

OMV PETROM S.A.

**INTERIM CONDENSED SEPARATE
FINANCIAL STATEMENTS**

**AS OF AND FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2021**

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

INCLUDING THE DIRECTORS' REPORT

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OMV PETROM S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Intangible assets	2,654.18	2,620.93
Property, plant and equipment	25,146.29	25,872.41
Investments	1,734.00	1,747.47
Other financial assets	2,485.92	2,425.37
Other assets	255.68	221.80
Deferred tax assets	1,472.96	1,464.75
Non-current assets	<u>33,749.03</u>	<u>34,352.73</u>
Inventories	1,789.47	1,652.09
Trade receivables	1,359.07	1,309.30
Other financial assets	1,716.59	1,207.63
Other assets	223.19	183.58
Cash and cash equivalents	7,233.75	7,304.97
Current assets	<u>12,322.07</u>	<u>11,657.57</u>
Assets held for sale	265.25	719.24
Total assets	<u><u>46,336.35</u></u>	<u><u>46,729.54</u></u>
EQUITY AND LIABILITIES		
Share capital	5,664.41	5,664.41
Reserves	25,735.78	26,348.53
Total equity	<u>31,400.19</u>	<u>32,012.94</u>
Provisions for pensions and similar obligations	201.71	205.40
Interest-bearing debts	63.33	108.94
Lease liabilities	307.79	340.22
Provisions for decommissioning and restoration obligations	6,985.93	7,244.66
Other provisions	675.41	634.79
Other financial liabilities	54.92	4.21
Other liabilities	52.66	14.09
Non-current liabilities	<u>8,341.75</u>	<u>8,552.31</u>

OMV PETROM S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

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

	June 30, 2021	December 31, 2020
Trade payables	1,850.77	2,323.59
Interest-bearing debts	1,702.39	1,509.15
Lease liabilities	120.24	120.62
Income tax liabilities	62.00	38.30
Other provisions and decommissioning	752.21	505.52
Other financial liabilities	1,230.19	747.84
Other liabilities	607.71	645.56
Current liabilities	6,325.51	5,890.58
Liabilities associated with assets held for sale	268.90	273.71
Total equity and liabilities	46,336.35	46,729.54

OMV PETROM S.A.
INTERIM CONDENSED SEPARATE INCOME STATEMENT
FOR THE SIX MONTHS AND THE THREE MONTHS ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

Q2 2021	Q2 2020		6 months 2021	6 months 2020
4,109.57	3,036.88	Sales revenues	8,033.36	8,059.34
44.60	90.39	Other operating income	78.71	284.20
355.68	562.20	Net income from consolidated subsidiaries and investments in associates	355.68	562.20
4,509.85	3,689.47	Total revenues and other income	8,467.75	8,905.74
(1,470.88)	(1,084.35)	Purchases (net of inventory variation)	(2,715.58)	(3,158.69)
(956.47)	(723.08)	Production and operating expenses	(1,860.02)	(1,655.54)
(261.62)	(207.41)	Production and similar taxes	(482.50)	(527.24)
(780.73)	(776.39)	Depreciation, amortization, impairments and write-ups	(1,547.43)	(1,555.96)
(182.15)	(176.97)	Selling, distribution and administrative expenses	(359.87)	(392.19)
(22.86)	(17.90)	Exploration expenses	(38.48)	(63.80)
(98.13)	(94.36)	Other operating expenses	(134.81)	(141.99)
737.01	609.01	Operating result	1,329.06	1,410.33
34.88	150.01	Interest income	70.82	203.67
(66.83)	(54.29)	Interest expenses	(147.90)	(170.96)
63.20	(21.62)	Other financial income and expenses	74.15	(16.75)
31.25	74.10	Net financial result	(2.93)	15.96
768.26	683.11	Profit before tax	1,326.13	1,426.29
(54.59)	(13.72)	Taxes on income	(136.08)	(119.46)
713.67	669.39	Net income for the period	1,190.05	1,306.83

OMV PETROM S.A.
INTERIM CONDENSED SEPARATE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS AND THE THREE MONTHS ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

