282	19,216
Gas and Power	11,834	29,969	6,616
Corporate and Other	40	36	35
Total	**38,808**	**61,344**	**26,011**

Group turnover per segments refers to sales to third parties (excluding intra-group sales), from note Segment information included in Consolidated Financial Statements.

a) Sales evolution and outlook

The figures in the table below reflect OMV Petrom Group total sales of fuels and gas, as well as electricity output.

Products	Year ended December 31			Changes in %		
	2023	**2022**	**2021**	**23/22**	**22/21**	**21/20**
Total refined product sales (kt)	5,450	5,522	5,339	(1)	3	10
thereof retail sales (kt)	3,072	3,043	2,944	1	3	4
Gas sales (TWh)	46.8	46.1	48.9	1	(6)	16
thereof to third parties (TWh)	37.9	35.8	38.4	6	(7)	21
Brazi net electrical output (TWh)	4.2	5.0	4.8	(17)	5	(11)

OMV Petrom Group's total refined product sales amounted to 5,450 kt in 2023, representing a 1% decrease compared to 2022, on lower equity products volumes.

Group retail sales volumes were 1% higher than in 2022, reaching 3,072 kt, mainly supported by demand increase. In Romania, retail sales reached 2,597 kt in 2023, broadly flat compared to 2022. Therefore, in 2023, the average throughput per station increased to 5.72 mn liters (2022: 5.66 mn liters) in Romania, while at Group level it increased to 4.83 mn liters (2022: 4.76 mn liters).

In 2023, the total non-fuel margin at Group level increased by 6.5% compared to the previous year, helped by a strong contribution of the Gastro and Shop activities. With the implementation of MyAuchan project finalized, this partnership will continue to be one of the key contributors to the non-fuel business of OMV Petrom.

Overall, Group non-retail sales decreased by 4% compared to 2022, reflecting lower product availability due to refinery turnaround. Leadership position in gasoline sales on the Ukrainian market was reinforced in 2023. Jet fuel sales continued their upward trend, surpassing the 2019 level and therefore becoming the new reference year for sales volumes in the industry.

In 2023, the non-retail business continued to be a strong contributor to the overall OMV Petrom result, capitalizing on market opportunities, improved processes and effective cost management. A strong focus remained on digitalization, operational excellence and customer centricity, in line with company strategy.

After an unprecedented year with record high prices for both gas and power in 2022, markets have gradually readjusted in 2023 close to pre-crisis levels, still, with persistent volatility. However, in Romania, this downward trend in prices has not translated into consumption recovery.

In 2023, the liquidity on the Romanian centralized market BRM further decreased in the context of a highly regulated environment. Traded gas volumes, covering a variety of standard products for medium and long term (with delivery including in 2024) totalled 2.9 TWh (2022: 15.4 TWh), at an average price of RON 207/MWh[ii]. The average gas price on the BRM day ahead market was 66%[iii] lower compared to the record high level in 2022, in line with the evolution of European gas hubs.

In 2023, our gas sales performance was very strong, despite the depressing market environment in terms of prices, margins and volumes. OMV Petrom's total gas sales volumes were 1% higher yoy, at 46.8 TWh, a strong achievement, considering overall weaker market demand and liquidity. Given the legislation in force, starting April 2022, OMV Petrom supplied a significant part of its available gas production to the regulated market for households and district heating consumption, namely 10.4 TWh in 2023 (2022: 3.8 TWh). The declining equity volumes were complemented with third party sources, also lower yoy, around 75% from gas sales in Romania being supplied from equity and 25% from third parties sources.

In 2023, we successfully achieved a very good position on the Romanian gas market, managing to improve our sales to end-users. We continue to focus on stronger business collaboration with our customers, we persevere in our efforts to be a reliable business partner, willing to find innovative, mutually beneficial solutions.

We continue to progress in diversifying our gas supply portfolio from third parties, especially in terms of imported gas sources, via other routes and products. In 2023, we concluded the first gas purchase contract with Botaş (Türkiye), valid until March 2025, as well as a memorandum of understanding to expand collaboration in the field of liquified natural gas (LNG) in Southeast Europe, thus contributing to our customers' and the entire country's security of supply.

OMV Petrom was appointed as Supplier of Last Resort (FUI) for the Romanian gas market in May and December, although a lower number of customers joined our portfolio in 2023 compared to 2022.

At the end of 2023, OMV Petrom had 2.0 TWh of gas in storage, fully compliant with the obligation to store gas.

Similar to the gas market, power prices significantly declined throughout Europe in 2023. Prices on OPCOM followed the trends on the European markets, spot baseload power price declining throughout the year, averaging RON 514/MWh in 2023 (61% lower vs. 2022).

2023 was a very good year for our power business, reflecting our strong operational performance through optimization of products, countries, supply and sales channels, as well as constant strive for maximization of business opportunities.

Our Brazi power plant covered around 7% of the national power generation mix, contribution impacted by the planned outage with the entire capacity from March to beginning of July 2023. It was the largest planned outage since the start of operations in 2012, with the first steam turbine major inspection. After the outage, the power plant delivered an exceptional output, with record high production levels. For the full year, Brazi power plant net electrical output reached 4.2 TWh.

Starting 2023, under the Centralised Electricity Purchasing Mechanism (MACEE), Brazi power plant had the obligation to sell a significant portion of its production to OPCOM at a regulated price of 450 RON/MWh.

We made very good progress on enlarging our regional power operations, the activities on the neighbouring power markets being expanded in 2023, significantly contributing to the strong power result. We have expertise and access to relevant markets and trading platforms, enabling cross market optimisation.

For the full year 2024, OMV Petrom expects the average Brent oil price to be around USD 80/bbl. We expect the refining margins to be around USD 10/bbl. Also we estimate that in Romania, the demand for retail fuels, gas and power, will be slightly above the 2023 level.

Legislative measures introduced in 2022 for the gas and power markets with regards to prices, margins, storage and contributions remain in place until end-March 2025. Companies that produce and refine crude oil pay a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023; the contribution for 2023 is due for payment at the end of June 2024 and amounts to RON 1.24 bn. A new tax on turnover was introduced as of January 1 (0.5% for OMV Petrom S.A. and OMV Petrom

[ii] Standard products refers to all products offered on the BRM a trading platform i.e. weekly products, monthly products, quarterly products, gas-year products etc. and the price could include storage related tariffs in connection with the gas volumes sold/extracted from storage.
[iii] Average computed based on daily trades published on BRM platform.

Marketing S.R.L.) with an estimated total annual impact of below RON 250 mn in 2024. The new tax is applicable in 2024-2025.

With regards to our strategic pillar Optimize traditional business, in the Exploration and Production segment, we expect production to be above 106 kboe/d, considering no divestments. We will continue to focus on the most profitable barrels, through assessing selective fields divestments. We plan investments of around RON 4.7 bn, of which around half for Neptun Deep. The rest will be used mainly for drilling around 40 new wells and sidetracks and for performing up to 500 workovers. In the Refining and Marketing segment, our refinery utilization rate is estimated to be above 95%, while total refined product sales volumes are forecasted to be higher yoy; retail fuel sales volumes expected to be also higher yoy. In the Gas and Power segment, total gas sales volumes are estimated to be lower yoy, mainly due to lower supply volumes, while the net electrical output is forecasted to be higher yoy, reflecting a shorter Brazi power plant planned outage.

With regards to our strategic pillar Grow regional gas, we will progress with our flagship project Neptun Deep. The aim is to finalize awarding of the main contracts, focus on permitting activities, start construction and prepare to spud the first well in 2025. With regards to Han Asparuh offshore Bulgaria, we continue exploration activity, while in the case of Georgia offshore exploration Block II seismic acquisition remains on hold.

With regards to our strategic pillar Transition to low and zero carbon, we target to reduce the carbon intensity of our operations by 30% until 2030 vs. 2019. Our plans related to alternative mobility are to accelerate the expansion of the EV charging network in the region with the ambition to reach around 1,000 charging points by year-end, including from the announced M&A transaction. In addition, we plan to progress in developing a renewable power portfolio via partnerships. We expect to close in 2024 the announced M&A transactions, subject to regulatory approvals and we envisage gradually starting electricity production in 2024. For all these projects, we are working on securing EU funds.

b) Company's market share. Main competitors

With daily hydrocarbon production of 113.3 kboe/d and an oil/gas split of roughly 48%/52% in 2023, OMV Petrom accounts for almost the entire crude oil production and for around a third of the gas production in Romania.

According to ANRE, national gas consumption decreased by around 7% in 2023 as compared to 2022, industrial users' offtake continuing to decline throughout the year, as well as gas to power, with some uplift only at year end.

Regarding the supply sources, national gas consumption was covered by a slightly increasing domestic gas production and a lower share of imports compared to the previous year. During the year, gas prices normalized, overall registering significantly lower levels versus 2022 records. The market gas prices in Romania followed the European market evolution throughout the entire year.

Regulations introduced by Romanian authorities in 2022 were in place during 2023 as well, the gas and power markets continuing to be highly regulated.

On the power market, as per currently available data from the grid operator, national electricity consumption decreased by 5% to 53 TWh in 2023 (2022: 56 TWh). The national electricity production increased by 3% to 57 TWh (2022: 55 TWh). The increased power generation in 2023 was covered by significantly higher production from hydro sources, as well as from renewables, partially offset by lower coal and gas production. Romania was a net power exporter for the year overall, compared to a net power importer in 2022.

Based on partial data available at this time, the hydropower plants covered ~32% of the total national electricity production, the nuclear-power plant ~20%, the coal power plants ~14%, the gas-powered power plants ~17%, while renewables covered the remainder ~16%. The Brazi power plant covered 7% of Romania's electricity production in 2023.

The Romanian refining sector consists of four refineries in operation: Petrobrazi (owned by OMV Petrom), Petromidia and Vega (owned by Rompetrol – majority owned by Kaz Munay Gas), Petrotel (owned by Lukoil), which have a total operational capacity of approximately 13 mn tons/year. In 2023, the refineries processed a total quantity of approximately 10.4 mn tons of crude oil[iv].

[iv] Only crude oil processed (other feedstock not included). Data source: National Institute of Statistics (INS) and OMV Petrom calculations;

Retail market share[v] in the operating region slightly decreased to 30% (2022: 31%), in the context of increased competition.

c) Description of any significant dependency of the company on a single customer or on a group of customers whose loss would have a negative impact on the company's income

Given the wide range of products, OMV Petrom, also through its affiliates within the Group, has a large base of customers. Therefore, there are no third party clients which can materially affect the activity of the Company.

In addition, as a member of OMV Group, OMV Petrom has broadened its customer base with some of the affiliated companies within the OMV Group. Transactions with affiliated companies are made on arm's length basis and are presented in the separate financial statements of OMV Petrom S.A. and reported to the Bucharest Stock Exchange and Financial Supervisory Authority (ASF) as per the latter's requirements.

1.1.5. Evaluation of issues related to the company's employees/staff

a) The number and expertise of the company's employees

The average number of employees, calculated as average of the month's end number of employees during the year is presented below:

	The average number of employees		
	2023	**2022**	**2021**
Average for the year	7,228	7,372	8,271

The average number of employees decreased in 2023 as a result of reorganization and restructuring programs continued by the Company as a consequence of process optimization and cost efficiency measures.

As of December 31, 2023, the OMV Petrom S.A. workforce comprises 75.85% employees with a high school diploma or higher degrees in oil engineering and other fields (technical/financial/legal etc., thereof 50.42% higher degrees and 25.43% high school diploma).

The majority of the employees are members of the representative trade union SNP (Sindicatul National Petrom) affiliated to SNPE ("Sindicatul National Petrom-Energie"), while a small number of employees are members of trade unions affiliated to "Energetica" Federation.

b) The relationship between management and employees as well as of any conflict elements which characterize this relationship

The dialog between unions and management continues on a regular basis, with certain particularities due to the post-pandemic context. The key elements of the framework outlining the relationship between management and employees are the Collective Labor Agreement (CLA), Internal Rules and Parity Commissions on implementation of CLA, HSSE topics and others. The reorganization and/or outsourcing projects that the Company has entered were aligned by both parties.

Although there was a high number of labor litigations in the past derived from some previous CLA provisions, at the date of this report, just a few of these types of litigations are still in progress, only limited claims were received in the last years and most cases have been won by OMV Petrom (decisions are final).

OMV Petrom took all possible actions to prevent a further increase in likelihood of litigation risk and in addition, over the years, the provisions of the CLA were amended so as to limit the possibility of different interpretations that would trigger new litigations. The provisions of the CLA signed in 2023 were drafted and negotiated taking into consideration the litigation experience. The currently applicable CLA expires at the end of 2025. Furthermore, employees' information on this matter was substantially increased in order to raise awareness on the topic and a focus was put on clarifying discussions with claimants.

[v] OMV Petrom's estimates based on preliminary data available; OMV Petrom retail market share is calculated by dividing retail sales (Gasoline + Diesel) by the total retail market (Gasoline + Diesel).

1.1.6. Evaluation of issues related to the impact of the issuer's main activity on the environment

Summary description of the impact of the company's main activity on the environment and any existing or envisaged disputes about violations of environmental protection legislation

Information on the impact of the company's main activity on the environment and any existing or envisaged disputes about violations of environmental protection legislation may be found in the Sustainability Report which is issued by the Company as per the legal requirements with reference to the disclosure of non-financial information.

OMV Petrom is involved in various court file cases regarding pollution claims, due to current or former specific oil and gas operations. As examples to illustrate the related events, we may refer to spills, leaks and other contamination resulting from, inter alia, ageing infrastructure and operating or waste management or accidents, resulting in various claims, such as requests for damages related to environmental restoration, lack of use of lands, fines and other measures imposed by the environmental authorities, challenges of acts issued by authorities with respect to environmental matters (including those referring to environmental taxes set up by local authorities).

Nevertheless, the Company is aiming to observe the specific measures with respect to the environmental matters, as imposed by the environmental authorities and the law, in due time, in which regard the Company endeavors to take necessary measures to obtain access to the relevant lands, also via court claims.

1.1.7 Evaluation of research and development activities

In line with its strategic direction, the Company continued its exploration efforts in order to create potential for new discoveries. In 2023, exploration expenditures slightly increased to RON 146 mn (2022: RON 145 mn), mainly driven by higher drilling expenditures, partially offset by lower geological and geophysical expenses.

The research and development activities are performed mainly through the Institute of Research and Technological Design (ICPT) Campina that is part of the Exploration and Production Division. ICPT was set up in 1950 and has become an important center of scientific research for the oil industry, being a pioneer in terms of developing field engineering, drilling and extraction methodologies. With a vast experience in oil industry research, ICPT performs complex laboratory analysis, offers technical support and expertise at a high level of quality and efficiency, covering the needs of exploration and production activities. In 2023, total expenses incurred by ICPT were in the amount of RON 18.3 mn (2022: RON 17.4 mn) and in 2024 are expected to reach RON 25.5 mn. Capital expenditure was in the amount of RON 4.2 mn (2022: RON 2.9 mn), while for 2024 it is anticipated to be around RON 3 mn.

In addition to ICPT Campina activities, the Company was also involved in R&D activities related to low carbon businesses areas.

1.1.8. Evaluation of the company's risk management activity

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

Risk Management Governance

OMV Petrom is evolving in a dynamic business landscape. Effective risk governance is essential for successfully navigating through uncertainties inherent to the nature of OMV Petrom's operations.

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

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

Enterprise-Wide Risk Management

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

OMV Petrom is constantly enhancing the EWRM process based on internal and external requirements.

In terms of tools and techniques, OMV Petrom follows the best international risk management practices and uses stochastic quantitative models to measure the potential loss associated with the Company's risk portfolio. The process is facilitated by a Group-wide IT system supporting the established individual process steps: risk identification, risk analysis, risk evaluation, risk treatment, reporting, and risk review through continuous monitoring of changes to the risk profile. The overall risk resulting from the bottom-up risk management process is computed using Monte Carlo simulations (for a 95% confidence level) and compared against planning data for a mid-term three-year horizon. The identified risks are analyzed depending on their nature, taking into consideration their causes, consequences, historical trends, volatility, and potential impact on cash flows.

It is OMV Petrom's view that the Group's overall risk is significantly lower than the sum of the individual risks due to its integrated nature and the fact that various risks partially offset each other. The balancing effects of industry risks, however, can often lag or weaken over time. OMV Petrom's risk management activities therefore focus on the net risk exposure of the Group's existing and future portfolio. The interdependencies and correlations between different risks are also reflected in the Company's consolidated risk profile.

Risk management and insurance activities are centrally coordinated at the corporate level by the Treasury, Risk & Insurance Management department. 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.

The overall objective of the risk policy is to safeguard the cash flows in line with the Group's risk appetite.

Financial and non-financial risks are regularly identified, assessed, and reported through the Group's EWRM process.

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

OMV Petrom's EWRM process has been set up in accordance with ISO 31000 Risk Management International Standard and comprises a dedicated risk organization working under a robust internal regulation framework using an information technology infrastructure. The effectiveness of the EWRM system is evaluated by an external auditor on an annual basis.

Risk management process

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

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

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

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

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

Risk taxonomy

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

Market and financial risks

Regarding the **market price risk**, OMV Petrom is naturally exposed to the price-driven volatility of cash flows generated by production, refining and marketing activities associated with crude oil, oil products, gas, electricity, and CO_2 certificates. Market risk has core strategic importance within OMV Petrom Group's risk profile and liquidity. The market price risks of OMV Petrom's commodities are closely analyzed, quantified, and evaluated. Corresponding optimization and hedging activities are undertaken to mitigate those risks. Such activities include margin hedges as well as stock hedges executed by using financial instruments. An optimization, trading, and hedging risk control governance system defines clear mandates including risk thresholds for such activities.

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

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

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

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

Operational risks

From an operational risk perspective, OMV Petrom is an integrated company with a wide asset base, composed mainly of hydrocarbon production and processing plants. The low-probability and high-impact risks associated with the operational activity (e.g., blowouts, explosions, earthquakes etc.) are identified and incident scenarios are developed and assessed for each of them. A special focus is given to process safety risks. Where required, mitigation plans are developed for each specific location. Besides emergency, crisis, and disaster recovery plans, OMV Petrom's policy regarding insurable risks is to transfer the risks via insurance instruments. These risks are closely analyzed, quantified, and monitored by the risk organization and are managed via detailed internal procedures.

OMV Petrom's risk management system is part of the corporate decision-making process. In the context of implementing the Strategy 2030, the risks associated with new major projects or important business initiatives are assessed and communicated to management prior to the approval decision, as part of the project evaluation process.

The execution of major onshore and offshore projects may be affected by changes to the respective regulatory or fiscal frameworks, by the unavailability of contractors, or the lack of qualified staff. Project costs may be negatively impacted by price inflation, labor shortages, or the disruption or reorganization of supply chains. In new business areas, in particular, OMV Petrom may more often invest through partnerships and joint ventures, which may expose the company to increased governance and credit risks and may negatively impact project execution. The effect of any of these risks may have a material adverse impact on OMV Petrom's business, results of operations, and financial condition.

As OMV Petrom's activities rely on information technology systems, the company may experience disruption due to major cyber events. Security controls are therefore implemented across the Group to protect information and IT assets that store and process information. **IT-related risks** are assessed, monitored regularly, and managed actively with dedicated information and security programs across the organization. OT (Operational Technology) related risks are reflected in the assessment of process safety risks. OMV Petrom recognizes the emergence of AI-related risks and is actively integrating measures within existing security controls to address potential disruptions and vulnerabilities associated with artificial intelligence.

OMV Petrom focuses on assessing the potential vulnerabilities of the Company to climate change (e.g., water deficiency, droughts, floods, landslides), the impact of the Company on the environment and the mitigation actions that will ensure a successful transition to a low-carbon environment (e.g. carbon emission reductions, compliance with new regulatory requirements). The short- and mid-term physical vulnerabilities related to climate change are identified and reported in the EWRM process. Additionally, OMV Petrom has performed a robust climate and vulnerability assessment for most of its main assets to identify the resilience to physical risks related to climate change using the Inter-governmental Panel on Climate Change (IPCC) scenarios corresponding to the time horizon suggested by the EU taxonomy.

