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DIRECTORS' REPORT

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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 the circular economy. In 2023, Group sales amounted to EUR 39 bn. With a year-end market capitalization of around EUR 13 bn, OMV is one of Austria's largest listed industrial companies. The majority of its roughly 20,600 employees work at its integrated European sites.

Our purpose and values

OMV's purpose, "Re-inventing essentials for sustainable living," is a fundamental part of our strategy for becoming a leading company in sustainable fuels, chemicals, and materials. It 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. Our new OMV Group values "We care | We're curious | We progress" were introduced in 2023 and will guide us on our path to a more 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 2023 (2022: 5.7 mn t). It is also a European market leader in base chemicals and plastics recycling. The Company supplies services and products to customers worldwide through OMV and Borealis[1], and its two joint ventures: Borouge (with ADNOC, based in the UAE and Singapore) and Baystar™ (with TotalEnergies, based in the US).

In Fuels & Feedstock, 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 16.3 mn t in 2023 (2022: 15.5 mn t) and the retail network consisted at the end of 2023 of 1,666 filling stations (2022: 1,803) in eight European countries.

In Energy, OMV explores, develops, and produces crude oil and natural gas in its three core regions of Central and Eastern Europe, the Middle East and Africa, and the North Sea. OMV is currently in the process of divesting its E&P assets in the Asia-Pacific region.[2] Its activities also include the low carbon business and the entire gas business. Daily hydrocarbon production was 364 kboe/d in 2023 (2022: 392 kboe/d), with a nearly equal share of liquids and natural gas production. In the Gas Marketing & Power business, OMV markets and trades natural gas and power in several European countries, and it also includes its LNG business. It holds a 65% stake in the Central European Gas Hub (CEGH) and operates natural gas storage facilities with a capacity of around 30 TWh in Austria and Germany, and a gas-fired power plant in Romania.

[1] OMV announced in July 2023 that it had decided to pursue negotiations with ADNOC on a potential cooperation regarding their polyolefins businesses. Such cooperation would include a potential combination of the Borealis and Borouge businesses as equal partners under a jointly controlled, listed platform for potential growth acquisitions to create a global polyolefin company with a material presence in key markets.

[2] On January 31, 2024, OMV has signed an agreement to divest its 50% shareholding in Malaysia's SapuraOMV Upstream Sdn. Bhd. to TotalEnergies for an overall cash consideration of USD 903 mn. The divestment is anticipated to close around the end of the first half of 2024, and is in particular subject to regulatory approvals. The sales process for 100% of the shares in OMV New Zealand will continue separately.

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

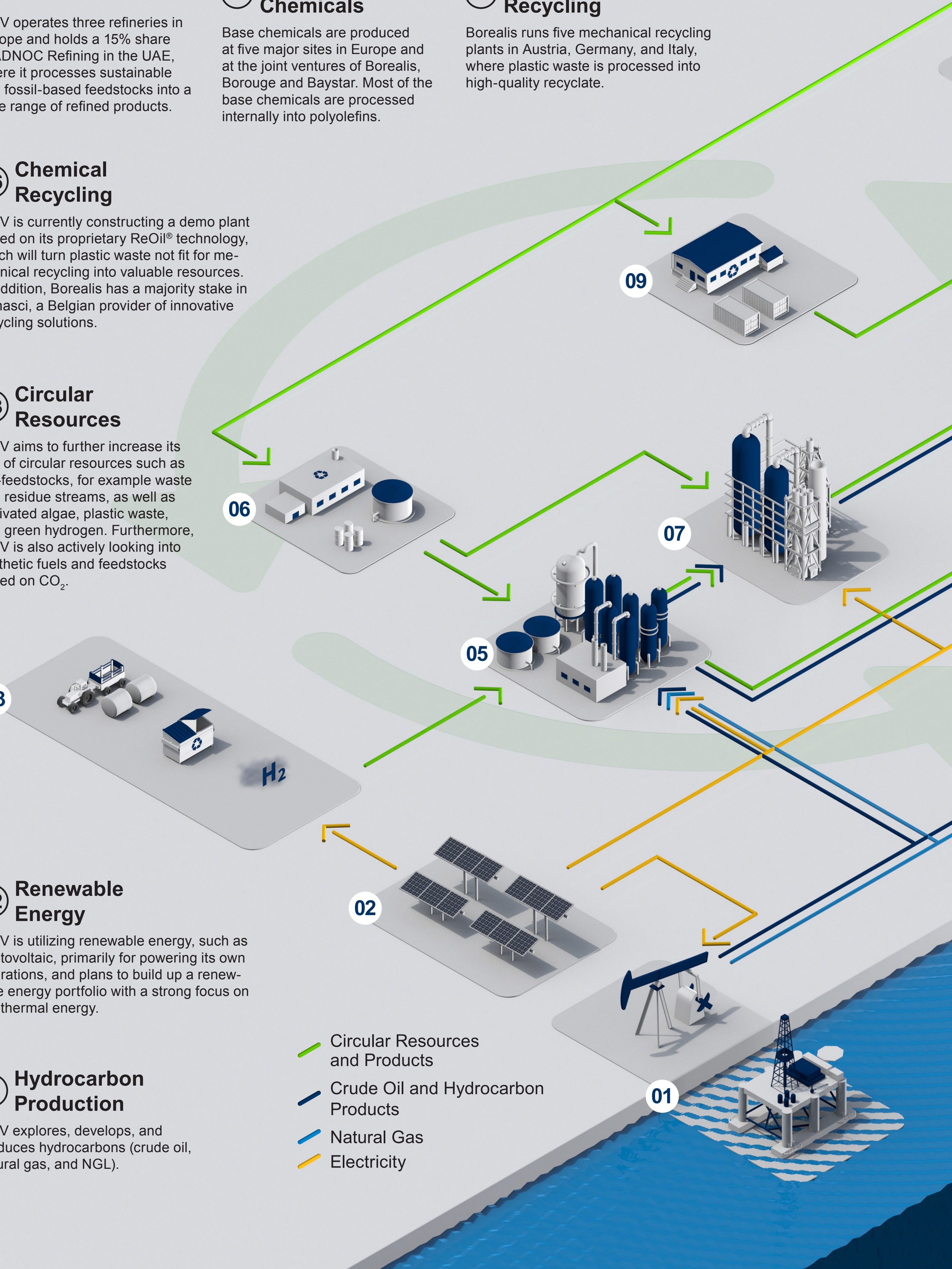
Borealis runs five mechanical recycling plants in Austria, Germany, and Italy, where plastic waste is processed into high-quality recyclate.

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 majority 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 algae, 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

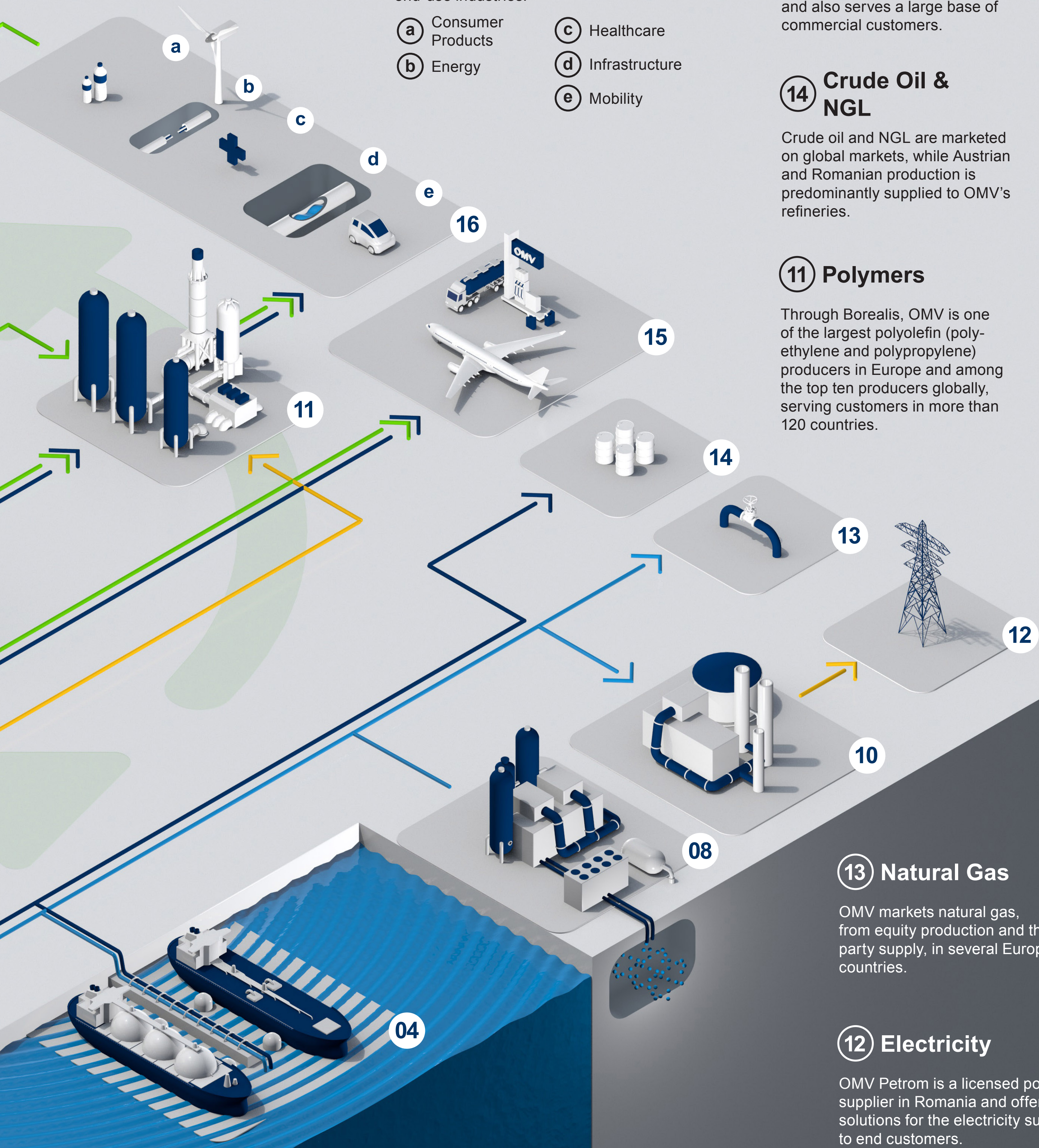
OMV sells its refined products via several retail filling station brands and also serves a large base of commercial customers.

14 Crude Oil & NGL

Crude oil and NGL are marketed on global markets, while Austrian and Romanian production is predominantly 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

During 2023, central banks' efforts to combat price rises continued with further interest rate hikes, while the conflict in Ukraine continued into a second year. The world was broadly subject to lower energy commodity prices than in 2022, resulting in easing price pressure on the consumer, especially in Europe. Nevertheless, muted growth prospects have remained a key concern in markets, including for oil, where the return of extensive market management by the OPEC+ group has become a strong driving factor for prices again. These issues are expected to remain central in 2024, while the potential for escalation in the Middle East conflict is also likely to continue to be the focus of markets.

The need to combat price rises across the economy remained a focus for governments and central banks across developed economies in 2023. A higher-rates world has provided a compelling backdrop for almost all aspects of the economy, as market participants and analysts try to understand the timing and extent of impacts as the world shifts further and further away from the low-rates environment that had persisted since the financial crisis of 2007–2009. This debate will undoubtedly continue into 2024. However, disinflationary trends across developed economies had, by the end of 2023, seen focus switch to the prospect of interest rate cuts, if price increases do continue to trend toward the target 2% level.

So far, higher rates appear to have been absorbed comfortably enough by the economy. Growth in the US has diverged from that in Europe, where a couple of major economies were facing the prospect of technical recessions at the end of 2023. However, overall pressure on business activity has so far been only moderate. Unemployment has risen slightly in most countries but has not been a cause for major concern. There had been fears in the spring that the indirect effects of rapid rate increases could impact the economy and markets in ways that were hard to predict, especially in the wake of the collapse of several mid-sized regional banks in the US and then Credit Suisse, though these fears quickly faded.

Lower energy prices have mitigated economic headwinds, with market prices for both oil and natural gas averaging much lower in 2023 than in the prior year. Both markets have continued to adapt to the massive shift that took place in 2022 and the huge associated rerouting of trade flows. European natural gas markets have remained volatile, a logical consequence of their structural dependence on a range of international sources of LNG, as well as the new, larger role of storage as a balancing factor. Nevertheless, both volatility and prices were lower than in 2022.

Meanwhile, oil prices continued to trend lower than their mid-2022 peak during the first half of 2023. The second half of 2023 saw supply reductions from OPEC and other producers, most notably Russia, contributing to a new rally in prices, which reached its peak for 2023 in Q3. Oil prices were briefly bolstered by the return of the so-called geopolitical risk premium following the outbreak of conflict between Israel and Hamas, before they declined toward the end of the year. Both active management of the oil market by OPEC+ and the structural vulnerability of the European natural gas market will remain key features of the energy landscape in 2024.

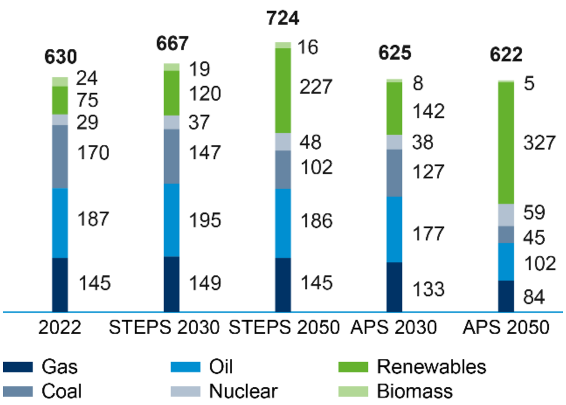
In refining, 2023 provided a very supportive environment for margins. While benchmark refining margins in Europe did not return to the extreme highs seen in 2022, they did massively exceed average levels from the prior years. The market was again characterized by persistent outperformance of middle distillates, a pattern that reemerged in the second half of the year, driven in part by the removal of significant volumes of sour crude oil from the market by OPEC+ producers. The outlook for 2024 is tempered by the likely addition of major refining capacities, as well as uncertainty over the level of oil demand growth. As of late 2023, the International Energy Agency (IEA) was estimating total global oil demand growth for 2024 at around 1 mn b/d, which would represent a marked slowdown from the preceding two years.

For the medium and longer term, the path of the energy transition and the decarbonization of the economy remain sources of contention and uncertainty. The trend toward cumulative increases in national, regional, municipal, and corporate pledges to decarbonize energy systems and economies continued again in 2023. According to the University of Oxford's Carbon Tracker, an estimated 92% of global GDP is now covered by a net-zero pledge, a slight increase (2 percentage points) year-on-year. In the corporate world, of the largest 2,000 companies by revenue globally, a majority now have at least a proposal to achieve net-zero emissions. More than one third have a net-zero target as part of their corporate strategy.

These changes continue to be reflected in scenarios from major voices in the energy industry. The IEA, in its most recent World Energy Outlook, shows another incremental shift in projected future demand away from coal, oil, and gas and toward renewables and electricity in its STEPS scenario, which provides a view of the energy system based on current policy settings. The gap to a trajectory that achieves the maximum temperature increases described in the Paris agreement remains significant, however. Scenarios that achieve net-zero emissions for the global energy system by 2050 require even faster deployment of low-carbon technologies and associated declines in fossil fuel demand than when they first started to emerge in 2021, due to the growth in demand in the interim.

World total primary energy supply

In EJ



Source: IEA World Energy Outlook 2023

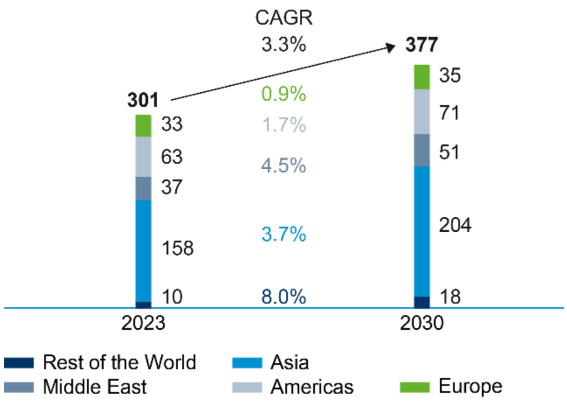
In the **Stated Policies Scenario (STEPS)**, the average annual growth rate of 0.7% in total energy demand to 2030 is around half the rate of energy demand growth of the last decade. Demand continues to increase through to 2050.

In the **Announced Pledges Scenario (APS)**, total energy demand flattens, thanks to improved efficiency and the inherent efficiency advantages of technologies powered by electricity – such as electric vehicles and heat pumps – over fossil-fuel-based alternatives.

In the **Net-Zero Emissions by 2050 Scenario**, electrification and efficiency gains proceed even faster, leading to a decline in primary energy of 1.2% per year to 2030.

Global petrochemicals[1] demand

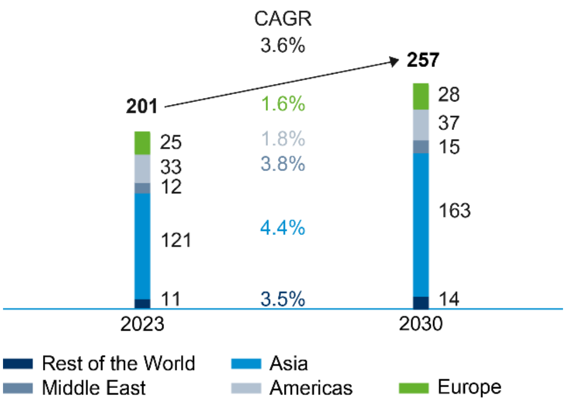
In mn t



Source: Chemical Market Analytics by OPIS, a Dow Jones Company; fall 2023
[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 3% per year. Approximately 80% of chemical and plastic demand growth will be concentrated in emerging markets, mainly Asia, up to 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.

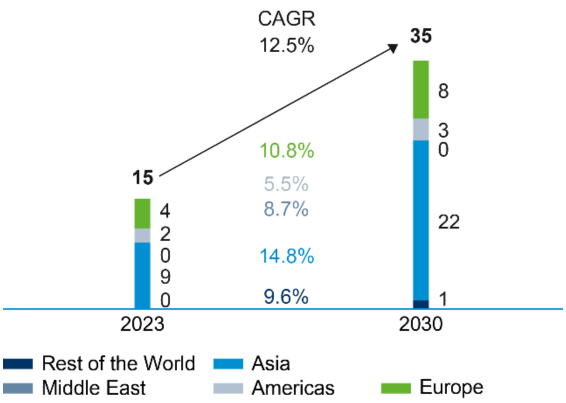
Global virgin polyolefin demand
In mn t



Source: Chemical Market Analytics by OPIS, a Dow Jones Company; fall 2023

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; fall 2023

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 more than three times faster than global GDP until 2030, with Asia having the largest share.

Scenario analysis

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

1. The base case is built on a scenario developed by the internal Market Intelligence department and assumes that all decarbonization pledges announced by governments around the world will be implemented in full and on time. In this scenario, the temperature increase by 2100 will be limited to 1.7°C with a probability of 50%. The underlying demand and price developments of fossil commodities are in line with the IEA APS.[1] The base case is used for mid-term planning as well as for estimates relating to the measurement of various items in the Group financial statements, including impairment testing of non-financial assets and the measurement of provisions.
2. The 'net-zero emissions by 2050' case which is based on a faster decarbonization path than the base case is used for calculating sensitivities to recognize the uncertainty of the pace of the energy transition and to better understand the financial risk of the energy transition on the existing assets of OMV. The assumptions used in this case are in line with the Net-Zero Emissions by 2050 (NZE) scenario modeled by the IEA.[1] It shows a pathway for the global energy sector to achieve net-zero CO_2 emissions by 2050 and is compatible with limiting the temperature increase to 1.5°C.

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

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

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.

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
- Build a low carbon business
- Shift to gas and reduce fossil production
- Enhance OMV's shareholder value: deliver growth with strong financials and reward its shareholders through progressive regular dividends 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 2030 targets. 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 increasing zero-carbon energy sales, increasing polyolefin recycling and sustainable feedstocks and products, and using neutralization measures such as CCS, while decreasing fossil fuel sales.

This path will enable OMV 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% 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 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

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.

