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DIRECTORS' REPORT

23 — 91

About OMV

OMV produces and markets oil and gas as well as chemical products and solutions in a responsible way and develops innovative solutions with a special focus on circular economy. In 2022, Group sales amounted to EUR 62 bn. With a year-end market capitalization of around EUR 16 bn, OMV is one of Austria's largest listed industrial companies. The majority of its roughly 22,300 employees work at its integrated European sites.

Our purpose

In 2022, OMV implemented a new Group-wide purpose as a fundamental part of our new strategy for becoming a leading company in sustainable fuels, chemicals, and materials. Our new purpose, "Re-inventing essentials for sustainable living," guides the Company like a North Star, toward its goal of becoming a net-zero emissions company. To ensure this purpose is fully embraced, we have designed new values and behaviors that align with our new direction. The new values will be launched in 2023, to empower our employees and drive our Company toward a sustainable future.

Our business segments

In Chemicals & Materials, OMV is one of the world's leading providers of advanced and circular polyolefin solutions with total polyolefin sales of 5.7 mn t in 2022 (2021: 5.9 mn t). It is also a European market leader in base chemicals, fertilizers[1], and plastics recycling. The Company supplies services and products to customers worldwide through OMV and Borealis, and its two joint ventures: Borouge (with ADNOC, based in the UAE and Singapore) and Baystar™ (with TotalEnergies, based in the US).

In Refining & Marketing, OMV operates three refineries in Europe, Schwechat (Austria) and Burghausen (Germany), both of which feature integrated petrochemical production, and the Petrobrazi refinery (Romania). In addition, OMV holds a 15% share in ADNOC Refining and in ADNOC Global Trading in the UAE. OMV's total global processing capacity amounts to around 500 kbbl/d. Fuels and other sales volumes in Europe were 15.5 mn t in 2022 (2021: 16.3 mn t) and the retail network consists of around 1,800 filling stations in ten European countries. In the Gas & Power Eastern Europe business, OMV Petrom operates a gas-fired power plant in Romania and is engaged in gas and power sales. In 2022, natural gas sales amounted to 36.2 TWh (2021: 39.6 TWh) and net electrical output was 5.0 TWh (2021: 4.8 TWh).

In Exploration & Production, OMV explores, develops, and produces oil and gas in its four core regions of Central and Eastern Europe, the Middle East and Africa, the North Sea, and Asia-Pacific[2]. Daily production was 392 kboe/d[3] in 2022 (2021: 486 kboe/d), with a roughly equal share of natural gas and liquids production. In the Gas Marketing Western Europe business, OMV markets and trades natural gas with sales volumes amounting to 111.2 TWh in 2022 (2021: 156.8 TWh). Furthermore, OMV operates natural gas storage facilities with a capacity of 30 TWh and holds a 65% stake in the Central European Gas Hub (CEGH).

Our new corporate structure

To drive sustainable growth and innovation, starting with January 1st, 2023, OMV reorganized its corporate structure in three business segments: Chemicals & Materials, Fuels & Feedstock, and Energy.

For more information about the new corporate structure and the Strategy 2030, see the chapter Strategy.

[1] On June 2, 2022, Borealis received a binding offer from AGROFERT, a.s. for the acquisition of its nitrogen business including fertilizer, melamine and technical nitrogen products.
[2] On February 27, 2023, OMV announced the start of the sales process for its E&P business in the Asia-Pacific region.
[3] Production figures in 2022 include 17 kboe/d from Russia (2021: 96 kboe/d); OMV no longer considers Russia a core region as of March, 2022. Furthermore, Russian volumes are no longer included in total production, due to a change in the consolidation method.

Our value chain

05 Refining

OMV operates three refineries in Europe and holds a 15% share in ADNOC Refining in the UAE, where it processes sustainable and fossil-based feedstocks into a wide range of refined products.

07 Base Chemicals

Base chemicals are produced at five major sites in Europe and at the joint ventures of Borealis, Borouge and Baystar. Most of the base chemicals are processed internally into polyolefins.

09 Mechanical Recycling

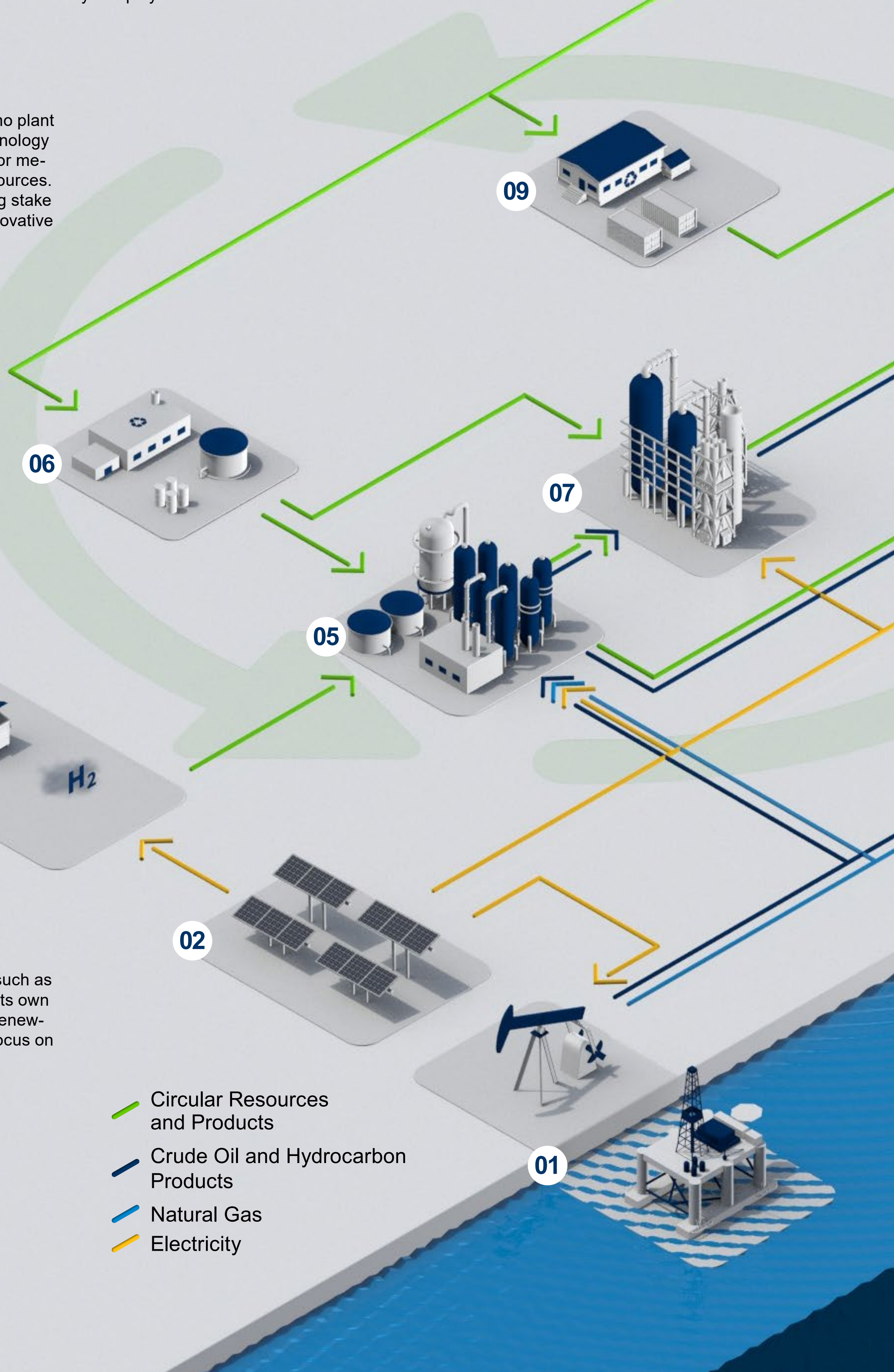
Borealis runs four mechanical recycling plants in Austria and Germany, where plastic waste is processed into high quality recyclate.

06 Chemical Recycling

OMV is currently constructing a demo plant based on its proprietary ReOil® technology which will turn plastic waste, not fit for mechanical recycling, into valuable resources. In addition, Borealis has a controlling stake in Renasci, a Belgian provider of innovative recycling solutions.

03 Circular Resources

OMV aims to further increase its use of circular resources such as bio-feedstocks, for example waste and residue streams, as well as cultivated algea, plastic waste, and green hydrogen. Furthermore, OMV is also actively looking into synthetic fuels and feedstocks based on CO_2.



02 Renewable Energy

OMV is utilizing renewable energy, such as photovoltaic, primarily for powering its own operations, and plans to build up a renewable energy portfolio with a strong focus on geothermal energy.

01 Hydrocarbon Production

OMV explores, develops, and produces hydrocarbons (crude oil, natural gas and NGL).

(16) Industries

Through Borealis, OMV provides innovative and value creating plastics solutions to five end-use industries:

- (a) Consumer Products
- (b) Energy
- (c) Healthcare
- (d) Infrastructure
- (e) Mobility

(15) Fuels & Others

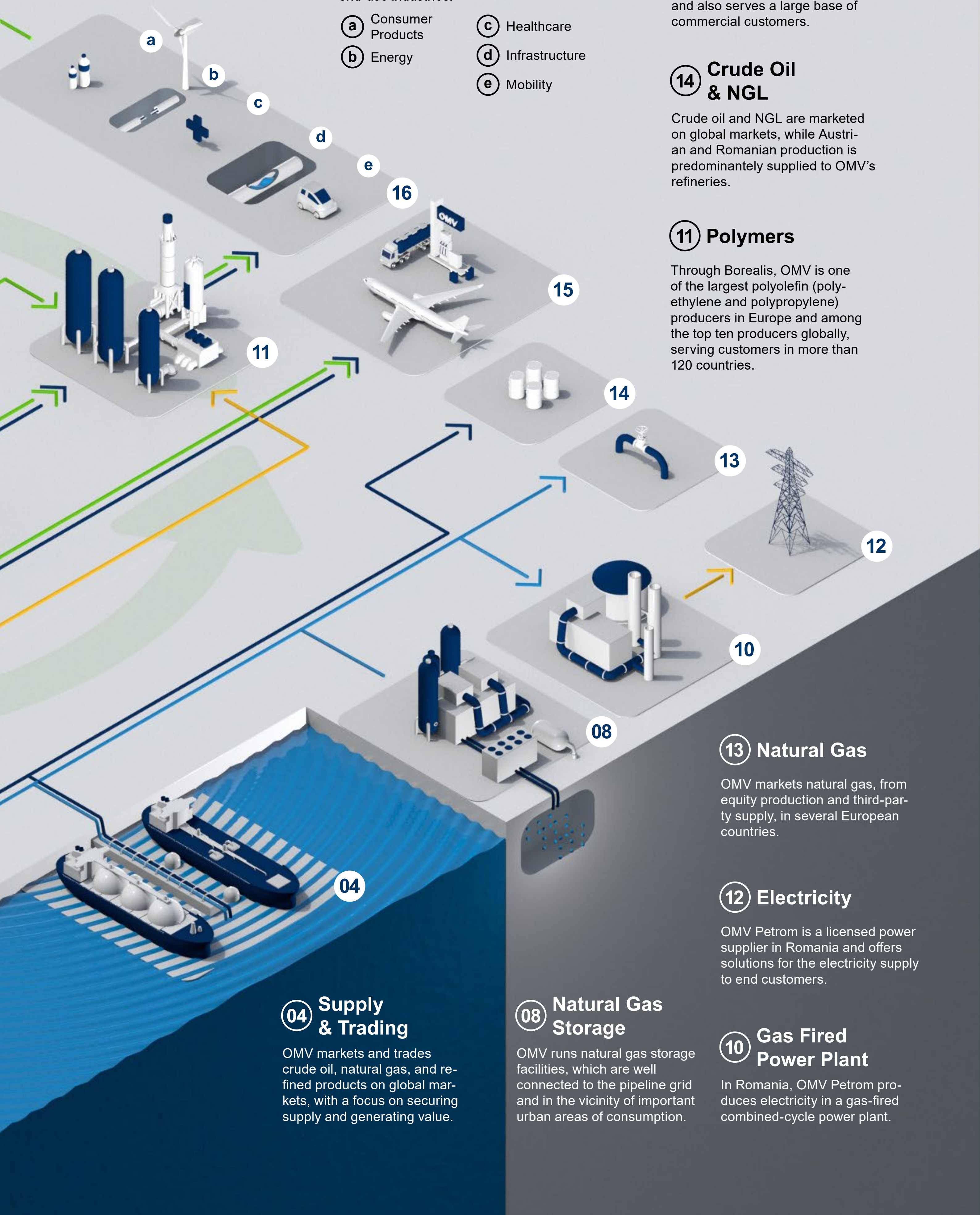
OMV sells its refined products via several retail filling station brands and also serves a large base of commercial customers.

(14) Crude Oil & NGL

Crude oil and NGL are marketed on global markets, while Austrian and Romanian production is predominantely supplied to OMV's refineries.

(11) Polymers

Through Borealis, OMV is one of the largest polyolefin (polyethylene and polypropylene) producers in Europe and among the top ten producers globally, serving customers in more than 120 countries.



(13) Natural Gas

OMV markets natural gas, from equity production and third-party supply, in several European countries.

(12) Electricity

OMV Petrom is a licensed power supplier in Romania and offers solutions for the electricity supply to end customers.

(04) Supply & Trading

OMV markets and trades crude oil, natural gas, and refined products on global markets, with a focus on securing supply and generating value.

(08) Natural Gas Storage

OMV runs natural gas storage facilities, which are well connected to the pipeline grid and in the vicinity of important urban areas of consumption.

(10) Gas Fired Power Plant

In Romania, OMV Petrom produces electricity in a gas-fired combined-cycle power plant.

Market Outlook

Inflation and significant reductions in the availability of Russian commodities, especially natural gas, in Europe following the removal of almost all Russian supply to the region, were the key causes of a substantial increase in global energy prices in 2022, leading to the "first global energy crisis" as described by the IEA. This has amplified the incentive for Europe to further diversify and decarbonize its energy supply. High prices, in particular for gas and electricity, have put the focus back on security of supply.

2022 was something of a watershed year in energy markets. Consumers and central banks across the globe were faced with the challenge of rapidly rising inflation already at the end of 2021 and the early part of 2022, and this was before the picture was further complicated by the Russian invasion of Ukraine at the end of February. Significant reductions in the availability of Russian energy, especially natural gas, in Europe following the removal of almost all Russian supply to the region were the key causes of a substantial increase in global energy prices in 2022. Energy commodities ended up being one of the few asset classes to post gains during 2022, as inflation and subsequent rapid interest rate hikes by central banks saw a broad-based sell-off of riskier assets and the long bull market in equities came to an end.

The developments in energy markets during 2022 have been described as the "first global energy crisis" by the IEA's Fatih Birol. With natural gas in Europe averaging at several times its value from the last few years, the incentive for Europe in particular to further diversify and decarbonize its energy supply has been amplified. This urgency was reflected in the political landscape of 2022. The RePowerEU program and the Inflation Reduction Act in the US in particular will provide significantly expanded provision and financial support for the build-out of clean energy over the coming years.

The goal of achieving net zero emissions by the middle of the century has never been shared by more governments and corporations. As of the end of 2022, countries representing more than 90% of global GDP had made a commitment to net zero emissions. An increase of 10 percentage points compared to the end of 2021, according to the University of Oxford's Net Zero Tracker. Emissions coverage has increased by an estimated 6 percentage points to 83%, compared to 2021. While this trend is encouraging, the hurdles to achieving these goals remain significant.

In particular, the events of 2022 and the accompanying high prices, especially for gas and electricity, have put the focus back on security of supply. Europe's natural gas infrastructure is being rapidly retooled to shift from a high dependency on pipeline imports of gas from the east to a more diversified portfolio that includes much larger volumes of LNG from the global seaborne market. The urgency of ensuring basic supplies of energy to consumers and businesses took precedence over long-term decarbonization goals during 2022, and it is entirely possible that this will be the case again over the next couple of years. Associated trends, such as resurgent coal demand for power generation and subsequent higher emissions intensity, can also be expected to recur. At the end of 2022, policymakers were occupied with the question of how severe recessionary effects will be during 2023, especially in Europe, where many observers have pointed to an existential threat to the viability of the regional manufacturing base.

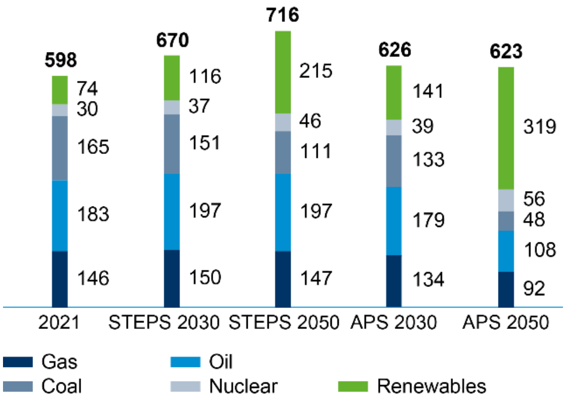
Nevertheless, over the medium and long term, OMV fully expects the structure of energy supply and demand to undergo drastic changes as efforts are made at varying speeds and with varying degrees of success to decarbonize electricity production, transport, industry, and other carbon-intensive sectors of the global economy. A viable path to a net zero global energy system by the middle of the century has to include a diverse range of technologies being employed in place of the traditional fossil and biomass energy sources. No single energy source should account for more than a quarter of total primary energy supply by 2050, according to the most recent update of the IEA's Net Zero Emissions by 2050 Scenario.

On a global level, there remains a significant implementation gap – the difference between the combined pledges on emissions reductions and the actual measures that have been taken to achieve them. Compared to 2021, additional announced pledges on emissions reductions from India and Indonesia have served to reduce the perceived gap between announced pledges and a net zero energy system. However, major uncertainty remains. This is reflected in the range of modeled shares of the different energy sources in the IEA's most recent World Energy Outlook: By the end of this decade, oil and gas will supply only 46% of total global primary energy in the net-zero scenario (down from 53% in 2021). However, this number remains essentially unchanged in the IEA's Stated Policies Scenario (STEPS) by 2030, and falls only to 47% by the middle of the century.

IEA scenarios based on stated policies and announced pledges foresee oil demand remaining robust at least through to the end of the decade (these scenarios assume compound annual growth rates of 0.8% and 0.2% respectively through to the end of the current decade for total global energy supply). In these environments, the question of underinvestment in upstream oil and gas remains a pertinent one for the energy system as a whole. Various analyses have shown that capital expenditure in E&P has so far not responded to the marked increases in oil and gas prices observed since the depths of the pandemic-related sell-off in the middle of 2020 in the same way that was characteristic of previous commodity cycles.

World total primary energy supply

In EJ



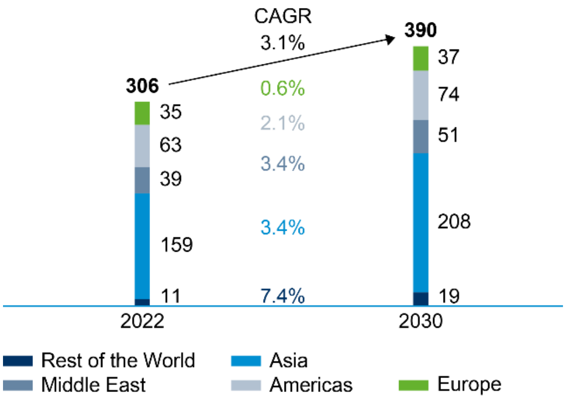
Source: IEA World Energy Outlook 2022

Despite these factors long term assumptions remain largely unchanged. For example, the expectation that advanced economies will see the most notable negative growth trends for fossil fuels over the medium and long term remain in place. The EU sees faster declines in oil demand than any other large country or region except Japan in the IEA's projections. The CAGR of EU oil consumption for 2021–2030 is –2% in the STEPS, falling to –3.8% in the Announced Pledges Scenario (APS). China, the engine of global oil demand growth over the last two decades, sees a CAGR on oil demand of less than 1% up to 2030 even in the STEPS.

In addition to an entrenched demand-decline trend in the domestic market, the European refining industry is likely to face ongoing headwinds in the form of higher utility and fuel costs vs. the other refining hubs, especially those in the US and the Middle East. While these higher costs are to some extent offset by higher market prices for refined products, they are nevertheless expected to continue to weigh on European competitiveness. Meanwhile, consensus demand assumptions continue to imply an advantage in the market for players with petrochemical integration. It is notable that, even in the IEA's Net Zero Emissions by 2050 Scenario, oil demand for non-energy use falls by only 6% by 2050 vs. 2021 levels (vs. a decline of almost 80% for oil demand overall).

Global petrochemicals[1] demand

In mn t



Source: Chemical Market Analytics by OPIS, a Dow Jones Company

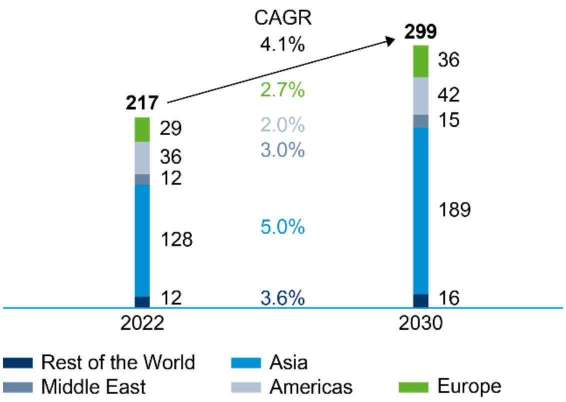
[1] Ethylene and propylene

Oil demand for chemical production is expected to increase, primarily originating from rising demand in emerging markets and closely linked to GDP development. By 2030, oil demand for chemical production will rise by about 2% per year. Approximately 80% of chemical and plastic demand growth will be concentrated in emerging markets, mainly Asia, until 2030 and beyond. This region represents most of the global population growth and the corresponding potential for improving living standards. For mature markets such as Europe, North America, and Japan, demand growth is anticipated to remain healthy in the long term, in line with economic development, but growth rates are expected to slow.

Note: In its 2022 World Energy Outlook, the IEA did not include the Sustainable Development Scenario (SDS), which has been used as a reference point in the past by OMV. In terms of cumulative emissions for the global energy system, the SDS is most closely comparable to the Announced Pledges Scenario (APS).

Global virgin polyolefin demand

In mn t

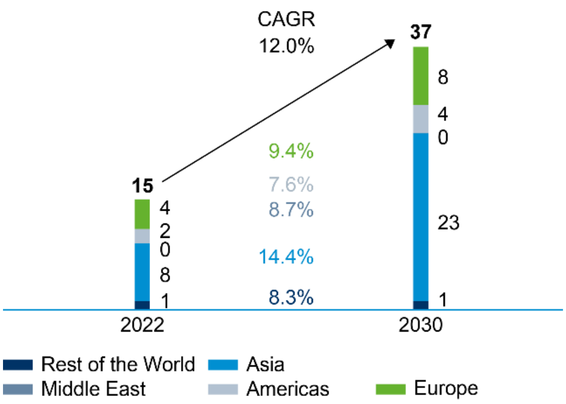


Source: Chemical Market Analytics by OPIS, a Dow Jones Company

Polyolefins are the largest market segment in producing plastic goods. Demand for virgin polyolefins will continue to grow at a rate above global GDP until 2030, driven by the Asian market. Polyolefins will remain essential for various industries, including packaging, construction, transportation, healthcare, pharmaceuticals, and electronics.

Global recycled polyolefin demand

In mn t



Source: Chemical Market Analytics by OPIS, a Dow Jones Company

The key success factor for medium- to long-term sustainable business models is growth in renewable feedstocks, bioplastics, and the development of circular solutions. Recycled polyolefin demand is expected to grow at a rate significantly above global GDP until 2030, with Asia having the largest share.

Over the next decade, key focus areas for the plastics industry will be continued improvement in waste collection, the redesign of plastics and their applications for increased recyclability, and improvements in recycling technologies. Global recycling rates are projected to increase almost threefold by 2030.

OMV uses two frameworks for future market assumptions. For 2022, these are positioned as follows:

1. A base case that assumes OECD economies follow a decarbonization path more aggressive than the IEA's Announced Pledges Scenario, but falling short of the net zero oil demand path, while non-OECD economies progress in line with announced pledges.
2. A stress case that sees a faster transition away from fossil fuels than that in the Sustainable Development Scenarioused in the 2021 IEA report, though not as aggressive as the Net Zero Emissions by 2050 Scenario. This stress case represents a trajectory for oil demand declines that would correspond to the upper limit of the temperature increases foreseen in the UN climate goals from Paris, with net zero achieved in the global energy system between 2050 and 2070.

For details on climate change-related risks and their management, see the chapter Risk Management and Note 2 of the Consolidated Financial Statements, as well as the OMV Sustainability Report.

Strategy

OMV's goal is to transform from an integrated oil, gas, and chemicals company into a leader in innovative sustainable fuels, chemicals, and materials, leveraging opportunities in the circular economy. The Group aims to become a net-zero emissions company by 2050 for all three scopes of greenhouse gas emissions. By taking this path, OMV expects to deliver an operating cash flow excluding net working capital effects of around EUR 6 bn by 2025 and at least EUR 7 bn by 2030, a ROACE of at least 12%, and to grow the distributions to its shareholders. Re-inventing essentials for sustainable living is OMV's purpose.

To drive sustainable growth and innovation, starting with January 1st, 2023, OMV reorganized its corporate structure in three business segments: Chemicals & Materials, Fuels & Feedstock, and Energy. Chemicals & Materials continues to cover the entire chemicals value chain, including responsibility for capturing value from the circular economy. Fuels & Feedstock combines the previously distinct Executive Board areas of Refining and of Marketing & Trading. The Energy segment includes the traditional Exploration & Production (E&P) business as well as the entire gas business and the new Low-Carbon business focused on geothermal energy and carbon capture and storage (CCS). As part of the introduction of the new corporate structure, Gas & Power Eastern Europe, which includes supply, marketing and trading of gas in Romania and Turkey and one gas-fired power plant in Romania, was transferred from Fuels & Feedstock to the Energy business segment.

Strategic cornerstones

OMV's goal is to transform from an integrated oil, gas, and chemicals company into a leader in innovative sustainable fuels, chemicals, and materials, leveraging opportunities in the circular economy. An integral part of the Group's strategy is its ambition to become a net-zero emissions company by 2050 for Scope 1, 2, and 3 emissions. In view of the ongoing transformation in the energy industry and a global goal of net-zero emissions, OMV is building on its strengths and seizing opportunities to position itself competitively.

2030 strategic priorities

- Become a net-zero emissions company by 2050; reduce Scope 1 and 2 emissions by 30% and Scope 3 emissions by 20% by 2030
- Develop into a global leader in specialty polyolefin solutions
- Establish a global leadership position in circular economy solutions
- Become a leading European producer of sustainable fuels and chemical feedstocks
- Reduce fossil production and shift to gas
- Enhance OMV's shareholder value: deliver growth with strong financials and reward its shareholders through progressive regular dividend and special dividends

OMV is committed to becoming a net-zero emissions company by 2050 (Scopes 1, 2, and 3) and has set interim targets for 2030 and 2040, with well-defined actions to meet the targets by 2030. By 2030, OMV aims to reduce its Scope 1 and 2 emissions by 30% and its Scope 3 emissions by 20%. The Group also aims to reduce its intensity in energy supply by 20% by 2030. This will be achieved by decreasing fossil fuel sales, increasing zero-carbon energy sales, increasing polyolefin recycling and sustainable feedstocks and products, as well as using neutralization measures such as CCS.

This path will enable OMV to deliver operating cash flow excluding net working capital effects of around EUR 6 bn by 2025 and at least EUR 7 bn by 2030, a ROACE of at least 12% in the mid and long term, and continuation of its attractive shareholder distributions. These are supported by sound capital allocation priorities and a strong balance sheet, with a mid/long-term leverage ratio of below 30%.

Building on its current strengths and a vision of leadership in technology and innovation, OMV will be well positioned to thrive sustainably in a world with low greenhouse gas (GHG) emissions. This strategy enhances OMV's shareholder value, as its transformation path allows for a sustainable growth business model, showing the Group's commitment to cutting GHG emissions and delivering strong financials and attractive shareholder distributions.

