

Q2

Quarterly Report 2023



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OMV Petrom Group resultsⁱ for January – June and Q2 2023

including interim unaudited condensed consolidated financial statements

as of and for the period ended June 30, 2023

Highlights Q2/23ⁱⁱ

OMV Petrom Group

- ▶ Clean CCS Operating Result at RON 1.6 bn, 56% lower, still showing resilience in the context of significantly lower commodity prices and asset utilization impacted by maintenance activities
- ▶ Clean CCS net income attributable to stockholders of the parent at RON 1.5 bn, down 51%
- ▶ Cash flow from operating activities at RON 0.4 bn, 89% lower
- ▶ CAPEX at RON 1.4 bn, up 89%
- ▶ Free cash flow after dividends outflow of RON 3.5 bn in Q2/23, compared with an inflow of RON 1.1 bn in Q2/22
- ▶ Clean CCS ROACE at 31%, 4 pp higher
- ▶ TRIR: 0.66 (Q2/22: 0.48)ⁱⁱⁱ
- ▶ Special dividend proposal: RON 0.045/share^{iv} leading to a total dividend yield of 19.6%^v

Exploration and Production

- ▶ Clean Operating Result at RON 1,152 mn vs. RON 1,889 mn in Q2/22, mainly due to lower oil and gas prices and volumes
- ▶ Production decreased by 5.3%, mainly due to natural decline and planned maintenance activities, partly offset by the contribution of new wells and workovers
- ▶ Production cost increased by 41% to USD 15.4/boe, mainly due to a positive one-off effect in Q2/22, lower production available for sale, and cost inflation

Refining and Marketing

- ▶ Clean CCS Operating Result at RON 142 mn vs. RON 1,197 mn in Q2/22, mainly reflecting lower refining margins and refinery utilization
- ▶ OMV Petrom indicator refining margin at USD 11.2/bbl, down 54% as a result of weaker product spreads
- ▶ Refinery utilization rate at 31%, compared to 86% in Q2/22 in the context of the 8 week turnaround
- ▶ Retail sales volumes 5% higher

Gas and Power

- ▶ Clean Operating Result at RON 471 mn vs. RON 816 mn in Q2/22, in the context of significantly lower market prices and extended regulatory and fiscal interventions
- ▶ Brazi power plant was in prolonged planned outage with the entire capacity in Q2/23
- ▶ Gas sales to third parties up 8%, reflecting successfully rerouted quantities not used for power production

Key events

- ▶ OMV Petrom took the final investment decision for the Neptun Deep project and, together with its partner Romgaz, approved the development plan and submitted it to the regulator for endorsement
- ▶ OMV Petrom and CE Oltenia signed the financing contracts to build four photovoltaic parks
- ▶ OMV Petrom signed an agreement for the purchase of several photovoltaic parks in Romania with a targeted installed capacity of around 710 MW
- ▶ OMV Petrom paid RON ~1.5 bn additional tax representing the solidarity contribution on refined crude oil for 2022
- ▶ OMV Petrom discovered new hydrocarbon resources in Romania, totaling more than 30 mn boe

ⁱ The financials are unaudited and represent OMV Petrom Group's (herein after also referred to as "the Group") interim consolidated results prepared according to IFRS; all the figures refer to OMV Petrom Group, unless otherwise stated; financials are expressed in RON mn and rounded to the closest integer value, so minor differences may result upon reconciliation; OMV Petrom uses the National Bank of Romania exchange rates for its consolidation process.

ⁱⁱ All comparisons described relate to the same quarter in the previous year except where mentioned otherwise.

ⁱⁱⁱ Total Recordable Injury Rate; 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.

^{iv} Special dividend subject to approval by the Supervisory Board and the General Meeting of Shareholders.

^v Including the RON 0.0375 base dividend and using the share price as of December 30, 2022.

Directors' report (condensed, unaudited)

Financial highlights

Q2/23	Q1/23	Q2/22	Δ% ¹	in RON mn	6m/23	6m/22	Δ%
8,391	9,473	13,683	(39)	Sales revenues ²	17,864	25,581	(30)
1,614	2,095	3,660	(56)	Clean CCS Operating Result³	3,709	5,901	(37)
1,152	985	1,889	(39)	Clean Operating Result Exploration and Production ^{3,4}	2,137	2,995	(29)
142	616	1,197	(88)	Clean CCS Operating Result Refining and Marketing ³	758	1,824	(58)
471	723	816	(42)	Clean Operating Result Gas and Power	1,194	1,543	(23)
(11)	(24)	(15)	28	Clean Operating Result Co&O ³	(34)	(37)	7
(139)	(205)	(228)	39	Consolidation	(345)	(423)	19
16	16	17	(1)	Clean CCS Group effective tax rate (%)	16	17	(2)
1,471	1,881	2,980	(51)	Clean CCS net income ^{3,7}	3,351	4,768	(30)
1,471	1,881	2,980	(51)	Clean CCS net income attributable to stockholders of the parent^{3,6,7}	3,351	4,768	(30)
0.0236	0.0302	0.0489	(52)	Clean CCS EPS (RON) ^{3,6,7}	0.0538	0.0782	(31)
1,614	2,095	3,660	(56)	Clean CCS Operating Result³	3,709	5,901	(37)
(25)	(356)	(450)	94	Special items ⁵	(381)	(612)	38
(30)	(122)	322	n.m.	CCS effects: Inventory holding gains/(losses)	(152)	429	n.m.
1,559	1,617	3,532	(56)	Operating Result Group	3,176	5,718	(44)
1,149	987	1,887	(39)	Operating Result Exploration and Production ⁴	2,136	2,992	(29)
89	529	1,590	(94)	Operating Result Refining and Marketing	618	2,298	(73)
492	352	323	52	Operating Result Gas and Power	844	922	(8)
(33)	(25)	(40)	18	Operating Result Co&O	(58)	(70)	18
(138)	(226)	(228)	39	Consolidation	(364)	(423)	14
145	154	(91)	n.m.	Net financial result	299	(173)	n.m.
1,704	1,771	3,441	(50)	Profit before tax prior to solidarity contribution	3,475	5,545	(37)
(1,983)	-	-	n.a.	Solidarity contribution on refined crude oil ⁸	(1,983)	-	n.a.
(279)	1,771	3,441	n.m.	Profit/(loss) before tax	1,492	5,545	(73)
(93)	16	16	n.m.	Group effective tax rate (%)	37	16	127
(537)	1,481	2,898	n.m.	Net income/(loss)	944	4,646	(80)
(537)	1,481	2,898	n.m.	Net income/(loss) attributable to stockholders of the parent⁶	944	4,646	(80)
(0.0086)	0.0238	0.0475	n.m.	EPS (RON) ⁶	0.0152	0.0762	(80)
412	4,660	3,746	(89)	Cash flow from operating activities	5,072	6,386	(21)
(3,476)	3,290	1,111	n.m.	Free cash flow after dividends	(186)	3,022	n.m.
(13,231)	(16,727)	(12,337)	7	Net debt/(cash) including leases	(13,231)	(12,337)	7
(13,852)	(17,368)	(12,987)	7	Net debt/(cash) excluding leases	(13,852)	(12,987)	7
1,434	959	760	89	Capital expenditure	2,393	1,389	72
31.3	37.3	26.9	16	Clean CCS ROACE (%) ^{3,7}	31.3	26.9	16
22.6	36.0	25.3	(11)	ROACE (%)	22.6	25.3	(11)
7,700	7,735	7,839	(2)	OMV Petrom Group employees end of period ⁴	7,700	7,839	(2)
0.66	0.53	0.48	38	TRIR	0.60	0.41	46

¹ Q2/23 vs. Q2/22

² Sales revenues excluding petroleum excise tax;

³ 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);

⁴ Excluding intersegmental profit elimination shown in the line "Consolidation";

⁵ Special items, representing exceptional, non-recurring items, are added back or deducted from the Operating Result; for more details please refer to each specific segment;

⁶ After deducting net result attributable to non-controlling interests; figures from previous periods have been adjusted retrospectively as per IFRS requirements following the share capital increase finalized in 2022;

⁷ Excludes the special item related to solidarity contribution on refined crude oil; ⁸ Solidarity contribution on refined crude oil is a special item in the computation of Clean CCS Net Income

Group performance

Second quarter 2023 (Q2/23) vs. Second quarter 2022 (Q2/22)

Consolidated sales revenues decreased by 39% compared to Q2/22, negatively impacted by lower commodity prices and lower sales volumes of petroleum products and electricity, only partially compensated by higher sales volumes of natural gas. Refining and Marketing segment represented 70% of total consolidated sales, Gas and Power segment accounted for 30%, while sales from Exploration and Production segment accounted only for 0.2% (sales in Exploration and Production being largely intra-group sales rather than third-party sales).

The **Clean CCS Operating Result** amounted to RON 1,614 mn in Q2/23, compared to RON 3,660 mn in Q2/22, due to significantly lower refining margins and lower refinery utilization rate impacted by the 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. The Consolidation line had a negative contribution in Q2/23 of RON (139) mn (Q2/22: RON (228) mn). The **Clean CCS Group effective tax rate** was 16% (Q2/22: 17%). **Clean CCS net income attributable to stockholders of the parent** was RON 1,471 mn (Q2/22: RON 2,980 mn).