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 fuels and chemicals by redesigning plants to maximize high-value fossil resources. The production of renewable fuels and sustainable feedstocks in all three refineries will increase to approximately 1.5 mn t. Crude oil distillation throughput in Schwechat and Burghausen is expected to decrease by 2.6 mn t. OMV aims to increase the chemical yield in Western refineries to around 24%, while diesel output should be significantly reduced by 2030. In the Petrobrazi refinery, the Group aims to build new production units for advanced biofuels and green hydrogen.

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 plans to 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. Until 2030, OMV gradually aims to reduce its fossil production to ~350 kboe/d by 2030, with a share of around 60% of natural gas. 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 above global GDP, even in a low GHG emission world. Virgin polyolefin demand is expected to grow slightly above global GDP with a CAGR (2023–2030) of 3.6%. 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 (2023–2030) of 12.5%, significantly above GDP, thanks to strong end-market commitments especially in the consumer goods sector, increasing regulations, 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., enabling lighter-weight automotive solutions and packaging that reduces food waste and increases shelf life. 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 2025
- Expansion of North American footprint through Baystar JV, building a 1 mn t ethane-based cracker and expanding the polyethylene plant's capacity to >1 mn t annually. The steam cracker started up in 2022, and the polyolefin plant Bay 3 started end of 2023.
- Expansion of Borouge JV through the mega project 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.

In July 2023, OMV decided to pursue negotiations with ADNOC on a potential combination of Borealis and Borouge. The transaction would create a global polyolefin company with material presence in key markets and potential for growth, accelerating OMV's strategy implementation. Open-ended negotiations are still ongoing, aiming for equal terms under a jointly controlled, listed platform.

The Group 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 platforms, 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 is expected to decrease up to 2030, as both volumes and refining margins are forecast 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. 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 OMV's feedstock requirements for 2030 already has a clear sourcing plan. In the same time period, F&F will 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. In the Petrobrazi refinery, the Group aims to build new production units for advanced biofuels and green hydrogen.

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 Europe by establishing new market positions in the vicinity of planned production sites. F&F strives to 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 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
- 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
- Production is expected to be ~350 kboe/d by 2030, excluding any potential divestments
- Upon evaluation of its portfolio, OMV started the process of divesting its E&P assets in the Asia-Pacific region (Malaysia and New Zealand).

In the context of the ongoing energy transition and to support 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 the 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. OMV is in the process of divesting 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. On January 31, 2024, OMV has signed an agreement to divest its 50% shareholding in Malaysia's SapuraOMV Upstream Sdn. Bhd. to TotalEnergies. The divestment is anticipated to close around the end of the first half of 2024.

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 is 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. 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 field decline. As needed, this 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. 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 into 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's 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 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 is aiming for an absolute reduction of 30% by 2030 and of 60% by 2040. For the defined categories in Scope 3, OMV is aiming 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 applying the Oil and Gas Climate Initiative (OGCI) framework. As a result, OMV committed to:

- E&P methane emissions accounting shall be in line with the OGCI framework as a minimum
- Operated E&P assets must have a source-level measurement of methane emissions (OGCI level 4) in three years' time 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 toward the end of 2024 to evaluate its targets against the SBT requirements and aims to get them approved by the Science Based Target initiative (SBTi).

These emissions reductions can only be achieved with considerable effort and appropriate capital allocated: the Group has earmarked organic investments of more than EUR 13 bn for this purpose in 2022–2030, which represents around 40% of planned 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:

- 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
- 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
- Decrease in fossil fuel sales: significant decrease in fossil fuels and a less steep decline in natural gas sales

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 in the C&M business segment are planned to be 100% renewable by 2030. The inorganic growth of the Chemicals & Materials business will be executed in line with OMV decarbonization targets with decarbonization pathways either in place or to be implemented following a possible acquisition.

Finance

2030 strategic priorities

- Deliver a clean CCS Operating Result of at least EUR 6 bn by 2030
- Generate operating cash flow excluding net working capital effects of 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%
- When the leverage ratio is 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
- Commit to attractive shareholder distributions

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. It aims to achieve a ROACE of at least 12%, positive free cash flow after dividends, and a strong balance sheet, with a mid/long-term leverage ratio of below 30%. Further targets include 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, and 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 is planning 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 green and 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, as well as approved by the Annual General Meeting.

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

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 energy supply, category 1 – Purchased goods (feedstocks), and category 12 – End of life of sold products for non-energy use.

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 "Committed to Zero Harm – Protect People, Environment, and Assets."

- **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. OMV aims to transform into a net-zero business by 2050.

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. As part of OMV's commitment to the World Bank's "Zero routine flaring by 2030" initiative, we will continue to phase out routine flaring and venting as soon as possible, but no later than 2030. For example, in 2023, a combined heat and power unit that recovers gas that would otherwise be vented and/or flared was installed in the Padina production system in Asset Moldova. As a result, an emissions reduction of approximately 18,000 t CO_2e is expected during the first full year after implementation.

To reduce our Scope 1 emissions, we are increasingly turning to renewable sources of electricity to power our operations. For instance, in 2023, 13.5 GWh of renewable electricity was generated at the OMV and VERBUND photovoltaic park in Schönkirchen, Austria. The electricity was used for ongoing operations at Austrian E&P assets within the Energy business segment. In Romania, OMV Petrom's Cosmești and Brădești solar parks produce nearly 4 GWh of solar energy annually, which will be used to supply electricity for its ongoing operations in its Romanian E&P assets. In addition, by the end of Q4/23, PV panels were installed at nearly 500 OMV and Petrom-branded filling stations. The electricity that will be produced from these installations annually is estimated at around 9 GWh.

To reduce our Scope 2 emissions, several Power Purchase Agreements (PPAs) with renewable energy providers were signed by the OMV Group in 2023. For instance, Borealis and Finnish energy company Fortum signed a long-term PPA to source renewable energy from two onshore wind parks. Starting mid-2024, 800 GWh of renewable power will be supplied to the Borealis production operations in Porvoo, Finland, over the course of eight years.

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- and low-carbon products, such as geothermal energy, hydrogen, and Sustainable Aviation Fuels.

In our Energy segment, the Low Carbon Business has been working on expanding our photovoltaic asset base, investigating solutions for subsurface energy storage, e.g., with hydrogen, and looking at options to explore and commercially develop geothermal energy potential in the countries where we operate. These projects are mainly in the R&D or initial investment phase.

In 2023, OMV and Wien Energie joined forces to deliver the heating transition. As part of a joint venture called "deeep," both companies are working closely to make deep geothermal energy a reality in the greater Vienna area. The aim is to develop deep geothermal plants with an output of up to 200 MW, thereby generating climate-neutral district heating for the equivalent of up to 200,000 Viennese households. The partners are also planning to implement up to seven deep geothermal plants in Vienna as part of drilling programs. The first deep geothermal plant is to be realized together by the partners in the joint venture. The plant will generate up to 20 MW of climate-neutral district heating – in combination with heat pumps from Wien Energie. Approval procedures are currently underway and drilling is due to start toward the end of 2024. The plant is scheduled to go into operation in 2027. In addition, OMV acquired a 6.5% stake in Canadian privately owned Eavor Technologies Inc. ("Eavor"). Eavor is the leading closed-loop geothermal energy solution developer worldwide. OMV and Eavor also entered a commercial agreement to pursue large-scale deployments of Eavor-Loop™ technology in Europe and beyond. OMV's initial focus will be on the deployment of Eavor-Loop™ in Austria and Germany.

OMV Petrom and Complexul Energetic (CE) Oltenia will begin the construction of four solar parks, which will provide a combined capacity of approximately 450 MW. The total investment required for the establishment of these four photovoltaic parks exceeds EUR 400 mn, with 70% of the funding coming from the Modernization Fund. The PV parks will be built in Ișalnița, Tismana, Roșia, and Rovinari, on the sites of the former mining operations managed by CE Oltenia. Based on current estimates, the PV parks should supply electricity to the national energy system from 2024 onward. In addition, OMV Petrom has signed an agreement to acquire a number of projects for the construction of solar parks in Teleorman county. The projects will go into the execution phase by the second quarter of 2024 and, with a total power output of 710 MW, will supply enough power for 280,000 Romanian households annually.

We are contributing to the creation of a sustainable energy system by identifying and maturing solutions, with a strong focus on markets that are hard to electrify such as heavy road transport or air travel. What these markets have in common is that they need an energy-dense yet climate-friendly fuel with the lowest possible downtime. Our portfolio focuses on waste-based and advanced biofuels, hydrogen, and e-fuels, as these offer the potential to utilize synergies with existing refinery assets and competences for a feasible scale-up and roll-out of green technologies. In 2023, OMV was already delivering SAFs to Air France-KLM, Ryanair, and the Associated Energy Group, LLC (AEG Fuels) at Vienna airport. Additional Memorandums of Understanding (MoUs) for the intended offtake of SAFs were signed with Air France-KLM and Ryanair in 2023. The total amount of intended SAF offtake between 2023 and 2030 is up to 160,000 t for Ryanair, up to 185,000 t for Wizz Air, up to 300,000 t for Air France-KLM, and more than 800,000 t for the Lufthansa Group.

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 adheres to the OECD Guidelines for Multinational Enterprises. OMV's Code of Conduct and Code of Business Ethics publicly lay out our commitments to responsible and ethical business conduct. The Code of Conduct 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 2023, 9,285 OMV Group employees were trained in business ethics. In addition, OMV introduced a new Ethics & Integrity Policy that defines the principles of what it means to act ethically and with integrity. This policy aims to guide the way that business is conducted within OMV, what is considered acceptable or desirable behavior, above and beyond compliance with laws and regulations. The Ethics & Integrity Policy is supported by a newly established Ethics & Integrity Committee, which shall provide reassurance that the organization is living up to its ethical values and commitments.

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. At OMV, we aim to foster innovation, maximize value contribution, and enable supply chain growth. 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. In 2023, OMV's Corporate Procurement Directive was revised. Two of the main changes were the introduction of sustainability criteria as part of the commercial evaluation and sustainability embedded in the Supplier Relationship Management process. To ensure we have a standardized approach to payment conditions for our suppliers and contractors, we have 60-day standard payment terms stipulated in the Corporate Procurement Directive.

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.

The Supplier Relationship Management Framework was rolled out in 2023. As a result, sustainability is now part of supplier segmentation, supplier performance, supplier meetings, and supplier innovation. Supplier prequalification is 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 2023, 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 annual 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 50 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 2023 OMV invited 394 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. 71% of responding suppliers have a climate target in place (vs. 75% in 2022).

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 living 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 7,124 employees received training on human rights topics through the e-learning tool and in-person training sessions in 2023 (2022: 4,254). 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 2023, 19 incidents of human rights grievances were reported (2022: 35).

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 subcontractor 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. Since the allegation, Borealis has taken many steps to increase oversight of the PDH construction site in Kallo, Belgium, and advance its organizational set-up both in terms of competence and governance. For instance, Borealis invested in additional capabilities and capacities to reduce the risk of social misconduct and malpractice, such as setting up and implementing a Global Social Compliance Team, with one social compliance manager across the company and three regional social compliance managers. Borealis also implemented regular alignment meetings with the social inspectorate and work authorities in Belgium and Austria. Borealis has a zero-tolerance policy for social malpractice and misconduct. A management document was implemented in the Borealis Management System (BMS), stating the company's social compliance ambition, the framework for identifying regulatory and social compliance risks, advice on designing and implementing regulatory and legal compliance processes and controls to mitigate such risks, and how to monitor and report the effectiveness of these controls. Borealis has also implemented stricter access checks at the site gates of its production locations in Austria and Belgium, combined with more frequent and risk-based checks.

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 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. The OMV Group Human Rights Policy Statement was approved by the Executive Board of OMV Petrom in February 2023, while Borealis signed off its Human Rights Policy Statement in October 2023, with formal approval from its CEO. In addition, individual monitoring initiatives were implemented at a 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 2023, OMV registered 732 external grievances (2022: 776) 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 93% of all registered grievances at OMV in 2023.

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 environmental protection are essential for attaining OMV's HSSE mission of "Committed to Zero Harm – Protect People, Environment, and Assets."

HSSE Strategy

To achieve this mission, the OMV Group's HSSE Strategy was updated in 2023 to support our company's safe and sustainable transformation journey. As we become a company with a clear focus on circular economy solutions, we will expand our product portfolio and enter new businesses and markets. This brings with it new cultural perspectives, new technologies, new risks, and the need to meet new customer demands and growing environmental requirements. The HSSE Strategy focuses on the cross-functional goals of strong HSSE commitment and leadership, supplier and contractor management, and enhanced efficiency and effectiveness of HSSE processes. The strategic HSSE goals are:

- HSSE culture: develop a company culture where HSSE shapes decision-making at every level
- Contractor management: develop supplier and contractor management capabilities at every level
- HSSE management system: enhance the effectiveness and efficiency of processes, regulations, and tools
- Health: improve workability through integrated health management
- Occupational safety: ensure the safety, physical and mental integrity of people
- Process safety: maintain a strong focus on traditional risk control while preparing for new technologies
- Security and resilience: protect personnel, assets, physical information, and our Company's reputation.
- Environment: protect people and nature and respect the planetary boundaries (limits of planet Earth)
- Product stewardship: continuously improve the safety and sustainability of our products throughout their life cycle to contribute to a pollution-free environment

Health and safety

In 2023, the combined Lost Time Injury Rate (LTIR) for OMV employees and contractors was 0.87 (2022: 0.78), and our combined Total Recordable Injury Rate (TRIR) was 1.37 (2022: 1.23). Regrettably, one of our contractor employees in Romania lost their life in 2023 while working for OMV. The contractor colleague in Romania died from injuries sustained during a fire.

The business segment Chemicals & Materials reached a TRIR of 3.98 (2022: 2.85). The main contributors to this high TRIR are the growth project in Kallo with 28 total recordable injuries (TRI), Stenungsund with 7 TRI, and Porvoo with 9 TRI, the latter two both having had turnarounds this year. All incidents had low actual and potential consequences but became a trigger to roll out the "B-Safe" program, which involved 4,120 people taking part in training. This training is based on behavioral safety and safety leadership, with a three-day course for all leaders including top management and a one-day session for all other employees. A strong focus was on safety culture and risk awareness, and taking care of each other. Special attention was paid to contractor HSSE management and learning from past incidents so as to prevent recurrences and embed appropriate improvement measures. In 2024, we will continue, embed, and sustain the B-Safe program. In order to improve safety culture, every location has selected focus areas based on B-Safe participants' feedback. In addition, using lessons learned from previous acquisitions, we have strengthened our approach to integrating newly acquired facilities by establishing a strong HSSE foundation from the start, combined with a two-year integration plan. Locations identified with lower safety performance based on trends have also established a specific "get well" plan on top of their B-Safe improvement plan to address specific local challenges, led and sponsored by Borealis' top leaders. Our focus on the prevention of serious injuries and fatalities continues, including a Group-wide approach for working at height, rolled out as a result of the findings from the tragic incident in Grandpuits in 2022. Borealis has also developed a standard task risk assessment process and global confined space procedure to standardize minimum expectations when conducting this high-risk activity. 2023 was an excellent year in process safety with only four leaks of primary containments (LOPC), without consequence for people and assets. Every LOPC is one too many, so we will continue to build on our process safety journey focusing on leading indicators, Tier 3 and Tier 4 events, and particularly on corrosion under insulation, which poses a major challenge in aging facilities.

The HSSE performance of Fuels & Feedstock in 2023 was overshadowed by a tragic fatal work accident involving a contractor employee in Romania, as mentioned above. Significant effort was put into safety campaigns and risk awareness and prevention programs 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 Petrobrazi and Schwechat refineries. The Fuels & Feedstock TRIR came in at 0.78, slightly improved compared with the previous year (2022: 0.82). Special emphasis was placed on findings and lessons learned from previous incidents, leadership engagement, and improved contractor management. The consistent implementation of the process safety road maps drives further process excellence.

The Energy division had a TRIR of 0.95, which was better than last year's performance (2022 TRIR: 1.09). Under the motto "back2basics," dedicated campaigns to increase management presence and visibility of operational sites were implemented in most of our locations in 2023. The reduction of incident frequency and severity shows that constant effort on management level in combination with cross-functional collaboration on sites are the key to maximizing performance. In addition, we encountered 18 High Potential Incidents (HiPo). Learning from these is very important and can prevent serious or fatal injuries. That is why all HiPo incidents were subjected to thorough incident investigations and measures were taken to prevent recurrence.

Process Safety and Contractor Management will remain top priorities in 2024 and we will continue our efforts to improve performance. We also commit to training all operational personnel (employees and contractors) in applying the Life-Saving Rules by creating dedicated Safety Centers. Our Life-Saving Rules are in line with the IOGP and the industry and must be complied with under all circumstances.

OMV Group safety performance

In mn hours worked

	2023	2022
Company		
Lost-Time Injury Rate	1.04	1.13
Total Recordable Injury Rate	1.48	1.32
Contractors		
Lost-Time Injury Rate	0.80	0.62
Total Recordable Injury Rate	1.32	1.19
Total (Company and contractors)		
Lost-Time Injury Rate	0.87	0.78
Total Recordable Injury Rate	1.37	1.23

The health and well-being of employees are fundamental to the success of any company, as they serve as a foundation for ensuring employee productivity. OMV continued its long tradition of offering health and prevention programs, such as cardiovascular disease prevention programs, ultrasound checks 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.

Also in 2023, great effort went into important safety-related activities to reduce risks and reverse the negative trend we see in OMV as a lingering effect of the COVID-19 pandemic and a clear increase in industry activity with a shortage of qualified personnel exacerbated by the geopolitical situation:

- We have rolled out our harmonized Life-Saving Rules (LSR) across the OMV Group. This simple set of rules helps prevent fatal and severe accidents and applies to all employees and contractors. During an intensive campaign with face-to-face workshops led by line management, all employees and contractor employees were trained. Furthermore, the LSR were presented and discussed regularly during awareness programs, workshops, management walk-arounds, and safety walks, as well as during various meetings. Practical LSR trainings will be continued and delivered systematically in the Safety Centers, for which the training concept and material have been fully reviewed and updated. Based on this, existing Safety Centers will be redeveloped, and new ones created in 2024.
- All incidents at level 3 and higher plus HiPos were investigated, and lessons learned were communicated throughout the organization. Improvement initiatives were developed and closely monitored using our HSSE reporting tool.

- To improve the incident investigation process and ensure that the new incident investigators get the right support, we launched an "Incident Investigators Community of Practice Experience Sharing" session across the whole OMV Group in 2023. This will be continued in 2024 on a regular basis.
- In 2023, action close out focus audits were performed to ensure the continuous improvement process. The specific objectives were to audit the close out of actions resulting from incident investigations and to audit the sharing within the organization and with contractors of (technical/safety) alerts and lessons learned.
- Contractor HSSE management is key to the OMV Group's safety performance. We continued the training for beneficiaries and functional experts through e-learning sessions and webinars, and we updated the internal regulations framework based on practical experience. We also held strategic supplier meetings with prime contractors to share information, experiences, and expectations. A new quarterly experience exchange forum was established to support the business across the OMV Group with information and best practice sharing related to supplier and contractor management.
- Global HSSE training for employees and managers was delivered in the form of face-to-face training sessions, and a basic course was also offered as an e-learning course consisting of 13 modules, available in English, German, and Romanian.
- The leading process safety performance indicators (PSPI) were updated for the OMV Group, and a dashboard was developed for management information.
- Periodic Group Process Safety Committee meetings with Executive Board member involvement took place, during which process safety performance, achievements, and challenges were on the agenda.
- A register containing risk reduction measures identified in various process hazard analyses (PHAs), assessments, and safety studies was established in each operated production unit and was populated with data, which also included Borealis sites.
- A cloud-based software tool for process hazard analyses, recommendation tracking, and workflows was rolled out at OMV.
- 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 Group-wide process safety knowledge- and experience-sharing platform was continued, with quarterly half-day events where up to 200 individuals participate in virtual meetings and presentations, including contributions from senior management.
- The OMV Group HSSE reporting tool was further developed. This is a key step in our ongoing harmonization and enables us to report in one single system across the OMV Group.

