

INDEPENDENT AUDITOR'S REPORT

To the only Shareholder of PARAMO, a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PARAMO, a.s. (hereinafter also the “Company”) prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2024, and the income statement and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant (material) information about the accounting methods used. For details of the Company, see Note 1. to the financial statements.

In our opinion, the accompanying financial statements **give a true and fair view of the financial position of Paramo a.s. as at 31 December 2024, and of its financial performance and its cash flows for the year then ended** in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

22HLAV s.r.o.

Member of MSI Global Alliance, Legal & Accounting Firms

Všebořická 82/2, 400 01 Ústí nad Labem

Audit firm licence No. 277



Ing. Filip Konětopský
Auditor licence No. 2449

26th February 2025

This Auditor's Report includes the following attachments:

1. Statement of financial position as of 31.12.2024
2. Statement of profit or loss and other comprehensive income for the year ended 31.12.2024
3. Notes for the year ended 31.12.2024
4. Statement of changes in equity for the year ended 31.12.2024
5. Statement of cash flow for the year ended 31.12.2024

This Audit Report is a translation of the Czech Audit Report for the audit of the 2024 financial statements.



PARAMO, a.s.

**SEPARATE
FINANCIAL STATEMENTS**

Translated from the Czech original

**PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS AS ADOPTED BY
THE EUROPEAN UNION**

FOR THE YEAR 2024



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SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2024	2023
Statement of profits or loss			
Revenues	8.	1 522 289	1 618 424
Cost of sales	9.	(1 346 171)	(1 465 962)
Gross profit on sales		176 118	152 462
Distribution expenses		(35 209)	(33 201)
Administrative expenses		(109 664)	(102 495)
Other operating income	10.1.	47 732	22 010
Other operating expenses	10.2.	(137 855)	(94 422)
Loss/reversal of loss allowance for trade receivables	10.3.	236	(825)
Loss from operations		(58 642)	(56 471)
Finance income	11.1.	3 306	7 741
Finance costs	11.2.	(37 063)	(47 523)
Net finance costs		(33 757)	(39 782)
Loss before tax		(92 399)	(96 253)
Tax expense	12.	(2 252)	(4 970)
Net loss		(94 651)	(101 223)
Other comprehensive income			
items which will not be reclassified subsequently into profit or loss		1 167	745
Actuarial gains and losses	21.2.	1 167	(745)
		1 167	(745)
Total net comprehensive income		(93 484)	(101 968)

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 7 - 42.



STATEMENT OF FINANCIAL POSITION

	Note	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
Property, plant and equipment	13.	533 755	484 424
Investment property	14.	6 063	5 178
Intangible assets	15.	1 105	1 240
Other non-current assets	16.	22 549	43 596
		563 472	534 438
Current assets			
Inventories	17.	260 383	298 748
Trade and other receivables	18.	1 023 831	1 183 597
Current tax assets		-	4 505
Cash and cash equivalents	19.	875	975
		1 285 089	1 487 825
Total assets		1 848 561	2 022 263
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20.	203 608	203 608
Retained earnings	20.2.	(76 082)	17 402
Total equity		127 526	221 010
LIABILITIES			
Non-current liabilities			
Provisions	21.	5 995	7 370
Lease liabilities	25.	4 912	6 551
		10 907	13 921
Current liabilities			
Trade and other liabilities	22.	1 037 753	1 064 087
Liabilities from contracts with customers	22.1.	-	500
Loans, borrowings	23.	6	12
Provisions	21.	47 209	54 560
Deferred income	24.	-	2 950
Lease liabilities	25.	1 850	2 127
Other financial liabilities	25.	623 310	663 096
		1 710 128	1 787 332
Total liabilities		1 721 035	1 801 253
Total equity and liabilities		1 848 561	2 022 263

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 7 - 42.



STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total equity
Note	20.1.	20.2.	
01/01/2024	203 608	17 402	221 010
Net profit/(loss)	-	(94 651)	(94 651)
Items of other comprehensive income	-	1 167	1 167
Total net comprehensive income	-	(93 484)	(93 484)
31/12/2024	203 608	(76 082)	127 526
31/12/2022	2 036 078	(1 870 270)	165 808
Merger by spin-off	-	157 170	157 170
01/01/2023	2 036 078	(1 713 100)	322 978
Decrease in share capital	(1 832 470)	1 832 470	-
Net loss	-	(101 223)	(101 223)
Items of other comprehensive income	-	-	(745)
Total net comprehensive income	-	(101 968)	(101 968)
31/12/2023	203 608	17 402	221 010

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 7 - 42.



STATEMENT OF CASH FLOWS

	Note	2024	2023
Cash flows from operating activities			
Loss before tax		(92 399)	(96 253)
Adjustments for:			
Depreciation and amortisation	9.2.	9 049	8 995
Foreign exchange gain		(3)	(3)
Interest, net		36 620	46 367
Recognition of impairment allowances of property plant and equipment, intangible assets and right of use assets	10.2.	127 999	90 953
Profit on investing activities		(40 291)	(12 602)
Change in provisions		27 404	46 965
Other adjustments including:		(1 969)	(15 460)
<i>Settlement of subsidies of CO₂ allowances</i>		(22 653)	(72 568)
<i>Movements in Liabilities from contracts with customers</i>		(500)	383
Change in working capital	20.3.2.	129 188	(57 483)
<i>inventories, including:</i>		38 366	25 365
<i>change in impairment allowances of inventories to net realisable value</i>		8 651	(13 569)
<i>receivables, including:</i>		156 818	(436 410)
<i>change in impairment allowances to receivables</i>		(8 683)	(2 844)
<i>Liabilities</i>		(65 996)	353 562
Income tax (paid)		2 253	(4 970)
Net cash from operating activities		197 851	6 509
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(155 884)	(92 986)
Disposal of property, plant and equipment and intangible assets		35 808	97 789
Other		813	1 009
Net cash from/used in investing activities		(119 263)	5 812
Cash flows from financing activities			
Proceeds/(outflows) from loans and borrowings		(6)	3
Proceeds from loans and borrowings		-	3
Repayments of loans and borrowings		(6)	-
Proceeds/(outflows) from cash pool liabilities		(38 245)	37 073
Interest paid		(38 162)	(45 884)
Payments of liabilities under lease agreements		(2 142)	(3 034)
Other		(136)	(796)
Net cash used in financing activities		(78 691)	(12 638)
Net decrease in cash and cash equivalents		(103)	(317)
Effect of changes in exchange rates		3	3
Cash and cash equivalents, beginning of the year		975	1 289
Cash and cash equivalents, end of the year	19.	875	975

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 7 - 42.