Special items comprised net charges of RON (25) mn. **Inventory holding losses** amounted to RON (30) mn in Q2/23, mainly as a result of the decrease in crude oil prices. In Q2/22, **special items** comprised net charges of RON (450) mn, driven by net temporary losses from power forward contracts in the Gas and Power segment, while **inventory holding gains** amounted to RON 322 mn, mainly as a result of the increase in crude oil prices.

Reported Operating Result for Q2/23 decreased to RON 1,559 mn, compared to RON 3,532 mn in Q2/22, mainly driven by the lower pricing environment and lower availability of our assets.

Net financial result was a gain of RON 145 mn in Q2/23 compared to a loss of RON (91) mn in Q2/22, mainly due to higher interest income on bank deposits, Q2/22 also being impacted by higher interest expenses in relation to the discounting of receivables.

Profit before tax prior to solidarity contribution for Q2/23 was RON 1,704 mn, lower than RON 3,441 mn in Q2/22.

In May 2023, the Law no. 119/2023 approving GEO 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 Q2/23 the **Solidarity contribution on refined crude oil** for 2022 in amount of RON 1,485 mn and for 6m/23 in amount of RON 498 mn, presented as a separate line in the interim condensed 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.

As a result, we incurred a **loss before tax** for Q2/23 of RON (279) mn, compared to a profit before tax of RON 3,441 mn in Q2/22.

Income tax amounted to RON (258) mn, while the **effective tax rate** was (93)% in Q2/23, mainly due to non-deductible solidarity contribution on refined crude oil (Q2/22: 16%).

Net loss attributable to stockholders of the parent was RON (537) mn (Q2/22: net income attributable to stockholders of the parent of RON 2,898 mn).

Cash flow from operating activities decreased to RON 412 mn, compared to RON 3,746 mn in Q2/22, driven mainly by lower operating result and payment of Solidarity contribution on refined crude oil for 2022, partly offset by favorable evolution of net working capital. **Free cash flow after dividends** resulted in a cash outflow of RON 3,476 mn (Q2/22: inflow of RON 1,111 mn).

Capital expenditure amounted to RON 1,434 mn in Q2/23, 89% higher than in Q2/22, of which RON 611 mn were directed to Exploration and Production (Q2/22: RON 569 mn). Refining and Marketing investments amounted to RON 767 mn (Q2/22: RON 141 mn), while Gas and Power investments amounted to RON 42 mn (Q2/22: RON 43 mn). Corporate and Other investments were RON 15 mn (Q2/22: RON 7 mn).

January to June 2023 (6m/23) vs. January to June 2022 (6m/22)

Consolidated sales revenues of RON 17,864 mn for 6m/23 decreased by 30% compared to 6m/22, negatively impacted by lower commodity prices and lower sales volumes of petroleum products and electricity, only partially compensated by higher sales volumes of natural gas. Refining and Marketing segment represented 66% of total consolidated sales, Gas and Power segment accounted for 33%, while sales from Exploration and Production segment accounted only for 0.2% (sales in Exploration and Production being largely intra-group sales rather than third-party sales).

Clean CCS Operating Result of RON 3,709 mn in 6m/23 was lower compared to RON 5,901 mn in 6m/22, due to lower contribution from all business segments, mainly triggered by negative impact of 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, as well as decreased purchases, mainly due to lower volumes and prices for natural gas, electricity and imported crude oil, partially offset by higher volumes of traded petroleum products. The Consolidation line had a negative contribution in 6m/23 of RON (345) mn (6m/22: RON (423) mn). The **Clean CCS Group effective tax rate** was 16% (6m/22: 17%). **Clean CCS net income attributable to stockholders of the parent** was RON 3,351 mn (6m/22: RON 4,768 mn).

Special items comprise net charges of RON (381) mn (6m/22: RON (612) mn), mainly related the net temporary losses from forward power contracts in the Gas and Power segment. **Inventory holding losses** amounted to RON (152) mn in 6m/23, compared with inventory holding gains of RON 429 mn in 6m/22, in both periods mainly as a result of the crude oil price evolutions.

Reported Operating Result for 6m/23 decreased to RON 3,176 mn, compared to RON 5,718 mn in 6m/22, 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, both prolonged more than initially scheduled, due to discovery maintenance.

Net financial result was a gain of RON 299 mn in 6m/23 compared to a loss of RON (173) mn in 6m/22, mainly due to higher interest income on bank deposits, 6m/22 also being impacted by higher interest expenses in relation to the discounting of receivables.

Profit before tax prior to solidarity contribution for 6m/23 was RON 3,475 mn, lower than RON 5,545 in 6m/22.

In May 2023, the Law no. 119/2023 approving GEO 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 6m/23 the **Solidarity contribution on refined crude oil** for 2022 in amount of RON 1,485 mn and for 6m/23 in amount of RON 498 mn, presented as a separate line in the interim condensed 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.

As a result, the **profit before tax** for 6m/23 was RON 1,492 mn, lower compared to RON 5,545 mn in 6m/22.

Income tax amounted to RON (548) mn, while the **effective tax rate** was 37% in 6m/23, mainly due to non-deductible solidarity contribution on refined crude oil (6m/22: 16%).

Net income attributable to stockholders of the parent was RON 944 mn (6m/22: RON 4,646 mn).

Cash flow from operating activities decreased to RON 5,072 mn, compared to RON 6,386 mn in 6m/22, 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. **Free cash flow after dividends** resulted in a cash outflow of RON 186 mn (6m/22: inflow of RON 3,022 mn).

Capital expenditure amounted to RON 2,393 mn in 6m/23, 72% higher than in 6m/22 (RON 1,389 mn), mainly directed to Exploration and Production with investments of RON 1,161 mn (6m/22: RON 1,022 mn). Refining and Marketing investments amounted to RON 1,146 mn (6m/22: RON 261 mn), while Gas and Power investments amounted to RON 59 mn (6m/22: RON 92 mn). Corporate and Other investments were RON 27 mn (6m/22: RON 14 mn).

OMV Petrom Group reported a **net cash position including leases** of RON 13,231 mn as at June 30, 2023, higher than RON 12,337 mn as at June 30, 2022 and slightly lower than RON 13,463 mn as at December 31, 2022.

Reconciliation of Clean CCS Operating Result to Reported Operating Result

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn	6m/23	6m/22	Δ%
1,614	2,095	3,660	(56) Clean CCS Operating Result	3,709	5,901	(37)
(25)	(356)	(450)	94 Special items	(381)	(612)	38
1	(1)	(0)	n.m. thereof personnel restructuring	—	(4)	n.a.
—	—	—	n.a. thereof unscheduled depreciation / write-ups	—	—	n.a.
(26)	(355)	(449)	94 thereof other	(381)	(608)	37
(30)	(122)	322	n.m. CCS effects: Inventory holding gains/(losses)	(152)	429	n.m.
1,559	1,617	3,532	(56) Operating Result Group	3,176	5,718	(44)

¹ Q2/23 vs. Q2/22

Clean CCS Operating Result represents Operating Result adjusted for **Special items** and **CCS 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.

Summarized interim consolidated statement of financial position (unaudited)

in RON mn	June 30, 2023	December 31, 2022
Assets		
Non-current assets	35,020	32,218
Current assets (including assets held for sale)	22,658	25,303
Total assets	57,678	57,521
Equity and liabilities		
Total equity	39,114	40,508
Non-current liabilities	10,582	8,151
Current liabilities	7,983	8,862
Total equity and liabilities	57,678	57,521

Compared to December 31, 2022, **non-current assets** increased by RON 2,801 mn, to RON 35,020 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 trade receivables following lower sales, lower inventories mainly as a result of lower volumes and average unit costs of natural gas in stock, as well as lower other financial assets. The decrease 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 derivatives, partly offset by increase in short-term investments, mainly in Treasury bills.

Equity decreased to RON 39,114 mn as of June 30, 2023, compared to RON 40,508 mn as of December 31, 2022, mainly as a result of base dividend distribution for the financial year 2022, partly offset by the net profit generated in 6m/23. The Group's equity ratio was 68% as of June 30, 2023, slightly lower than the level of 70% on December 31, 2022.

As at June 30, 2023, **total liabilities** increased by RON 1,551 mn compared with December 31, 2022. 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 rate. The decrease in **current liabilities** was mainly due to decrease in other provisions and decommissioning, lower financial liabilities mostly in relation to derivatives and lower income tax liabilities, partially offset by increase in other liabilities, largely related to the solidarity contribution on refined crude oil for 6m/23.

Cash flow

Q2/23	Q1/23	Q2/22	Δ% ¹	Summarized cash-flow statement (in RON mn)	6m/23	6m/22	Δ%
(82)	2,921	4,508	n.m.	Cash generated from operating activities before working capital movements	2,839	7,763	(63)
412	4,660	3,746	(89)	Cash flow from operating activities	5,072	6,386	(21)
(1,572)	(1,369)	(723)	(117)	Cash flow from investing activities	(2,941)	(1,451)	(103)
(1,160)	3,291	3,023	n.m.	Free cash flow	2,131	4,935	(57)
(2,313)	(46)	(1,964)	(18)	Cash flow from financing activities	(2,359)	(2,020)	(17)
1	(1)	3	(76)	Effect of exchange rate changes on cash and cash equivalents	(1)	3	n.m.
(3,472)	3,244	1,061	n.m.	Net increase/(decrease) in cash and cash equivalents	(228)	2,918	n.m.
17,500	14,256	12,179	44	Cash and cash equivalents at beginning of period	14,256	10,323	38
14,028	17,500	13,240	6	Cash and cash equivalents at end of period	14,028	13,240	6
(3,476)	3,290	1,111	n.m.	Free cash flow after dividends	(186)	3,022	n.m.