Security

Corporate Security monitored an unstable geopolitical environment in 2023 combined with complex new and ongoing regional conflicts, not only in the Middle East but also in Europe. This resulted in Corporate Security continuing to invest significant resources in ensuring resilience and security in areas that we had previously considered low risk, but without losing focus on assets located in the Middle East and North Africa. In addition to the challenges of operating securely in Yemen, Tunisia, and Libya, the enduring threat of terrorist attacks in Europe and elsewhere has not diminished. Political extremism, organized crime, and the increasing convergence of cyber risks with physical threats necessitated the Corporate Security department's unrelenting focus on a robust yet flexible security strategy to enable OMV to continue operating in dynamic environments with asymmetric threats.

The OMV Group's internal Security Management Standard lays out a comprehensive range of security regulations, plans, procedures, measures, and systems. The document utilizes the IOGP best practice guidelines, along with other industry best practice (ASIS and UK Security Institute), to enable the OMV Group to more effectively detect, deter, protect against, prevent, record, and investigate threats. Corporate guidelines on Issue Motivated Groups (IMGs) were updated, as was a position paper on Unmanned Aerial Systems (UASs).

Management and Due Diligence Processes: The OMV Group has a unique, agile, and proven security management system that is regularly reviewed, amended, or enhanced as the situation requires.

The philosophy of collecting security information and assessing it as a preventive security instrument remains a fundamental principle of the Corporate Security strategy. This concept affords us the ability to anticipate or instantly respond to a broad spectrum of geopolitical events, regional conflicts, and isolated incidents. Effective interaction with government and local security agencies further augments this approach with the reliable corroboration of facts on the ground.

OMV's security risk assessment platform continues to provide real-time oversight of OMV's asset risk exposure levels and can be quickly adjusted in response to geopolitical or security events, as well as enabling the dissemination of security-critical information in real time.

The OMV Group's human rights policies and actions remain crucial to guaranteeing a secure and harmonious working environment. We provide human rights training to local security employees and third-party contractors. Effective community engagement at a local level remains a powerful security mitigation measure in regions experiencing conflict or instability. In high-risk countries, OMV's local security and community engagement strategies are tightly integrated, promoting effective policies, mutual respect, and transparency with all local stakeholders. In turn, they contributed directly to OMV's stable and secure operating environment in 2023. This cooperation encourages a precautionary approach to early detection and resolution of local grievances.

To ensure the effectiveness and appropriateness of security practices within OMV's business units, the OMV Corporate Security function conducts regular audits. These occur annually for those ventures deemed high risk; for 2023 these were Libya, Tunisia, and Yemen. Two other major audits are conducted annually, with business units being chosen based on operational requirements. In 2023, the selected areas were OMV New Zealand and the Burghausen refinery and associated tank farms at OMV Germany.

Terms of Reference are agreed with the business unit prior to commencing the audit, a thorough review then takes place including site visits, interviews, document analysis, and observations. An audit report is then drafted, shared, agreed, and then published. The report will include SMART actions, with the entire process being tracked via OMV's HSSE reporting tool.

The Corporate Security department continued to deliver operational support to OMV ventures globally, as well as surge capacity during security challenges. In high-risk countries, OMV also utilized dedicated Country Security Managers and Asset Protection Experts on site to enhance security via additional and, where appropriate, local expertise.

In 2021, the OMV 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. In 2023, OMV Corporate Security completed its application to VPSHR and attended its annual conference in London. OMV is currently awaiting the results of its application. OMV will continue its engagement with the VPs, aiming to move from engaged membership to participant membership.

Environmental management

OMV's transformation into a company with a clear focus on circular economy solutions and low-carbon energy is driven by the aim to protect people and nature and to respect the limits of planet Earth. As this transformation must go hand in hand with societies' needs for secure and affordable energy and materials, we are at the same time striving to minimize the environmental impact of our existing operations through measures such as spill prevention, energy efficiency improvements, reduction of greenhouse gas (GHG) emissions and water withdrawals, and waste management. OMV strives to optimize processes, to use natural resources as efficiently as possible, and to reduce emissions and discharges to levels no longer considered harmful.

In 2023, there were four major hydrocarbon spills (level 3 of four; 2022: 2 spills). The total volume of hydrocarbon spilled was lower compared to the previous year. OMV continues to work on its oil spill response preparedness and capabilities.

Key environmental measures and achievements in 2023:

- Water management plans have been established at our main operational sites to reduce water-related risks and ensure efficient and sustainable water use. At OMV Tunisia, we implemented improvement projects to reduce freshwater use and increase the safe reuse of wastewater.
- 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 in the Schwechat refinery, the installation of an additional electrostatic precipitator module reduced dust emissions significantly.

- At the Petrobrazi refinery, the tank modernization program continued in 2023 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 2023, OMV Petrom completed the surface abandonment of 656 wells and 46 facilities in the E&P division. A total of 168,882 t of contaminated soil was treated in our bioremediation plants, and 18,746 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 2023, we had successfully completed the digitalization of 4,400 wells, which represents more than 58% of the total active wells in operation.
- During 2023, Borealis continued its engagement in Project STOP, which aims to support cities in emerging countries in establishing cost-efficient, effective, and circular waste collection systems. By developing a blueprint and sharing its know-how, as many stakeholders as possible will be encouraged to replicate the holistic approach of Project STOP. The knowledge gained from the three city partnerships so far is now allowing the project to scale up across the Indonesian Regency of Banyuwangi. It will, positively impact the lives of up to two million residents by the end of 2026 by creating 1,000 full-time jobs and collecting 230,000 t of waste annually. In this context, Borealis has signed the UN Sustainable Ocean Principles and is a member of the UN Global Compact. For more information, visit the Project STOP website at www.stopoceanplastics.com.
- As part of its commitment to achieving zero pellet losses in operations and the supply chain, Borealis has met all requirements to fully comply with the Operation Clean Sweep® standard and consequently put in place a comprehensive set of on-site measures that aim to prevent and respond to pellet spills, should they occur. After carrying out extensive third-party audits that comply with the Operation Clean Sweep® standard in December 2023, the first two Borealis locations achieved the Operation Clean Sweep® Certificate. Borealis aims to have all of its polyolefin locations certified according to Operation Clean Sweep® by the end of 2024.
- The full impact of the WGC BREF (Common Waste Gas Management and Treatment Systems in the Chemical Sector) has been assessed in all locations, which resulted in an action plan to become fully compliant in the next few years.
- We 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. In 2023, we initiated a Group-wide project to establish a nature and biodiversity framework for the OMV Group, as part of which we are applying the Taskforce on Nature-related Financial Disclosures' (TNFD) approach to locate, evaluate, assess, and prepare (LEAP) to identify priority sites, evaluate impacts and dependencies, assess risks and opportunities, and prepare to respond to and to report on material nature-related issues.
- OMV works locally with third parties on restoration and rehabilitation projects. For example, in 2023, we supported the following biodiversity-related projects in New Zealand: the Moawhitu lake and wetland regeneration project, the partnership with the Rotokare Scenic Reserve Trust, creating a predator-free reserve for the endemic hihi bird, and the partnership with the local hapū at Pohokura to restore and protect the wetlands on site.

Employees

We know that it is the combined 20,600 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

We developed a Group-wide People & Culture Strategy, which fully supports the transformation of OMV. At the core of the People & Culture Strategy is our purpose, i.e., "Re-inventing essentials for sustainable living" and four strategic drivers:

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

Highlights of 2023

Following the announcement of the OMV Group's Strategy 2030, all Human Resources (HR) functions Group-wide were renamed People & Culture (P&C) in 2022. 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.

In March 2022, our Group-wide purpose, "Re-inventing essentials for sustainable living," was launched. In support of our purpose, in May 2023 we launched our new OMV Group Values "We care | We're curious | We progress." Our Values were defined based on the contributions of more than 13,000 employees and leaders from across OMV, OMV Petrom, and Borealis during a series of interactions, including the Pulse Check survey, leadership interviews, mass focus groups, and workshops, where a feedback tool based on artificial intelligence was used.

To ensure the transformation of OMV will be a success, we need to adapt our current methods to fit our new aspirations. By building on our capability, we are reinventing how we lead as well as our way of working. Therefore, linked to our Purpose and Values, we implemented Group-wide Transformational Leadership Competencies (TLCs) in 2023. Our TLCs define our expectations of our leaders and complete our transformational framework to successfully drive the implementation of our strategy. The four TLCs for all leaders across the Group are "Lead self," "Grow people," "Drive change," and "Deliver impact."

In September 2023, we ran our annual Group-wide Pulse Check survey for the second time as part of our employee engagement strategy, achieving an 82% participation rate, which represents a substantial 12% increase from 2022. The results showed an increase in all dimensions, with visible positive impact in key focus areas, including 69% on the understanding of our new Values. Conclusions and subsequent actions were agreed within business units by year-end and Q1 in 2024 for implementation in 2024.

Based on the Pulse Check results from 2022, a key focus was on enhancing transparency, accessibility, and collaboration within our organization. By promoting an environment of open communication and teamwork, we strive to break down silos and ensure transparency. In order to achieve that, all leaders were asked to hold meetings with their teams to further explain the OMV Strategy 2030 and encourage dialogue.

In 2023, we updated our leadership programs with our new Values and Transformational Leadership Competencies, which were designed to support both those employees who take on new management roles and current leaders who want to upgrade their basic knowledge of leadership. For identified talents at executive level, our dedicated Leading Ahead top talent program focusing on enhancing executive leadership skills was continued, as was our program for women in leadership positions. In terms of graduate development, we offered the second tailored graduate program in Fuels & Feedstock and continued with our long-standing Integrated Graduate Development (IGD) program in the Energy segment.

We were able to expand our learning opportunities through initiatives such as the Sustainability Academy, which was launched and offers our employees an ever-growing selection of curated learning material about sustainability-related topics. This supports our employees in expanding their knowledge on ESG topics and provides them with a foundation that is needed to understand their role in our journey to net zero. Focus topics for 2023 were ESG, Climate Change, Circular Economy, Sustainable Products, and Human Rights.

To support the upskilling of technical employees, we offered specific training initiatives, for example training on low-carbon energy, geothermal, decision quality, and data science.

Number of training participants[1,2,3]

	2023	2022
Austria	5,316	5,599
Romania/Rest of Europe	13,814	14,659
Middle East/Africa	779	664
Rest of the world	756	700
Total	**20,549**[4]	**21,622**

Money spent on training per region[1,2]

In EUR

	2023	2022
Austria	4,012,063	3,435,294
Romania/Rest of Europe	6,703,411	5,670,768
Middle East/Africa	1,072,251	614,903
Rest of the world	504,914	369,132
Total	**12,292,639**	**10,090,097**

[1] Excluding conferences and training for external employees
[2] Excluding DUNATÁR, SapuraOMV, OMV Russia; DYM Solutions, mtm, Rialti, Renasci
[3] Number of employees who participated in at least one training session
[4] Total is less than the sum of the countries due to double count of expats

In 2024, we plan to introduce our new Employer Value Proposition (EVP). This will serve as a statement or framework that outlines what OMV stands for as an employer. It will highlight the unique qualities and benefits that we offer to our employees. Moreover, it will help us attract and engage potential candidates who align with our purpose and our OMV Group Values, and the opportunities we provide.

Following the rollout of our Transformational Leadership Competencies in 2023, a transformation leadership program will be offered, reflecting our new Values and enabling leaders to develop their leadership style.

Diversity

In 2023, the OMV Group continued its commitment to fostering Diversity, Equity, and Inclusion (DEI) within the organization. Building on the foundation laid in 2022 with the launch of the Group-wide DEI strategy for 2030, the OMV Group took significant steps to further embed these principles in its corporate culture.

The OMV Group further strengthened its DEI strategy by establishing a governance framework in 2023. The structure includes five volunteer-based workstreams, led by employees across OMV, OMV Petrom, and Borealis. These dedicated workstreams focus on gender, generations, parenting/caregiving, people with disabilities, and LGBTQI+ inclusion, thus ensuring holistic representation.

Our focus on diversity is also being actively nurtured throughout the organization today, supported by a range of training sessions, activities, and awareness campaigns. Throughout the International Women's Week, themed #EmbraceEquity, two impactful events emphasized the distinction between equality and equity. We also received the "Family-Friendly Employer" award, underscoring dedication to work-life balance. A disability roadmap was developed following an audit by myAbility, an external auditor, with inclusion initiatives like hosting teenagers from a special needs school and participating in the International Day of People with Disabilities. Colleagues at OMV Petrom created a disability brochure, and the Works Council established a community for colleagues with disabilities and carers. Regarding LGBTQI+, the Ally Week in September promoted allyship and understanding through a panel discussion and community lunches. These initiatives demonstrate the OMV Group's commitment to diversity, inclusivity, and fostering awareness.

OMV is committed to ensuring fair treatment and equal opportunities for all employees and has zero tolerance for discrimination and harassment of any kind. We have developed a Group-wide People & Culture Ethics Guideline, which gives more details on our clear position regarding non-discrimination in the workplace. In accordance with this guideline, we aim to provide Group-wide complaint procedures and investigation principles for any misconduct in this regard.

As a result of these measures, the percentage of women in the Group is about 28% (2022: 27%). A total of 24.4% (2022: 21.6%) of employees in advanced and executive positions are female.

Employee key figures

At the end of 2023, the OMV Group employed 20,592 people. Compared with 2022, the number of employees decreased by 7.7% to 20,592, mainly as a result of the divestment of the Borealis nitrogen business.

Employees

		2023	2022
Employees by region			
Austria		5,242	5,884
Rest of Europe		13,732	14,890
Middle East & Africa		630	583
Rest of the world		988	951
Total number of employees		**20,592**	**22,308**
Diversity			
Female	in %	28	27
Male	in %	72	73
Female Executives[1]	in %	18	20
Number of nationalities		**94**	**101**

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

OMV Group Business Year

In 2023, OMV achieved the second-highest clean CCS Operating Result of EUR 6 bn in its history. Furthermore, cash flow from operating activities excluding net working capital effects remained significant, amounting to EUR 4.6 bn, and the organic free cash flow totaled EUR 2.3 bn. The leverage ratio was at the same level of 8% as in the previous year. 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 delivering attractive shareholder returns.

Business environment

Macroeconomy

Global GDP growth in 2023 is estimated to decelerate further, making it one of the weakest years ever excluding those with major recessions (2001–2002, 2009, 2020) as economies continue to recover slowly from the blows of the pandemic, Russia's invasion of Ukraine, and the cost of living crisis. Nevertheless, despite the disruption in energy and food markets caused by the war, and the unprecedented tightening of global monetary conditions to combat the highest inflation for decades, the global economy slowed but didn't stall. The latest IMF projection expects 2023 annual GDP growth to be just above 3% with a slowing trend across the year. This estimate is significantly below 3.5% and 3.7%, which are the averages from 2022 and 2010–2019 respectively.[1]

The economic slowdown was driven by multiple factors. Excess savings resulting from the pandemic-era fiscal stimulus have been in decline in developed economies, especially in the United States, implying fewer resources for households. International tourist arrivals are approaching prepandemic levels in most regions. As recovery in tourism progresses, the boost to growth is waning. Manufacturing has also been under pressure amid declines in industrial production and investment. Additionally, as a post-pandemic trend, consumerism has been shifting back to services, while tighter credit conditions and the cost of living crisis also weighed on manufacturing.

Growth also remained uneven, with growing global divergences. The slowdown is more visible in advanced economies, while emerging economies were in general more resilient. The United States was an upside outlier in the developed cluster, as resilient consumption and investment kept the economy in better shape. On the other hand, China was a negative surprise among developing nations amid growing headwinds from its real estate crisis and weakening confidence.

As the services sector recovered and then surpassed prepandemic levels, the strong demand from labor-intensive services also translated into tighter labor markets, and higher and more persistent services inflation.

There were also regional divergences in employment. Employment and labor participation rates are estimated to exceed prepandemic trends in advanced economies but to remain significantly below them in emerging markets due to more severe output losses and much weaker social protection.

The cost of living crisis remained a major economic issue for policymakers to solve despite global annual inflation falling from 8.7% in 2022 – the highest since 1996 – to 6.9% in 2023. The spike in inflation was driven by surging energy prices between the second half of 2021 and early 2023, which had spillover effects on prices throughout value chains, while the Russia-Ukraine war caused tightness on the food markets as well. Disinflation can also be associated with falling oil and gas prices, while food prices have been showing signs of moderation. Previously, supply chains were also under pressure due to temporary yet tectonic shifts in consumption patterns; however, normalization in this area contributed to cooling inflation.

Core inflation[2] also moderated in 2023; however, it was stickier compared to headline figures. Demand eased as COVID-19-related fiscal support was winding down; however, the effect of past price shocks was built into short-term inflation expectations, keeping core inflation more rigid. In the United States, a tight labor market contributed to elevated core inflation.

In response to elevated inflation rates, central banks started aggressive monetary tightening. The ECB, FED, and the Bank of England increased policy interest rates by 100–200 basis points in 2023. In the current cycle, the US and UK policy interest rates increased by more than 500 basis points compared to earlier lows, while in the Eurozone the increase surpassed 400 basis points by the end of 2023. The only exception was the Bank of Japan, which has kept the reference interest rate at –0.1% since 2016. Countries are also at different points

[1] IMF World Economic Outlook, January 2024
[2] Inflation excluding food and energy

in their hiking cycles. Advanced economies, excluding Japan, are at or near the peak, while some emerging market economies have already started easing.

Higher interest rates started to impact the economy through monetary transmission mechanisms. Lending surveys in major economies show that access to credit became considerably more difficult. Tighter credit conditions weighed on housing markets, investment, and activity, more so in countries with a higher share of variable-rate mortgages or where households are less willing, or able, to dip into their savings. Firm bankruptcies increased in the US and the Euro Area, although from historically low levels.

Oil and gas

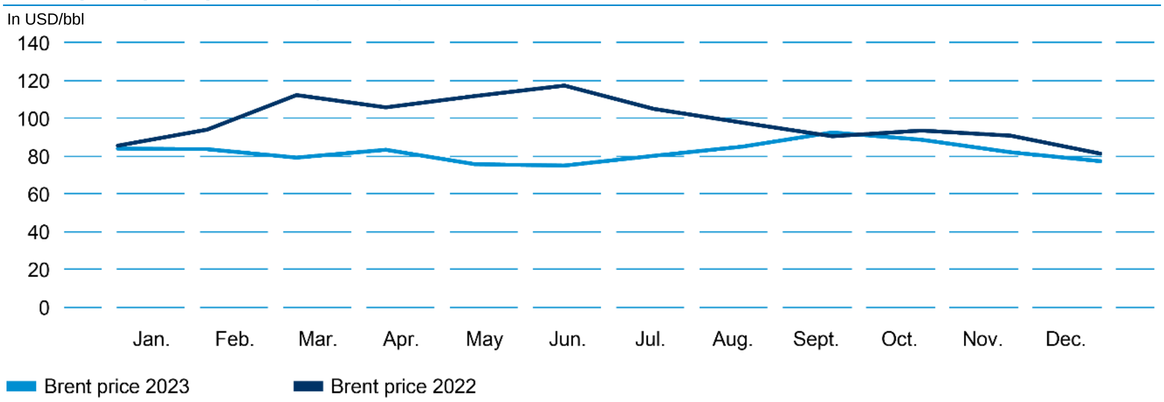
The European Union enacted energy-related sanctions against Russia in response to its invasion of Ukraine. As a result, seaborne crude oil and certain refined petroleum products could not be imported from Russia from December 5, 2022, and February 5, 2023, respectively. A temporary exception is foreseen for imports of crude oil by pipeline into those EU member states that, due to their geographical situation, suffer from a specific dependence on Russian supplies and have no viable alternative options. Moreover, Bulgaria and Croatia specifically will benefit from temporary derogations concerning the import of Russian seaborne crude oil and vacuum gas oil, respectively.

There is also a prohibition for EU vessels to transport Russian crude oil and petroleum products to third countries. Sanctions have also prohibited the related provision of technical assistance, brokering services, or financing or financial assistance. This ban doesn't apply if the crude oil or petroleum products are purchased at or below the oil price cap.

As a result, the European share in Russian seaborne exports fell to approximately 10%, from 50–60%, while China and India became the biggest importers of Russian crude.