The Chemicals & Materials business will be the core growth engine of the Group. OMV aims to become a global leader in specialty polyolefin solutions, with a significantly stronger position in the Middle East, Asia, and North America. The Group will strengthen its

Note: The financial targets for 2025 are based on the following market nominal price assumptions: Brent oil price of USD 65/bbl, THE (Trading Hub Europe) gas price of EUR 22/MWh, refining indicator margin Europe of USD 4.3/bbl, ethylene/propylene indicator margin Europe of EUR 430/t, polyethylene/polypropylene indicator margin Europe of EUR 420/t. The financial targets for 2030 are based on the following market nominal price assumptions: Brent oil price of USD 70/bbl, THE (Trading Hub Europe) gas price of EUR 24/MWh, refining indicator margin Europe of USD 4.3/bbl, ethylene/propylene indicator margin Europe of EUR 500/t, polyethylene/polypropylene indicator margin Europe of EUR 480/t.

existing polyolefins business, while also building a strong and diversified chemicals and materials portfolio, by expanding into adjacent businesses and new product groups. To achieve this, OMV will target investments and initiatives that improve its returns and carbon footprint. Moreover, OMV will expand its geographical reach, pursuing high-growth markets, such as Asia and North America. This will be achieved through in-market investments and partnerships based on differentiated technologies and application portfolios. Furthermore, the Company will diversify its presence beyond polyolefins by entering into specialty chemicals and materials to build leadership positions.

An important pillar of OMV's strategy is the ambition to become a leader in renewable and circular chemicals and materials. The Group will capture the potential of emerging renewable and circular markets by leveraging its integrated technology platform and end-to-end position to develop innovative products and new business models. The circular economy is crucial for a long-term sustainable chemicals business. Thus, a transition toward an economically viable commercial scale is needed. In this context, the Group's target is to deliver around 2 mn t of sustainable Chemicals & Materials products by 2030. 80% of these volumes are planned to be produced in Europe, which represents around 40% of OMV's polyolefin production capacity in Europe.

OMV also aims to become a leading innovative producer of sustainable fuels and chemical feedstocks. To achieve this, the Company will optimize the interface between oil and chemicals, with a focus on the integrated Schwechat and Burghausen sites, by redesigning plants to maximize high-value fossil resources, and with a growing share of sustainable fuels and feedstocks for chemicals production. This will significantly reduce diesel product output by 2030, while increasing the chemical yield to around 24%. The production of renewable fuels and sustainable feedstocks will increase to approximately 1.5 mn t, while crude oil distillation throughput will decrease by 2.6 mn t. Furthermore, OMV aims to become the first choice of our customers for energy, mobility, and convenience, focusing on the sale of sustainable aviation fuels, building an EV charging network and growing its non-fuel retail business.

In the Energy business, OMV is focusing on maximizing value and harvesting cash. OMV Energy will gradually reduce its fossil production to ~350 kboe/d by 2030, with a share of around 60% of natural gas. In the same period, OMV will make significant investments in low-carbon solutions, namely in around 10 TWh of renewable energy (e.g., geothermal) and around 5 mn t p.a. of CCS capacity by 2030 to reduce its GHG footprint. The Energy business will act as a cash engine for the Group and will support the transformation.

Chemicals & Materials (C&M)

2030 strategic priorities

- Develop into a global leader in specialty polyolefin solutions
- Grow in attractive markets with a particular focus on North America and Asia
- Grow sustainable chemical production capacity to up to 2 mn t
- Establish a leading position in renewable and circular economy solutions
- Diversify portfolio by entering adjacent products and new product groups

Demand for chemical products will continue to grow ahead of global GDP, even in a low GHG emission world. Virgin polyolefin demand is expected to grow slightly above global GDP with a CAGR (2022–2030) of 4.1%. Most of this demand growth stems from high-growth markets in Asia and is associated with a variety of different end-user markets and applications, providing a natural hedge against the volatility of individual industries. Recycled polyolefins are projected to grow with a CAGR (2022–2030) of 12%, significantly above GDP, thanks to strong end-market commitments especially in the consumer goods sector, increasing regulatory pressure, and the need for end-of-life solutions for plastic waste.

Polyolefins play a critical role as eco-efficient enablers for a sustainable future, e.g., making lighter-weight automotive solutions and packaging that reduces food waste and increases shelf life possible. The current linear value chain in polyolefins faces significant challenges: mismanaged and unmanaged waste, environmental pollution, unnecessary emissions, and accumulation of microplastics. Transforming the value chain from a linear into a circular model will be one of the priorities for a sustainable chemicals business going forward. However, this requires a profound transformation to enable scale at attractive profitability. Current feedstock accessible directly from recycling is limited. For this reason, tapping into upstream and downstream feedstocks, primarily through partnerships, is critical to ensuring sufficient access to plastic waste. Partnerships with brand owners and retailers ensure attractive long-term offtake agreements with green product premiums. In addition, the future operating model needs to be set up to rapidly respond to changing customer and regulatory demands, with a primary focus on the advanced European landscape but also on the ability to quickly roll out successful blueprints globally.

OMV aims to strengthen its polyolefins business by building on existing strengths and capabilities and fully exploiting competitive advantages to grow into adjacent markets, targeting investments and initiatives that improve returns and decrease the Group's carbon footprint.

C&M has a strong pipeline of organic growth projects in Europe, the Middle East, and North America.

Key growth initiatives include:

- Expansion of the Burghausen naphtha-based steam cracker (2022)
- Expansion of propylene production capacities in Belgium. Building a 750,000 t propane dehydrogenation (PDH) plant in Kallo, which is expected to start up in 2024.
- Expansion of North American footprint through Baystar JV, building a 1 mn t ethane-based cracker and expanding the polyethylene plants capacity to 1 mn t annually. The steam cracker started up in 2022, and the polyolefin plant is expected to start up in the first half of 2023.
- Expansion of Borouge JV through Borouge 4 building an ethane-based steam cracker of 1.5 mn t and polyolefin plants with a capacity of 1.4 mn t. The steam cracker and polyolefin plants are expected to start up at the end of 2025.

The C&M business is seeking to strengthen its polyolefin and specialty product portfolio, securing attractive margins. The business aims to grow in Asia and to strengthen its North American footprint via organic and inorganic investments. In addition, to further broaden its portfolio, C&M aims to tap into adjacent pockets of value creation and develop a more broadly diversified chemicals leadership position, primarily through M&As.

Key growth initiatives via organic or inorganic investments include building a polypropylene position in North America, growing in differentiated specialty products, and growing in Asia in specialty polyolefins and circular solutions.

In addition to overall market attractiveness, strategic fit, and value creation, key investment criteria for potential diversification opportunities are sustainability and geographical footprint. A continued focus on innovation will be essential to maintaining technology leadership.

OMV aims to become a leader in renewable and circular chemicals and materials. To achieve this goal, the Group plans to capture emerging renewable and circular market potential by leveraging its integrated technology platform and end-to-end position to establish new products and novel business models.

The aim is to deliver approximately 2 mn t p.a. of sustainable products by 2030, with a focus on Europe: 40% of OMV's polyolefin production capacity in Europe is planned to be sustainable. This will be accomplished by accelerating ongoing (advanced) mechanical and chemical recycling initiatives in Europe, as well as by using bio-feedstocks. The sustainable products will be the result of the increasing use of bio-monomers for polyolefins and the broader chemicals portfolio, and leveraging the close integration with OMV's Fuels & Feedstock business. Building on its European sustainability leadership, C&M will utilize its global footprint to expand circular economy solutions globally with existing joint ventures, new growth plat-forms, and additional partnerships across Asian and North American assets.

OMV's C&M business will be the major growth engine of the Group. With a portfolio of various growth initiatives, it will balance sustainability, risk, and returns and strengthen resilience against market dynamics. The C&M strategy has significant growth and value creation potential.

Total organic investments in Chemicals & Materials will average EUR 0.9 bn p.a. in 2022–2030, EUR 0.3 bn p.a. of which will be allocated to sustainable and CO_2 emissions reduction projects.

Fuels & Feedstock (F&F)

Strategic priorities

- Increase chemical yield to 24% in Western refineries
- Grow the production of renewable mobility fuels and sustainable chemical feedstocks to approximately 1.5 mn t, while reducing crude oil distillation throughput by 2.6 mn t
- Market at least 700,000 t of sustainable aviation fuels
- Invest in an EV charging network and significantly increase margin contribution from the non-fuel retail business
- Significantly reduce absolute Scope 1, 2, and 3 emissions

Going forward, F&F will reshape its product portfolio, building on renewable mobility fuels and sustainable chemical feedstocks. The Company is focusing on safe, innovative, and ecologically and economically sustainable operations. As a result, F&F will enable the transformation to low-carbon operations and sales while maintaining strong profitability.

European fossil refining market potential will decrease significantly up to 2030, as both volumes and refining margins are expected to be under pressure driven by the pace of the energy transition in Europe. In the same time horizon, strong growth will materialize for renewable mobility fuels, as well as sustainable chemical feedstocks. F&F will proactively decrease crude oil distillation throughput in the Schwechat and Burghausen refineries, from 12.9 mn t in 2019 to approximately 10.3 mn t in 2030, in line with changing demand patterns. This adaptation will significantly reduce heating oil and diesel product output by 2030, while increasing the chemical yield to around 24% for the Western refineries. To leverage the opportunities of the ongoing energy transition, the F&F division is developing a sustainable production portfolio for renewable fuels and sustainable chemical feedstocks, such as the co-processing of biogenic feedstocks in Schwechat, reaching approximately 1.5 mn t in total by 2030. In this context, the sourcing of bio-feedstocks will be a critical success factor. 80% of 2030 OMV's feedstock requirements already has a clear sourcing plan.

OMV will optimize the interface between oil and chemicals, with a focus on the integrated Schwechat and Burghausen sites, by reconfiguring plants and sites to maximize high-value fossil resources, and with a growing share of sustainable feedstocks for chemicals production. OMV will continue to operate its three European refineries in Austria, Germany, and Romania as an integrated system, optimizing asset utilization and maximizing margins. Furthermore, the Company is implementing energy and operational efficiency measures within the existing refinery assets to maintain a leading cost position in Europe.

OMV's goal with its international, non-operated refining positions in the UAE (ADNOC Refining) and Pakistan (PARCO) is to improve their commercial performance. The focus in the short to mid-term will be on operational excellence and performance culture at each asset. In the mid to long term, OMV will evaluate commercial options for the production of sustainable mobility fuels and chemical feedstocks.

The F&F activities in Europe secure OMV's customer and market access. In line with changing demand patterns, as well as regulatory obligations, OMV will gradually transform its product portfolio to include more sustainable fuels and services by 2030, thereby increasing the resilience of its product mix. OMV will build a growing business for sustainable aviation fuels (SAF) in Central Europe by establishing new market positions in the vicinity of planned production sites. F&F will market at least 700,000 t of SAF by 2030. OMV will aim to grow SAF sales volumes significantly beyond the planned regulatory framework and will target the growing voluntary compliance market. Simultaneously, F&F will sustain its position of bitumen and marine fuel oil to safeguard refinery utilization, while continuing to evolve these products to lower GHG emissions.

In Retail Mobility & Convenience, OMV intends to further develop existing market potential by significantly growing the non-fuel business sector. New gastronomy and service concepts, as well as cooperation in the food logistics sector, are expected to significantly increase the volume and margin of the non-fuel business by 2030. In parallel, the Company will further increase its premium fuel share to more than 30% as a differentiator and significant margin generator by 2030. OMV Retail Mobility & Convenience will expand into e-mobility, building a leading position in out-of-home Electric Vehicle (EV) charging locations such as highway and transit refilling stations, as well as convenience hubs. With a total investment in this segment of more than EUR 400 mn by 2030, OMV will grow the profitability of the retail business as well as monetizing the value of its assets.

Total organic investments in the F&F business will average EUR 1 bn p.a. in 2022–2030, EUR 0.5 bn p.a. of which will be allocated to sustainable and carbon emissions reduction projects.

With this new strategy, OMV will accelerate the attainment of its goal of lowering GHG emissions by reducing fossil fuels, stepping up the production and marketing of renewable fuels and sustainable chemical feedstocks, and implementing energy efficiency measures.

Energy

2030 strategic priorities

- Portfolio managed as a robust cash generator to support the Group's transformation
- Production is expected to decline to ~370 kboe/d by 2025 and ~350 kboe/d by 2030, excluding any potential divestments
- Low-carbon business solutions will be developed, with around 10 TWh in renewable energy (e.g., geothermal) and around 5 mn t p.a. CCS, to significantly reduce absolute and relative GHG emissions
- Upon evaluation of its portfolio, OMV announced the start of the sales process of its E&P assets in the Asia-Pacific region

In the context of the ongoing energy transition and to support the OMV Group's transformation, Energy will be managed as a robust cash generator and will focus on further upgrading its competitive asset portfolio, concentrating on the three core regions: Central and Eastern Europe, the North Sea, and Middle East and Africa. The shift of the hydrocarbon portfolio to gas will continue, with further divestments of non-core positions to improve efficiency, while the low-carbon business will be ramped up to achieve a material contribution by the end of the decade. On February 27, 2023, OMV announced that it started the sales process for the divestment of its E&P assets in the Asia-Pacific region: a 50% stake in SapuraOMV Upstream Sdn. Bhd. and 100% of the shares in OMV New Zealand Limited.

Starting with 2023, the Energy business incorporates the entire value chain of gas, as Gas & Power Eastern Europe, which includes Supply, Marketing and Trading of gas in Romania and Turkey and one gas-fired power plant in Romania, was transferred from Fuels & Feedstock to the Energy business segment.

Boosting value delivery and cash generation are the main goals and criteria for managing and developing the portfolio of oil and gas assets, with a strong emphasis on gas. The delivery over the mid-term of key projects in the portfolio, such as the Neptun Development in Romania, and the Umm Lulu SARB Phase 2 plateau extension in the UAE, will support strong cash generation by and beyond 2025. OMV expects production levels of ~370 kboe/d by 2025 and ~350 kboe/d by 2030, with a share of around 60% of natural gas, excluding any potential divestments. In order to sustain the above-mentioned production levels, ramp up the low-carbon business, and deliver strong cash generation, OMV Energy anticipates a total annual average CAPEX in 2022–2030 of around EUR 1.6 bn, EUR 0.6 bn of which are earmarked for low-carbon activities. OMV's exploration and appraisal activities are being streamlined further, and the total annual average budget is expected to be around EUR 0.2 bn over the decade. Toward the end of the decade, oil and gas CAPEX and E&A expenditure will be reduced, thereby allowing for more capital to be allocated to ramping up the low-carbon business and the broader OMV transformation.

OMV Energy plans to reinforce the competitiveness of its portfolio and resilience through a strong focus on operational excellence, fostered by digitalization and agile ways of working, as well as portfolio optimization.

To supply its gas customers, OMV will continue to complement its own natural gas production in Norway, Austria, and Romania with third-party supply sources on which the Group is working to diversify. The equity gas contribution to the gas sales business will decrease significantly toward the end of the decade in the Northwestern European region due to natural fields decline, and, as needed, will largely be replaced with green gases, such as biogas and hydrogen, primarily obtained from the markets, to reduce the carbon intensity of its product portfolio. New equity gas volumes from the Romanian Neptun project will keep volumes high in Southeastern Europe. OMV will also aim to direct an increasing share of its natural gas sales to customers from non-energy sectors, to further reduce its Scope 3 portfolio emissions.

The Group will explore a range of opportunities and portfolio choices that enhance cash flow generated by the current Energy business and support a potential accelerated transition to sustainable fuels, chemicals, and materials. These opportunities may include capturing the full value potential of the asset base, e.g., low-carbon business potential, maintaining reservoir production excellence, and optimizing costs as well as assessing and developing joint venture opportunities for selected assets without excluding inorganic options.

To reduce its operational carbon footprint, OMV Energy will pursue the phase-out of routine gas flaring and venting, reduce fugitive methane emissions, and introduce portfolio optimization measures. In addition, renewable energy projects will also be pursued for the purpose of powering OMV's own operations, such as the photovoltaic plant developed with VERBUND in Schönkirchen (Austria). To achieve an overall reduction of both absolute and relative GHG emissions from its product portfolio, OMV Energy will leverage its existing asset base and core skills to deliver financially strong low-carbon business projects. Available opportunities will be captured to build up geothermal energy capacity that generates up to 9 TWh p.a. by 2030. In addition to geothermal, around 1 TWh from renewable power will be developed in OMV core regions with favorable sun and wind conditions to serve primarily captive demand, thereby reducing Scope 2 emissions by OMV's own operations. The Energy business will further tap its existing reservoirs and (sub-)surface capabilities to implement opportunities that lead to a CCS capacity of approximately 5 mn t p.a. of CO_2 net to OMV by 2030. In addition, further opportunities where OMV Energy can leverage its strengths and capabilities are being explored, e.g., hydrogen and energy storage, and will potentially be pursued in consideration of OMV strategic priorities.

Decarbonization strategy

2030 strategic priorities

- Reduce OMV Group Scope 1 and 2 emissions by 30%
- Reduce OMV Group Scope 3 emissions by 20%
- Reduce OMV Group's carbon intensity of energy supply by 20%

All reduction targets are measured against a 2019 baseline.

OMV is committed to achieving net-zero emissions (Scopes 1, 2, and 3) by 2050, with interim targets for 2030 and 2040. OMV targets are set at an absolute and intensity level with the ultimate goal of achieving net-zero emissions in Scopes 1, 2, and 3 by 2050. For Scopes 1 and 2, OMV aims for an absolute reduction of 30% by 2030 and of 60% by 2040. For the defined categories in Scope 3, OMV aims for an absolute reduction of 20% by 2030 and of 50% by 2040. In terms of reducing the carbon intensity of energy supply, OMV intends to achieve a decrease of 20% by 2030 and 50% by 2040.

OMV has also voluntarily committed to apply the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) framework. As a result, OMV committed to:

- E&P methane emissions accounting shall be in line as a minimum with the OGMP 2.0 framework
- Operated E&P asset must have a source-level measurement of methane emissions (OGMP 2.0 level 4) in three years at the latest
- Reduce methane intensity to 0.2% by 2025 and to 0.1% by 2030.

OMV awaits the publication of the science-based targets (SBT) methodology for the oil & gas sector to evaluate its targets against the SBT requirements and get them approved by the Science Based Target initiative (SBTi).

These emission reductions can only be achieved with considerable effort and capital allocated: the Group has earmarked organic investments of more than EUR 13 bn for this purpose in 2022–2030, which represent around 40% of total organic CAPEX. All business units will build on their existing strengths and know-how on this transformation journey. Three key initiatives will be undertaken to achieve the targeted reductions by 2030:

- Decrease in fossil fuel sales: significant decrease in fossil fuels and a less steep decline in natural gas sales
- Increase in zero-carbon energy sales: significant increase in sustainable and biobased fuels, green gas sales, and build-up of photovoltaic electricity capacity primarily for captive use as well as geothermal energy
- Increase in Chemicals & Materials recycling and sustainable feedstocks, and delivery of approximately 2 mn t p.a. of circular products: recyclate production substituting fossil chemicals and materials production and production from biogenic feedstock

Besides these efforts, neutralization measures will be necessary. OMV anticipates that it will use around 5 mn t of CCS capacity across all business units. All energy purchases will be 100% renewable. The inorganic growth of the Chemicals & Materials business will be executed in line with OMV decarbonization targets with either decarbonization path-ways in place or to be implemented following a possible acquisition.

Finance

2030 strategic priorities

- Generate operating cash flow excluding net working capital effects of EUR ~6 bn by 2025 and EUR ≥7 bn by 2030
- Target a ROACE of ≥12% in the mid and long term
- Ensure sound capital allocation priorities: organic CAPEX, dividend, inorganic growth, deleveraging and special dividends[1]
- Maintain strong balance sheet, with a mid/long-term leverage ratio below 30%
- Distribute around 20% to 30% of operating cash flow (including net working capital effects) per year to its shareholders through its regular dividend, as a priority, and additionally, if sufficient funds are available, through special dividends, when leverage ratio is below 30%
- Commit to attractive shareholder distributions

[1] Depending on OMV's leverage ratio, the order between inorganic growth and deleveraging can reverse.

The Group's financial strategy aims to increase the Company's value and shareholder return, while ensuring a robust balance sheet, along with a financially resilient portfolio that thrives in a low-carbon world and has attractive growth potential well into the future. The value-driven finance strategy operates according to a clear framework for enabling long-term profitable and resilient growth, and aims to achieve a ROACE of at least 12%, positive free cash flow after dividends, a strong balance sheet, with a mid/long-term leverage ratio of below 30%, a clean CCS Operating Result of at least EUR 5 bn by 2025 and EUR 6 bn by 2030, increasing clean CCS net income attributable to shareholders, operating cash flow excluding net working capital of around EUR 6 bn by 2025 and at least EUR 7 bn by 2030, as well as attractive shareholder distributions. When building its financial plan, OMV defined a sound capital allocation policy: first, investing in its organic portfolio; second, paying attractive dividends; third, pursuing inorganic spending for an accelerated transformation; fourth, deleveraging; and fifth, special dividends. In its capital allocation, the Group focuses on selecting the most competitive and resilient projects. The defined investment criteria include hurdle rates and payback periods by business reflecting respective risk and return profiles, as well as testing projects for their resilience and break-even versus relevant market KPIs.

To achieve its strategic goal, OMV plans a yearly organic CAPEX of around EUR 3.5 bn for the period 2022–2030. Overall, the Group is allocating more than EUR 13 bn in this period to achieve its ambitious decarbonization targets, which represents around 40% of total organic CAPEX. In addition, OMV will consider inorganic growth in areas of strategic importance. However, this will depend on the Group's indebtedness headroom. Moreover, the Group's portfolio of assets can provide options through divestments to accelerate strategy execution when attractive acquisition targets in targeted growth areas become available.

The Group's strategy, supported by disciplined capital allocation, will enable OMV to generate increasing and resilient cash flows and higher earnings. These solid financials ensure a strong balance sheet for the Group. In its financial framework, OMV has made a significant commitment to ensuring a robust balance sheet and an investment-grade credit rating. The Company aims to achieve a leverage ratio of below 30% for the mid- and long-term. Depending on portfolio measures, the leverage ratio can exceed 30%; however, this will then be followed by a deleveraging program to ensure the balance sheet is strengthened.

OMV seeks to align its long-term funding policy with the Company's sustainability strategy. Therefore, OMV is assessing the opportunity of sustainability-linked funding, which links the cost of a financing instrument to the achievement of specific strategic sustainability targets, such as GHG emission reduction goals or sustainable polyolefin production targets.

During the strategy period, OMV is committed to delivering attractive shareholder distributions. The Group has amended its shareholder distribution policy in December 2022 and added special dividends as a new, additional instrument to the existing progressive dividend policy. The progressive regular dividend policy is maintained and unaffected by this amendment. When OMV's leverage ratio is below 30%, OMV aims to distribute approximately 20% to 30% of the OMV Group's operating cash flow (including net working capital effects) per year to its shareholders through its regular dividend, as a priority, and additionally, if sufficient funds are available, through the new instrument of a special dividend. In case of a leverage ratio of 30% or higher, OMV's progressive regular dividend will be maintained, but no special dividend shall be paid. The dividend payments in any given year are subject to specific dividend proposals by the Executive Board and the Supervisory Board.

Sustainability

We are committed to building a sustainable world worth living in – for everyone. Sustainability and circularity lie at the center of our Group strategy. We aim to become a net zero business by 2050, accelerate the energy transition, and proactively expedite the transition from a linear to a circular economy. We build positive relationships with our employees, communities, suppliers, and other stakeholders, including by addressing the social and economic effects of the transition to an environmentally sustainable economy. Our Sustainability Framework is built around the three pillars Environmental, Social, and Governance (ESG).

Our Strategy 2030 is underpinned by this Sustainability Framework, with all business decisions being guided by our ambition to become a net-zero business. Within this Sustainability Framework, we have established five strategic focus areas: Climate Change, Natural Resources Management, Health, Safety, and Security, People, and Ethical Business Practices. For each of these focus areas, we have formulated concrete commitments, targets, and actions to be achieved by 2030, which represent OMV's contribution to the UN 2030 Agenda for Sustainable Development.

OMV's sustainability commitments and targets

Climate Change

- **Commitments:**
  - OMV will continuously improve the carbon efficiency of its operations and product portfolio. OMV is fully committed to supporting and accelerating the energy transition and aims to become a net-zero business by 2050 or sooner.
- **Targets 2025:**
  - Reduce carbon intensity of operations (Scope 1) by ≥30% vs. 2010
  - Reduce carbon intensity of product portfolio (Scope 3) by >6% vs. 2010
  - Achieve at least 1 mn t CO_2e reductions from operated assets in 2020–2025
  - Achieve an E&P methane intensity of 0.2% or lower
- **Targets 2030:**
  - Reduce Scope 1 and 2 emissions by ≥30% vs. 2019
  - Reduce Scope 3[1] emissions by ≥20% vs. 2019
  - Reduce carbon intensity of energy supply by ≥20% vs. 2019
  - Achieve an E&P methane intensity of 0.1% or lower
  - Zero routine flaring and venting of associated gas as soon as possible, but no later than 2030
- **Targets 2040:**
  - Reduce Scope 1 and 2 emissions by ≥60% vs. 2019
  - Reduce Scope 3[1] emissions by ≥50% vs. 2019
  - Reduce carbon intensity of energy supply by ≥50% vs. 2019

Natural Resources Management

- **Commitments:**
  - OMV is fully committed to taking action on responsible natural resources management and will proactively expedite the transition from a linear to a circular economy.
  - OMV aims to minimize environmental impacts by preventing water and soil pollution, reducing emissions, efficiently using natural resources, and avoiding biodiversity disruption.
- **Targets 2025:**
  - Increase volume of sustainable (includes recycled and biobased) polyolefins or other chemicals production capacity to 600,000 t p.a.
  - Increase reuse and recycling of waste from operations
  - Reduce freshwater withdrawal
- **Targets 2030:**
  - Establish approx. 2 mn t p.a. sustainable (includes recycled and biobased) polyolefins or other chemicals production capacity
  - Reduce natural resources use by cutting oil and gas production levels to around 350 kboe/d and reducing crude distillation throughput by 2.6 mn t
  - Increase reuse and recycling of waste from operations
  - Reduce freshwater withdrawal

[1] The following Scope 3 categories are included: category 11 – Use of sold products for OMV's energy segment, category 1 – Purchased goods (feedstocks), and category 12 – End of life of sold products for OMV's non-energy segment.

Health, Safety, and Security

- **Commitments:**
  - Health, safety, and security have the highest priority in all activities. OMV is fully committed to proactive risk management in realizing its HSSE vision of "ZERO harm – NO losses."
- **Targets 2025:**
  - Achieve a Total Recordable Injury Rate (TRIR) of around 1.0 per 1 mn hours worked
  - Achieve zero work-related fatalities
  - Maintain leading position in Process Safety Event Rate
- **Targets 2030:**
  - Stabilize the Total Recordable Injury Rate (TRIR) at below 1.0 per 1 mn hours worked
  - Achieve zero work-related fatalities
  - Maintain leading position in Process Safety Event Rate

People

- **Commitments:**
  - OMV is committed to building and retaining a talented expert team for international and integrated growth. We embrace our difference(s) and use our diversity of thought and experience as a catalyst for growth and creativity.
  - OMV is committed to ensuring fair treatment and equal opportunities for all employees and has zero tolerance for discrimination and harassment of any kind.
  - As a signatory to the United Nations Global Compact, OMV is fully committed to the UN Guiding Principles on Business and Human Rights, and aims to contribute to the UN's 2030 Agenda for Sustainable Development by pursuing a social investment strategy that addresses local needs and the Sustainable Development Goals (SDGs).
  - OMV is committed to contributing to a Just Transition for our employees and communities, and addressing the social and economic effects of the transition to an environmentally sustainable economy.
- **Targets 2025:**
  - Increase share of women at management level to 25%
  - Keep high share of executives with international experience at 75%
  - Train all OMV Group employees in human rights
  - Assess Community Grievance Mechanism (CGM) of all sites against UN Effectiveness Criteria
- **Targets 2030:**
  - Increase share of women at management level to 30%
  - Min. 20% female Executive Board members (stretch target 30%)
  - Increase share of international management to 65%
  - Keep share of executives with international experience at 75%
  - Increase average number of annual learning hours to a min. of 30 hours per employee
  - Increase support for employees with special needs at our main locations
  - Conduct human rights assessments and develop action plans for OMV Group operations with a high level of human rights risks every five years
  - Direct at least 1% of Group investment per year toward social goals (based on previous year's reported net income attributable to stockholders of the parent)

Ethical Business Practices

- **Commitments:**
  - OMV strives to uphold equally high ethical standards at all locations. We aim to earn our stakeholders' confidence by implementing a high standard of corporate governance and by maintaining high standards of transparency and predictability.
  - OMV is committed to implementing sustainable procurement, which means caring about the environmental, social, and economic impacts of the services and goods the Company intends to purchase.
- **Targets 2025:**
  - Be an active member of Together for Sustainability (TfS, further details below) and carry out sustainability evaluations of all suppliers covering >80% of Procurement spend
  - Engage with suppliers covering 80% of Procurement spend and assess their carbon footprint as a foundation to define and run joint low-carbon initiatives
  - Promote awareness of ethical values and principles: conduct in-person or online business ethics training for all employees
- **Targets 2030:**
  - Extend sustainability evaluations to all suppliers covering 90% of Procurement spend
  - Ensure all suppliers covering >80% of Procurement spend have carbon reduction targets in place

Climate Change

OMV recognizes climate change as one of the most important global challenges and fully supports the goals set forth by the Paris Agreement. OMV integrates risks and opportunities related to climate change impacts into the development of the Company's business strategy and the planning of operational activities. In this regard, OMV continuously improves the carbon efficiency of its operations and product portfolio and is fully committed to supporting and accelerating the energy transition. We aim to become a net-zero business by 2050 or sooner.