DESCRIPTION OF THE COMPANY AND PRINCIPLES OF PREPARATION OF THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE COMPANY

Establishment of the Company

PARAMO, a.s. (the "Company", Paramo), the joint stock company, was incorporated on 1 January 1994 in the Commercial Register of the Regional Court in Hradec Kralove, Section B, Insertion 992.

Identification number of the Company

481 73 355

Registered office of the Company

PARAMO, a.s.
Přerovská 560, Svítkov
530 06 Pardubice
Czech Republic

Principal activities

The main scope of business activities pursued by the Company is the producing of asphalts products and their sale.

Ownership structure

ORLEN Unipetrol a.s. is the sole shareholder of the Company.

Statutory and supervisory bodies

Members of the statutory and supervisory bodies of PARAMO, a.s. as at 31 December 2024 were as follows:

	Position	Name
Board of Directors	Chairman	Jacek Świtała
	Member	Konrad Szykuła
Supervisory Board	Member	Michał Chmiel
	Member	Szymon Gajda

Changes in the Board of Directors in 2024 were as follows:

Position	Change	Date of change	Name
Vice-chairman	Resignation from the office	with the effect as of 30 July 2024	Adam Sadłowski

Changes in the Supervisory Board in 2024 were as follows:

Position	Change	Date of change	Name
Member	Resignation from the office	with the effect as of 5 November 2024	Robert Zlezarczyk

Group identification and consolidation

The Company is part of the consolidation group of ORLEN Unipetrol a.s. ("the Group"). Pursuant to section 62(2) of Decree No. 500/2002 Coll., the financial statements of the Company and of all entities consolidated by it have been included in the consolidated financial statements of ORLEN Unipetrol a.s. with its registered office at Prague 4, Milevská 2095/5, 140 00, ID No. 616 72 190.

The consolidated financial statements of ORLEN Unipetrol a.s. prepared in accordance with International Financial Reporting Standards as adopted by the European Union will be published pursuant to section 62(3c) of Decree No. 500/2002 Coll. and section 21a of Act No. 563/1991 Coll., on Accounting.

2. PRINCIPLES OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations approved by the International Accounting Standards Board (IASB) which were adopted by the European Union (EU) and were in force as at 31 December 2024. The financial statements have been prepared based on historical cost, except for: derivatives, financial instruments at fair value through profit and loss, financial assets available for sale, and investment properties stated at fair value.

The financial statements are compliant with all requirements of IFRSs adopted by the EU and present a true and fair view of the Company's financial position as at 31 December 2024, results of its operations and cash flows for the year ended 31 December 2024.

These financial statements have been prepared on a going concern basis. As at the date of approval of the financial statements there is no uncertainty that the Company will not be able to continue as a going concern in the foreseeable future.

The financial statements, except for the statement of cash flows, are prepared on the accrual basis of accounting.



3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency. All financial information presented in CZK has been rounded to the nearest thousand.

3.1 Transactions in foreign currency

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The transaction day is the day on which the transaction for the first time qualifies for recognition under IFRS. In particular, when the transfer of significant risks and rewards of ownership of assets (IAS 18) or in the case of financial instruments, the day on which the Company commits to purchase or sell an asset.

At the end of the reporting period:

- foreign currency monetary items including units of currency held by the Company as well as receivables and liabilities due in defined or definable units of currency are translated using the closing rate, i.e. spot rate as at the end of the reporting period,
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement and valuation of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition as finance income or expense in the period in which they arise, except for monetary items which hedge the currency risk, are accounted in accordance with cash flow hedge accounting principles. Foreign exchange differences are included in the financial result (or in certain circumstances in other comprehensive income) on a net basis, unless they relate to the individually significant transactions.

4. ACCOUNTING PRINCIPLES

Significant accounting principles and significant values based on judgements and estimates are presented as a part of the specific explanatory notes to the consolidated financial statements. The Company applied the accounting principles consistently to all presented reporting periods.

Note	Selected accounting principles
8.	Revenues
9.	Costs
12.	Tax expense
13.	Property, plant and equipment
14.	Investment property
15.	Intangible assets
16.	Impairment of property, plant, equipment, intangible assets, right of use assets
17.	Inventories
18.	Trade and other receivables
19.	Cash and cash equivalents
20.	Shareholders' equity
21.	Provision
22.	Trade and other liabilities
24.	Deferred income
26.	Lease
27.	Financial instruments



5. IMPACT OF IFRS CHANGES ON FINANCIAL STATEMENTS OF THE COMPANY

5.1 Binding amendments to IFRSs and interpretations

Standards and Interpretations adopted by the EU, effective from 01/01/2024	Impact on financial statements
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	no impact
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	no impact
Amendments to IAS 1 Non-current Liabilities with Covenants	no impact
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	no impact

5.2 IFRSs, amendments and interpretations to IFRSs endorsed by the European Union, not yet effective

New and revised IFRS Standards adopted by the EU in issue but not yet effective, effective from 01/01/2025	Possible impact on financial statements
Amendments to IAS 21 - Lack of Exchangeability	no impact expected

5.3 New and revised IFRS standards, amendments and interpretations adopted by International Accounting Standards Board, waiting for approval of the European Union

New and revised IFRS Standards not yet adopted by the EU	Effective from	Possible impact on financial statements
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	Effective date deferred	no impact expected
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity	01/01/2026	no impact expected
Annual improvements to IFRS – volume 11 related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	01/01/2026	no impact expected
IFRS 18 Presentation and Disclosure in Financial Statements	01/01/2027	impact*
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01/01/2027	no impact expected

*IFRS 18 replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Furthermore, the IASB has made minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings Per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined Key Performance Indicators (KPIs) in the notes to the financial statements.