<u>Q2 2021</u>	<u>Q2 2020</u>		<u>6 months 2021</u>	<u>6 months 2020</u>
<u>713.67</u>	<u>669.39</u>	Net income for the period	<u>1,190.05</u>	<u>1,306.83</u>
<u>(21.06)</u>	<u>(112.09)</u>	Gains/(losses) on hedges	<u>(82.76)</u>	<u>302.13</u>
<u>(21.06)</u>	<u>(112.09)</u>	Total of items that may be reclassified ("recycled") subsequently to the income statement	<u>(82.76)</u>	<u>302.13</u>
<u>12.62</u>	<u>10.10</u>	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	<u>32.13</u>	<u>(176.71)</u>
<u>12.62</u>	<u>10.10</u>	Total of items that will not be reclassified ("recycled") subsequently to the income statement	<u>32.13</u>	<u>(176.71)</u>
<u>3.37</u>	<u>17.94</u>	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	<u>13.24</u>	<u>(48.34)</u>
<u>(2.02)</u>	<u>(1.62)</u>	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	<u>(5.14)</u>	<u>28.27</u>
<u>1.35</u>	<u>16.32</u>	Total income tax relating to components of other comprehensive income	<u>8.10</u>	<u>(20.07)</u>
<u>(7.09)</u>	<u>(85.67)</u>	Other comprehensive income/(loss) for the period, net of tax	<u>(42.53)</u>	<u>105.35</u>
<u>706.58</u>	<u>583.72</u>	Total comprehensive income for the period	<u>1,147.52</u>	<u>1,412.18</u>

OMV PETROM S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

	Share capital	Revenue reserves	Cash flow hedge reserve	Other reserves	Treasury shares	Total equity
Balance at January 1, 2021	5,664.41	26,198.54	74.36	75.65	(0.02)	32,012.94
Net income for the period	-	1,190.05	-	-	-	1,190.05
Other comprehensive loss for the period	-	-	(42.53)	-	-	(42.53)
Total comprehensive income for the period	-	1,190.05	(42.53)	-	-	1,147.52
Dividends distribution *)	-	(1,755.96)	-	-	-	(1,755.96)
Reclassification of cash flow hedges to balance sheet	-	-	(4.31)	-	-	(4.31)
Balance at June 30, 2021	5,664.41	25,632.63	27.52	75.65	(0.02)	31,400.19

*) At the Annual General Meeting of Shareholders held on April 27, 2021, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2020 for the gross amount of RON 1,756 mn (gross dividend per share of RON 0.031). Total dividends paid during 6m/21 amounted to RON 1,739 mn.

	Share capital	Revenue reserves	Cash flow hedge reserve	Other reserves	Treasury shares	Total equity
Balance at January 1, 2020	5,664.41	26,583.21	27.70	75.65	(0.02)	32,350.95
Net income for the period	-	1,306.83	-	-	-	1,306.83
Other comprehensive income for the period	-	-	105.35	-	-	105.35
Total comprehensive income for the period	-	1,306.83	105.35	-	-	1,412.18
Dividends distribution *)	-	(1,755.96)	-	-	-	(1,755.96)
Reclassification of cash flow hedges to balance sheet	-	-	75.37	-	-	75.37
Balance at June 30, 2020	5,664.41	26,134.08	208.42	75.65	(0.02)	32,082.54

*) At the Annual General Meeting of Shareholders held on April 27, 2020, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2019 for the gross amount of RON 1,756 mn (gross dividend per share of RON 0.031). Total dividends paid during 6m/20 amounted to RON 1,739 mn.

OMV PETROM S.A.
INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

	6 months 2021	6 months 2020
Profit before tax	1,326.13	1,426.29
Net change in provisions	294.70	153.60
Net gains on the disposal of investments, loans and non-current assets	(82.44)	(15.84)
Depreciation, amortization and impairments including write-ups	1,575.55	1,558.84
Dividend income	(369.15)	(562.20)
Dividends received	56.60	144.79
Net interest received	33.67	63.24
Tax on profit paid	(111.43)	(279.57)
Other non-monetary adjustments	164.00	(372.40)
Sources of funds	2,887.63	2,116.75
(Increase)/decrease in inventories	(141.50)	198.23
(Increase)/decrease in receivables	(105.29)	516.79
Increase/(decrease) in liabilities	(246.38)	(254.86)
Cash flow from operating activities	2,394.46	2,576.91
Intangible assets and property, plant and equipment	(1,332.61)	(1,845.01)
Net increase in loans given to subsidiaries	(4.38)	(61.78)
Proceeds in relation to non-current assets	33.19	20.82
Proceeds from disposal of investments and loans	488.63	-
Cash flow from investing activities	(815.17)	(1,885.97)
Net increase in/(repayment of) loans taken from subsidiaries	130.08	(1.36)
Net repayment of other borrowings	(50.37)	(55.56)
Dividends paid	(1,739.06)	(1,738.58)
Cash flow from financing activities	(1,659.35)	(1,795.50)
Effect of foreign exchange rate changes on cash and cash equivalents	8.84	2.47
Net decrease in cash and cash equivalents	(71.22)	(1,102.09)
Cash and cash equivalents at the beginning of the period	7,304.97	6,795.30
Cash and cash equivalents at the end of the period	7,233.75	5,693.21