OMV implements measures aimed at optimizing its operational processes, increasing energy efficiency, reducing flaring and venting, reducing methane emissions through leakage detection and repair, and improving asset integrity. We will continue phasing out routine flaring and venting as soon as possible, but no later than 2030, as part of OMV's commitment to the World Bank's "Zero routine flaring by 2030" initiative. For example, in late 2022, a new gas treatment station for Low Temperature Separation (LTS) at a Romanian E&P asset was brought on stream. As a result, gas that would normally be flared is captured and made available for sale. Consequently, through the aforementioned approach for example, GHG emissions are estimated to be reduced by 24,000 t CO_2e from 2023 onward due to the elimination of routine flaring.

We are also increasingly turning to renewable sources of electricity to power our operations. In Austria, following the realization of Phase II of the OMV and VERBUND photovoltaic park at Schönkirchen, 12.9 GWh of renewable electricity was produced. It is estimated that throughout the year 15.84 GWh of renewable energy will be produced. In Romania, OMV Petrom completed the installation of PV panels at its first solar park. The park includes nearly 1,000 PV panels installed over an area of 5,500 m^2. The green energy produced will be used to supply electricity for ongoing operations in the E&P segment. Also by the end of Q4/22, PV panels were installed at 380 OMV and OMV Petrom-branded filling stations. The electricity produced from these installations annually is estimated at 7,000 MWh. In parallel, several Power Purchase Agreements (PPAs) with renewable energy providers were signed by OMV Group in 2022. For instance, in October 2022, Borealis and Axpo Nordic, a subsidiary of Switzerland's largest renewable energy provider, signed a wind PPA, which includes the annual supply of more than 130 GWh of wind power to the Borealis production location in Stenungsund (Sweden) over the next ten years. The electricity will be generated by a new onshore wind farm located in central Sweden, with delivery expected to start in January 2024.

A cornerstone of our climate strategy is increasing the share of zero-carbon products in our product portfolio, as well as decreasing fossil fuel production and sales. Oil and gas production will be decreased to around 350 kboe/d by 2030. Growth will instead come from zero-carbon products, such as geothermal energy, hydrogen, and Sustainable Aviation Fuels. In our E&P segment, we will build up around 10 TWh of renewable energy production (including geothermal, PV, and wind). In 2022, OMV made headway in the development of two geothermal projects: one in Austria, the other in Germany. In Austria, OMV conducted a production and injection test to analyze the geothermal potential in the Vienna Basin. Regional and local geological studies have been progressing, and potential locations for geothermal power plants have also been selected. In Lower Saxony (Germany) OMV and partner ZeroGeo Energy GmbH have an equal interest of 50% each in a geothermal exploration project called Thermo. The initial project aim is to collect geological data, in particular gravity and magnetic measurements, over an area of approximately 5,000 km^2. The data collected will be used to assess the geothermal energy potential and will be part of a comprehensive evaluation of future geothermal activities in the area. Based on preliminary studies, subsurface experts indicate that the geothermal conditions in the Vienna Basin are suitable for use as a direct heat carrier. In northern Germany, the geothermal energy could be used to generate electricity.

We aim to step up the production of renewable fuels and sustainable chemical feedstocks to approximately 1.5 mn t per year, including marketing at least 700,000 t of Sustainable Aviation Fuels (SAFs) per year. In 2022, three Memorandums of Understanding for the intended offtake of SAF were signed with Lufthansa Group, Ryanair, and WizzAir. The total amount of intended SAF offtake between 2023 and 2030 is more than 800,000 t for the Lufthansa Group, up to 160,000 t for Ryanair, and up to 185,000 t for WizzAir.

Our climate targets can only be achieved with considerable effort and capital allocation. The OMV Group has earmarked investments of more than EUR 13 bn by 2030 for this purpose, representing around 40% of organic CAPEX over that period. All business units will build on existing strengths and expertise to contribute to this transformation.

Business principles and social responsibility performance

Business ethics and compliance

OMV is a signatory to the UN Global Compact and has a Code of Business Ethics in place that applies to all employees. Although we are headquartered in Austria – a country with high business ethics standards – we operate in several countries in the Middle East, North Africa, Asia-Pacific, the Americas, and Europe that are defined as high risk by the Transparency International Corruption Perceptions Index. We strive to avoid the risks of bribery and corruption that are specific to our sector. We also highly value our reputation. Therefore, our highest priority is ensuring uniform compliance with our business ethics standards wherever we operate. Compliance with ethical standards is a non-negotiable value that supersedes any business interest. Absolute commitment to this objective is embedded at all levels of OMV from top management to every employee. Our business partners are also expected to share the same understanding of and commitment to ethical standards. Every Company activity, from planning business strategy to daily operations, is assessed for compliance with ethical standards, such as the Code of Conduct and Code of Business Ethics.

A dedicated cross-regional compliance organization ensures that OMV standards are consistently met across the Group. In 2022, 7,537 OMV Group employees were trained in business ethics. The Integrity Platform provides an anonymous whistleblower mechanism for OMV employees and external stakeholders, such as suppliers. They can use this platform to report issues relating to corruption, bribery, conflicts of interest, antitrust law, capital market law, public procurement, environmental protection, product and food safety and consumer protection, corporate tax regulations, and data protection.

Supplier Compliance

Implementing sustainable procurement means caring about the environmental, social, and economic impacts of the goods and services the Company intends to purchase. OMV has a Code of Conduct in place that ensures that suppliers support OMV's principles. It is of paramount importance to our organization to be fully compliant with all applicable legal requirements, as well as with our internal safety, environmental protection, and human rights standards while managing our supply chain. OMV has a process in place to ensure that existing and potential business partners sanctioned by the EU or international organizations, such as the United Nations, are not accepted as procurement partners.

To mitigate supply chain risks including forced labor, slavery, human trafficking, and corruption, OMV imposes the legal requirements and internal rules and standards applicable to OMV on its suppliers. Our suppliers and supply chain partners are obligated to sign and fully comply with the content of the Code of Conduct. In addition, our suppliers must accept the General Conditions of Purchase, which further detail our business standards (e.g., labor rights), as an integral part of our contractual agreements. OMV reserves the right to terminate relationships with suppliers if non-compliance is discovered or not addressed in a timely manner.

Supplier prequalification is a part of precontractual activities, during which OMV collects information from a potential supplier for the purpose of evaluating compliance with our HSSE and other sustainability requirements. The goal of the prequalification process is to screen potential suppliers before bringing them on board or during the tender stage to ensure that only those suppliers who meet our HSSE and sustainability standards can be considered for future collaboration. Following prequalification, the procurement colleagues and business representatives select the best suppliers based on a predefined set of commercial and technical criteria during a tender process. In 2022, we continued to embed sustainability elements into sourcing activities (e.g., technologically innovative elements, carbon emissions, energy efficiency KPIs, CDP and EcoVadis score) during several pilot projects.

OMV conducts supplier audits as part of the prequalification process and/or during contract execution. The aim of the audits is to measure the performance of our suppliers and define actions that will enable them to optimize their performance and meet OMV requirements. During the audits, we pay special attention to the financial stability of our suppliers, their strategy and organization, supply chain, sustainability (e.g., human rights, carbon footprint management, environmental management, certifications, and social responsibility), and their cybersecurity performance. We also carry out yearly subject-specific audits on topics such as process safety, quality, and efficiency. During the supplier audits, we place great emphasis on understanding not only the management approach to the topics within the scope of the audits (e.g., HSSE aspects), but also how the topics are understood and applied by the employees on site (e.g., through discussions with workers and managers).

Since 2021, OMV has been a member of Together for Sustainability (TfS). As a joint initiative and global network of 40 companies, TfS sets the de facto global standard for the environmental, social, and governance performance of chemical supply chains. The TfS program is based on the principles of the UN Global Compact and Responsible Care®. Being a TfS member helps OMV to further embed sustainability into its day-to-day business operations and further cascade sustainability requirements within our supply chain.

We aim to continuously manage and decrease the carbon volume of our purchased goods and services. Only by working together with our suppliers will we be able to define joint low-carbon initiatives to continuously decrease the carbon emissions in the supply chain and meet our Paris Agreement commitments. As part of its CDP Supply Chain membership, in 2022 OMV invited 231 suppliers to respond to the CDP climate change questionnaire. Suppliers were selected based on spend, estimated carbon emissions volume, and the carbon intensity of the goods and services purchased from them. In addition to reporting their emissions, we asked the suppliers whether they have carbon reduction targets in place, and invited them to share with us any initiatives or projects to reduce carbon emissions in which they would like us to participate. 75% of responding suppliers have a climate target in place (vs. 63% in 2021).

Human Rights

Human rights are universal values that guide our conduct in every aspect of our activities. Our responsibilities in the area of human rights include, but are not limited to, equality and non-discrimination, decent wages, working hours, employee representation, security, primary health care, labor rights in the supply chain, education, poverty reduction, land rights, and free, prior, and informed consent. OMV respects and supports human rights as described in the Universal Declaration of Human Rights and in internationally recognized treaties, including those of the International Labour Organization (ILO). We have been a signatory to the UN Global Compact since 2003 and are fully committed to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We fully support the aims of the UK Modern Slavery Act 2015 and are committed to operating our business and supply chain free of forced labor, slavery, and human trafficking. OMV considers human rights to be an important aspect of our risk management approach, which is integrated into our decision-making processes. OMV recognizes its responsibility to respect, fulfill, and support human rights in all business activities and to ensure that OMV does not become complicit in any human rights abuses as defined under current international law.

We conduct human rights risk assessments at country level to identify and assess ongoing and emerging human rights impacts and the resulting potential risks relevant to OMV business activities in the country in order to prevent and mitigate human rights risks and impacts. A total of 4,254 employees received training on human rights topics through the e-learning tool and in-person training sessions (2021: 980). As professional training is essential to ensure compliance with our human rights commitment, we have set ourselves the goal of training all employees in human rights topics by 2025. In addition, internal awareness campaigns on human rights were implemented. In 2022, 35 incidents of human rights grievances were reported (2021: 7).

In late July 2022, OMV's subsidiary Borealis was confronted with reports of alleged human trafficking practices conducted by the main contractor (IREM) and their sub-contractor on a propane dehydrogenation (PDH) plant construction site in Kallo, Belgium. The practices were reported to involve exploitation, inadequate compensation, lack of social security, and poor housing conditions. Borealis immediately suspended and later terminated all contracts with IREM due to its non-compliance with their fundamental principles, and retendered the contracts. After careful consideration, Borealis granted the majority of the works to the contractor Ponticelli and implemented thorough social controls at the Kallo construction site to respect and value the workers there. Work on the construction site gradually increased from October 2022.

The OMV Group always seeks to improve, and is strongly committed to further strengthening its processes and mitigation measures to prevent any maltreatment and disrespect of workers' human rights in the supply chain. At corporate level, we analyzed the HSSE and Procurement directives for contractor management and prepared a detailed checklist for human rights compliance to be used at site level. The revised human rights e-learning refers specifically to human rights in business relations, and the new OMV Group Human Rights Policy Statement details our human rights commitment related to labor rights and business partners in line with business best practice and international standards. Additionally, individual monitoring initiatives were implemented at local level throughout the Group to ensure our suppliers' compliance with human rights.

Community Relations and Development

OMV maintains an active partnership with local communities in all countries in which the Company does business and is committed to adding value to these societies. As part of OMV's stakeholder dialogue, we have implemented Community Grievance Mechanisms (CGM) at all operating sites. In 2022, OMV registered 776 external grievances (2021: 884) from the Community Grievance Mechanisms. All of the grievances were handled in accordance with OMV's localized community grievance management procedures, which stipulate a stringent approach to systematically receiving, documenting, addressing, and resolving grievances in all of the countries where we operate.

OMV has set the goal of aligning the CGM system at all sites with the effectiveness criteria of the United Nations Guiding Principles. We are striving to achieve this target by conducting assessments that include reviews of management processes and consultations with internal and external stakeholders. The assessments result in recommendations and tailored action plans to improve grievance management at site level. The action plans are implemented by local management and monitored by headquarters. The sites already assessed represent 96% of all registered grievances at OMV in 2022.

For more information about OMV's Environmental, Social, and Governance (ESG) ratings and the indices in which OMV is included, see the chapter OMV on the Capital Markets.

For management approaches and performance details for all material topics, see the stand-alone OMV Sustainability Report. This report also serves as the separate consolidated non-financial report of OMV Aktiengesellschaft in accordance with section 267a of the Austrian Commercial Code (UGB).

Health, Safety, Security, and Environment

Health, safety, security, and protecting the environment are key values at OMV. The integrity of OMV's operating facilities, loss prevention, proactive risk management, and climate change mitigation are essential for attaining OMV's HSSE vision of "ZERO harm – NO losses."

HSSE Strategy

To achieve this vision, the OMV Group's HSSE Strategy was established as an integral part of the OMV Sustainability Strategy. The HSSE Strategy focuses on the cross-functional goals of strong HSSE commitment and leadership, increased efficiency and effectiveness of HSSE processes, management of HSSE risks, and skilled people, as well as subject matter goals in the areas of:

- Health: improving the ability to work through integrated health management
- Safety: establishing sustainable safety for people and facilities
- Security: protecting people, assets, and reputation from emerging malicious intentional threats
- Environment: minimizing the environmental footprint throughout the life cycle of activities

Health, safety, and security

In 2022, the combined Lost-Time Injury Rate (LTIR) for OMV employees and contractors was 0.78 (2021: 0.57), and our combined Total Recordable Injury Rate (TRIR) was 1.23 (2021: 0.96). We are deeply concerned about the work-related fatality of a contractor who fell off a roof while carrying out repairs in France. Managing the COVID-19 pandemic remained a high priority in 2022 alongside routine HSSE management. Our main focus was to learn from incidents across the Company: videos, alerts, and communication campaigns were again used to reach out to all employees.

The business segment Chemicals & Materials reached a TRIR of 2.85 (2021: 2.25). There was a strong focus on implementing occupational safety improvement initiatives, holding dedicated HSSE training sessions, as well as the further strengthening of the safety culture and risk awareness. Special attention was paid to contractor HSSE management and learning from past incidents, to prevent recurrences and embed appropriate improvement measures.

The HSSE performance of Refining & Marketing in 2022 resulted in a TRIR of 0.82 (2021: 0.54). Great effort was put into broad safety and security awareness and prevention campaigns in order to establish a strong and positive safety culture. This was especially the case during the planned maintenance turnarounds that took place in the Schwechat and Burghausen refineries. During the past year, special emphasis was placed on findings from incidents, leadership engagement, contractor management, and training on various emergency and crisis management scenarios. The consistent implementation of the process safety road maps and improvement initiatives was another area of focus.

Exploration & Production had a TRIR of 1.09 (2021: 0.92). The numbers show that a constant effort is required to minimize the occurrence of incidents. In addition, we encountered 18 High Potential Incidents (HiPos) that could have resulted in serious or fatal injuries under slightly different circumstances. All these incidents were subjected to thorough incident investigations and measures were taken to prevent recurrence. Contractor management continues to be a focus area in our HSSE efforts. Our activities concerning process safety management, and various other initiatives aimed at ensuring the safety and integrity of our facilities, continued in 2022.

OMV Group safety performance

In mn hours worked

	2022	2021
Company		
Lost-Time Injury Rate	1.11	0.70
Total Recordable Injury Rate	1.32	1.18
Contractors		
Lost-Time Injury Rate	0.62	0.51
Total Recordable Injury Rate	1.19	0.85
Total (Company and contractors)		
Lost-Time Injury Rate	0.78	0.57
Total Recordable Injury Rate	1.23	0.96

The well-being and health of employees are fundamental to the success of any company, as they serve as a foundation for ensuring employee productivity. The year 2022 was still strongly influenced by the worldwide COVID-19 pandemic. Our medical teams and service providers were challenged with supporting the emergency management teams in updating and implementing pandemic preparedness plans, guidelines and health information, and providing support to employees suffering from COVID-19 at home and in hospital. In addition, OMV continued its long tradition of offering health and prevention programs, such as cardiovascular disease prevention programs, thyroid screenings and other voluntary health checks, vaccinations (especially against flu and in some countries COVID-19), and virtual health hours, such as ideas for a healthy work-life balance or first aid measures that go far beyond legal requirements.

In 2022, the COVID-19 pandemic again posed major challenges for safety management. At the operational level, we took preventive and business continuity-related measures, such as strictly segregated teams in key areas, hygiene measures, and ongoing awareness-raising. Despite restricted travel and thanks to digital communication and collaboration tools, we were able to carry out the following important safety-related activities:

- We have updated our Life-Saving Rules and harmonized them across the OMV Group. This simple set of rules helps prevent fatal and severe accidents, and applies to all employees and contractors. Training and communication materials have been produced in 18 languages for an intensive refresher campaign in 2023.
- All incidents at level 3 and higher and HiPos were investigated, and lessons learned were communicated throughout the organization. Improvement initiatives were developed and closely monitored using our HSSE reporting tool.
- As part of our safety culture program, we held several workshops on "making HSSE personal" at different levels of the Company. The semi-annual meetings with the program owner were conducted online.
- Contractor HSSE management is key to the OMV Group's safety performance. We introduced a new e-learning program, held webinars, and delivered over 900 trainings to more than 660 beneficiaries and procurement staff on the internal regulations framework. We also held strategic supplier meetings with prime contractors to share information, experiences, and expectations.
- Global HSSE training for employees and managers was completely revised and updated. An e-learning course consisting of 13 modules was developed for basic HSSE training.
- We developed a harmonized set of KPIs and a process safety dashboard. Furthermore, a Group Process Safety Committee has been established, including Members of the Executive Board, which meets periodically to discuss process safety performance, achievements, and challenges.
- We supported and followed up on the implementation of process safety road maps across OMV's ventures, assets, and refineries. In our Integrated Risk Register, we continued to analyze and prioritize process safety risks to ensure that investments effectively lead to a significant reduction in risks.
- The OMV Group Process Safety Network, a large online collaboration platform, met quarterly to exchange information and experiences in virtual meetings (> 200 participants). Senior management also participated.
- We completed the review of 15 group-wide HSSE regulations and achieved systematic alignment between the OMV Group and Borealis.
- An important milestone has been achieved with the successful go-live of the OMV Group HSSE reporting tool. This is a key step in our ongoing harmonization and enables us to report in one single system across the OMV Group and Borealis by replacing all existing tools.

An unstable geopolitical environment combined with complex new and enduring regional conflicts remained a constant security focus throughout 2022. The Corporate Security department continued to monitor these geopolitical situations, accelerating OMV's understanding of strategic events to identify any emerging threats that might interfere with business planning. This included cases of armed conflict, civil unrest, and criminality at local, national, regional, and international levels.

We updated our proven security management system in 2022, enabling us to anticipate or respond to a broad spectrum of geopolitical, regional, or isolated security incidents. The security risk assessment platform continued to provide real-time oversight of asset risk exposure levels as influenced by geopolitical or security events. Despite various geopolitical and pandemic-related challenges, the Corporate Security department continued to deliver global operational support, governance, and oversight, and will maintain a comparable and effective security strategy to allow OMV to operate despite converging asymmetric threats.

In 2021, OMV's Executive Board took the decision that OMV would join the Voluntary Principles on Security and Human Rights (VPSHR), if feasible. This set of tools provides guidance on risk assessment, public safety and security, human rights abuses, and the interaction between companies and private and public security. OMV is committed to upholding human rights in all of its activities. During 2022, OMV Corporate Security conducted a VPSHR gap analysis using a third-party consultancy company to ensure independence. As a result of this analysis, we are now in the process of adopting their recommendations with a view to joining the VPSHR in 2023.

Environmental management

Due to the nature of its operations, OMV has an impact on the environment. The Group strives to minimize this impact at all times, particularly with respect to spills, energy efficiency, greenhouse gas (GHG) emissions, and water and waste management. OMV strives to optimize processes to use natural resources as efficiently as possible and reduce emissions and discharges.

In 2022, there were 2 major hydrocarbon spills (level 3 of five; 2021: 3 spills). The total volume of hydrocarbon spilled was higher compared to the previous year. OMV continues to work on its oil spill response preparedness and capabilities.

Key environmental measures and achievements in 2022:

- Water management plans have been established at our main operational sites to reduce water-related risks and ensure efficient and sustainable water use.
- At the Schwechat refinery, we succeeded in significantly reducing water consumption and emissions to air. More than 5% of the average annual water consumption has been saved, most of it through a new control concept for cooling water in a heat exchanger group in the ethylene plant.
- At our FCC unit, the installation of an additional electrostatic precipitator module reduced dust emissions by up to 70%.
- At the Petrobrazi refinery, the tank modernization program continued in 2022 with the modernization of one volatile product tank and the commissioning of a new tank, according to best available technology, which will contribute to the reduction of volatile organic compound (VOC) emissions.
- In 2022, OMV Petrom completed the surface abandonment of 746 wells and 40 facilities in the E&P division. A total of 157,000 t of contaminated soil was treated in our bioremediation plants, and 13,180 t of metal scrap was recycled by authorized companies.
- An enhanced monitoring tool for spill prevention has been implemented at OMV Petrom. The industry-recognized digital well integrity tool was established to assess risks to the integrity of individual wells, prioritize inspections, and take appropriate mitigation actions. By the end of 2022, we had successfully completed the digitization of 4,000 wells, which represents more than 50% of the total.
- Borealis is further commited to restore and maintain a healthy and productive ocean based on the UN Sustainable Ocean Principles and the UN Global Compact membership. Furthermore, Borealis continued its STOP project, a pioneering program to support cities in developing and emerging countries in establishing cost-efficient, effective, and circular waste collection systems. For more information, visit the STOP project website at www.stopoceanplastics.com.
- To honor the commitment to achieving zero pellet losses in operations and the supply chain, Borealis has incorporated all elements of Operation Clean Sweep® (OCS), an international pellet loss reduction program. In addition, Borealis has proactively contributed to the development of a third-party audit and certification scheme for OCS led by the industry interest group Plastics Europe. Borealis' target is to achieve full third-party OCS certification at all of its sites in Europe by 2024.
- We have continued to work on improving our impact on nature. To achieve this, we apply the mitigation hierarchy in our projects with the following steps: Avoidance, Minimization, Restoration, Offset and Compensation. We want to make a positive impact on nature by implementing biodiversity initiatives, such as our green areas project in arid parts of Tunisia. We continued our tree planting initiatives in 2022 at our Waha and Nawara sites, which include an irrigation system. The goal is to create recreational areas to improve the well-being of employees and visitors.
- Planting continues at the Pohokura natural gas production station in New Zealand. As part of a three-year planting plan to regenerate native species, 500 specimens were planted in 2022.

Employees

We know that it is the combined 22,300 employees of OMV who turn the Group's strategy into results and success. We are proud of what we have achieved together. Trust and pride in the organization fuel our employees' energy and determination to tackle challenges and to focus on innovative solutions to make us even stronger.

OMV's People & Culture Strategy

In 2022, we developed a Group-wide People & Culture Strategy, which fully supports the transformation of OMV. The core of the new People & Culture Strategy is our purpose, i.e., "Re-inventing essentials for sustainable living". We have developed four strategic drivers, plus one additional pillar, Transformational Leadership:

- Employee Experience
- Growing Talent
- Organizational Evolution
- New Ways of Working

Highlights of 2022

Following the announcement of the OMV Group's Strategy 2030, all Human Resources (HR) functions Group-wide were renamed People & Culture (P&C). The aim of this department is to fully support the OMV Group's Strategy 2030 by prioritizing key aspects that enable us to unlock our organization's full potential. The new name points to the department's aim and purpose, and emphasizes that people and culture are central to achieving the targets defined in our strategy. As such, the statement "People make it happen" not only creates the right working environment in which our employees can thrive, but also ensures that they can further develop their skill sets to meet the demands of our dynamic business.

In March 2022, our Group-wide purpose, "Re-inventing essentials for sustainable living", was launched. To bring this purpose to life, a change agent and volunteering network has been set up. We also introduced Purpose Learning Weeks, focusing on the three purpose enablers, namely Advancing Circular, Working Together, and Stimulating Transformation. With the Purpose Learning Weeks, we want to create deeper insight into each of our purpose enablers. The first Purpose Learning Week on Advancing Circular took place in June 2022 and addressed various topics relating to the circular economy.

During the COVID-19 pandemic, which continued to affect our employees in 2022, many implemented employment-related measures were continued to protect the health, well-being, and economic situation of our employees. In 2022, we worked specifically on our work-from-home concepts to give employees more flexibility. Working from home is now offered to a broader group of staff and the number of work-from-home days per month has significantly increased.

In 2020, we introduced an employee engagement strategy whereby we check in with our employees on how they are doing and how they are dealing with the pandemic situation. In September 2022, a Group-wide Pulse Check was performed throughout the OMV Group. The Pulse Check is one of our most important tools for measuring the engagement of our employees. It is an essential part of our new People & Culture Strategy relating to Employee Experience. We achieved a very high response rate of 70% on a Group level, and conclusions and subsequent actions will be agreed.

In 2022, there was a focus on mandatory, legally binding, and business-critical independent learning (e.g., e-learning, online learning through our partnership with LinkedIn Learning, and virtual courses/webinars). Due to the disruptions caused by COVID-19, we again concentrated on virtual training delivery, as in 2021. All measures to support employees in the virtual and hybrid environment were therefore continued. This included the delivery of virtual health webinars, virtual training of facilitators, and an updated personal skills SharePoint, among other things.

Leadership training focused on first-time leaders, women in leadership, and how to manage remote and hybrid teams. For identified talents at executive level, a dedicated talent program focusing on enhancing executive leadership skills was implemented. New ways of working also continued to be a focus point, for example through the integration of agile ways of working and the newly introduced Project Management Certification Program. In terms of graduate development, we expanded our portfolio offering to include a tailored graduate program in Refining as well as continuing with our long-standing Integrated Graduate Development (IGD) Program in E&P.

Number of training participants[1,2,3]

	2022	2021
Austria	5,599	5,632
Romania/Rest of Europe	14,659	13,762
Middle East/Africa	664	709
Rest of the world	700	784
Total	**21,622**	**20,887**

Money spent on training per region[1,2]

In EUR

	2022	2021
Austria	3,435,294	2,672,471
Romania/Rest of Europe	5,670,768	5,094,527
Middle East/Africa	614,903	342,242
Rest of the world	369,132	243,485
Total	**10,090,097**	**8,352,725**

[1] Excluding conferences and training for external employees
[2] Excluding DUNATÁR, SapuraOMV, OMV Russia, DYM Solutions, MTM, and Rosier
[3] Number of employees who received at least one training

We have also started to work on a shared set of values across OMV, OMV Petrom, and Borealis, which we will use to guide us through this transition and in the future. These new values have been co-created together with our employees to help shape the future of the OMV Group and how we all work together. The new values will then be launched in 2023 alongside a campaign. Moreover, we are also developing leadership competencies closely linked to the newly defined values, to help in identifying and developing future and present leaders.