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

Moreover, in the context of the energy crisis in Europe, additional regulatory measures such as subsidy schemes, gas and power price caps and over-taxation are being implemented. If energy prices in Europe remain at high levels, there is a risk that further regulatory and fiscal interventions may impact OMV Petrom financials.

Strategic risks

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

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

Strategic risk	Details
Climate change	Climate change risk refers to the risk of not meeting 2030 target ambitions for GHG emissions reduction, further underpinned by the risks regarding the implementation of the strategic low and zero-carbon business projects portfolio, the reduction of emissions of existing operations and assets, in the context of a potentially accelerated transition.
Traditional Business	In E&P, the sustainability focus, climate change targets and the cost management policy put pressure on traditional fossil fuel projects. E&P focus is on high grading of portfolio, Neptun Deep and building new low-carbon business areas (e.g., CCS). In R&M, the sustainability focus and climate change targets put pressure on traditional fuels demand driving R&M business towards transition to a low-carbon environment through developing a sustainable product portfolio and accelerating e-mobility plans.

Regional Gas Growth	The regional gas growth strategic risk in the Black Sea includes the Neptun Deep project and possible future projects in the Black Sea area. Geopolitical and regulatory risks, as well as operational and delivery risks might occur. These risks can trigger a delay or cancellation of exploration and potential developments in the Black Sea and risk of not delivering in time the first gas from Neptun Deep in 2027.
Human Capital and Communities	Human capital risks might arise from a variety of causes and can emerge under the following areas: loss of human capital, low employee engagement, lack of knowledge transfer, industry reputation or unbalanced relation with social partners. Attracting, retaining, and growing talents under the new market conditions while implementing People & Culture strategy ensures the needed employee experience. OMV Petrom acknowledges the significance of local communities where it operates and strives to build collaborative partnerships with them. The company endeavors to align its long-term sustainability/ESG agenda with the immediate needs identified in the communities where it operates.
Political and Regulatory	Potential change in policy following super-electoral year may generate regulatory changes and taxes, but mostly dictated by state budget needs. Separately, the company promotes the need for new legislation relating to low-carbon emissions technologies by engaging with private and public sector stakeholders – in order to generate public acceptance and support for such projects. This also materialized in attracting EU funding and committing resources to new business lines (renewable power, e-mobility, green hydrogen, biofuels and others).

OMV Petrom thoroughly monitors geopolitical developments, including the ongoing Russia-Ukraine conflict and any additional sanctions and countersanctions resulting from it, as well as the conflicts in the Middle East / Red Sea that have raised concerns about regional stability and their potential impact on OMV Petrom's business activities.

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

In addition, disruptions in supply chains, high inflation, and rising interest rates, could lead to a significant deterioration in economic growth, which in turn, could affect demand for OMV Petrom's products.

Climate change risk management

Climate change related risks and opportunities are integrated into OMV Petrom's EWRM process aimed at identifying, assessing, and managing business-related risks. The risks related to climate change might reflect a potential impact of acute or chronic events such as more frequent extreme weather events or systemic changes to our business due to changing legal framework and changing of customer behaviours. The acute risks are analysed for their impact on the Company's three-year financial plan. The effects of chronic risks are evaluated based on a qualitative analysis, taking into account a wider range of uncertainty.

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

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

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

As a supporter of the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD), OMV Petrom acknowledges and responds to climate change-related risks in accordance with TCFD recommendations, as well as the double materiality perspective proposed by the EU Non-Financial Reporting Directive.

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

1.1.9. Estimates of the company's activity

a) Factors which affect or could affect the company's cash position

Outlook for 2024

For the full year 2024, OMV Petrom expects the average Brent oil price to be around USD 80/bbl. We expect the refining margins to be around USD 10/bbl. Also we estimate that in Romania, the demand for retail fuels, gas and power, will be slightly above the 2023 level.

Legislative measures introduced in 2022 for the gas and power markets with regards to prices, margins, storage and contributions remain in place until end-March 2025. Companies that produce and refine crude oil pay a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023; the contribution for 2023 is due for payment at the end of June 2024 and amounts to RON 1.24 bn. A new tax on turnover was introduced as of January 1 (0.5% for OMV Petrom S.A. and OMV Petrom Marketing S.R.L.) with an estimated total annual impact of below RON 250 mn in 2024. The new tax is applicable in 2024-2025.

In the Exploration and Production segment, we expect production to be above 106 kboe/d, considering no divestments. We will continue to focus on the most profitable barrels, through assessing selective fields divestments. We plan investments of around RON 4.7 bn, of which around half for Neptun Deep. The rest will be used mainly for drilling around 40 new wells and sidetracks and for performing up to 500 workovers.

In the Refining and Marketing segment, our refinery utilization rate is estimated to be above 95%, while total refined product sales volumes are forecasted to be higher yoy; retail fuel sales volumes expected to be also higher yoy.

In the Gas and Power segment, total gas sales volumes are estimated to be lower yoy, mainly due to lower supply volumes, while the net electrical output is forecasted to be higher yoy, reflecting a shorter Brazi power plant planned outage.

With regards to our strategic pillar Transition to low and zero carbon, we target to reduce the carbon intensity of our operations by 30% until 2030 vs. 2019.

Investments for 2024

At OMV Petrom Group level, we expect a marginally positive free cash flow before dividends, due to the higher investments. Organic CAPEX is estimated at RON 6.5 bn (2023: RON 4.7 bn), with increased investments dedicated mainly to the Neptun Deep as well as low and zero carbon projects, mostly SAF/HVO, renewables and the charging points network for electrical vehicles (EVs). Additional investments for the announced low and zero carbon M&A transactions would bring total CAPEX to around RON 8 bn. Investments require predictable and stable regulatory and fiscal environment.

With regards to our strategic pillar Grow regional gas, we will progress with our flagship project Neptun Deep. The aim is to finalize awarding of the main contracts, focus on permitting activities, start construction and prepare to spud the first well in 2025. With regards to Han Asparuh offshore Bulgaria, we continue exploration activity, while in the case of Georgia offshore exploration Block II seismic acquisition remains on hold.

At Group level, our plans related to alternative mobility are to accelerate the expansion of the EV charging network in the region with the ambition to reach around 1,000 charging points by year-end, including from the announced M&A transaction. In addition, we plan to progress in developing a renewable power portfolio via partnerships; we expect to close in 2024 the announced M&A transactions, subject to regulatory approvals and we envisage gradually starting electricity production in 2024. For all these projects, we are working on securing EU funds.

In section 1.1.8. are detailed the potential risks that could affect the company's cash position.

The main factors that affected the company's cash flow during 2023 are presented in section 5.

b) Company's investments and other additions

Investments[1)], RON mn	2023	2022	2021
Exploration and Production	2,793	2,632	2,122
Refining and Marketing	1,749	632	510
Gas and Power	57	30	168
Corporate and Other	97	60	17
Total	**4,696**	**3,354**	**2,817**
+/- Other adjustments[2)]	1,327	564	(153)
Additions according to statement of non-current assets (intangible and tangible assets)	**6,023**	**3,918**	**2,664**

1) Include amounts for fixed assets additions, financial investments, advance payments on fixed assets, and excludes increases from reassessment of provisions.
2) Other adjustments includes increases from reassessment of provisions.and excludes financial investments and advance payments on fixed assets

Investments made by OMV Petrom S.A. in 2023 amounted to RON 4,696 mn, higher by 40% compared to 2022.

Investments in Exploration and Production activities (RON 2,793 mn) represented 59% of 2023 total, being 6% higher than in 2022. The increase was mainly due to Neptun Deep project (Final Investment Decision in 2023), partially counterbalanced by lower drilling and workover activities.

Refining and Marketing investments amounted to RON 1,749 mn in 2023. The majority of investments were directed to the Petrobrazi refinery for projects connected with the planned turnaround, coke drums replacement and for ongoing projects such as the new aromatic complex and the new crude oil tank.

Gas and Power investments (RON 57 mn) were higher than in 2022 (RON 30 mn), mostly directed to Brazi power plant planned maintenance.

Corporate and Other investments amounted to RON 97 mn, higher compared to 2022 (RON 60 mn).

c) Factors which significantly affect the income generated by the company's main activity

Operating Result per segments of activity, RON mn	Year ended December 31		
	2023	**2022**	**2021**
Exploration and Production	4,182	3,626	1,689
Refining and Marketing	2,161	4,003	2,310
Gas and Power	1,490	4,682	(307)
Corporate and Others	(168)	(255)	(102)
Consolidation[1]	(256)	(64)	(225)
Total	**7,409**	**11,991**	**3,366**

[1] Consolidation line reflects the elimination of inter-segmental profit

During 2023, in the **Exploration and Production** segment, Operating Result amounted to RON 4,182 mn, compared to RON 3,626 mn in 2022. The operating result reflected lower prices and sales volumes, higher production costs, unfavorable FX and lower E&P taxation. Domestic crude oil and NGL production was 19.96 mn bbl, 5% down compared with 2022. Domestic gas production was 21.42 mn boe, 5% lower compared to the 2022 level. The main factors that impacted production in Romania in 2023 were natural decline, partly counterbalanced by the contribution of workovers and new wells. Production cost in Romania was USD 16.0/boe, 21% higher vs. 2022 in the context of a positive one-off effect related to a tax audit in Q2/22, as well as due to lower production available for sale, increased overall costs, and unfavorable FX in 2023; in RON terms, it increased by 19% to RON 73.0/bbl.

In the **Refining and Marketing** segment, Operating Result decreased to RON 2,161 mn, as compared to

RON 4,003 mn in 2022, as a result of lower refining margins and utilization rate as well as reduced product availability due to the planned turnaround of the refinery. Operating result was also impacted by the net income from consolidated subsidiaries and equity accounted investments in amount of RON 646 mn (2022: RON 661 mn). In 2023, the OMV Petrom indicator refining margin decreased by USD 2.6/bbl to USD 14.0/bbl, as a result of weaker spreads for diesel and jet. The refinery utilization rate decreased to 80% (2022: 95%), reflecting the Q2/23 planned turnaround after five years of operations without major planned shutdowns.

In the **Gas and Power** segment, Operating Result was RON 1,490 mn (2022: RON 4,682 mn), reflecting the operational performance in both gas and power segments, yet impacted by market dynamics and existing regulations, and net temporary losses from from electricity forward contracts. By comparison, the Operating Result from 2022 reflected net temporary gains from electricity forward contracts.

The gas business had a robust performance, achieved in a very challenging market environment, with declining consumption, low market liquidity and significantly lower prices reducing margins. We have achieved a strong performance on our end users portfolio, with higher volumes sold. We have also recorded a good contribution from volumes extracted from storage in Q1/23. However, we have recorded reduced margins from both equity and third party gas, mainly on transactions outside Romania.

On the power business line, the result was built on transactions outside Romania, with good margin opportunities. Lower yoy net electrical output was recorded as the Brazi power plant was in planned outage with the entire capacity from March to beginning of July 2023. Brazi power plant generated a net electrical output of 4.16 TWh (2022: 5.01 TWh).

Operating Result in the **Corporate and Other** segment amounted to RON (168) mn, (2022: RON (255) mn).

2. Tangible Assets of the Company and its affiliates

2.1. The location and the main features of the production equipment owned by the company

OMV Petrom S.A. performs its activities in all the counties of the country, in Bucharest and in the Black Sea continental shelf, but also in Republic of Moldova, Bulgaria, Serbia and Georgia, directly or via its subsidiaries.

Exploration and Production:

At the end of 2023, OMV Petrom operated 152 commercial oil and gas fields in Romania (end-2022: 150), reflecting the addition of Domino and Pelican South offshore gas fields from the Neptun Deep block.

The Company has a significant asset base in its Exploration and Production business, in the form of property, plant and equipment used to exploit the Company's hydrocarbon reserves. This base also includes assets related to oil and gas service business, such as workover, maintenance and logistics activities.

Gas:

Being a marketing business, the Gas segment does not have production equipment or a significant asset base.

Power:

OMV Petrom owns an 860 MW gas fired power plant located in Brazi.

Doljchim:

OMV Petrom continued the activities related to the dismantling process at Doljchim, to prepare the site for future alternative use.

Refining:

OMV Petrom has two refineries: Petrobrazi (in operation) and Arpechim (not operating since 2011). Part of existing assets from former Arpechim refinery are currently used as storage for excisable products (gasoline, diesel, FAME, additives) and for crude oil.

In 2023, OMV Petrom exclusively operated its upstream integrated refinery, Petrobrazi, with a total operational capacity of 4.5 million tons/year.

Retail:

Through its affiliates, OMV Petrom operates 555 retail filling stations in Romania and 225 stations in the neighboring countries of Bulgaria, Serbia and the Republic of Moldova.

Number of retail filling stations per country	2023	2022	2021
Romania	555	555	561
Republic of Moldova	69	69	69
Bulgaria	93	93	94
Serbia	63	63	63
Total	**780**	**780**	**787**

Company's tangible assets, RON mn (Net Book Value)	Balance at 31.12.2023	Balance at 31.12.2022
Land, land rights and buildings, incl. buildings on third-party property	1,091	1,129
Oil and gas assets	20,303	16,126
Plant and machinery	4,692	4,160
Other fixtures and fittings, tools and equipment	247	272
Assets under construction	1,728	1,082
Total tangible assets	**28,061**	**22,768**

2.2. The degree of wear-out for fixed assets

The core items within the Exploration and Production segment are depreciated using the unit of production method, while other tangible and intangible assets are depreciated on a straight-line basis according to estimated useful life, starting with the following month to the put in function date.

The accumulated depreciation and impairments of the tangible assets are presented in the table below:

Company's tangible assets, RON mn (accumulated depreciation and impairments)	Balance at 31.12.2023	Balance at 31.12.2022
Land, land rights and buildings, incl. buildings on third-party property	1,502	1,411
Oil and gas assets	29,288	27,741
Plant and machinery	7,443	7,196
Other fixtures and fittings, tools and equipment	602	516
Assets under construction	10	6
Total accumulated depreciation and impairments for tangible assets	**38,845**	**36,869**

2.3. Potential issues related to ownership rights over the company's tangible assets

Romanian law allows former owners of land and/or buildings which were abusively confiscated by the Romanian State during the communist regime to recover their ownership rights under certain conditions. Although, under laws regarding the restitution of property confiscated during the communist regime, the land which is subject to oil-related activities cannot be restored in kind to its former owner, there are many cases where restitutions in kind have occurred. However, in many such cases, the courts have declared such restitution null and void.

The Company has received notifications regarding the restitution of the assets confiscated by the Romanian State between March 6, 1945 and December 22, 1989, which falls under the incidence of Law no. 10/2001. In total, until December 31, 2023, a number of 1,144 notifications were transmitted to OMV Petrom, out of which:

- 18 notifications were admitted and buildings were restored and 1 notification was issued with proposal of compensations granted under special Law no. 165/2013;
- 1,092 notifications were rejected due to the failure to comply with the requirement of Law no.10/2001;
- 31 notifications were redirected to other entities;
- 2 notifications (2 file cases opened based upon notifications) are currently under analysis.

As per Article 7.2, in conjunction with the provisions of Article 26 of the Methodological Norms for the application of Law no. 10/2001, approved through Government Decision no. 498/2002, the City Halls or the notified Prefectures are under the obligation to identify the owning entity and to direct the notifications to these entities for resolution. At the same time, those who submitted the notifications are informed that the requested asset is not under administration of these entities and also the name of the entity in charge to solve the notification. Due to the fact that up to this date the activity of solving notifications within the City Halls' and Prefectures' Commissions is still in progress, part of the notifications received may be further directed to OMV Petrom.

Apart from that, oil, gas and power activities involve significant hazards. Our assets are subject to risks generally relating to the exploration for and production of oil and gas, including blowouts, fires, equipment failure, tanker accidents, damage or destruction of key assets and other risks that can result in loss of property, caused by a number of natural and man-made acts or disasters such as human error, acts of theft or vandalism, adverse weather conditions, earthquakes or other natural disasters and force majeure events. Offshore operations, in particular, are subject to a wide range of hazards, including capsizing, collision, bad weather and environmental pollution.

Although we maintain insurance as per best international practice in the industry, in certain circumstances, our policies may not indemnify for the incurred damages or financial losses in full due to the absence of Company's legal liability, assumed retentions of loss (including decisions to not insure a risk within the tolerance level) or unacceptable risks for the insurers (exclusions) for which alternative risk mitigations and treatment can be applied either to control the probability of occurrence, consequences, velocity or combination of these.

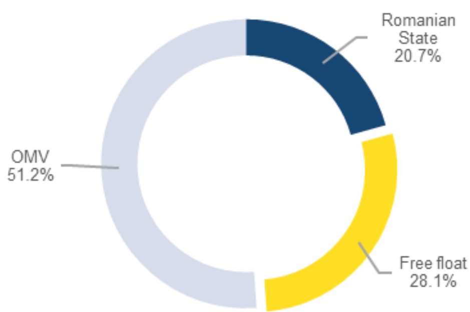
3. The Market of the Securities issued by the Company

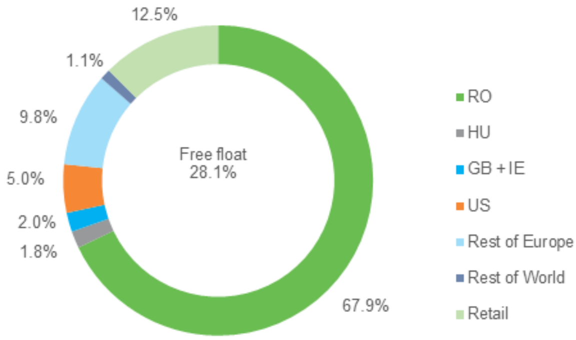
3.1. The markets in Romania and in other countries where the securities issued by the company are traded

Shareholder structure

OMV Petrom's shareholder structure remained relatively unchanged in 2023: 51.2% – OMV Aktiengesellschaft, 20.7% – Romanian State while the remaining 28.1% represented the free float in the form of shares traded within the Premium category of the Bucharest Stock Exchange (BSE). GDRs were also traded within the Standard category on the main market of the London Stock Exchange (LSE) until October 25, 2023 (last trading day).

At the end of 2023, 651 legal entities from Romania and abroad held 87.5% of the free float securities or 24.6% of OMV Petrom total share capital, with the remaining 12.5% of the free float or 3.5% of total capital being held by around 479,000 private individuals, mostly Romanians.





An analysis of our shareholder structure, as at the end of 2023, shows that 67.9% of the free float was held by Romanian institutional shareholders (2022: 65.6%), and 12.5% by retail investors (2022: 12.0%) of which around 97% were Romanians. The remaining free float was held by foreign institutional shareholders, as follows: 5.0% from the USA (2022: 5.1%), 1.8% from Hungary (2022: 2.7%), 2.0% from the UK and Ireland (2022: 2.3%), 9.8% from other European countries (2022: 11.5%), and 1.1% from rest of the world (2022: 0.7%).

Shares

2023 was a year when both the European and the Romanian energy sector recorded lower prices, yet demand for our products, mainly gas and power in Romania remained on a downward trend. The energy markets adjusted to a large extent to the new reality of non-Russian supply sources and were less volatile. In Romania, the regulatory measures implemented in 2022 in the gas and power sector were maintained, while a new solidarity tax on refined crude oil was introduced, which induced some volatility in OMV Petrom share price mainly in the first half of the year.