OMV PETROM S.A.
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

1. Legal principles and general accounting policies

The interim condensed separate financial statements of OMV Petrom S.A. (the Company) as of and for the six-month period ended June 30, 2021 ("6m/21") have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual separate financial statements as of December 31, 2020.

The interim condensed separate financial statements for 6m/21 are unaudited and an external review by an auditor was not performed.

The interim condensed separate financial statements for 6m/21 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

The accounting policies and valuation methods adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended December 31, 2020.

The amendments to IFRS effective since January 1, 2021 do not have a material effect on the Company's interim condensed separate financial statements.

2. Exchange rates

Foreign currency transactions are recorded at the exchange rate ruling on transaction date. Monetary assets and liabilities expressed in foreign currency are converted into RON at the exchange rate on the balance sheet date, communicated by the National Bank of Romania ("NBR").

All differences resulting from foreign currency amounts settlements are recognized in the 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 reporting period.

<u>Q2 2021</u>	<u>Q2 2020</u>	NBR FX rates	<u>6 months 2021</u>	<u>6 months 2020</u>
4.923	4.837	Average EUR/RON FX rate	4.901	4.816
4.086	4.394	Average USD/RON FX rate	4.067	4.373
4.927	4.842	Closing EUR/RON FX rate	4.927	4.842
4.143	4.323	Closing USD/RON FX rate	4.143	4.323

3. Commitments

As at June 30, 2021 the total commitments engaged by OMV Petrom S.A. for the acquisition of intangible assets and property, plant and equipment, including its share of the aggregate capital commitments for joint arrangements, is of RON 930 mn (December 31, 2020: RON 825 mn).

4. Inventories

During the six months ended June 30, 2021, there were no material write downs of inventories.

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NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

5. Financial liabilities

As of June 30, 2021, short and long-term interest-bearing debts and lease liabilities amounted to RON 2,194 mn (December 31, 2020: RON 2,079 mn), thereof RON 428 mn lease liabilities (December 31, 2020: RON 461 mn).

6. Fair value measurement

Financial instruments recognized at fair value are disclosed according to the following fair value measurement hierarchy:

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

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

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

Financial assets and liabilities held for sale	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	53.48	-	53.48	-	16.33	-	16.33
Other derivatives	-	871.15	-	871.15	-	631.19	-	631.19
Net amount of assets and liabilities associated with assets held for sale	-	-	-	-	-	445.53	-	445.53
Total	-	924.63	-	924.63	-	1,093.05	-	1,093.05

Financial liabilities and assets and liabilities held for sale	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	(59.21)	-	(59.21)	-	(19.58)	-	(19.58)
Other derivatives	-	(963.56)	-	(963.56)	-	(453.06)	-	(453.06)
Net amount of assets and liabilities associated with assets held for sale	-	(44.16)	-	(44.16)	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	(15.88)	(15.88)
Total	-	(1,066.93)	-	(1,066.93)	-	(472.64)	(15.88)	(488.52)

OMV PETROM S.A.
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

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.

On May 14, 2021, OMV Petrom S.A. completed the sale of its 100% owned subsidiaries in Kazakhstan, Tasbulat Oil Corporation LLP and Kom Munai LLP, to Magnetic Oil Limited. As of December 31, 2020, the related investments and loans granted were classified within assets held for sale.

Interest-bearing debts amount to RON 1,766 mn (December 31, 2020: RON 1,618 mn). The estimated fair value of these liabilities was RON 1,767 mn (December 31, 2020: RON 1,621 mn). Loans to subsidiaries amount to RON 350 mn (December 31, 2020: RON 334 mn) and their estimated fair value is RON 361 mn (December 31, 2020: RON 346 mn). The carrying amount of all other financial assets and financial liabilities approximates their fair value.