The Brent price fell from USD 101/bbl in 2022 to USD 83/bbl in 2023. The crude oil price has been oscillating in the USD 75–100/bbl range since August 2022, the decline in the annual average being the result of the price spike in the first half of 2022 due to the Russia-Ukraine war. 2023 started with an optimistic economic sentiment driven by Chinese recovery as the last wave of COVID-19 restrictions was lifted, which also boosted oil demand. According to the IEA, year-on-year oil demand growth was 2.4 mbbl/d in 2023, 1.8 mbbl/d of which came from China. In the second half of the year, the economic outlook started darkening, affected by the negative economic impacts of rising interest rates and falling real disposable income due to high inflation worldwide. As a result, OPEC+ had to further scale back production in order to keep markets balanced.

Crude price (Brent) – monthly average[1]



[1] ICE Brent generic 1st contract monthly average

In 2022, natural gas was at the epicenter of attention on the energy markets with record high outright prices and volatility. Even at the end of 2022, there were days when day-ahead TTF prices were nearing EUR 150/MWh, affected by stock depletion concerns during winter, as Russian imports arrived to Europe only through Turkstream and in small amounts via Ukraine. However, EU-27 inventories ended the 2022–2023 heating season at 60%, which is significantly above the seasonal average, making restocking for the 2023–2024 heating season a lot more manageable. On the one hand, it was the result of lower than expected demand as the warm winter reduced the need for heating and saving measures were also introduced, while reduced Russian supply was partially offset by LNG, mainly coming from the US. In the later part of 2023, demand remained lower than in previous years; however, it was driven by weakening macroeconomic fundamentals, weighing on the industrial use of natural gas. In 2023, EU-27 natural gas demand fell 10% compared to 2022 and 19% compared to 2019 and 2021.

Due to softer fundamentals, prices retreated significantly from historic highs and spent most of the year in the EUR 30–50/MWh range. However, these values were still 50–100% higher compared to historical terms as Europe still needed to set prices higher compared to Asian buyers in order to attract import volumes.

Refining and petrochemicals

Refinery margins remained on a healthy level in 2023 as global refinery runs were unable to match demand growth, keeping crack spreads at an elevated level. However, there were different dynamics throughout the year, predominantly driven by diesel crack spread. The first part of the year showed a falling trend from an elevated starting position as rising supplies from the Middle East exerted pressure on diesel cracks. However, in the second half of the year, OPEC+ intensified crude cuts, resulting in lower availability of medium sour grades, which has high middle distillate yields. In addition, unplanned refinery downtime lifted crack spreads in general. Naphtha crack spreads were underperforming for most of 2023, as weak polyolefin margins weighed on demand from steam crackers.

High inflation and interest rates decimated consumer disposable income in 2023, which translated into lower demand growth for petrochemical products all over the world. Economic difficulties in China were especially concerning as the country accounts for one-third of global polyethylene demand, which is by far the largest ethylene derivative. In the meantime, the butadiene market was under pressure due to lower demand from the construction and automotive segments.

Financial review of the year

Key financials

		2023	2022	Δ
Sales revenues	in EUR mn	39,463	62,298	–37%
Clean CCS Operating Result[1]	in EUR mn	**6,024**	**11,175**	**–46%**
Clean Operating Result Chemicals & Materials[1]	in EUR mn	94	1,457	–94%
Clean CCS Operating Result Fuels & Feedstock[1]	in EUR mn	1,651	1,810	–9%
Clean Operating Result Energy[1]	in EUR mn	4,357	8,001	–46%
Clean Operating Result Corporate & Other[1]	in EUR mn	–51	–50	–2%
Consolidation: elimination of inter-segmental profits	in EUR mn	–27	–43	38%
Clean CCS Group tax rate	in %	43	48	–5
Clean CCS net income[1]	in EUR mn	3,421	5,807	–41%
Clean CCS net income attributable to stockholders of the parent[1,2]	in EUR mn	**2,593**	**4,394**	**–41%**
Clean CCS EPS[1]	in EUR	7.93	13.44	–41%
Special items[3]	in EUR mn	**–668**	**861**	**n.m.**
thereof Chemicals & Materials	in EUR mn	–214	582	n.m.
thereof Fuels & Feedstock	in EUR mn	146	426	–66%
thereof Energy	in EUR mn	–586	–111	n.m.
thereof Corporate & Other	in EUR mn	–14	–36	62%
CCS effects: inventory holding gains (+)/losses (−)	in EUR mn	–130	210	n.m.
Operating Result Group	in EUR mn	**5,226**	**12,246**	**–57%**
Operating Result Chemicals & Materials	in EUR mn	–120	2,039	n.m.
Operating Result Fuels & Feedstock	in EUR mn	1,671	2,438	–31%
Operating Result Energy	in EUR mn	3,771	7,890	–52%
Operating Result Corporate & Other	in EUR mn	–65	–86	24%
Consolidation: elimination of inter-segmental profits	in EUR mn	–31	–35	12%
Net financial result	in EUR mn	–70	–1,481	95%
Group tax rate	in %	58	52	6
Net income	in EUR mn	1,917	5,175	–63%
Net income attributable to stockholders of the parent[2]	in EUR mn	**1,480**	**3,634**	**–59%**
Earnings Per Share (EPS)	in EUR	4.53	11.12	–59%
Cash flow from operating activities	in EUR mn	5,709	7,758	–26%
Free cash flow before dividends	in EUR mn	2,682	5,792	–54%
Free cash flow after dividends	in EUR mn	349	4,333	–92%
Organic free cash flow before dividends	in EUR mn	2,272	4,891	–54%
Organic free cash flow after dividends	in EUR mn	–61	3,432	n.m.
Leverage ratio	in %	8	8	0
Capital expenditure[4]	in EUR mn	3,965	4,201	–6%
Organic capital expenditure[5]	in EUR mn	3,748	3,711	1%
Clean CCS ROACE	in %	12	19	–7
ROACE	in %	**7**	**17**	**–11**

Note: As of 2023, the Gas & Power Eastern Europe business was transferred from Fuels & Feedstock to the Energy business segment and is now reported together with Gas Marketing Western Europe under "Gas Marketing & Power." For comparison only, 2022 figures are presented in the new structure.

[1] Adjusted for special items and CCS effects; further information can be found in Note 5 – Segment Reporting – of the Notes to 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

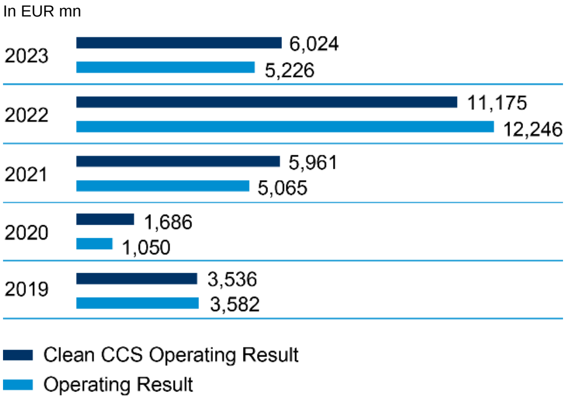
Special items and CCS effects

In EUR mn

	2023	2022	Δ
Clean CCS Operating Result[1]	**6,024**	**11,175**	**–46%**
Special items	**–668**	**861**	**n.m.**
thereof: personnel restructuring	–6	–8	27%
thereof: unscheduled depreciation/write-ups	–44	58	n.m.
thereof: asset disposal	208	724	–71%
thereof: other	–827	87	n.m.
CCS effects: inventory holding gains (+)/losses (–)	**–130**	**210**	**n.m.**
Operating Result Group	**5,226**	**12,246**	**–57%**

[1] Adjusted for special items and CCS effects

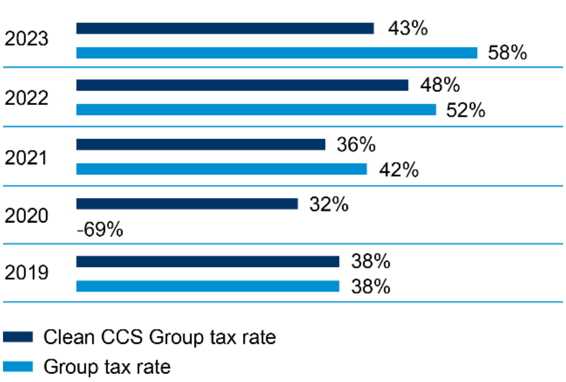
Clean CCS Operating Result



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

2023 performance:
With a result of slightly over EUR 6 bn, OMV achieved the second best of all time clean CCS Operating Result in 2023. It declined substantially from the 2022 result by 46% due to significantly lower market prices. All three business segments had a lower contribution compared to 2022 following a less favorable market environment.

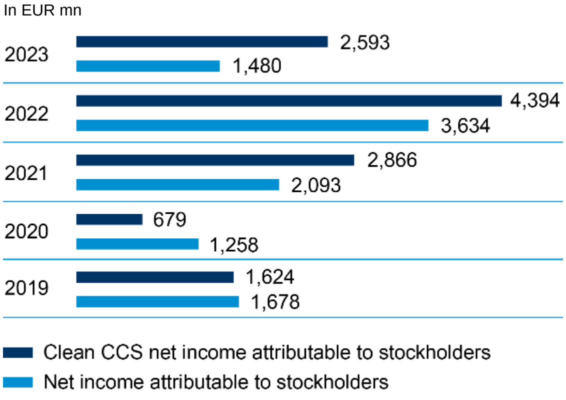
Clean CCS Group tax rate



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.

2023 performance:
Coming in at 43%, the clean CCS Group tax rate decreased by 5 percentage points compared to 48% in the previous year, stemming from a decreased share in the overall Group profits of the Energy segment companies located in countries with a high tax regime.

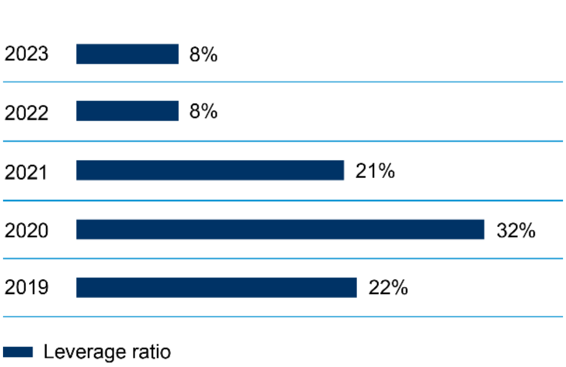
Clean CCS net income attributable to stockholders of the parent



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

2023 performance:
The clean CCS net income attributable to stockholders of the parent in the amount of EUR 2.6 bn decreased markedly compared to EUR 4.4 bn in 2022 following the Operating Result.

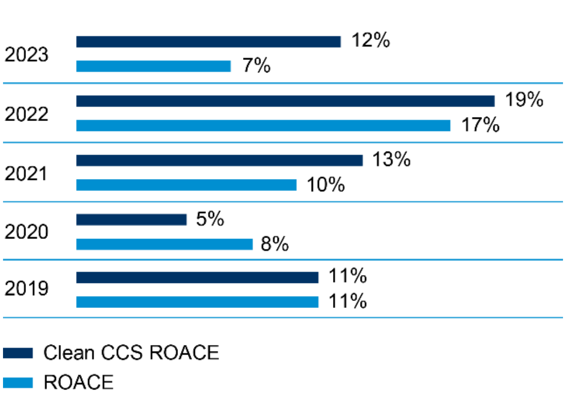
Leverage ratio



The leverage ratio is calculated by dividing net debt incl. leases through equity plus net debt incl. leases.

2023 performance:
OMV's strong financial performance resulted in maintaining the leverage ratio in 2023 at the same level as last year at 8%. This exhibits OMV's financial strength despite ongoing investing activities and a record dividend paid to shareholders.

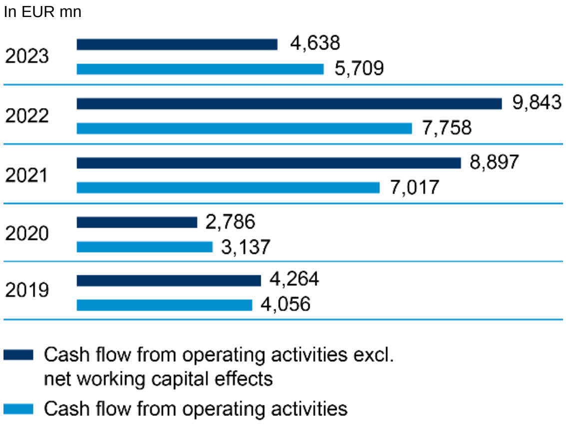
Clean CCS ROACE



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.

2023 performance:
Driven by the strong operational performance, OMV was able to deliver a clean CCS NOPAT of EUR 3.3 bn in 2023, compared to EUR 5.7 bn in 2022. Even though the average capital employed decreased also by 6%, the substantially lower clean CCS NOPAT led to a decrease in clean CCS ROACE from 19% in 2022 to 12% in 2023.

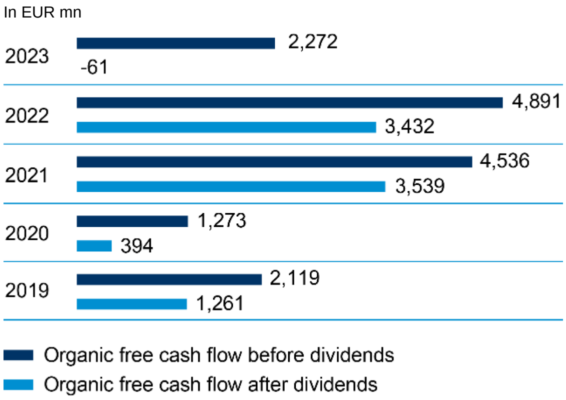
Cash flow from operating activities excl. net working capital effects



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

2023 performance:
Operating cash flow excl. net working capital effects came in at EUR 4.6 bn below the EUR 9.8 bn from 2022, due to the overall weaker market environment.

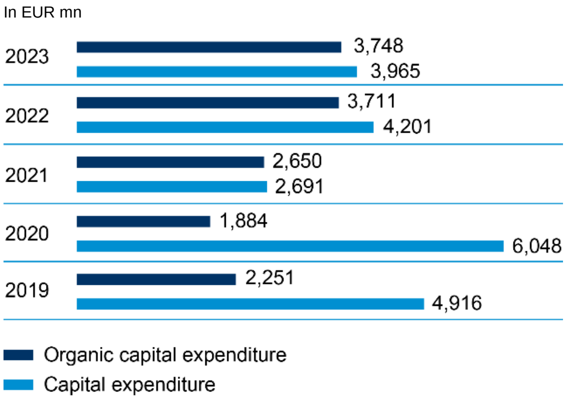
Organic free cash flow before dividends



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).

2023 performance:
An organic free cash flow before dividends of EUR 2.3 bn was recorded in 2023, 54% below prior year's level.

Organic capital expenditure



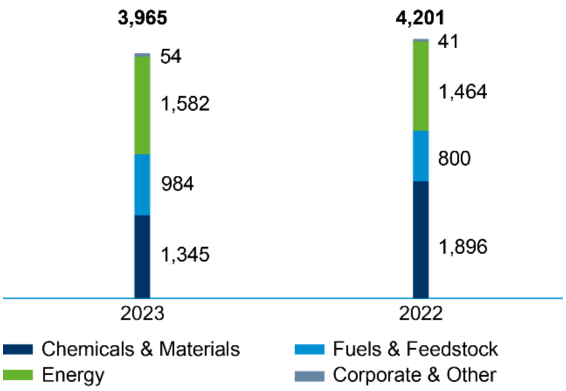
The amount is defined as capital expenditure including capitalized exploration and appraisal expenditure, excluding equity injections into at-equity and fully consolidated companies, acquisitions, and contingent considerations.

2023 performance:
Organic capital expenditure was stable at EUR 3.7 bn as the increase in investments in Fuels & Feedstock and Energy was offset by a decrease in investments in Chemicals & Materials.

Capital expenditure (CAPEX)[1]

Total CAPEX

In EUR mn



Chemicals & Materials CAPEX in 2023 included mainly the construction of the new propane dehydrogenation (PDH) plant in Kallo, the planned turnarounds at the Schwechat (Austria) and Porvoo (Finland) sites as well as construction of the ReOil® plant in Austria.

CAPEX in 2022 was mainly related to investments in the construction of the PDH plant in Belgium, which included non-cash effective CAPEX related to leases in the amount of around EUR 0.5 bn. Additionally, 2022 was impacted by the equity injection into Borouge 4 LLC to finance the Borouge 4 project, the construction of the ReOil® plant in Austria, and the turnaround at Stenungsund (Sweden).

The increase in **Fuels & Feedstock** CAPEX was predominantly driven by higher investments in the aromatic unit in Petrobrazi (Romania) and the co-processing plant in Schwechat (Austria).

Energy CAPEX in 2023 was primarily directed at projects in Romania, Norway, and the United Arab Emirates. In 2022, it was mainly related to the investments in Romania, New Zealand, and Norway.

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

	2023	2022	Δ
Total capital expenditure	**3,965**	**4,201**	**–6%**
+/– Other adjustments	–14	–47	70%
– Investments in financial assets	–215	–490	56%
Additions according to statement of non-current assets (intangible and tangible assets)	**3,736**	**3,664**	**2%**
+/– Non-cash changes[1]	–248	–721	66%
Cash outflow from investments in intangible assets and property, plant and equipment	**3,487**	**2,943**	**18%**
+ Cash outflow from investments, loans and other financial assets	635	736	–14%
+ Acquisitions of subsidiaries and businesses net of cash acquired	52	—	n/a
Investments as shown in the cash flow statement	**4,174**	**3,679**	**13%**

[1] Non-cash changes in 2022 were 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 Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows (summarized)

In EUR mn

	2023	2022	Δ
Cash flow from operating activities excluding net working capital effects	4,638	9,843	–53%
Cash flow from operating activities	5,709	7,758	–26%
Cash flow from investing activities	–3,027	–1,966	54%
Free cash flow	2,682	5,792	–54%
Cash flow from financing activities	–3,771	–2,660	42%
Effect of exchange rate changes on cash and cash equivalents	–25	–72	–66%
Net increase (+)/decrease (–) in cash and cash equivalents	–1,114	3,060	n.m.
Cash and cash equivalents at beginning of period	8,124	5,064	60%
Cash and cash equivalents at end of period	**7,011**	**8,124**	**–14%**
thereof cash disclosed within Assets held for sale	91	35	162%
Cash and cash equivalents presented in the consolidated statement of financial position	**6,920**	**8,090**	**–14%**
Free cash flow after dividends	**349**	**4,333**	**–92%**

In 2023, **cash flow from operating activities excluding net working capital effects** declined to EUR 4,638 mn (2022: EUR 9,843 mn), mainly due to a less favorable market environment. Net working capital effects came in at EUR 1,071 mn predominantly as a result of a lower price environment. **Cash flow from operating activities** decreased by 26% to EUR 5,709 mn (2022: EUR 7,758 mn).

Cash flow from investing activities showed an outflow of EUR –3,027 mn in 2023, compared to EUR –1,966 mn in 2022. Cash flow from investing activities in 2023 included cash inflows of EUR 661 mn related to the successful divestment of the Borealis nitrogen business and EUR 272 mn from the divestment of OMV's filling station and wholesale business in Slovenia. In addition, there were higher cash outflows from capital expenditures compared to 2022 and investments in short-term securities.

In 2022, cash flow from investing activities 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, and the divestment of the retail network in Germany of EUR 432 mn. Moreover, cash flow from investing activities in 2022 included outflows from the capital contribution to Borouge 4 LLC of EUR –408 mn, as well as cash disposed of in the amount EUR –208 mn related to the loss of control of JSC GAZPROM YRGM Development.

Cash flow from financing activities showed an outflow of EUR –3,771 mn compared to EUR –2,660 mn in 2022, mostly due to an increase in dividend payments of EUR 874 mn to EUR 2,333 mn, plus higher bond repayments.