2023 was quite an eventful year in terms of Strategy 2030 execution, with most notable milestones related to Neptun Deep and some of our low and zero carbon projects, mainly in the renewable power and e-mobility areas. The news on final investment decision related to Neptun Deep announced on June 21 was very long awaited by the market and was followed by the development plan endorsement by the regulator on August 3, and the main execution contracts awardings on August 3 and December 12. These announcements were welcomed by investors, considering the subsequent upward evolution of the share price.

OMV Petrom share ended the last trading session of the year on December 29 at RON 0.5745, 37% higher yoy, outperforming the BET index by 5.0 percentage points. Our share price also significantly **outperformed most of its peers**, both oil and gas majors and regional peers, which appreciated by 9% on average.

The **total shareholder return** including only the record high base dividend of RON 0.0375/share for the 2022 financial year and paid in 2023 was 46%. After including also the special dividend paid in 2023, the total shareholder return was 56%.

After Hidroelectrica's initial public offering (IPO) in mid 2023 OMV Petrom became the second-largest Romanian company listed on the Bucharest Stock Exchange by **market capitalization,** which stood at RON 35.8 bn or EUR 7.2 bn at the end of 2023. This represented around 12% of the total market capitalization of the companies listed on the BSE or around 17% of the capitalization of the BET index.

Chronologically, the year started with a solid share price increase, but from a low base, when markets were reacting to the introduction of the EU solidarity tax in December 2022. Early January, we recorded the **highest daily trading volume** on the Regular market of 62.2 mn shares on the first day of trading, followed by a drop in share price to RON 0.4295 on January 6, marking its **lowest level for the year.**

The announcements on dividend distributions were in line with market expectations. **Technical corrections** on ex-dividend dates were both below the dividend values. On the **ex-base dividend date** of May 12, OMV Petrom (SNP) share price corrected by 5.3% (or RON 0.0264/share), less than the 2022 base dividend per share (DPS) of RON 0.0375. On the **ex-special dividend date** of September 27, SNP share price corrected by 5% (or RON 0.0300/share), again less than the special dividend value of RON 0.0450/share**.**

The **highest share price of the year** of RON 0.6010 was recorded on September 20, likely on trading before ex-special dividend date.

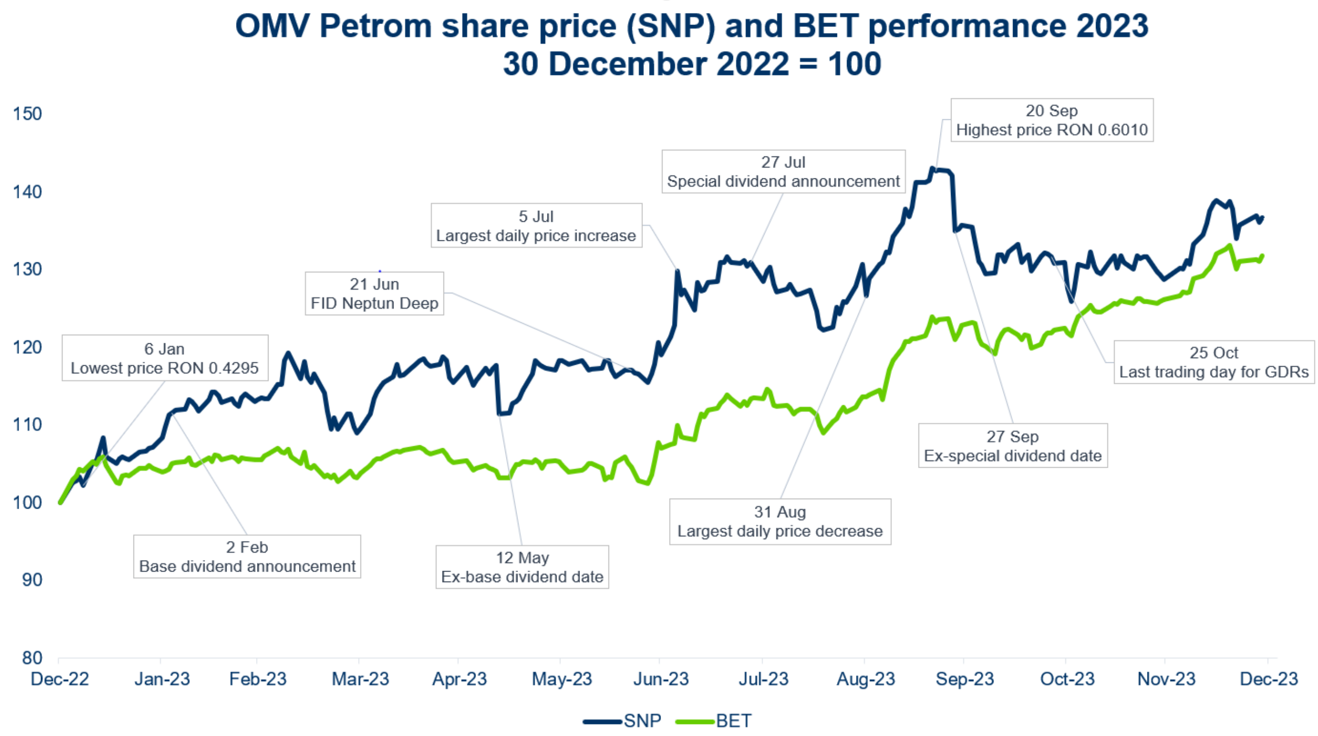
Quarterly results publication, generated mostly neutral reactions among analysts, and the share price evolution reflected this, closing almost unchanged. The exception was on the day of Q3/23 results release, when the share price decreased by 2.5%, partly due to some technical reasons, namely the sale of the supporting shares of the non-converted GDRs in the last days of October, in the context of the GDRs' delisting. This had a positive impact on trading volumes and a negative impact on the share price.

The highest daily share price appreciation of 5.7% was recorded on July 5. Conversely, the **highest daily share price depreciation** of 3.1% was recorded on August 31, to a large extent in relation to MSCI indices rebalancing moves by major international investment funds.

In 2023, the **average share price** for trades on the Regular market was RON 0.5147, 11% higher than the 2022 figure of RON 0.4637, significantly outperforming the 18% yoy decrease of the average Brent oil price, mostly due to natural hedge derived from our vertical business integration.

The **average daily traded volume**, including Deal trades, was 12.9 mn shares, down 9 % yoy (2022: 14.2 mn). The **average daily traded value** was RON 6.68 mn, up 2% yoy. The 2023 average daily traded value in EUR terms was EUR 1.35 mn.

OMV Petrom shares were maintained in the FTSE indices at the March and September 2023 reviews. **We have exceeded the FTSE threshold** of around 7 mn shares traded in ten out of twelve months of 2023.



The domestic indices evolution also exhibited lower volatility and upward trends. The **BET index** (representing the 20 most liquid blue-chip stocks listed on the BSE) closed the year 32% above the end-2022 value. **BET-TR (total return BET)** appreciated by 40% yoy in 2023. The **BET-NG index** (comprising stocks in the energy and utilities sectors), in which OMV Petrom has a weight of around 30%, performed in line with the main local index, and increased by 31% yoy. **The BET-BK index** (designed as a benchmark for asset managers and institutional investors) also increased by 31% yoy.

The Bucharest Stock Exchange benefited in 2023 of a new listing, namely Hidroelectrica's initial public offering (IPO), which increased investors' focus on and their interest in local market.

Global and European equities recovered during 2023 from their deep losses in 2022, yet in the context of new crises emerging on top of the ongoing Russia-Ukraine conflict, such as the banking crisis in March (in US and Swizerland) and rising Middle East tensions starting October. A persistently weak Chinese economy was partly offset by the resiliency of the US economy, while discussions on interest rates hikes by the major central banks and OPEC+ actions throughout the year impacted market sentiment as to prospects of oil demand/supply balance. Oil and gas sector specific indices underperformed, reflecting weaker results of constituent companies after the outperformance in the previous year, when their results were outstanding. Nevertheless, they outperformed the Brent oil price (STOXX Europe 600/Oil & Gas closed 3.4% higher yoy, while STOXX Europe 600 increased by 12.7% yoy). DAX index increased by 20.3% yoy, FTSE 100 increased by 3.8% yoy, while Dow Jones Industrial average index increased by 13.7% yoy.

OMV Petrom S.A. share symbols

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

OMV Petrom shares - at a glance

	2023	2022	Δ (%)
Number of shares (mn)	62,311.7	62,311.7	0
Market capitalization (RON mn)[1]	35,798	26,171	37
Market capitalization (EUR mn)[1]	7,196	5,290	36
Year's high (RON)	0.6010	0.5300	13
Year's low (RON)	0.4295	0.3960	8
Year end (RON)	0.5745	0.4200	37
EPS (RON)	0.0647	0.1684	(62)
Total dividend per share (RON)	0.0413	0.0825[3]	n.a.
Thereof base dividend per share (RON)	0.0413[2]	0.0375	10
Dividend yield (%)[4]	7.2	19.6	(63)
Payout ratio (%)[5]	64	50	28

[1] Calculated based on the closing share prices and RON/EUR exchange rates as of the last trading day of the respective year;
[2] Dividend subject to GMS approval on April 24, 2024; it refers to base dividend only;
[3] The 2022 value includes RON 0.0375/share base dividend for 2022 and RON 0.0450/share special dividend declared and paid in 2023; a special dividend is also planned to be announced in 2024;
[4] Calculated based on the closing share prices as of the last trading day of the respective year; figure for 2022 includes also the special dividend declared and paid in 2023;
[5] Computed based on the Group's net profit attributable to stockholders of the parent; figure for 2022 includes also the special dividend declared and paid in 2023.

Global Depositary Receipts (GDR)

Following OMV Petrom shareholders' decision, the GDRs were delisted from the main market of the London Stock Exchange. The **GDR price on the last trading day** on October 25, 2023 was USD 18.4, translating into a 28.7% yoy increase. In 2023, the GDR price was mostly on an upward trend, ranging between a USD 18.4 **high** (first reached on October 18) and a USD 14.2 **low** (first reached on January 11).

In total, 3,527 GDRs were traded in 2023 (2022: 19,821), while the **daily average number of GDRs traded** was 17 (2022: 80).

The **highest monthly trading volume and value** were reached in August (1,903 GDRs worth of USD 34,635). **The total value of GDRs traded** in 2023 was USD 0.06 mn (2022: USD 0.32 mn).

OMV Petrom S.A. GDR symbols

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

Own shares

At the end of 2023, OMV Petrom S.A. held a total number of 204,776 own shares without voting rights (suspended voting right shares), representing 0.0003% of total share capital. In 2023, OMV Petrom did not buy back or cancel any Treasury shares.

Investor Relations activities

During 2023, the company's top management and the Investor Relations (IR) team had an active presence on the local and foreign capital markets, by attending brokers' conferences and organizing calls for analysts and investors, as well as non-deal road shows. Such interactions provided the opportunity to regularly update investors and analysts on the Strategy 2030 execution and our quarterly operational and financial performance, as well as on the company's response to challenges posed by energy prices volatility and the changes of the local sector specific regulatory and fiscal environment.

In 2023, we attended eleven events, of which four non-deal road shows and seven brokers' conferences. A number of six events benefited from some of our top management presence, whereas five were at IR level only. During these events, the total number of one-on-one and group meetings with investors increased to around 100. We met investment funds from Romania, UK, US, France, Germany, Italy, Belgium, Estonia, Sweden, Austria, Czech Republic, Slovakia, Poland, Greece, Hungary, Malta, Croatia, Slovenia and New Zealand.

During 2023, the number of interactions with focus on ESG (Environmental, Social and Governance) topics increased. More specifically, we received questions around the impact of Europe's sector specific regulations on our sustainability strategy, low and zero carbon capital expenditure plans and long-term business sustainability in the context of increased European push for less use of fossil fuels.

The main tool via which we update capital markets is the quarterly reporting package, which provides a comprehensive resource for analysts and investors. This includes, among others, the **Trading Update of Key Performance Indicators (KPIs),** which provides early guidance on OMV Petrom's key trends for the quarter, the **Quarterly report**, the **Factsheet,** a **conference call with analysts and investors, the related presentation with speech** and **Data supplement** file, as well as the transcript of the **Questions and Answers** session during quarterly conference calls, all published on the company's website, www.omvpetrom.com.

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

Analyst coverage of OMV Petrom shares

At the end of 2023, **OMV Petrom stock was covered by eleven analysts** (2022: ten), of whom five (or 45%) had "Buy" or equivalent ratings (end of 2022: 90%) and six (or 55%) had a "Hold" or equivalent rating (end-2022: 10%). Unchanged since 2021, our shares have got no "Sell" rating. One analyst initiated coverage (IPOPEMA), while some brokerage houses have changed analysts, and one of them thus put our stock under review (Concorde Securities). **The average target price (TP) was RON 0.623,** translating into a **8.5% upside potential** compared to the share price of RON 0.5745 on the last day of trading in the year. This compares to an average TP of RON 0.661 as at end-2022 (unadjusted)**.**

Dividends

The Supervisory Board has approved the Executive Board's proposal to the Ordinary GMS to distribute a gross base dividend per share of RON 0.0413 for the year 2023, which is at the high end of the 5-10% range stated in the dividend guidance. This translates into a total cash outflow of RON 2,573 mn, a payout ratio of 64% of the Group's 2023 net profit attributable to stockholders of the parent (2022: 50%[1]), or 59% of the Group's 2023 free cash flow (2022: 62%). The 2023 base dividend proposal is subject to the approval of the forthcoming Ordinary GMS on April 24, 2024.

The Executive Board also announced the intention to propose in 2024 the distribution of a special dividend. The potential distribution of special dividends would be subject to the approval of a future Ordinary General Meeting of Shareholders.

3.2. Description of the company's dividend policy for the last 3 years

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

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

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

Related to year	2023	2022	2021
Dividends allocated, RON mn	2,573.46[1]	5,140.70[2]	4,480.53[3]

[1]Subject to GMS approval;

[2] Includes RON 0.0375/share base dividend for 2022 and RON 0.0450/share special dividend declared and paid in 2023.

[3] Includes RON 0.0341/share base dividend for 2021 and RON 0.0450/share special dividend declared and paid in 2022.

[1] Calculated including RON 0.0375/share base dividend for 2022 and RON 0.0450/share special dividend declared and paid in 2023.

On March 17, 2022, the Supervisory Board approved the Executive Board's proposal to distribute base dividends of RON 0.0341 per share. The dividend proposal was approved by the Ordinary General Meeting of Shareholders, on April 27, 2022. The payment of the dividends started on June 6, 2022.

On June 21, 2022, the Supervisory Board approved the Executive Board's proposal to distribute special dividends of RON 0.0450 per share. The special dividend proposal led to a total dividend/share distributed in 2022 of RON 0.0791 (including the RON 0.0341 base dividend approved by the ordinary meeting of shareholders on April 27), resulting in a payout ratio of 156%, based on the Group's 2021 net profit attributable to stockholders of the parent. The special dividend proposal was approved by the Ordinary General Meeting of Shareholders, on July 26, 2022. The payment of the dividends started on September 2, 2022.

On March 16, 2023, the Supervisory Board approved the Executive Board's proposal to distribute base dividends of RON 0.0375 per share. The dividend proposal was approved by the Ordinary General Meeting of Shareholders, on April 26, 2023. The payment of the dividends started on June 7, 2023.

On July 28, 2023, the Supervisory Board approved the Executive Board's proposal to distribute special dividends of RON 0.0450 per share. The special dividend proposal led to a total dividend/share distributed in 2023 of RON 0.0825 (including the RON 0.0375 base dividend approved by the ordinary meeting of shareholders on April 26), resulting in a payout ratio of 50%, based on the Group's 2022 net profit attributable to stockholders of the parent. The special dividend proposal was approved by the Ordinary General Meeting of Shareholders, on September 12, 2023. The payment of the dividends started on October 19, 2023.

On March 15, 2024, the Supervisory Board approved the Executive Board's proposal to distribute base dividends of RON 0.0413 per share, resulting in a payout ratio of 64%, based on the Group's 2023 net profit attributable to stockholders of the parent. The dividend proposal is subject to approval by the Ordinary General Meeting of Shareholders, on April 24, 2024. In addition, a special dividend is planned to be announced in 2024.

3.3. Description of any activity involving the company's purchasing its own shares

As at year-end 2023, OMV Petrom held a total of 204,776 own shares, representing 0.0003% of issued share capital.

In 2023 OMV Petrom did not buy back or cancel any of its own shares.

3.4. Where the company owns subsidiaries, mention of the number and the nominal value of the shares issued by the parent company and held by the branches

OMV Petrom has subsidiaries, but none of them owns shares issued by the parent Company.

3.5. Where the company has issued bonds and /or other debt securities, presentation of the way in which the company fulfilled its obligations towards the holders of such securities

Not applicable.

4. Company administration

Corporate governance report

The Company has always conferred great importance upon the principles of good corporate governance, considering corporate governance a key element underpinning the sustainable growth of the business and also the enhancement of long-term value creation for its shareholders. To remain competitive in a challenging environment, especially during recent times when the focus on environmental, social and corporate governance (ESG) elements increased significantly, OMV Petrom constantly develops and updates its corporate governance practices, so that it can meet new demands and also current and future opportunities.

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

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

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

Bucharest Stock Exchange Corporate Governance Code

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

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

General Meeting of Shareholders (GMS)

GMS organization

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

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

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

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

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

The Company promotes the participation of its shareholders in the GMS. The shareholders duly registered in the shareholders' register at the reference date may attend the GMS in person or by representation, based on a general or special proxy.

Shareholders may vote by correspondence, prior to the GMS. Also, the shareholers may vote by electronic means prior to the GMS via eVOTE online platform, in accordance with the provisions of art. 197 of Regulation no. 5/2018, if such voting method is indicated in the convening notice for the respective GMS.

The Company makes available at the headquarters and/ or on the Company's website templates of such proxies and voting bulletins for votes by correspondence.

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

GMS main duties and powers

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

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

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

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

Shareholders' rights

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

Shareholders have, among other rights provided under the Company's Articles of Association and the laws and regulations currently in force, the right to obtain information about the Company's activity, regarding the exercise of voting rights and the voting results in the GMS.

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

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

Supervisory Board

Supervisory Board members

According to the Articles of Association, the Supervisory Board consists of nine members, one position being vacant at the date of this report. The Supervisory Board members were appointed by the Ordinary GMS, in accordance with the provisions of Company Law and the Articles of Association.. The Supervisory Board's current mandate started on April 28, 2021 and expires on April 28, 2025.

At the beginning of 2023, the Supervisory Board consisted of the following members: Alfred Stern (President), Martijn van Koten (Deputy President), Reinhard Florey – interim member, Daniel Turnheim Katja Tautscher – interim member, Jochen Weise, Niculae Havrileț, Răzvan-Eugen Nicolescu and Marius Ştefan. During 2023, there was a change in the membership of the Supervisory Board. Thus, following Daniel Turnheim's waiver of his mandate as member of the Supervisory Board, Berislav Gaso was appointed as interim member of the Supervisory Board, as of March 17, 2023 and until the next GMS.

The Ordinary GMS held on April 26, 2023 approved the appointment of Reinhard Florey, Katja Tautscher and Berislav Gaso as permanent members of the Supervisory Board.

Therefore, at the end of 2023, the Supervisory Board had the following composition: Alfred Stern (President), Martijn van Koten (Deputy President), Reinhard Florey, Berislav Gaso, Katja Tautscher, Jochen Weise, Niculae Havrileț, Răzvan Eugen Nicolescu and Marius Ştefan. Starting February 12, 2024, Niculae Havrilet waived his mandate as member of the Supervisory Board of OMV Petrom, thus his seat becoming vacant.

Therefore, at the date of this report, the Supervisory Board had the following composition: Alfred Stern (President), Martijn van Koten (Deputy President), Reinhard Florey, Berislav Gaso, Katja Tautscher, Jochen Weise, Răzvan-Eugen Nicolescu and Marius Ştefan.