7. Sales revenues

	6 months 2021	6 months 2020
Revenues from contracts with customers	7,781.20	7,295.94
Revenues from other sources	252.16	763.40
Total sales revenues	8,033.36	8,059.34

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

Revenues from contracts with customers

	6 months 2021					
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	-	26.66	26.66	-	-	26.66
Natural gas, LNG and power	2.70	1,996.29	1.26	1,995.03	-	1,998.99
Fuels and heating oil	-	4,860.32	4,860.32	-	-	4,860.32
Other goods and services	20.20	867.19	830.73	36.46	7.84	895.23
Total	22.90	7,750.46	5,718.97	2,031.49	7.84	7,781.20

	6 months 2020					
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	-	30.19	30.19	-	-	30.19
Natural gas, LNG and power	2.70	2,867.05	1.09	2,865.96	-	2,869.75
Fuels and heating oil	-	3,789.61	3,789.61	-	-	3,789.61
Other goods and services	21.71	577.50	536.34	41.16	7.18	606.39
Total	24.41	7,264.35	4,357.23	2,907.12	7.18	7,295.94

OMV PETROM S.A.
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

8. Income tax

<u>Q2 2021</u>	<u>Q2 2020</u>		<u>6 months 2021</u>	<u>6 months 2020</u>
61.38	(7.07)	Current taxes - expense/ (revenue)	135.37	109.61
(6.79)	20.79	Deferred taxes – expense/ (revenue)	0.71	9.85
54.59	13.72	Taxes on income	136.08	119.46

9. Segment reporting

Intersegmental sales

<u>Q2 2021</u>	<u>Q2 2020</u>		<u>6 months 2021</u>	<u>6 months 2020</u>
2,029.01	1,252.35	Upstream	3,800.43	3,091.47
32.73	40.40	Downstream	72.01	88.84
7.07	11.85	thereof Downstream Oil	13.77	24.32
49.57	43.54	thereof Downstream Gas	112.38	113.44
(23.91)	(14.99)	thereof intersegmental elimination Downstream	(54.14)	(48.92)
34.78	36.10	Corporate and Other	70.66	76.17
2,096.52	1,328.85	Total	3,943.10	3,256.48

Sales to external customers

<u>Q2 2021</u>	<u>Q2 2020</u>		<u>6 months 2021</u>	<u>6 months 2020</u>
14.46	13.33	Upstream	26.50	27.61
4,086.11	3,014.60	Downstream	7,988.94	8,014.22
3,164.28	1,802.44	thereof Downstream Oil	5,814.18	4,644.53
921.83	1,212.16	thereof Downstream Gas	2,174.76	3,369.69
9.00	8.95	Corporate and Other	17.92	17.51
4,109.57	3,036.88	Total	8,033.36	8,059.34

Total sales

<u>Q2 2021</u>	<u>Q2 2020</u>		<u>6 months 2021</u>	<u>6 months 2020</u>
2,043.47	1,265.68	Upstream	3,826.93	3,119.08
4,118.84	3,055.00	Downstream	8,060.95	8,103.06
3,171.35	1,814.29	thereof Downstream Oil	5,827.95	4,668.85
971.40	1,255.70	thereof Downstream Gas	2,287.14	3,483.13
(23.91)	(14.99)	thereof intersegmental elimination Downstream	(54.14)	(48.92)
43.78	45.05	Corporate and Other	88.58	93.68
6,206.09	4,365.73	Total	11,976.46	11,315.82

OMV PETROM S.A.
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

Segment profit

Q2 2021	Q2 2020		6 months 2021	6 months 2020
389.97	(143.56)	Operating result Upstream	681.33	12.32
440.43	925.44	Operating result Downstream	944.32	1,222.50
667.27	704.83	thereof Downstream Oil	1,038.09	752.33
(226.84)	220.61	thereof Downstream Gas	(93.77)	470.17
(20.32)	(8.71)	Operating result Corporate and Other	(57.54)	(57.01)
810.08	773.17	Operating result segment total	1,568.11	1,177.81
(73.07)	(164.16)	Consolidation	(239.05)	232.52
737.01	609.01	Operating result	1,329.06	1,410.33
31.25	74.10	Net financial result	(2.93)	15.96
768.26	683.11	Profit before tax	1,326.13	1,426.29

Segment assets¹

	June 30, 2021	December 31, 2020
Upstream	22,276.87	22,725.13
Downstream	5,147.64	5,333.53
thereof Downstream Oil	3,704.84	3,834.69
thereof Downstream Gas	1,442.80	1,498.84
Corporate and Other	375.96	434.68
Total	27,800.47	28,493.34

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

10. 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.