¹ Q2/23 vs. Q2/22

Second quarter 2023 (Q2/23) vs. second quarter 2022 (Q2/22)

In Q2/23, the outflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest received and income tax paid, was RON 82 mn (Q2/22: inflow of RON 4,508 mn). Changes in **net working capital** generated a cash inflow of RON 494 mn (Q2/22: outflow of RON 762 mn). **Cash flow from operating activities** decreased by RON 3,334 mn compared to Q2/22, reaching RON 412 mn.

In Q2/23, **cash flow from investing activities** resulted in an outflow of RON 1,572 mn (Q2/22: RON 723 mn), mainly related to payments for investments in property, plant and equipment, largely in the Refining and Marketing segment, and for investments in short-term securities.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an outflow of funds of RON 1,160 mn (Q2/22: RON inflow of 3,023 mn).

Cash flow from financing activities reflected an outflow of funds amounting to RON 2,313 mn (Q2/22: RON 1,964 mn), mainly arising from payment of dividends in the amount of RON 2,316 mn.

Free cash flow after dividends resulted in a cash outflow of RON 3,476 mn (Q2/22: inflow of RON 1,111 mn).

January to June 2023 (6m/23) vs. January to June 2022 (6m/22)

In 6m/23, 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-cash adjustments, as well as net interest received and income tax paid was RON 2,839 mn (6m/22: RON 7,763 mn). Changes in **net working capital** generated a cash inflow of RON 2,234 mn, largely due to lower trade receivables following lower sales and also due to decrease in the cash guarantees for transactions with energy products (6m/22: outflow of RON 1,378 mn). **Cash flow from operating activities** decreased by RON 1,313 mn compared to 6m/22, reaching RON 5,072 mn.

In 6m/23, **cash flow from investing activities** resulted in an outflow of RON 2,941 mn (6m/22: RON 1,451 mn) mainly related to payments for investments in property, plant and equipment, largely in the Refining and Marketing segment, and for 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 2,131 mn (6m/22: RON 4,935 mn).

Cash flow from financing activities reflected an outflow of funds amounting to RON 2,359 mn (6m/22: RON 2,020 mn), mainly arising from the payment of dividends of RON 2,317 mn.

Free cash flow after dividends resulted in a cash outflow of RON 186 mn (6m/22: inflow of RON 3,022 mn).

Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which the company operates expose the Group to significant commodity price, foreign exchange, operational and strategic risks. A detailed description of risks and risk management activities can be found in the 2022 Annual Report (pages 50-54).

According to the latest OMV Petrom Group risk assessment exercise in March 2023, the main uncertainties which could impact the Group's performance remain the commodity price risks, FX risks, operational risks, as well as political and regulatory risk. The commodity price risk is monitored continuously and appropriate protective measures with respect to cash flow are taken, if required.

Through the nature of its business of extracting, processing, transporting and selling hydrocarbons, OMV Petrom is inherently exposed to safety and environmental risks. Through its HSSE and risk management programs, OMV Petrom remains committed to be in line with industry standards.

In terms of regulatory risk, 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 significant number of fiscal and regulatory initiatives implemented. This increases legislative volatility with influence on the overall business environment.

Moreover, in the context of the energy crisis in Europe, regulatory measures such as subsidy schemes, gas and power regulated/capped prices and over-taxation or the EU solidarity contribution have been implemented. In case energy prices in Europe remain at high levels, there is a risk that further regulatory and fiscal interventions may impact OMV Petrom financials.

OMV Petrom continues to closely monitor the ongoing conflict in Ukraine and any additional sanctions and countersanctions resulting from it. The Company regularly reviews the potential impact on its business activities. Continued and/or intensified disruptions in Russian commodity flows to Europe could result in further increases in European energy prices. Sanctions on Russia and countersanctions issued by Russia could lead to disruptions in global supply chains and shortages in, e.g., energy products, raw materials, agricultural products and metals, and consequently lead to further increases in operational cost. OMV Petrom continues to closely monitor developments and regularly evaluates the potential impact on the Group's cash flow and liquidity position. 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. This geopolitical context continued to have no significant negative impact on the interim condensed consolidated financial statements as of June 30, 2023, similar with previous year.

The Company revises quarterly its sensitivities to oil and gas prices, the indicator refining margin and FX (EUR/USD), which are published on company website: <https://www.omvpetrom.com/en/investors/publications/capital-market-story>.

OMV Petrom continues to closely monitor geopolitical developments and their potential impact on its business activities. Geoeconomic fragmentation, trade restrictions as well as disruptions in global supply chains could trigger further cost inflation. Together with rising interest rates this may lead to a deterioration in economic growth and negatively impact demand for OMV Petrom's products.

The credit quality of OMV Petrom's counterparty portfolio could be negatively influenced by the risk factors mentioned above. In light of the events in the banking sector in the first quarter of the year, OMV Petrom has implemented, in addition to its standard credit risk management processes an even tighter monitoring of its banking counterparties and of respective exposures.

The consequences of the ongoing conflict in Ukraine, the European energy crisis and resulting regulatory measures, other economic disruptions currently being observed, and further regulatory interventions, as well as the extent and duration of their economic impact cannot be reliably estimated at this stage. OMV Petrom is responding to the situation by making the health and wellbeing of every employee a top priority. From today's perspective, we assume that, based on the measures mentioned above, the Group's ability to continue as a going concern is not impacted.

More information on current risks can be found in the Outlook section of the Directors' Report.

Transactions with related parties

Please refer to the selected explanatory notes of the interim condensed consolidated financial statements for disclosures on significant transactions with related parties.

Outlook for the full year 2023

Market environment

- ▶ For the full year 2023, OMV Petrom expects the **average Brent oil price** to be between USD 75/bbl and USD 80/bbl (previous guidance: above USD 80/bbl; 2022: USD 101/bbl)
- ▶ **Refining margin** is expected to be above USD 10/bbl (previous guidance: above USD 9/bbl; 2022: USD 16.6/bbl^{vi})
- ▶ In Romania **demand** for oil products in retail is expected to be slightly above 2022 level, while demand for gas and power to be lower compared to 2022
- ▶ Legislative measures introduced for the gas and power markets with regards to prices, margins, storage and contributions remain in place until end-March 2025. For companies that produce and refine crude oil, a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023 was introduced in May; the contribution for 2023 is due for payment at the end of June 2024.

Financial highlights

- ▶ **CAPEX** is anticipated to be around RON 6 bn, higher by approximately 70% yoy, with increased investments dedicated mainly to the Neptun Deep project, accelerated low and zero carbon projects and the Petrobrazi refinery turnaround. Investments require predictable and stable regulatory and fiscal environment. (2022: RON 3.6 bn)
- ▶ We expect a **positive free cash flow before dividends**, yet lower yoy, due to higher investments (2022: RON 8.2 bn)
- ▶ **Attractive returns to shareholders**: a base dividend of RON 0.0375/share was paid starting June and a special dividend of RON 0.0450/share was proposed by the Executive Board^{vii}; this translates into a total dividend yield of 19.6%^{viii}.

Strategic direction: Optimize traditional business

Exploration and Production

- ▶ **Production**: expected to be around 110 kboe/d excluding possible divestments (2022: 119 kboe/d)
- ▶ **Portfolio optimization**: continue to focus on the most profitable barrels, through assessing selective fields divestments
- ▶ **Investments**: around RON 2.9 bn, including Neptun Deep (2022: RON 2.6 bn): drilling around 55 new wells and sidetracks and perform around 450 workovers (2022: 55 new wells and sidetracks; 647 workovers)

Refining and Marketing

- ▶ **Partnership with Auchan**: MyAuchan stores in all 400 Petrom-branded filling stations planned by year-end, one year ahead of the initial plan (at year-end 2022: 275 stores)
- ▶ The **refinery utilization rate** is estimated to be around 80% considering the prolonged turnaround in Q2/23 and slower ramp up (previous guidance: above 85%; 2022: 95%)
- ▶ Total **refined product sales** are forecasted to be lower yoy (2022: 5.5 mn t), due to the refinery turnaround; retail fuel sales expected to be higher yoy

Gas and Power

- ▶ Total **gas sales volumes** are estimated to be lower yoy (2022: 46 TWh), mainly on lower supply, both from equity and third parties, as well as depressed demand
- ▶ **Net electrical output** is forecasted to be lower yoy (2022: 5.0 TWh), reflecting the Brazi power plant prolonged planned outage in H1/23 for the entire capacity (2022: one month for full capacity and one month for half capacity)

Strategic direction: Grow regional gas

- ▶ **Neptun Deep project**: obtain endorsement of development plan from the regulator; awarding of main contracts and permitting will follow
- ▶ **Han Asparuh offshore Bulgaria**: continue preparation work aiming to spud one exploration well in 2024
- ▶ **Georgia Offshore Exploration Block II**: seismic acquisition remains on hold