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

Main duties and powers of the Supervisory Board

The Supervisory Board has the following main powers:

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

Details on the Supervisory Board works and activities in 2023, as well as the results of the Supervisory Board self-evaluation are included in the Supervisory Board Report.

Supervisory Board functioning

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

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

Special committees

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

Audit Committee

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

At the beginning of 2023, the Audit Committe had the following five members: Jochen Weise (President – independent), Reinhard Florey (Deputy President), Niculae Havrileţ (member), Răzvan Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent). During 2023, there was no change in the membership of the Audit Committee.

Therefore, at the end of 2023, the Audit Commitee had the same composition as mentioned above.

Following the waiver of his mandate as a member of the Supervisory Board of OMV Petrom, Niculae Havrileț ceased to hold the position as a member of the Audit Committee of OMV Petrom starting February 12, 2024, thus his seat becoming vacant.

Therefore, at the date of this report, the Audit Commitee has the following composition: Jochen Weise (President – independent), Reinhard Florey (Deputy President), Răzvan Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent).

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

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

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

Details on the Audit Committee works and activities in 2023 are included in the Supervisory Board Report.

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

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

The decisions of the Audit Committee shall be taken by unanimous consensus of all members of the Audit Committee. In case unanimous consensus cannot be reached with respect to a specific item on the agenda, that item will be resolved upon by the Supervisory Board without the consultative opinion of the Audit Committee.

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

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

At the beginning of 2023, the Presidential and Nomination Committee was composed of: Alfred Stern (President), Martjin van Koten (Deputy President), Răzvan-Eugen Nicolescu (member – independent) and Marius Ştefan (member – independent). During 2023, there was no change in the membership of the Presidential and Nomination Committee.

Therefore, at the end of 2023, as well as at the date of this report, the Presidential and Nomination Committee has the same composition as mentioned above.

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

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

Presidential and Nomination Committee functioning
The Presidential and Nomination Committee meets on a regular basis, at least once per year, and on an extraordinary basis if required. The Presidential and Nomination Committee's meetings are chaired by the

President or, in his/her absence, by the Deputy or by another member, by virtue of a mandate from the President.

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

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

Presidential and Nomination Committee works

In 2023, the Presidential and Nomination Committee met two times, one meeting being organized virtually and one in person. All members of the Presidential and Nomination Committee attended all the meetings of the Presidential and Nomination Committee in 2023. Therefore, the participation rate was 100%. Moreover, the Presidential and Nomination Committee submitted its approval in writing by circulation, without an actual meeting being held, on one other occasion.

Executive Board

Executive Board members

The Executive Board of the Company comprises five members, appointed by the Supervisory Board for a mandate of four years ending on April 16, 2027.

At the beginning of 2023, the Executive Board was composed of the following members: Christina Verchere (CEO and President), Alina Gabriela Popa (CFO and member), Hans Christopher Veit (member in charge of Exploration & Production activity), Radu Sorin Căprău (member in charge of Refining & Marketing Oil activity) and Franck Neel (member in charge of Gas & Power activity).

On February 23, 2023, the Supervisory Board reappointed the following members of the Executive Board of OMV Petrom for a four-year mandate starting April 17, 2023 until April 16, 2027: Christina Verchere as CEO and President of the Executive Board, Alina Gabriela Popa as CFO and member of the Executive Board, Radu Sorin Căprău as Executive Board member responsible for Refining & Marketing activity and Franck Albert Neel as Executive Board member responsible for Gas & Power activity. Moreover, during the same meeting, the Supervisory Board approved the appointment of Cristian Hubati as new Executive Board member responsible for Exploration & Production activity for a four-year mandate starting April 17, 2023 until April 16, 2027, following the expiry on April 16, 2023 of the mandate as Executive Board member of Hans Christopher Veit.

Main duties and powers of the Executive Board

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

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

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

Moreover, the Executive Board ensures that the provisions of the relevant capital markets legislation are complied with and implemented by the Company.

Likewise, the Executive Board ensures the implementation and operation of accounting, risk management and internal controlling systems which meet the requirements of the Company.

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

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

Executive Board functioning

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

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

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

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

In 2023, the Executive Board met 54 times, either in person or by video conference and passed resolutions by circulation on 8 other occasions in order to approve all matters requiring its approval in accordance with the Articles of Association and the Company's internal regulations, as well as to allow the members of the Executive Board to discuss all significant matters concerning the Company and to inform each other about all relevant issues of their activity.

Diversity, Equity & Inclusion and Employee Development

The continuous involvement of Executive Board Members in a series of internal and external events and programs emphasizes the focus on DE&I of our Senior Management as well as strong commitment towards an inclusive and equitable organization.

In 2023 we continued our DE&I journey towards creating an inclusive diverse and equitable workplace. We mobilized our internal teams to create and implement impactful initiatives.

Our DE&I Vision encompasses three pillars:

- **Diversity of thought and experience**, thus our aim is to become an organization where our difference(s) are embraced and used as a catalyst for growth and creativity.
- **Equitable opportunity** – our actions are targeted towards actively removing barriers so that each one of us will grow and contribute to the success of our company.
- To **ensure an inclusive and safe space**, through building a culture of trust and respect, working together for everyone to bring their full selves at work.

Moreover, we undertook the following key actions that strengthened the DE&I in OMV Petrom: Creating a DE&I Committee in OMV Petrom that is cross divisional and acts on a voluntary basis to design, deliver and measure the effectiveness of all implemented activities. This Committee focuses on four priority areas: Gender, Parents, Disabilities and Generations.

DE&I Events 2023:

- **Gender**: Through the Group DE&I Program, we dedicated an entire week in March 2023 to celebrating the women of our company with the theme #EmbraceEquity. This involved workshops, blog articles, and events aimed predominantly at our female employees and designed to foster awareness about equity. Among these events, we hosted an external keynote speaker to address the topic of "Self-value versus market value", as well as "Career development for women". We also held a special virtual event inviting our female leaders, guided by our female Executive Board members to discuss diversity topics. Alongside these activities, we run an internal communication campaign dedicated to “Embrace Equity”.

- **Parents**:
  - In June, we hosted an event titled "Eco Friendly for Kids and Parents" which gathered around 60 participants. It tackled environmental sustainability and offered useful advice on improving our environmental stewardship, within a lively interactive workshop.
  - In December 2023 we continued our annual tradition, "Bring Your Kids to Work…to Celebrate Christmas", with its second physical event for parents and children. More than 150 children who attended had the opportunity to learn more about the Oil & Gas Industry and got to spend quality time with their parents before Christmas.
  - Additionally, we compiled a comprehensive "New Parents Training", designed to assist new parents navigate the administrative elements of childbirth and their subsequent return to work. This will be introduced in 2024.

- Our **Disabilities** stream, consisting of a multi-disciplinary team of professionals, acted to create awareness and establish an inclusive space for our colleagues with disabilities. In October 2023, they organized an event aimed at promoting the significance of inclusivity for individuals with disabilities. With the occasion of the event, Disability stream launched their first resource, a Guide for Employees and Managers. This guide comprises general information about disabilities, a related toolkit for assistance as well as recommended behavior when interacting with a disabled person. A dedicated digital space for addressing Disability matters was also created and made available in conjunction with this Guide.
- **Generations**: A communication campaign and contest for all generations working together in OMV Petrom was very well received by our employees. We are continuously working to identify the most relevant way to transfer the knowledge between the generations.

DE&I Programs&Learning:

- During the **OMV Petrom Excellence Scholarship** program's 4th edition in 2022-2023, we provided private scholarships to 77 students interested in the energy industry, which were mentored by 57 professionals in developing projects. We also make it a priority to balance gender in our programs and support women seeking to advance in technical fields, 48% of our program participants being female students.
- In 2023, we held the second edition of **"Her Energy Academy".** This Mentoring and Personal Branding program, jointly run by OMV Petrom and a partnering NGO, engages 20 young women with soft-skills training, facilitating their path to a successful career in the energy industry. For six months, the students took part in workshops, seminars, and visits to Petrobrazi Refinery and Petrom City, focusing on areas such as self-awareness, employability, personal branding, and critical thinking. They were also mentored by 20 accomplished female leaders across OMV Petrom, who offered individual advice, encouragement, the chance to cultivate close connections and shared their real-world experiences to help shape their careers.
- **Open4U** – In 2023, we had our 11th edition of the "Open4U" internship program that welcomed 100 students from diverse academic backgrounds (technical, IT, economic, socio-humanistic) for a learning journey across multiple divisions, each mentored individually. Primarily for top undergraduate and MA students, our program connects the younger generation with OMV Petrom colleagues, providing them a platform to kickstart their careers with the assistance of our experts during a two-month internship. Interns have the opportunity to dive into the specifics of the energy industry, gain exposure to our business environment, and work alongside outstanding teams. The "Open4U" internship program started in 2012 and, to date, has seen participation from over 900 enthusiastic students, who shared their passion and desire for learning with us.

OMV Petrom is an associate and subscriber of Diversity Charter in Romania since 2017.

The Diversity Charter is one of the most efficient recognition tools that helps enhancing the diversity and equality of chances through a series of general principles that are voluntarily adhered to by all its subscribers, with the scope of promoting diversity, non-discrimination, inclusion and the equality of chances at the working place.

OMV Petrom is dedicated to developing its employees' capabilities. For this, we offer both development opportunities through various learning activities and programs and participation in interdisciplinary and cross functions and countries projects as part of OMV Group.

In 2022 we started, and we will continue over the next 2 years, to adjust our current learning and development curricula to the new strategy of the Group and embedding the new values, competencies and new ways of working and leading.

Intense efforts have been made to identify development needs and adapt skills to support the implementation of business projects in the area of sustainability and circular economy, preparing the launch of **Sustainability Academy**, together with a consistent technical offering beginning of 2023.

The most talented employees set out on a development journey to enhance their knowledge on strategic sustainability current business approachs and grow as transformational leaders. 6 Petrom leaders participated in **Leading Ahead**, a new talent Group program, designed together with a top ranked business school in Executive Education.

Grow – one of the most impactful culture change program through developing essential leadership skills and then by securing the right habits – was cascaded to the next level of management (L3), affecting approximately 400 leaders and their direct reports approximately 3,000 persons.

Approximately 200 L3, L4 and L5 managers were part of the **Leadership Communication** program, this contributing to the development and improvement of leadership skills at organizational level.

And as we are determined to promote a culture of continuous learning, we monitor the number of employee training hours, which increased this year, up to an average of 33 hours per employee.

Women's advancement

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

OMV Petrom strives for diverse teams and thus, aims to increase the percentage of women at senior management levels (including female executives and women in advanced management career level) to 32% by 2025. The Company supports this through a number of initiatives such as mentoring, succession planning, and specific programs. Additional information will be available in the 2023 Sustainability Report.

During 2023, OMV Petrom had three women in its management bodies: Christina Verchere, the CEO and President of the Executive Board, Alina Gabriela Popa, CFO and member of the Executive Board and Katja Tautcher, member of the Supervisory Board of OMV Petrom.

Moreover, at the end of 2023, the percentage of women at senior management levels (including female executives and women in advanced management career level) was 31.6%.

The percentage of women at all management levels was 30.1%.

The proportion of women in the OMV Petrom Group as a whole was 27.2% at year-end 2023.

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

Principles of Remuneration Policy

OMV Petrom targets to reach a market position with compensation levels designed to be competitive in the respective labour markets, ideally in reference to the oil and gas sector, in order to attract, motivate and retain the best qualified talents. This enables us to have a rewarding offer in place, which attracts, motivates and retains those people who are OMV Petrom's competitive advantage and a vital factor for OMV Petrom's sustainable success.

OMV Petrom's remuneration principles are targeting more than just being compliant with the legislation. The Company places people at the core of its business, being one of the main pillars of the Company's success. When setting up our reward structures and individual compensation packages, we always pay attention to internal equity.

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

The Remuneration Policy is aligned with OMV Petrom's long-term strategy, current market practice, as well as OMV Petrom's shareholders' views and interests. It follows OMV Petrom's core principle of pay according to performance. The current Remuneration Policy is available on the corporate website www.omvpetrom.com in the About Us section, Management & Corporate Governance sub-section.

Remuneration of the Executive Board and Supervisory Board members

The application of the Remuneration Policy and the performance outcomes for the financial year 2023 are presented in the 2023 Remuneration Report for OMV Petrom's Executive Board and Supervisory Board, that will be submitted for consultative vote in the Ordinary GMS on April 24, 2024.

Remuneration of other staff

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

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

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

Internal control

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

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

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

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

Element	Description
Internal control environment	The existence of a control environment forms the basis for an effective internal control system. Group-wide values and principles (e.g. business ethics) and organizational measures (e.g. clear assignment of responsibility and authority, signature rules, and segregation of duties) are defined and adhered to within this system.

Assessment of process and compliance risks	Generally, all business, management and support processes are included in the scope of the internal control system. They are assessed to identify risky and critical activities, as well as process and compliance risk.
Risk mitigation via control activities	Control activities and measures (e.g. segregation of duties, checks, approvals, IT access rights) are defined, implemented and performed to mitigate significant process and compliance risks.
Documentation and information	Documentation includes central databases with defined controls accessible for all relevant stakeholders. Periodic information is provided to management and governing bodies in respect of internal control system status update (spot checks performed, self assessments, etc.)
Monitoring and audit	Management and the Internal Audit department evaluate the effective implementation of the internal control system.

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

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

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

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

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

In accordance with Chapter 8 of the Ministry of Public Finance Order no. 2844/2016 for approval of Accounting Regulations according to International Financial Reporting Standards, with all subsequent additions and modifications, transposing Chapter 10 of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council, OMV Petrom management prepared a consolidated report on payments to governments for the year 2023. This report will be published together with the consolidated financial statements of OMV Petrom for the year ended December 31, 2023.

4.1. Presentation of the company's administrators and the following information for each administrator:

a) CV (family name, first name, age, skills, professional expertise, position and length of employment)

As at January 1, 2024, the Supervisory Board of OMV Petrom consisted of nine members, elected for a four-year mandate between April 28, 2021 and until April 28, 2025, as follows:

Name	Age (years)	Position	Other information
Alfred Stern	59	President of the Supervisory Board As of 1 September 2021	Effective September 2021, Alfred Stern is the Chairman of the Executive Board and the CEO of OMV. Between April and August 2021, he was OMV Executive Board Member for Chemicals & Materials. Alfred Stern has been the CEO of Borealis since 2018, and since 2012 a member of the Borealis Executive Board for Polyolefins and Innovation & Technology. Alfred Stern joined Borealis as Senior Vice President Innovation & Technology in 2008, coming from E.I. DuPont de Nemours, where he held several leadership positions in the areas of research and development, sales and marketing, and quality and business management in Switzerland, Germany and the United States. In his last assignment, he was Global Business Manager of a business unit in Engineering Polymers in the United States. He holds a PhD in material science and a Master's Degree in polymer engineering and science, both from the University of Leoben in Austria. Alfred Stern has been awarded, among others, the H.F. Mark Medal, the DuPont Award for a new product patent and a Prize of Honour from the Austrian Ministry of Science and Research. Alfred Stern is an Austrian citizen, he is married and has two children.
Martijn van Koten	54	Member As of 1 August 2021 Deputy President As of 1 January 2023	Martijn van Koten was born in the Netherlands, where he studied Chemical Engineering at Delft University of Technology. He began his professional career at Shell in 1994, taking on several management and technical positions in the refining and downstream business in the UK, Germany and the Netherlands. Starting 2004, Martijn van Koten assumed Manufacturing Site General Manager positions at Shell in Sweden and Singapore, before becoming Vice President Manufacturing East & Middle East in Singapore in 2009 and Vice President Supply & Distribution Americas in the United States in 2013. In 2013, Martijn van Koten joined Borealis as Executive Board Member Operations, HSE & PTS in Austria. From 2018 to June 2021, he was Borealis Executive Board Member Base Chemicals & Operations in Austria. Martijn van Koten is a member of the OMV Board of Directors since July 1, 2021, being responsible for the division Refining. Since January 1, 2023, he is responsible for the division Fuels & Feedstock. He is married and has two daughters.
Reinhard Florey	59	Member As of 1 November 2022	Reinhard Florey graduated in mechanical engineering and economics from Graz University of Technology while also completing his music studies at the Graz University of Fine Arts.

Name	Age (years)	Position	Other information
			He started his career in corporate consulting and strategy consulting. From 2002 to 2012 he worked in different Senior Management and CFO positions worldwide for Thyssen Krupp. His most recent post was as CFO and deputy CEO of Outukumpu. Since July 1, 2016 Reinhard Florey has been the CFO of OMV Aktiengesellschaft.
Berislav Gaso	50	Member As of March 17, 2023	Berislav Gaso holds a master's degree in Mechanical Engineering from the Technical University of Munich, Germany, and a PhD in Business Administration from the University of St. Gallen, Switzerland. Berislav Gaso has held various management positions in the MOL Group after working as a junior partner at McKinsey & Company. Most recently, he was Executive Vice President in charge of MOL Group's Exploration & Production Division. On March 1, 2023, Berislav Gaso assumed his role as a member of the Executive Board of OMV Aktiengesellschaft, where he is responsible for the Energy Division.
Katja Tautscher	52	Member As of 1 January 2023	Katja Tautscher graduated in law (Magister iuris) from University of Vienna, Law Faculty, Vienna, Austria and holds an executive MBA from INSEAD. She is member of the Austrian Bar Association since 2001 and admitted as a solicitor in England and Wales since 2005. From 1996 to 2006 she worked in different positions in prestigious law firms such as Clifford Chance (Düsseldorf), Allen & Overy (London, UK), Wolf Theiss (Vienna, Austria & Ljubljana, Slovenia). Her most recent position was as Chief Legal and Compliance Officer of Borealis AG, Vienna, Austria and since June 2022, Katja Tautscher became the SVP General Counsel of OMV Group.
Niculae Havrileţ	67	Member As of 3 March 2020 and waived his mandate as of 12 February 2024	Niculae Havrileț graduated the Technical University Cluj Napoca, Faculty of Mechanical Engineering – Technologies. Niculae Havrileț has 40 years of experience in electricity and natural gas sectors, including over 25 years of experience in various leading positions. Moreover, Niculae Havrileț holds large experience in central public administration. From June 2012 to October 2017, he was the President of the National Energy Regulatory Authority (ANRE), including member of the Regulatory Authorities Council within the Agency for the Cooperation of Energy Regulators (ACER) and member of the General Meeting of the Council of European Energy Regulators (CEER). From February 2018 to November 2019, he acted as a personal advisor to the Minister of Energy for issuing the National Energy Strategy for 2016-2030 up to 2050. Between December 2019 and until September 2021, Niculae Havrileț was state secretary within the Ministry of Economy, while between September 2021 and March 2022, he was the General Manager of Distribuție Energie Electrică Romania S.A. Starting June 2021, he is the Vicepresident of Romania Energy Center. In 2000, he has received the "Order of the Star of Romania" Knight.
Răzvan-Eugen Nicolescu	46	Member – independent[1] As of 28 April 2021	Răzvan-Eugen Nicolescu graduated from the Power Engineering Faculty of Politehnica University of Bucharest. He also completed various economic studies, being a graduate of the MBA program of Solvay Brussels School of– Economics and Management, as well as of an executive course on corporate governance at

Name	Age (years)	Position	Other information
			Harvard Business School. Răzvan-Eugen Nicolescu is a recognized specialist in the energy field, with a solid experience in both private and public sector. He was Director for Regulatory and Public Affairs of OMV Petrom S.A. between 2008-2014, Chairman and Vice-chairman of the European Union Agency for the Cooperation of Energy Regulators (ACER) between 2010-2016, as well as Minister of Energy in Romania in 2014, without being a member of any political party. Between February 2015 and April 2021, Răzvan-Eugen Nicolescu has been Partner – Energy Resources and Sustainability Industry Leader of Deloitte Central Europe. Since May 2021, he has been member of the Governing Board of the EIT – European Institute for Innovation and Technology, being appointed by the European Comission.
Marius Ștefan	47	Member – independent[1] As of 28 April 2021	Marius Ștefan graduated the Bucharest Academy of Economic Studies (ASE), the Faculty of International Business and Economics (REI), and has a master in Management at the National University of Political Studies and Public Administration (SNSPA), a master in Business Administration (MBA) in Strategy at Robert H. Smith School of Business at the University of Maryland. He attended various executive education programs at Harvard Business School, Stanford GSB, London Business School, INSEAD and IMD. Marius Ștefan is the co-founder and the CEO of Autonom, the largest mobility network in Romania and he has been involved in the development of various local businesses. Marius Ștefan has over 25 years of experience in various leading positions and has a large expertise in business and financial strategy. He is the Chairman of the Board of Directors of Endeavor Romania, the world's leading community of high-impact entrepreneurs, Vice Chairman of the Board of Romanian Business Leaders, and serves as a board member of various companies.
Jochen Weise	68	Member - independent[1] As of 1 November 2016	Jochen Weise graduated in Law from the Universities of Bochum and Bonn, Germany, where he also received his PhD. He holds a non-executive position as Senior Advisor Energy Infrastructure Investments to Allianz Capital Partners in London since November 2010. Previously, he was Supervisory Board member of Verbundnetzgas AG in Leipzig, Germany between December 2014 and June 2022, member of the Management Board, between April 2004 and August 2010, Executive Vice President Gas Supply & Trading, between January 2003 and March 2004, at E.ON Ruhrgas AG, and Director Commercial Sales at Deutsche Shell GmbH, between April 1998 and December 2001.