During the six month period ended June 30, 2021 OMV Petrom S.A. had the following significant transactions with related parties and balances as of June 30, 2021:

Related party	Purchases 6 months 2021	Balances payable June 30, 2021
OMV Supply & Trading Limited	625.31	0.34
OMV Petrom Global Solutions S.R.L.	235.21	50.67
OMV Gas Marketing & Trading GmbH	116.89	11.89
OMV Aktiengesellschaft	17.53	45.69
OMV Petrom Marketing S.R.L.	13.40	105.92

Related party	Revenues 6 months 2021	Balances receivable June 30, 2021
OMV Petrom Marketing S.R.L.	4,117.66	531.36
OMV Bulgaria OOD	342.73	71.71

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NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

During the six month period ended June 30, 2020, OMV Petrom S.A. had the following significant transactions with related parties and balances as of December 31, 2020:

Related party	Purchases 6 months 2020	Balances payable December 31, 2020
OMV Supply & Trading Limited	542.69	238.76
OMV Petrom Global Solutions S.R.L.	221.27	113.21
OMV Gas Marketing & Trading GmbH	113.71	115.20
OMV Exploration & Production GmbH	51.96	34.52
OMV Downstream GmbH (former OMV Refining & Marketing GmbH)	33.85	39.27

Related party	Revenues 6 months 2020	Balances receivable December 31, 2020
OMV Petrom Marketing S.R.L.	3,185.31	538.19
OMV Gas Marketing & Trading GmbH	296.60	0.45
OMV Bulgaria OOD	237.53	32.64

11. Subsequent events

There were no material subsequent events leading to the publication of the Interim Separate Financial Statements for 6m/21.

Bucharest, July 28, 2021

Christina Verchere
Chief Executive Officer
President of the Executive Board

Alina Popa
Chief Financial Officer
Member of the Executive Board

Christopher Veit
Member of the Executive Board
Upstream

Franck Neel
Member of the Executive Board
Downstream Gas

Radu Căprău
Member of the Executive Board
Downstream Oil

Herbert Hackl
Vice President Controlling

Nicoleta Drumea
Head of Financial Reporting

Directors' Report

on OMV PETROM S.A.'s interim condensed separate Financial Statements prepared in accordance with Ministry of Finance Order no. 2844/2016 and in compliance with the Regulation no. 5/2018, Appendix 14, 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, sale of natural gas, refining of crude oil, marketing of petroleum products, as well as production and sales of electricity. OMV Petrom performs its activity either directly or through its affiliates in Romania, Kazakhstan (exploration and production of hydrocarbons; subsidiaries divested in May 2021), Bulgaria (exploration and marketing of petroleum products), Georgia (starting 2021, exploration of hydrocarbons) and Serbia and Republic of Moldova (marketing of petroleum products).

The Company is the parent company of OMV Petrom Group ("the Group"). Interim condensed separate financial statements for the period ended June 30, 2021 are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), as the Ministry of Finance Order (MOF) no. 2844/2016 stipulates that Romanian listed companies must prepare financial statements in accordance with IFRS as endorsed by European Union. The interim condensed consolidated financial statements are also prepared by the Company in accordance with IFRS as endorsed by the EU.

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

As at June 30, 2021 and December 31, 2020 the total share capital amounted to RON 5,664,410,833.50, representing 56,644,108,335 shares (December 31, 2020: same number) with a nominal value of RON 0.1 per share.

The shareholders' structure as at June 30, 2021 and December 31, 2020 is presented below:

	<u>No. of shares</u>	<u>Percent</u>
OMV Aktiengesellschaft	28,894,467,414	51.011%
Romanian State	11,690,694,418	20.639%
Fondul Proprietatea S.A.	3,963,548,078	6.997%
Legal entities and private individuals	<u>12,095,398,425</u>	<u>21.353%</u>
Total	<u>56,644,108,335</u>	<u>100.000%</u>

The interim condensed separate financial statements for the six-month period ended June 30, 2021 are unaudited and an external review by an auditor was not performed.