^{vi} Based on Brent

^{vii} Special dividend subject to approval by the Supervisory Board and the General Meeting of Shareholders

^{viii} Including the RON 0.0375 base dividend and using the share price as of December 30, 2022

Strategic direction: Transition to low and zero carbon

- ▶ We target to **reduce carbon intensity** by 30% until 2030 vs. 2019 (2022: ~11% lower vs. 2019)
- ▶ Progress in developing a **renewable power portfolio via partnerships**
- ▶ **E-mobility**: continue to expand the EV charging network aiming to reach 240 charging points by year end (year end-2022: 120 fast and ultra fast charging points installed)
- ▶ **EU funds**: we are working on securing EU funds for various projects (renewables, green hydrogen and EV charging points)

Business segments

Exploration and Production

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn	6m/23	6m/22	Δ%
1,703	1,513	2,529	(33) Clean Operating Result before depreciation and amortization, impairments and write-ups ²	3,216	4,158	(23)
1,152	985	1,889	(39) Clean Operating Result ²	2,137	2,995	(29)
(3)	2	(3)	(9) Special items	(1)	(3)	66
1,149	987	1,887	(39) Operating Result ²	2,136	2,992	(29)
611	550	569	7 Capital expenditure ³	1,161	1,022	14
32	53	31	5 Exploration expenditures	85	63	35
18	17	15	23 Exploration expenses	35	50	(31)
15.40	14.48	10.91	41 Production cost (USD/boe)	14.94	12.55	19

Q2/23	Q1/23	Q2/22	Δ% ¹ Key performance indicators	6m/23	6m/22	Δ%
113.7	116.3	120.1	(5) Total hydrocarbon production (kboe/d)	115.0	120.7	(5)
55.0	56.0	57.5	(4) thereof crude oil and NGL production (kbb/d)	55.5	57.9	(4)
58.7	60.3	62.6	(6) thereof natural gas production (kboe/d)	59.5	62.8	(5)
10.35	10.47	10.93	(5) Total hydrocarbon production (mn boe)	20.81	21.84	(5)
5.00	5.04	5.23	(4) Crude oil and NGL production (mn bbl)	10.04	10.48	(4)
0.82	0.83	0.87	(6) Natural gas production (bcm)	1.65	1.74	(5)
28.85	29.31	30.77	(6) Natural gas production (bcf)	58.15	61.37	(5)
9.90	10.02	10.52	(6) Total hydrocarbon sales volume (mn boe)	19.92	21.00	(5)
108.7	111.4	115.5	(6) Total hydrocarbon sales volume (kboe/d)	110.1	116.0	(5)
57.5	59.1	60.8	(5) thereof crude oil and NGL sales volume (kbb/d) ⁴	58.3	61.1	(5)
51.2	52.3	54.8	(6) thereof natural gas sales volume (kboe/d)	51.8	54.9	(6)
78.05	81.17	113.93	(31) Average Brent price (USD/bbl)	79.66	107.94	(26)
56.56	51.32	79.26	(29) Average Urals price (USD/bbl)	53.86	84.86	(37)
67.62	70.32	101.62	(33) Average realized crude price (USD/bbl) ⁵	68.97	90.97	(24)

¹ Q2/23 vs. Q2/22;

² Excluding intersegmental profit elimination;

³ Including capitalized exploration and appraisal and acquisitions;

⁴ Includes sales of liquids obtained from separation and processing of rich natural gas; rich natural gas production is included under natural gas production above;

⁵ Starting Q2/22, the transfer price between Exploration & Production and Refining & Marketing is based on Brent instead of Urals; previous figures were not restated.

Second quarter 2022 (Q2/23) vs. second quarter 2022 (Q2/22)

- ▶ **Clean Operating Result at RON 1,152 mn vs. RON 1,889 mn in Q2/22, mainly due to lower oil and gas prices and volumes**
- ▶ **Production decreased by 5.3% mainly due to natural decline and planned maintenance activities, partly offset by the contribution of new wells and workovers**
- ▶ **Production cost increased by 41% to USD 15.4/boe, mainly due to a positive one-off effect in Q2/22, lower production available for sale, and cost inflation**

Clean Operating Result was RON 1,152 mn vs. RON 1,889 mn in Q2/22, driven by the lower oil and gas prices and volumes, higher production costs and unfavorable FX (stronger RON vs. USD), partly offset by lower E&P taxation and impairments.

Special items amounted to RON (3) mn, at the same level as in Q2/22. **Reported Operating Result** was RON 1,149 mn vs. RON 1,887 mn in Q2/22.

Hydrocarbon production in Romania decreased by 5.3% to 10.3 mn boe or 113.7 kboe/d (Q2/22: 10.9 mn boe or 120.1 kboe/d), reflecting the natural decline in the main fields (Suplacu de Barcau, Totea Deep, Lebada Est and Lebada Vest) and the effect of planned maintenance activities, partly offset by the contribution of new wells and workovers. Crude oil and NGL production dropped by 4.3% to 5.0 mn bbl and the gas production decreased by 6.2% to 5.3 mn boe.

Hydrocarbon sales volumes decreased by 6% due to the same factors which affected the production.

Production cost increased by 41% to USD 15.4/boe, mainly due to the positive one-off effect related to a tax audit in Q2/22. In addition, production costs reflected lower volumes available for sale, an increase in overall costs and the unfavorable FX (weaker USD vs. RON). Production cost in RON terms increased by 37% to RON 70.0/boe.

Exploration expenditures slightly increased to RON 32 mn, mainly due to higher geological and geophysical (G&G) costs, partially offset by lower exploration seismic activities.

Exploration expenses increased to RON 18 mn, mainly due to higher G&G costs, partially offset by lower exploration seismic activities.

Capital expenditure increased to RON 611 mn, mainly due to 3D development seismic acquisition and intensified activities for Neptun Deep, partially counterbalanced by lower workover and drilling activities.

January to June 2023 (6m/23) vs. January to June 2022 (6m/22)

Clean Operating Result decreased to RON 2,137 mn (6m/22: RON 2,995 mn), mainly driven by lower oil and gas prices and sales volumes, as well as higher production costs, partly offset by lower E&P taxation and impairments, as well as favorable FX (stronger USD vs. RON).

Special items amounted to RON (1) mn, compared to RON (3) mn in 6m/22. **Reported Operating Result** was RON 2,136 mn compared to RON 2,992 mn in 6m/22.

Hydrocarbon production in Romania decreased by 4.7%, to 20.8 mn boe or 115.0 kboe/d (6m/22: 21.8 mn boe or 120.7 kboe/d) reflecting the natural decline in the main fields (Suplacu de Barcau, Totea Deep, Lebada Est and Lebada Vest) and the effect of planned maintenance activities, partly offset by the contribution of new wells and workovers. Crude oil and NGL production decreased by 4.1% to 10.0 mn bbl and the gas production decreased by 5.2% to 10.8 mn boe.

Hydrocarbon sales volumes decreased by 5% due to the same factors which affected the production.

Production cost increased by 19% to USD 14.9/boe mainly due to the positive one-off effect related to a tax audit in 6m/22, as well as the lower production available for sale and increased overall costs. Production cost in RON terms increased by 20% to RON 68.2/boe.

Exploration expenditures increased to RON 85 mn, mainly driven by higher drilling expenditures, slightly offset by lower exploration seismic activities.

Exploration expenses decreased to RON 35 mn, mainly due to lower exploration seismic activities and write-offs.

Capital expenditure increased by 14% to RON 1,161 mn and accounted for 49% of the Group's total CAPEX for 6m/23. The increase was mainly due to 3D development seismic acquisition, higher exploration drilling and intensified Neptun Deep activities (final investment decision was taken in June 2023).

In 6m/23, we finalized the drilling of 16 new wells and sidetracks, including one exploration well (6m/22: 21 new wells and sidetracks, no exploration well^{ix}).

^{ix} In the results report for January – June and Q2 2022 we incorrectly mentioned one exploration well drilled.

Refining and Marketing

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn	6m/23	6m/22	Δ%
305	783	1,379	(78) Clean CCS Operating Result before depreciation and amortization, impairments and write-ups ²	1,087	2,193	(50)
142	616	1,197	(88) Clean CCS Operating Result ²	758	1,824	(58)
(21)	14	71	n.m. Special items	(7)	45	n.m.
(31)	(101)	322	n.m. CCS effect: Inventory holding gains/(losses) ²	(132)	429	n.m.
89	529	1,590	(94) Operating Result	618	2,298	(73)
767	380	141	444 Capital expenditure	1,146	261	339

Q2/23	Q1/23	Q2/22	Δ% ¹ Key performance indicators	6m/23	6m/22	Δ%
11.17	16.61	24.44	(54) Indicator refining margin (USD/bbl) ³	13.98	15.20	(8)
0.38	1.15	1.04	(63) Refining input (mn t) ⁴	1.53	2.20	(30)
31	98	86	(64) Refinery utilization rate (%)	64	92	(30)
1.19	1.24	1.32	(10) Total refined product sales (mn t) ⁵	2.43	2.53	(4)
0.76	0.66	0.73	5 thereof retail sales volumes (mn t) ⁶	1.42	1.41	1

¹ Q2/23 vs. Q2/22;

² Current cost of supply (CCS): the Clean CCS Operating Result eliminates special items and inventory holding gains/losses (CCS effects) resulting from Refining and Marketing;

³ Starting Q2/22, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent. Figures for Q2/22 and 6m/22 are based on Brent, previous periods were not restated. The actual refining margins realized by OMV Petrom may vary from the indicator refining margin due to different crude slate, product yield and operating conditions;

⁴ Figures include crude and semi-finished products, in line with the OMV Group reporting standard;

⁵ Total refined product sales include also third-party acquisitions;

⁶ Retail sales volumes refer to sales via the OMV Petrom Group's filling stations in Romania, Bulgaria, Serbia, Moldova.