Notes to the Consolidated Income Statement

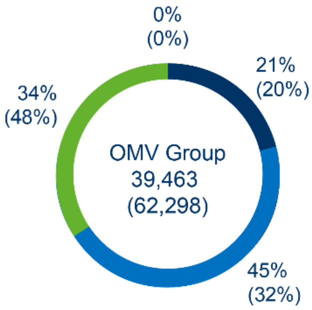
Consolidated Income Statement (summarized)

In EUR mn (unless otherwise stated)

	2023	2022	Δ
Sales revenues	39,463	62,298	–37%
Other operating income and net income from equity-accounted investments	1,068	2,512	–57%
Total revenues and other income	**40,531**	**64,811**	**–37%**
Purchases (net of inventory variation)	–24,222	–39,298	–38%
Production and operating expenses incl. production and similar taxes	–4,929	–6,205	–21%
Depreciation, amortization, impairments and write-ups	–2,463	–2,484	–1%
Selling, distribution and administrative expenses	–3,006	–2,689	12%
Exploration expenses	–222	–250	–11%
Other operating expenses	–462	–1,639	n.m.
Operating Result	**5,226**	**12,246**	**n.m.**
Net financial result	**–70**	**–1,481**	**n.m.**
Profit before tax prior to solidarity contribution	**5,156**	**10,765**	**n.m.**
Solidarity contribution on refined crude oil	–552	—	n.m.
Profit before tax	**4,604**	**10,765**	**n.m.**
Taxes on income and profit	–2,687	–5,590	n.m.
Net income for the year	**1,917**	**5,175**	**–63%**
thereof attributable to hybrid capital owners	72	71	1%
thereof attributable to non-controlling interests	366	1,470	n.m.
Net income attributable to stockholders of the parent	**1,480**	**3,634**	**–59%**
Effective tax rate (%)	58	52	6

Sales to third parties 2023 (2022)

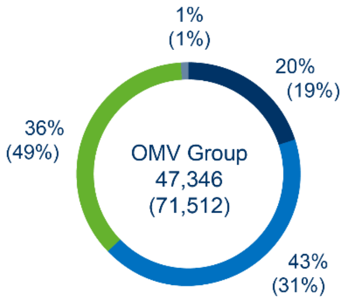
In EUR mn if not otherwise stated (prior year)



Chemicals & Materials	8,345	(12,269)
Fuels & Feedstock	17,753	(19,857)
Energy	13,344	(30,155)
Corporate & Other	20	(17)

Total not consolidated sales 2023 (2022)

In EUR mn if not otherwise stated (prior year)



Chemicals & Materials	9,650	(13,450)
Fuels & Feedstock	20,186	(22,382)
Energy	17,038	(35,256)
Corporate & Other	471	(424)

Sales revenues decreased by 37% to EUR 39,463 mn mainly due to substantially lower market prices. For the sales split by geographical areas, please refer to the Notes to the Consolidated Financial Statements (Note 5 – Segment Reporting).

Other operating income decreased from EUR 1,644 mn in 2022 to EUR 742 mn. 2023 was mainly impacted by EUR 221 mn gains from divestment of OMV's filling station and wholesale business in Slovenia. 2022 contained EUR 409 mn gains from the divestment of the retail network in Germany, EUR 341 mn gains from the successful listing of Borouge PLC on ADX (the Abu Dhabi Securities Exchange) and insurance income of around EUR 200 mn with respect to the incident in the Schwechat refinery in June 2022. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 7 – Other operating income and net income from equity-accounted investments).

Net income from equity-accounted investments decreased from EUR 869 mn in 2022 to EUR 326 mn in 2023 mainly due to an impairment of exploration and appraisal assets included in OMV's initial purchase price allocation of its share in Pearl Petroleum Company Limited and a lower contribution of Abu Dhabi Oil Refining driven by decreased refining margins.

Net expenses related to **depreciation, amortization, impairments and write-ups** remained almost unchanged compared to last year. 2023 was mainly impacted by write-ups of EUR 186 mn related to assets in Libya and gas storage in Germany. 2022 contained 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 8 – Depreciation, amortization, impairments and write-ups).

Other operating expenses decreased from EUR 1,639 mn in 2022 to EUR 462 mn in 2023. 2022 was mainly impacted by the 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.

Net financial result improved from EUR –1,481 mn in 2022 to EUR –70 mn in 2023. The negative net financial result in 2022 predominantly stemmed from the impairment of the Nord Stream 2 loan in the amount of EUR 1,004 mn, as well as EUR 370 mn negative fair value adjustment of investments in Russia. The net financial result in 2023 improved additionally due to a higher net interest result, partly offset by a deteriorated foreign exchange result. For further details please refer to the Notes to the Consolidated Financial Statements (Note 20 – Financial assets).

Solidarity contribution on refined crude oil in Romania was introduced by the law no. 119/2023 for the approval of the Government Emergency Ordinance 186/2022 on May 12, 2023. The law introduced the obligation to pay a contribution of RON 350 for each ton of crude oil processed during 2022 and 2023. In 2023, a solidarity contribution in the amount of EUR 552 mn was recognized for the quantities of crude oil processed during 2022 and 2023. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 13 – Solidarity contribution on refined crude oil).

The **effective tax rate** increased from 52% in 2022 to 58% in 2023 and was mainly impacted by the solidarity contribution on refined crude oil in Romania (which decreases profit before tax but is a non-deductible expense for tax purposes). For further details on the Group's effective tax rate, please refer to the Notes to the Consolidated Financial Statements (Note 14 – Taxes on income and profit).

Notes to the Consolidated Statement of Financial Position

Consolidated Statement of Financial Position (summarized)

In EUR mn

	2023	2022 *restated*[1]	Δ
Assets			
Non-current assets	31,559	32,384	–3%
Current assets	17,432	22,803	–24%
Assets held for sale	1,671	1,676	–0%
Equity and liabilities			
Equity	25,369	26,628	–5%
Non-current liabilities	14,826	15,607	–5%
Current liabilities	9,846	14,001	–30%
Liabilities associated with assets held for sale	622	626	–1%
Total assets/equity and liabilities	**50,663**	**56,863**	**–11%**

[1] Comparative information dated December 31, 2022, has been restated. For further details, see the Notes to the Consolidated Financial Statements (Note 3 – Accounting policies, judgments, and estimates).

Non-current assets:

Intangible assets and property, plant and equipment in 2023 were impacted, among others, by significant investments, however, this was almost offset by the reclassification of SapuraOMV to assets held for sale (Note 22 – Assets and liabilities held for sale – in the Notes to the Consolidated Financial Statements).

Equity-accounted investments decreased by EUR 626 mn to EUR 6,668 mn impacted by EUR 786 mn dividend distributions and negative FX impacts, partly offset by positive results mostly from Borouge PLC and Abu Dhabi Oil Refining Company as well as EUR 94 mn capital contributions mainly to Bayport Polymers LLC. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 18 – Equity-accounted investments).

Current assets:

Inventories decreased from EUR 4,834 mn in 2022 to EUR 3,529 mn in 2023 mainly impacted by lower prices. For further details please refer to the Notes to the Consolidated Financial Statements (Note 19 – Inventories).

Decrease in **derivatives** from EUR 2,377 mn to EUR 742 mn was mainly related to the gas business.

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

In 2023, these positions were primarily impacted by the completion of the Borealis nitrogen business unit sale, which was partly offset by the reclassification of the SapuraOMV disposal group to "held for sale," following the decision to enter into negotiations with interested bidders. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 22 – Assets and liabilities held for sale).

Non-current liabilities:

Bonds decrease was mainly related to short-term reclassifications of EUR 750 mn. For further details, please refer to the Notes to the Consolidated Financial Statements (Note 26 – Liabilities).

Current liabilities:

Trade liabilities decreased from EUR 5,259 mn in 2022 to EUR 3,955 mn in 2023 as a result of both lower prices and lower quantities sold.

Bonds decrease was mainly related to short-term reclassifications of EUR 750 mn, which was more than offset by the repayments in the amount of EUR 1,250 mn. For further details please refer to the Notes to the Consolidated Financial Statements (Note 26 – Liabilities).

Income tax liabilities decrease of EUR 1,590 mn related mainly to OMV Norway and was due to lower taxable income and significant payments made during the first half of 2023 with respect to the previous year.

Financial liabilities from derivatives decreased from EUR 1,263 mn to EUR 386 mn, mainly related to the gas business.

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 and plastics recycling. The Company supplies services and products to customers around the globe through Borealis[1] 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

		2023	2022	Δ
Clean Operating Result	in EUR mn	94	1,457	–94%
thereof Borealis excluding JVs	in EUR mn	–74	967	n.m.
thereof Borealis JVs	in EUR mn	102	332	–69%
Special items	in EUR mn	–214	582	n.m.
Operating Result	in EUR mn	–120	2,039	n.m.
Capital expenditure[1]	in EUR mn	1,345	1,896	–29%
Ethylene indicator margin Europe	in EUR/t	507	560	–9%
Propylene indicator margin Europe	in EUR/t	389	534	–27%
Polyethylene indicator margin Europe	in EUR/t	322	390	–17%
Polypropylene indicator margin Europe	in EUR/t	355	486	–27%
Utilization rate steam crackers Europe		80%	74%	5
Polyolefin sales volumes	in mn t	5.69	5.66	0%
thereof polyethylene sales volumes excl. JVs	in mn t	1.63	1.69	–3%
thereof polypropylene sales volumes excl. JVs	in mn t	1.86	1.84	1%
thereof polyethylene sales volumes JVs[2]	in mn t	1.28	1.25	2%
thereof polypropylene sales volumes JVs[2]	in mn t	0.92	0.88	4%

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

Financial performance

The **clean Operating Result** decreased substantially in 2023 to EUR 94 mn (2022: EUR 1,457 mn). This was mainly a result of the deterioration of the chemical sector caused by a global economic slowdown and a highly inflationary environment, which led to substantially lower olefin and polyolefin indicator margins, negative inventory valuation effects, and a lower contribution from Borealis JVs. In addition, the sale of the nitrogen business to AGROFERT, a.s. was completed in early July 2023, leading to a EUR 367 mn lower result contribution compared to 2022.

The contribution of OMV base chemicals declined mainly following substantially lower olefin indicator margins. The **ethylene indicator margin Europe** lessened by 9% to EUR 507/t (2022: EUR 560/t), while the **propylene indicator margin Europe** declined significantly, by 27%, to EUR 389/t (2022: EUR 534/t).

In 2023, weak demand and ample supply weighed on olefin contract prices, while propylene contract prices also experienced downward pressure stemming from high refinery throughput in Europe. Easing naphtha prices provided some support to the olefin indicator margins.

The **utilization rate of the European steam crackers** operated by OMV and Borealis increased to 80% (2022: 74%). While 2022 was impacted by the planned turnarounds at the Stenungsund and Burghausen steam crackers and the reduced steam cracker utilization rate in Schwechat, 2023 was affected by the planned turnarounds at the Schwechat and Porvoo steam crackers.

[1] OMV announced in July 2023 that it had decided to pursue negotiations with ADNOC on a potential cooperation regarding their polyolefins businesses. Such cooperation would include a potential combination of the Borealis and Borouge businesses as equal partners under a jointly controlled, listed platform for potential growth acquisitions to create a global polyolefin company with a material presence in key markets.

The contribution of **Borealis excluding JVs** came in considerably lower in 2023 at EUR –74 mn (2022: EUR 967 mn). Substantially lower olefin and polyolefin indicator margins, the absent contribution from the nitrogen business due to the divestment in July 2023, which impacted the result negatively by EUR 367 mn compared to 2022, and negative inventory valuation effects were the main contributors to the sharp decline. Inventory valuation effects, excluding the nitrogen business, were around EUR 160 mn lower than in 2022, and had a negative impact on the result. The Borealis base chemicals business experienced a decline that was mainly caused by weaker olefin indicator margins, although a more positive light feedstock advantage and increased utilization of the steam crackers counteracted this to a certain extent. The polyolefin business experienced a substantial decline amid the persistent weak market environment in Europe, leading to considerably lower polyolefin indicator margins and negative inventory valuation effects. A less favorable product mix as well as higher fixed costs due to the inflationary environment also impacted the result negatively. The **polyethylene indicator margin Europe** decreased by 17% to EUR 322/t (2022: EUR 390/t), while the **polypropylene indicator margin Europe** came down by 27% to EUR 355/t (2022: EUR 486/t). In 2023, polyolefin indicator margins decreased on the back of the global economic slowdown and inflationary pressure on customers. In addition, increased availability of imported volumes into Europe put pressure on margins. As a consequence, realized margins for standard products declined markedly. In contrast, realized margins for specialty products increased slightly. **Polyethylene sales volumes excluding JVs** declined by 3% while **polypropylene sales volumes excluding JVs** increased marginally, by 1%, compared to 2022. The decrease in sales volumes stemmed predominantly from the energy and health care industries, while the mobility industry experienced a slight increase. The sale of the nitrogen business to AGROFERT, a.s. was completed in early July 2023. The nitrogen business contributed EUR 339 mn to the result in 2022, while it showed a loss of EUR –28 mn in 2023.

The contribution of **Borealis JVs**, accounted for as OMV's share of clean net income of the at-equity consolidated companies, declined to EUR 102 mn (2022: EUR 332 mn) following a lower contribution from Borouge and the more negative contribution from Baystar. **Polyethylene sales volumes from the JVs** increased slightly by 2% compared to 2022, while **polypropylene sales volumes from the JVs** grew by 4%. The Borouge result declined primarily due to a weaker market environment in Asia. OMV's reduced share in Borouge following the successful listing of 10% of Borouge's total issued share capital on June 3, 2022, also lowered financial and operational contributions compared to 2022. The pricing environment in Asia weakened compared to 2022, as new polyolefin production capacities came online amid muted Asian demand. Borouge recorded slightly higher sales volumes in 2023. At Baystar, polyethylene sales volumes saw a minor increase compared to 2022, which was also attributable to the ramp-up process for the new polyethylene unit Bay 3 in Q4/23. The Baystar ethane cracker recorded a low utilization rate due to operational challenges that continued throughout 2023. Combined with the weak market environment, increased costs due to the planned depreciation of the cracker and higher interest expenses and fixed costs resulted in a markedly negative result contribution from Baystar.

Net **special items** amounted to EUR –214 mn (2022: EUR 582 mn) and were mainly a result of impairments related to Borealis' nitrogen business and Renasci N.V. Net special items in 2022 were mainly related to the successful listing of a 10% share in Borouge, leading to a gain from the disposal, and the write-up of Borealis' nitrogen business. The Operating Result of Chemicals & Materials declined substantially to EUR –120 mn compared to EUR 2,039 mn in 2022.

Capital expenditure in Chemicals & Materials decreased to EUR 1,345 mn (2022: EUR 1,896 mn). Capital expenditure in 2022 included an equity injection to Borouge 4 of around EUR 0.4 bn and non-cash effective CAPEX related to leases in the amount of around EUR 0.5 bn, which were related to Borealis' construction of the new propane dehydrogenation (PDH) plant in Belgium. In 2023, besides ordinary running business investments, organic capital expenditure was predominantly related to Borealis' construction of the new PDH plant in Kallo, the planned turnarounds at the Schwechat and Porvoo sites, and the construction of the ReOil® plant in Austria.

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 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 and polyolefins, and the joint ventures.

OMV announced in July 2023 that it had decided to pursue negotiations with ADNOC on a potential cooperation regarding their polyolefins businesses. Such cooperation would include a potential combination of the Borealis and Borouge businesses as equal partners under a jointly controlled, listed platform for potential growth acquisitions to create a global polyolefin company with a material presence in key markets.

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 are highly flexible on the feedstock they use, employing naphtha, ethane, propane, butane, or any LPG mix. 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), 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).

Even though OMV's European crackers were running at higher utilization rates than Europe's average, base chemicals results were burdened by an economic downturn in Europe. The overall European performance for the year remained weak in terms of volumes and margins, falling below last year's levels due to subdued demand throughout the supply chain from olefin to derivatives. OMV's Profit Improvement Program partly compensated for the margin and volume shortfall. The gap between the price of ethylene and propylene widened from 2022 to 2023, as refinery throughput remained high on healthy fuel margins. While chemical demand weakened further, new capacities coming online globally created additional pressure. Moreover, in comparison to 2022, the European cracker turnaround season in 2023 turned out to be very moderate and had less impact than usual on available production capacities.

The propane dehydrogenation (PDH) margin came in low at the beginning of 2023 as a result of higher demand for propane in the winter season. Propane prices weakened in comparison to naphtha prices due to lower demand throughout the year, leading to a positive impact on PDH margins. Toward the end of 2023 PDH margins continued to be healthy, driven by high propane storage levels and a mild winter.

The butadiene indicator margin declined to historically low levels this year as a result of weak demand. Even though car sales were higher than in 2022, the tire replacement rate remained below historic averages. In December 2023, OMV and Synthos signed an MoU for the supply of sustainable butadiene for the synthetic rubber used in tire manufacturing. The sustainable butadiene will be produced in the OMV steam cracker at the Burghausen refinery in Germany, which received full ISCC PLUS certification in 2022. OMV delivered the first batch of sustainable butadiene to Synthos in 2023.

The benzene indicator margin came in below last year's levels on the back of weak European demand. The downturn in consumer activity in almost all sectors had a negative impact on the industry.

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-added 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.

The polyolefins market remained weak overall in 2023, but was temporarily bolstered from January to April by the spring turnaround season and optimism surrounding China's post-COVID-19 reopening. Industry profitability plummeted in the summer months, with unprecedented levels of industry destocking due to underlying factors such as import pressure, high inventories, expectation of falling polyolefins prices, and the annual demand slowdown during the holidays. Industry profitability and operating rates fell to levels last recorded during the height of the global financial crisis of 2007–2008. While industry profitability recovered somewhat later in the year, it remained very weak.

Renewable 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 repurpose 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 and for achieving virgin-grade properties.

Borealis is cementing its position as a fully customer-centric supplier of sustainable material solutions that add value to society and accelerate the transition to a circular economy. Long an industry front-runner in circularity, Borealis continues to lead by steadily increasing the share of circular products in its overall production output. These include recycled and renewable-based polymers in its Borcycle™ C, Borcycle™ M, and Bornewables™ grade portfolios, as well as the renewable hydrocarbons in the Borvida™ family of base chemicals.

Following the certification of the Borealis polyolefin compounding site in Monza (Italy) in July 2023, all Borealis polyolefin and polyolefin compounding sites in Europe have now been ISCC PLUS certified. This mark of quality ensures traceability of critical points along the supply chain by way of objective and third-party verification. Recycling facilities operated by Renasci in Oostende (Belgium), mtm in Niedergebra (Germany), and Ecoplast in Wildon (Austria) have also been ISCC PLUS certified.

Borealis was the first virgin polyolefins player in Europe to have entered mechanical recycling by acquiring mtm plastics in 2016, and Austria-based Ecoplast in 2018. 100% owned by the Borealis Group, the combined mtm and Ecoplast output will be augmented by high-quality volumes from the recent acquisition of Rialti. Based in the Varese area of Italy, Rialti specializes in the production of sustainable polypropylene (PP) compounds with a focus on mechanically recycled PP feedstock from post-industrial and post-consumer waste. Moreover, the signing of an agreement to acquire Integra Plastics AD, an advanced mechanical recycling player based in Elin Pelin (Bulgaria) took place in November 2023. Closing of this transaction is subject to customary regulatory approvals.

As the chemical recycling process valorizes residual waste streams that would otherwise be landfilled or incinerated, it is a valuable complement to mechanical recycling. The virgin-grade quality of monomers produced in the chemical recycling process makes them suitable for use in the production of high-end polyolefin applications in food-grade consumer packaging, infrastructure, and healthcare.

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 2024. The feedstock will consist mainly of polyolefins and will be sourced initially 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. In October 2023, OMV announced the final investment decision to build an innovative sorting plant developed by Interzero, Europe's leading provider of circular economy solutions, to produce feedstock for chemical recycling. For that purpose, OMV and Interzero established a joint venture, in which OMV holds 89.9% of the shares and 10.1% of the shares belong to Interzero. OMV will invest over EUR 170 mn in building this state-of-the-art facility in Walldürn, southern Germany. With a processing capacity of up to 260,000 t of post-consumer mixed waste plastic per year, this fully automatic sorting facility will be the first of its kind to produce feedstock for OMV's chemical recycling on a large industrial scale. Construction began in Q4/23 and production is expected to start in 2026. As a next step, OMV aims to develop a commercially viable industrial-scale ReOil® plant at the Schwechat refinery with a processing capacity of up to 200,000 t/year.