The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when the Company applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. The Company anticipates that the application of the new standard may have an impact on the separate financial statements in future periods.

6. THE PARENT COMPANY AND STRUCTURE OF THE GROUP

6.1. Group structure

The following table shows subsidiaries and investment in joint operation forming the consolidated group of ORLEN Unipetrol a.s. and the parent company's interest in the capital of subsidiaries and investment in associate held either directly by the parent company or indirectly by the consolidated subsidiaries and allocation of subsidiaries into the Operating segments (as of 31 December 2024).

Name and place of business	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries	Operating segment	Website
Parent company				
ORLEN Unipetrol a.s. Milevská 2095/5, 140 00 Praha 4, Czech Republic			Corporate Functions	www.orlenunipetrol.cz
Subsidiaries consolidated in full method				
HC VERVA Litvínov, a.s. Litvínov, S.K. Neumanna 1598, Czech Republic	--	70.95%	Corporate Functions	www.hokej-litvinov.cz
Nadace ORLEN Unipetrol Milevská 2095/5, 140 00 Praha 4, Czech Republic	--	100.00%	Corporate Functions	www.nadaceorlenunipetrol.cz
ORLEN HUNGARY Kft. Boldizsár utca 2, 1112 Budapest, Hungary	--	100.00%	Retail	www.orlen.hu
PARAMO, a.s. Přerovská 560, Svítkov, 530 06 Pardubice, Czech Republic	100.00%	--	Refining	www.paramo.cz
PETROTRANS, s.r.o. Poděbradská 538/46, 190 00 Praha 9, Czech Republic	0.63%	99.37%	Refining	www.petrotrans.cz
REMAQ, s.r.o. tř. Tomáše Bati 1729, 765 02 Otrokovice, Czech Republic	--	100.00%	Petrochemical	www.remaq.cz
SPOLANA s.r.o. ul. Práce 657, 277 11 Neratovice, Czech Republic	--	100.00%	Petrochemical	www.spolana.cz
ORLEN Unipetrol Deutschland GmbH Paul Ehrlich Str. 1/B, 63225 Langen/Hessen, Germany	0.10%	99.90%	Petrochemical	www.orlenunipetrol.de
ORLEN Unipetrol Doprava s.r.o. Litvínov - Růžodol č.p. 4, 436 70 Litvínov, Czech Republic	0.12%	99.88%	Refining	www.orlenunipetrol-doprava.cz
ORLEN Unipetrol RPA s.r.o. Litvínov - Záluží 1, 436 70 Litvínov, Czech Republic	100.00%	--	Refining Petrochemical Energy Corporate Functions Retail	www.orlenunipetrolrpa.cz
ORLEN Unipetrol Hungary Kft. 2040 Budaörs, Puskás Tivadar utca 12, Hungary	--	100.00%	Refining	www.orlenunipetrol.hu
ORLEN Unipetrol Slovakia s.r.o. Kalinčiaková 14083/33A, 831 04 Bratislava, Slovak Republic	13.04%	86.96%	Refining Retail	www.orlenunipetrol.sk
ORLEN Unicre a.s. Revoluční 1521/84, 400 01 Ústí nad Labem, Czech Republic	100.00%	--	Corporate functions	www.unicre.cz
Investments in joint operation				
Butadien Kralupy a.s. O. Wichterleho 810, 278 01 Kralupy nad Vltavou, Czech Republic	51.00%	--	Petrochemical	www.butadien.cz
Investment in associate				
ORLEN Projekt Česká republika s.r.o. O. Wichterleho 809, 278 01 Kralupy n. Vlt., Czech Republic	--	40.00%	Corporate functions	

The Group has a 70.95% interest in HC VERVA Litvínov, a.s., the remaining non-controlling interest in this company is owned by municipality of Litvínov.



7. MERGER SPIN-OFF

Selected assets and liabilities have been spin-off from the Company and have been merged to ORLEN Unipetrol RPA s.r.o. The decisive day of the spin-off merger was 1 January 2023. On 1 November 2023 the merger spin-off has been registered in Commercial register.

The assets and liabilities which were subject of spin-off merger are presented in table below:

	Note	Spin-off
ASSETS		
Non-current assets		
Property, plant and equipment	13.	(10 636)
Investment property	14.	(18 761)
		(29 397)
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	20.	157 171
Total equity		157 171
LIABILITIES		
Non-current liabilities		
Provisions	21.	(72 353)
Current liabilities		
Provisions	21.	(114 215)
Total liabilities		(186 568)
Total equity and liabilities		(29 397)

EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

8. REVENUES

SELECTED ACCOUNTING PRINCIPLES

The Company applies the principles in a five-step model in relation to the portfolio of contracts (or performance obligations) with similar characteristics, if the entity reasonably expects that the impact of the following principles on the financial statements will not significantly differ from the application of the following principles to individual contracts (or performance obligations).

Requirements to identify a contract with a customer

A contract with a customer meets its definition when all of the following criteria are met: the parties of the contract have approved the contract and are committed to perform their obligations; the Company can identify each party's rights regarding goods or services to be transferred; the Company can identify the payment terms for the goods or services to be transferred; the contract has commercial substance and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Identification of performance obligations

At contract inception the Company assesses the goods or services promised in the contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Determination of the transaction price

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes, fuel charges, excise taxes). The consideration promised in the contract with a customer may include fixed amounts, variable amounts or both.

To estimate variable consideration, the Company decided to apply the most probable value method for contracts with one value threshold and the expected value method for contracts with more value thresholds from which a rebate is granted to the customer.