Second quarter 2023 (Q2/23) vs. second quarter 2022 (Q2/22)

- ▶ **Clean CCS Operating Result at RON 142 mn vs. RON 1,197 mn in Q2/22, mainly reflecting lower refining margins and refinery utilization**
- ▶ **OMV Petrom indicator refining margin at USD 11.2/bbl, down 54% as a result of weaker product spreads**
- ▶ **Retail sales volumes up by 5%**

Clean CCS Operating Result decreased to RON 142 mn in Q2/23 (Q2/22: RON 1,197 mn), mainly due to lower refining margin and refinery utilization, partially offset by higher retail volumes and margins. The negative impact of the turnaround (maintenance costs and margin loss) amounted to around RON 355 mn. The result was also negatively impacted by reassessment of environmental provisions. **Reported Operating Result** of RON 89 mn (Q2/22: RON 1,590 mn), reflected negative CCS effects of RON (31) mn (Q2/22: RON 322 mn positive effects), due to lower crude oil quotations, and RON (21) mn net special loss (Q2/22: RON 71 mn net special gain), mainly in relation to hedging.

OMV Petrom indicator refining margin decreased by USD 13.3/bbl to USD 11.2/bbl in Q2/23, as a result of lower product spreads, mainly for diesel, gasoline and jet. The **refinery utilization rate** was 31% in Q2/23 (Q2/22: 86%), reflecting the planned turnaround of the Petrobrazi refinery which was prolonged by two weeks due to discovery maintenance.

Total refined product sales volumes were down 10% vs. Q2/22, impacted by refinery turnaround. Group retail sales volumes, which accounted for 64% of total refined product sales, increased by 5% reflecting the higher demand. In addition, we registered an improved performance in the non-fuel business margin. In the context of lower product availability, triggered by the refinery turnaround, the Q2/23 non-retail sales volumes decreased by 28%, both exports and commercial sales in Romania.

Investments amounted to RON 767 mn (Q2/22: RON 141 mn). The majority of investments were directed to the Refining business, for projects connected with the planned turnaround of Petrobrazi refinery and for ongoing projects such as coke drums replacement, the new crude oil tank and the new aromatic complex.

January to June 2023 (6m/23) vs. January to June 2022 (6m/22)

Clean CCS Operating Result decreased to RON 758 mn in 6m/23 (6m/22: RON 1,824 mn), as a result of lower refining margins, lower utilization and reduced product availability due to the planned turnaround. **Reported Operating Result** was RON 618 mn, reflecting negative CCS effects of RON (132) mn, triggered by the decrease in crude quotations, and special charges of RON (7) mn, mainly in relation to hedging.

OMV Petrom indicator refining margin decreased by USD 1.2/bbl to USD 14.0/bbl in 6m/23, as a result of weaker spreads for diesel and gasoline. **Refinery utilization rate** decreased to 64% (6m/22: 92%) reflecting the planned shutdown in the second quarter.

Total refined product sales decreased by 4% compared to 6m/22. Group retail sales volumes were up by 1%, supported by the demand increase. Non-retail sales decreased by 10%, reflecting lower product availability due to refinery turnaround, partly offset by the recovery of the aviation business.

Investments amounted to RON 1,146 mn (6m/22: RON 261 mn). Most investments were routed to the projects mentioned above in the Q2/23 section.

Gas and Power

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn	6m/23	6m/22	Δ%
495	751	851	(42) Clean Operating Result before depreciation and amortization, impairments and write-ups	1,246	1,606	(22)
471	723	816	(42) Clean Operating Result	1,194	1,543	(23)
21	(371)	(493)	n.m. Special items	(350)	(621)	44
492	352	323	52 Operating Result	844	922	(8)
42	17	43	(2) Capital expenditure	59	92	(35)

Q2/23	Q1/23	Q2/22	Δ% ¹ Key performance indicators	6m/23	6m/22	Δ%
9.50	13.13	11.01	(14) Gas sales volumes (TWh)	22.64	23.73	(5)
9.35	11.06	8.68	8 thereof to third parties (TWh)	20.42	19.34	6
0.00	0.97	1.12	(100) Net electrical output Brazi power plant (TWh)	0.97	2.11	(54)
445	635	1,000	(56) OPCOM spot average electricity base load price (RON/MWh)	540	1,040	(48)

¹ Q2/23 vs. Q2/22.

Second quarter 2023 (Q2/23) vs. second quarter 2022 (Q2/22)

- ▶ **Clean Operating Result at RON 471 mn vs. RON 816 mn, in the context of significantly lower market prices and extended regulatory and fiscal interventions**
- ▶ **Brazi power plant was in prolonged planned outage with the entire capacity in Q2/23**
- ▶ **Gas sales to third parties up 8%, reflecting successfully rerouted quantities not used for power production**

Clean Operating Result was RON 471 mn in Q2/23 (Q2/22: RON 816 mn), reflecting good performance in both gas and power business lines, in the context of the full shutdown of Brazi power plant and a challenging market environment, with a negative impact from legislation in place. The result also reflected the reversal of a provision for risks assessed by the Group in the area of sector specific taxation.

Reported Operating Result of RON 492 mn (Q2/22: RON 323 mn) reflected RON 21 mn net special gains, mainly in relation to net temporary effects from electricity forward contracts.

The gas business result had a lower contribution, impacted by reduced realized margins from equity gas and from transactions outside Romania, partly compensated by good margins from imported gas volumes. The power business performance was built on transactions concluded outside Romania.

As per OMV Petrom's estimates, national **gas** consumption was 12% lower compared to Q2/22, mainly as a result of Brazi power plant outage and reduced industrial gas offtake.

On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products concluded in Q2/23, irrespective of delivery period was RON 168/MWh^x (Q2/22: RON 471/MWh). The average price for the quantities delivered during the quarter was RON 252/MWh (Q2/22: RON 406MWh)^{xii}. Regarding short-term deliveries, on the BRM day-ahead market, the average price^{xiii} in Q2/23 was RON 175/MWh (Q2/22: RON 506/MWh).

^x OMV Petrom estimates based on available public information;

^{xi} Standard products refers to all products offered on the BRM and OPCOM trading platforms 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;

^{xii} Based on monthly data, as published by BRM on <https://www.brm.ro/cotatii-gaze-naturale/>; retrieved on July 25, 2023;

^{xiii} Average computed based on daily trades published on BRM platform.

In Q2/23, OMV Petrom's total gas sales volumes were down 13.7% yoy, at 9.5 TWh, as a result of no volumes consumed in Brazi power plant. Gas volumes were successfully rerouted and sold to third parties, resulting in 8% increase vs. Q2/22, on the back of much larger yoy volumes to households and district heating for households (Q2/23: 2.6 TWh vs. Q2/22: 0.5 TWh) and Supplier of Last Resort customers. Gas sales volumes in Romania were at 9.0 TWh, of which 70% was supplied from equity gas and 30% from third party sources.

On the centralized markets, OMV Petrom sold 0.2 TWh in standard products in Q2/23, independent of delivery period, at an average price in line with the market price^{xiii}. At the end of Q2/23, OMV Petrom had 2.1 TWh natural gas in storage (end of Q2/22: 1.5 TWh).

As per currently available information from the grid operator, national **electricity** consumption decreased by 7% in Q2/23 compared to the same quarter of 2022, while national production increased by 5%, Romania being a net power exporter in Q2/23 (net power importer in Q2/22).

In Q2/23, the Brazi power plant was in planned outage with its entire capacity, compared only to half of its capacity in April in Q2/22.

Investments amounted to RON 42 mn (Q2/22: RON 43 mn), mainly directed to Brazi power plant planned maintenance.

January to June 2023 (6m/23) vs. January to June 2022 (6m/22)

Clean Operating Result was RON 1,194 mn in 6m/23, compared to RON 1,543 mn in 6m/22. The result reflects a good performance of both gas and power activities, although impacted by market evolution and the regulations in place. **Reported Operating Result** was RON 844 mn, reflecting special charges of RON (350) mn, mainly consisting of net temporary losses from electricity forward contracts.

The gas business had a strong performance, with very good contribution from volumes extracted from storage in the first quarter and from imported volumes, partly offset by reduced margins from equity gas and from transactions outside Romania; also to be considered was the high regulation level impacting our sales portfolio. In addition, the power business result was built on good margins from transactions outside Romania and on power forward contracts delivered during Q1/23. Lower 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.

As per OMV Petrom's estimates, Romania's **gas** consumption decreased by 13% yoy, mainly impacted by warm weather in Q1/23, Brazi power plant outage in Q2/23 and reduced industrial gas offtake in 6m/23.