To achieve the OMV Group's Strategy 2030, we will roll out dedicated global initiatives on Purpose and Values and a new transformational leadership program in 2023. We will also set up a Sustainability Academy that offers an ever-growing selection of varied, pre-selected learning material to support our employees in expanding their knowledge and enhancing their mindset when it comes to OMV's journey to net zero. Additionally, we plan to offer specific training initiatives to support the upskilling of technical employees, for example training on low-carbon energy, geothermal energy, decision quality, and data science.

Diversity

An employee survey on diversity, equal opportunities, and inclusion was launched at the end of 2021. Through this, the OMV Group was able to further strengthen the culture of listening to unheard voices in our Company, and collect feedback from employees on diversity, equal opportunities, and an inclusive environment in the Company. The survey's findings played an important part in developing OMV's new Group-wide Diversity, Equity, and Inclusion strategy 2030, which was launched in 2022.

Our focus on diversity is also being actively nurtured throughout the organization today, supported by a range of training sessions, activities, and awareness campaigns. We also continued our series of online events with external guest speakers on relevant diversity topics. International Women's Day is a day to focus on equality and women's rights worldwide. In 2022, the motto #BreakTheBias directed the focus toward prejudices that still stand in the way of women's equality. OMV fully supports this approach and therefore organized events in March 2022, including a presentation of Diversity, Equity & Inclusion (DEI) quick poll insights and a discussion on the topic. The DEI Awareness Month took place in October 2022, with various events focusing on the topics of interest as determined by the DEI survey conducted in 2021 (gender, generations, parenting, disabilities, and unconscious bias).

OMV is committed to ensuring fair treatment and equal opportunities for all employees and has zero tolerance for discrimination and harassment of any kind. In line with our commitment to equality and non-discrimination, we began working on a formal non-discrimination policy in 2022. This will be introduced in 2023.

We have designed and implemented targeted training programs, such as SHEnergy, a blended learning program for women at OMV, to support women's leadership skills. The program focuses on active inclusion skills and also emphasizes the power of mentoring and networking in developing female leaders.

As a result of these measures, the percentage of women in the Group is about 27% (2021: 27%). A total of 21.6% (2021: 20.9%) of employees in advanced and executive positions are female.

Employee key figures

At the end of 2022, the OMV Group employed 22,308 people. Compared with 2021, the number of employees slightly decreased by 0.6%.

Employees

		2022	2021
Employees by region			
Austria		5,884	5,762
Rest of Europe		14,890	15,074
Middle East & Africa		583	634
Rest of the world		951	964
Total number of employees		**22,308**	**22,434**
Diversity			
Female	in %	27	27
Male	in %	73	73
Female Executives[1]	in %	20	15
Number of nationalities		**101**	**101**

[1] Executives include OMV Senior Vice Presidents, OMV Petrom and Borealis Group Board members

OMV Group Business Year

In 2022, OMV has achieved a strong clean CCS Operating Result of EUR 11.2 bn. Furthermore, cash flow from operating activities excluding net working capital effects remained significant amounting to EUR 9.8 bn, and the organic free cash flow before dividends totaled EUR 4.9 bn. As a consequence, the leverage ratio decreased from 21% at the end of 2021 to 8% at the end of 2022. This financial strength is an excellent basis for OMV's further strategic development into a leader in sustainable fuels, chemicals and materials while committing to deliver attractive shareholder returns.

Business environment

Global economic growth during 2022 is estimated to have been the weakest for two decades, save only for the immediate aftermath of the global financial crisis (2009) and the depths of the COVID-19-related slowdown (2020). A broad set of headwinds confronted the global economy in 2022, with annual growth expected at some 3.2%, according to the IMF. This represents a significant drop from the 6% registered in 2021. According to UNCTAD, global trade, meanwhile, is expected to have reached an outright record in 2022[1], with growth more concentrated in services. However, the second half of 2022 saw something of a slowdown, with global goods trade turning negative in the third quarter, before services trade followed in the fourth quarter.

Effects of the COVID-19 pandemic continued to impact markets in early 2022, even before the Russian invasion of Ukraine tipped supply and demand further out of balance from the second half of Q1 onward. Outsized spending on goods relative to services – combined with ongoing bottlenecks in supply chains – drove rapid, marked increases in inflation in almost all large economies. Headline CPI topped 8% on average over Q2 in the US, peaking in June at 9.1%. Headline inflation in the Eurozone averaged in double digits at the beginning of the fourth quarter of 2022, with a peak of 10.6% in October. Combating price increases for consumers and businesses became the main focus of central banks in 2022, while governments were tasked with mitigating the effects of price rises. This was especially true in Europe, where year-on-year price growth in energy was the single largest contributing factor to headline inflation. This became arguably the dominant political and economic issue for the region in 2022.

The economic headwinds piled up in various metrics as 2022 progressed. Purchasing Managers' Indices sank from mostly expansionary at the end of 2021 to mostly being in contraction territory by the middle of 2022, with only a couple of exceptions. Eurozone net exports flipped negative by Q3 (Eurostat), while essentially all other economic indicators spent the second half of the year trending lower, i.e., toward recession territory. By the end of the year, financial conditions, consumer confidence, and services PMIs had made their way below the 20th percentile in data going back more than 20 years. The only metric to buck this trend has been the labor market, which, as of late 2022, remains historically tight, with unemployment numbers continuing to trend close to record lows.

This conundrum was still in place for central banks at the end of 2022 on both sides of the Atlantic. The macro environment focus has shifted definitively to the effects of more expensive financing and the potential for this to contribute to recessionary effects in advanced economies. The latest available GDP figures for the Eurozone indicate a significant decline in the third quarter of 2022. By the end of the year, the European Central Bank had raised its key deposit rate by 250 basis points, a rapid increase necessitated by surging inflation. Higher interest rates are having and will continue to have a lagged effect on consumer and business spending.

The fallout from the geopolitical upheaval following the Russian invasion of Ukraine has been wide-ranging. However, supply and trade disruptions were arguably more pronounced in energy than anywhere else. And within energy, no region saw more pronounced price effects than Europe. Following the invasion, the decision by many western corporations to "self-sanction" ahead of government mandates to limit or cease the trade and import of Russian energy was a key driver of the oil price rally that peaked at the end of the second quarter of 2022.

However, it was the natural gas market that was the epicenter of the energy-related difficulties experienced by Europe in 2022. The removal of the vast majority of Russian gas pipeline flows from the middle of the year posed an unprecedented challenge for the European Union, which, in 2021, sourced almost 40% of its natural gas imports from Russia and which was 20% dependent on natural gas for power generation. The removal of the region's single largest supply source from the market, combined with the government mandates

[1] Source: United Nations Conference on Trade and Development (UNCTAD) Global Trade Update December 2022

for minimum storage levels ahead of the onset of the heating season and reduced liquidity, saw an unprecedented peak in natural gas prices in August 2022 of more than EUR 300/MWh. This price level represented a tough test for both the region's energy markets and its industrial base, with production in a range of energy-intensive industries forced lower or offline completely due to poor economics.

By the end of 2022, the pressure coming from high gas and power prices had moderated significantly. However, Europe's energy markets remain fundamentally tight. This fragility means the impact of disruptions to current supply sources is potentially very significant. LNG has taken on huge importance in meeting European demand for natural gas. Continued high imports of LNG into Europe to offset the loss of Russian pipeline flows requires Europe to outcompete Asia as the most attractive export destination for spot cargoes on the international market. This in turn requires Europe to have the most expensive natural gas market globally. 2022 saw wheels set in motion to change the European energy landscape faster than anybody would have anticipated at the beginning of the year but, for the time being, high energy prices should be expected to continue.

Natural gas demand in Europe is expected to have fallen by some 10% during 2022 vs. 2021 based on a combination of factors, by far the largest of which is price-related demand reduction. Over the first half of 2022, it was residential and commercial demand for gas in Europe that was exhibiting the fastest demand declines. This was increasingly overtaken in the second half of the year as industrial gas demand fell rapidly as wholesale prices hit extremely high levels. Industrial gas demand is expected to have fallen some 20% year on year in Europe in 2022, far exceeding the estimated 3% decline in gas demand in the region's power generation.

Natural gas was the standout performer in 2022 in price terms, but energy commodities as a whole led the market in a year when the majority of other asset classes declined. Major US and European stock indices were down significantly compared to the previous year, while bonds failed to provide any hedge against equity declines and posted their worst performance in decades in 2022. After European gas and electricity, other commodities whose price benefitted directly or indirectly from the fallout of the Ukraine conflict included coal and refined products, especially middle distillates such as diesel and heating oil. Despite high prices for refined products in 2022, Europe has seen new demand for middle distillates and some other products emerge from industrial processes that have switched away from natural gas due to the extremely high prices in that market. The IEA estimates that this demand, comprising mostly gasoil, will average more than 500 kbbl/d over the fourth quarter of 2022 and the first quarter of 2023.

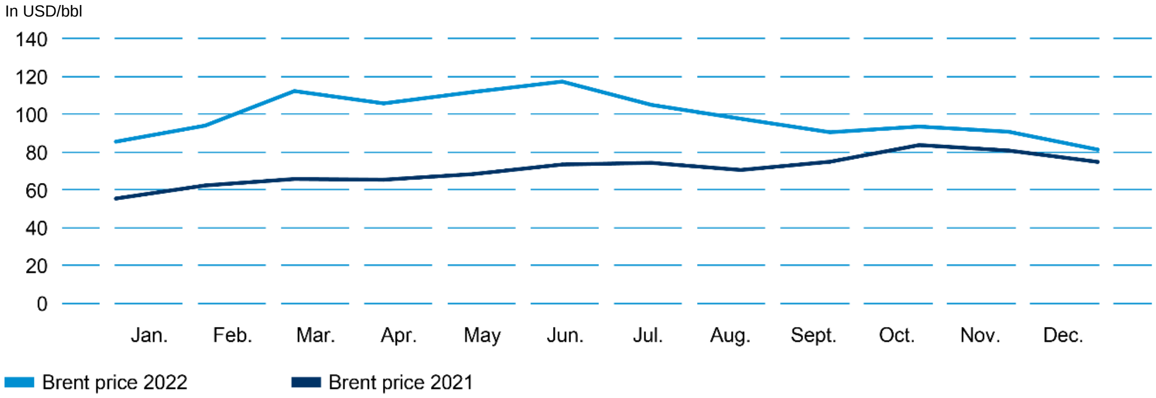
It was a year of huge volatility in the Brent price. The first half of the year was defined by rapid demand growth, as oil consumption continued to recover from its 2020 lows. This contributed to the price rally in Brent, which peaked in Q2. However, supply was increasingly able to catch up. Non-OPEC supply is thought to have reached almost 67 mbbl/d by Q4/22, a 2 mbbl/d increase over the same quarter in 2021. At the same time, demand growth was starting to top out. High prices have also taken a toll on demand, which is estimated to have fallen in the fourth quarter compared to the previous year. Despite the marked decline in the Brent price in the latter part of 2022 on this softening fundamental picture, the annual average increase came in at around 40%. Industry investments have so far not exhibited any appreciable increase corresponding to the higher oil prices of the last two years.

In comparison to 2021, the olefin indicator margins were higher in 2022, driven by low feedstock prices except for the peak in the first quarter of 2022, and high monomer contract prices. On average for the year, indicator margins were on a healthy level. For some products, such as benzene, indicator margins reached historic highs in 2022 even though the market environment was challenging, which was caused by several factors, namely: the Russia/Ukraine conflict, high energy costs, high inflation, and decreasing demand throughout the year. Following the attack on Ukraine, the crude slate became lighter and naphtha was readily available in the market, which led to lower feedstock prices. Furthermore, high gas prices in Europe affected demand throughout the value chain. In summer, the low water level of the Rhine caused logistical constraints on the derivative market. All crackers in Europe reduced the throughput due to weak demand and high energy prices, especially in the second half of 2022. The cracker rates in Europe reduced to the globally near record low levels of 65% in the fourth quarter of 2022 due to extremely weak demand. French strikes and several cracker outages helped only a little in October. The entire supply chain was under the pressure of destocking as year end came to maximize cash and minimize inventory.

Margins of European polyolefins continued to normalize in Q1 from the historic highs seen in 2021. In the second quarter of 2022, margins were supported by the heavy spring turnaround season. In the second half of 2022, however, margins deteriorated, with demand decrease seen across most grades of polyolefins due to the poor macroeconomic conditions (cost of living crisis reducing discretionary incomes of consumers). Imports of polyolefins into Europe were also ample in the second half of the year thanks to the easing of the global container freight market, which ended the year being similar to pre-pandemic levels.

Arguably the most significant result of the events of 2022 has been the reemergence of energy security as a key pillar of energy policy. The reality of overdependence on a single source of energy has been laid bare via numerous reversals on long-held policies, most notably German U-turns on coal and nuclear plant life spans, as well as a rapid build-out of infrastructure to import LNG into the region's largest economy. The sheer size of Europe's energy bill – and its impact on corporate competitiveness and household budgets – should prevent energy security from being neglected in what's known as the energy trilemma at any time in the foreseeable future.

Crude price (Brent) – monthly average[1]



[1] ICE Brent generic 1st contract monthly average

Financial review of the year

Key financials

		2022	2021	Δ
Sales revenues	in EUR mn	62,298	35,555	75%
Clean CCS Operating Result[1]	in EUR mn	**11,175**	**5,961**	**87%**
Clean Operating Result Chemicals & Materials[1]	in EUR mn	1,457	2,224	(34)%
Clean CCS Operating Result Refining & Marketing[1]	in EUR mn	2,415	945	155%
Clean Operating Result Exploration & Production[1]	in EUR mn	7,396	2,892	156%
Clean Operating Result Corporate & Other[1]	in EUR mn	(50)	(62)	19%
Consolidation: elimination of inter-segmental profits	in EUR mn	(43)	(39)	(11)%
Clean CCS Group tax rate	in %	48	36	12
Clean CCS net income[1]	in EUR mn	5,807	3,710	57%
Clean CCS net income attributable to stockholders of the parent[1,2]	in EUR mn	**4,394**	**2,866**	**53%**
Clean CCS EPS[1]	in EUR	13.44	8.77	53%
Special items[3]	in EUR mn	**861**	**(1,315)**	**n.m.**
thereof Chemicals & Materials	in EUR mn	582	(396)	n.m.
thereof Refining & Marketing	in EUR mn	774	(509)	n.m.
thereof Exploration & Production	in EUR mn	(460)	(398)	(16)%
thereof Corporate & Other	in EUR mn	(36)	(12)	(198)%
CCS effects: inventory holding gains/(losses)	in EUR mn	210	418	(50)%
Operating Result Group	in EUR mn	**12,246**	**5,065**	**142%**
Operating Result Chemicals & Materials	in EUR mn	2,039	1,828	12%
Operating Result Refining & Marketing	in EUR mn	3,392	451	n.m.
Operating Result Exploration & Production	in EUR mn	6,936	2,910	138%
Operating Result Corporate & Other	in EUR mn	(86)	(74)	(16)%
Consolidation: elimination of inter-segmental profits	in EUR mn	(35)	(51)	31%
Net financial result	in EUR mn	(1,481)	(194)	n.m.
Group tax rate	in %	52	42	10
Net income	in EUR mn	5,175	2,804	85%
Net income attributable to stockholders of the parent[2]	in EUR mn	**3,634**	**2,093**	**74%**
Earnings Per Share (EPS)	in EUR	11.12	6.40	74%
Cash flow from operating activities	in EUR mn	7,758	7,017	11%
Free cash flow before dividends	in EUR mn	5,792	5,196	11%
Free cash flow after dividends	in EUR mn	4,333	4,199	3%
Organic free cash flow before dividends	in EUR mn	4,891	4,536	8%
Organic free cash flow after dividends	in EUR mn	3,432	3,539	(3)%
Gearing ratio excluding leases	in %	3	22	(19)
Leverage ratio	in %	8	21	(14)
Capital expenditure[4]	in EUR mn	4,201	2,691	56%
Organic capital expenditure[5]	in EUR mn	3,711	2,650	40%
Clean CCS ROACE	in %	19	13	6
ROACE	in %	**17**	**10**	**7**

Note: As of 2022, the gas business, previously reported in Refining & Marketing, was split into Gas Marketing Western Europe reported under Exploration & Production, and Gas & Power Eastern Europe reported under Refining & Marketing. For comparison only, 2021 figures are presented in the new structure.

[1] Adjusted for special items and CCS effects; further information can be found in Note 4 – Segment Reporting – of the Consolidated Financial Statements

[2] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

[3] 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. Special items from equity-accounted companies and temporary hedging effects for material transactions are included.

[4] Capital expenditure including acquisitions

[5] Organic capital expenditure is defined as capital expenditure including capitalized exploration and appraisal expenditure and excluding acquisitions and contingent considerations.

Notes to key financials

Clean CCS Operating Result

Special items and CCS effects

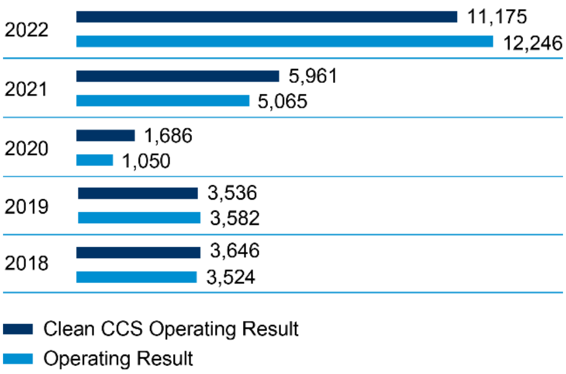
In EUR mn

		2022	2021	Δ
Clean CCS Operating Result[1]		**11,175**	**5,961**	**87%**
Special items		**861**	**(1,315)**	**n.m.**
thereof:	personnel restructuring	(8)	(30)	75%
thereof:	unscheduled depreciation/write-ups	58	(1,297)	n.m.
thereof:	asset disposal	724	223	n.m.
thereof:	other	87	(210)	n.m.
CCS effects: inventory holding gains/(losses)		**210**	**418**	**(50)%**
Operating Result Group		**12,246**	**5,065**	**142%**

[1] Adjusted for special items and CCS effects

Clean CCS Operating Result

In EUR mn

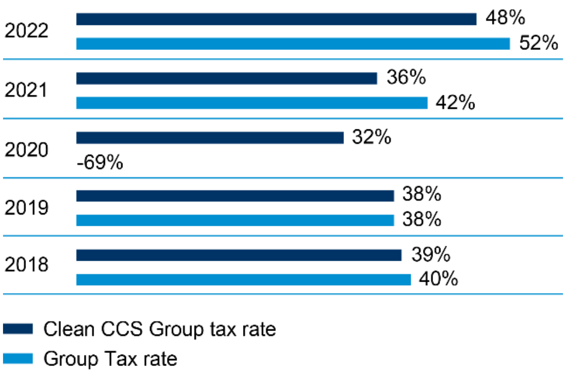


Operating Result adjusted for special items and CCS effects, details of which are depicted in the table on the left.

2022 performance:
With slightly over EUR 11 bn, OMV achieved a strong clean CCS Operating Result in 2022. All three business segments contributed significantly, supported by the overall favorable market environment. Especially the Exploration & Production segment benefitted from the rise in oil and gas prices, while results were burdened by the impact of the war in Ukraine, including the change of the consolidation method of E&P Russian assets as well as supply curtailments in Gas Marketing Western Europe.

Clean CCS Group tax rate

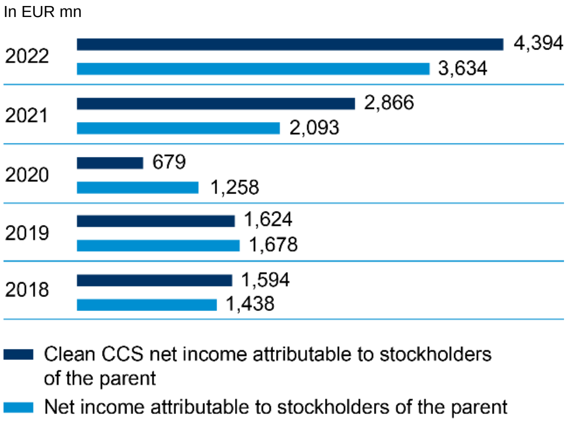
In %



Group tax rate adjusted for special items and CCS effects. It represents the average rate at which the Group's profit before tax is taxed.

2022 performance:
Coming in at 48%, the clean CCS Group tax rate increased by 12 percentage points compared to 36% in the previous year, stemming from an increased contribution from Exploration & Production, in particular from countries with a high tax regime.

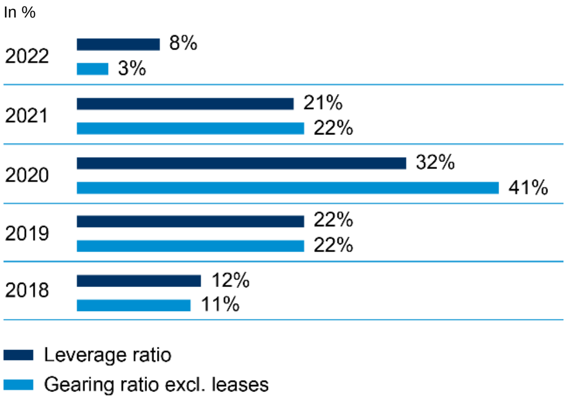
Clean CCS net income attributable to stockholders of the parent



Net income attributable to stockholders of the parent, adjusted for the after-tax effect of special items and CCS.

2022 performance:
The clean CCS net income attributable to stockholders of the parent in the amount of EUR 4.4 bn increased significantly compared to EUR 2.9 bn in 2021 following the strong Operating Result.

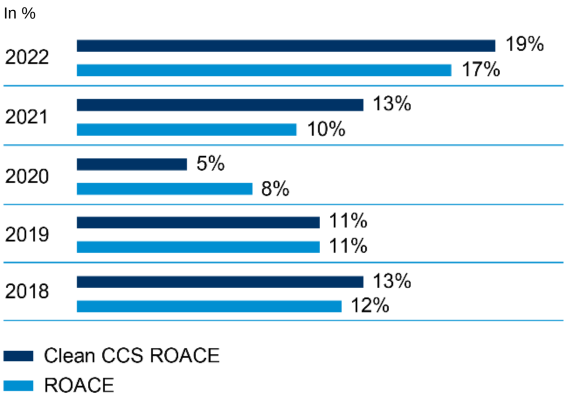
Leverage ratio & Gearing ratio excl. leases



The leverage ratio is calculated by dividing net debt incl. leases through equity plus net debt incl. leases. The gearing ratio excl. leases is calculated by net debt (interest-bearing debts including bonds less liquid funds) excluding leases divided by equity, expressed as a percentage.

2022 performance:
OMV's strong financial performance as well as positive contribution from inorganic cash flow from investing activities, such as the Borouge IPO, partial loan repayment from Bayport Polymers LLC (Baystar), as well as the sale of filling stations in Germany, have led to a continuous deleveraging throughout the year, resulting in a leverage ratio of 8%. The gearing ratio excluding leases came in at 3%.

Clean CCS ROACE

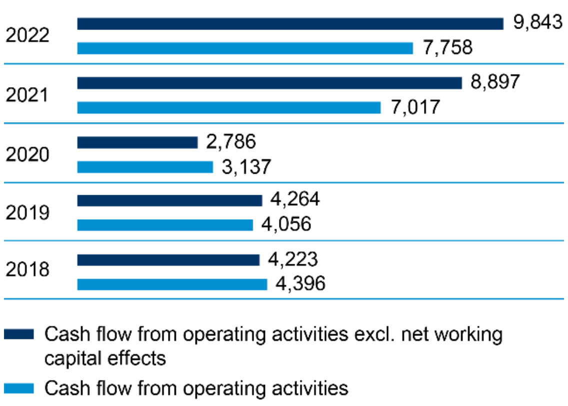


The clean CCS ROACE (%) is calculated as Net Operating Profit After Tax (NOPAT – as a sum of the current and last three quarters) adjusted for the after-tax effect of special items and CCS, divided by average capital employed (equity including non-controlling interests plus net debt).

2022 performance:
Driven by the strong operational performance, OMV was able to deliver a clean CCS NOPAT of EUR 5.7 bn in 2022, compared to EUR 3.8 bn in 2021. As average capital employed was on a comparable level, the clean CCS ROACE improved from 13% in 2021 to 19% in 2022.

Cash flow from operating activities excl. net working capital effects

In EUR mn

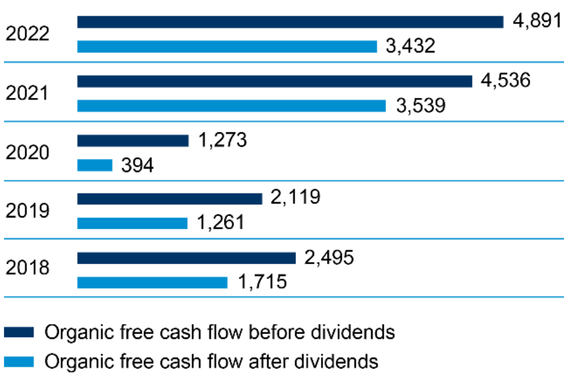


Amount of cash OMV Group generates through its ordinary business activities which excludes effects from net working capital positions

2022 performance:
Operating cash flow excl. net working capital effects came in at EUR 9.8 bn above the EUR 8.9 bn from 2021, supported by the overall strong market environment.

Organic free cash flow

In EUR mn

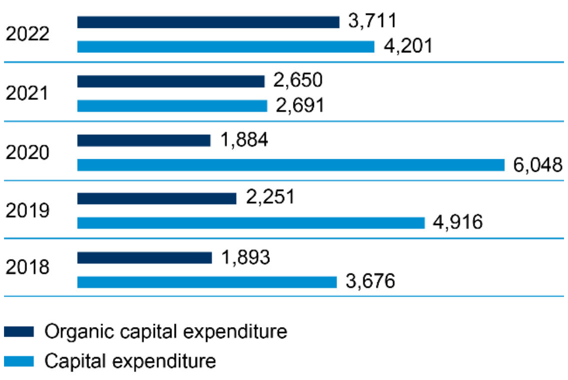


The organic free cash flow is cash flow from operating activities less cash flow from investing activities excluding disposals and material inorganic cash flow components (e.g., acquisitions).

2022 performance:
An organic free cash flow before dividends of EUR 4.9 bn was recorded in 2022, slightly above prior year's level.

Organic capital expenditure

In EUR mn



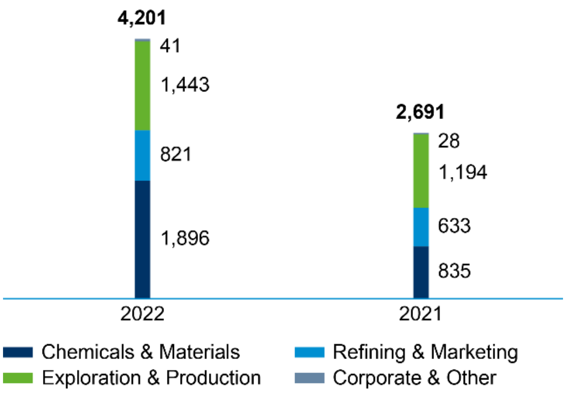
The amount is defined as capital expenditure including capitalized exploration and appraisal expenditure, excluding equity injections into at-equity and fully consolidated companies, acquisitions, and contingent considerations.

2022 performance:
Organic capital expenditure increased by 40% to EUR 3.7 bn compared to EUR 2.6 bn in 2021, mainly due to non-cash leases related to the construction of the propane dehydrogenation (PDH) plant at Kallo (Belgium) by Borealis.

Capital Expenditure (CAPEX)[1]

Total CAPEX

In EUR mn



Chemicals & Materials CAPEX increased mainly due to investments in the construction of the new propane dehydrogenation (PDH) plant in Belgium, which included non-cash effective CAPEX related to leases in the amount of around EUR 0.5 bn and equity injection into Borouge 4 LLC to finance the Borouge 4 project. Furthermore, the CAPEX increase was driven by the construction of the ReOil® demo plant in Austria.