In addition to ongoing collaboration with OMV centered on the patented OMV ReOil® technology, Borealis is also working closely with its upstream partner Neste and its Neste RE™ technology to take the commercialization of chemically recycled plastics to the next level. The majority stake in Renasci N.V. acquired in late 2023 also gives Borealis ample access to chemically recycled feedstock for the grades in its ISCC PLUS-certified Borcycle™ C portfolio.

Fertilizers, melamine, and technical nitrogen products

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. Borealis completed the sale to Czech-based AGROFERT, valuing the business on an enterprise value basis at EUR 810 mn, on July 5, 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. Borouge runs ethane-based steam crackers with a capacity of 3.6 mn t p.a. and an olefin conversion unit, converting ethylene into propylene, with a total capacity of around 0.8 mn t p.a. In addition, Borouge operates polyolefin plants with a total production capacity of 5 mn t p.a., thereof 2.7 mn t of polyethylene, 2.2 mn t of polypropylene, and 0.1 mn t of other products. In June 2022, Borouge was listed on the Abu Dhabi Securities Exchange (ADX) with 10% of the total issued share capital. Through Borouge, the Group's footprint reaches all the way to the Middle East, the Asia-Pacific region, the Indian subcontinent, and Africa.

Baystar (Borealis 50%, TotalEnergies 50%)

The Baystar™ joint venture with TotalEnergies in Pasadena, Texas (US) reached a most significant milestone in October 2023 with the start-up of the new 0.6 mn t p.a. Borstar® polyethylene unit called Bay 3. This growth project has brought the proprietary technology to the US in the most advanced Borstar® plant ever built in North America. With the completion of the USD 1.4 bn unit, Baystar™ has more than doubled its production capacity. As a fully integrated petrochemicals venture, it will supply value-added specialty polymers to the booming energy, infrastructure, and consumer product sectors in North America. In addition to the new Bay 3 unit, Baystar™ comprises two legacy polyethylene (PE) production units, Bay 1 and Bay 2, and a 1 mn t p.a. ethane-based steam cracker, which started up in 2022 and is operated by TotalEnergies in Port Arthur, Texas.

Growth projects

Borouge

The largest growth project currently underway is Borouge 4, situated within the Borouge joint venture founded by Borealis and the Abu Dhabi National Oil Company (ADNOC) in 1998. Ground was broken in 2022 for the construction of Borouge 4, the new USD 6.2 bn facility at the existing complex in Ruwais (UAE). The project has an excellent safety record thus far, with a project TRI of 1 for over 27 mn man hours. Upon completion, which is expected for the end of 2025, the Borouge 4 project will add a 1.5 mn t ethane-based steam cracker and two additional Borstar® polyethylene (PE) units with a total capacity of 1.4 mn t. The increased production capacity of advanced base chemicals and polyolefins that will be unlocked once Borouge 4 comes on stream will further enhance its role, as it will supply large volumes to customers in the Middle East and Asia as well as feedstock to the adjacent TA'ZIZ Industrial Chemicals Zone.

Kallo

Borealis is building a propane dehydrogenation (PDH) plant in Belgium to leverage expected growth in propylene demand in Europe. PDH is a vital process step in the production of propylene from propane. As one of the most important building blocks in the entire chemical industry, propylene is the raw material used to produce polypropylene (PP). The new facility is planned to have a production capacity of 0.7 mn t p.a. of propylene and start-up is expected to take place in 2025.

Innovation and new technologies

As a pillar of a strong foundation, innovation drives transformation in all areas of business activity. Making good on the corporate purpose of "Reinventing essentials for sustainable living" requires ongoing investment in R&D.

OMV's proprietary ReOil® 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® pilot 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. OMV and Borealis are pursuing the clear ambition of becoming a leading player in chemical and mechanical recycling technologies. In October 2023, OMV and Wood, a global leader in consulting and engineering solutions in energy and materials markets, signed a mutually exclusive collaboration agreement for the commercial licensing of OMV's proprietary ReOil® technology, following a Memorandum of Understanding that was signed between the two parties in November 2022.

At Borealis, proprietary technologies such as Borstar® form the basis for material solutions that help the industry address urgent societal and environmental issues such as decarbonization, the green energy transition, and waste reduction. Its suite of technologies enables Borealis to continually expand its offer of advanced specialty polyolefins so as to capitalize on promising market opportunities in lucrative niche applications in sectors like renewable energy, mobility, health care, consumer packaging, and the circular economy.

In the renewable energy sector, Borealis' specialty product Borlink™ has supported global cable company Nexans in harnessing the power of the North Sea for its DolWin6 project. With the successful commissioning of the project in September 2023, 90 km of HVDC cable, supplied and installed by Nexans using the new generation Borlink™ LS4258DC, now connect 900 MW of offshore wind power to land in a reliable and efficient way, with only minimal losses. Following the first commercial application in Europe, Borlink™ LS4258DC has proven itself as a grade suitable for the largest-scale industrial projects in green energy.

Together with Tratos, a leader in electrical, electronic, and fiber optic cable technology, Borealis has successfully developed the first energy cable using Bornewables™ materials, a portfolio of value-added polyolefin products manufactured with renewable feedstock. Developed to meet sustainability and energy efficiency criteria, Tratos' Bornewables™ solution reduces CO_2 emissions by 320 kg/km compared to fossil feedstock alternatives.

In the mobility sector, Borealis introduced and commercialized Daplen™ EG108AI, a specialty polypropylene compound intended for injection molding. This high-performance material was developed and validated according to leading OEM material requirements and was successfully positioned in door panels and interior trims of new electrified passenger car models. It provides superior surface aesthetics and odor emissions while excellently balancing impact strength and stiffness.

Borealis also launched a new class of engineering polymer produced from renewably sourced feedstock: Stelora™ opens up an abundance of options for technically advanced applications requiring high heat resistance, such as in e-mobility and renewable energy generation. The introduction of the Bornewables™ line Queo™, a portfolio of polymers and elastomers based on renewable feedstock, took place in the same month.

The EverMinds™ platform founded in 2018 is one way in which Borealis is spearheading the circular economy transition. By encouraging collaboration among value chain partners and other stakeholders in the name of circularity, Borealis is facilitating the development of a broad range of eco-efficient applications across diverse industry sectors. In 2023, highlights included the development of a new monomaterial pouch for dry foodstuffs containing over 95% PP and fully compatible with mechanical recycling. Bornewables™ grades were used to enhance the circularity of BOPP film used in flexible packaging, while Bornewables™ PP for absorbent hygiene products were able to help improve the ecological footprint of nonwovens.

Innovation at Borealis is global in scope. Nearly 600 people are employed in one of three innovation hubs: the Innovation Headquarters in Linz (Austria) and the innovation centers in Porvoo (Finland) and Stenungsund (Sweden). Borealis also operates Borstar® pilot plants for PE in Porvoo, and for PP in both Porvoo and Schwechat (Austria). Catalyst manufacturing plants in Linz and Porvoo are augmented by a pilot facility in Porvoo.

Borealis continues to head the list of patent filers in Austria. In 2023, Borealis filed 128 new priority patent applications at the European Patent Office, the same number filed as in 2022. As of December 2023, the Borealis Group holds around 12,000 individual patents or patent applications, which are subsumed in approximately 1,500 patent families. The growing number of patents is proof positive of the Group's dedication to Value Creation through Innovation.

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 2023 to merge the Borealis Digital Studio, its digitalization incubator organization, with the Group's IT organization. The department has been renamed Digital Solutions and is now a united and empowered function, consisting of diverse, cross-functional teams of IT professionals with profound business, project management, and platform knowledge. The team supports the delivery of the Group's business objectives, while putting the user at the heart of every solution, whether they are customers, employees, suppliers, or others.

During 2023, Borealis further developed Neoni, a digital tool that calculates CO_2 equivalent (CO_2e) emissions for its products. The materials covered a wide range, from virgin fossil feedstock-based solutions to renewable feedstock-based grades in the Bornewables™ portfolio of circular polyolefins and the Borcycle™ portfolio of mechanically recycled polyolefins. Neoni is the first digital tool in the industry to offer CO_2e emissions data down to the grade level for polyolefins, so Borealis' customers can make informed decisions about which materials best meet their circularity goals. This is in line with Borealis' EverMinds™ approach to accelerating circularity by working with its value chain partners. The carbon footprint Neoni calculates includes all CO_2e emissions generated up to the moment the product leaves Borealis' facilities. The tool offers customers the option to calculate CO_2e emissions that take place from Borealis to their own operations, making it even more useful. Having introduced Neoni in 2022, Borealis rolled out the tool during 2023 and added data on hydrocarbons, in addition to polyolefins grades. Customers can access the results from the tool on the MyBorealis customer portal.

MyBorealis is the Group's online platform for engaging with its polyolefins customers. It is designed to blend seamlessly with Borealis' offline commercial processes in order to enhance the customer experience. The portal supports customer service representatives and sales managers in their daily interactions with customers and puts order management at the customer's fingertips, along with a complete library of order, product, and complaint documentation. The application works 24/7, providing instant access to up-to-date information, with ordering fully integrated with Borealis' supply chain and IT processes. The portal supports eight languages, allowing organizations in Europe, North America, and South America to use it. By the end of 2023, 26% of the business' order volume was placed via the portal, up from 20% at the start of the year, with almost half of customers now active on MyBorealis. Borealis looks to develop new tools that improve safety performance and support its Goal Zero objective. The Group is also exploring new digital ways of working to increase efficiency in operations, focusing on asset intelligence, field excellence, data and connectivity, and value chain optimization. Various initiatives contribute to this, including:

- a fit-for-purpose, sustainable, and affordable technical Data & Document Management System, which enables Operations to harmonize documentation, standardize work processes, and close gaps in current tools;
- a Mobile Operator tool that gives operators a powerful, simple, and purpose-built solution to assist them in the field;
- an initiative to compare different ways of detecting corrosion under insulation so as to determine the best technologies;
- a project to support the Group's sustainability strategy by implementing a tool to structure the validation process for energy data, reducing the risk of errors and ensuring data quality and traceability.

The Group also continued its Borstar® Digital Twin program, a set of digital solutions for Borstar® plants, rooted in Borealis' process expertise and built on the Group's successful applications such as its Proprietary

Advanced Process Control and Operator Training Simulators. The goal is to capture Borealis' unique know-how and utilize it in research engineering and production process improvements, while also providing a support and collaboration platform.

The program has now started delivering its first solutions, which aim to generate significant business value by improving operations in Borealis and its joint ventures, and by enhancing Borstar® as a leading technology.

Last but not least, in the Leonardo program Borealis continues its SAP S/4HANA journey. The program reshapes our enterprise platform to enhance agility, simplicity, and transparency, thereby supporting Borealis' global growth and sustainability strategy by moving our business technology solution to the next generation of SAP.

Fuels & Feedstock

OMV's Fuels & Feedstock business refines and markets fuels. 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

		2023	2022	Δ
Clean CCS Operating Result[1]	in EUR mn	1,651	1,810	–9%
thereof ADNOC Refining & Trading	in EUR mn	314	350	–10%
Special items	in EUR mn	146	426	–66%
CCS effects: inventory holding gains/losses (–)[1]	in EUR mn	–126	202	n.m.
Operating Result	in EUR mn	1,671	2,438	–31%
Capital expenditure[2]	in EUR mn	984	800	23%
OMV refining indicator margin Europe based on Brent[3,4]	in USD/bbl	11.70	14.71	–21%
Utilization rate refineries Europe		85%	73%	12
Fuels and other sales volumes Europe	in mn t	16.29	15.51	5%
thereof retail sales volumes	in mn t	5.62	6.16	–9%

Note: As of 2023, the Gas & Power Eastern Europe business was transferred from Fuels & Feedstock to the Energy business segment and is now reported together with Gas Marketing Western Europe under "Gas Marketing & Power." For comparison only, 2022 figures are presented in the new structure.

1 Adjusted for special items and CCS effects; further information can be found in Note 5 – Segment Reporting – of the Notes to 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.

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** decreased to EUR 1,651 mn (2022: EUR 1,810 mn), mainly as a result of lower refining indicator margins in Europe and the Middle East and higher fixed costs caused by turnaround and maintenance activities. This was partly offset by positive supply effects, a significantly higher commercial and retail result, and lower utilities costs.

At USD 11.7/bbl, the **OMV refining indicator margin Europe** was strong, however, it decreased from the exceptionally high level of the prior year of USD 14.7/bbl following lower cracks for middle distillates. In 2023, the **utilization rate of the European refineries** increased by 12% to 85% (2022: 73%), as 2022 was impacted by the turnaround and incident at the Schwechat refinery. The turnaround at the Petrobrazi refinery and the petrochemicals turnaround in Schwechat had a negative impact on the utilization rate in 2023. At 16.3 mn t, **fuels and other sales volumes in Europe** increased by 5% following higher commercial sales, partly offset by lower retail sales volumes caused mainly by the missing contribution from the divested Slovenian and German retail businesses. The retail business result increased mainly due to higher fuel unit margins, as the prior year was negatively affected by price regulations, and better performance of the non-fuel business. This was only partly offset by the higher fixed costs and the missing contribution from the divested retail business. The commercial business also showed a marked improvement due to stronger margins from higher achieved term prices and the absence of price caps. Sales volumes increased compared to the year before, which was negatively impacted by the Schwechat incident.

In 2023, the contribution of **ADNOC Refining & ADNOC Global Trading**, accounted for as OMV's share of clean CCS net income of the at-equity consolidated companies, was once again strong but decreased by 10% to EUR 314 mn (2022: EUR 350 mn). This was caused mainly by moderately lower refining margins and a reduced ADNOC Global Trading contribution following weaker trading margins, strongly compensated by robust operational performance at ADNOC Refining and a partial reduction of a decommissioning provision.

Net **special items** amounted to EUR 146 mn (2022: EUR 426 mn) and were primarily related to the sale of OMV's filling station and wholesale business in Slovenia in June 2023, partly offset by commodity derivatives. In 2022, special items were mainly related to the sale of the German filling stations. **CCS effects** of EUR –126 mn were recorded in 2023 as a consequence of declining crude oil prices. The **Operating**

Result of Fuels & Feedstock decreased significantly to EUR 1,671 mn (2022: EUR 2,438 mn).

Capital expenditure in Fuels & Feedstock amounted to EUR 984 mn (2022: EUR 800 mn). Organic capital expenditure in 2023 was mainly related to the European refineries. The increase in capital expenditure in 2023 was predominantly due to cost inflation and higher investments in the aromatic unit in Petrobrazi and the co-processing plant in Schwechat.

Business overview

The Fuels & Feedstock business segment refines crude oil and other feedstocks. Its activities include Refining, Supply and Trading, Commercial and Retail. 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 & 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 in Europe amounted to 16.29 mn t in 2023. The strongly branded retail network comprising 1,666 filling stations accounts for around 35% of sales volumes, while commercial customers are mainly from industrial transportation and construction sectors and account for the remaining sales volumes.

Refining including product supply and sales

In 2023, refining margins fell compared to the previous year, albeit from record high levels. Last year's margin was still exceptional compared to long-term history as the refining sector has been unable to fully rebuild inventory levels, especially diesel and gasoline, that were drawn in the second half of 2021 and early 2022, as a result of faster demand recovery than supply correction. Similarly to 2022, middle distillate crack spreads were the main drivers behind refining margin developments, as missing Russian diesel on European markets remained a key theme.

In the first quarter, diesel crack spreads were retreating from unseen peaks. However, by March 2023, they fell to the upper boundary of the 2015–2019 historical range for the first time since the Russia-Ukraine war started. This was due to abundant import volumes from the East of Suez reaching Europe, substituting sanctioned Russian molecules. Although refining margins bottomed in April, profitability remained robust.

From April to August, margins trended upwards as middle distillate crack spreads bounced back above USD 200/t as import pressure eased. OPEC+ had to deepen supply cuts in order to keep markets balanced. This resulted in lower availability of medium and heavy sour grades with high yields of middle distillates. Unplanned refinery downtimes also temporarily tightened supply availability in Europe. In the meantime, the gasoline crack spread was also trending higher from an already elevated base due to the specification change to a more expensive summer grade product and higher demand from the upcoming driving season. On the contrary, the naphtha crack spread was turning negative again as the weak economic sentiment took its toll on petrochemical demand and on olefin margins in the second and third quarters.

In the fourth quarter, refining margins fell compared to values from the end of summer, but they were still approximately double the historic averages. The reduction was mainly driven by the sharp drop in gasoline crack spread due to seasonal factors. Demand started to ease as the peak driving season came to an end, while the specification switch to winter-grade gasoline also weighed on crack spreads. However, the lower US refinery utilization put a floor under the crack spread. The diesel crack spread also trended lower as weaker natural gas prices disincentivized gas-to-oil switching for industrial players, while an overall weaker economic environment also weighed on demand. Recovery in the naphtha crack spread partially offset weaker road fuel crack spreads. The improvement was supported by tighter supply availability as storms in the Black Sea limited Russian exports. Meanwhile, alternative steam cracker feedstock was also constrained as low water levels in the Panama Canal hindered LPG trade flows and increasing heating demand also absorbed the increasing amount of liquified petroleum gas molecules. Nevertheless, petrochemical demand remained constrained amid persisting pressure from the weak macroeconomic environment.

OMV's European refineries achieved a utilization rate of 85% in 2023, which was strongly influenced by the planned turnaround activities in the Schwechat and Petrobrazi refineries.

Despite the challenging environment caused by the unstable geopolitical situation, commercial sales were at a high level. In response to active market developments and prospecting, OMV's commercial products and services have been and will continue to be expanded, including the launch of new, more sustainable products. For example, OMV made first sales of HVO100 Diesel in the Commercial Road Transport (CRT) and reseller segment. Moreover, Sustainable Aviation Fuel (SAF) contributes to a reduction of CO_2 emissions of more than 80% through the processing of regionally sourced used cooking oil. Starting with the production and sale of Sustainable Aviation Fuel (SAF) in 2022, reaching 3 kt sales in 2023, OMV plans to increase production year by year until 2030. Furthermore, OMV and Microsoft signed an agreement for the purchase of Sustainable Aviation Fuel certificates (SAFc), marking the start of OMV's new offering for corporates and supporting the decarbonization of the aviation industry.

ADNOC Refining & ADNOC Global Trading

Alongside majority shareholder ADNOC (65%) and Eni (20%), OMV (15%) is a strategic partner in ADNOC Refining. In 2023, ADNOC Refining continuously operated at a very high utilization rate its major refinery in Ruwais, which is the world's fourth-largest refining complex with integrated petrochemicals.

In 2023, the ADNOC Refining business benefitted again from a favorable margin environment, higher than the historic average, and improved operational performance alongside continuously optimizing the project portfolio including sustainable fuels and feedstocks. ADNOC Refining has also successfully started commissioning the CFP project (Crude Flexibility Project) and expects full commercial operation in 2024. 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 Fuels & Feedstock 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 in areas such as risk management.

During 2023, AGT performance was strong, continuing to pursue its business ambition and substantially growing its third-party trading. Highlights for the year included the full operation of its recently opened subsidiary in Singapore and the cooperation with ADNOC with regards to the management of LPG trade flows.

Refining capacities 2023

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

The retail business achieved an outstanding result in 2023 and proved again to be a stable outlet for refinery products and a robust cash generator.

Total sales were 5.6 mn t, equivalent to approximately 6.9 bn l, strongly supported by recovering premium fuel trends and ongoing growth in the cards business. At the end of the year, the network comprised 1,666 filling stations (2022: 1,803), as divestments of OMV Slovenija and Avanti Germany were completed mid-year. 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 fuel MaxxMotion have recovered despite the overall consumer price environment and contributed to the overall Retail result as a high margin product. The non-fuel business continued to grow and outperformed the year 2022. In Austria and Slovakia, a new third-party store partnership with REWE was successfully implemented and rolled out with over 50 rebranded shops in 2023. In multiple countries, the loyalty system has been successfully upgraded by utilizing state-of-the-art digital solutions and over 800,000 customers have been onboarded on the new platform this year.

OMV started with electromobility implementation and rollout at the end of 2022. By the end of 2023, OMV managed to deploy more than 100 ultra-fast EV chargers in Austria, Hungary, Romania, and Slovakia. In addition, OMV Petrom announced the acquisition of Renovatio Asset Management, the owner of Romania's leading EV charging network, with more than 400 EV charging points in Romania and plans to increase to approximately 650 by 2026. The closing of the transaction is expected to take place in the first half of 2024.