OMV Petrom's gas sales volumes were at 22.6 TWh, 5% lower vs. 6m/22, as a result of lower offtake by Brazi power plant. Gas sales volumes in Romania were at 21.3 TWh, of which around 80% was supplied from equity and 20% from third parties gas. Sales to regulated market (households and district heating companies for households) of around 6.8 TWh in 6m/23 (6m/22: 0.5 TWh) contributed to increased volumes sold to 3rd parties to 20.4 TWh (6m/22: 19.3 TWh).

As per currently available information from the grid operator, national **electricity** consumption was 8% lower yoy, while electricity production was up by 4% yoy. Romania was a net exporter of electricity in 6m/23, compared to a net power importer position in 6m/22.

The Brazi power plant generated a net electrical output of 1.0 TWh vs. 2.1 TWh in 6m/22, being in planned outage with its entire capacity from March to beginning of July 2023, compared to full capacity in March 2022 and half capacity in April 2022.

Investments amounted to RON 59 mn in 6m/23 (6m/22: RON 92 mn), in both periods, the majority of investments being directed to Brazi power plant planned maintenances.

Interim condensed consolidated financial statements with selected notes as of and for the period ended June 30, 2023 (unaudited)

Interim condensed consolidated income statement (unaudited)

Q2/23	Q1/23	Q2/22	in RON mn	6m/23	6m/22
8,391.31	9,472.59	13,682.54	Sales revenues	17,863.90	25,580.65
60.94	193.30	84.45	Other operating income	254.24	104.85
2.73	2.80	1.98	Net income/(loss) from investments in associates	5.53	4.34
8,454.98	9,668.69	13,768.97	Total revenues and other income	18,123.67	25,689.84
(3,922.90)	(4,750.17)	(6,145.96)	Purchases (net of inventory variation)	(8,673.07)	(11,695.33)
(835.63)	(1,095.72)	(1,162.89)	Production and operating expenses	(1,931.35)	(2,269.99)
(614.25)	(869.20)	(1,414.79)	Production and similar taxes	(1,483.45)	(3,202.45)
(748.32)	(731.77)	(864.77)	Depreciation, amortization, impairments and write-ups	(1,480.09)	(1,603.14)
(695.84)	(521.29)	(558.15)	Selling, distribution and administrative expenses	(1,217.13)	(1,042.13)
(17.92)	(16.64)	(14.63)	Exploration expenses	(34.56)	(50.23)
(60.86)	(67.07)	(75.71)	Other operating expenses	(127.93)	(109.07)
1,559.26	1,616.83	3,532.07	Operating Result	3,176.09	5,717.50
292.76	328.43	151.90	Interest income	621.19	229.93
(146.52)	(163.54)	(240.53)	Interest expenses	(310.06)	(394.93)
(1.71)	(10.49)	(2.38)	Other financial income and expenses	(12.20)	(7.90)
144.53	154.40	(91.01)	Net financial result	298.93	(172.90)
1,703.79	1,771.23	3,441.06	Profit before tax prior to solidarity contribution	3,475.02	5,544.60
(1,982.62)	-	-	Solidarity contribution on refined crude oil	(1,982.62)	-
(278.83)	1,771.23	3,441.06	Profit/(loss) before tax	1,492.40	5,544.60
(257.95)	(290.37)	(543.34)	Taxes on income	(548.32)	(898.55)
(536.78)	1,480.86	2,897.72	Net income/(loss) for the period	944.08	4,646.05
(536.71)	1,480.95	2,897.90	thereof attributable to stockholders of the parent	944.24	4,646.22
(0.07)	(0.09)	(0.18)	thereof attributable to non-controlling interests	(0.16)	(0.17)
(0.0086)	0.0238	0.0475	Basic and diluted earnings per share (RON)	0.0152	0.0762

Interim condensed consolidated statement of comprehensive income (unaudited)

Q2/23	Q1/23	Q2/22	in RON mn	6m/23	6m/22
(536.78)	1,480.86	2,897.72	Net income/(loss) for the period	944.08	4,646.05
2.01	(0.08)	1.13	Currency translation differences	1.93	(0.17)
(8.81)	10.02	(74.14)	Gains/(losses) on hedges	1.21	(48.38)
(6.80)	9.94	(73.01)	Total of items that may be reclassified ("recycled") subsequently to the income statement	3.14	(48.55)
-	(16.14)	26.49	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	(16.14)	24.45
-	(16.14)	26.49	Total of items that will not be reclassified ("recycled") subsequently to the income statement	(16.14)	24.45
1.41	(1.60)	11.86	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(0.19)	7.74
-	2.58	(4.24)	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	2.58	(3.91)
1.41	0.98	7.62	Total income taxes relating to components of other comprehensive income	2.39	3.83
(5.39)	(5.22)	(38.90)	Other comprehensive income/(loss) for the period, net of tax	(10.61)	(20.27)
(542.17)	1,475.64	2,858.82	Total comprehensive income/(loss) for the period	933.47	4,625.78
(542.10)	1,475.73	2,859.00	thereof attributable to stockholders of the parent	933.63	4,625.95
(0.07)	(0.09)	(0.18)	thereof attributable to non-controlling interests	(0.16)	(0.17)

Interim condensed consolidated statement of financial position (unaudited)

in RON mn	June 30, 2023	December 31, 2022
Assets		
Intangible assets	740.70	3,015.67
Property, plant and equipment	29,968.57	24,751.07
Investments in associated companies	49.68	40.83
Other financial assets	2,125.51	2,047.46
Other assets	255.41	327.69
Deferred tax assets	1,879.71	2,035.60
Non-current assets	35,019.58	32,218.32
Inventories	3,495.48	3,814.84
Trade receivables	1,994.97	3,548.45
Other financial assets	1,963.39	2,390.87
Other assets	1,161.80	1,278.02
Cash and cash equivalents	14,027.70	14,256.13
Current assets	22,643.34	25,288.31
Assets held for sale	14.83	14.83
Total assets	57,677.75	57,521.46
Equity and liabilities		
Share capital	6,231.17	6,231.17
Reserves	32,881.92	34,271.42
Equity of stockholders of the parent	39,113.09	40,502.59
Non-controlling interests	0.53	5.81
Total equity	39,113.62	40,508.40
Provisions for pensions and similar obligations	156.29	157.08
Lease liabilities	461.57	498.86
Provisions for decommissioning and restoration obligations	9,052.01	6,716.36
Other provisions	777.02	674.47
Other financial liabilities	85.27	52.97
Other liabilities	49.39	50.85
Non-current liabilities	10,581.55	8,150.59
Trade payables	4,137.06	4,265.77
Interest-bearing debts	175.83	137.87
Lease liabilities	159.18	155.96
Income tax liabilities	119.96	522.89
Other provisions and decommissioning	550.41	1,379.36
Other financial liabilities	629.87	1,125.78
Other liabilities	2,210.27	1,274.84
Current liabilities	7,982.58	8,862.47
Total equity and liabilities	57,677.75	57,521.46

Interim condensed consolidated statement of changes in equity (unaudited)

in RON mn	Share capital ¹	Revenue reserves	Other reserves ²	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
January 1, 2023	6,231.17	34,168.97	102.47	(0.02)	40,502.59	5.81	40,508.40
Net income/(loss) for the period	-	944.24	-	-	944.24	(0.16)	944.08
Other comprehensive income/(loss) for the period	-	-	(10.61)	-	(10.61)	-	(10.61)
Total comprehensive income/(loss) for the period	-	944.24	(10.61)	-	933.63	(0.16)	933.47
Dividend distribution	-	(2,336.68)	-	-	(2,336.68)	-	(2,336.68)
Reclassification of cash flow hedges to balance sheet	-	-	13.55	-	13.55	-	13.55
Change in non-controlling interests	-	-	-	-	-	(5.12)	(5.12)
June 30, 2023	6,231.17	32,776.53	105.41	(0.02)	39,113.09	0.53	39,113.62

in RON mn	Share capital	Revenue reserves	Other reserves ²	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
January 1, 2022	5,664.41	28,387.59	161.36	(0.02)	34,213.34	0.55	34,213.89
Net income/(loss) for the period	-	4,646.22	-	-	4,646.22	(0.17)	4,646.05
Other comprehensive income/(loss) for the period	-	-	(20.27)	-	(20.27)	-	(20.27)
Total comprehensive income/(loss) for the period	-	4,646.22	(20.27)	-	4,625.95	(0.17)	4,625.78
Dividend distribution	-	(1,931.56)	-	-	(1,931.56)	(0.11)	(1,931.67)
Reclassification of cash flow hedges to balance sheet	-	-	(12.06)	-	(12.06)	-	(12.06)
Change in non-controlling interests and other	-	-	6.27	-	6.27	6.18	12.45
June 30, 2022	5,664.41	31,102.25	135.30	(0.02)	36,901.94	6.45	36,908.39

¹ On November 3, 2022, OMV Petrom S.A. completed the share capital increase with the value of RON 566.76 mn, from RON 5,664.41 mn to RON 6,231.17 mn, by in-kind contribution of the Romanian State in amount of RON 120.66 mn and cash contribution of other shareholders in amount of RON 446.10 mn.