The increase in **Refining & Marketing** CAPEX was driven by turnaround activities, repair works at the Schwechat refinery, as well as investments in the co-processing unit at Schwechat.

The increase in **Exploration & Production** CAPEX was mainly related to investments in Romania, Malaysia and New Zealand.

The **reconciliation** of total capital expenditure to the **investments as shown in the cash flow statement** is depicted in the following table:

Capital expenditure

In EUR mn

	2022	2021	Δ
Total capital expenditure	**4,201**	**2,691**	**56%**
+/– Changes in the consolidated Group and other adjustments	(47)	(33)	(41)%
– Investments in financial assets	(490)	(33)	n.m.
Additions according to statement of non-current assets (intangible and tangible assets)	**3,664**	**2,624**	**40%**
+/– Non-cash changes[1]	(721)	(127)	n.m.
Cash outflow from investments in intangible assets and property, plant and equipment	**2,943**	**2,497**	**18%**
+ Cash outflow from investments, loans and other financial assets	736	382	93%
Investments as shown in the cash flow statement	**3,679**	**2,879**	**28%**

[1] Non-cash changes mainly impacted by new leases for the construction of the new propane dehydrogenation plant in Belgium by Borealis

[1] Includes expenditures for acquisitions as well as equity-accounted investments and other interests; adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions that by definition are not considered capital expenditure

Notes to the cash flow statement

Summarized cash flow statement

In EUR mn

	2022	2021	Δ
Cash flow from operating activities excluding net working capital effects	9,843	8,897	11%
Cash flow from operating activities	7,758	7,017	11%
Cash flow from investing activities	(1,966)	(1,820)	(8)%
Free cash flow	5,792	5,196	11%
Cash flow from financing activities	(2,660)	(2,977)	11%
Effect of exchange rate changes on cash and cash equivalents	(72)	(25)	n.m.
Net (decrease)/increase in cash and cash equivalents	3,060	2,195	39%
Cash and cash equivalents at beginning of period	5,064	2,869	77%
Cash and cash equivalents at end of period	**8,124**	**5,064**	**60%**
thereof cash disclosed within assets held for sale	35	14	n.m.
Cash and cash equivalents presented in the consolidated statement of financial position	**8,090**	**5,050**	**60%**
Free cash flow after dividends	**4,333**	**4,199**	**3%**

Cash flow from operating activities amounted to EUR 7,758 mn, up by EUR 742 mn compared to 2021. This was primarily attributable to an improved market environment, however, partly offset by lower dividends received from Abu Dhabi Polymers Company Limited (Borouge).

Cash flow from investing activities showed an outflow of EUR (1,966) mn in 2022, compared to EUR (1,820) mn in 2021. Cash flow from investing activities in 2022 included inflows from the Initial Public Offering of Borouge PLC in the amount of EUR 745 mn, a partial loan repayment from Bayport Polymers LLC of EUR 602 mn, as well as the divestment of the retail network in Germany of EUR 432 mn. Moreover, cash flow from investing activities in 2022 contained outflows from the capital contribution to Borouge 4 LLC of EUR (408) mn as well as cash disposed of EUR (208) mn related to the loss of control of JSC GAZPROM YRGM Development. In 2021, cash flow from investing activities comprised cash inflows of EUR 443 mn related to the divestment of Gas Connect Austria, EUR 290 mn related to the sale of the stake in the Norwegian oil field Wisting, and EUR 94 mn related to the sale of the shares in Kom-Munai LLP and Tasbulat Oil Corporation LLP (Kazakhstan).

Cash flow from financing activities showed an outflow of EUR (2,660) mn compared to EUR (2,977) mn in 2021. Significantly higher dividend payments were made in 2022, however, this was more than offset by higher repayments of bonds in the previous year.

Notes to the income statement

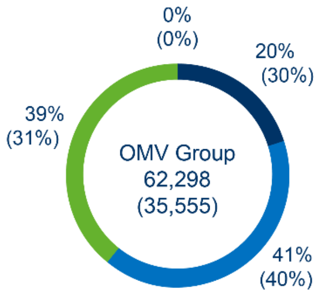
Summarized income statement

In EUR mn (unless otherwise stated)

	2022	2021	Δ
Sales revenues	62,298	35,555	75%
Other operating income and net income from equity-accounted investments	2,512	1,533	64%
Total revenues and other income	**64,811**	**37,087**	**75%**
Purchases (net of inventory variation)	(39,298)	(20,257)	94%
Production and operating expenses incl. production and similar taxes	(6,205)	(4,302)	44%
Depreciation, amortization, impairments and write-ups	(2,484)	(3,750)	(34)%
Selling, distribution and administrative expenses	(2,689)	(2,746)	(2)%
Exploration expenses	(250)	(280)	(11)%
Other operating expenses	(1,639)	(688)	n.m.
Operating Result	**12,246**	**5,065**	**n.m.**
Net financial result	**(1,481)**	**(194)**	**n.m.**
Profit before tax	**10,765**	**4,870**	**n.m.**
Taxes on income and profit	(5,590)	(2,066)	n.m.
Net income for the year	**5,175**	**2,804**	**85%**
thereof attributable to hybrid capital owners	71	94	(25)%
thereof attributable to non-controlling interests	1,470	617	n.m.
Net income attributable to stockholders of the parent	**3,634**	**2,093**	**74%**
Effective tax rate (%)	52	42	10

Sales to third parties 2022 (2021)

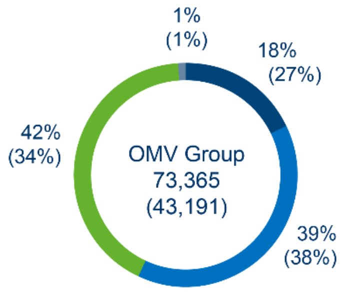
In EUR mn if not otherwise stated (prior year)



Chemicals & Materials	12,269	(10,509)
Refining & Marketing	25,816	(14,095)
Exploration & Production	24,197	(10,937)
Corporate & Other	17	(14)

Total not consolidated sales 2022 (2021)

In EUR mn if not otherwise stated (prior year)



Chemicals & Materials	13,450	(11,618)
Refining & Marketing	28,634	(16,547)
Exploration & Production	30,857	(14,650)
Corporate & Other	424	(376)

Sales revenues increased by 75% to EUR 62,298 mn mainly due to substantially higher market prices. For the sales split by geographical areas, please refer to the Notes to the Consolidated Financial Statements (Note 4 – Segment Reporting).

Other operating income increased from EUR 933 mn in 2021 to EUR 1,644 mn. 2022 was mainly impacted by EUR 409 mn gains from the sale of the filling station business in Germany, EUR 341 mn gains from the successful listing of Borouge PLC on ADX (the Abu Dhabi Securities Exchange), insurance income of around EUR 200 mn recognized with respect to the incident in the Schwechat refinery in June 2022 and higher operating foreign exchange gains. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 6 – Other operating income and net income from equity-accounted investments).

Net income from equity-accounted investments increased from EUR 600 mn in 2021 to EUR 869 mn in 2022 mainly due to the positive contribution of Abu

Dhabi Oil Refining, partially offset by a lower result from Borouge investments, mostly as a result of lower polyethylene and polypropylene prices.

Net expenses related to **depreciation, amortization, impairments and write-ups** decreased compared to 2021. This was mainly due to the fact that 2021 was burdened by impairments booked related to the at-equity accounted investment ADNOC Refining CGU and the nitrogen business unit of Borealis. 2022 contained mainly a write-up of EUR 266 mn of the nitrogen business unit of Borealis based on the new offer from AGROFERT, a.s. and a net impairment amounting to EUR 117 mn based on the impairment testing in the Exploration & Production portfolio triggered by updated commodity price assumptions. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 7 – Depreciation, amortization, impairments and write-ups).

Other operating expenses increased from EUR 688 mn in 2021 to EUR 1,639 mn in 2022 mainly due to deconsolidation of investments in Russia and remeasurement of the asset from reserves redetermination rights with respect to the acquisition of interests in the Yuzhno-Russkoye field. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 2 – Accounting policies, judgements and estimates, section "Impact of Russia's invasion of Ukraine and related significant estimates and assumptions").

Net financial result decreased from (194) mn in 2021 to (1,481) mn in 2022. This development was mainly related to the impairment of the Nord Stream 2 loan in the amount of EUR (1,004) mn and the fair value adjustment of investments in Russia in the amount of EUR (370) mn. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 2 – Accounting policies, judgements and estimates, section "Impact of Russia's invasion of Ukraine and related significant estimates and assumptions," and Note 18 – Financial assets). These effects were partly offset by the improved foreign exchange result and the increased net interest result attributable mostly to higher interest income on cash deposits.

The **effective tax rate** increased from 42% in 2021 to 52% in 2022. The 2022 effective tax rate was mostly affected by a positive contribution from countries with a high tax regime. For further details on the Group's effective tax rate, please refer to the Notes to the Consolidated Financial Statements (Note 12 – Taxes on income and profit).

Notes to the statement of financial position

Summarized statement of financial position

In EUR mn

	2022	2021	Δ
Assets			
Non-current assets	32,384	33,724	(4)%
Current assets	22,369	18,595	20%
Assets held for sale	1,676	1,479	13%
Equity and liabilities			
Equity	26,628	21,996	21%
Non-current liabilities	15,607	17,216	(9)%
Current liabilities	13,567	13,677	(1)%
Liabilities associated with assets held for sale	626	909	(31)%
Total assets/equity and liabilities	**56,429**	**53,798**	**5%**

Current assets:

Inventories increased from EUR 3,150 mn in 2021 to EUR 4,834 mn in 2022 mainly impacted by the filling of our natural gas storage facilities and increased natural gas prices as well as increased balances for finished petroleum products. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 17 – Inventories).

Cash and cash equivalents significantly increased from EUR 5,050 mn to EUR 8,090 mn. For more details, please refer to the Notes to the cash flow statement in the Director's Report chapter.

The above described increase was partly offset by lower **derivatives**, which decreased from EUR 3,737 mn to EUR 2,377 mn, mainly related to the gas business.

Non-current assets:

Intangible assets and property, plant and equipment were impacted by significant CAPEX spendings. However these effects were offset mainly by depreciation and impairment charges as well as the deconsolidation of JSC GAZPROM YRGM Development. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 2 – Accounting policies, judgements and estimates, section "Impact of Russia's invasion of Ukraine and related significant estimates and assumptions").

Equity-accounted investments increased by EUR 407 mn to EUR 7,294 mn impacted by EUR 408 mn capital contribution into Borouge 4 LLC, positive results especially from ADNOC Refining and Borouge investments, positive FX impacts as well as EUR 67 mn net write-up of the investment in ADNOC Refining CGU, partially offset by EUR 801 mn dividend distributions as well as EUR 430 mn disposal due to the successful listing of Borouge PLC. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 16 – Equity-accounted investments).

Financial assets included in 2021 drawdowns and the related accrued interests under the financing agreements for the Nord Stream 2 pipeline project, the total outstanding amount of which EUR 1 bn was fully impaired in 2022. Furthermore, in 2021 an acquired contractual position towards Gazprom with regard to the reserves redetermination in the amount of EUR 432 mn was included. The fair value of this position was reduced to zero in 2022, as OMV no longer expects it to be recoverable. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 2 – Accounting policies, judgements and estimates, section "Impact of Russia's invasion of Ukraine and related significant estimates and assumptions").

Net assets held for sale and liabilities associated with assets held for sale:

The increase in 2022 was mainly due to the reclassification of Rosier SA and the operating entities in Yemen to held for sale.

This effect was partly offset by the sale of the filling station business in Germany. For further details please refer to the Notes to the Consolidated Financial Statements (Note 20 – Assets and liabilities held for sale).

Current liabilities:

Bonds increase was mainly related to short-term reclassifications of EUR 1,250 mn, which was partly offset by a repayment in the amount of EUR 750 mn. For further details please refer to the Consolidated Financial Statements (Note 24 – Liabilities).

Income tax liabilities increase of EUR 1,147 mn related mainly to Norway and was due to significant increase in taxable income. Payment of the outstanding liability in Norway will be made in the first half of 2023.

Financial liabilities from derivatives decreased from EUR 3,607 mn to EUR 1,263 mn, mainly related to the gas business.

Non-current liabilities:

Bonds decrease was mainly related to short-term reclassifications of EUR 1,250 mn. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 24 – Liabilities).

Lease liabilities increased from EUR 887 mn to EUR 1,322 mn mainly due to the new obligation related to the propane dehydrogenation (PDH) plant of Borealis. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 15 – Property, plant and equipment).

Pensions & similar obligations decrease to EUR 997 mn (2021: EUR 1,299 mn) was mainly impacted by various reassessment effects. For further details please refer to the Consolidated Financial Statements (Note 23 – Provisions).

Other provisions decreased from EUR 643 mn to EUR 377 mn mainly due to the reassessment of provisions for onerous contracts. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 23 – Provisions).

Chemicals & Materials

In the Chemicals & Materials segment, OMV is one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers[1], and plastics recycling. The Company supplies services and products to customers around the globe through Borealis and its two joint ventures: Borouge (with ADNOC, based in the UAE and Singapore) and Baystar (with TotalEnergies, based in the United States).

At a glance

		2022	2021	Δ
Clean Operating Result	in EUR mn	1,457	2,224	(34)%
thereof Borealis excluding JVs	in EUR mn	967	1,437	(33)%
thereof Borealis JVs	in EUR mn	332	534	(38)%
Special items	in EUR mn	582	(396)	n.m.
Operating Result	in EUR mn	2,039	1,828	12%
Capital expenditure[1]	in EUR mn	1,896	835	127%
Ethylene indicator margin Europe	in EUR/t	560	468	20%
Propylene indicator margin Europe	in EUR/t	534	453	18%
Polyethylene indicator margin Europe	in EUR/t	390	582	(33)%
Polypropylene indicator margin Europe	in EUR/t	486	735	(34)%
Utilization rate steam crackers Europe		74%	90%	(16)
Polyolefin sales volumes	in mn t	5.66	5.93	(5)%
thereof polyethylene sales volumes excl. JVs	in mn t	1.69	1.82	(7)%
thereof polypropylene sales volumes excl. JVs	in mn t	1.84	2.13	(13)%
thereof polyethylene sales volumes JVs[2]	in mn t	1.25	1.25	(0)%
thereof polypropylene sales volumes JVs[2]	in mn t	0.88	0.74	19%

Note: Following the successful listing of 10% of the total issued share capital of Borouge PLC on June 3, 2022, Borealis now holds a 36% stake in Borouge PLC, thus lowering financial and operational contributions as of the date of listing.

[1] Capital expenditure including acquisitions, notably, 2022 included an equity injection to Borouge 4 of EUR 0.4 bn

[2] Pro-rata volumes of at-equity consolidated companies

Financial performance

The **clean Operating Result** declined in 2022 by 34% to EUR 1,457 mn (2021: EUR 2,224 mn). A substantially higher contribution from the nitrogen business and the positive impact from stronger olefin margins were more than offset by considerably weaker European polyolefin margins, significantly lower positive inventory valuation effects, lower sales volumes in Europe, and a reduced contribution from the Borealis JVs.

The contribution of OMV base chemicals decreased despite higher ethylene and propylene indicator margins, mainly as a result of the planned turnaround of the Burghausen steam cracker and the incident at the crude distillation unit at the Schwechat refinery on June 3, 2022. The **ethylene indicator margin Europe** grew by 20% to EUR 560/t (2021: EUR 468/t), while the **propylene indicator margin Europe** increased by 18% to EUR 534/t (2021: EUR 453/t). While the first half of the year was characterized by strong demand for olefins and supply shortages, the second half saw a sharp decline in demand, which was partially compensated for by lower operational rates of European crackers. Declining naphtha prices, after the peak in the first quarter, provided support to the olefins indicator margins in a very volatile market environment. Lower production due to the reduced utilization rate at the Schwechat and Burghausen steam crackers, higher costs of the feedstock mix, which also includes other intermediates besides naphtha, and growing utility prices weighed on the result.

The **utilization rate of the European steam crackers** operated by OMV and Borealis went down by 16 percentage points to 74% (2021: 90%). The utilization rate in 2022 came in lower as a result of the planned turnaround of the steam crackers in Burghausen and

[1] On June 2, 2022, Borealis received a binding offer from AGROFERT, a.s. for the acquisition of its nitrogen business including fertilizer, melamine and technical nitrogen products.

Stenungsund, but also as a result of the incident at the crude distillation unit at the Schwechat refinery on June 3, 2022.

The contribution of **Borealis excluding JVs** declined by EUR 470 mn to EUR 967 mn (2021: EUR 1,437 mn). This was primarily due to substantially lower polyolefin indicator margins and significantly lower positive inventory valuation effects, while the outstanding performance of the nitrogen business and higher olefin indicator margins provided some support. The Borealis base chemicals business experienced a decline despite improved olefin indicator margins, mainly caused by negative inventory valuation effects and the impact from the planned turnaround at the Stenungsund steam cracker. The polyolefin business saw a strong decline in polyolefin indicator margins and substantially lower positive inventory valuation effects. In 2021, polyolefin indicator margins experienced historic highs, driven by strong demand in the European markets coupled with a tight supply-demand balance, as a result of a heavy maintenance season and worldwide logistical constraints. The **polyethylene indicator margin Europe** decreased by 33% to EUR 390/t (2021: EUR 582/t) while the **polypropylene indicator margin Europe** came down by 34% to EUR 486/t (2021: EUR 735/t). In the first half of 2022, polyolefin indicator margins started to normalize from the highs of 2021, at a slow pace to start, but deteriorated substantially in the second half of the year on the back of a slump in demand induced by the global economic slowdown and inflationary pressure on customers. In addition, increased availability of imported volumes into Europe put pressure on the margins. While the realized margins for standard products saw a substantial negative impact due to the emerging demand weakness and higher utility costs, margins for specialty products experienced slight improvements. Higher feedstock discounts and stronger prices, above market indicators, for certain product categories provided some relief. **Polyethylene sales volumes** went down by 7%, while **polypropylene sales volumes** decreased by 13% compared to 2021. The decrease in sales volumes stemmed mainly from the consumer products and infrastructure industries, while the mobility industry experienced a slight increase. The contribution from the nitrogen business saw a substantial increase compared to 2021. Fertilizer margins were substantially higher compared to 2021, as a tight supply situation more than offset the increased natural gas prices. The reclassification as asset held for sale also impacted the result positively.

The contribution of **Borealis JVs** declined by EUR 202 mn to EUR 332 mn (2021: EUR 534 mn), mainly due to lower contributions from Borouge and from Baystar. The favorable impact of a stronger USD managed to partially compensate for these effects. **Polyethylene sales volumes from the JVs** remained at the previous year's level, while **polypropylene sales volumes from the JVs** increased by 19%. In 2022, Borouge sales volumes benefited in particular from the ramp-up of the new polypropylene unit (PP5). A one-time effect from pension provisions negatively impacted the result in 2022 at Borouge, and the successful listing of 10% of Borouge's total issued share capital on June 3, 2022, lowered financial and operational contributions in comparison to 2021. The pricing environment in Asia weakened compared to 2021, as new polyolefin production capacities came online and consumer demand was dampened by COVID-19 lockdowns. Compared to 2021, Baystar experienced a softer market environment and was impacted by the full depreciation charge after the start-up of the ethane cracker and increased interest expenses, while the new unit experienced only a slow ramp-up in light of operational challenges.

Net **special items** amounted to EUR 582 mn (2021: EUR (396) mn) and were mainly related to the successful listing of a 10% share in Borouge, which led to a gain from disposal of around EUR 0.3 bn. In addition, the binding offer received from AGROFERT for Borealis' nitrogen business triggered a write-up of around EUR 0.3 bn. The **Operating Result** of Chemicals & Materials came in at EUR 2,039 mn, compared to EUR 1,828 mn in 2021.

Capital expenditure in Chemicals & Materials amounted to EUR 1,896 mn (2021: EUR 835 mn). The increase was driven by an equity injection to Borouge 4 of around EUR 0.4 bn in 2022 and growth in organic capital expenditure. In 2022, besides ordinary running business investments, organic capital expenditure was predominantly related to investments by Borealis in the construction of the new propane dehydrogenation plant in Belgium, which included non-cash effective CAPEX related to leases in the amount of around EUR 0.5 bn, the construction of the ReOil® demo plant in Austria, and the turnaround at the Burghausen refinery.

Business overview

In the Chemicals & Materials segment, OMV is one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers[1], and plastics recycling. The Company supplies services and products to customers around the globe through OMV and Borealis and its two joint ventures: Borouge (with ADNOC, based in the UAE and Singapore) and Baystar (with TotalEnergies, based in the United States).

The segment comprises the production of base chemicals integrated with OMV operated refineries in Austria and Germany, the Borealis business of base chemicals, polyolefins, and fertilizers, and the joint ventures Borouge and Baystar. With a strong European footprint through Borealis and its two joint ventures, Borouge and Baystar, the Group is active in over 120 countries.

Base chemicals

Base chemicals are building blocks for the chemical industry and are transformed into plastics, packaging, clothing, and many other consumer products.

While the refinery-integrated, OMV-operated steam crackers in Schwechat and Burghausen mainly use naphtha as a feedstock, the steam crackers operated by Borealis in Stenungsund and Porvoo feature high feedstock flexibility using naphtha, ethane, propane, butane, or any LPG mix as feedstock. In Kallo, Borealis runs a propane dehydrogenation unit based on 100% propane feedstock.

The OMV Group produces base chemicals such as olefins (ethylene, propylene, butadiene, and high-purity isobutene) and aromatics (benzene and phenol).

- Ethylene and propylene are important chemical building blocks for producing polyolefins (polyethylene and polypropylene), for example, which are in turn used to manufacture a wide variety of consumer and industrial products.
- Aromatics such as benzene are used as starting materials for heat insulating materials and consumer products, including clothing, pharmaceuticals, cosmetics, computers, and sports equipment.
- C4s (e.g., butadiene and butene) are used in a variety of applications, with butadiene primarily used in manufacturing synthetic rubber, making it a fundamental material for the tire and automotive industries. Butenes are used in specialty chemicals, such as oxo-alcohols for plasticizers and polyols for coatings and synthetic lubricants.
- High-purity isobutene is a feedstock for key chemical products like adhesives, lubricants, and vitamins.
- Phenol and acetone are sold mainly to the polycarbonate and epoxy resin industries. Phenol is also used in phenolic resins and in caprolactam. Acetone is also an ingredient in solvents and MMA for PMMA (plexiglass).

The year 2022, was a challenging year with a very volatile market, which was caused by several main factors: the Russian invasion of Ukraine, high energy costs, high inflation, and decreasing demand across the year.

In comparison to 2021, the ethylene and propylene indicator margins were higher in 2022, driven by low feedstock prices, except for the peak in Q1/22, and high monomer contract prices. In Q1/22, even though the olefin market was tight, margins were negatively impacted by the war in Ukraine. Starting from April 2022, naphtha availability in Europe increased due to lighter refinery feedstock and lower demand from China. Together with a healthy demand in the spring turnaround season this led to historically high margins in Q2/22. After July, both the ethylene and propylene markets became extremely long. All crackers in Europe reduced throughput based on weak demand and high energy prices. Low Rhine water levels caused logistical constraints on the derivative market throughout the summer months. As the market was struggling with these constraints, thanks to declining naphtha prices, the healthy indicator margin could be kept throughout Q3/22. However, demand did not improve from the summer lull into fall, the dramatic collapse in demand continued until the end of the year. The cracker rates in Europe reduced to global minimum levels of 60% to 65% in Q4/22 due to extremely weak demand.

The propane dehydrogenation (PDH) margin remained on a healthy level in the first half of 2022 on the back of a decent propane spread versus naphtha. Margins dropped severely in the third quarter, driven by lowering demand and a strengthening propane price versus naphtha due to higher propane demand, mainly in Asia. Margins improved again in the last quarter of the year driven by lowering propane demand due to lockdowns in China and a mild winter in Europe.

[1] On June 2, 2022, Borealis received a binding offer from AGROFERT, a.s. for the acquisition of its nitrogen business including fertilizer, melamine and technical nitrogen products.

Butadiene demand was healthy in Q1/22, but with increasing naphtha prices, the indicator margins were at the lowest level of the year. Starting from May, supply was low due to reduced cracker rates on a long olefin market, however, the market was still balanced as the demand was low. The skyrocketing natural gas prices in Europe put its chemical industry under great strain, with high energy prices, a significant driver of inflation, and economic weakness lowering demand. Most producers had to add energy surcharges to their prices. The highest butadiene price and indicator margin of the year was achieved in August.

Following the ISCC PLUS-certification at the Burghausen refinery in March 2022, OMV successfully sold its first ISCC PLUS certified benzene volumes this year. The benzene crack hit an all-time high in July at around EUR 900/t, however, the crack significantly weakened later in the year and reached around zero by year end due to volatile market conditions. Uncertainty in economics, logistical constraints and skyrocketing gas prices affected production costs and demand heavily.

Polyolefins

Through its subsidiary Borealis, OMV is the second-largest polyolefin producer in Europe and among the top ten producers globally. Borealis operates seven polyolefin plants located in Schwechat, Stenungsund, Porvoo, and Burghausen, where they are integrated with steam crackers, as well as in Beringen and Kallo, where they are integrated with the existing PDH facility, and in Antwerp. In addition, Borealis operates several compounding plants in Europe, the United States, South Korea, and Brazil.

The value-add polyolefin products manufactured by Borealis are the foundation of many valuable plastics applications that are an intrinsic part of modern life. Advanced Borealis polyolefins have a role to play in saving energy along the value chain and promoting more efficient use of natural resources. Borealis works closely with its customers and industry partners to provide innovative plastics solutions that create value in a variety of industries and segments. These solutions make end products safer, lighter, more affordable, and easier to recycle. In short: They enable more sustainable living. Borealis offers advanced polyolefins for virgin and circular economy solutions, servicing the following key industries: consumer products, energy, healthcare, infrastructure, and mobility.

Following the historically high levels reached in 2021, polyolefin margins slowly normalized in the first half of 2022, supported by a busy spring turnaround season, particularly in the second quarter. As of the third quarter, margins deteriorated due to plummeting demand resulting from the global GDP slowdown, and inflationary pressure on customers. In the meantime, the robust recovery of the international container freight market, which in December 2022 had approached pre-COVID-19 levels, allowed imports to surge. Toward the end of the year, polyolefin margins recovered slightly thanks to low operating rates.

Renewables and circular chemicals

Plastics continue to play a vital role in the economy and in our business, making our lives more efficient, convenient, and safe. Yet, when insufficient effort is made to recover and reuse plastics, most of them end up in landfill or incineration. The vision of a circular economy where we optimize resource efficiency and reuse, recycle and re-purpose endlessly is both a business imperative and an opportunity. Demand for recycled plastics is growing due to increasing public awareness of the importance of using resources sustainably to ensure a climate-neutral future.

The circular economy opens up new ways to reinvent the economy in the interest of preserving natural capital and minimizing waste. OMV and Borealis are pursuing various initiatives in mechanical and chemical recycling, Design for Recycling (DfR), and circular polyolefins that are manufactured with second-generation renewable feedstock. While mechanical recycling has proven to be effective and will likely remain the eco-efficient method of choice for the foreseeable future, chemical recycling will play an increasingly important role to complement it for hard-to-recycle materials.

In June, Borealis launched the Borvida™ portfolio of circular base chemicals: Borvida™ B is produced using non-food waste biomass, while Borvida™ C is made of chemically recycled waste. The traceability of these ISCC PLUS-certified products – which include ethylene, propylene, butene, and phenol – is ensured thanks to the mass balance method of documenting and tracking renewable-based content across complex manufacturing systems. The Borvida™ portfolio will be extended in due course with the Borvida™ A range sourced from atmospheric carbon capture.

In October 2022, planning started for the construction of a novel and advanced commercial-scale mechanical recycling plant in Schwechat (Austria) to augment the three existing polyolefin recycling operations currently operated by Borealis in Europe. The plant will be based on the proprietary Borcycle™ M technology, which transforms polyolefins-based post-consumer waste into high-performance polymers. Once operational in 2025, the new plant will have an annual production capacity in excess of 60,000 t. These large volumes will ensure the ample supply of high-quality recyclate so as to fulfill growing demand for circular products and solutions.