Innovation and new technologies

OMV actively explores alternative feedstocks, technologies, and fuels with the aim of developing a well-diversified, competitive future portfolio. Efforts and resources focus on chemical recycling for post-consumer plastic waste. Additional attention is given to the production of conventional and advanced biofuels, synthetic fuels, and green hydrogen as future fuels for the hard-to-electrify part of the transportation segment, and as precursors for sustainable 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., 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 of CO_2 per year by substituting fossil diesel. Commercial operation is planned for 2024. In 2023, OMV continued with the pilot production of Sustainable Aviation Fuel (SAF) from another co-processing route in Schwechat, and the conversion of biogenic feedstock into high-value chemicals, such as ethylene, propylene, butadiene, and benzene, in the refinery in Burghausen.

In 2023, OMV also received its first deliveries of advanced bioethanol from South America as part of a multi-year supply agreement.

OMV is assessing the potential production of advanced fuels made out of residue or waste streams and producing advanced ethylene out of ethanol (1G or 2G) as a feedstock. The principal sources of advanced fuels include the biomass fraction of mixed municipal or industrial waste, straw, animal manure, or residues from forestry and wood processing, as well as waste streams. OMV's glycerine-to-propanol pilot plant will be commissioned in 2024. OMV also collaborates with technology providers, industry partners, and academic institutions to assess the production of advanced biofuels and chemicals.

While the above-mentioned biogenic 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 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 green & low carbon hydrogen. The green hydrogen will initially be used for fuel hydrogenation, including biofuels and SAF.

OMV is leading a publicly funded project to develop a new and efficient route from synthetic methanol to sustainable aviation fuels (M2SAF). In this M2SAF project, the basic proof of concept, catalyst, and process development takes place in a consortium of industry, SMEs, and academic partners. The target is to deliver a synthetic M2SAF fulfilling the current American Society for Testing and Materials (ASTM) certification requirements in a prescreening test in liter scale in the next one and a half years.

Digitalization

In 2023, digitalization of our refineries delivered a return of more than EUR 8 mn. For example, 6,000 working hours were saved from digitalizing workflows for operational tasks. In addition, the efficiency and safety of the turnaround activities at the Schwechat and Petrobrazi refineries have increased due to the use of digital visualization and mapping technologies including 2D GIS and 3D models, which help manage the complex interdependencies of turnaround planning and delivery. Next to efficiency and safety benefits, the portfolio of digital initiatives in our refineries contributed to more than 20 kt of CO_2 reductions in 2023.

The retail loyalty application delivery rollout was extended to Austria and Bulgaria, and during 2023 doubled its users to 850,000. Loyalty members visit filling stations more often and are more likely to buy premium fuels than non-members. In addition to the EV charger rollout, the end of 2023 saw the launch of OMV's eMotion mobile app in Austria. Drivers of electric vehicles now have a user-friendly interface to locate nearby OMV operated charging stations and a wide range of roaming community partners, manage charging sessions, and securely and easily process payments.

Energy

The Energy segment consists of E&P, the Gas Marketing & Power, and the Low Carbon Business. E&P includes exploration and production of hydrocarbons. Gas Marketing & Power operates the full natural gas value chain, with natural gas sales, logistics, and the power business activities in Romania. The Low Carbon Business concentrates on geothermal energy, Carbon Capture and Storage (CCS), and renewable power.

At a glance

		2023	2022	Δ
Clean Operating Result	in EUR mn	4,357	8,001	–46%
thereof Gas Marketing & Power	in EUR mn	609	305	100%
Special items	in EUR mn	–586	–111	n.m.
Operating Result	in EUR mn	3,771	7,890	–52%
Capital expenditure[1]	in EUR mn	1,582	1,464	8%
Exploration expenditure	in EUR mn	248	202	23%
Exploration expenses	in EUR mn	222	250	–11%
Production cost	in USD/boe	9.67	8.20	18%
Total hydrocarbon production	in kboe/d	364	392	–7%
Total hydrocarbon sales volumes	in kboe/d	345	379	–9%
Proved reserves as of December 31	in mn boe	1,136	1,037	10%
Average Brent price	in USD/bbl	82.64	101.32	–18%
Average realized crude oil price[2,3]	in USD/bbl	79.21	95.04	–17%
Average realized natural gas price[2,4]	in EUR/MWh	29.09	53.78	–46%

Note: As of 2023, the Gas & Power Eastern Europe business was transferred from Fuels & Feedstock to the Energy business segment and is now reported together with Gas Marketing Western Europe under "Gas Marketing & Power." For comparison only, 2022 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 Energy segment and the F&F segment is based on Brent instead of Urals.

[4] The average realized natural 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** declined to EUR 4,357 mn in 2023 (2022: EUR 8,001 mn), primarily due to negative market effects of EUR 3,070 mn as a consequence of substantially lower oil and gas prices. Sales volumes decreased more than production due to the timing of lifting schedules in Libya, Norway, and Tunisia. Moreover the missing contribution from Russia following the change in the consolidation method affected the results. The result of Gas Marketing & Power doubled to EUR 609 mn thanks to a strong contribution of Gas Marketing Western Europe, where stronger results from storage and trading and less supply losses were only partly offset by a provision for impending losses associated with secured pipeline capacity and a lower LNG contribution. The contribution of Gas & Power Eastern Europe decreased due to lower natural gas margins, but was partially offset by a better power result driven by the reversal of a provision and higher sales volumes outside of Romania.

Net **special items** amounted to EUR –586 mn in 2023 (2022: EUR –111 mn), with the majority arising from valuation effects of commodity derivatives in the natural gas business and due to the net effect of impairments and impairment reversals of E&P assets, partially compensated for by positive inventory valuation effects and a write-up of a natural gas storage asset in Germany. Accordingly, the **Operating Result** declined to EUR 3,771 mn (2022: EUR 7,890 mn).

Production cost excluding royalties increased to USD 9.7/boe in 2023 (2022: USD 8.2/boe), mainly driven by inflationary cost pressure, the change in the consolidation method of Russian operations as of March 1, 2022, a positive one-off effect related to a tax audit at OMV Petrom in Q2/22, and lower production.

The **total hydrocarbon production** volume decreased by 27 kboe/d to 364 kboe/d, caused partly by the change in the consolidation method of Russian operations as of March 1, 2022. Natural decline and production shutdowns in Norway and natural decline in Romania also affected production. Production increased in New Zealand after the commissioning of new wells, in the United Arab Emirates after a revision of OPEC+ quota restrictions, and in Libya where production had been affected by force majeure in 2022.

Total hydrocarbon sales volumes dropped by a larger extent than total production volumes to 345 kboe/d (2022: 379 kboe/d). The deviation between production and sales volumes is explained by the timing of lifting schedules in Libya, Tunisia, and Norway.

In 2023, the **average Brent price** reached USD 82.6/bbl, a decrease of 18% compared to the prior-year period. The Group's **average realized crude price** declined by 17%. The **average realized gas price** in EUR/MWh came down by 46% to EUR 29.1/MWh, while the benchmark price at the THE declined by 66%.

Capital expenditure including capitalized E&A rose to EUR 1,582 mn in 2023 (2022: EUR 1,464 mn), a consequence of a higher activity level. Organic capital expenditure was primarily directed at projects in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** was EUR 248 mn in 2023, up by almost a quarter from the 2022 level. It was mainly directed at activities in Malaysia, Romania, and Austria.

Production

	2023				2022			
	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]	20.0	115.7	21.4	41.4	20.9	122.0	22.6	43.5
Austria	3.0	18.0	3.0	6.0	3.3	19.7	3.3	6.6
Norway	13.4	84.5	14.1	27.5	14.7	102.2	17.0	31.7
Libya	11.2	—	—	11.2	10.4	—	—	10.4
Tunisia	1.1	13.6	2.3	3.3	0.9	14.7	2.4	3.4
Yemen	0.1	—	—	0.1	0.6	—	—	0.6
Kurdistan Region of Iraq	1.0	17.4	2.9	3.9	1.0	15.8	2.6	3.6
United Arab Emirates	16.7	—	—	16.7	15.4	—	—	15.4
New Zealand	3.6	53.8	9.0	12.6	3.0	47.1	7.8	10.8
Malaysia[2]	0.7	57.9	9.7	10.4	0.6	60.0	10.0	10.6
Russia	—	—	—	—	—	37.7	6.3	6.3
Total	**70.7**	**361.0**	**62.3**	**133.0**	**70.8**	**419.2**	**72.1**	**143.0**

[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.

Business overview

The Energy segment consists of E&P, Gas Marketing & Power, and the Low Carbon Business. Its E&P activities include exploration & appraisal, development, and production of crude oil, natural gas liquids, and natural gas.

Energy operates its natural gas business across the value chain, from the wellhead to the end customer, with a fully integrated natural gas sales and logistics business. It also includes power business activities and a gas-fired power plant in Romania.

Energy plays a key role in developing the sustainable resources for the future. The Low Carbon Business concentrates on geothermal energy, Carbon Capture and Storage (CCS), and renewable power solutions.

In 2023, Energy launched the SPARK program with the aim of delivering sustained cash flow improvement. In three months, over 500 SPARK initiatives were generated and included in the Energy Business Plan. The Energy Free Cash Flow improved materially in 2023 due to successful SPARK initiatives. From 2024 onwards, that improvement is expected to increase.

E&P business

The key strategic focus of the E&P business remains to increase the share of natural gas over that of crude oil and reduce carbon intensity across the portfolio. In 2023, E&P progressed well with its major natural gas development projects: Neptun (Romania), Jerun (Malaysia), and Berling (Norway).

Total average hydrocarbon production came in at 364 kboe/d for 2023, with a natural gas share of around 47%.

A key element in OMV's strategy in the Energy segment is to actively manage and optimize the upstream asset portfolio for the three core regions, Central and Eastern Europe, Middle East and Africa, and North Sea. In this context, on February 27, 2023, OMV announced the start of the sales process for the divestment of its E&P assets in the Asia-Pacific region: a 50% stake in Sapura OMV Upstream Sdn. Bhd. and 100% of the shares in OMV New Zealand Limited. On January 31, 2024, OMV signed an agreement to divest its 50% shareholding in Malaysia's SapuraOMV Upstream Sdn. Bhd. to TotalEnergies for an overall cash consideration of USD 903 mn. This amount includes the full repayment of the outstanding USD 350 mn shareholder loan granted by OMV to SapuraOMV, as well as net working capital and other elements with the consideration being subject to closing adjustments. The divestment is anticipated to close around the end of the first half of 2024, in particular subject to regulatory approvals. The sales process for 100% of the shares in OMV New Zealand will continue separately.

In Yemen, the sales process for OMV's assets in the country is ongoing.

Central and Eastern Europe

In Romania, 45 new wells and sidetracks were drilled, 497 workover jobs, and 720 subsurface abandonments were performed in 2023.

For the first time in Europe, OMV Petrom used the Ultra Short Radius (USR) technology for drilling. Applied to existing wells with available surface facilities, this technology reduces the overall CAPEX by 40–50%, compared to standard vertical wells. The first USR well was spud in 2023.

The major planned maintenance works were successfully and safely finalized, on time and on budget, for both offshore and onshore facilities. OMV Petrom continued to focus on the most profitable barrels through assessing selective divestments opportunities.

By the end of 2023, about 77% of OMV Petrom's E&P internal electricity consumption was covered by producing electrical and thermal energy mainly out of equity gas that couldn't be monetized and from own renewable energy sources.

In 2023, OMV Austria placed significant emphasis on several projects like the Wittau Development, Strasshof Tief 17, natural gas storage expansion, the Alkali smart oil recovery (SOR) pilot and Flysch. Wittau represents the largest natural gas discovery in Austria in 40 years. The Strasshof Tief 17 well was spud in November 2023.

The Alkali SOR pilot was commissioned in Q2/23 to inject soft water, viscous, and alkali water into the reservoirs – we expect better injectivity and increased recovery. Flysch Phase 1 is a drilling project with the aim of confirming the further development potential of hydrocarbon deposits in Flysch source rock with selected production-enhancing technologies. With the development of the 16th natural gas storage facility, OMV Austria has not only strengthened the security of supply for our customers, but has also shown how quickly OMV can respond to changing market situations.

In addition, OMV Austria continuously optimized its plants in order to reduce the CO_2 footprint. Gas optimization projects and the increased workover capacities counteract the natural decline in production and contribute to the Austrian energy supply.

Middle East and Africa

In 2023, the Middle East and Africa region delivered strong production results despite a challenging security situation in Kurdistan and Yemen and ongoing quota restrictions.

In the UAE, strong production output was achieved due to OPEC+ quota restrictions revision and the continued high uptime and reliability of the offshore facilities in Umm Lulu and SARB. In May 2023, the first delivery of Umm Lulu (ULL) crude oil to OMV's Schwechat refinery was achieved, the first ULL cargo to Europe.

In Kurdistan, the Khor Mor drilling campaign was finalized successfully. The expansion project advanced at a great pace in 2023 and is nearing completion.

In Tunisia, stable production at the Nawara natural gas field was maintained.

In Yemen, the security situation remains challenging, with drone attacks carried out and further threats made toward crude oil shipping operations. Production was disrupted during the whole of 2023. Subsequently, ongoing projects have been paused and activities in the field reduced to maintenance, inspection, and preservation operations.

North Sea

In Norway, several new production wells came on stream during 2023. On the Gullfaks field, nine wells were delivered during the year and handed over to production.

On the Edvard Grieg field, the second infill campaign was successfully completed during the year, with two new wells and one sidetrack being delivered.

The Solveig Phase 2 project, which is a subsea tie-back to the Edvard Grieg platform, was approved by the Norwegian Ministry of Energy and is currently progressing according to plan.

OMV submitted the Plan for Development and Operation (PDO) for the Berling field development in December 2022. The development concept is a subsea production facility with tie-back to the Åsgard B platform. The PDO was approved by the Norwegian authorities in June 2023. The production of natural gas and condensate is estimated to start up in 2027/28.

The Hywind Tampen offshore wind project was officially commissioned by Crown Prince Haakon of Norway in August 2023, and the wind farm is now delivering renewable wind power to the Gullfaks field.

Asia-Pacific

In Malaysia, the Jerun natural gas project is progressing according to plan with excellent safety performance. Over 11 mn hours have been worked without accidents.

In New Zealand, OMV safely completed three major drilling campaigns to redevelop and optimize the Māui and Pohokura natural gas assets. The operations team focused on asset integrity and maintenance projects and is implementing a number of emissions reduction initiatives across OMV sites. At Pohokura, site preparations commenced for the routine turnaround occurring every four years and the drilling of an infill well in Q3/24.

Key projects

Neptun (Romania, OMV Petrom 50%)

Together with its partner Romgaz, OMV Petrom made significant progress in 2023 with regards to the development of its key growth project, Neptun Deep, first with the final investment decision (FID) and subsequently with obtaining the endorsement of the field development plan (FDP) from the regulator. In the second half of the year, the company also awarded the contracts for the main offshore facilities development and for the drilling part, which, together with some other smaller contracts signed, cover more than 80% of the execution agreements. The next steps are related to completing the award of the main contracts and obtaining all the necessary permits. OMV Petrom plans to start drilling in 2025 and have first gas in 2027. The natural gas from Neptun Deep will make Romania the largest natural gas producer in the European Union and will double the current natural gas production of OMV Petrom.

Other major projects (Romania, OMV Petrom 100%)

The successful testing of two exploration wells in 2023, together with previous years' successful exploration well, led to the discovery of large resources, estimated at 35 mn barrels of oil equivalent. The wells are currently in experimental production; based on findings, further development wells are planned to be spud within the coming years.

In addition, projects valued at over EUR 20 mn, namely FRD Bradesti Opportunity Phase 1, Tank Farm Independenta NFA Safeguarding, and Abramut Gas Plant Revamp have been successfully matured, with the first two securing the final investment decision.

Wittau (Austria, OMV 100%)

A successful exploration discovery made by OMV near Vienna in mid-2023 was followed by fast-track maturation and concept selection. The FID is expected to be taken in 2024 after front-end engineering and tendering activities are completed.

Umm Lulu and SARB (United Arab Emirates, OMV 20%)

Development drilling continued during the year, using up to five rigs in total. Nine wells were delivered in SARB and nine wells were drilled in Umm Lulu.

Ghasha concession (United Arab Emirates, OMV 5%)

On the Dalma project, activities on the onshore and offshore Engineering, Procurement, and Construction (EPC) packages continued, with first gas targeted for 2025. The FID was attained on the Hail & Ghasha mega project and the major contracts were awarded.

Gullfaks (Norway, OMV 19%)

Norway's first floating wind farm Hywind Tampen was completed, with the remaining four wind turbines installed and started up. Nine wells were drilled in the Gullfaks annual activity program.

Gudrun (Norway, OMV 24%)

The water injection project Gudrun Phase 2 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 the life span of production by two years, changing the drainage strategy from pressure depletion to pressure support by water injection.

Edvard Grieg (Norway, OMV 20%)

The Edvard Grieg Infill Phase 2 project was completed as planned.

The Solveig Phase 2 subsea development is on track, with the major contracts awarded and detailed design engineering completed.

Berling (Hades/Iris) (Norway, OMV 30%)

The OMV operated offshore project achieved the FID and the Norwegian Petroleum Directorate approved the PDO. An offshore seismic acquisition campaign was completed, as was umbilical and line pipe manufacturing. Production start-up is expected in 2028.

SK408 (Malaysia, OMV 40%)

In Malaysia, the SapuraOMV operated Jerun natural gas project is progressing well and within budget. The platform jacket was completed and installed, and the six offshore wells were drilled. The 80-kilometer export pipeline was laid. Fabrication of the platform topsides is nearing mechanical completion onshore. The forecast for first gas remains Q3/24.

Exploration and appraisal highlights

In 2023, OMV, OMV Petrom, and SapuraOMV drilled fifteen exploration and appraisal wells in seven different countries. Thirteen of these wells were completed before year-end, while the other two were either drilling or testing in early January 2024.

OMV operated or participated in a number of key wells, the highlight of the year being the operated Wittau Tief natural gas discovery in the Vienna Basin, Austria. This well was successfully tested and development plans are greatly advanced. The well was completed as a future producer and the next well on the structure is scheduled for the second half of 2024. The second in a sequence of deep natural gas exploration wells in Austria was spud in the Strasshof area. Expectations are that this well will reach final target depth in Q1/24.

Two non-operated natural gas discoveries were made onshore Tunisia, which, combined with the 2022 Anbar natural gas discovery, will likely form a new concession that will tie into the OMV operated Nawara facility.

In Norway, two operated wells were drilled, both yielding uncommercial discoveries. A third infrastructure led well (Solan/Ludvig) was successfully drilled at year-end and will be completed as a producer and tied into the Gullfaks facility.

In the UAE, OMV participated in non-operated appraisal activity in the Ghasha and SARB concessions.

In New Zealand, a natural gas appraisal well on Māui East was drilled and completed as a future producer.

In Romania, OMV Petrom drilled three wells, two operated and one non-operated. One resulted in a natural gas discovery that has been completed and in production since May. The other two were dry and have been plugged and abandoned.

In Mexico, SapuraOMV participated in two non-operated exploration wells on Block 30. One was announced as a material oil discovery and plans are underway to drill an appraisal well in the second half of 2024. The second well was unable to reach the primary target due to operational issues and was plugged and abandoned.

Earlier in 2023, OMV Norge was awarded new licenses in core areas in Norway and once again applied during the APA round, with a focus on near-infrastructure natural gas opportunities.

In Bulgaria, OMV Petrom assumed operatorship of the Han Asparuh license, immediately adjacent to the recent giant natural gas discoveries in offshore Türkiye.

Exploration and appraisal expenditure increased in 2023 to EUR 248 mn (2022: EUR 202 mn), largely to accelerate the drilling of deep natural gas opportunities in Austria.