Allocating the transaction price to individual performance obligations

The Company allocates the transaction price to each performance obligation (or distinct good or service) at an amount that reflects the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.



8. REVENUES (continued)

Recognition of revenue when performance obligations are satisfied

The Company recognises revenue when (or as) the Company satisfies performance obligations by transferring a promised good or service (i.e. an asset) to a customer (the customer obtains control of that asset). Revenues are recognised as amounts equal to the transaction price that has been allocated to a given performance obligation.

The Company transfers control of good or service over time and, therefore, satisfies a performance obligation and recognises revenues over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits from performance as the Company performs,
- the asset is created or enhanced as a result of the performance, and the customer controls the asset as it is created or enhanced,
- as a result of the performance of the service, an alternative component for the Company is not created, and the Company has an enforceable right to payment for performance completed to date.

	2024	2023
Revenues from sales of finished goods and services, net	1 517 164	1 612 949
revenues from contract with customers	1 513 131	1 609 732
excluded from scope of IFRS 15	4 033	3 217
Revenues from sales of finished goods and services, net	1 517 164	1 612 949
Revenues from sales of merchandise and raw materials, net	5 125	5 475
revenues from contract with customers	5 125	5 475
Revenues from sales of merchandise and raw materials, net	5 125	5 475
	1 522 289	1 618 424
revenues from contracts with customers	1 518 256	1 615 207

Contracts excluded from the scope of IFRS 15 refer to lease agreements.

8.1. Revenues by assortments

	2024	2023
Revenues from contracts with customers	1 518 256	1 615 207
Medium distillates	22 635	34 270
Heavy fractions	1 251 757	1 363 858
Others	77 064	51 632
Services	166 800	165 447
excluded from scope of IFRS 15	4 033	3 217
	1 522 289	1 618 424

Revenues from one of individual customers represented 10% or more of the Company's total revenues.

8.2. Revenues by geographical division

	2024	2023
Revenues from contracts with customers	1 518 256	1 615 207
Czech Republic	1 183 493	1 251 534
Germany	62 217	43 065
Poland	62 440	61 563
Slovakia	103 171	93 723
Other countries	106 935	165 322
excluded from scope of IFRS 15	4 033	3 217
Czech Republic	4 033	3 217
	1 522 289	1 618 424

Revenues from none of the other countries represented 10% or more of the Company's total revenues.

8.3. Revenues from contracts with customers by type of contract

	2024	2023
Based on a fixed price contracts	827 170	835 453
Based on a variable price contracts	691 086	779 754
	1 518 256	1 615 207

8.4. Revenues from contracts with customers the moment of revenue recognition

	2024	2023
At the a point in time	1 419 735	1 514 374
Over time	98 521	100 833
	1 518 256	1 615 207



8.5. Revenues from contracts with customers duration of the contract

	2024	2023
Short - term	1 518 256	1 615 207
	1 518 256	1 615 207

9. OPERATING EXPENSES

SELECTED ACCOUNTING PRINCIPLES

Costs (relating to operating activity) include costs that relate to core activities, i.e. activities for which the Company was founded, costs are recurring and are not of incidental character.

Costs are recognized in the statement of profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

The Company recognizes costs in accordance with the principle of proportionality of revenues and costs. In line with matching concept, cost that relate to the earned revenues are:

- costs that may be directly attributed to the revenues of the reporting period,
- costs that are not directly attributable to the revenues, for which there is evidence that they led to the economic benefits received in the reporting period.

Cost of sales comprises costs of finished goods, services, merchandise and raw materials sold and adjustments related to inventories written down to net realizable value.

The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Additional costs of contract inception are recognized as costs when they are incurred, if the depreciation period of the asset that would otherwise were recognized by the Company is one year or less.

Distribution expenses include trading expenses, advertising and promotion expenses as well as distribution expenses.

Administrative expenses include expenses relating to management and administration of the Company as a whole.

9.1. Cost of sales

	2024	2023
Cost of finished goods and services sold	(1 340 349)	(1 463 714)
Cost of merchandise and raw materials sold	(5 822)	(2 248)
	(1 346 171)	(1 465 962)

9.2. Cost by nature

	2024	2023
Materials and energy	(1 059 567)	(1 178 714)
Cost of merchandise and raw materials sold	(5 822)	(2 248)
External services	(150 005)	(138 849)
Employee benefits	(239 277)	(221 909)
Depreciation and amortization	(9 049)	(8 995)
Taxes and charges	(16 690)	(17 341)
Other	(147 555)	(101 767)
	(1 627 965)	(1 669 823)
Change in inventories	(934)	(26 258)
Operating expenses	(1 628 899)	(1 696 081)
Distribution expenses	35 209	33 201
Administrative expenses	109 664	102 495
Other operating expenses	137 855	94 422
Cost of sales	(1 346 171)	(1 465 962)

9.3. Employee benefits costs

	2024	2023
Payroll expenses	(168 705)	(156 466)
Future benefits expenses	543	(760)
Social security expenses	(59 105)	(53 650)
Other employee benefits expenses	(12 010)	(11 033)
	(239 277)	(221 909)

2024	Employees	Board of Directors	Supervisory Board	Total
Wages and salaries	(163 586)	(2 792)	(2 327)	(168 705)
Social and health insurance	(57 706)	(813)	(586)	(59 105)
Social expense	(11 375)	(635)	-	(12 010)
Change of employee benefits provision	543	-	-	543
	(232 124)	(4 240)	(2 913)	(239 277)
Number of employees average per year				213
Number of employees as at balance sheet day				219



9.3. Employee benefits costs (continued)

2023	Employees	Board of Directors	Supervisory Board	Total
Wages and salaries	(152 310)	(2 967)	(1 189)	(156 466)
Social and health insurance	(52 508)	(857)	(285)	(53 650)
Social expense	(10 143)	(890)	-	(11 033)
Change of employee benefits provision	(760)	-	-	(760)
	(215 721)	(4 714)	(1 474)	(221 909)
Number of employees average per year				239
Number of employees as at balance sheet day				209