Since 2021, Borealis has procured pyrolysis oil for the chemical recycling process from Belgium-based Renasci with which it manufactures Borcycle™ C circular polyolefins and base chemicals at several of its own production locations. Since then, Borealis has gradually increased the stake it holds in Renasci: from 10% in 2021 to just over 27% in November 2022, and as of January 2023 to a current majority shareholding position of 50.01%.

OMV is currently constructing a demo plant based on its proprietary ReOil® technology to scale up its chemical recycling capacities. The plant has a capacity of 16,000 t p.a. and is scheduled to start up in 2023. The feedstock will consist mainly of polyolefins and will be sourced in Austria in close cooperation with local waste management companies. Examples of such plastic waste include food packaging, plastic cups, lids from takeout coffee, and confectionery packaging. OMV's next step toward an industrial-scale plant with a processing capacity of up to 200,000 t/year is planned for 2026.

Fertilizers, melamine, and technical nitrogen products

Through its subsidiary Borealis, OMV is a leading European manufacturer and distributor of fertilizers, technical nitrogen products, and melamine: The Company is Europe's third-largest nitrogen fertilizer manufacturer and the world's third-largest melamine producer by production capacity utilized.

In 2020, the OMV Group announced that it had started the divestment process for the nitrogen business unit, which includes fertilizers, technical nitrogen, and melamine. A binding offer received from EuroChem in February 2022 was declined in March after assessing the consequences of the war in Ukraine and related sanctions. In June 2022, Borealis received a binding offer from Czech-based AGROFERT that valued the business on an enterprise value basis at EUR 810 mn. Pending regulatory approval, closing is anticipated for the first quarter of 2023. The sale of the Company's share in Rosier, which operates the production sites in the Netherlands and Belgium, to Yilfert Holding was completed on January 2, 2023.

Joint ventures

Borouge (Borealis 36%, ADNOC 54%, free float 10%)

Established in 1998, Borouge is a true success story of the long-term partnership with ADNOC. The joint venture has successfully combined the leading-edge Borstar® technology with competitive feedstock and access to growing Asian markets. Through Borouge, the Group's footprint reaches all the way to the Middle East, the Asia-Pacific region, the Indian subcontinent, and Africa.

In June 2022, Borouge, became the largest-ever IPO in Abu Dhabi when it was listed on the Abu Dhabi Securities Exchange (ADX). The IPO offered 10% of Borouge's total issued share capital and raised over USD 2.0 bn in gross proceeds. It drew USD 83 bn in orders and was oversubscribed by nearly 42 times in aggregate.

Baystar (Borealis 50%, TotalEnergies 50%)

Baystar is a joint venture between TotalEnergies Petrochemicals & Refining USA, Inc. (TEPRI), a wholly owned subsidiary of TotalEnergies SE, and Novealis Holdings LLC (Novealis), a wholly owned subsidiary of Borealis AG.

TotalEnergies contributed its award-winning Bayport facilities to the JV and will be the operator of the cracker in Port Arthur. Borealis brings its proprietary Borstar® technology to North America for the first time along with the Bayport site for unique polyethylene grades for the most demanding applications.

Growth projects

Borouge

Borouge continued to drive growth in 2022. February saw the ground-breaking ceremony for Borouge 4, the new USD 6.2 bn facility under construction at the Borouge complex in Ruwais (UAE). Once operational, Borouge 4 will help meet growing demand for polymers in the Middle East and Asia, and will also supply feedstock to the adjacent TA'ZIZ Industrial Chemicals Zone. The successful start-up of PP5, the fifth Borouge polypropylene (PP) unit, also took place in February, boosting total Borouge PP capacity by more than 25%. The new PP5 unit is leveraging the proprietary Borstar® technology to deliver greater quantities of polymer-based material solutions for a wide range of industries, from packaging and consumer goods to pipe and infrastructure.

Baystar

The largest Borealis growth project underway in North America is the Baystar™ joint venture with TotalEnergies in Port Arthur, Texas. A new ethane-based steam cracker was started up in July 2022. With an annual production capacity of 1 mn t of ethylene, the cracker supplies feedstock to Baystar's existing polyethylene (PE) units. In the future, it will also supply ethylene to the new, 625,000 metric-ton-per-year Borstar® PE unit once construction and ramping up have been completed. Baystar is a crucial growth anchor as it enables Borealis to bring Borstar to North America for the first time.

Kallo

Progress was made in the first half of 2022 at the new world-scale propane dehydrogenation (PDH) plant in Kallo (Belgium). However, construction was stopped after misconduct on the part of the site's contractor, IREM, was uncovered. Borealis suspended, then terminated all contracts with IREM and its subcontractors due to non-compliance with fundamental contractual principles. Work resumed in October following a re-tendering process. Start-up of the new PDH plant is expected in the second half of 2024. Borealis has zero tolerance for non-compliance in all aspects of its operations and has since implemented more extensive controls and monitoring measures to ensure full future compliance.

Innovation and new technologies

OMV's ReOil® proprietary thermal cracking technology was developed to meet the European Commission's targets for the circular economy and to fulfill future packaging recycling quotas. The ReOil® plant at the Schwechat refinery, which has a capacity of 100 kg/h, has been recycling post-consumer and post-industrial plastics into synthetic crude oil using a pyrolysis process since 2018. This synthetic crude is then processed mainly into monomers and other hydrocarbons in the Schwechat refinery. The pilot plant has been running for a total of 18,000 hours since its commissioning, enabling improvements in the thermal cracking process and supporting the further scale-up of the ReOil® technology. OMV and Borealis are pursuing the clear ambition of becoming a leading player in chemical and mechanical recycling technologies. In November 2022, OMV has signed a Memorandum of Understanding with Wood, a global leader in consulting and engineering solutions in energy and materials markets, to enter into a mutually exclusive collaboration agreement for the commercial licensing of OMV's proprietary ReOil® technology.

At Borealis, innovation is fundamental for contributing to the circularity of polyolefins and creating a more sustainable way of life. It also helps the Group improve its competitiveness and enhance its efficiency and sustainability – and therefore has a direct impact on people, the planet, and profit. Borealis is investing in R&D and new technologies in order to accelerate Value Creation through Innovation, particularly in the circular sphere.

Around 500 people are active in R&D at the Borealis Group. This figure includes scientists and researchers at the Innovation Headquarters in Linz (Austria) and the two innovation centers in Stenungsund and Porvoo.

Borealis continues to be among the top-ranked companies in Austria with respect to patent filings. In 2022, Borealis filed 128 new priority patent applications at the European Patent Office. This is just short of its previous record of 133 patent applications filed in 2021. As of January 2023, the Borealis Group holds around 11,500 individual patents or patent applications which are subsumed in approximately 1,450 patent families. The growing number of patents is proof positive of the Group's dedication to Value Creation through Innovation.

The K 2022 trade fair held in Germany in October was the ideal stage for showcasing the many new products and material solutions generated through innovation and collaboration. Center stage was taken by the Borstar® Nextension technology, a step change for performance-based polyolefins. The unique combination of Borstar® technology and single-site Borstar® Nextension catalysts improves PP properties and produces a wider range of tailored polyolefins. Borstar® Nextension facilitates easier recycling because its use in multilayer applications allows for the replacement of multiple different materials with only one material; it thus encourages design for recycling by enabling monomaterial solutions. The single-site catalysts for this breakthrough technology are manufactured at a newly built Borealis plant in Porvoo (Finland). Two BorPure™ and a nonwoven grade based on Borstar® Nextension technology were also launched in October, each offering superior performance combined with circularity and material efficiency.

Grades from the Bornewables™ portfolio of premium circular polyolefins based on renewably sourced feedstocks are being used to develop an increasing number of novel applications, many of which are generated through value chain collaboration. To name just a few of the products made using grades from the Bornewables™ range and presented at the K 2022: the MAM Original Pure climate-neutral baby pacifier, a coffee-to-go cup in the Tupperware ECO+ product line, a reusable and fully recyclable lightweight plastic bottle co-developed by Borealis and Trexel, and a series of rigid food packaging applications based on Bornewables™ and Borcycle™ C co-developed by Borealis and ITC. In the Pipe sector, collaboration with Uponor resulted in the first PE-X pipes based on Bornewables™ feedstock, while co-operation with NUPI produced next-generation PP-RCT pipes based on Bornewables™.

Other circular highlights of 2022 include three fully recyclable, PE monomaterial pouch solutions; lightweight and ultra-lightweight reusable cups made of Borealis PP using the patented Bockatech EcoCore plastic foaming technology; a series of flexible packaging formats incorporating 50% PCR; and the world's first shoe made from carbon emissions, On's Cloudprime, containing high-performance, easy-to-process ethylene vinyl acetate foam supplied by Borealis. In June, the first Borcycle™ M jacketing compound containing up to 50% PCR was launched, thereby promoting enhanced circularity in the Wire & Cable sector. Finally, in the automotive sector, Borealis announced in October that collaboration with Tier One supplier Magna had produced the first and largest-ever all-thermoplastic tailgate for the new Volkswagen Multivan, a prime example of customer-centric innovation resulting in high-performance yet lighter-weight parts that help reduce the carbon footprint of vehicles.

Digitalization

Stepping up digitalization in Chemicals & Materials is one of the key drivers for transformation. Not only will it increase the Group's productivity and improve the customer experience, it will also support the achievement of sustainability goals. In particular, digital solutions for the circular economy of plastics will become more important for the success of the Group's carbon neutrality journey.

For that reason, Borealis decided in 2017 to implement a digital program and to create a state-of-the-art IT and digital organization, which led in 2018 to the creation of the Borealis Digital Studio in Brussels (Belgium). The Digital Studio is Borealis' creative and agile enabler for developing smart solutions for customers and employees. It consists of a diverse, cross-functional team of digital professionals, including designers, usability experts, business analysts, software developers and engineers. Its mission is to support the Group's businesses as they adapt to a rapidly changing environment and to keep Borealis sustainably profitable, by creating innovative digital solutions that have a positive impact on the Group, its people, and the environment. Adding value is key when creating digital solutions and end-users are always at the heart of the process, as the solutions are built both with and for them, following the agile methodology. Together with the Borealis IT organization, the Digital Studio explores innovation options with the business functions.

An innovative game-based interactive learning solution helps employees and contractors learn the Group's Life Saving Rules and Process Safety Rules in a very immersive way, allowing them to apply theory to practice without stopping production or risking injury. The training combines a 3D-modeled plant environment, an engaging story, and motivating gamification elements to simulate safety scenarios, enabling people to learn faster and retain knowledge better than traditional methods. In addition, Borealis has explored virtual reality technology to complement existing training methods and support the Group's journey to reach Goal Zero.

Borealis is employing artificial intelligence (AI) models to improve quality. A solution that uses image recognition to trace contamination has been rolled out to multiple locations across the Group. It gives customers peace of mind by ensuring they receive very clean polymer material, which is especially relevant for high-voltage insulation applications in the Energy business. In addition, Borealis' plastic recycling businesses are using AI to improve their intake quality and waste sorting, which in turn supports the Group with advancing the circular economy.

The online portal for polyolefins customers, MyBorealis, supports customer service representatives and sales managers in their daily interactions with customers. It puts easy order management at the customers' fingertips, along with a complete library of order, product, and complaint documentation. The application works around the clock, providing instant access to up-to-date information, with ordering fully integrated with supply chain and IT processes. A single global portal supports eight languages, allowing organizations in Europe, North America, and South America to use it. By the end of 2022, 20% of the order volume came in via the portal, up from 18% at the start of the year.

Borealis has developed a solution for recording and following up on the condition of equipment at its plants. The integrated digital tool allows the operator to access and enter real-time data in the field, using tablets compliant with ATEX, the two European Directives for controlling explosive atmospheres. Additionally, a failure prediction model using Borealis' cloud-based data and analytics platform has been rolled out on rotating equipment. The model allows live anomaly detection and will be adapted for other equipment types, contributing to higher reliability for the Group's production assets. Other initiatives to increase reliability include introducing autonomous robots with sensors for monitoring data points from equipment, using smart glasses to enable skilled experts to provide remote assistance in the field, and creating a Group-wide data platform containing 3D scans of critical spare parts. To better support Borealis' complex activities in plant turnarounds, a Management Tool for Turnaround and Projects has been rolled out, which fully integrates planning and progress reporting on work orders, as well as the Go4Zero tool, which supports safety follow-up for employees and contractors.

At the K 2022 trade fair, Borealis presented Neoni, a new carbon dioxide equivalent (CO_2e) emissions calculator that is currently under development. This digital tool is the first in the industry to offer CO_2e emissions data down to the grade level for polyolefins, providing more transparency to Borealis' customers so they can make informed decisions on which materials best meet their circularity goals. Neoni offers a partial carbon footprint of products from Life Cycle Assessments (LCAs), in the form of cradle-to-gate CO_2e emissions. This means the calculation includes all CO_2e emissions incurred up to the moment the grade leaves Borealis' facilities. The tool will soon offer customers the option to calculate additional CO_2e emissions incurred from Borealis to their own operations, further enhancing its usefulness. Neoni presents CO_2e emissions for a wide range of materials, from virgin, fossil feedstock-based solutions to renewable feedstock-based grades in the Bornewables™ portfolio of circular polyolefins, as well as those in the Borcycle™ portfolio of mechanically recycled polyolefins. The results from the tool will be accessible to customers on MyBorealis, the online platform for Borealis customers.

Refining & Marketing

OMV's Refining & Marketing business refines and markets fuels and natural gas. It operates three inland refineries in Europe and holds a strong market position in the areas where its refineries are located, serving a strong branded retail network and commercial customers. In the Middle East, it owns 15% of ADNOC Refining and ADNOC Global Trading.

At a glance

		2022	2021	Δ
Clean CCS Operating Result[1]	in EUR mn	2,415	945	155%
thereof ADNOC Refining & Trading	in EUR mn	350	(11)	n.m.
thereof Gas & Power Eastern Europe	in EUR mn	605	188	n.m.
Special items	in EUR mn	774	(924)	n.m.
CCS effects: inventory holding gains/(losses)[1]	in EUR mn	202	430	(53)%
Operating Result	in EUR mn	3,392	451	n.m.
Capital expenditure[2]	in EUR mn	821	633	30%
OMV refining indicator margin Europe based on Brent[3,4]	in USD/bbl	14.71	3.66	n.m.
Utilization rate refineries Europe		73%	88%	(15)
Fuels and other sales volumes Europe	in mn t	15.51	16.34	(5)%
thereof retail sales volumes	in mn t	6.16	6.40	(4)%

Note: As of 2022, the gas business was split into Gas Marketing Western Europe reported under Exploration & Production, and Gas & Power Eastern Europe reported under Refining & Marketing. Previously, the gas business was fully reflected in Refining & Marketing. For comparison only, 2021 figures are presented in the new structure.

[1] Adjusted for special items and CCS effects; further information can be found in Note 4 – Segment Reporting – of the Consolidated Financial Statements

[2] Capital expenditure including acquisitions

[3] As of Q2/22, the refining indicator margin reflects the change in the crude oil reference price from Urals to Brent at OMV Petrom. For comparison only, 2021 figures are presented based on the new calculation logic.

[4] Actual refining margins realized by OMV may vary from the OMV refining indicator margin due to factors including different crude oil slate, product yield, and operating conditions.

Financial performance

The **clean CCS Operating Result** increased significantly to EUR 2,415 mn (2021: EUR 945 mn). Exceptional refining indicator margins, a significantly better result in Gas & Power Eastern Europe, and a remarkable ADNOC Refining & ADNOC Global Trading result more than compensated for the negative production effects following the turnaround and incident at the Schwechat refinery, higher costs driven by turnaround activities, and a lower retail result.

The **OMV refining indicator margin Europe** went up sharply to USD 14.7/bbl (2021: USD 3.7/bbl). Higher cracks for diesel, gasoline, and jet fuel were only partially offset by rising fuel and losses due to the further Brent price increase, and lower heavy fuel oil cracks. In 2022, the **utilization rate of the European refineries** decreased by 15 percentage points to 73% (2021: 88%), mainly caused by the turnaround and the incident at the Schwechat refinery, as well as the turnaround at the Burghausen refinery in the second and third quarters of 2022. At 15.5 mn t, **fuels and other sales volumes in Europe** decreased slightly by 5%, mainly as a consequence of lower supply availability in Schwechat and the divestment of the German retail business, partly offset by higher jet fuel sales volumes. The result of the commercial business declined slightly, mainly due to the price cap regulations in several countries, especially in Hungary and Slovenia. This was partially offset by increased demand for jet fuel driven by the easing of travel restrictions. The contribution from the retail business to the result decreased significantly, mainly driven by the divestment of the German retail network in May 2022, higher utilities costs, lower fuel unit margins following the price caps in several countries, and higher fixed costs driven by inflation. This was partially offset by better performance in the non-fuel business and cost-cutting efficiency measures.

In 2022, the contribution of **ADNOC Refining & ADNOC Global Trading** to the clean CCS Operating Result grew substantially to EUR 350 mn (2021: EUR (11) mn), mainly as a result of higher refining margins, and robust operational performance at ADNOC Refining. In addition, ADNOC Global Trading provided strong support to the result compared to the same period of the previous year.

The contribution of the **Gas & Power Eastern Europe** business to the result more than tripled to EUR 605 mn (2021: EUR 188 mn), mainly due to the positive impact of increasing gas selling prices, high gas margins on gas transactions outside Romania, and better power results due to higher margins following higher power selling prices. This was partially offset by Petrom Gas & Power being significantly regulated through extended scope of capped prices and of overtaxation, for both gas and power.

Net **special items** amounted to EUR 774 mn (2021: EUR (924) mn) and were primarily related to the sale of the German filling stations in May 2022 and commodity derivatives. In 2021, special items were mainly related to an impairment in ADNOC Refining in the amount of EUR (669) mn. **CCS effects** of EUR 202 mn were recorded in 2022 as a consequence of increasing crude oil prices. The **Operating Result** of Refining & Marketing rose substantially to EUR 3,392 mn (2021: EUR 451 mn).

Capital expenditure in Refining & Marketing amounted to EUR 821 mn (2021: EUR 633 mn). Organic capital expenditure in 2022 was predominantly related to the European refineries and the retail network. The increase in capital expenditure in 2022 was mainly due to turnaround activities, repair works at the Schwechat refinery, and investments in the co-processing unit at Schwechat.

Business overview

The Refining & Marketing business segment refines crude oil and other feedstocks, and markets fuels as well as natural gas and power. Its activities include Refining, Supply and Trading, Commercial, Retail, and Gas & Power Eastern Europe. OMV owns a total refining capacity of around 500 kbbl/d, with three wholly owned refineries in Europe and a 15% share in ADNOC Refining and ADNOC Global Trading. In Europe, refining activities are highly integrated with marketing to serve a strong branded retail network and a broad base of commercial customers. Total fuels and other sales volumes Europe amounted to 15.51 mn t in 2022. The strongly branded retail network comprising 1,803 filling stations accounts for around 40% of the sales volumes, while commercial customers are mainly from industrial transportation and construction sectors and account for the remaining sales volumes. In the Gas & Power Eastern Europe business, OMV Petrom operates a gas-fired power plant in Romania and is engaged in gas and power sales.

Refining including product supply and sales

Throughout 2022, we saw exceptional refining margin strength. A boom in benchmark refining margins took hold from the end of the first quarter, when middle distillate tightness really started to become apparent. The Russian invasion of Ukraine, which was followed by a raft of "self-sanctioning" measures by western firms in the trade of Russian oil, contributed significantly to this tight picture. Resurgent demand in the first half of the year also exposed significant tightness in the global refining system's ability to supply additional distillate volumes.

This distillate tightness was consistently the driver of refining economics over the course of the year. With Russia's established role as a key supplier of distillate molecules into the European market severely curtailed, the value of distillate molecules in Europe surged. This peak was sustained throughout the second quarter, with ultra-low sulfur diesel in Rotterdam averaging a premium of close to USD 50/bbl to Dated Brent over the quarter. Jet quotations tracked a similar high-premium path. The refining system's struggle to meet demand was also evident in the rate at which inventories were drawn down in high-visibility hubs over the first half of the year. A significant degree of tightness in the production capacity of core refined products can in part be attributed to a raft of capacity losses since the high water mark for demand in 2019.

Late in the second quarter turned out to be the high point for benchmark margins, as refinery supply increasingly caught up with demand as the year progressed. As product supply increased in response to the unprecedented rally in middle distillate and gasoline cracks over the second quarter, headwinds in naphtha and heavy products became increasingly apparent. Naphtha cracks versus Brent in Europe lost more and more ground over the first half of 2022, averaging a discount of more than USD 35/bbl versus Dated Brent in June and posting only a moderate recovery over the second half of 2022. Demand for naphtha remained weak as petrochemical margins remained under significant pressure. Fuel oil cracks similarly failed to post any appreciable recovery from the declines seen over the first part of the year. High-sulfur fuel oil in Rotterdam came off its mid-year lows when it was trading at a discount of more than USD 40/bbl versus Dated Brent, but remains heavily discounted.

The extreme divergence of product cracks throughout 2022 reflects the forced rearrangement of interregional crude and product flows as Russia, a major supplier of both, was shut out of many importing markets. At the same time, European in particular and to some extent Asian gross margins had to reflect the much higher cost of refinery production (i.e., energy and refinery fuel) throughout 2022, which is itself a function of the changes in the European natural gas market on the back of geopolitical upheaval. In sum, the cost of supplying the marginal diesel barrel to the market in 2022 was significantly higher than in 2021.

OMV's European refineries achieved a utilization rate of 73% in 2022, which was influenced strongly by the planned turnaround activities in the Schwechat and Burghausen refineries, and the incident at the crude oil distillation unit in Schwechat. During the legally required water pressure test as part of the final work on the OMV Schwechat refinery's turnaround, significant damage occurred to the crude oil distillation unit on June 3, following a mechanical incident. After repair work completed in record time, and without a single incident, the crude oil distillation unit resumed full operations on October 7, 2022.

Despite the challenging environment caused by the unstable geopolitical situation and the incident at the Schwechat refinery, commercial sales delivered ahead of expectations in many areas. The Operating Result was mainly driven by well-executed price management, even with lower volume availability. To closely reflect the market developments and market outlook, OMV's commercial products and services are being expanded, including the launch of several new, more sustainable products. Sustainable Aviation Fuel (SAF), for example, contributes to a reduction of CO_2 emissions of more than 80% as a result of processing regionally sourced used cooking oil. Starting with the production of around 2 kt of Sustainable Aviation Fuel in 2022, OMV plans to scale production up and to market 700 kt per year by 2030. In terms of sales, OMV is already delivering SAF to Austrian Airlines at Vienna Airport. In addition, MoU agreements with Lufthansa, Ryanair and Wizz Air were signed in 2022, for the supply of up to 1,145 kt SAF in the period 2023–2030.

ADNOC Refining & Trading

Alongside majority shareholder ADNOC (65%) and Eni (20%), OMV is a strategic partner in ADNOC Refining after acquiring 15% of the company's shares at the end of July 2019. In 2022, ADNOC Refining operated its major refinery in Ruwais, which is the world's fourth largest refining complex with integrated petrochemicals.

In comparison to 2021, in 2022 the ADNOC Refining business benefitted from a higher margin environment and improved operational performance. With the same ownership structure as ADNOC Refining, ADNOC Global Trading (AGT) trades the majority of ADNOC Refining's export volumes of products and supplies non-domestic crudes, condensates, and other liquids for processing.

AGT extends the successful Refining & Marketing business model into key geographic regions and to strategic partners. By continuously optimizing trade flows, it allows ADNOC Refining to access competitive non-domestic feedstock sources and implement best practices such as risk management.

During 2022, AGT performance was strong, continuing to pursue its business ambition and substantially growing its third-party trading.

Refining capacities 2022

In kbbl/d

Schwechat (Austria)	204
Burghausen (Germany)	79
Petrobrazi (Romania)	86
ADNOC Refining (United Arab Emirates)[1]	138
Total	**507**

[1] Equivalent to OMV's 15% share in ADNOC Refining

Retail

Despite a challenging environment due to both the war in Ukraine and the shortage in supply, mostly as a result of the crude oil distillation unit incident at the Schwechat refinery, the retail business achieved a remarkable result in 2022 and proved again to be a stable outlet for refinery products and a strong cash generator.

Total sales partially recovered to 6.1 mn t, equivalent to approximately 7.6 bn l, strongly supported by an ongoing growing cards business. At the end of the year, the network comprised 1,803 filling stations (2021: 2,088). OMV especially benefitted from its proven multi-brand strategy in this challenging price environment. The OMV brand is positioned as a premium brand, with VIVA representing a strong shop, gastronomy, and service offering, while the unmanned Avanti brand in Austria and the Petrom brand in Romania serve price-sensitive customer groups. Sales of OMV's premium-brand fuels MaxxMotion have been under pressure due to the overall consumer price environment, but still contributed to the overall Retail result as a high margin product. The non-fuel business, including VIVA convenience stores and car washes, continued to grow and outperformed 2021. In Austria and Slovakia, a new third-party store partnership with REWE has been successfully introduced. In multiple countries, the loyalty system has been successfully upgraded by utilizing state-of-the-art digital solutions.

The OMV network partners with third parties to provide EV-charging facilities at more than 150 sites, and has introduced the first OMV owned and operated EV chargers in Austria. Further investments in OMV's own EV-charging infrastructure will be one of the strategic key pillars within the Retail business. Approximately 380 sites are equipped with photovoltaic installations, underlining OMV's focus on sustainability and resilience.

Following a clear strategy of active portfolio management, OMV has decided to divest certain parts of its retail network. Closing of the divestment of the OMV network in Germany (285 filling stations) to the EG Group took place in April 2022. The announced divestment of OMV Slovenia (118 filling stations) to the MOL Group is dependent on the Merger Clearance process carried out by EU authorities. Furthermore, a divestment agreement was signed for Avanti Germany comprising the sale of 17 unmanned filling stations to PKN Orlen in December 2022.

Gas & Power Eastern Europe

In 2022, the European gas market was characterized by unprecedented high gas prices and significant volatility. This situation is expected to continue.

Similarly, in Romania, both gas and power markets faced unseen volatility and unpredictability levels with high prices and a drop in demand. A series of regulatory interventions and market constraints significantly impacted operations and results, and will continue to do so in the future.

In Romania, OMV Petrom's gas and power activities once again delivered a record high Operating Result, reflecting outstanding business performance built on the profitable optimization of product, market, and customer portfolios. Natural gas sales volumes to third parties reached 35.8 TWh in 2022 compared to 38.4 TWh in 2021, a very strong performance given the market environment. As the overall market demand was significantly down, OMV Petrom's gas volumes covered an increasing share of the overall consumption. OMV Petrom managed to source high gas volumes from third parties, thus successfully covering its sales channels. In addition, activities in the neighboring markets, both for gas and power, have been expanded, laying a strong foundation for further extension of our regional footprint. Gas transactions executed outside Romania, diversifying the supply portfolio with LNG, and the enlarged customer portfolio (including small businesses and even residential customers) were successfully managed, improving the results.

OMV Petrom's net electrical output increased to 5.01 TWh, +5% compared to 2021, and a record high level of production since the start of operations. The Brazi power plant covered around 9% of the national power generation mix, reaching a record high contribution to the security of the national power system. The Brazi power plant celebrated in August 2022, ten years since its commissioning, having generated over 34 TWh of electricity during this period. Looking forward, the Brazi power plant remains a pillar of the Romanian power market, natural gas being a good fit for renewable energy.

Nord Stream 2

OMV is a financial investor in the Nord Stream 2 pipeline project along with four other European companies. In 2022, OMV decided to impair the entire outstanding loans and accrued interest (approximately EUR 1 bn). For further details, please refer to Note 2 – Accounting policies, judgements and estimates, section 'Impact of Russia's invasion of Ukraine and related significant estimates and assumptions'.

Innovation and new technologies

OMV actively explores alternative feedstocks, technologies, and fuels with the aim of developing a well-diversified, competitive future portfolio. Additional attention is given to the production of conventional and advanced biofuels, synthetic fuels, and green hydrogen as precursors for sustainable feedstock for chemicals.

OMV is in the execution phase of the Co-Processing project at the Schwechat refinery. This technology enables OMV to process biogenic feedstocks (e.g., domestic rapeseed oil) together with fossil-based materials in an existing refinery hydrotreating plant during the fuel refining process. This will reduce OMV's carbon footprint by up to 360,000 t by substituting fossil diesel. Operations are scheduled to begin in 2023. In 2022, OMV started pilot production of Sustainabile Aviation Fuel (SAF) from another co-processing route in Schwechat, and completed the first conversion runs of biogenic feedstock to ethylene in the refinery in Burghausen.