Reserves development

Proved reserves (1P) as of December 31, 2023, increased to 1,136 mn boe (thereof OMV Petrom: 424 mn boe), with a one-year Reserve Replacement Rate (RRR) of 174% in 2023 (2022: –80% due to the exclusion of reserves in Russia after OMV ceased fully consolidating and equity accounting Russian entities). The three-year rolling average RRR is 56% (2022:

40%). Significant additions to proved reserves were realized in Romania, with a commitment to executing the Neptun Deep project in the Black Sea, as well as additions in the United Arab Emirates through the maturation of the Hail and Ghasha development and encouraging reservoir performance in other producing assets. Proved plus probable reserves (2P) decreased to 1,807 mn boe (thereof OMV Petrom: 694 mn boe) as net additions, mainly in the UAE, did not fully replace produced volumes.

Gas Marketing & Power

Gas Marketing Western Europe

OMV markets and trades natural gas in eight European countries. In 2023, natural gas sales volumes amounted to 85 TWh (2022: 111.2 TWh). The foundation of the natural gas sales business is a diverse supply portfolio, which consists of equity gas from Austria and Norway (amounting to 30.7 TWh in 2023) and a variety of international suppliers. In addition to mid- and long-term activities, short-term activities at Europe's main international trading hubs and the EU joint natural gas purchasing platform complement OMV's supply portfolio.

Gas supply, marketing, and trading

OMV's Gas Marketing & Trading 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. The LNG business is an essential pillar of our business. OMV fully utilized its allotted capacity at the Gate regasification terminal in the Netherlands. Two long-term LNG supply contracts starting from 2026 and 2029 until 2036 have been concluded and refer to non-Russian natural gas only. This makes the LNG business a very important building block for OMV's diversification of its natural gas supply portfolio, thereby enhancing supply security.

Even in 2023, the European natural gas market was still impacted by the energy market crisis stemming from the war in Ukraine, with very volatile natural gas prices and unpredictable supply curtailments from Russia. This situation is expected to continue.

The Gas Task Force, established in 2022 to minimize the adverse effects of the war in Ukraine, is making good progress on 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 natural gas supply disruptions. Natural gas supply diversification strategies were defined and executed accordingly, and OMV again successfully secured additional natural gas transportation capacities. Furthermore, OMV was able to fully utilize the capacity of its storage facilities. These measures 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 erratic Russian natural gas supply on OMV's natural gas sales portfolio 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.

Due to the previous mild winter in 2022, European storage system operators were able to start the new storage year in April 2023 with a relatively high storage level of 56% (April 1, 2022: 27%). A significant number of new international and national legal requirements and a consistently high degree of price volatility dominated the energy market. In this challenging environment, OMV Gas Storage still managed to win several new customers in 2023, expand the design capacity, and fill the OMV storage facilities to a maximum level of 104.5% in Austria and 99% in Germany.

At the Central European Gas Hub, 575.1 TWh of natural gas was nominated at the Virtual Trading Point (VTP) in 2023. This volume corresponds to approximately 7 times Austria's annual natural gas consumption.

Gas & Power Eastern Europe

In Q1/23, Energy integrated the Gas Marketing East business from OMV Petrom. Synergies depend on both external and internal factors, and the aim is always to deliver the best results. Gas & Power Eastern Europe is developing operations in six countries, while also having market access to other countries close to Romania.

Following an unprecedented year on the energy market in 2022, with record high prices for both natural gas and power, market prices substantially decreased in 2023, accompanied by continued volatility. In Romania, the same trend with significantly lower prices compared to 2022 did not, however, translate into demand recovery. Consumption in Romania of natural gas and power across the full year was lower compared to the previous year, with industrial users' offtake continuing to decline throughout the year and only some uplift at the end.

Regulations introduced by Romanian authorities in 2022 were in place during 2023 as well, meaning the natural gas and power markets continued to be highly regulated.

The Gas & Power Eastern Europe natural gas sales volumes to third parties reached 37.9 TWh in 2023, 6% higher compared to 35.8 TWh in 2022, making it a very strong performance. To complement equity natural gas supply, OMV Petrom sourced valuable volumes from third parties, thus successfully covering all its diverse sales channels.

Opportunities in neighboring countries are continuously scanned. In 2023, the first natural gas purchase contract with Botaş (Türkiye) was concluded, which is valid until March 2025. A memorandum of understanding to expand collaboration in the field of liquified natural gas (LNG) in Southeast Europe was also signed, thus contributing to security of supply for our own portfolio and that of the country in question.

On the power side, the net electrical output of the Brazi power plant decreased to 4.2 TWh, –17% compared to 2022, which was a record year for production. The Brazi power plant covered around 7% of the national power generation mix, with the contribution impacted by a planned outage of the entire capacity from March to the beginning of July 2023. It was the largest planned outage since the start of operations in 2012, and included the first major inspection of the steam turbine. After the outage, the power plant delivered exceptional output, with record high production levels.

In addition, activities on neighboring power markets have been expanded, making a significant contribution to the strong power result and continuing to strengthen our regional footprint.

Significant progress was achieved on renewable projects, including the partnership with Complexul Energetic Oltenia for four PV projects with a total capacity of around 450 MW, for which the financing contracts were signed with the Ministry of Energy, and the purchase of PV project rights with a future total capacity of around 710 MW. This builds momentum in achieving our strategic targets to transition to low and zero carbon.

In January 2024, OMV Petrom announced the purchase of a 50% stake in Electrocentrale Borzesti from RNV Infrastructure, which holds around 1 GW of renewable energy projects (950 MW wind and 50 MW solar). The projects will be developed further, built, and run in collaboration with RNV Infrastructure.

Additionally, OMV Petrom and Renovatio intend to invest roughly EUR 1.3 bn, including project financing, in Romanian renewable energy by 2027. OMV Petrom's contribution for the acquisition and development of these projects is estimated to be up to EUR 350 mn. The closing of the transactions is expected to take place in the first half of 2024, after fulfilment of certain conditions.

Low Carbon Business

In the Energy division, the Low Carbon Business (LCB) team is looking at options to explore and commercially develop geothermal energy potential, as well as carbon capture and storage (CCS) solutions. In addition, the unit is working on expanding OMV's photovoltaic asset base. Furthermore, solutions for subsurface energy storage, e.g., with hydrogen, are being investigated. The activities in LCB have experienced considerable momentum in the past year, making a noticeable impact at both national and international levels. A variety of initiatives have started, and several projects have been launched and/or executed. These projects are mainly in the R&D or initial investment phase. The investments are expected to ramp up after 2024.

Geothermal

As one of the achievements in geothermal activities in Austria, OMV and Wien Energie have joined forces to transform the way we heat our buildings. In a joint venture called "deeep," the two companies are working closely to make deep geothermal energy a reality in the greater Vienna area. The aim is to develop deep geothermal plants with an output of up to 200 MW, thereby generating climate-neutral district heating for the equivalent of up to 200,000 Viennese households. The partners are also planning to implement up to seven deep geothermal plants in Vienna as part of the drilling programs. The first deep geothermal plant in the area of Aspern is to be realized together by the partners in the joint venture. The plant will generate up to 20 MW of climate-neutral district heating – in combination with heat pumps from Wien Energie. Approval procedures are currently underway, and drilling is due to start toward the end of 2024. The plant is scheduled to go into operation in 2027.

New technologies are essential to accelerate growth in our low carbon business, so OMV acquired a 6.5% stake in Canadian privately owned company Eavor

Technologies Inc. ("Eavor"). Eavor is the leading closed-loop geothermal energy solution developer worldwide. In addition, OMV and Eavor have entered into a commercial agreement to pursue large-scale deployments of the Eavor-Loop™ technology in Europe and beyond. The commercial agreement establishes OMV as a key partner with preferential licensing terms, access to services, and development support. OMV's initial focus will be on the deployment of Eavor-Loop™ in Austria, Romania, and Germany. Eavor's technology is based on a closed-loop system, installed in deep subsurface rock, whereby a working fluid is heated up by circulating it between surface and deep subsurface rock in a closed loop. The technology reduces the geological and hence operational risk significantly compared to normal hydrothermal systems with similar energy output. As Eavor-Loop™ is truly scalable and applicable in various types of geological structures, it will enable OMV to offer heat solutions for district heating networks outside of the normal hydrothermal areas and therefore complement its existing portfolio of hydrothermal projects.

OMV is constantly evaluating and maturing further opportunities and projects with regards to open- and closed-loop geothermal energy.

Carbon Capture and Storage (CCS)

CCS solutions are explored based on Energy's subsurface knowledge, capabilities, and asset base. Aker BP and OMV (Norge) AS have entered into a collaboration agreement for CCS and have been awarded a license for CO_2 storage in accordance with the CO_2 Storage Regulations on the Norwegian Continental Shelf (NCS). The license awarded to Aker BP and OMV is located in the Norwegian North Sea and is named Poseidon. Aker BP (50%) and OMV (Norge) AS (50%) have an interest in the license, which will be operated by Aker BP. The license comes with a work program and a drill or drop decision by 2025. As a first milestone, a 3D seismic survey was successfully finalized. The Poseidon license could potentially provide storage of more than 5 mn t of CO_2 per year. The intention is to inject CO_2 captured from multiple identified industrial emitters in North-West Europe, including from Borealis' various industrial sites in Europe.

In addition to the license that OMV holds together with Aker BP, activities are continuing on further license applications and opportunities to build up a project portfolio and establish OMV as a key player in CCS on the Norwegian Continental Shelf (NCS). OMV collaborates on these activities in line with applicable regulatory and legal requirements, in conjunction with industry and research partners.

Renewable energy (wind and solar)

The LCB team is working on expanding the renewables asset base with a focus on captive use within the OMV Group. Wherever local regulations permit, the aim is to produce renewable energy and feed it into the electricity grid for use by third parties. The potential for doing this in the countries where OMV has business operations is currently being evaluated. Several renewable power generation projects are being pursued in Romania in the Gas & Power Eastern Europe business.

For more details, please see the Gas & Power Eastern Europe section.

Innovation and new technologies

The Energy Technology unit provides key expertise and cutting-edge technologies to ensure the achievement of OMV's strategic goal of decarbonization and becoming a net-zero emissions company by 2050.

Technology scouting, open innovation, and development is performed by a highly integrated team covering the entire value chain of energy projects: surface, subsurface, and laboratory. This is carried out in close collaboration with all OMV business locations including OMV Petrom and OMV (Norge) AS, external partners like Wien Energie, and renowned universities like Stanford, the University of Texas, and Montanuniversität Leoben.

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 geothermal energy, carbon capture, utilization, and storage, plus renewable energy.

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

The Energy Technology team demonstrates its position as a reliable technology and R&D 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.

The OMV Tech Center & Lab (TCL) in Austria and the OMV Petrom Upstream Laboratory (ICPT) in Romania are highly specialized energy technology centers and laboratories that support all OMV assets globally to ensure safe and sustainable operations. Experts covering the fields of geosciences, physics, chemistry, geochemistry, microbiology, environmental sciences, reservoir and materials science focus on technology testing, improvement, and laboratory solutions to enable the implementation of new renewable energy technologies. Technologies that OMV successfully implements are showcased to the public at the OMV Innovation & Technology Center (ITC) in Austria.

Digitalization

The OMV Energy digitalization journey started in 2018, and since then we have brought to life innovative platforms, created a data ecosystem, and established a citizen developer community. We have built solid foundations on which we enable digital solutions, deriving value for OMV Energy.

In Q1/23, the Energy department established the Operations Cockpit in Gänserndorf, Austria. The cockpit is a multidisciplinary on-call task force, integrating our experts from various technical disciplines across the globe. They use the latest digital tools and technology to connect with and support our local teams in the field to solve operational challenges, even when separated by great distances.

The construction of the first automated onshore rig in OMV's portfolio in Romania is well underway. The automatic rig will improve HSSE performance by moving people outside the risk zones of the rig and will increase drilling efficiency by reducing time and costs due to a more effective execution of tasks by dedicated machines. It is envisaged that the overall drilling cost per well will be cut by almost 10% and CO_2 emissions will also be reduced due to the efficiency of automation. The first well to be drilled using the new rig is due to start in Q2/24.

Leveraging the digitalization potential of OMV's drilling activities, we formed a Joint Industry Project (Smart Shaker) and piloted technology for continuous, AI-assisted, well cuttings monitoring of drilling activities in real time. This technology will increase the safety and efficiency of our drilling operations.

In 2023, we finalised the implementation of the innovative DELFI environment across all our operated ventures. The subsurface data and interpretation platform allows multidisciplinary teams to collaborate on the same data, both on site and remotely. Over the course of the year, more than 280 users and around 1.05 petabytes of data were migrated to the new, secure, public-cloud platform using over 80 individual applications for subsurface work.

Building on our simulation services workflows, in cooperation with Stanford University, we developed and implemented AI algorithms for optimized well placement. The algorithms can handle vertical and horizontal wells, and are independent of reservoir fluids, so they will be used for future CCS and geothermal development projects as well.

After successful implementation of a waterflood modeling solution on two reservoirs in Austria (leading to an annual production volume increase of 0.75%) at the end of 2022, the solution was deployed on three more fields in Romania in 2023. The technique targets increased production and reduced water-cut and field decline by building and scaling streamlined surveillance models for optimized waterflooding.

The e-Permit2Work project seeks to digitize the permit processes across our sites, thereby increasing the efficiency, traceability, and auditability of work carried out. The solution was piloted in Austria and deployments in our operated sites will continue in 2024.

Outlook

Market environment

In 2024, OMV expects the average Brent crude oil price to be around USD 80/bbl (2023: USD 83/bbl). For 2024, the average realized gas price is anticipated to be around EUR 25/MWh (2023: EUR 29/MWh), with a THE price forecast of between EUR 30/MWh and 35/MWh (2023: EUR 41/MWh).

Group

In 2024, organic CAPEX[1] is projected to come in at around EUR 3.8 bn (2023: EUR 3.7 bn), including non-cash effective CAPEX related to leases of around EUR 0.2 bn.

Chemicals & Materials

In 2024, the ethylene indicator margin Europe is expected to be around EUR 490/t (2023: EUR 507/t). The propylene indicator margin Europe is forecast at around EUR 370/t (2023: EUR 389/t).

In 2024, the steam cracker utilization rate in Europe is expected to be around 85% (2023: 80%).

In 2024, the polyethylene indicator margin Europe is forecast to be around EUR 320/t (2023: EUR 322/t). The polypropylene indicator margin Europe is expected to be around EUR 320/t (2023: EUR 355/t).

In 2024, the polyethylene sales volumes excluding JVs are projected to be around 1.9 mn t (2023: 1.63 mn t). The polypropylene sales volumes excluding JVs are expected to be around 2.0 mn t (2023: 1.86 mn t).

Organic CAPEX related to Chemicals & Materials is predicted to be around EUR 1.0 bn in 2024 (2023: EUR 1.2 bn).

Fuels & Feedstock

In 2024, the OMV refining indicator margin Europe is expected to be around USD 8/bbl (2023: USD 11.7/bbl).

In 2024, fuels and other sales volumes in OMV's markets in Europe are projected to be higher than in 2023 (2023: 16.3 mn t). Commercial margins are forecast to be below those in 2023. Retail margins are forecast to be slightly below the 2023 level.

In 2024, the utilization rate of the European refineries is expected to be around 95% (2023: 85%).

Organic CAPEX in Fuels & Feedstock is forecast at around EUR 0.8 bn in 2024 (2023: EUR 1.0 bn).

Energy

OMV expects total hydrocarbon production in 2024 to be between 330 kboe/d and 350 kboe/d (2023: 364 kboe/d), depending on the timing of the divestment of the assets in Malaysia, the situation in Libya, and also due to natural decline.

Organic CAPEX for Energy is anticipated to come in at around EUR 1.9 bn in 2024 (2023: EUR 1.5 bn).

In 2024, Exploration and Appraisal (E&A) expenditure is expected to be around EUR 200 mn (2023: EUR 248 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.

Risk management governance

OMV recognizes the dynamic and evolving nature of its business landscape. Effective risk governance is crucial for successfully navigating through uncertainties inherent to the nature of OMV's operations.

As an integral part of the Supervisory Board, the Audit Committee diligently oversees the implementation and efficacy of our risk management processes. By leveraging the expertise within the Audit Committee and remaining adaptive through ongoing education, the Supervisory Board reinforces its commitment to robust risk governance.

The Executive Board takes a proactive stance in overseeing and enhancing OMV's risk management processes as well as ensuring a strong risk culture across the OMV Group. A cross-functional committee chaired by the OMV Group CFO with senior management members of the OMV Group – the Risk Committee – ensures that the risk management process effectively captures and manages material risks across the OMV Group. OMV has an effective independent Corporate Risk Management function within the CFO area that reports directly to the Executive Board and is independent from the business lines.

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 over time. 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 & Insurance Management departments. These departments ensure 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 overseeing and managing 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.

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 systematic approach 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.

OMV's EWRM process has been set up in accordance with the ISO 31000 standard and 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 mid-term planning 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 originates 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 is reviewed regularly 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, for example from the potential negative impact of falling oil and natural gas prices in the Energy division. In the Fuels & Feedstock and Chemicals & Materials businesses, OMV is especially exposed to volatile refining and chemicals margins, natural gas prices, and CO_2 emissions certificates, 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.

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. Given the events in the banking sector in the first quarter of 2023, OMV has implemented even tighter monitoring of its banking counterparties and of respective exposures in addition to its standard credit risk management processes.

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.

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 its own and belonging to 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, and 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 emission certificate trading schemes, 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. 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.

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. Additionally, OMV recognizes the emergence of AI-related risks and is actively integrating measures within existing security controls to address potential disruptions and vulnerabilities associated with artificial intelligence.

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, including the ongoing Russian war on Ukraine and any additional sanctions and countersanctions resulting from it, as well as recent attacks on Israel that have raised concerns about regional stability and their potential impact on OMV's business activities. Nevertheless, it is important to note that, as it currently stands, OMV's operations in the MENA region remain unaffected by these developments.

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, for example, 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.

In light of potential further, or even full, natural gas supply disruptions from Russia, e.g., due to discontinuation of the gas transit agreement between Ukraine and Russia, OMV has diversified both gas supply sources and gas supply routes to ensure secure energy supply to its customers. Supported by warmer than average weather in Europe, increased renewable power generation, and elevated gas price levels, households and industry have reduced gas consumption in 2023 leading to lower gas demand, and more gas in storage in Central Europe than expected. In July 2023, OMV managed to secure around 40 TWh of additional transport capacities to Austria at the transfer points Oberkappel (pipeline from Germany) and Arnoldstein (pipeline from Italy) for both the current gas year and for the period from October 1, 2023 to September 30, 2026. For the period from October 1, 2026 to September 30, 2028, OMV booked around 20 TWh of transport capacities at the aforementioned 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 regulated/capped prices for gas and power, subsidy schemes, and over-taxation or the EU solidarity contribution have been implemented in some of the countries OMV is active in. If energy prices in Europe remain at high levels, there is a risk that further regulatory and fiscal interventions may impact OMV financials.

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, for example in Libya, Yemen, or 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

Geoeconomic fragmentation, trade restrictions, and disruptions to global supply chains could lead to further cost increases for OMV. Coupled with rising interest rates, this situation has the potential to also negatively impact economic growth, which in turn could affect demand for OMV's products.

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 include 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, OMV's People & Culture department aims to develop and attract 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 30 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.

Other Information

Information required by section 267 Paragraph 3a in connection with section 243a Paragraph 1 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

[1] On December 21, 2022, Abu Dhabi National Oil Company (ADNOC) has announced its plan to take over the 24.9% stake in OMV Aktiengesellschaft from MPPH, subject to regulatory approvals. On February 28, 2024, following all conditions under the share purchase agreement between MPPH and ADNOC having been fulfilled, all of the 24.90% of the shares in OMV Aktiengesellschaft were transferred from MPPH to ADNOC.

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.

8. As at balance sheet date, a total of 142,007 own shares (EUR 142,007), or 0.04% of the capital stock, were held. During the reporting period, 59,667 shares, equivalent to 0.02% of the capital stock, with a value of EUR 2.32 mn were used for share-based compensations. The difference of EUR 1.66 mn between this amount and the historic repurchase value was written to the capital reserve.

9. As of December 31, 2023, 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, 2023, 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.

10. The material financing agreements to which OMV is a party and bonds issued by OMV contain typical change of control clauses.

11. 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.

12. 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.

Non-financial declaration according to Section 267a Austrian Commercial Code

1. 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 39 in the Consolidated Financial Statements.

Vienna, March 5, 2024

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