10. OTHER OPERATING INCOME AND EXPENSES

10.1. Other operating income

	2024	2023
Profit on sale of non-current non-financial assets	35 110	11 558
Reversal of provisions	1 420	-
Reversal of impairment allowances of property, plant and equipment, intangible assets and right of use assets	3 520	-
Penalties and compensations	-	61
Revaluation of investment properties	885	684
Subsidies	6 671	8 099
Other	126	1 608
	47 732	22 010

10.2. Other operating expense

	2024	2023
Loss on sale of non-current non-financial assets	-	(420)
Recognition of provisions	(555)	(2 969)
Recognition of impairment allowances of property, plant and equipment, intangible assets and right of use assets	(127 999)	(90 953)
Recognition of grant in excess of consumption of CO ₂ allowances	-	-
Donations	(20)	(35)
Other	(9 281)	(45)
	(137 855)	(94 422)

10.3. Loss allowance for trade receivables

Release relates to impairment of trade receivables at the amount of CZK 236 thousand was recognized based on the expected credit loss model (2023: CZK (825) thousand).

11. FINANCE INCOME AND FINANCE COSTS

11.1. Finance income

	2024	2023
Foreign exchange gain	3 305	7 741
Other – discounting of provisions	1	-
	3 306	7 741

11.2. Finance costs

	2024	2023
Interest	(36 917)	(46 705)
Other	(146)	(818)
	(37 063)	(47 523)

12. TAX CREDIT/(EXPENSE)

SELECTED ACCOUNTING PRINCIPLES

Income tax expenses include current tax and deferred tax.

Current tax expense is determined in accordance with the relevant tax law based on the taxable profit for a given period and is recognized as a liability, in the amount which has not been paid or as an asset, if the amount of the current and prior periods income tax paid exceeds the amount due.

Deferred tax assets and liabilities are accounted for as non-current, are not discounted and are offset in the statement of financial position, if, and only if, the Company has a legally enforceable right to offset the recognized amounts and concern income tax levied by the same tax authority on the same taxpayer.

The transactions settled directly in equity are recognized in equity.

ESTIMATES

The Company recognises a deferred tax asset to transfer the unsettled tax losses and unused tax credits, to the extent that it is probable that there will be future taxable profit available, from which unsettled tax losses and unused tax credits can be write off. The assessment of this probability is made on the basis of planned budgets to achieve the assumed tax revenues in the following years.

Domestic income tax is calculated in accordance with Czech tax regulations at the rate of 21 % in 2024 (2023: 21 %) of the estimated taxable income for the year. The deferred tax has been calculated using tax rate approved for years 2025 and forward i.e. 21 %.

12.1. The differences between tax expense recognized in profit or loss and the amount calculated based on the rate from profit/(loss) before tax

	2024	2023
Loss for the year	(94 651)	(101 223)
Total tax expense	(2 252)	(4 970)
Loss excluding income tax	(92 399)	(96 253)
Tax using domestic income tax rate	17 556	18 288
Non-deductible expenses	(853)	(2 905)
Tax exempt income	4	28
Change in not recognized deferred tax assets	(18 959)	(20 381)
Income tax expense	(2 252)	(4 970)
Effective tax rate	2.4%	5.2%

12.2. Deferred tax

As at 31 December 2024 the Company has not recognized deferred tax assets from tax losses carried forward in amount of CZK 29 817 thousand (2023: CZK 50 999 thousand) due to the unpredictability of future taxable income. These unrecognized tax losses will expire by the end of 2027.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

13. PROPERTY, PLANT AND EQUIPMENT

SELECTED ACCOUNTING PRINCIPLES

Property, plant and equipment

Property, plant and equipment are assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period (one year or the operating cycle, if longer than one year).

Property, plant and equipment include both fixed assets (assets that are in the condition necessary for them to be capable of operating in the manner intended by management) as well as construction in progress (assets that are in the course of construction or development necessary for them to be capable of operating in the manner intended by management).

Property, plant and equipment are initially stated at cost (without including the grants related to assets). The cost of an item of property, plant and equipment comprises its purchase price, including any costs directly attributable to bringing the asset into use. The initial value of property, plant and equipment is increased by the value of discounted provisions for the costs of dismantling and removing the item and restoring the site/land on which it is located, the obligation for which is connected with acquisition or construction of an item of property, plant and equipment, and capitalized borrowing costs. The value of discounted provisions recognised as property, plant and equipment is amortised over their useful life.

Property, plant and equipment received for free are initially included in the cost corresponding to the estimated fair value. Income from property, plant and equipment received for free, which does not require the Company to meet any conditions related to its activities, is recognised directly in other operating income at the moment of recognition of the asset in the accounting records. Where there are additional conditions relating to the receipt of an asset for free, such a transaction is treated in the same way as an asset granted and is recorded as described in note 24. Grants.

Property, plant and equipment are stated in the statement of financial position prepared at the end of the reporting period at the carrying amount i.e. (cost) after deducting any accumulated depreciation and accumulated impairment losses (without including received grants related to assets).

Borrowing cost directly attributable to the acquisition, construction or production of an item of property, plant and equipment are part of the initial cost.



13. PROPERTY, PLANT AND EQUIPMENT (continued)

Land, precious metal and pieces of art are not depreciated. Their value is decreased by the eventual impairment allowances. Depreciation of an item of property, plant and equipment begins when it is available for use that is from the month it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, over the period reflecting their estimated useful life, considering the residual value. Components of property, plant and equipment which are material for the whole item are depreciated separately in accordance with their useful lives.

The following standard useful lives are used for property, plant and equipment:

Buildings and constructions	10-40 years
Machinery and equipment	4-35 years
Vehicles and other	2-20 years

The straight-line method of depreciation is used. Residual values, estimated useful lives and depreciation methods are reassessed annually. The adjustments to depreciation expense are accounted for in subsequent period (prospectively).