[1] Independent member as per the criteria of the Bucharest Stock Exchange Corporate Governance Code, criteria which are substantially similar with those provided by the Company Law.b) Any agreements, understanding or family connection between the respective administrators and another person who is responsible for appointing of the respective person in the position of Director.

b) Any agreement, understanding or family connection between Executive Board members and another person who is responsible for appointing him/her member of the executive management

OMV Petrom's governance follows a two-tier system, with the Executive Board ensuring the management of the Company under the control and supervision of the Supervisory Board.

The members of the Supervisory Board are not appointed by certain persons or certain shareholders. They are appointed by the Ordinary GMS based on shareholders' votes and in compliance with the statutory requirements relating to quorum and majority. Therefore, there are no such agreements and understandings to be disclosed herein.

c) The participation of the Supervisory Board members at the share capital of the company

Niculae Havrilet holds a number of 123,118 shares issued by OMV Petrom and Răzvan-Eugen Nicolescu holds 8,000 shares issued by OMV Petrom. OMV Petrom does not have knowledge of any other member of the Supervisory Board holding shares issued by the Company.

d) The list of related parties to the company

Please see Annex b).

4.2. Executive Board

a) Terms of office for the person who is member of the executive management

The Executive Board's current mandate started in April 2023 and runs until April 2027.

At January 1, 2024, OMV Petrom's Executive Board is composed of the following members:

Name	Position
Christina Verchere	Chief Executive Officer and President of the Executive Board
Alina-Gabriela Popa	Chief Financial Officer
Cristian Hubati	Member of the Executive Board, responsible for Exploration and Production
Radu-Sorin Căprău	Member of the Executive Board, responsible for Refining and Marketing
Franck Albert Neel	Member of the Executive Board, responsible for Gas and Power

b) Any agreement, understanding or family connection between Executive Board members and another person who is responsible for appointing him/her member of the executive management

Executive Board members are appointed by decision of the Supervisory Board. OMV Petrom does not have knowledge of any agreement, understanding or family connection between Executive Board members and the persons responsible for their appointment as members of the Executive Board of OMV Petrom.

c) The participation of the respective person at the share capital of the company

As part of the program of free distribution of shares to its employees, conducted by OMV Petrom in 2010, 100 shares were assigned to Alina-Gabriela Popa, the Chief Financial Officer of OMV Petrom, and 100 shares to Cristian Hubati, member of the Executive Board.

4.3. The potential litigations and administrative procedures in which the persons presented under Sections 4.1 and 4.2 were involved over the last 5 years, concerning their activity or capacity to fulfill their duties within OMV Petrom

To the best of our knowledge, at the date of this report, during 2023, there is no ongoing litigation against the members of the Executive Board or Supervisory Board of the Company directly linked with their activity in the Company having a significant impact upon the price of the Company shares or the capacity to hold the position of members of such corporate bodies. However, members of the Executive Board and Supervisory Board might be involved in some court cases or preliminary procedures which do not fall under the aforementioned categories.

5. Analysis of the Financial Position, Performance and Cash Flows of the Company

The figures from below tables are either extracted from or computed using the information included in Separate Financial Statements 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:

Financial highlights, RON mn	**Year ended December 31**		
	2023	**2022**	**2021**
Sales revenues	33,162	55,838	21,486
Operating Result	7,409	11,991	3,366
Net financial result	202	(64)	(259)
Net income	3,944	10,288	2,688
Non-current assets	35,086	31,927	32,415
Current assets (including assets held for sale) *	21,460	25,548	16,463
Total equity	37,930	39,144	32,870
Non-current liabilities	9,963	7,878	7,277
Current liabilities (including liabilities associated with assets held for sale) *	8,652	10,454	8,731
Cash and cash equivalents at the beginning of the year	13,853	10,054	7,305
Cash flow from operating activities	10,441	11,019	6,374
Cash flow from investing activities	(5,455)	(3,075)	(2,024)
Cash flow from financing activities	(5,887)	(4,147)	(1,612)
Effect of foreign exchange rate changes on cash and cash equivalents	(1)	2	10
Cash and cash equivalents at the end of the year	12,950	13,853	10,054

Ratios	**Year ended December 31**		
	2023	**2022**	**2021**
Liquidity ratios			
Current ratio *	2.48	2.44	1.89
Acid test *	2.18	2.13	1.68
Risk ratios			
Gearing ratio	n.m.	n.m.	n.m.
Indebtedness ratio	0%	0%	0%
Operational ratios			
Stock turnover – days	42	21	36
Receivables turnover – days	35	22	34
Tangible assets turnover	1.18	2.45	0.90
Total assets turnover *	0.59	0.97	0.44
Profitability ratios			
Net profit margin	12%	18%	13%
Operating Result margin	22%	21%	16%
Operating Result before depreciation margin	32%	30%	31%
Return on fixed assets (ROFA)	27%	46%	12%
Return on equity (ROE)	10%	29%	8%

*) Comparative information dated December 31, 2022 has been restated as OMV Petrom voluntarily changed its accounting policy for the presentation of purchased emission certificates and provisions for CO2 emissions in the balance sheet. For further details see OMV Petrom Separate Financial Statements Note 4 Accounting and valuation principles.

Please see Annex c) for definitions of the above ratios.

Sales revenues of RON 33,162 mn in 2023 decreased by 41% compared to 2022. The Refining and Marketing segment's contribution was RON 21,186 mn representing approximately 64% of total sales (18 pp higher than in 2022), followed by Gas and Power segment which accounted for 36% of total sales to third parties in 2023, with a contribution of RON 11,874 mn (2022: RON 30,016 mn). Exploration and Production accounted for only 0.2% of total sales revenues as OMV Petrom is an integrated energy company and sales in Exploration and Production are largely intra-group sales rather than third party sales. Please see section 1.1.4 for a detailed breakdown of sales revenues and explanation of variations.

Operating result for 2023 decreased to RON 7,409 mn, compared to RON 11,991 mn in 2022, being influenced mainly by the following most significant evolutions:

- **Sales revenues** decreased by 41%;
- **Net income from consolidated subsidiaries and investments in associates**, that comprise mainly dividends received by OMV Petrom S.A. from its subsidiaries and associates, decreased by RON 37 mn;
- **Other operating income** decreased by RON (523) mn, mainly due to the decrease in relation with compensation from Romanian authorities for sales of natural gas and electricity at capped prices, as well as in relation to the elimination of the subsidies supporting voluntary price reduction for the sale of diesel and gasoline;
- **Operating expenses**, mainly as follows:
    - Purchases (net of inventory variation) which include costs of goods and materials employed decreased by RON 11,525 mn, mainly due to lower acquisitions of electricity and natural gas as well as lower imported crude oil, partially offset by higher volumes of traded petroleum products in order to sustain the planned turnaround of the Petrobrazi refinery;
    - Production and operating expenses, which include variable and fixed production costs, as well as costs of goods and materials employed, decreased by RON 2,331 mn, mainly due to lower power overtaxation, following the change in legislation applicable starting with 1 January 2023, as well as lower expenses with CO2 certificates, following lower emissions, as a result of planned outage of Brazi power plant, and lower market prices;
    - Production and similar taxes decreased with RON 2,957 mn mainly due lower Exploration and Production specific taxation due to both lower prices and lower production volumes;
    - Depreciation, amortization, impairments and write-ups decreased by 38%, as 2022 was negatively impacted by impairments (net of write-ups) for tangible assets in E&P;
    - Exploration expenses decreased by RON 25 mn, mainly due to lower write-offs, lower geological and geophysical expenses, and lower exploration seismic activities.

The Company's **net financial result** improved to a gain of RON 202 mn in 2023 from a loss of RON (64) mn in 2022, mainly due to higher interest income on bank deposits.

On May 12, 2023, the Law no. 119/2023 for the approval of the Government Emergency Ordinance 186/2022 for the implementation of the Council Regulation (EU) 2022/1854 regarding the solidarity contribution was published in the Official Gazette. 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 the years 2022 and 2023. Therefore, OMV Petrom reflected in 2023 the **Solidarity contribution on refined crude oil** in amount of RON 2,729 mn, out of which RON 1,485 mn for 2022 and RON 1,244 mn for 2023, presented as a separate line in the condensed consolidated income statement, above Taxes on income line.

Net income decreased to RON 3,944 mn in 2023 compared to RON 10,288 mn in 2022, due to the negative evolution of the Operating Result and negative impact of solidarity contribution on refined crude oil.

As a result of its business activities, OMV Petrom S.A. contributed RON 15,721 mn to the Romanian State budget (2022: RON 19,464 mn). Out of this amount, direct taxes represented RON 5,846 mn (2022: 9,165 mn) and indirect taxes RON 8,897 mn (2022: RON 9,374 mn). At OMV Petrom Group, contributions to the Romanian State were in amount of RON 16,173 mn (2022: RON 20,080 mn).

OMV Petrom S.A. contribution to the State budget via direct taxes was mainly represented by the profit tax paid that amounted to RON 842 mn (2022: RON 2,132 mn), royalties that amounted to RON 881 mn (2022: RON 2,094 mn), tax on additional revenue from sales of onshore natural gas and on exploitation of mineral resources other than natural gas that amounted to RON 1,507 mn (2022: RON 2,581 mn), contributions to the Energy Transition Fund that amounted to RON 680 mn (2022: RON 1,536 mn), solidarity contribution on refined crude oil paid in 2023 for 2022 of RON 1,485 mn, tax on additional revenues from sales of offshore natural gas of RON 144 mn (2022: RON 699 mn), employer social contributions that amounted to RON 59 mn (2022: RON 51 mn) and the contribution in amount of RON 22 mn (2022: RON 11 mn) due to the Romanian Energy Regulatory Authority ("ANRE") for energy and gas licenses.

OMV Petrom S.A. contribution to the State budget via indirect taxes was mainly represented by excise (including custom excise) in amount of RON 5,702 mn (2022: RON 6,093 mn), VAT (including custom VAT) in the amount of RON 2,605 mn (2022: RON 2,713 mn) and also employees' related taxes amounting to RON 586 mn (2022: RON 541 mn).

Total assets amounted to RON 56,546 mn as of December 31, 2023, 2% lower compared to 2022, driven by lower current assets, partly offset by higher non-current assets.

Non-current assets increased by 10% to RON 35,086 mn, compared to the end of 2022 (RON 31,927 mn), mainly due to increase in property, plant and equipment, as additions during the period and the increase in decommissioning asset following reassessment exceeded the depreciation and net impairments. Moreover, without having impact on the indicator, following the final investment decision on Neptun Deep project, the related oil and gas assets in amount of approximately RON 2.4 bn were reclassified from intangible assets into property, plant and equipment.

The ratio of intangible assets and property, plant and equipment to total assets amounted to 50% (2022: 45%).

Total current assets, including assets held for sale, decreased by 16% to RON 21,460 mn compared to RON 25,548 mn at the end of 2022, mostly triggered by lower cash and cash equivalents, lower trade receivables following declining sales, mainly in Gas and Power segment, decrease in inventories driven by lower gas volumes in stock and lower third party petroleum products, as well as lower other financial assets. The reduction in other financial assets was driven mainly by the decrease in cash guarantees for transactions with energy products and lower financial assets in relation with derivaties, partly offset by increase in short-term investments, mainly in Treasury bills.

Total equity decreased to RON 37,930 mn as of December 31, 2023 compared to RON 39,144 mn as of December 31, 2022, mainly as a result of the distributions of base dividend for the financial year 2022 and of the special dividends approved on September 12, 2023 in a total amount of RON 5,141 mn, partly offset by the net profit generated in 2023. The equity ratio slightly decreased to 67% as of December 31, 2023 (December 31, 2022: 68%).

Total liabilities slightly increased by 2% to RON 18,615 mn as of December 31, 2023, following the increase in non-current liabilities, almost entirely offset by the decrease in current liabilities.

The increase in **non-current liabilities** was mainly due to the reassessment of provisions for decommissioning and restoration obligations, largely following decrease in the net discount rates and higher estimated costs. Provisions for decommissioning and restoration amounted to RON 8,885 mn as of December 31, 2023, both short and long term (December 31, 2022: RON 6,913 mn). Revisions in estimates for decommissioning and restoration provisions arise mainly from the yearly reassessment of the unit cost, revision of the estimated net discount rates, as well as the expected timing of the decommissioning and restoration.

The decrease in **current liabilities** was driven mainly by the decrease in other provisions, mainly in connection with other risks assessed by the Company in the area of gas and power taxation, by lower interest bearing debts in relation to loans from subsidiaries, by the decrease of financial liabilities mostly in relation to derivatives, and by lower income tax liabilities. These impacts were partially offset by increase in other liabilities, largely related to the solidarity contribution on refined crude oil for 2023.

The annual stock count of assets, liabilities and equity was performed according to Romanian legislation (Order no. 2861/2009) and the results were recorded in the financial statements as at December 31, 2023.

Cash flow

Cash outflows in 2023 consisted mainly in relation to payments for dividends, acquisition of tangible and intangible assets and investments in securities and exceeded the cash inflows generated from operating activities.

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 2,337 mn (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 mn (gross special dividend per share of RON 0.0450). Total dividends paid in 2023 amounted to RON 5,101 mn.

Changes in consolidated OMV Petrom Group

Compared with the consolidated financial statements as of December 31, 2022, consolidated Group changed as follows:

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 company was deconsolidated in the Group financial statements and accounted for using the equity method starting with June 2023.

The detailed structure of the consolidated companies in OMV Petrom Group at December 31, 2023 is presented in the section 7 of the current report.

More details related to the annual consolidated financial statements of the OMV Petrom Group that are public may be obtained from the company website at www.omvpetrom.com.

In accordance with Chapter 8 of the Annex 1 of Ministry of Public Finance Order no. 2844/2016 for approval of Accounting Regulations according to International Financial Reporting Standards, with all subsequent additions and modifications, transposing Chapter 10 of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council, the management prepared a report on payments to governments for the year 2023. This report will be published together with the financial statements of OMV Petrom S.A. for the year ended December 31, 2023.

Non-financial declaration

As per the legal requirements with reference to the disclosure of non-financial information, the Company prepares and publishes a separate Sustainability Report, which includes the information required for the non-financial declaration, describing our sustainability initiatives. OMV Petrom's Sustainability Report for 2023 will be published by April 30, 2023.

6. Corporate governance statement [vii]

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

[vii] The statement summarises the main highlights of the Bucharest Stock Exchange Corporate Governance Code's provisions. For the full text of the Code please refer to Bucharest Stock Exchange website www.bvb.ro

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
case of Premium Tier Companies. Each member of the Supervisory Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.			non-executives. Therefore, the balance between executives and non-executives is ensured. Upon appointment of each Supervisory Board member, the Company conducts an independence evaluation based on the independence criteria provided by the Corporate Governance Code (which are substantially similar to those provided by the Company Law). The independence evaluation consists of an individual personal assessment carried out by the relevant Supervisory Board member and is then followed by an external assessment for those that consider themselves independent. Moreover, for the purpose of preparing the Corporate Governance Report section of the Annual Report, the Company reconfirmed with all Supervisory Board members their independent or non-independent status as of December 31, 2023. Following this evaluation, it resulted that at the date of this report, three Supervisory Board members meet all the independence criteria provided by the Corporate Governance Code. Information on the independence status of the members of the Supervisory Board is included on the Company's corporate website, in the About Us section, Management & Corporate Governance sub-section, and in the Supervisory Board Report.
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	√		Information on the Supervisory Board and Executive Board members' permanent professional commitments and engagements, including executive and non-executive positions in companies and not-for-profit institutions is included in the Supervisory Board and Executive Board members' CVs, available on the Company's corporate website, in the About Us section, Management & Corporate Governance sub-section.
A.6. Any member of the Board should submit to the Board information on any relationship with a shareholder who holds either directly or indirectly, shares representing more than 5% of all voting rights.	√		The members of the Executive Board and the members of the Supervisory Board have, by law, a duty of care and a duty of loyalty to the Company, stated not only in the Company's Articles of Association, but also in other relevant internal regulations. The Company has put in place internal rules on how to deal with conflicts of interest.
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	√		The Company has a General Secretary, who supports the works of both the Executive Board and Supervisory Board (including its committees).
A.8. The corporate governance statement should inform on whether an evaluation of the	√		Based on a Supervisory Board Self-Evaluation Guideline which provides the purpose, criteria, and frequency of such an evaluation, the Supervisory Board

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.			undergoes a self-evaluation process on a yearly basis. The self-evaluation is conducted under the leadership of the President of the Presidential and Nomination Committee. The outcome of the Supervisory Board's self-evaluation for 2023 is presented in the Supervisory Board Report.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	√		The Company's Executive Board meetings are held regularly (at least once every two weeks, but usually every week), while the Supervisory Board meets whenever necessary, but at least once every three months. Details on the number of meetings and attendance at the meetings of the Executive Board and the Supervisory Board, including the Audit Committee and the Presidential and Nomination Committee, during 2023, are included in the Supervisory Board Report and the Corporate Governance Report. The reports of the Supervisory Board and Executive Board for 2023 are included in the Annual Report and submitted for Ordinary GMS's approval.
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	√		Following the independence evaluation of the Supervisory Board members, as per the independence criteria provided by the Corporate Governance Code (which are substantially similar with those provided by the Company Law), it resulted that, at the date of this report, three Supervisory Board members meet all the independence criteria stipulated by the Corporate Governance Code. Information on the independence status of the members of the Supervisory Board is included on the Company's corporate website, in the About Us section, Management & Corporate Governance sub-section, and also in the Supervisory Board Report.
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		√	As stipulated in the Company's Articles of Association and applicable law, the Supervisory Board members are appointed by the Ordinary GMS, based on a transparent procedure of appointment and on the majority of votes of the shareholders. Prior to the Ordinary GMS, their CVs are made available for the consultation of the shareholders. The shareholders can supplement the candidates list for the position of member of the Supervisory Board. In accordance with the Company's Articles of Association, the Executive Board members are

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
			appointed by decision of the Supervisory Board based on the majority of votes. OMV Petrom's Supervisory Board has set up a Presidential and Nomination Committee. The main role of the Presidential and Nomination Committee is to be involved in the succession planning for the Executive Board, having full responsibility on the selection process of candidates for appointment in the Executive Board. In addition, the Presidential and Nomination Committee has the right to make recommendations concerning the proposal of candidates for appointment in the Supervisory Board. The Presidential and Nomination Committee is composed of four members appointed from among its members. As members of the Supervisory Board, all members of the Presidential and Nomination Committee are therefore non-executives. At the date of this report, two members of the Presidential and Nomination Committee are independent and thus, the Company is only "partially compliant" with this provision.
Section B - Risk management and internal control system			
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	√		OMV Petrom's Supervisory Board has set up an Audit Committee from among its members. The members of the Audit Committee are therefore all non-executives. The Audit Committee is composed of five Supervisory Board members (one position being vacant at the date of this report), out of which three are independent. Therefore, at the date of this report, the Company is "compliant" with this provision. The Audit Committee includes members who have adequate qualifications relevant to the functions and responsibilities of the Audit Committee. In addition, three members have also financial, auditing or accounting experience.
B.2. The audit committee should be chaired by an independent non-executive member.	√		As members of the Supervisory Board, all members of the Audit Committee, including the president of the Audit Committee, are non-executives. Based on the independence evaluation, it resulted that at all times during 2023 as well as at the date of this report, the president of the Audit Committee meets all independence criteria provided by the Corporate

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
			Governance Code.
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	√		The main roles and functions of the Audit Committee, as detailed in the Terms of Reference for the Audit Committee, consist of the following: ▶ examining and reviewing the annual separate and consolidated financial statements and the proposal for profit distribution; ▶ considering and making recommendations on the appointment, re-appointment or removal of the independent external financial auditor, which is to be elected by the Ordinary GMS; ▶ undertaking an annual assessment of the internal control system considering the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the Audit Committee, the responsiveness and effectiveness of management to deal with identified internal control failings or weaknesses and their submission of relevant reports to the Supervisory Board; ▶ reviewing conflicts of interests in transactions of the Company and its subsidiaries with related parties; ▶ evaluating the efficiency of the internal control system and risk management system; ▶ monitoring the application of statutory and generally accepted standards of internal auditing; ▶ regularly receiving a summary of the main findings of the audit reports, as well as other information regarding the activities of the Internal Audit department and evaluating the reports of the internal audit team; ▶ examining and reviewing, before their submission to the Supervisory Board for approval, related party transactions that exceed or are expected to exceed 5% of the Company's net assets, in accordance with Related Party Transactions Policy, and observing also the legal provisions in place; ▶ overseeing and approving the nature and level of non-audit services provided by the independent financial auditor to the Company, including by issuance of regulations/guidelines regarding such services.
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	√		
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	√		
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	√		
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	√		
B.8. Whenever the Code mentions reviews or analyses to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-	√		The Audit Committee submits periodic reports to the Supervisory Board on the specific subjects assigned to it.