Financial highlights

Q2/21	Q2/20	Δ%	in RON mn	6m/21	6m/20	Δ%
4,110	3,037	35	Sales revenues ¹	8,033	8,059	(0)
737	609	21	Operating Result	1,329	1,410	(6)
390	(144)	n.m.	Operating Result Upstream ²	681	12	n.m.
440	925	(52)	Operating Result Downstream	944	1,223	(23)
(20)	(9)	(133)	Operating Result Co&O	(58)	(57)	(1)
(73)	(164)	55	Consolidation	(239)	233	n.m.
31	74	(58)	Net financial result	(3)	16	n.m.
768	683	12	Profit before tax	1,326	1,426	(7)
7	2	254	Effective tax rate (%)	10	8	23
714	669	7	Net income	1,190	1,307	(9)
(5,040)	(3,498)	44	Net debt/(cash) including leases	(5,040)	(3,498)	44

¹ Sales excluding petroleum excise tax;

² Excluding intersegmental profit elimination shown in the line Consolidation.

Key events 6m/21

- ▶ OMV Petrom announced that will be the operator of Neptun Deep block, in case Romgaz becomes a partner in the Neptun Deep project.
- ▶ In March 2021 OMV Petrom signed a Production Sharing Contract for exploration Block II, offshore Georgia.
- ▶ OMV Petrom is investing approximately EUR 32 mn in a drilling campaign in the shallow Black Sea.
- ▶ At the Annual General Meeting of Shareholders held on April 27, 2021, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2020 for the gross amount of RON 1,756 mn (gross dividend per share of RON 0.031). Total dividends paid during 6m/21 amounted to RON 1,739 mn.
- ▶ In May 2021, OMV Petrom finalized the transaction for the sale of its 100% owned subsidiaries in Kazakhstan, Tasbulat Oil Corporation LLP and Kom Munai LLP, to Magnetic Oil Limited.
- ▶ In May 2021 OMV Petrom and Renovatio announced a partnership for electric mobility in Romania.
- ▶ OMV Petrom to invest approximately EUR 70 mn at Petrobrazi for replacing the Coke Drums by end-2023, of which EUR 11 mn this year.
- ▶ In June 2021 OMV Petrom entered the liquefied natural gas distribution market.

Analysis of performance

January to June 2021 (6m/21) vs. January to June 2020 (6m/20)

Sales revenues of RON 8,033 mn for 6m/21 slightly decreased compared to 6m/20, mainly due to lower sales volumes of natural gas and electricity offsetting better price environment for petroleum products and electricity. Downstream Oil represented 72% of total sales revenues, Downstream Gas accounted for 27%, while Upstream was below 1% (sales in Upstream being largely inter-segment sales rather than third-party sales).

The **Reported Operating Result** of RON 1,329 mn was 6% below the 6m/20 level of RON 1,410 mn, mainly due to decreased contribution of Downstream Gas and negative impact from Consolidation line, which were partially offset by the significantly better market conditions in Upstream, triggered by the increase in crude oil prices, and better performance of Downstream Oil. The Consolidation line had a negative contribution in 6m/21 of RON (239) mn, while in 6m/20 the impact was positive, amounting to RON 233 mn, the result of both periods being linked to the quotations evolution. Purchases (net of inventory variation) and Production and operating expenses decreased by 5%.

The **net financial result** was a loss of RON (3) mn in 6m/21 compared to a gain of RON 16 mn in 6m/20.

As a result, the **profit before tax** for 6m/21 of RON 1,326 mn was lower compared with the result for the similar period of the previous year of RON 1,426 mn.

Income tax amounted to RON (136) mn, while the **effective tax rate** was 10% in 6m/21 (6m/20: 8%).

Net income was RON 1,190 mn (6m/20: RON 1,307 mn).

Investments of RON 1,192 mn in 6m/21 were 21% lower than RON 1,516 mn in 6m/20, mainly due to lower investments in Downstream Oil.

Upstream investments in 6m/21 were RON 1,028 mn, compared to RON 1,132 mn in 6m/20 and accounted for 86% of total investments for 6m/21. The decline of 9% was mainly due to reduced number of workovers and lower activities for field redevelopment projects and exploration.

Downstream investments amounted to RON 156 mn in 6m/21 (6m/20: RON 376 mn), thereof RON 147 mn in Downstream Oil (6m/20: RON 373 mn) and RON 9 mn in Downstream Gas (6m/20: RON 3 mn). In Downstream Oil, majority of investments were directed to Refining for ongoing projects in the tank farm area and to preliminary works related to coke drums replacement. In addition, higher base from 6m/20 referred to securing long-term logistic access through railway lines at Petrobrazi refinery.