The costs of significant repairs and regular maintenance programs are recognized as property, plant and equipment and depreciated in accordance with their useful lives. The costs of current maintenance of property, plant and equipment are recognized as an expense when they are incurred.

Property, plant and equipment are tested for impairment, when there are indicators or events that may imply that the carrying amount of those assets may not be recoverable.

ESTIMATES

Useful lives of property, plant and equipment

The Company verifies useful lives of property, plant and equipment once at year end. Revaluation of useful lives of property, plant and equipment is based mainly on the assessment of technical services responsible for their operations. Such estimates are accompanied by uncertainty as to future business conditions, technological changes and competition on the market, which may result in a different assessment of the economic usefulness of the components and their remaining useful lives, which may significantly affect the value of property, plant and equipment and depreciation costs in the future. The impact of verification of useful lives in 2024 resulted in a increase of depreciation costs by CZK 0 thousand compared to depreciation costs that were recognised based on useful lives applied in 2023.

13.1. Changes in property, plant and equipment:

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
01/01/2024						
Net carrying value						
Gross carrying value	332 516	1 103 037	2 708 225	60 977	95 977	4 300 732
Accumulated depreciation, impairment allowances	-	(1 038 014)	(2 626 289)	(60 372)	(91 633)	(3 816 308)
	332 516	65 023	81 936	605	4 344	484 424
increase/(decrease) net						
Investment expenditures	-	-	-	-	183 379	183 379
Depreciations	-	(3 634)	(5 147)	(133)	-	(8 914)
Impairment allowances	(2 057)	(10 014)	(19 214)	245	(79 363)	(110 403)
Reclassifications	-	28 008	23 006	-	(51 969)	(955)
Sale	(1 636)	(9 628)	(0)	(28)	-	(11 292)
Liquidation	-	(246)	(1 981)	(217)	-	(2 444)
Other decreases	-	-	-	-	(40)	(40)
31/12/2024						
Net carrying value	328 823	69 509	78 600	472	56 351	533 755
Gross carrying value	330 881	1 106 950	2 673 085	55 825	227 347	4 394 088
Accumulated depreciation, impairment allowances	(2 057)	(1 037 441)	(2 594 485)	(55 353)	(170 997)	(3 860 333)
	328 824	69 509	78 600	472	56 350	533 755
01/01/2023						
Net carrying value						
Gross carrying value	343 076	1 765 138	3 396 177	72 887	42 362	5 619 640
Accumulated depreciation, impairment allowances	-	(1 697 202)	(3 310 403)	(72 150)	(39 882)	(5 119 637)
	343 076	67 936	85 774	737	2 480	500 003
Merger by spin-off (net)	(9 935)	-	-	-	(701)	(10 636)
01/01/2023	333 141	67 936	85 774	737	1 779	489 367
increase/(decrease) net						
Investment expenditures	-	-	-	-	98 047	98 047
Depreciations	-	(3 618)	(5 110)	(133)	-	(8 861)
Impairment allowances	-	276	(13 308)	349	(65 676)	(78 359)
Reclassifications	10 432	1 986	17 322	66	(29 806)	-
Sale	(10 737)	-	-	-	-	(10 737)
Liquidation	-	(1 557)	(2 742)	(414)	-	(4 713)
Other decreases	(320)	-	-	-	-	(320)
31/12/2023						
Net carrying value	332 516	65 023	81 936	605	4 344	484 424



13.2. Changes in impairment allowances

Impairment allowances disclosed in the property, plant and equipment movement table are equal to the amount by which the carrying amount of assets exceeded their recoverable amount. Recognition and reversal of impairment allowances for property, plant and equipment are recognized in other operating activities.

As at 31 December 2024 an impairment provision in relation to property, plant and equipment amounted to CZK 892 896 thousand (CZK 782 492 thousand as at 31 December 2023).

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
01/01/2024	-	383 111	297 819	9 929	91 634	782 493
Recognition	2 057	-	-	-	123 966	126 023
Reversal	-	-	-	-	(3 520)	(3 520)
Reclassification	-	19 888	21 195	-	(41 083)	-
Other decreases	-	(9 873)	(1 981)	(246)	-	(12 100)
	2 057	393 126	317 033	9 683	170 997	892 896
increase/(decrease) net*	2 057	10 014	19 214	(245)	79 363	110 403
31/12/2023	-	518 173	335 162	12 907	39 882	906 124
Merger by spin-off	-	(134 785)	(50 651)	(2 629)	(13 925)	(201 990)
01/01/2023	-	383 388	284 511	10 278	25 957	704 134
Recognition	-	-	-	-	83 073	83 073
Reclassification	-	1 281	16 051	65	(17 397)	-
Other decreases	-	(1 558)	(2 743)	(414)	-	(4 715)
	-	383 111	297 819	9 929	91 633	782 492
increase/(decrease) net*	-	(135 061)	(37 343)	(2 978)	51 751	(123 631)

*The Company records separately the impairment allowances and accumulated depreciation. The reclassification includes the transfer between impairment allowances and accumulated depreciation after reversal of the impairment relating to the carrying amount of assets as at the balance sheet date.

Financial projections and assumptions for years 2025-2034 for purposes of impairment analysis as at 31 December 2024

As at 31 December 2024 in accordance with International Accounting Standard 36 "Impairment of assets" the Company has verified the existence of impairment indicators in relation to Cash Generating Units (CGUs) i.e. the smallest identifiable group of assets that generate cash inflows largely independent from other assets. In the Company CGUs are established at the level of operating activities: Oil and asphalt production and Logistic services.

As at 31 December 2024 the tests were carried out for both CGUs based on the most recent available financial projections for the years 2025-2034.

Impairment analysis on Paramo assets' as at 31 December 2024 was based on following financial data:

- non-audited financial statements as at 31 December 2024,
- financial projections for years 2025-2034,
- necessary adjustments mainly relating to capital expenditures and effectiveness activities for years 2025-2034, corresponding with IAS 36 requirement of basing the analysis on projections excluding impact of development and restructuring (IAS 36.33 b).