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

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
			Internal Audit Department did not encounter, in its past experiences, cases that could be considered as jeopardizing its independence or objectivity due to these functional reporting lines. The Company is assessing how to fully comply with this provision in the future.
Section C - Fair rewards and motivation			
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	√		The Company has a Remuneration Policy which is aligned with OMV Petrom's long-term strategy, current market practice, as well as OMV Petrom's shareholders' views and interests. It follows OMV Petrom's core principle of pay granted according to performance. The Remuneration Policy is available on the corporate website in the About Us section, Management & Corporate Governance sub-section. The implementation of the Remuneration Policy and the performance outcomes are presented in the annual Remuneration Report for OMV Petrom's Executive Board and Supervisory Board. The 2023 Remuneration Report for OMV Petrom's Executive Board and Supervisory Board will be submitted for consultative vote in the Ordinary GMS on 24 April 2024.
Section D - Building value through investors' relations			
D.1. The company should have an Investor Relations function - indicated, by person(s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures. D.1.2. Professional CVs of the members of its governing bodies, Board members' other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	√		The Company has a special department dedicated to Investor Relations that can be contacted via e-mail at investor.relations.petrom@petrom.com. Likewise, OMV Petrom has a special section of the corporate website dedicated to Investor Relations, where the following main information/documents are available, both in English and Romanian: ▶ Articles of Association – in the Investors section, Corporate Governance/ Documents sub-section, as well as in the About us section, Management & Governance/ Corporate Governance/ Documents sub-section; ▶ Rules and Procedures of the GMS – in the Investors section, Corporate Governance / Documents sub-section, as well as in the About Us section, Management & Governance / Documents sub-section; ▶ Detailed professional CVs for all members of the Executive Board and Supervisory Board – in the Investors section, Corporate Governance sub-section and in the About Us section, Management & Governance/ Supervisory Board or Executive Board sub-sections;

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports); D.1.4. Information related to general meetings of shareholders; D.1.5. Information on corporate events; D.1.6. The name and contact data of a person who should be able to provide relevant information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.			▶ Current reports and periodic reports – in the Investors section, News and Shareholder Information and Publications sub-sections; ▶ Convening notices and supporting materials for the GMS – in the Investors section, Corporate Governance / General Meeting of Shareholders sub-section, as well as in the About Us section, Management & Governance/ Corporate Governance/ General Meeting of Shareholders sub-section; ▶ Financial calendar and information on other corporate events – in the Investors section, News and Shareholder Information sub-section; ▶ Name and contact information of a person able to provide investors with relevant information on request – in the Investors section, News and Shareholder Information sub-section; ▶ Investor Presentations, Annual and Interim Reports, Annual and Interim Financial Statements, both separate and consolidated, including also the independent financial auditor reports, as the case – in the Investors section, News and Shareholder Information and Publications sub-sections.
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.	√		The Company's Dividend Policy is published on its corporate website in the Investors section, Shares & Dividends sub-section, as well as in the About Us section, Management & Corporate Governance sub-section.
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts mean the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly	√		The Company has a Forecast Policy which is published on its corporate website in the About Us section, Management & Corporate Governance sub-section.

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
reports. The forecast policy should be published on the corporate website.			
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	√		The details regarding the organization of the GMS are mentioned in the Company's Articles of Association and the Rules and Procedures of the GMS, as well as briefly stated in the Corporate Governance Report. Likewise, OMV Petrom publishes convening notices for every GMS which describe in detail the procedure to be followed for the respective meeting. In this manner, the Company ensures that the GMSs are adequately conducted and well organized, while the shareholders' rights are duly observed.
D.5. The independent financial auditors should attend the shareholders' meetings when their reports are presented there.	√		The independent financial auditors attend the Ordinary GMS whereby the annual separate and consolidated financial statements are submitted for approval.
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	√		All matters submitted for GMS approval are subject to the Supervisory Board's approval according to Company's internal rules. Moreover, the Annual Report submitted for GMS approval contains a brief assessment of the internal controls and significant risk management systems.
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	√		The Rules and Procedures of the GMS provide for the possibility for any professional, consultant, expert, financial analyst or accredited journalists to participate in the GMS, upon prior invitation from the President of the Supervisory Board.
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	√		The quarterly and semi-annual financial reports include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial and operational indicators, both on quarter-on-quarter and year-on-year terms.
D.9. A company should organize at least two meetings/conference calls with analysts and investors	√		OMV Petrom organizes one-to-one meetings and conference calls with financial analysts, investors, brokers and other capital market specialists to present

Provisions of the Bucharest Stock Exchange Corporate Governance Code	Complies	Does not comply or partially complies	Comments
each year. The information presented on these occasions should be published in the Investor Relations section of the company website at the time of the meetings/conference calls.			the financial and operational elements relevant for their investment decision. In 2023, OMV Petrom organized four conference calls following the publication of the quarterly results. In addition, the Company's top management and the Investor Relations team had an active presence on the local and foreign capital markets, by attending brokers' conferences and organizing calls for analysts and investors as well as non-deal road shows. For more details, please also see the Annual Report's section relating to OMV Petrom on the capital markets. The Investor presentations were made available at the time of the meetings / conferences on the corporate website, in the Investors section, News and Shareholder Information sub-sections.
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	√		OMV Petrom conducts various activities regarding education, social and environmental responsibility, as well as governance, supporting the local communities in which it operates. OMV Petrom concentrates its sustainability efforts on the following focus areas: transition to low carbon business, running responsible operations, innovation and digitalization and fostering people and communities. More details in relation thereto may be found in the Sustainability Report for 2023, which is issued by the Company, in accordance with the legal requirements regarding the disclosure of non-financial information.

Declaration of the management

We confirm to the best of our knowledge that the separate financial statements for the year ended December 31, 2023 prepared in accordance with IFRS as requested by Ministry of Finance Order no. 2844/2016 with all subsequent modifications and clarifications give a true and fair view of OMV Petrom S.A. assets, liabilities, financial position and profit or loss, as required by the applicable accounting standards, and that the Directors' report gives a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties associated with the expected development of the Company.

Bucharest, March 15, 2024

The Executive Board

Christina Verchere
Chief Executive Officer
President of the EB

Alina Popa
Chief Financial Officer
Member of the EB

Cristian Hubati
Member of the EB
Exploration and Production

Franck Neel
Member of the EB
Gas and Power

Radu Căprău
Member of the EB
Refining and Marketing

7. Annexes

a. List of consolidated companies in OMV Petrom Group at December 31, 2023

Parent company

OMV Petrom S.A.	

Subsidiaries

Exploration and Production		Refining and Marketing	
OMV Offshore Bulgaria GmbH (Austria)	100.00%	OMV Petrom Marketing S.R.L.	100.00%
OMV Petrom Georgia LLC (Georgia)	100.00%	OMV Petrom Aviation S.R.L.[1]	100.00%
OMV Petrom E&P Bulgaria S.R.L.[2]	100.00%	Petrom Moldova S.R.L. (Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.96%
		Corporate and other	
		Petromed Solutions S.R.L.	100.00%

[1] 1 (one) equity interest owned through OMV Petrom Marketing S.R.L

[2] former OMV Petrom Gas S.R.L., previously reported under Gas & Power segment

Incorporated Joint operations[3]

Gas and Power	
S. Parc Fotovoltaic Isalnita S.A.	50.00%
S. Parc Fotovoltaic Rovinari Est S.A.	50.00%
S. Parc Fotovoltaic Tismana 1 S.A.	50.00%
S. Solarist Tismana 2 S.A.	50.00%

[3] Joint operations structured through separate legal entities; accounted for as OMV Petrom's share of assets, liabilities, income and expenses held or incurred jointly

Associated company, accounted for at equity

Refining and Marketing	
OMV Petrom Biofuels S.R.L.[4]	25.00%
Corporate and Other	
OMV Petrom Global Solutions S.R.L.	25.00%

[4] In Q2/23 OMV Petrom S.A. sold 50% shares in OMV Petrom Biofuels S.R.L. to OMV Downstream GmbH, therefore OMV Petrom Biofuels S.R.L. became an associate for OMV Petrom S.A.

b. The list of the persons affiliated to the company

Code of Company	OMV Group consolidated companies - including OMV Petrom Group consolidated companies as of 31 December 2023
OMV	OMV Aktiengesellschaft
ADNOC	Abu Dhabi Oil Refining Company
ADNOCT	ADNOC Global Trading LTD
ADPINV	Abu Dhabi Petroleum Investments LLC
BABSWE	Borealis AB
BANTBE	Borealis Antwerpen N.V.
BAYP	Bayport Polymers LLC
BBLUNL	BlueAlp Holding B.V.
BBNHUS	Borealis BoNo Holdings LLC
BBRA	Borealis Brasil S.A.
BCIRC	Borealis Circular Solutions Holding GmbH
BCOMUS	Borealis Compounds Inc.
BDYKOR	DYM SOLUTION CO., LTD
BECOAT	Ecoplast Kunststoffrecycling GmbH
BETSWE	Etenförsörjning i Stenungsund AB
BFR	Borealis France S.A.S.
BFSBE	Borealis Financial Services N.V.
BGSNOR	Borealis Group Services AS
BHOLAT	OMV Borealis Holding GmbH
BINDNK	Borealis Insurance A/S (captive insurance company)
BIT	Borealis ITALIA S.p.A.
BKALBE	Borealis Kallo N.V.
BMTCDE	mtm compact GmbH
BMTPDE	mtm plastics GmbH
BNOVUS	Novealis Holdings LLC
BORAAG	Borealis AG
BORMEH	Borealis Middle East Holding GmbH
BORO	Borouge Pte. Ltd.
BORO4	Borouge 4 LLC
BOROLC	Borouge PLC
BORREC	Recelerate GmbH
BPETNL	Petrogas International B.V.
BPLNLD	Borealis Plastomers B.V.
BPOAT	Borealis Polyolefine GmbH
BPOBE	Borealis Polymers N.V.
BPODE	Borealis Polymere GmbH
BPOFIN	Borealis Polymers Oy
BQESP	Borealis Química España S.A.
BRENBE	Renasci N.V.
BRHOBE	Renasci Oostende Holding N.V.
BRIAIT	Rialti S.p.A.
BRREBE	Renasci Oostende Recycling N.V.

BRSCBE	Renasci Oostende SCP N.V.
BSBHUS	Star Bridge Holdings LLC
BSVSWE	Borealis Sverige AB
BTOFIN	Borealis Technology Oy
BUK	BOREALIS UK LTD
BULG	OMV BULGARIA OOD
BUS	Borealis USA Inc.
C2PATG	C2PAT GmbH
C2PATK	C2PAT GmbH & Co KG
DIRA	Diramic Insurance Limited
DTAL	Deutsche Transalpine Oelleitung GmbH
ECOGAS	OMV Gas Marketing & Trading GmbH
ECONDE	OMV Gas Marketing & Trading Deutschland GmbH
ECONHU	OMV Gas Marketing & Trading Hungária Kft.
EILNZ	Energy Infrastructure Limited
ELG	Erdöl-Lagergesellschaft m.b.H.
EPHNZ	Energy Petroleum Holdings Limited
EPILNZ	Energy Petroleum Investments Limited
EPSKG	EPS Ethylen-Pipeline-Süd GmbH & Co KG
FREYKG	Freya Bunde-Etzel GmbH & Co. KG
GASTR	OMV Enerji Ticaret Anonim Şirketi
GENMBH	GENOL Gesellschaft m.b.H.
HUB	Central European Gas Hub AG
ISERV	OMV - International Services Ges.m.b.H.
KILPP	Kilpilahden Voimalaitos Oy
MOLDO	Petrom-Moldova S.R.L.
NZEA	OMV New Zealand Limited
OABUAE	OMV Abu Dhabi Offshore GmbH
OADP	OMV Abu Dhabi Production GmbH
OAUST	OMV AUSTRALIA PTY LTD
OCTS	OMV Clearing und Treasury GmbH
ODUNA	DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft.
OEPA	OMV Austria Exploration & Production GmbH
OETAL	Transalpine Ölleitung in Österreich Gesellschaft m.b.H.
OFFBLG	OMV Offshore Bulgaria GmbH
OFS	OMV Finance Services GmbH
OFSNOK	OMV Finance Services NOK GmbH
OFSUSD	OMV Finance Solutions USD GmbH
OGEO	OMV Austria Geothermal GmbH
OGI	OMV Gas Logistics Holding GmbH
OGMTBE	OMV Gas Marketing & Trading Belgium BVBA
OGMTF	OMV Gas Marketing Trading & Finance B.V.
OGREEN	OMV Green Energy GmbH
OGSA	OMV Gas Storage GmbH
OGSG	OMV Gas Storage Germany GmbH
OHUN	OMV Hungária Ásványolaj Korlátolt Felelösségü Társaság

OILEXP	OMV Oil Exploration GmbH
OILPRO	OMV Oil Production GmbH
OIRAN	OMV (IRAN) onshore Exploration GmbH
OLIB	OMV OF LIBYA LIMITED
OMVD	OMV Deutschland GmbH
OMVDM	OMV Deutschland Marketing & Trading GmbH & Co. KG
OMVDO	OMV Deutschland Operations GmbH & Co. KG
OMVDS	OMV Deutschland Services GmbH
OMVEP	OMV Exploration & Production GmbH
OMVINT	OMV International Oil & Gas GmbH
OMVRM	OMV Downstream GmbH
OMVRUS	OMV Russia Upstream GmbH
OMVSK	OMV Slovensko s.r.o.
ONOR	OMV (NORGE) AS
OPBF	OMV Petrom Biofuels SRL
OPGSOL	OMV Petrom Global Solutions SRL
OPLNZ	OMV NZ Production Limited
ORFFBE	OMV Renewable Fuels & Feedstock B.V.
ORMMEA	OMV Refining & Marketing Middle East & Asia GmbH
OSERB	OMV SRBIJA d.o.o.
OSTIT	OMV Supply & Trading Italia S.r.l.
OTCH	OMV Česká republika, s.r.o.
OTNPRO	OMV (Tunesien) Production GmbH
OTRAD	OMV Supply & Trading Limited
OUPI	OMV Upstream International GmbH
OWALL	Circular Feedstock Walldürn GmbH
PARCO	Pak-Arab Refinery Limited
PCGAS	EEX CEGH Gas Exchange Services GmbH
PEARL	Pearl Petroleum Company Limited
PETAV	OMV PETROM Aviation S.R.L.
PETGAS	OMV PETROM E&P BULGARIA S.R.L.
PETGEO	OMV PETROM GEORGIA LLC
PETMED	PETROMED SOLUTIONS SRL
PETPO	PetroPort Holding AB
POGI	OMV Gaz Iletim A.S.
ROMAN	OMV PETROM MARKETING SRL
SEAMMY	SapuraOMV Upstream (Americas) Sdn. Bhd.
SEAUMY	SapuraOMV Upstream (Australia) Sdn. Bhd.
SEBLMX	SapuraOMV Block 30, S. de R.L. de C.V.
SEMXMY	SapuraOMV Upstream (Mexico) Sdn. Bhd.
SENZMY	SapuraOMV Upstream (NZ) Sdn. Bhd.
SEOCMY	SapuraOMV Upstream (Oceania) Sdn. Bhd.
SESWMY	SapuraOMV Upstream (Sarawak) Inc.
SEUPMY	SapuraOMV Upstream (Holding) Sdn. Bhd.
SEWEAU	SapuraOMV Upstream (Western Australia) Pty Ltd
SIOT	Società Italiana per l'Oleodotto Transalpino S.p.A.

SNO	OMV Solutions GmbH
SOMVMY	SAPURAOMV UPSTREAM (MALAYSIA) SDN. BHD.
SOUPMY	SapuraOMV Upstream Sdn. Bhd.
YEM2	OMV (Yemen Block S 2) Exploration GmbH

c. Definitions

Liquidity ratios
Current ratio = Current assets[1]/ Current liabilities[2]
Acid test = (Current assets[1] - Inventories)/ Current liabilities[2]
[1] include assets held for sale;
[2] include liabilities associated with assets held for sale

Risk ratios
Gearing ratio = Net debt/ Equity in %
Net debt = Interest - bearing debts + Lease liabilities - Cash and cash equivalents
Indebtedness ratio = Interest - bearing debts (long term) / Equity in %
Equity ratio = Equity / (Total Assets) in %

Operational ratios
Stock turnover – days = Average inventories/ (Purchases (net of inventory variation) + Production and operating expenses + Production and similar taxes + Depreciation, amortization and impairment charges) in days
Receivables turnover – days = Average trade receivables/ Sales revenues in days
Tangible assets turnover = Sales revenues/ Property, plant and equipment
Total assets turnover = Sales revenues/ Total assets

Profitability ratios
Net profit margin = Net income for the year/ Sales revenues in %
Operating Result margin = Operating Result / Sales revenues in %
Operating Result before depreciation margin = Operating Result before depreciation/Sales revenues in %
Operating Result before depreciation = Operating Result + Depreciation and amortization + Net impairment losses/ (gains)
Return on fixed assets (ROFA) = Operating Result / Average fixed assets in %
Return on equity (ROE) = Net income for the year/ Average equity in %

Înștiințare cu privire la îndreptarea unei erori nesemnificative în Raportul Anual aferent anului financiar încheiat la 31 Decembrie 2023

OMV Petrom S.A. anunță că în Raportul Anual al Grupului OMV Petrom aferent anului financiar încheiat la 31 Decembrie 2023, în capitolul dedicat performanței operaționale a segmentului de Rafinare și Marketing, textul următor de la pagina 34 a variantei în limba engleză, respectiv pagina 36 a variantei în limba română:

> *„În 2023, marja totală obținută din comercializarea produselor complementare la nivel de Grup a crescut cu 6,5% față de anul precedent, creştere sprijinită de o contribuţie solidă a segmentelor Gastro și Shop."*

se va modifica și înlocui cu următorul text:

> *„În 2023, marja totală obținută din comercializarea produselor complementare la nivel de Grup a crescut cu 10% față de anul precedent, creştere sprijinită de o contribuţie solidă a segmentelor Gastro și Shop."*

Aceeași modificare se aplică și la pagina 86 a variantei în limba engleză, respectiv pagina 89 a variantei în limba română a Raportului Anual al OMV Petrom S.A.