Corporate and Other investments were RON 7 mn (6m/20: RON 8 mn).

Due to the significant cash balance at June 30, 2021, OMV Petrom maintained a **net cash position including leases** of RON 5,040 mn (December 31, 2020: RON 5,226 mn).

Summarized interim statement of financial position

in RON mn	June 30, 2021	December 31, 2020
Assets		
Non-current assets	33,749	34,353
Current assets (including assets held for sale)	12,587	12,377
Total assets	46,336	46,730
Equity and liabilities		
Total equity	31,400	32,013
Non-current liabilities	8,342	8,552
Current liabilities (including liabilities associated with assets held for sale)	6,594	6,164
Total equity and liabilities	46,336	46,730

Compared to December 31, 2020, **non-current assets** decreased by RON 604 mn, to RON 33,749 mn, mainly due to decrease in property, plant and equipment, as depreciation, net impairments and decrease in decommissioning asset following reassessment, exceeded the additions during the period.

The net increase in **current assets (including assets held for sale)** was triggered by higher financial assets mainly in relation to derivatives and dividends receivables from subsidiaries, partially offset by the divestment of Kazakhstan investments in May 2021.

Equity decreased to RON 31,400 mn as of June 30, 2021, compared to RON 32,013 mn as of December 31, 2020, mainly as a result of dividend distribution for the financial year 2020, partly offset by the net profit generated in the current period. The equity ratio stood at 68% as of June 30, 2021, similar with the level as of December 31, 2020 (69%).

As at June 30, 2021, **total liabilities** increased by RON 220 mn as compared with December 31, 2020. The increase in **current liabilities (including liabilities associated with assets held for sale)** was largely due to higher financial liabilities mainly in relation to derivatives and higher provisions, partially compensated by lower trade payables following lower acquisitions. This increase was partially offset by the decrease in **non-current liabilities** mainly due to the reassessment of provisions for decommissioning and restoration obligations.

Cash flow

Summarized cash-flow statement (in RON mn)	6m/21	6m/20	Δ%
Sources of funds	2,888	2,117	36
Cash flow from operating activities	2,394	2,577	(7)
Cash flow from investing activities	(815)	(1,886)	57
Free cash flow	1,579	691	129
Cash flow from financing activities	(1,659)	(1,796)	8
Effect of exchange rates on cash and cash equivalents	9	2	258
Net decrease in cash and cash equivalents	(71)	(1,102)	94
Cash and cash equivalents at beginning of period	7,305	6,795	8
Cash and cash equivalents at end of period	7,234	5,693	27
Free cash flow after dividends	(160)	(1,048)	85

January to June 2021 (6m/21) vs. January to June 2020 (6m/20)

In 6m/21, 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 2,888 mn (6m/20: RON 2,117). Changes in **net working capital** generated a cash outflow of RON 493 mn (6m/20: inflow of 460 mn). **Cash flow from operating activities** decreased by RON 182 mn compared to 6m/20, reaching RON 2,394 mn, as the impact from better market conditions was more than offset by the evolution of changes in net working capital.

In 6m/21, **cash flow from investing activities** resulted in an outflow of RON 815 mn (6m/20: RON 1,886 mn) mainly related to payments for investments in intangible assets and property, plant and equipment, largely in the Upstream segment, partly offset by the proceeds in amount of RON 489 mn from disposal of investments in Kazakhstan.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 1,579 mn (6m/20: RON 691 mn).

Cash flow from financing activities reflected an outflow of funds amounting to RON 1,659 mn (6m/20: RON 1,796 mn), mainly arising from the payment of dividends of RON 1,739 mn.

Free cash flow after dividends resulted in a cash outflow of RON 160 mn (6m/20: RON 1,048 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 company to significant commodity price, foreign exchange, operational and strategic risks. A detailed description of risks and risk management activities can be found in the 2020 Group Annual Report (pages 47-50).

According to the last OMV Petrom risk assessment exercise in March 2021, the main uncertainties which could impact the company's performance remain the commodity price risk, operational risks, as well as political and regulatory risk.

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 number of fiscal and regulatory initiatives put in discussion and/or implemented. This increases legislative volatility with influence on the overall business environment.