² Other reserves contain mainly currency translation differences, reserves from business combinations in stages and unrealized gains and losses from hedges. Other reserves as of June 30, 2022 contained also land for which ownership was obtained and was subject to the land share capital increase completed on November 3, 2022.

Interim condensed consolidated statement of cash flows (unaudited)

Q2/23	Q1/23	Q2/22	in RON mn	6m/23	6m/22
(278.83)	1,771.23	3,441.07	Profit/(loss) before tax	1,492.40	5,544.61
(220.50)	110.99	232.70	Net change in provisions	(109.51)	410.28
(0.62)	(1.78)	(3.13)	Net (gains)/losses on the disposal of subsidiaries, businesses and non-current assets	(2.40)	(4.72)
748.31	732.32	865.24	Depreciation, amortization and impairments including write-ups	1,480.63	1,614.05
194.47	60.33	342.60	Other non-monetary adjustments	254.80	505.35
245.34	250.64	220.47	Net interest received	495.98	286.04
(770.06)	(3.10)	(591.07)	Tax on profit paid	(773.16)	(592.36)
(81.89)	2,920.63	4,507.88	Cash generated from operating activities before working capital movements	2,838.74	7,763.25
119.57	183.97	(1,346.25)	(Increase)/decrease in inventories	303.54	(1,933.48)
683.99	1,818.98	(149.37)	(Increase)/decrease in receivables	2,502.97	(773.65)
(309.63)	(263.35)	733.80	Increase/(decrease) in liabilities	(572.98)	1,329.52
412.04	4,660.23	3,746.06	Cash flow from operating activities	5,072.27	6,385.64
			Investments		
(1,023.50)	(1,120.51)	(687.00)	Intangible assets and property, plant and equipment	(2,144.01)	(1,424.19)
(558.88)	(255.00)	(51.57)	Investments and other financial assets	(813.88)	(45.39)
			Disposals		
4.97	3.14	15.58	Proceeds in relation to non-current assets and financial assets	8.11	18.45
5.48	2.96	—	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	8.44	—
(1,571.93)	(1,369.41)	(722.99)	Cash flow from investing activities	(2,941.34)	(1,451.13)
3.60	(45.13)	(51.79)	Net increase/(decrease) in borrowings	(41.53)	(107.00)
(2,316.32)	(0.66)	(1,912.57)	Dividends paid	(2,316.98)	(1,912.84)
(2,312.72)	(45.79)	(1,964.36)	Cash flow from financing activities	(2,358.51)	(2,019.84)
0.61	(1.46)	2.50	Effect of exchange rate changes on cash and cash equivalents	(0.85)	3.17
(3,472.00)	3,243.57	1,061.21	Net increase/(decrease) in cash and cash equivalents	(228.43)	2,917.84
17,499.70	14,256.13	12,179.28	Cash and cash equivalents at beginning of period	14,256.13	10,322.65
14,027.70	17,499.70	13,240.49	Cash and cash equivalents at end of period	14,027.70	13,240.49
(1,159.89)	3,290.82	3,023.07	Free cash flow	2,130.93	4,934.51
(3,476.21)	3,290.16	1,110.50	Free cash flow after dividends	(186.05)	3,021.67

Selected notes to the interim condensed consolidated financial statements as of and for the period ended June 30, 2023 (unaudited)

Legal principles

The unaudited interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2023 (6m/23) have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2022.

The interim condensed consolidated financial statements for 6m/23 included in this report are unaudited and an external review by an auditor was not performed.

The interim condensed consolidated financial statements for 6m/23 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

In addition to the interim condensed consolidated financial statements, further information on main items affecting the interim condensed consolidated financial statements as of June 30, 2023 is given as part of the description of Group performance and Business Segments in the Directors' Report.

General accounting policies

The accounting policies in effect on December 31, 2022 remain largely unchanged. The amendments effective since January 1, 2023, did not have a material effect on the interim condensed consolidated financial statements.

Changes in the consolidated Group structure

Compared with the annual consolidated financial statements as of December 31, 2022, the consolidated Group structure 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 June 30, 2023 is presented in Appendix 1 to the current report.

Seasonality and cyclicity

Seasonality is of particular significance in Refining and Marketing and Gas and Power.

Consumption of natural gas, electricity and certain oil products is seasonal and is significantly affected by climatic conditions. Natural gas consumption is higher during the cold winter months. Electricity consumption is also generally higher during the winter, as a supplementary measure to produce heat, as well as due to fewer daylight hours and the need for more artificial lighting. In addition, during very hot summer periods, the increased usage of air cooling systems can also significantly increase electricity consumption. Natural gas sales and electricity generation may also be significantly affected by climatic conditions, such as unusually hot or cold temperatures. Consequently, the results reflect the seasonal character of the demand for natural gas and electricity, and may be influenced by variations in climatic conditions.

Accordingly, the results of operations of the Gas and Power business segment and, to a lesser extent, the Refining and Marketing business segment, as well as the comparability of results over different periods, may be affected by changes in weather conditions.

For details, please refer to the section “Business Segments”.

Exchange rates

OMV Petrom uses the National Bank of Romania (NBR) exchange rates in its consolidation process. Income statements of foreign subsidiaries are translated to RON using the average of daily exchange rates published by NBR, detailed below.

Statements of the financial position of foreign subsidiaries are translated to RON using the closing rate method based on exchange rates published by NBR, and are detailed below.

Q2/23	Q1/23	Q2/22	Δ% ¹	NBR FX rates	6m/23	6m/22	Δ%
4.948	4.919	4.945	0	Average EUR/RON	4.934	4.946	(0)
4.545	4.585	4.642	(2)	Average USD/RON	4.565	4.524	1
4.963	4.949	4.945	0	Closing EUR/RON	4.963	4.945	0
4.575	4.546	4.742	(4)	Closing USD/RON	4.575	4.742	(4)

¹ Q2/23 vs. Q2/22

Notes to the income statement

Sales revenues

in RON mn	6m/23	6m/22
Revenues from contracts with customers	17,599.40	23,443.48
Revenues from other sources	264.50	2,137.17
Total sales revenues	17,863.90	25,580.65

Revenues from other sources mainly include revenues from commodity transactions that are within the scope of IFRS 9 “Financial Instruments”, largely related to power sales, the hedging result, as well as rental and lease revenues.

Revenues from contracts with customers

in RON mn					6m/23
	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total
Crude oil and NGL	-	318.87	-	-	318.87
Natural gas, LNG and power	8.04	7.96	5,712.28	2.31	5,730.59
Fuels and heating oil	-	9,585.94	-	-	9,585.94
Other goods and services	16.81	1,927.74	9.54	9.91	1,964.00
Total	24.85	11,840.51	5,721.82	12.22	17,599.40

in RON mn						6m/22
	Exploration and Production	Refining and Marketing	Gas and Power	Corporate and Other	Total	
Crude oil and NGL	-	103.79	-	-	103.79	
Natural gas, LNG and power	5.13	7.72	9,187.36	1.40	9,201.61	
Fuels and heating oil	-	11,698.32	-	-	11,698.32	
Other goods and services	20.77	2,399.97	9.46	9.56	2,439.76	
Total	25.90	14,209.80	9,196.82	10.96	23,443.48	

Solidarity contribution on refined crude oil

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 introduces the obligation to pay a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023. Therefore, OMV Petrom reflected in Q2/23 the Solidarity contribution on refined crude oil in amount of RON 1,983 mn, out of which RON 1,485 mn for 2022 and RON 498 mn for 6m/23, presented as a separate line in the interim condensed consolidated income statement, above Taxes on income line.

Income tax

Q2/23	Q1/23	Q2/22	in RON mn	6m/23	6m/22
257.95	290.37	543.34	Taxes on income - expense/(revenue)	548.32	898.55
105.70	287.57	563.85	Current taxes	393.27	953.11
152.25	2.80	(20.51)	Deferred taxes	155.05	(54.56)
-93%	16%	16%	Group effective tax rate	37%	16%

Notes to the statement of financial position

Commitments

As at June 30, 2023, OMV Petrom Group's commitments for acquisitions of fixed assets amounted to RON 1,944 mn (December 31, 2022: RON 1,961 mn), mainly relating to investment projects in the Refinery and Marketing and in the Exploration and Production segments.

Inventories

During the six months ended June 30, 2023, there were no material write-downs of inventories.

Equity

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). Total dividends paid during six months 2023 amounted to RON 2,317 mn.

The total number of own shares held by the Company as of June 30, 2023 amounted to 204,776 (December 31, 2022: 204,776).

Fair value measurement

Financial instruments recognized at fair value are disclosed according to the fair value measurement hierarchy as stated in Note 33 of the Group's annual consolidated financial statements as of December 31, 2022.

Fair value hierarchy of financial assets (in RON mn)	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trade receivables	-	40.00	-	40.00	-	9.04	-	9.04
Other derivatives	-	789.99	-	789.99	-	1,502.05	-	1,502.05
Total	-	829.99	-	829.99	-	1,511.09	-	1,511.09

Fair value hierarchy of financial liabilities (in RON mn)	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	-	-	-	-	(1.20)	-	(1.20)
Other derivatives	-	(269.06)	-	(269.06)	-	(650.89)	-	(650.89)
Total	-	(269.06)	-	(269.06)	-	(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.