Bucureşti
23 aprilie 2024

Notice regarding the correction of insignificant error in the Annual Report for the financial year ended on 31 December 2023

OMV Petrom S.A. announces that in the Annual Report of the OMV Petrom Group for the financial year ended on 31 December 2023, in the chapter dedicated to the operational performance of Refining and Marketing business segment, the following wording from page 34 in the English version and page 36 in the Romanian version:

> *"In 2023, the total non-fuel margin at Group level increased by 6.5% compared to the previous year, helped by a strong contribution of the Gastro and Shop activities."*

shall be amended and replaced with the following wording:

> *"In 2023, the total non-fuel margin at Group level increased by 10% compared to the previous year, helped by a strong contribution of the Gastro and Shop activities."*

The same change applies also to page 86 in the English version and page 89 in the Romanian version of the Annual Report of OMV Petrom S.A.

Bucharest
23 April 2024

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 CO_2 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 CO2 emissions in the statement of financial position. Whereas the assets related to purchased emission certificates were netted with the provisions for CO2 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

Christina Verchere
Chief Executive Officer
President of the EB

Alina Popa
Chief Financial Officer
Member of the EB

Cristian Hubati
Member of the EB
Exploration and Production

Franck Neel
Member of the EB
Gas and Power

Radu Căprău
Member of the EB
Refining and Marketing

Gabriela Mardare
Vice President Finance

Nicoleta Drumea
Head of Financial Reporting

OMV Petrom S.A.

Consolidated report on payments to governments for the year 2023

- related to extractive activities -

Introduction

Chapter 8 of the Annex 1 of Ministry of Public Finance Order 2844/2016, with all subsequent modifications and clarifications, for approval of Accounting Regulations according to International Financial Reporting Standards (hereinafter the "**Regulation**"), transposing Chapter 10 of the Directive 2013/34/EU of the European Parliament and of the Council, requires that large undertakings and public interest entities that are active in the extractive industry or logging of primary forests prepare and publish a report on payments to governments on an annual basis. Large undertakings and public interest entities which are under the obligation to prepare consolidated financial statements are required to prepare a consolidated report on payments to governments.

OMV Petrom S.A. (hereinafter the "**Company**") is, on one side, operating in the extractive industry and, on the other side, admitted for trading on Bucharest Stock Exchange (with shares). Therefore, in accordance with the above mentioned Regulation, the Company has prepared the following consolidated report (hereinafter the "**Report**"') on payments to governments. The Report covers OMV Petrom S.A. and its subsidiaries performing extractive activities (Exploration & Production business segment).

The 'Basis of Preparation' section provides information to the reader about the contents of the Report. This section also includes information on the type of payment for which disclosure is required and on the manner in which OMV Petrom has interpreted the Regulation for the purpose of the preparation of the Report.

From a socio-economic perspective, our Company and its subsidiaries (hereinafter "**OMV Petrom Group**") have a larger contribution to countries in which they operate than the reportable payments under the Regulation. OMV Petrom Group companies make payments to governments also in connection with other segments of activity, not only Exploration & Production, i.e. Refining & Marketing, Gas & Power, Corporate & Other. In addition to payments to governments, OMV Petrom Group companies contribute to the economies of the countries in which operate by providing jobs for employees and contractors, purchasing goods and materials from local suppliers and undertaking social investment activities.

Basis of preparation

Reporting entities

Under the requirements of the Regulation, OMV Petrom is required to prepare a consolidated report covering payments made to Governments by itself and any subsidiary included in the consolidated Group financial statements, which is active in the extractive industry. Therefore, the reporting entities in scope of this report are OMV Petrom S.A. (Romania), OMV Offshore Bulgaria GmbH (relevant activity in Bulgaria) and OMV Petrom Georgia LLC (relevant activity in Georgia).

Activities within the scope of the Report

Payments made by OMV Petrom Group to governments in connection with any of the following activities: exploration, prospection, discovery, development and extraction of minerals, oils and natural gas deposits or other materials ("extractive activities") are presented in this report.

Government

A '**government**' is defined as any national, regional or local authority of a country and includes a department, agency or entity undertaking that is controlled by the government authority.

Project

According to the Regulation, the payments are reported:

- on government and governmental body basis;
- by type of payment;
- on “project” basis, where possible.

For the purpose of this Report, ‘**project’** is defined as the operational activities which are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment liabilities to the government. Where these agreements, as per the aforementioned definition, are substantially interconnected, they are treated for the purpose of this Report as a single project.

‘Substantially interconnected’ is defined as a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities. Such agreements can be governed by a single contract, joint venture, production sharing agreement or other overarching legal agreement.

There may be instances – for example, corporate income taxes – where it is not possible to attribute the payment to a single project and therefore OMV Petrom discloses the entire payments at the country level in the current Report.

Cash and Payments in Kind

In accordance with the Regulation, amounts have to be reported on a cash basis, meaning that they are reported in the period in which they are paid, regardless of the period in which they are accounted for on an accruals basis.

Refunds are also reported in the period in which they are received and will either be offset against payments made in the period or be shown as negative amounts in the Report.

Payments in kind made to a government are converted to an equivalent cash value based on the most appropriate and relevant valuation method for each payment type. This can be at cost or market value and an explanation is provided in the Report to help explain the valuation method. If applicable, the related volumes would be also included in the Report.

Materiality

Payments made as a single payment or a series of related payments that fall below EUR 100,000 (RON 443,400 equivalent at the exchange rate published in the European Union Official Journal from July 19th, 2013) within a financial year are excluded from this Report.

Reporting currency

Reporting currency is Romanian Leu (RON). Payments made in currencies other than RON are translated for the purposes of this Report at the average exchange rate of the reporting period.

Payment types

Production Entitlements

Under production sharing agreements (PSA’s) the host government is entitled to a share of the oil and gas produced and these entitlements are often paid in kind. OMV Petrom Group has not made such payments in the year.

Taxes

Taxes levied on income, production or profits of companies are reported. Refunds will be netted against payments and shown accordingly. Consumption taxes, personal income taxes, social security contributions, sales taxes, taxes and contributions on electricity and on trading of commodities, property taxes are not reported under the Regulation.

Royalties

Royalties are payments for the rights to extract oil and gas resources, typically at a set percentage of production value.

Dividends

In accordance with the Regulation, dividends are reported when paid to a government in lieu of production entitlements or royalties. Dividends that are paid to a government as an ordinary shareholder are not reported, as long as the dividends are paid in the same terms and conditions as to the other shareholders.

For the year ended December 31st, 2023, OMV Petrom Group had no such reportable dividend payments to a government.

Bonuses

Bonuses include signature, discovery and production bonuses, in each case to the extent paid in relation to the relevant activities. OMV Petrom Group has not made such payments in the year.

Fees

These include licence fees, rental fees, entry fees and other considerations for licences and/or concessions, respectively for access to the area where extractive activities will be performed.

The Report excludes fees paid to a government for administrative services that are not specifically related to extractive activities or access to extractive resources. In addition, payments made in return for services provided by a government are also excluded.

Infrastructure Improvements

The Report should include payments made by OMV Petrom Group for infrastructure improvements such as the building of a road or bridge that serve the community, irrespective if OMV Petrom Group pays the amounts to non-government entities. These are reported either when the cash contribution was paid to the government or when the relevant assets are handed over to the government or made available for use by the local community. Payments that have a social investment nature, donations or sponsorships are excluded from the Report.

Payments overview

The overview table below shows the relevant payments to governments that were made by OMV Petrom Group in the year ended December 31st, 2023.

(in thousands of RON)	Taxes (on income, production or profit)	Royalties	Fees (license, rental, entry and others)	Total Payments
Romania	4,441,161	1,087,772	128,407	**5,657,341**
Total	**4,441,161**	**1,087,772**	**128,407**	**5,657,341**

For Bulgaria and Georgia, no payments in scope of this Report are to be reported for the year 2023.

Out of the seven payment types that are required by the Regulation to be reported upon, OMV Petrom Group did not pay any dividends, bonuses, production entitlements or infrastructure improvements that met the Regulation definition and therefore these categories are not shown.

Payments by project, government and type of payment – related to extractive activities

(in thousands of RON)	Taxes (on income, production or profit)	Royalties	Fees (license, rental, entry and others)	Total Payments
ROMANIA				
Payments per project				
Onshore production zones	1,550,562	892,452	118,147	**2,561,161**
Offshore Black Sea	159,884	195,320	3,083	**358,287**
Payments not attributable to projects[1)]	2,730,716	-	7,177	**2,737,893**
Total	**4,441,161**	**1,087,772**	**128,407**	**5,657,341**
Payments per Government				
State Budget	4,441,161	1,087,772	-	**5,528,934**
National Company of Forests - Romsilva	-	-	80,718	**80,718**
Various Local City Councils	-	-	22,791	**22,791**
National Agency for Mineral Resources (ANRM)	-	-	14,465	**14,465**
National Authority for Electricity Regulation (ANRE)	-	-	7,177	**7,177**
Offshore Operations Regulatory Authority (ACROPO)	-	-	2,811	**2,811**
CONPET S.A.	-	-	445	**445**
Total	**4,441,161**	**1,087,772**	**128,407**	**5,657,341**

[1)] Taxes include an amount of RON 1,484,772 thousand, representing payments in 2023 for solidarity contribution on crude oil quantities refined during 2022.

Christina Verchere
Chief Executive Officer
President of the EB

Alina Popa
Chief Financial Officer
Member of the EB

Cristian Hubati
Member of the EB
Exploration and Production

Franck Neel
Member of the EB
Gas and Power

Radu Căprău
Member of the EB
Refining and Marketing

OMV Petrom S.A.

Standalone report on payments to governments for the year 2023

- related to extractive activities -

Introduction

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OMV Petrom S.A. (hereinafter "**OMV Petrom**", "**Company**") is, on one side, operating in the extractive industry and, on the other side, admitted for trading on Bucharest Stock Exchange (with shares). Therefore, in accordance with the above-mentioned Regulation, the Company has prepared the following report (hereinafter the "**Report**") on payments to governments. The Report covers the payments made by OMV Petrom S.A. in relation to extractive activities (Exploration & Production business segment).

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From a socio-economic perspective, our Company has a larger contribution at national level than the reportable payments under the Regulation. OMV Petrom makes payments to governments also in connection with other segments of activity, not only Exploration & Production, i.e. Refining & Marketing, Gas & Power, Corporate & Other. In addition to payments to governments, OMV Petrom contributes to the national economy by providing jobs for employees and contractors, purchasing goods and materials from local suppliers and undertaking social investment activities.

Basis of preparation

Reporting entities

Under the requirements of the Regulation, OMV Petrom is required to prepare a report covering payments made to Governments for its extractive activities (mainly for the Exploration & Production business segment).

Activities within the scope of the Report

Payments made by OMV Petrom to governments in connection with any of the following activities: exploration, prospection, discovery, development and extraction of minerals, oils and natural gas deposits or other materials ("extractive activities") are presented in this report.

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Independent Auditors' Report

To the Shareholders of OMV Petrom SA

Coralilor street 22, Bucharest, Romania
Unique Registration Code: 1590082

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of OMV Petrom SA ("the Company") and its subsidiaries (together referred as "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and Notes to the consolidated financial statements.

2. The consolidated financial statements as at and for the year ended 31 December 2023 are identified as follows:

   - Total equity (consolidated): RON 39,379 million
   - Net income for the year (consolidated): RON 4,030 million

   The consolidated financial statements have been signed with a qualified electronic signature by the members of the Executive Board and by Gabriela Mardare and Nicoleta Drumea in their capacity as Vice President Finance and Head of Financial Reporting, respectively, on 15 March 2024.

3. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS as endorsed by EU").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fiscal registration code RO12997279
Trade Registry no.J40/4439/2000
Share Capital 2,000 RON

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Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for decommissioning and restoration obligations

- Provision for decommissioning and restoration obligations ("Decommissioning provision") amounted to RON 8,906 mil as at 31 December 2023 (31 December 2022: RON 6,929 mil).
- Refer to Note 2 Effects of climate change and energy transition, Note 3 Judgments, estimates and assumptions, Note 5 Accounting and valuation principles and Note 15 Provisions

The key audit matter

The Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities.

The estimation of Decommissioning provisions is a highly judgmental area as it involves a number of key assumptions related to the cost and timing of decommissioning and restoration works, inflation and discount rates.

The ultimate decommissioning and restoration costs and timing of such works are uncertain and can vary in response to many factors including changes to relevant legal requirements and their interpretation, the emergence of new restoration techniques or experience at other production sites as well as changes in estimated reserves of oil and gas.

As disclosed in Note 2, the Group did not recognize a decommissioning provision relating to its refining assets on the basis that the refinery site is expected to continue to be used for production in an energy transition scenario. There are significant investments planned in the next years with the goal to adapt the Group's refinery site in the direction of biofuels and chemical feedstock production.

In the light of the above factors, we considered the Decommissioning provisions to be associated with a significant risk of material misstatement in the consolidated financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures in the area, performed where applicable, assisted by our own valuation specialists, included, among others:

- Assessment of the design and implementation of the controls within the Group's decommissioning and restoration obligations estimation process;

Estimation of cost and timing of decommissioning and restoration works

- Evaluating the completeness and accuracy of the assets subject to decommissioning by using our understanding of the Group's operations and assessing whether a legal or constructive obligation existed at the reporting date;
- Evaluating key assumptions for estimated costs by comparing them to:
  - historical costs by inspecting, on a sample basis, the underlying source documents supporting the actual costs incurred during the year;
  - cost estimates developed by the external specialists engaged by the Group. We evaluated qualifications, experience and objectivity of the Group's specialists and inspected the scope and nature of works performed by the Group's specialist;
- Evaluating the rationale for changes in key assumptions for the timing of decommissioning and environment restoration works against last year assumptions;
- Assessing whether the timing of the decommissioning works at CGU level is consistent with the assumptions regarding the expected life of field.

Discount rates and inflation rates

- With the assistance of our own valuation specialists, evaluating the discount rates and inflation rates used, by comparing them against the publicly

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	available external market data; **Other procedures** • Challenging the management assessment regarding the decommissioning provision related to operating refining assets by reference to approved budgets and OMV Petrom Group Strategy for adapting the refinery site for biofuels and chemical feedstock production. • Testing the mathematical accuracy of decommissioning and restoration provision calculations; • Evaluating the accuracy, completeness and relevance of the decommissioning provisions financial statements disclosures as required by the relevant financial reporting standards.

Recoverability of the carrying value of oil & gas production assets

- The carrying value of oil & gas production assets as at 31 December 2023 amounted to RON 21,379 mil (31 December 2022 RON 17,299 mil).
- Refer to Note 2 Effects of climate change and energy transition, Note 3 Judgements, estimates and assumptions, Note 5 Accounting and valuation principles, Note 8 Property, plant and equipment, Note 30 Segment information and Note 24 Cost information

The key audit matter	How the matter was addressed in our audit
The Group assesses each asset or cash generating unit (CGU) at each reporting date to determine whether any indication of impairment exists or whether recognized impairments should be reversed. In addition, the Group tests for impairment its oil & gas assets when a triggering event is identified or upon reclassification from Exploration and Evaluation assets to tangible assets. As further disclosed in Note 3 the Group determined that as at 31 December 2023 there are no indicators of impairment of oil and gas production assets. Determination of the impairment triggering events requires observing both internal and external data and making a number of assumptions and judgments, relating to future prices of oil and gas, assessed levels of oil and gas reserve, future outputs and discount rates. Changes in the economic situation, expectations about climate-related risks or other facts and circumstances might require a revision of these assumptions and could lead to impairment of assets or reversals of impairments in the future. Assessment of triggering events are identified as key audit matter because, among others, are reliant on forecasts that are inherently judgmental and complex to estimate and the magnitude of the potential misstatement is material to the Group.	Our audit procedures in the area were focused on the assessment of the triggering events in accordance with IAS 36 and included, among others, the following: **Oil and gas prices** • Assessing the reasonableness of future short and long-term oil and gas price assumptions used by the Group by comparing these to publicly available industry information, especially IEA's announced pledges scenario and those adopted by other energy companies. **Oil and gas reserve and future outputs** • Obtaining an understanding of OMV Petroleum Resource Evaluation Standard; • Assessing the competence, authority and objectivity of the reservoir engineers responsible for estimating oil and gas reserves through understanding their relevant professional qualifications and experience; • Comparing the production forecasts to the internal evaluations of proved and probable oil and gas reserves as well as assessing the changes in production forecasts in current year analysis versus prior year; • Inspecting, on a sample basis, the most recent assessment of the oil and gas reserves prepared by external experts engaged by the OMV Group as at 31 December 2022 and comparing them with the

	reserves stated by the Group. **Discount rate** • With the assistance of our valuation specialists developing a range of reasonable discount rates based on the market and industry-specific benchmarks and assessing whether changes in market rates constitute a triggering event for impairment test; **Other procedures** • Evaluating the accuracy, completeness and relevance of the consolidated financial statements disclosures as required by the relevant financial reporting standards.

Expenditure recoverable from the Romanian State relating to decommissioning and environmental costs

- The carrying value of expenditure recoverable from the Romanian State as at 31 December 2023 amounted to RON 1,988 mil (31 December 2022: RON 1,614 mil).
- Refer to Note 3 Judgements, Estimates and Assumptions, Note 5 Accounting and valuation principles and Note 10(b) Other financial assets (net of impairment)

The key audit matter	How the matter was addressed in our audit

As part of the privatization agreement between the Romanian State and OMV Aktiengesellschaft, the Company 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, the Group has recognized as receivable from the Romanian State ("Receivable") the corresponding estimated decommissioning and environmental remediation costs subject to above agreement. Currently, as disclosed in Note 10(b), the Group is involved in a number of legal proceedings related to the repayment of certain amounts.
Delays in payments from the State of the claimed amounts and pending legal proceedings give rise to a question whether the reimbursement of decommissioning and environmental remediation costs, related to the Receivable, is virtually certain.
In the context of the above uncertainty, we considered this aspect to be a key audit matter.
	Our audit procedures in the area, assisted by our own legal specialists, where applicable, included, among others:
	• Obtaining an understanding of the rights and obligations of the Romanian State and the Company resulting from the stipulations of the Annex P "Environmental Indemnity" of the Privatization Agreement dated 23 July 2004, related to the acquisition by OMV Aktiengesellschaft of shares in the National Petroleum Company Petrom SA- Bucuresti, as approved by Law no.555/2004;
	• Assessing management's assumptions regarding the expected outcome of the disputes with the Romanian State by reference to:
	  • provisions of Annex P,
	  • analysis of amounts claimed vs. amounts accepted and reimbursed in the past,
	  • legal letters obtained from the lawyers representing the Group with their assessment of the expected outcome of the ongoing arbitration and litigation cases.