The global outbreak of the COVID-19 pandemic continues to have a major impact on global economic development. While oil prices continued to increase in the second quarter, they still remain significantly volatile. Increases in COVID-19 cases around the world and in particular in Europe could lead to delays in the assumed demand recovery, following the response of governments and citizens. Thus, the consequences of the COVID-19 pandemic and the extent and duration of the economic impact cannot be reliably estimated from today's perspective. However, OMV Petrom is closely monitoring the development and regularly evaluating the impact on the company's cash flow and liquidity position. OMV Petrom is responding to the situation with targeted measures to safeguard the company's economic stability and the secure supply of energy. The health and wellbeing of every employee is the top priority. At the same time, OMV Petrom is implementing targeted measures to safeguard the company's financial strength.

From today's perspective, we assume that based on the measures listed above the company's ability to continue as a going concern is not impacted.

Also refer to the Outlook section of the Directors' report for more information on current risks.

Transactions with related parties

Please refer to the selected explanatory notes of the interim condensed separate financial statements on page 11 for disclosures on significant transactions with related parties.

Outlook for the full year 2021

All the below is based on the assumption of no significant lockdowns by year end.

For the full year 2021, OMV Petrom expects the average Brent oil price to range between USD 65/bbl and USD 70/bbl (2020: USD 42/bbl). Refining margins are expected to be around USD 4/bbl (2020: USD 2.9/bbl). Demand for oil products and power is expected to be above 2020, while demand for gas is expected to be broadly similar to 2020.

In relation to Neptun Deep project we expect the Offshore Law to be amended by the end of 2021.

We target to reduce carbon intensity by 27% until 2025 vs. 2010 (2020: 26% lower vs. 2010).

At Group level, in Upstream segment the Production is expected to decline by around 6% yoy in Romania, excluding portfolio optimization (2020: below 5%). We will continue to focus on the most profitable barrels: the transfer of 40 marginal fields to Dacian Petroleum is expected to close in the second half of 2021. We plan to drill around 35 new wells and sidetracks and perform around 700 workovers (2020: 63 new wells and sidetracks; 830 workovers). We expect exploration expenditures to be around RON 0.2 bn (2020: RON 0.2 bn). Regarding regional expansion, on the Han Asparuh exploration Block offshore Bulgaria seismic data processing towards maturing future drilling candidates is ongoing, while in Georgia Offshore Exploration Block II we are preparing for seismic campaign in 2022.

In Downstream Oil segment the refinery utilization rate is estimated to be above 95% (2020: 92%). Total refined product sales are forecasted to be higher yoy.

In Downstream Gas segment total gas sales volumes are estimated to be lower yoy (2020: 57 TWh), in part due to regulatory requirements in 2020, while net electrical output is forecasted to be higher yoy (2020: 4.2 TWh).

At Group level, we expect a positive free cash flow after dividends (2020: RON 0.7 bn). Investments excluding acquisitions is anticipated to be around RON 2.9 bn (2020: RON 3 bn).

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed separate financial statements for the six-month period ended June 30, 2021 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 important events that have occurred during the first six months of the 2021 financial year and their impact on the interim condensed separate financial statements, as well as a description of the principal risks and uncertainties.

Bucharest, July 28, 2021

The Executive Board

Christina Verchere
Chief Executive Officer
President of the Executive Board

Alina Popa
Chief Financial Officer
Member of the Executive Board

Christopher Veit
Member of the Executive Board
Upstream

Franck Neel
Member of the Executive Board
Downstream Gas

Radu Căprău
Member of the Executive Board
Downstream Oil

Further information

Abbreviation and definitions

bbl	barrel(s), i.e. 159 liters
Bn	billion
Co&O	Corporate and Other
Effective tax rate	Taxes on income divided by Profit before tax (%)
EU	European Union
EUR	euro
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
Investments	Include amounts for fixed assets acquisitions, financial investments, advance payments on fixed assets, land deeds, right of use of assets in accordance with IFRS 16 Leases and excludes increases from reassessment of provisions
LLP	Limited Liability Partnership
Mn	million
MWh	megawatt hour
Net debt/(cash) including leases	Interest bearing-debts plus lease liabilities less cash and cash equivalents.
n.m.	not meaningful i.e. deviation exceeds (+/-) 500% or comparison is made between positive and negative values
Operating Result	The "Operating result" includes the former indicator EBIT ("Earnings Before Interest and Taxes") and the net result from consolidated subsidiaries and equity-accounted investments.
Q	quarter
RON	Romanian leu
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
TWh	terawatt hour
USD	United States dollar
Vs.	Versus
Yoy	year-on-year