Segment reporting

Intersegmental sales

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn		6m/23	6m/22	Δ%
3,113.26	3,134.54	4,575.05	(32)	Exploration and Production	6,247.80	8,747.09	(29)
12.92	16.90	25.53	(49)	Refining and Marketing	29.82	47.43	(37)
88.18	101.64	95.50	(8)	Gas and Power	189.82	278.98	(32)
44.15	39.98	40.89	8	Corporate and Other	84.13	83.44	1
3,258.51	3,293.06	4,736.97	(31)	Total	6,551.57	9,156.94	(28)

¹ Q2/23 vs. Q2/22

Sales to third parties

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn		6m/23	6m/22	Δ%
14.57	13.98	16.29	(11)	Exploration and Production	28.55	29.50	(3)
5,867.10	6,002.60	8,321.98	(29)	Refining and Marketing	11,869.70	14,173.52	(16)
2,499.95	3,446.56	5,334.57	(53)	Gas and Power	5,946.51	11,359.59	(48)
9.69	9.45	9.70	(0)	Corporate and Other	19.14	18.04	6
8,391.31	9,472.59	13,682.54	(39)	Total	17,863.90	25,580.65	(30)

¹ Q2/23 vs. Q2/22

Total sales (not consolidated)

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn		6m/23	6m/22	Δ%
3,127.83	3,148.52	4,591.34	(32)	Exploration and Production	6,276.35	8,776.59	(28)
5,880.02	6,019.50	8,347.51	(30)	Refining and Marketing	11,899.52	14,220.95	(16)
2,588.13	3,548.20	5,430.07	(52)	Gas and Power	6,136.33	11,638.57	(47)
53.84	49.43	50.59	6	Corporate and Other	103.27	101.48	2
11,649.82	12,765.65	18,419.51	(37)	Total	24,415.47	34,737.59	(30)

¹ Q2/23 vs. Q2/22

Segment and Group profit

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn		6m/23	6m/22	Δ%
1,148.95	986.57	1,886.81	(39)	Operating Result Exploration and Production	2,135.52	2,991.81	(29)
88.96	529.33	1,590.30	(94)	Operating Result Refining and Marketing	618.29	2,297.53	(73)
492.26	351.80	322.89	52	Operating Result Gas and Power	844.06	921.68	(8)
(32.86)	(24.84)	(40.13)	18	Operating Result Corporate and Other	(57.70)	(70.23)	18
1,697.31	1,842.86	3,759.87	(55)	Operating Result segment total	3,540.17	6,140.79	(42)
(138.05)	(226.03)	(227.80)	39	Consolidation	(364.08)	(423.29)	14
1,559.26	1,616.83	3,532.07	(56)	OMV Petrom Group Operating Result	3,176.09	5,717.50	(44)
144.53	154.40	(91.01)	n.m.	Net financial result	298.93	(172.90)	n.m.
1,703.79	1,771.23	3,441.06	(50)	OMV Petrom Group Profit before tax prior to solidarity contribution	3,475.02	5,544.60	(37)

¹ Q2/23 vs. Q2/22

Assets¹

in RON mn	June 30, 2023	December 31, 2022
Exploration and Production	22,302.55	20,189.90
Refining and Marketing	6,675.46	5,854.07
Gas and Power	1,324.16	1,317.28
Corporate and Other	407.10	405.49
Total	30,709.27	27,766.74

¹ Segment assets consist of intangible assets and property, plant and equipment. Assets reclassified to held for sale are not included.

Other notes

Significant transactions with related parties

Significant transactions in form of supplies of goods and services take place on a constant and regular basis with companies from OMV Group. The most significant are disclosed in the Appendix 2.

Other significant events

OMV Petrom took the final investment decision for the Neptun Deep project and, together with its partner Romgaz, approved the development plan and submitted it to the regulator for endorsement. Consequently, the related oil and gas assets in amount of approximately RON 2.4 bn were reclassified from intangible assets into property, plant and equipment.

Subsequent events

On July 26, 2023, the Executive Board proposed the distribution of a special dividend in gross value of RON 0.0450 per share leading to a total value of special dividends of RON 2,804 mn, subject to approval by the Supervisory Board and the General Meeting of Shareholders.

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements with selected notes for the six month period ended June 30, 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 Group Directors' Report gives a true and fair view of important events that have occurred during the first six months of the financial year 2023 and their impact on the interim condensed consolidated financial statements, as well as a description of the principal risks and uncertainties.

Bucharest, July 28, 2023

The Executive Board

Christina Verchere
Chief Executive Officer
President of the Executive Board

Alina Popa
Chief Financial Officer
Member of the Executive Board

Cristian Hubati
Member of the Executive Board
Exploration and Production

Franck Neel
Member of the Executive Board
Gas and Power

Radu Caprau
Member of the Executive Board
Refining and Marketing

Further information

Abbreviation and definitions

bbl	barrel(s), i.e. 159 liters
bcf	billion cubic feet; 1 bcm = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
boe; kboe; kboe/d	barrels of oil equivalent; thousand barrels of oil equivalent; kboe per day
bn	billion
bcm	billion cubic meters
BRM	Romanian Commodities Exchange
Capital employed	equity including minorities plus net debt/(cash)
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
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 Refining and Marketing, 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 of the parent	Net income attributable to stockholders of the parent, adjusted for the after tax effect of special items and CCS
Clean CCS EPS	Clean CCS Earnings per share = Clean CCS net income attributable to stockholders of the parent divided by weighted number of shares
Clean CCS ROACE	Clean CCS Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) adjusted for the after tax effect of special items and CCS, divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
Clean effective tax rate	Taxes on income adjusted for the tax effect of special items and CCS, divided by Clean CCS Profit before tax (%)
EOR	Enhanced Oil Recovery
EPS	Earnings per share = Net income attributable to stockholders of the parent divided by weighted number of shares
Effective tax rate	Taxes on income divided by Profit before tax (%)
EUR	euro
E&A	Exploration and appraisal
FX	Foreign Exchange
HSSE	Health, Safety, Security and Environment
GEO	Government Emergency Ordinance
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
LNG	Liquefied natural gas
mn	million
MWh	megawatt hour
NBR	National Bank of Romania
Net debt/(cash) including leases	Interest-bearing debts plus lease liabilities less cash and cash equivalents
Net debt/(cash) excluding leases	Interest-bearing debts less cash and cash equivalents
NGL	Natural Gas Liquids
n.a.	not applicable/not available (as the case may be)
n.m.	not meaningful i.e. deviation exceeds (+/-) 500% or comparison is made between positive and negative values
NOPAT	Net Operating Profit After Tax = Net income attributable to stockholders of the parent, adjusted for net interest on net borrowings, +/- result from discontinued operations, +/- tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market

Operating Result	The "Operating result" includes the former indicator EBIT ("Earnings Before Interest and Taxes") and the net result from equity-accounted investments.
Clean Operating Result before depreciation and amortization, impairments and write-ups	Former EBITD adjusted for special items and CCS effects = Operating Result Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets, including reversals adjusted for special items and CCS effects
OPEX	Operating Expenses
Q	quarter
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) (%)
RON	Romanian leu
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
t	metric tonne(s)
TWh	terawatt hour
USD	United States dollar
yoy	year-on-year

Appendix 1

Consolidated companies in OMV Petrom Group at June 30, 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 (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 operations³⁾

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 companies, accounted for at equity

OMV Petrom Global Solutions S.R.L.	25.00%
OMV Petrom Biofuels S.R.L. ⁴	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.

Appendices 1 and 2 form part of the interim unaudited condensed consolidated financial statements.

Appendix 2

Significant transactions with related parties

During the first six months of the financial year 2023, OMV Petrom Group had the following significant transactions with related parties and balances as of June 30, 2023:

Related party (in RON mn)	Purchases	Balances payable
	6m/23	June 30, 2023
OMV Downstream GmbH	521.39	156.98
OMV Supply & Trading Limited	364.21	2.46
OMV Petrom Global Solutions S.R.L.	335.77	88.43
OMV - International Services Ges.m.b.H.	6.86	61.05

Related party (in RON mn)	Revenues	Balances receivable
	6m/23	June 30, 2023
OMV Deutschland Marketing & Trading GmbH & Co. KG	94.34	-
OMV Hungária Ásványolaj Kft.	14.11	2.46
OMV Petrom Global Solutions S.R.L.	12.50	1.65
OMV Gas Marketing & Trading GmbH	11.33	6.65
OMV - International Services Ges.m.b.H.	0.02	27.97

During the first six months of the financial year 2022, OMV Petrom Group had the following significant transactions with related parties and balances as of December 31, 2022:

Related party (in RON mn)	Purchases	Balances payable
	6m/22	December 31, 2022
OMV Supply & Trading Limited	771.75	3.26
OMV Gas Marketing & Trading GmbH	471.68	6.97
OMV Petrom Global Solutions S.R.L.	300.84	145.62
OMV Downstream GmbH	134.51	71.87
OMV - International Services Ges.m.b.H.	2.25	104.14

Related party (in RON mn)	Revenues	Balances receivable
	6m/22	December 31, 2022
OMV Gas Marketing & Trading GmbH	369.82	38.97
OMV Downstream GmbH	198.09	5.71
OMV Deutschland Marketing & Trading GmbH & Co. KG	174.70	37.23
OMV - International Services Ges.m.b.H.	-	31.48

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