OMV secured a long-term contract with AustroCel Hallein to supply OMV with advanced bioethanol totalling up to 1.5 mn l per month starting in January 2021. This will reduce emissions by around 45,000 t of CO_2 per year.

OMV is assessing the potential production of advanced fuels made out of residue or waste streams. Unlike conventional biofuels, the use of advanced fuels is not capped. The principal sources of advanced fuels include biomass fraction from mixed municipal or industrial waste, straw, animal manure, or residues from forestry and wood processing, as well as waste streams. OMV is currently constructing a pilot plant for the conversion of advanced glycerine to propanol. Commissioning is expected in the second half of 2023. OMV also collaborates with technology providers, industry partners, and academic institutions to assess the production of advanced biofuels and chemicals.

While the above mentioned bio- and synthetic products will predominantly be sold as fuels initially due to a mandated market, they can also be used as chemical feedstock.

OMV and its partners are working on the UpHy project with the intention of producing green hydrogen for use in both the mobility sector and the refining process. OMV is building an electrolysis plant at the Schwechat refinery for this purpose, to be powered with renewable electricity in order to produce zero-carbon hydrogen. The green hydrogen will initially be used for fuel hydrogenation, including biofuels and Sustainable Aviation Fuels.

OMV, together with partners including BASF and thyssenkrupp Uhde, has initiated the consortium Methanol-to-SAF (M2SAF). The aim of the M2SAF project is to develop a novel process technology to facilitate the selective production of SAF that can be used as a drop-in fuel up to 100%. This production process should generate only minimal additional CO_2 emissions and should be easy to integrate into existing production plants. The starting point of the process is sustainably produced methanol from CO_2 and green hydrogen. As part of the overall concept of renewable fuels, the M2SAF development project is being funded to the tune of EUR 3.1 mn by the German Federal Ministry for Digital and Transport (BMDV). In addition to catalyst development, process development, plant integration, and the design of a demo plant, the project also includes techno-economic and environmental analysis, as well as related support for the certification and analysis of the new jet fuels.

Digitalization

Digitalization remains a significant part of optimizing our value and operational efficiency with activities in 2022 bringing EUR 26 mn benefit over the coming four years. Highlighted examples for 2022 include:

A digitalized predictive cleaning schedule for the heat exchangers in our crude distillation units in Austria and Romania resulted in both better energy efficiency and higher throughput. These data-driven optimizations generated savings of EUR 1.7 mn p.a. and contributed to our sustainability targets by saving approximately 37,000 t CO_2 p.a.

Our new digital Customer Engagement Platform saw the launch of our customer portal in 2022, which enables customers to enjoy the benefits of a modern collaboration platform with features such as instant information on placed orders or checking available credit lines.

The significant digital milestone for our retail business came with the launch of the OMV MyStation app, a mobile app that went live in 2022 in five countries. The app had already counted approximately 402,000 users by the end of 2022, and digitalized OMV's loyalty program, among other functions. To further improve the customer experience, future functionality will aim to also include options in the areas of sustainability and customer service. The loyalty club, enhanced by the app, contributed to an increase in our premium fuels share, which for a loyalty member is double that of a non-member (34% share of premium fuels for members).

Over the last two years, the Robotic Process Automation (RPA) has automated 107 routine processes and delivered benefits of over EUR 2.8 mn of year-on-year savings.

Exploration & Production

In the Exploration & Production business segment, OMV boosted value delivery and cash generation from the portfolio of oil and gas assets, while building up a dedicated Low Carbon Business unit in line with the ongoing energy transition and to support the OMV Group's transformation.

At a glance

		2022	2021	Δ
Clean Operating Result	in EUR mn	7,396	2,892	156%
thereof Gas Marketing Western Europe	in EUR mn	(300)	55	n.m.
Special items	in EUR mn	(460)	18	n.m.
Operating Result	in EUR mn	6,936	2,910	138%
Capital expenditure[1]	in EUR mn	1,443	1,194	21%
Exploration expenditure	in EUR mn	202	210	(4)%
Exploration expenses	in EUR mn	250	281	(11)%
Production cost	in USD/boe	8.20	6.67	23%
Total hydrocarbon production	in kboe/d	392	486	(19)%
Total hydrocarbon sales volumes	in kboe/d	379	462	(18)%
Proved reserves as of December 31	in mn boe	1,037	1,295	(20)%
Average Brent price	in USD/bbl	101.32	70.91	43%
Average realized crude oil price[2,3]	in USD/bbl	95.04	65.60	45%
Average realized natural gas price[2,4]	in EUR/MWh	53.78	16.49	n.m.

Note: As of 2022, the gas business was split into Gas Marketing Western Europe reported under Exploration & Production, and Gas & Power Eastern Europe reported under Refining & Marketing. Previously, the gas business was fully reflected in Refining & Marketing. For comparison only, 2021 figures are presented in the new structure.

[1] Capital expenditure including acquisitions

[2] Average realized prices include hedging effects.

[3] As of Q2/22, the transfer price at OMV Petrom between the E&P segment and the R&M segment is based on Brent instead of Urals. Previous figures have not been restated.

[4] The average realized gas price is converted to MWh using a standardized calorific value across the portfolio of 10.8 MWh for 1,000 cubic meters of natural gas.

Financial performance

The **clean Operating Result** rose sharply from EUR 2,892 mn to EUR 7,396 mn in 2022. Exceptionally strong market effects of EUR 5,280 mn as a consequence of substantially higher oil and gas prices were partially offset by negative operational effects of EUR (679) mn due to the missing contribution of Russia following the change in the consolidation method, and a substantially lower Gas Marketing Western Europe result. In addition, production decreased in Romania, Malaysia, and Libya, while production increased in the United Arab Emirates after a revision of OPEC+ restrictions. Sales volumes decreased to a slightly lesser extent compared to production as a consequence of the scheduling of liftings. Depreciation of EUR (97) mn weighed on results, mainly driven by higher production in the United Arab Emirates and Norway. Gas Marketing Western Europe lowered the result, mainly due to losses caused by the Russian supply curtailments and volatility, receivables impairments, and valuation adjustments. A change in the reporting logic for LNG activities had a partially positive offsetting effect.

Net **special items** amounted to EUR (460) mn in 2022 (2021: EUR 18 mn), which were mainly caused by the change in the consolidation method for Russian operations and the fair value adjustment to contractual position related to the reserve redetermination for the Yuzhno-Russkoye natural gas field. Valuation effects of commodity derivatives in Gas Marketing Western Europe and temporary hedging effects were partial offsets. The release of a provision in the LNG business also had a positive effect. The **Operating Result** reached EUR 6,936 mn (2021: EUR 2,910 mn).

Production cost excluding royalties increased to USD 8.2/boe in 2022 (2021: USD 6.7/boe), mainly driven by the change in the consolidation method of Russian operations as of March 1, 2022, and general price inflation.

The **total hydrocarbon production volume** decreased by 95 kboe/d to 392 kboe/d, caused above all by the change in the consolidation method of Russian operations as of March 1, 2022. Natural decline in Romania, planned maintenance in Malaysia, and force majeure in Libya following politically motivated closures were the most prominent additional adverse factors. Production increased in the United Arab Emirates after a revision of OPEC+ restrictions.

Total hydrocarbon sales volumes dropped by a lesser extent than production volumes, to 379 kboe/d (2021: 462 kboe/d). The deviation between production and sales volumes is explained by the scheduling of liftings.

In 2022, the **average Brent price** reached USD 101.3/bbl, a substantial growth of 43% compared to the previous year. The Group's **average realized crude price** improved by 45%, supported by a change in the transfer price calculation for Romanian crude oil production. The **average realized gas price** in EUR/MWh more than tripled to EUR 53.80/MWh.

Capital expenditure including capitalized E&A was raised to EUR 1,443 mn in 2022 (2021: EUR 1,194 mn), rebounding from the previous austerity-induced level. Organic capital expenditure was primarily directed at projects in Romania, New Zealand, and Norway. **Exploration expenditure** was EUR 202 mn in 2022, and was thus broadly on a similar level compared to 2021. It was mainly related to activities in Malaysia, Romania, and Norway.

Production

	2022				2021			
	Oil and NGL	**Natural gas[1]**		**Total**	Oil and NGL	Natural gas[1]		Total
	in mn bbl	in bcf	in mn boe	in mn boe	in mn bbl	in bcf	in mn boe	in mn boe
Romania[2]	20.9	122.0	22.6	43.5	22.4	129.9	24.0	46.4
Austria	3.3	19.7	3.3	6.6	3.6	20.6	3.4	7.0
Kazakhstan[2]	–	–	–	–	0.7	0.7	0.1	0.8
Norway	14.7	102.2	17.0	31.7	15.3	102.3	17.0	32.3
Libya	10.4	–	–	10.4	12.0	–	–	12.0
Tunisia	0.9	14.7	2.4	3.4	0.9	17.3	2.9	3.8
Yemen	0.6	–	–	0.6	1.1	–	–	1.1
Kurdistan Region of Iraq	1.0	15.8	2.6	3.6	1.0	15.6	2.6	3.6
United Arab Emirates	15.4	–	–	15.4	10.8	–	–	10.8
New Zealand	3.0	47.1	7.8	10.8	3.5	51.8	8.6	12.1
Malaysia[2]	0.6	60.0	10.0	10.6	1.7	64.5	10.8	12.4
Russia	–	37.7	6.3	6.3	–	210.6	35.1	35.1
Total	**70.8**	**419.2**	**72.1**	**143.0**	**72.9**	**613.2**	**104.6**	**177.5**

[1] To convert natural gas from cf to boe, the following conversion factor was applied in all countries: 1 boe = 6,000 cf. In Romania, the following factor was used: 1 boe = 5,400 cf.

[2] The figures above include 100% of all fully consolidated companies.

Portfolio developments

The year 2022 marked the highest financial results for E&P, with a record clean CCS Operating Result of EUR 7.4 bn, driven by high oil and gas prices. Despite the production and supply impact of the Russia-Ukraine conflict, E&P has formed strategy implementation teams to focus on key strategic initiatives and made progress with identifying options for optimizing its portfolio, as well as starting the development of its Low Carbon Business. Shortly after the Russia-Ukraine conflict started, OMV deconsolidated the participation in the Yuzhno-Russkoye natural gas field and ceased to consider Russia as a core region. Total average hydrocarbon production came in at 392 kboe/d for 2022, with a natural gas share of around 50%.

The key strategic focus of the E&P segment remains to increase the share of natural gas over that of crude oil and reduce carbon intensity across the portfolio. In 2022, E&P progressed well with its five major natural gas development projects: Neptun (Romania), Jerun (Malaysia), Berling (Norway), Ghasha (UAE), and Māui B (New Zealand).

In 2019, OMV New Zealand announced the intended divestment of its 69% interest in the Maari field to Jadestone Energy. After ongoing engagement with Jadestone Energy, a mutual decision has been made to no longer pursue the transaction. In Yemen, the sales contract for OMV's assets in the country were signed in December 2022. In Norway, the farm-out agreements for a 20% interest in the Oswig and Velocette licenses were signed on May 9, 2022, to Longboat Energy. On February 27, 2023, OMV announced that it started the sales process for the divestment of its E&P assets in the Asia-Pacific region: a 50% stake in SapuraOMV Upstream Sdn. Bhd. and 100% of the shares in OMV New Zealand Limited.

In Q1/22, E&P integrated the Gas Marketing Western Europe business from Refining & Marketing. In light of market developments, E&P set up a Gas Task Force assigned with the following duties: ensuring that storage facilities in Austria were filled to 100% before the gas winter season 2022/23, establishing new payment conditions with Gazprom Export while complying with European sanctions, and securing additional supply contracts and pipeline capacities, mitigating the risk for OMV.

Central and Eastern Europe

In Romania, 55 new wells and sidetracks were drilled and 647 workover jobs performed. Also, 700 subsurface abandonments were performed in 2022. OMV Petrom successfully and safely finalized the major planned maintenance works at both offshore and onshore facilities. One new well was particularly successful in 2022, as it was put into production in the same year with excellent results.

OMV Petrom continued to focus on the most profitable barrels and there are ongoing activities related to selective divestments.

In Austria, the second and final phase of the photovoltaic plant Schönkirchen was commissioned successfully in 2022. The plant now delivers total peak production of 15.32 MWp for a total power generation of around 15.84 GWh p.a. In 2022, OMV Austria placed significant emphasis on process safety topics. Hazard and operability studies were performed in seven facilities.

Middle East and Africa

In 2022, the Middle East and Africa region delivered strong production results despite a challenging security situation in Libya, Kurdistan, and Yemen. Operations were frequently disrupted and some projects delayed.

This strong production was due to an easing of the OPEC quota and several OMV-driven initiatives to improve the uptime and reliability of the offshore facilities in Umm Lulu and SARB in the UAE.

In Libya, in the first half of the year, the production from our non-operated assets was heavily constrained due to several force majeure events. This production deferment was induced by security shutdowns as a result of the political instability in the country. But as soon as production there came back on stream by mid-July, it remained stable until the end of the year.

In Yemen, production was stable for most of 2022 until political unrest started in Q4/22 and disrupted the shipping of crude oil for all oil and gas companies in the country.

In Tunisia, stable production at the Nawara natural gas field was maintained. The front-end compression system execution project started in 2022 and an infill drilling project will commence in 2023. Both projects aim at increasing the life span of field production at the Nawara asset.

North Sea

In Norway, several new production wells have come on stream.

On Gullfaks, nine wells were delivered. The Gudrun Phase 2 Improved Oil Recovery (IOR) project was completed. This project consists of one infill well, two water production wells, and two water injectors. Infill drilling on Edvard Grieg was completed during 2022 and all five wells from the Solveig field are now producing toward the Edvard Grieg platform.

The Hywind Tampen offshore wind project is now delivering renewable wind power to the Gullfaks field.

Berling (formerly known as Iris/Hades) progressed to FID followed by the submission of the Plan for Development and Operations (PDO) to the Norwegian Ministry in December 2022.

Asia-Pacific

The Jerun natural gas project in Malaysia is progressing according to plan. Detailed engineering is well on track, and the first deliveries of structural steel have arrived at the fabrication yard.

In New Zealand, OMV continued the redevelopment and optimization of the Māui and Pohokura natural gas assets.

Throughout this, the operations team have remained focused on keeping the gas flowing and prioritizing opportunities to further reduce site emissions.

In Pohokura, the infill well was hooked up to the Pohokura onshore facility, with the well producing as expected.

Workovers at Maari continued through to the end of 2022, and a strong focus on asset integrity and corrosion management has allowed for life span extension initiatives to be pursued with no major issues identified to date.

Key projects

Neptun (Romania, OMV 50%)
Starting in August 2022, OMV Petrom is now operator of the Neptun Deep offshore license block with new non-operating partner Romgaz. The Declaration of Commerciality (DoC) was successfully submitted to Romanian authorities in December 2022. The declaration of commercial discovery, while a significant milestone, represents an intermediate step in the process of making the final investment decision. Together with its new partner, OMV Petrom is planning FID in mid-2023.

Other major projects (Romania, OMV 100%)
The successful completion of an exploration well in July 2022 led to the discovery of large resources in the X Craiova Block. It is currently in experimental production. This discovery unlocks significant development opportunities, including the drilling of appraisal and development wells in the coming years.

The commissioning of a photovoltaic park in 2022 marked a first for OMV Petrom. As part of an energy efficiency program, we will use the power it generates for our own consumption within the Exploration & Production segment.

The Enhanced Oil Recovery (EOR) project consisting of the injection of viscous salt water started in May 2022 and has been producing initial results.

Umm Lulu and SARB (United Arab Emirates, OMV 20%)
Record production was achieved in the Umm Lulu and SARB fields in 2022. Throughout most of the year, only a minimal OPEC quota was applied, so that production in both fields was close to its full potential.

Development drilling continued during the year, using five rigs in total. Seven wells in SARB and 13 wells in Umm Lulu were drilled, while 22 new wells were brought on stream.

Ghasha concession (United Arab Emirates, OMV 5%)
The Ghasha concession is being developed as three projects in parallel, namely Hail & Ghasha, the Dalma project (containing several fields in the Dalma area), and the Deep Gas Development (also containing several fields). The Hail & Ghasha megaproject reached several milestones in 2022, with four out of the eleven artificial islands being completed.

In the Dalma project, activities on the onshore and offshore Engineering, Procurement, and Construction (EPC) packages are progressing, with first gas targeted by the middle of the decade.

Khor Mor (KRI, OMV 10%)
The Khor Mor field exceeded production expectations despite several insurgent attacks during the year. Due to the deteriorating security situation since June, construction work on the Khor Mor expansion project is currently on hold. The operator will evaluate the situation in the first half of 2023.

Gullfaks (Norway, OMV 19%)
In 2022, the Equinor-operated Gullfaks field delivered strong production volumes, mainly due to reduced natural gas injection. Norway's first floating wind farm Hywind Tampen started electricity production in November 2022. The wind farm is expected to meet about 35% of the field's electricity demand. By the end of 2022, seven out of eleven turbines had started production. The remaining four were assembled in late 2022 and will be installed onsite during 2023. Nine wells were part of the Gullfaks annual activity program in 2022.

Gudrun (Norway, OMV 24%)
The water injection project Gudrun Phase 2 has started on the Gudrun field in the North Sea. The Improved Oil Recovery (IOR) project will increase the oil recovery from the main reservoir on the field and extend production lifetime by two years, changing the drainage strategy from pressure depletion to pressure support by water injection.

Berling (Hades/Iris) (Norway, OMV 30%)
As the operator, OMV changed the name of the Hades/Iris field development project to Berling. The project is progressing toward FID followed by the submission of the PDO to the Norwegian Ministry in December 2022. Offers for rig charters are currently being reviewed. Production start-up is expected in 2028.

SK408 (Malaysia, OMV 40%)
In Malaysia, the phase 1 development of the SK408 license (the Gorek, Larak, and Bakong fields) continued to produce at a high level.

Phase 2 of the license, the Jerun project, is progressing well according to the construction plan. Fabrication of the jacket and topside is well underway and continues to progress as planned. Works continue on the installation of mechanical equipment, piping spools, and pulling electrical and instrument cables for topsides.

Māui A Crestal Infill (New Zealand, OMV 100%)
Two additional MACI wells following the successful drilling program earlier this year were started. Drilling is expected to be completed in 2023.

Māui B IRF Phase 3 (New Zealand, OMV 100%)
The project scope of the Māui B IRF Phase 3 infill drilling comprises the drilling, completion, tie-in, and commissioning of five sidetrack wells on the Māui B platform. Three out of the five wells were delivered during 2022.

Exploration and appraisal highlights

In 2022, OMV, OMV Petrom, and SapuraOMV drilled twelve exploration and appraisal wells in six different countries. Eight of these wells were completed before year end, while the other four were either drilling or testing in early January 2023.

OMV operated or participated in a number of key wells, including two successful appraisals in offshore UAE, natural gas/condensate discoveries in Norway and Tunisia, and a successful natural gas appraisal well in New Zealand. OMV Petrom drilled three onshore exploration wells in Romania resulting in two oil discoveries. The SapuraOMV-operated Kanga drilling in Australia was completed in June 2022. The well did not discover any producible hydrocarbons.

The drilling of four wells in Austria, New Zealand, the UAE, and Mexico was still ongoing at year end. These are expected to be finalized in Q1/23 or Q2/23.

Exploration and appraisal expenditure slightly decreased to EUR 202 mn in 2022 (2021: EUR 210 mn).

Earlier in the year, SapuraOMV was awarded a 40% working interest in a Production Sharing Contract for the Offshore Exploration Block SB412 in Malaysia.

Looking to Q1/23, new wells scheduled for spudding in January are foreseen in Romania, New Zealand, and Tunisia.

Reserves development

Proved reserves (1P) as of December 31, 2022, decreased to 1,037 mn boe (thereof OMV Petrom: 380 mn boe), with a one-year Reserve Replacement Rate (RRR) of (80)% in 2022 (2021: 77%). The three-year rolling average RRR is 40% (2021: 105%). There were material proved reserves additions realized in Norway and the United Arab Emirates, with a commitment to execute more development drilling and encouraging reservoir performance in both countries. These additions were offset by the exclusion of reserves in Russia since OMV ceased fully consolidating and equity accounting Russian entities. Proved plus probable reserves (2P) decreased to 1,892 mn boe (thereof OMV Petrom: 741 mn boe), dominated by the exclusion of reserves in Russia, which overshadowed the positive revision in Romania from the maturation of the Black Sea Neptun Deep project.

Gas supply, marketing, and trading

OMV markets and trades natural gas in eight European countries. In 2022, natural gas sales volumes amounted to 111.2 TWh (2021: 156.8 TWh). The foundation of the natural gas sales business is a diverse supply portfolio, which consists of equity gas from Austria and Norway (amounted to 36.3 TWh in 2022) and a variety of international suppliers. In addition to mid- and long-term activities, short-term activities at Europe's main international trading hubs complement OMV's supply portfolio.

OMV Gas Marketing & Trading GmbH's (OMV GAS) sales activities are focused on a diverse customer portfolio in the large-scale industry and municipality segments in Austria, Germany, Hungary, the Netherlands, and Belgium. Italy, Slovenia, and France are covered by opportunistic origination activities.

In 2022, the importance of the LNG business increased enormously and OMV fully utilized its allotted capacity at the Gate regasification terminal in the Netherlands. Several LNG contracts for 2023 and 2024 have already been concluded and concern non-Russian gas only. This makes the LNG business a very important building block for OMV to diversify the natural gas supply portfolio, thereby enhancing supply security.

In 2022, the European natural gas market was characterized by the unprecedented energy market crisis stemming from the war in Ukraine, with very high natural gas prices, extreme price volatility, and unpredictable supply cuts from Russia. This situation is expected to continue.

Degrading market conditions and deteriorating supply reliability drove OMV to restructure its natural gas business in 2022. A task force has been set up to minimize the adverse effects stemming from the war in Ukraine, while securing a continuous and diversified supply stream. This involves regular reporting of the security of supply status regarding OMV's portfolio in terms of the overall natural gas supply situation, storage filling levels, and a continuous definition and adjustment of hedging strategies that mitigate the inherent price risk of gas supply disruptions. Natural gas supply diversification strategies were defined and executed, and OMV has successfully secured additional natural gas transportation capacities. Furthermore, OMV was able to fully utilize the capacity of its storage facilities. These measures have succeeded in securing OMV's portfolio and in increasing the resilience of the supply situation for the coming years. This will mitigate the impact of Russian gas supply curtailments in Germany and Austria.

Gas logistics

OMV operates natural gas storage facilities in Austria and Germany with a capacity of 30 TWh. Additionally, OMV holds a 65% stake in the Central European Gas Hub (CEGH), the leading natural gas trading hub in Central and Eastern Europe.

The unprecedented energy market crisis caused by the war in Ukraine has had a significant impact on the European storage market. The storage utilization period of 2022 started with very low levels all over Europe. Global demand, based on recovery from the pandemic, shortage of supply, and market uncertainty due to the war led to an inverse summer/winter spread, with summer prices exceeding winter prices. European regulations concerning storage filling levels and unprecedented volatility of prices across the entire energy complex dominated the market. In this difficult environment, OMV was able to fill its storage capacity in Austria and Germany to 100% by mid-October 2022, storage level at year end was at 97%.

At the Central European Gas Hub, 633 TWh of natural gas was nominated at the Virtual Trading Point (VTP) in 2022. This volume corresponds to approximately seven times Austria's annual natural gas consumption. The EEX CEGH Gas Market traded total volumes of 425 TWh in Austria, an increase of 84%, and 51 TWh in the Czech Republic, an increase of 79%.

Low Carbon Business

By 2030, OMV aims to invest around EUR 5 bn in low-carbon geothermal energy, Carbon Capture and Storage (CCS), and further renewable power solutions like photovoltaic or onshore and offshore wind power generation. OMV will also explore opportunities in energy storage solutions, e.g., subsurface storage of hydrogen.

With these investments, OMV expects to generate an operating cash flow of EUR 0.5 bn per annum by 2030. All of the above-mentioned targets play a key role in OMV's Strategy 2030.

E&P started 2021 with the establishment of a dedicated Low Carbon Business unit, which has since gained significant momentum, both on a national and an international level, with a variety of initiatives started and several projects initiated and/or executed.

OMV conducted a production and injection test in fall 2022 to analyze the geothermal potential in the Vienna Basin (Lower Austria). The test took place in the basement of the Vienna Basin. The aim of the geothermal test was to determine important reservoir parameters and to obtain samples of the formation water in order to decide whether this formation is suitable for producing geothermal energy for direct heat use.

In Germany, OMV has a 50% interest in a geothermal exploration project called Thermo in Lower Saxony. This involves a small aircraft taking gravity and magnetic measurements over an area of around 5,000 km^2 to gather geological information. This information will be used to assess the geothermal energy potential and will be part of a comprehensive evaluation of future geothermal activities in the area.

In partnership with Complexul Energetic Oltenia (CE Oltenia), OMV Petrom will build four photovoltaic (PV) parks with a total power capacity of ~450 MW. According to current estimates, the PV parks should supply electricity to the national energy system starting 2024. Further opportunities for photovoltaic projects in Lower Austria, as well as in other Austrian and international locations, are currently under evaluation.

A strong focus of the OMV Low Carbon Business is on Carbon Capture and Storage (CCS), particularly to support the hard-to-abate industry sectors in their goal of reducing their CO_2 emissions. One of OMV's focus areas is offshore Norway, where currently, several CCS opportunities and projects are being assessed together with dedicated, experienced partners.

Innovation and new technologies

The Innovation & Technology department provides key expertise and cutting-edge technologies to ensure OMV's strategic goal of decarbonization and becoming a net-zero emissions company.

Technology scouting, innovation, and development is performed by a highly integrated team covering the entire value chain of energy projects: Surface, Subsurface, Laboratory, and IT Solutions, in strong collaboration with OMV Petrom and renowned universities like Stanford.

Multidisciplinary project teams focus on evaluating technologies and performing essential work for the energy transition by building and providing expertise for future technology applications in hydrogen generation, geothermal energy, as well as carbon capture, utilization, and storage.

Development of state-of-the-art online monitoring, artificial intelligence and machine learning subsurface workflows, water treatment, and drone technologies ensure safe, sustainable, and stable operations worldwide.

The Innovation & Technology team demonstrates its position as a reliable technology and innovation partner by delivering technology to product solutions, supporting major field developments in the UAE for ADNOC, and enabling stable natural gas production and supply through the deployment of technology for the OMV Petrom Neptun Deep project in Romania.

Technology deployment in the area of Smart Oil Recovery (SOR) – an innovative method to optimize Enhanced Oil Recovery (EOR) in mature reservoirs – allows for incremental oil production. In the next generation of EOR, we will use alkaline viscous salt water with increased mobilization effects especially in our Austrian reservoirs.

Technologies that OMV successfully implements are showcased to the public at the OMV Innovation & Technology Center (ITC) in Austria. The Tech Center & Lab team in Austria and OMV Petrom Upstream Laboratories (ICPT) in Romania support all OMV assets globally as centers of excellence for analyses, testing, technology research, and consulting.

Digitalization

The year 2022 was a pivotal year for OMV, as the group embarked on a journey toward a circular business model along the pathways laid out in OMV's new Strategy 2030. Digitalization and innovation will play a key role on this journey. The tools and systems we have been putting in place for the E&P division over the last several years, as well as the new ways of working in cross-geographical, multidisciplinary teams are bearing fruit and will enable us to apply the available technology in new markets, such as low-carbon business.

In 2022, OMV joined forces with partners to implement the innovative DELFI environment across the majority of our operated ventures. This subsurface data and interpretation platform allows multidisciplinary teams to collaborate using the same data, both onsite and remotely. Over the course of the year, over 200 users and almost 1 petabyte of data were migrated to the new public cloud platform using over 80 individual applications. In 2023, the full rollout of DELFI across the organization will be completed.

Building on the successful implementation of the DELFI platform, OMV's best-in-class machine learning-supported stochastic reservoir modeling and decision analysis workflow was implemented in DELFI. The workflow is based on the results of the OMV-Stanford University project. The workflow leads to the integration of energy production optimization, economics, and decision-making. It includes OMV proprietary elements.