Key financial assumptions used in the analysis

During development of assumptions to impairment tests the possibility of estimation of the fair value and value in use of individual assets was considered. Lack of market transactions for similar assets to those held by the Company which would allow to reliably estimating their fair value makes fair value method of valuation not possible to implement. As a result, it was concluded that the best estimate of the actual values of individual assets of the Company will be its value in use ("VIU").

The assets used in analyses: i.e. fixed assets (excluding lands and CO₂ allowances), right of use and net working capital were derived from non-audited financial statements as at 31 December 2024.

For determining the value in use as at given balance sheet date forecasted cash flows are discounted using the discount rates after taxation reflecting the risk levels specific for particular sectors to which the CGU belongs.

The discount rate is calculated as the weighted average cost of capital. The sources of macroeconomic indicators necessary to determine the discount rate were the publications of prof. Aswath Damodaran (source: <http://pages.stern.nyu.edu>) and publicly available as at 31 December 2024 listings of government bonds.

The structure of the discount rates and long term inflation rate applied in the testing for impairment of assets of individual operating CGUs as at 31 December 2024

	Refinery CGU
Cost of capital	4.54%
Cost of debt after tax	2.41%-4.14%
Capital structure	58.76%
Nominal discount rate	4.76%-6.54%
Long term inflation rate	2.00%



13.2. Change in impairment allowances (continued)

Cost of equity is determined by the profitability of the government bonds that are considered to be risk-free, with the level of market and operating segment risk premium (beta). Cost of debt includes the average level of credit margins and expected market value of money for the Czech Republic.

The period of analysis was established on the basis of remaining useful life of the essential assets for the CGU.

The results of impairment analysis as at 31 December 2024

Based on result of the impairment analysis an impairment charge in the amount of CZK 110 403 thousand was recognized in the Oil and asphalt production CGU. No impairment allowances were recognized for the Logistic CGU.

The Company's future financial performance is based on a number of factors and assumptions including macroeconomics development, such as foreign exchange rates, commodity prices, interest rates outside the Company's control. The change of these factors and assumptions might influence the Company's financial position, including the results of the impairment test of non-current assets, and consequently might lead to changes in the financial position and performance of the Company.

The results of impairment analysis as at 31 December 2023

Based on result of the impairment analysis an impairment charge in the amount of CZK 90 953 thousand was recognized in the Oil and asphalt production CGU. No impairment allowances were recognized for the Logistic CGU.

Sensitivity analysis of the value in use as at 31 December 2024

The crucial elements influencing the value in use of assets within individual units responsible for generating cash flows are: operating profit plus depreciation and amortization (known as EBITDA) and the discount rate. The Company prepared sensitivity analysis of changes in the value in use in case of discount rate decrease or increase by 0.50 % and increase or decrease of EBITDA by 5%. No such change would affect the value of the impairment recognized.

13.3. Other information on property, plant and equipment

	31/12/2024	31/12/2023
The gross carrying value of all fully depreciated property, plant and equipment still in use	1 281 081	1 346 932

14. INVESTMENT PROPERTY

SELECTED ACCOUNTING PRINCIPLES

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

Investment property shall be recognized as an asset only when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Company, and
- the cost of the investment property can be measured reliably.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. For internally constructed investment property the final cost is set at the date of construction completion when the asset is brought into use, in accordance with rules set for property, plant and equipment.

After initial recognition investment property shall be measured at fair value applying comparative and income methods depending on the nature of the investments. Gains and losses resulting from changes in fair value of investment property are presented in the statement of profit or loss and other comprehensive income in the period which they arise. The Company determines fair value without any deduction for transaction costs it may incur on sale or other disposal.

If the Company determines that the fair value of an investment property is not reliably determinable on a continuing basis, the Company shall measure that investment property at cost in accordance with rules set for property, plant and equipment.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected.

Investment property at 31 December 2024 comprised the lands and buildings owned by the Company and leased to third parties. The changes recorded during the year 2024 are presented in the following table:

	2024	2023
At the beginning of the year	5 178	23 256
Merger by spin-off	-	(18 762)
Fair value measurement	885	684
increase	885	684
decrease	-	-
	6 063	5 178

Rental income amounted to CZK 816 thousand in 2024 (2023: CZK 780 thousand). Operating costs related to the investment property in reporting period amounted to CZK 32 thousand in 2024 (2023: CZK 65 thousand).



14.1. Fair value of investment property measurement

Investment property as at 31 December 2024 included the land and buildings owned by the Company and leased to third parties, which fair value was estimated depending on the characteristics based on comparison or revenue approach. In the revenue approach the calculation was based on the discounted cash flow method. 10 year period forecasts were applied in the analysis. The discount rate used reflects the relation, as expected by the buyer, between annual revenue from an investment property and expenditures required to purchase investment property. Forecasts of discounted cash flows relating to the property consider arrangements included in all rent agreements as well as external data, e.g. current market rent charges for similar property, in the same location, technical conditions, standard and designed for similar purposes (investment property valued under the revenue approach belong to Level 3 as defined by IFRS 7). The discount rate of 6.10 % was used for the calculation of the investment property fair value. In the year ended 31 December 2024 and the comparative period there were no change in measurement approach.

	Carrying amount	Fair value	Fair value hierarchy	
			Level 2	Level 3
31/12/2024	6 063	6 063	-	6 063
31/12/2023	5 178	5 178	-	5 178

14.2. Sensitivity analysis of changes in fair value of investment property classified under Level 3 fair value

Analysis of the influence of potential changes in the fair value of investment property on profit before tax in relation to a hypothetical change in discount rate:

	Increase by	Level 3		Impact
		Impact	Decrease by	
Change in discount rate	+1 pp	(254)	-1 pp	254

15. INTANGIBLE ASSETS

SELECTED ACCOUNTING PRINCIPLES

Intangible assets

Intangible assets include identifiable non-monetary assets without physical substance. An asset is identifiable if it is either separable, i.e. is capable of being separated or divided from the Company and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Company intends to do so, or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Company or from other rights and obligations.