Impact of net zero carbon commitments and climate change related risks

- Refer to Note 2 Effects of climate change and energy transition

The key audit matter	How the matter was addressed in our audit
The Group is exposed to physical climate risks as well as risks associated with energy transition which include risks	As part of our audit, significant effort was required to identify relevant climate-related risks and understand

for stranded assets, decrease in demand for fossil products and regulatory risks.

The Annual Report of the Group describes the climate change related risks, major plans of action and risk management policies.

In Note 2 of the consolidated financial statements, the Group describes how the management considers both climate-related impacts and emission reduction targets in key areas of the consolidated financial statements and how this impacts the valuation of assets and measurement of liabilities.

In preparing the consolidated financial statements, the Group developed two scenarios:

- the base case representing management's assessment of the impact of climate-related risks, including net zero commitments, on the Group, which was then reflected in arriving at estimates in various areas of the consolidated financial statements, including impairment testing of non-financial assets and the measurement of provisions, and
- net zero emissions by 2050 case, which is based on a faster decarbonization path than the base case and is used for disclosing sensitivities of the Group. The assumptions used in this case are in line with the Net Zero Emissions by 2050 (NZE) scenario modeled by the IEA.

The scenarios differ in the underlying expectations about the pace of the future worldwide decarbonization which lead to different assumptions as to the expected demand, prices and margins of fossil commodities.

The Group identified the following as the main accounting estimates impacted by the net zero commitment and energy transition:

- Recoverability of non-current assets (including the existence of impairment indicators)
- Useful lives of property, plant and equipment
- Decommissioning provisions.

Users of financial statements are interested in understanding how climate-related risks affected key judgements and estimates made by management in preparing the consolidated financial statements as well as in consistent treatment of climate-related matters across the annual financial report.

In the wake of the above factors, we determined the consideration of whether the impacts of climate-related matters, including net-zero commitments, are reflected in the consolidated financial statements when appropriate, including relevant disclosure, to require our increased attention and to be our key audit matter.

how they may affect the Group, including its business model, its external environment and its system of internal control. This required, among other things:

- Assessment of how management has identified the classes of transactions, account balances or disclosures, including estimates, that climate-related risks may impact, and considering whether management's conclusions are consistent with our expectations based on our business understanding of the activities of the Group,
- Evaluation of the relevant requirements of the applicable financial reporting framework and assessing whether management has appropriately interpreted and applied them when preparing the consolidated financial statements – e.g. when selecting accounting policies, making accounting estimates and related disclosures;
- Challenging the appropriateness of the base case in management's assessment of the impact of climate related risks and net zero commitment on impairment triggers with respect to oil & gas production assets and other accounting estimates;
- Evaluating whether the impact of net zero commitment strategy, as assessed by the Group in the base case, was reflected in the respective assumptions applied in the estimate of recoverable amount for refining assets;
- Reading the other information included in the Annual Report and considering whether there are any material inconsistencies between the other information and the consolidated financial statements with respect to management evaluation of climate-related risks and impact of net zero commitment.

Other information

6. Management is responsible for the preparation and presentation of other information. The other information comprises the Remuneration Report for 2023 ("Remuneration Report"), Consolidated report on payments to governments for the year 2023 and the Annual report, including the Directors' Report, which we obtained prior to the date of this auditors' report, and the OMV Petrom's Sustainability Report for 2023 ("Sustainability report"), which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditors' report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

   When we read the Sustainability report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

   Other Reporting Responsibilities Related to Other Information – Directors' Report.

   With respect to the Directors' the Report we read and report whether the Directors' Report is prepared, in all material respects, in accordance with the Order of Minister of Public Finance No. 2844/2016 for approval of accounting regulations in accordance with International Financial Reporting Standards ("OMPF no. 2844/2016"), articles 26-28 of the accounting regulations in accordance with International Financial Reporting Standards.

   Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion:

   a) The information included in the Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;

   b) The Directors' Report has been prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 26 – 28 of the accounting regulations in accordance with International Financial Reporting Standards.

   In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Directors' Report. We have nothing to report in this regard.

   Other Reporting Responsibilities Related to Other Information – Remuneration Report

   With respect to the Remuneration Report, we read the Remuneration Report in order to determine whether it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of the Law no. 24/2017 regarding the issuers of financial instruments and market operations and related amendments. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS as endorsed by EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements - Report on Compliance with the ESEF Regulation

15. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the consolidated financial statements, as included in the Annual report and approved by the Supervisory Board, with the requirements of the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management

16. Management is responsible for the preparation of the consolidated financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information in the machine- and human-readable formats and the signed consolidated financial statements; and
- the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

Auditors' Responsibilities

17. Our responsibility is to express an opinion on whether the consolidated financial statements included in the Annual report and approved by the Supervisory Board comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable digital format and to the signed and audited consolidated financial statements;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements;
- evaluating the appropriateness of the digital format of the consolidated financial statements; and
- assessing consistency between the digitised information in the machine- and human-readable formats and the signed and audited consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

18. In our opinion, the consolidated financial statements of the Group, as included in Annual report and approved by the Supervisory Board, as at and for the year ended 31 December 2023 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Report on Other Legal and Regulatory Requirements

19. We were appointed by the General Shareholders' Meeting on 26 April 2023 to audit the consolidated financial statements of OMV Petrom SA for the year ended 31 December 2023. Our total uninterrupted period of engagement is 1 year, covering the period ending 31 December 2023.

20. We confirm that:
    - our audit opinion is consistent with the additional report presented to the Audit Committee, which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the audited entity in conducting the audit.
    - we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

The engagement partner on the audit resulting in this independent auditors' report is RUSU NICOLETA.

For and on behalf of KPMG Audit S.R.L.:

RUSU NICOLETA

N. Rusu

KPMG Audit SRL

registered in the electronic public register of financial auditors and audit firms under no AF4094

registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 15 March 2024

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: RUSU NICOLETA
Registrul Public Electronic: AF4094

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Firma de audit: KPMG AUDIT S.R.L.
Registrul Public Electronic: FA9

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Independent Auditors' Report

To the Shareholders of OMV Petrom SA

Coralilor street, 22, Bucharest, Romania

Unique Registration Code: 1590082

Report on the Audit of the Separate Financial Statements

Opinion

1. We have audited the separate financial statements of OMV Petrom SA ("the Company"), which comprise the statement of financial position as at 31 December 2023, the income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, and Notes to the separate financial statements.

2. The separate financial statements as at and for the year ended 31 December 2023 are identified as follows:

• Total equity (unconsolidated):	RON 37,930 million
• Net income for the year (unconsolidated):	RON 3,944 million

The separate financial statements have been signed with a qualified electronic signature by the members of the Executive Board and by Gabriela Mardare and Nicoleta Drumea in their capacity as Vice President Finance and Head of Financial Reporting, respectively, on 15 March 2024.

3. In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 2844/2016 for approval of accounting regulations in accordance with International Financial Reporting Standards ("OMPF no. 2844/2016").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the separate financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fiscal registration code RO12997279
Trade Registry no.J40/4439/2000
Share Capital 2,000 RON

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for decommissioning and restoration obligations

- Provision for decommissioning and restoration obligations ("Decommissioning provision") amounted to RON 8,885 mil as at 31 December 2023 (31 December 2022: RON 6,913 mil).
- Refer to Note 2 Effects of climate change and energy transition, Note 3 Judgments, estimates and assumptions, Note 4 Accounting and valuation principles and Note 14 Provisions

The key audit matter	How the matter was addressed in our audit

The Company's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities.
 	
The estimation of Decommissioning provisions is a highly judgmental area as it involves a number of key assumptions related to the cost and timing of decommissioning and restoration works, inflation and discount rates.
 	
The ultimate decommissioning and restoration costs and timing of such works are uncertain and can vary in response to many factors including changes to relevant legal requirements and their interpretation, the emergence of new restoration techniques or experience at other production sites as well as changes in estimated reserves of oil and gas.
 	
As disclosed in Note 2 the Company did not recognize a decommissioning provision relating to its refining assets on the basis that the refinery site is expected to continue to be used for production in an energy transition scenario. There are significant investments planned in the next years with the goal to adapt the Company's refinery site in the direction of biofuels and chemical feedstock production.
 	
In the light of the above factors, we considered the Decommissioning provisions to be associated with a significant risk of material misstatement in the separate financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.
	Our audit procedures in the area, performed where applicable, assisted by our own valuation specialists, included, among others:
	
	• Assessment of the design and implementation of the controls within the Company's decommissioning and restoration obligations estimation process;
	
	Estimation of cost and timing of decommissioning and restoration works
	
	• Evaluating the completeness and accuracy of the assets subject to decommissioning by using our understanding of the Company's operations and assessing whether a legal or constructive obligation existed at the reporting date;
	
	• Evaluating key assumptions for estimated costs by comparing them to:
	  ◦ historical costs by inspecting, on a sample basis, the underlying source documents supporting the actual costs incurred during the year;
	  ◦ cost estimates developed by the external specialists engaged by the Company. We evaluated qualifications, experience and objectivity of the Company's specialists and inspected the scope and nature of works performed by the Company's specialist;
	
	• Evaluating the rationale for changes in key assumptions for the timing of decommissioning and environment restoration works against last year assumptions;
	
	• Assessing whether the timing of the decommissioning works at CGU level is consistent with the assumptions regarding the expected life of field.
	
	Discount rates and inflation rates
	
	• With the assistance of our own valuation specialists, evaluating the discount rates and inflation rates used, by comparing them against the publicly available

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	external market data; **Other procedures** • Challenging the management assessment regarding the decommissioning provision related to operating refining assets by reference to approved budgets and OMV Petrom Group Strategy for adapting the refinery site for biofuels and chemical feedstock production. • Testing the mathematical accuracy of decommissioning and restoration provision calculations; • Evaluating the accuracy, completeness and relevance of the decommissioning provisions financial statements disclosures as required by the relevant financial reporting standards.

Recoverability of the carrying value of oil & gas production assets

- The carrying value of oil & gas production assets as at 31 December 2023 amounted to RON 21,379 mil (31 December 2022 RON 17,299 mil).
- Refer to Note 2 Effects of climate change and energy transition, Note 3 Judgements, estimates and assumptions, Note 4 Accounting and valuation principles, Note 7 Property, plant and equipment, Note Note 28 Segment information and Note 23 Cost information

The key audit matter	How the matter was addressed in our audit
The Company assesses each asset or cash generating unit (CGU) at each reporting date to determine whether any indication of impairment exists or whether recognized impairments should be reversed. In addition, the Company tests for impairment its oil & gas assets when a triggering event is identified or upon reclassification from Exploration & Evaluation assets to tangible assets. As further disclosed in Note 3 the Company determined that as at 31 December 2023 there are no indicators of impairment of oil and gas production assets. Determination of the impairment triggering events requires observing both internal and external data and making a number of assumptions and judgments, relating to future prices of oil and gas, assessed levels of oil and gas reserve, future outputs and discount rates. Changes in the economic situation, expectations about climate-related risks or other facts and circumstances might require a revision of these assumptions and could lead to impairment of assets or reversals of impairments in the future. Assessment of triggering events are identified as key audit matter because, among others, are reliant on forecasts that are inherently judgmental and complex to estimate and the magnitude of the potential misstatement is material to the Company.	Our audit procedures in the area were focused on the assessment of the triggering events in accordance with IAS 36 and included, among others, the following: **Oil and gas prices** • Assessing the reasonableness of future short and long-term oil and gas price assumptions used by the Company by comparing these to publicly available industry information, especially IEA's announced pledges scenario and those adopted by other energy companies. **Oil and gas reserve and future outputs** • Obtaining an understanding of OMV Petroleum Resource Evaluation Standard; • Assessing the competence, authority and objectivity of the reservoir engineers responsible for estimating oil and gas reserves through understanding their relevant professional qualifications and experience; • Comparing the production forecasts to the internal evaluations of proved and probable oil and gas reserves as well as assessing the changes in production forecasts in current year analysis versus prior year; • Inspecting, on a sample basis, the most recent assessment of the oil and gas reserves prepared by external experts engaged by the OMV Group as at 31 December 2022 and comparing them with the

	reserves stated by the Company. **Discount rate** • With the assistance of our valuation specialists developing a range of reasonable discount rates based on the market and industry-specific benchmarks and assessing whether changes in market rates constitute a triggering event for impairment test. **Other procedures** • Evaluating the accuracy, completeness and relevance of the separate financial statements disclosures as required by the relevant financial reporting standards.

Expenditure recoverable from the Romanian State relating to decommissioning and environmental costs

- The carrying value of expenditure recoverable from the Romanian State as at 31 December 2023 amounted to RON 1,988 mil (31 December 2022: RON 1,614 mil).
- Refer to Note 3 Judgements, Estimates and Assumptions, Note 4 Accounting and valuation principles and Note 9(b) Other financial assets (net of impairment)

The key audit matter	How the matter was addressed in our audit

As part of the privatization agreement between the Romanian State and OMV Aktiengesellschaft, the Company 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, the Company has recognized as receivable from the Romanian State ("Receivable") the corresponding estimated decommissioning and environmental remediation costs subject to above agreement. Currently, as disclosed in Note 9(b), the Company is involved in a number of legal proceedings related to the repayment of certain amounts.
Delays in payments from the State of the claimed amounts and pending legal proceedings give rise to a question whether the reimbursement of decommissioning and environmental remediation costs, related to the Receivable, is virtually certain.
In the context of the above uncertainty, we considered this aspect to be a key audit matter.
	Our audit procedures in the area, assisted by our own legal specialists, where applicable, included, among others:
	• Obtaining an understanding of the rights and obligations of the Romanian State and the Company resulting from the stipulations of the Annex P "Environmental Indemnity" of the Privatization Agreement dated 23 July 2004, related to the acquisition by OMV Aktiengesellschaft of shares in the National Petroleum Company Petrom SA-Bucuresti, as approved by Law no.555/2004;
	• Assessing management's assumptions regarding the expected outcome of the disputes with the Romanian State by reference to:
	  • provisions of Annex P,
	  • analysis of amounts claimed vs. amounts accepted and reimbursed in the past,
	  • legal letters obtained from the lawyers representing the Company with their assessment of the expected outcome of the ongoing arbitration and litigation cases.

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Impact of net zero carbon commitments and climate change related risks

- Refer to Note 2 Effects of climate change and energy transition

The key audit matter

The Company is exposed to physical climate risks as well as risks associated with energy transition which include risks for stranded assets, decrease in demand for fossil products and regulatory risks.

The Directors' report describes the climate change related risks, major plans of action and risk management policies.

In Note 2 of the separate financial statements, the Company describes how the management considers both climate-related impacts and emission reduction targets in key areas of the separate financial statements and how this impacts the valuation of assets and measurement of liabilities.

In preparing the financial statements, the Company developed two scenarios:

- the base case representing management's assessment of the impact of climate-related risks, including net zero commitments, on the Company, which was then reflected in arriving at estimates in various areas of the separate financial statements, including impairment testing of non-financial assets and the measurement of provisions, and
- net zero emissions by 2050 case, which is based on a faster decarbonization path than the base case and is used for disclosing sensitivities 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.

The scenarios differ in the underlying expectations about the pace of the future worldwide decarbonization which lead to different assumptions as to the expected demand, prices and margins of fossil commodities.

The Company identified the following as the main accounting estimates impacted by the net zero commitment and energy transition:

- Recoverability of non-current assets (including the existence of impairment indicators)
- Useful lives of property, plant and equipment
- Decommissioning provisions.

Users of financial statements are interested in understanding how climate-related risks affected key judgements and estimates made by management in preparing the separate financial statements as well as in consistent treatment of climate-related matters across the annual financial report.

How the matter was addressed in our audit

As part of our audit, significant effort was required to identify relevant climate-related risks and understand how they may affect the Company, including its business model, its external environment and its system of internal control. This required, among other things:

- Assessment of how management has identified the classes of transactions, account balances or disclosures, including estimates, that climate-related risks may impact, and considering whether management's conclusions are consistent with our expectations based on our business understanding of the activities of the Company;
- Evaluation of the relevant requirements of the applicable financial reporting framework and assessing whether management has appropriately interpreted and applied them when preparing the separate financial statements – e.g. when selecting accounting policies, making accounting estimates and related disclosures;
- Challenging the appropriateness of the base case in management's assessment of the impact of climate related risks and net zero commitment on impairment triggers with respect to oil & gas production assets and other accounting estimates;
- Evaluating whether the impact of net zero commitment strategy, as assessed by the Company in the base case, was reflected in the respective assumptions applied in the estimate of recoverable amount for refining assets;
- Reading the other information included in the Directors' report and considering whether there are any material inconsistencies between the other information and the separate financial statements with respect to management evaluation of climate-related risks and impact of net zero commitment.

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In the wake of the above factors, we determined the consideration of whether the impacts of climate-related matters, including net-zero commitments, are reflected in the separate financial statements when appropriate, including relevant disclosure, to require our increased attention and to be our key audit matter.	

Other information

6. Management is responsible for the preparation and presentation of other information. The other information comprises the Directors' report on OMV Petrom SA's separate financial statements prepared in accordance with Ministry of Finance Order no.2844/2016 ("Directors' report"), the Remuneration Report for 2023 ("Remuneration Report") and the Standalone report on payments to governments for the year 2023, which we obtained prior to the date of this auditors' report, and the OMV Petrom's Sustainability Report for 2023 ("Sustainability report"), which is expected to be made available to us after that date. The other information does not include the separate financial statements and our auditors' report thereon.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Sustainability report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Reporting Responsibilities Related to Other Information – Directors' Report.

With respect to the Directors' report we read and report whether the Directors' report is prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 15 – 19 of the accounting regulations in accordance with International Financial Reporting Standards.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion:

a) The information given in the Directors' report for the financial year for which the separate financial statements are prepared is consistent, in all material respects, with the separate financial statements;

b) The Directors' report has been prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 15 – 19 of the accounting regulations in accordance with International Financial Reporting Standards.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

Other Reporting Responsibilities Related to Other Information – Remuneration Report

With respect to Remuneration Report, we read the Remuneration Report in order to determine whether it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of the Law no. 24/2017 regarding the issuers of financial instruments and market operations and related amendments. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

7. Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with OMPF no. 2844/2016 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Separate Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the

key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements - Report on Compliance with the ESEF Regulation

15. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the separate financial statements, as included in the Annual report on separate financial statements and approved by the Supervisory Board, with the requirements of the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management

16. Management is responsible for the preparation of the separate financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes the preparation of the separate financial statements in the applicable xHTML format, including ensuring consistency between the digital format and the signed separate financial statements and the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

Auditors' Responsibilities

17. Our responsibility is to express an opinion on whether the separate financial statements, as included in the Annual report on separate financial statements and approved by the Supervisory Board, comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

    A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included evaluating the appropriateness of the digital format of the separate financial statements and assessing consistency between the digital format and the signed and audited separate financial statements.

    We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

18. In our opinion, the separate financial statements of the Company, as included in the Annual report on separate financial statements and approved by the Supervisory Board, as at and for the year ended 31 December 2023 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Report on Other Legal and Regulatory Requirements

19. We were appointed by the General Shareholders' Meeting on 26 April 2023 to audit the separate financial statements of OMV Petrom SA for the year ended 31 December 2023. Our total uninterrupted period of engagement is 1 year, covering the period ending 31 December 2023.

20. We confirm that:
    - our audit opinion is consistent with the additional report presented to the Audit Committee, which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the audited entity in conducting the audit.
    - we have not provided to the Company the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

The engagement partner on the audit resulting in this independent auditors' report is RUSU NICOLETA.

For and on behalf of KPMG Audit S.R.L.:

KPMG Audit SRL

RUSU NICOLETA

registered in the electronic public register of financial auditors and audit firms under no AF4094

registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 15 March 2024

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: RUSU NICOLETA
Registrul Public Electronic: AF4094

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Firma de audit: **KPMG AUDIT S.R.L.**
Registrul Public Electronic: **FA9**