Construction of our Operations Cockpit began at our base in Gänserndorf (Austria). Once completed, it will connect experts globally to optimize production and operating costs.

OMV implemented a 3D intelligent digital twin and augmented reality inspection and maintenance tool for our operations in New Zealand, significantly enhancing the preparation and planning of maintenance activities there. We are utilizing the 3D visualization of our facilities to build inspection plans and complete the inspections using iPads and the HoloLens.

In 2022, OMV continued to automate its drilling activities. We commissioned the construction of the first automated onshore rig in OMV's portfolio in Romania as part of our automated well delivery process. The automatic rig will improve HSSE performance by removing people from the rig's danger zones. It will increase drilling efficiency by reducing time and costs due to a more effective execution of tasks. We expect that it will help us reduce the overall drilling cost per well by almost 10%. In addition, CO_2 emissions will be reduced by 80 t per well.

Following our AI (Artificial Intelligence) Strategy, we have established a new AI Ecosystem capability to foster the increasing importance of AI and Machine Learning (ML). The ecosystem provides all of the organizational, technical, and process-related prerequisites for delivering customer-centric AI and ML products, so as to enable the in-house development of AI use cases and products by our Data Analytics experts.

Outlook

On January 1, 2023, the Group introduced a new corporate structure, designed to fully enable the delivery of Strategy 2030. Following the reorganization and starting from Q1/23, the Group will report on the following business segments: Chemicals & Materials, Fuels & Feedstock (former Refining & Marketing), and Energy (former Exploration & Production). As part of the introduction of the new corporate structure, Gas & Power Eastern Europe, which includes Supply, Marketing, and Trading of gas in Romania and Turkey and one gas-fired power plant in Romania, was transferred from Fuels & Feedstock to the Energy business segment.

Market environment

In 2023, OMV expects the average Brent crude oil price to be above USD 80/bbl (2022: USD 101/bbl). For 2023, the average realized gas price is anticipated to be around EUR 35/MWh (2022: EUR 54/MWh), with a THE price forecast between EUR 60/MWh and EUR 70/MWh (2022: EUR 122/MWh).

Group

In 2023, organic CAPEX is projected to come in at around EUR 3.7 bn[1] (2022: EUR 3.7 bn), including non-cash effective CAPEX related to leases of around EUR 0.2 bn.

Chemicals & Materials

In 2023, the ethylene indicator margin Europe is expected to be around EUR 530/t (2022: EUR 560/t). The propylene indicator margin Europe is expected to be around EUR 480/t (2022: EUR 534/t).

In 2023, the steam cracker utilization rate in Europe is expected to be around 90% (2022: 74%). Turnarounds are planned at the Schwechat cracker in Q2 and at the Porvoo cracker in Q3.

In 2023, the polyethylene indicator margin Europe is forecast to be around EUR 350/t (2022: EUR 390/t). The polypropylene indicator margin Europe is expected to be around EUR 400/t (2022: EUR 486/t).

In 2023, the polyethylene sales volumes excluding JVs are projected to be around 1.8 mn t (2022: 1.69 mn t). The polypropylene sales volumes excluding JVs are expected to be around 2 mn t (2022: 1.84 mn t).

Organic CAPEX related to Chemicals & Materials is predicted to be around EUR 1.1 bn in 2023 (2022: EUR 1.4 bn).

Fuels & Feedstock

In 2023, the OMV refining indicator margin Europe is expected to be between USD 10/bbl and USD 15/bbl (2022: USD 14.7/bbl).

In 2023, fuels and other sales volumes in OMV's markets in Europe are projected to be slightly higher than in 2022 (2022: 15.5 mn t). Commercial margins are forecast to be above those in 2022. Retail margins are forecast to be around the 2022 level.

In 2023, the utilization rate of the European refineries is expected to be around 95% (2022: 73%). A turnaround at the Petrobrazi refinery is planned in Q2.

Organic CAPEX in Fuels & Feedstock is forecast at around EUR 1.0 bn in 2023 (2022: EUR 0.8 bn).

Energy

OMV expects total production to be around 360 kboe/d in 2023 (2022: 392 kboe/d) due to the exclusion of the Russian volumes and natural decline, in particular in Norway and Romania.

Organic CAPEX for Energy is anticipated to come in at around EUR 1.6 bn in 2023 (2022: EUR 1.4 bn).

Exploration and Appraisal (E&A) expenditure is expected to be between EUR 200 mn and EUR 250 mn (2022: EUR 202 mn).

For information about the longer-term outlook, see the Strategy chapter.

[1] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

Risk Management

As an international oil, gas, and chemicals company with operations extending from hydrocarbon exploration and production through to the trading and marketing of mineral oil products, chemical products, and natural gas, OMV is exposed to a variety of risks – including market and financial risks, operational risks, and strategic risks. The Group's risk management processes focus on the identification, assessment, and evaluation of such risks and their impact on the Group's financial stability and profitability. The objective of these activities is to actively manage risks in the context of the Group's risk appetite and defined risk tolerance levels in order to achieve OMV's long-term strategic goals.

It is OMV's view that the Group's overall risk is significantly lower than the sum of the individual risks due to its integrated nature and the fact that various risks partially offset each other. The balancing effects of industry risks, however, can often lag or weaken. OMV's risk management activities therefore focus on the net risk exposure of the Group's existing and future portfolio. The interdependencies and correlations between different risks are also reflected in the Company's consolidated risk profile. Risk management and insurance activities are centrally coordinated at the corporate level by the Treasury and Risk Management department. This department ensures that well-defined and consistent risk management processes, tools, and techniques are applied across the entire organization. Risk ownership is assigned to the managers who are best suited to oversee and manage the respective risk.

The overall objective of the risk policy is to safeguard the cash flows required by the Group and to maintain a strong investment-grade credit rating in line with the Group's risk appetite.

Enterprise-Wide Risk Management

Financial and non-financial risks are regularly identified, assessed, and reported through the Group's Enterprise-Wide Risk Management (EWRM) process.

The main purpose of the OMV Group's EWRM process is to deliver value through risk-based management and decision-making, which is ensured by applying a "three lines of defense" model (1. business management, 2. risk management and oversight functions, 3. internal audit). The assessment of financial, operational, and strategic risks helps the Group leverage business opportunities in a systematic manner. This ensures that OMV's value grows sustainably. Since 2003, the EWRM system has helped enhance risk awareness and improve risk management skills across the entire organization, including at subsidiaries in more than 20 countries. The OMV Group is constantly enhancing the EWRM process based on internal and external requirements, for instance developing ESG (Environmental, Social, and Governance) reporting standards and frameworks.

A cross-functional committee chaired by the OMV Group CFO with senior management members of the OMV Group – the Risk Committee – ensures that the EWRM process effectively captures and manages material risks across the OMV Group.

The process is facilitated by a Group-wide IT system supporting the established individual process steps: risk identification, risk analysis, risk evaluation, risk treatment, reporting, and risk review through continuous monitoring of changes to the risk profile. The overall risk resulting from the bottom-up risk management process is computed using Monte Carlo simulations and compared against planning data. This is further combined with a top-down approach from the senior management view to capture risks associated with the Group's strategy. The process also includes companies that are not fully consolidated. The EWRM process uses common risk terminology and language across the OMV Group to facilitate effective risk communication, whereby ESG risks play a key role in the OMV risk taxonomy. Twice a year, the results of this process are consolidated and presented to the Executive Board and the Audit Committee of the Supervisory Board. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the EWRM system is evaluated by an external auditor on an annual basis. The key financial and non-financial risks identified with respect to OMV's medium-term plan are:

- Financial risks including market price risks and foreign exchange risks
- Operational risks, including all risks related to physical assets, production risks, project risks, personnel risks, IT risks, HSSE, and regulatory/compliance risks
- Strategic risks arising, for example, from climate change, changes in technology, risks to reputation, or political uncertainties, including sanctions

Financial Risk Management

Market price and financial risks arise from volatility in the prices of commodities, including the market price risks from European Emission Allowances, foreign exchange (FX) rates, and interest rates. Also of importance are credit risks, which arise from the inability of a counterparty to meet a payment or delivery commitment. As an oil, gas, and chemicals company, OMV has a significant exposure to oil, natural gas, and chemicals prices. Substantial FX exposure includes the USD, RON, NOK, NZD, and SEK. The Group has an economic net USD long position, mainly resulting from oil production sales. The comparatively less significant exposure in RON, NOK, NZD, and SEK, originating from expenses in local currencies in the respective countries.

Management of commodity price risk, FX risk, European Emission Allowances

The analysis and management of financial risks arising from foreign currencies, interest rates, commodity prices, European Emission Allowances, counterparties, liquidity, and insurable risks are consolidated at the corporate level. Market price risk is monitored and analyzed centrally in respect of its potential cash flow impact using a specific risk analysis model that considers portfolio effects. The impact of financial risks (e.g., commodity prices, currencies) on the OMV Group's cash flow and liquidity are reviewed quarterly by the Risk Committee, which is chaired by the CFO and comprises the senior management of the business segments and corporate functions.

In the context of commodity price risk and FX risk, the OMV Executive Board decides on hedging strategies to mitigate such risks whenever deemed necessary. OMV uses financial instruments for hedging purposes to protect the Group's cash flow from the potential negative impact of falling oil and natural gas prices in the Exploration & Production segment.

In the Refining & Marketing and Chemicals & Materials businesses, OMV is especially exposed to volatile refining and chemicals margins and natural gas prices, as well as inventory risks. Corresponding optimization and hedging activities are undertaken in order to mitigate those risks. They include margin hedges as well as stock hedges. An optimization, trading, and hedging risk control governance system defines clear mandates including risk thresholds for such activities. In addition, Emission Compliance Management ensures a balanced position of emission allowances by selling the surplus or covering the gap.

Management of interest rate risk

To balance the Group's interest rate portfolio, loans can be converted from fixed to floating rates and vice versa according to predefined rules. OMV regularly analyzes the impact of interest rate changes on interest income and expenses from floating rate deposits and borrowings.

Management of credit risk

Significant counterparty credit risks are assessed, monitored, and controlled at the Group and segment level using predetermined credit limits for all counterparties, banks, and security providers. The procedures are governed by guidelines at OMV Group level. In light of a challenging geopolitical and economic environment with high inflation, volatile commodity prices, rising interest rates, and distorted supply chains, special attention is paid to early warning signals like changes in payment behavior.

Operational risks

The nature of OMV's business operations exposes the Group to various health, safety, security, and environmental (HSSE) risks. Such risks include the potential impact of natural disasters, as well as process safety and personal security events. Other operational risks comprise risks related to the delivery of capital projects or legal/regulatory non-compliance. All operational risks are identified, analyzed, monitored, and mitigated in accordance with the Group's defined risk management process. Control and mitigation of assessed risks take place at all organizational levels using clearly defined risk policies and responsibilities. The key Group risks are governed centrally to ensure the Group's ability to meet planning objectives through corporate directives, including those relating to health, safety, security, environment, legal matters, compliance, human resources, and sustainability.

The process safety incident at the Schwechat refinery that occurred on June 3, 2022, has led to a delayed start-up of the refinery after the regular maintenance turnaround. Immediately after the incident, a broad-based on-site task force was set up with the remit of investigating the incident and at the same time working on restoring operations. At the end of September, the legally required water pressure test on the main column of the crude distillation unit was successfully completed. After the precisely prepared commissioning process, the OMV Schwechat refinery was fully restarted in mid-October. For the duration of the repairs, OMV had successfully established an alternative supply system to ensure continuous supply to its customers.

Project risks

In implementing its Strategy 2030, OMV will invest in both organic and inorganic growth projects following a mature project risk management process, identifying, analyzing, and monitoring project risks on a regular basis. OMV has vast experience in managing major capital projects and mitigating project risks.

OMV may experience operational, political, technological, or other risks beyond its control, both of its own and of its contractual partners, which may delay or hinder the progress of its projects.

By way of example, the execution of major onshore and offshore projects in Romania, Norway, or the UAE may be affected by changes to the respective regulatory or fiscal frameworks, by the unavailability of contractors, or the lack of qualified staff. Project costs may be negatively impacted by price inflation, labor shortages, or the disruption or reorganization of supply chains. Projects, in particular in recycling and sustainable fuels and feedstocks, may be affected by insufficient availability of required feedstock supply, by the inability to commercially scale up new technologies, or by the lack of regulatory clarity. In new business areas in particular, OMV may more often invest through partnerships and joint ventures, which may expose the Company to increased governance and credit risks and may negatively impact project execution. The effect of any of these risks may have a material adverse impact on OMV's business, results of operations, and financial condition.

ESG risk

OMV places special emphasis on five Sustainability focus areas: Climate Change; Natural Resources Management; People; Ethical Business Practices; and Health, Safety, and Security.

OMV Executive Board members regularly (at least quarterly) discuss current and upcoming environmental, climate, and energy-related policies and regulations, related developments in the fuels, chemicals, and natural gas markets, the financial implications of carbon emissions trading obligations, the status of innovation project implementation, and progress on achieving sustainability-related targets. OMV focuses on assessing the potential vulnerabilities of the Company to climate change (e.g., water deficiency, droughts, floods, landslides), the impact of the Company on the environment, and the mitigation actions that will ensure a successful transition to a low-carbon environment (e.g., carbon emission reductions, compliance with new regulatory requirements). The short- and mid-term physical vulnerabilities related to climate change are identified and reported in the EWRM process; they do not exceed OMV's reporting threshold. Additionally, OMV has performed a robust climate and vulnerability assessment for most of its main assets to identify its resilience to physical risks related to climate change using the Intergovernmental Panel on Climate Change (IPCC) scenarios corresponding to the time horizon suggested by the EU taxonomy.

OMV's operations impact our employees and the communities where we operate. As a signatory to the United Nations Global Compact, OMV follows the Human Rights Due Diligence Process, including the assessment of the human rights risk associated with our current and future business activities, and taking risk management actions. This ongoing process makes use of external resources and expertise, and includes external stakeholders, in particular impacted groups.

In July 2022, upon becoming aware that the authorities were conducting an investigation into alleged human trafficking practices by a (sub)contractor at the propane dehydrogenation plant construction site in Kallo (Belgium), Borealis immediately offered support and provided all requested information to the authorities, in full transparency. Borealis immediately suspended and later terminated all contracts with the respective (sub)contractor. Borealis has zero tolerance for any malpractice and puts stringent measures in place to mitigate related risks. After careful consideration, Borealis granted the majority of the works to a different contractor and implemented thorough social controls at the Kallo construction site. Work on the construction site gradually increased from October 2022. The prolonged standstill and gradual restart of the project might affect the project timeline.

IT risks

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

Strategic risks

In order to identify strategic risks that might have potentially long-term effects on the Company's objectives, OMV continuously monitors its internal and external environment.

Geopolitical and regulatory risks

OMV thoroughly monitors geopolitical developments, in particular the ongoing Russian war on Ukraine and any additional sanctions and countersanctions resulting from it. The Company regularly reviews the impact of potential further escalations 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 further disruptions in global supply chains and shortages of products related to energy, raw materials, agriculture, and metals, and consequently lead to further increases in operational costs.

OMV experienced ongoing curtailments of natural gas delivery volumes purchased by OMV under long-term supply agreements with Gazprom in Germany and Austria. This required replacement purchases on the market as well as adjustments to OMV's hedging ratios, resulting in a negative financial impact for OMV. The uncertainty regarding future curtailments and delivery volumes remains and could result in further substantial losses, especially if actual deliveries materially deviate from previously hedged volumes, thus leading to partially unmitigated gas price exposure from Gazprom supply contracts.

In the event of further, or even full, natural gas supply disruptions from Russia, OMV can use gas in storage to supply customers and has access to other liquid gas market hubs in Europe. Additionally, OMV managed to secure 40 TWh of additional transport capacities to Austria for the current gas year (October 1, 2022–September 30, 2023) at Oberkappel (pipeline from Germany) and Arnoldstein (pipeline from Italy) transfer points. OMV continues to closely monitor developments and regularly evaluates the potential impact on the Group's cash flow and liquidity position.

High volatility in natural gas prices can potentially lead to peak liquidity demands to satisfy margin calls for exchange trading activities at short notice. OMV has unused committed and uncommitted credit facilities to meet such short-term requirements if needed. OMV is responding to the situation with targeted measures to safeguard the Company's economic stability as well as the secure supply of energy.

As a direct consequence of the energy crisis in Europe, regulatory measures like price caps, subsidy schemes, and the EU solidarity contribution are being implemented in some of the countries OMV is active in. New regulatory and fiscal interventions may also impact the financial position of the OMV Group. The Council Regulation (EU) 2022/1854 introduced a solidarity contribution, which was transposed into the local legislation of the Member States by the end of 2022 and applies to 2022 and/or 2023. It represents a contribution of surplus profits of companies operating in the crude petroleum, natural gas, coal, and refinery sectors. It is calculated based on the taxable profits of those companies, as determined under national tax rules, that are more than 20% higher than the average taxable profits generated in the period 2018 to 2021. Based on the legislation in Austria, it is expected that two Austrian entities of the OMV Group will be subject to the solidarity contribution (Energy Crisis Contribution) for the second half of 2022. Romania transposed this regulation via GEO 186/2022, approved and published in December 2022. This Government Emergency Ordinance (GEO) will subsequently follow the parliamentary approval process, so it may be subject to change. Based on OMV Petrom's 2022 accounts and the provisions of this Emergency Ordinance, OMV Petrom is not subject to the EU solidarity contribution for the fiscal year 2022, having less than 75% of its turnover in the defined areas: extraction of crude, extraction of natural gas, extraction of coal, and refining business. No solidarity contribution is expected for OMV Group entities in Germany for the year 2022 either.

In addition to the above-mentioned geopolitical tensions, OMV's operations are exposed to further geopolitical risks such as the expropriation and nationalization of property, restrictions on foreign ownership, civil strife and acts of war or terrorism, and political uncertainties, in particular related to Libya, Yemen, and Tunisia, as well as other countries where OMV operates and has financial investments. However, OMV has extensive experience in dealing with the political environment in emerging economies. Also, possible regulatory changes may lead to disruptions or limitations in production or an increased tax burden. OMV continuously observes political and regulatory developments in all markets that affect OMV's operations. Country-specific risks are assessed before entering new countries.

Macroeconomic risks

The COVID-19 pandemic continues to have a considerable impact on global economic development, in particular driven by changes in China's zero COVID-19 policy and the emergence of new variants. In addition, geopolitical developments, disruptions in supply chains, high price inflation, and the impact of rising interest rates could lead to a significant deterioration in economic growth.

Climate change-related risks

OMV consistently evaluates the Group's exposure to risks related to climate change, in addition to the market price risk from European Emission Allowances. Such risks comprise the potential impact of acute or chronic events like more frequent extreme weather events, systemic changes to our business model due to a changing legal framework, or substitution of OMV's products due to changing consumer behavior. OMV recognizes climate change as a key global challenge, and therefore integrates the related risks and opportunities into the development of the Company's business strategy. Measures implemented to manage or mitigate such risks are set out in the relevant sections of this report, particularly in Sustainability and Strategy.

Business transformation risks

OMV's transformation into a leading provider of sustainable fuels, chemicals, and materials, as well as sustainable energy solutions, is influenced by a variety of uncertainties. Such risks comprise the availability of skilled employees, technology and scale-up risks, availability of sustainable feedstock in sufficient quality and quantity, and governance risks related to joint ventures and partnerships.

Personnel risks

Through systematic employee succession and development planning, Corporate Human Resources targets suitable managerial employees to meet future growth requirements and mitigate personnel risks.

For further details on risk management and the use of financial instruments, please refer to Note 28 of the Consolidated Financial Statements.

For further details on climate change-related risks and their management, see the OMV Sustainability Report, as well as Note 2 of the Consolidated Financial Statements.

For further details on health, safety, security, and environmental risks, please refer to the chapter Health, Safety, Security, and Environment in the Directors' Report.

For further details on project-related risks and their management, see the OMV EMTN Prospectus dated June 17, 2022.

Other Information

Information required by section 243a of the Unternehmensgesetzbuch (Austrian Commercial Code)

1. The capital stock amounts to EUR 327,272,727 and is divided into 327,272,727 bearer shares of no par value. There is only one class of shares.
2. There is a consortium agreement in place between the two core shareholders, Österreichische Beteiligungs AG (ÖBAG) and Mubadala Petroleum and Petrochemicals Holding Company L.L.C (MPPH), which provides for coordinated behavior and certain limitations on transfers of shareholdings.[1]
3. ÖBAG holds 31.5% and MPPH holds 24.9% of the capital stock. [1]
4. All shares have the same control rights.
5. Employees who are shareholders directly exercise their voting rights at the Annual General Meeting.
6. The Company's Executive Board must consist of two to six members. The Company's Supervisory Board must consist of at least six members elected by the Annual General Meeting and of the members nominated under section 110 Paragraph 1 of the Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). Resolutions concerning the dismissal of members of the Supervisory Board pursuant to section 87 Paragraph 8 of the Aktiengesetz (Austrian Stock Corporation Act) require a simple majority of the votes cast. To approve capital increases pursuant to section 149 of the Austrian Stock Corporation Act and alterations of the Articles of Association (except those concerning the Company's objects), simple majorities of the votes and capital represented in adopting the resolution are sufficient.
7.

7.a) As the authorized capital granted by the Annual General Meeting on May 14, 2014, expired on May 14, 2019, the Annual General Meeting decided upon a new authorized capital on September 29, 2020. Specifically, it authorized the Executive Board until September 29, 2025, to increase the share capital of OMV with the consent of the Supervisory Board – at once or in several tranches – by an amount of up to EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form in return for contributions in cash. The capital increase can also be implemented by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 of the Austrian Stock Corporation Act. The issue price and the conditions of issuance can be determined by the Executive Board with the consent of the Supervisory Board. The Annual General Meeting also authorized the Executive Board, subject to the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the capital increase serves to

(i) adjust fractional amounts or

(ii) satisfy stock transfer programs, in particular long-term incentive plans, equity deferrals or other participation programs for employees, senior employees and members of the Executive Board/management boards of the Company or one of its affiliates, or other employees' stock ownership plans.

In addition, the Supervisory Board was authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

7.b) On June 2, 2021, the Annual General Meeting authorized the Executive Board for a period of five years from the adoption of the resolution, therefore, until and including June 1, 2026, subject to the approval of the Supervisory Board, to dispose of or utilize repurchased treasury shares or treasury shares already held by the Company to grant to employees, executive employees and/or members of the Executive Board/management boards of the Company or its affiliates including for purposes of share transfer programs, in particular long-term incentive plans including equity deferrals or other stock ownership plans, and to thereby exclude the general purchasing right of shareholders (exclusion of subscription rights). The authorization can be exercised as a whole or in parts or even in several tranches by the Company, by a subsidiary (Section 189a Number 7 of the Austrian Commercial Code) or by third parties for the account of the Company.

[1] On December 21, 2022, Abu Dhabi National Oil Company has announced its plan to take over the 24.9% stake in OMV Aktiengesellschaft from Mubadala Investment Company, subject to regulatory approvals.

8. As of December 31, 2022, OMV has outstanding perpetual hybrid notes in the nominal amount of EUR 2,500 mn which are subordinated to all other creditors. According to IFRS, the net proceeds of the hybrid notes in the amount of EUR 2,483 mn are fully treated as equity because the repayment of the principal and the payments of interest are solely at the discretion of OMV.

On December 7, 2015, OMV issued hybrid notes with an aggregate principal amount of EUR 1,500 mn, in two tranches of EUR 750 mn each:

(i) The hybrid notes of tranche 1, with a first call date in 2021, were called and redeemed at their principal amount (plus interest accrued) on November 30, 2021.

(ii) The hybrid notes of tranche 2 bear a fixed interest rate of 6.250% per annum until, but excluding, December 9, 2025, which is the first call date of tranche 2. From December 9, 2025 (including), tranche 2 will bear an interest rate per annum at the relevant five-year swap rate for the relevant interest period plus a specified margin and a step-up of 100 basis points.

Interest is due and payable annually in arrears on December 9 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the Annual General Meeting of OMV resolves upon a dividend payment on OMV shares.

On June 19, 2018, OMV issued a hybrid bond with a principal amount of EUR 500 mn. The hybrid bond bears a fixed interest rate of 2.875% per annum until, but excluding, June 19, 2024. From June 19, 2024 (including), until, but excluding, June 19, 2028, the hybrid notes will bear interest at a rate corresponding to the relevant five-year swap rate plus a specified margin. From June 19, 2028 (including), the notes will bear an interest rate per annum at the relevant five-year swap rate for the relevant interest period plus a specified margin and a step-up of 100 basis points. Interest is due and payable annually in arrears on June 19 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the Annual General Meeting of OMV resolves upon a dividend payment on OMV shares.

On September 1, 2020, OMV issued hybrid notes with an aggregate principal amount of EUR 1,250 mn, in two tranches (tranche 1: EUR 750 mn; tranche 2: EUR 500 mn) with the following interest payable:

(iii) The hybrid notes of tranche 1 bear a fixed interest rate of 2.500% per annum until, but excluding, September 1, 2026, which is the first reset date of tranche 1. From the first reset date (including) until, but excluding, September 1, 2030, the hybrid notes of tranche 1 will bear interest per annum at a reset interest rate which is determined according to the relevant five-year swap rate plus a specified margin. From September 1, 2030 (including), the hybrid notes of tranche 1 will bear an interest rate per annum at the relevant five-year swap rate for each interest period thereafter plus a specified margin and a step-up of 100 basis points.

(iv) The hybrid notes of tranche 2 bear a fixed interest rate of 2.875% per annum until, but excluding, September 1, 2029, which is the first reset date of tranche 2. From the first reset date (including) until, but excluding, September 1, 2030, the hybrid notes of tranche 2 will bear interest per annum at a reset interest rate which is determined according to the relevant five-year swap rate plus a specified margin. From September 1, 2030 (including), the hybrid notes of tranche 2 will bear an interest rate per annum at the relevant five-year swap rate for each interest period thereafter plus a specified margin and a step-up of 100 basis points.

Interest is due and payable annually in arrears on September 1 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the Annual General Meeting of OMV resolves upon a dividend payment on OMV shares.

The hybrid notes outstanding as of December 31, 2022, do not have a scheduled maturity date and they may be redeemed at the option of OMV under certain circumstances. OMV has, in particular, the right to repay the hybrid notes at certain call dates. Any accrued unpaid interest becomes payable when the notes are redeemed. In the case of a change of control, for example, OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid notes.

9. The material financing agreements to which OMV is a party and bonds issued by OMV contain typical change of control clauses.
10. There are no agreements between the Company and members of the Executive Board and Supervisory Board or employees regarding the payment of compensation in the event of a public takeover bid.
11. The most important elements of the internal control and risk management system regarding the accounting process are the following: Governance for the internal control system is defined by internal corporate regulations (ICS Directive and its Annexes). Corporate Internal Audit controls the compliance with these principles and requirements through regular audits, based on the annual audit plan approved by the Audit Committee of the Supervisory Board, or through ad hoc audits.

    The results of those audits are presented to the Audit Committee of the Supervisory Board. For the main "end-to-end" processes (e.g., purchase-to-pay, order-to-cash), Group-wide Minimum Control Requirements are defined. Based on a defined time plan, the implementation and the effectiveness are being monitored. The establishment of Group-wide standards for the preparation of annual and interim financial statements by means of the corporate IFRS Accounting Manual is also regulated by an internal corporate regulation. The Group uses a comprehensive risk management system. The essential processes of the financial reporting system have been identified and analyzed. In addition, the effectiveness of the risk management system is regularly evaluated by external auditors. The results of the evaluation are reported to the Audit Committee of the Supervisory Board.

12. In accordance with section 267a Paragraph 6 of the Austrian Commercial Code, a separate consolidated non-financial report will be issued.

Subsequent events

Please refer to Note 37 in the Consolidated Financial Statements.

Vienna, March 9, 2023

The Executive Board

Alfred Stern m.p.
Chairman of the Executive Board
and Chief Executive Officer

Reinhard Florey m.p.
Chief Financial Officer

Martijn van Koten m.p.
Executive Vice President Fuels & Feedstock

Daniela Vlad m.p.
Executive Vice President Chemicals & Materials

Berislav Gaso m.p.
Executive Vice President Energy