Intangible assets are recognized if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

An intangible asset arising from development (or from development phase of an internal project) shall be recognized if, and only if, the Company can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, its ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If the definition criteria of an intangible asset are not met, the cost incurred to acquire or self develop an asset are recognized in profit or loss when incurred. An intangible asset that is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.

An intangible asset is measured initially at cost (without including the grants related to assets).

After initial recognition, an intangible asset shall be presented in the financial statements at its net carrying amount, without including grants related to assets.

Intangible assets are measured at acquisition or at construction cost less amortization and impairment allowances. Intangible assets with a finite useful life are amortized when they become available for use that is when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management over their estimated useful life. The depreciable amount of an asset with a finite useful life is determined after deducting its residual value. Excluding particular cases, the residual value of an intangible asset with a finite useful life shall be assumed to be zero.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, e.g. interest, commissions, are part of the initial cost.

The following standard useful lives are used for intangible assets:

Acquired licenses, patents, and similar intangible assets

2-15 years

Acquired computer software

2-10 years

The straight-line method of amortization is used. Appropriateness of the applied amortization periods and rates is periodically reviewed, at least at the end of the reporting year, and potential adjustments to amortization allowances are made in the subsequent periods. Intangible assets with an indefinite useful life are not amortized. Their value is decreased by the eventual impairment allowances. Additionally, the useful life of an intangible asset that is not being amortized shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

Rights

The main item of property rights is CO₂ emission rights, not amortised, tested for impairment. Received free of charge emission allowances are presented as intangible assets in correspondence with deferred income at fair value as at the date of registration. Purchased allowances are presented at purchase price. Grants are accounted systematically in individual reporting periods to ensure proportionality with the costs of the created provision. Purchase allowances are presented at purchase price. For the estimated CO₂ emission during the reporting period, a provision is created and charged to the costs of basic activities (taxes and



15. INTANGIBLE ASSETS (continued)

charges). Property rights, including CO₂ emission allowances are redeemed against the book value of the provision, as its settlement. Outgoing of CO₂ emission allowance and are recognised using the weighted average method.

ESTIMATES

Useful lives of intangible assets

The Company verifies useful lives of intangible assets once at year end. The impact of verification of useful lives in 2024 resulted in a increase of depreciation costs by CZK 0 thousand compared to depreciation costs that were recognised based on useful lives applied in 2023.

15.1. Changes in intangible assets

The Company as at 31 December 2024 and as at 31 December 2023 did not possess internally generated intangible assets.

	Software	Licenses, patents and trade marks	Assets under development	CO ₂ emission allowance	Other	Total
01/01/2024						
Net carrying value						
Gross carrying value	31 094	19 954	-	-	9 697	60 745
Accumulated depreciation, impairment allowances	(29 854)	(19 954)	-	-	(9 697)	(59 505)
	1 240	-	-	-	-	1 240
increase/(decrease) net						
Investment expenditures	-	-	24	12 311	-	12 335
Amortization	(135)	-	-	-	-	(135)
Impairment allowances	(979)	-	-	-	-	(979)
Sale	979	-	(24)	-	-	955
Other increases/(decreases)	-	-	-	(12 311)	-	(12 311)
31/12/2024						
Net carrying value	1 105	-	-	-	-	1 105
Gross carrying value	32 073	19 954	-	-	9 697	61 724
Accumulated depreciation, impairment allowances	(30 968)	(19 954)	-	-	(9 697)	(60 619)
	1 105	-	-	-	-	1 105
01/01/2023						
Net carrying value						
Gross carrying value	54 387	19 954	-	78 178	9 812	162 331
Accumulated depreciation, impairment allowances	(53 013)	(19 954)	-	-	(9 812)	(82 779)
	1 374	-	-	78 178	-	79 552
increase/(decrease) net						
Investment expenditures	-	-	-	19 675	-	19 675
Amortization	(135)	-	-	-	-	(135)
Impairment allowances	4	-	-	-	-	4
Sale	-	-	-	(78 178)	-	(78 178)
Liquidation	(3)	-	-	-	-	(3)
Other increases/(decreases)	-	-	-	(19 675)	-	(19 675)
31/12/2023						
Net carrying value	1 240	-	-	-	-	1 240

15.2. Changes in intangible assets impairment

Recognition and release of impairment to intangible assets

	Software	Licenses, patents and trade marks	Assets under development	CO ₂ emission allowance	Other	Total
01/01/2024						
Recognition	3 409	10 220	-	-	383	14 012
Reclassifications	-	-	979	-	-	979
	979	-	(979)	-	-	-
	4 388	10 220	-	-	383	14 991
increase/(decrease) net	979	-	-	-	-	979
31/12/2022						
Merger by spin-off	3 735	10 220	-	-	433	14 388
01/01/2023	(322)	-	-	-	(50)	(372)
Reclassifications	3 413	10 220	-	-	383	14 016
	(4)	-	-	-	-	(4)
	3 409	10 220	-	-	383	14 012
increase/(decrease) net	(4)	-	-	-	-	(4)

Recognition and release of impairment to intangible assets are presented in other operating expenses and income.

15.3. Other information on intangible assets

	31/12/2024	31/12/2023
The gross carrying value of all fully depreciated intangible assets still in use	16 976	16 707

The amount is represented by intangible assets which were fully depreciated by the time of initial impairment recognition; therefore, no impairment is charged for these items.

CO₂ emission rights

The Company received CO₂ emission allowances for Pardubice plant on 29 February 2024 in the amount 15 951 tons / 56.00 EUR.

	2024 Value	Quantity (in tonnes)
At the beginning of the year	-	-
Granted free of charge for the year	22 653	15 951
Settlement for the year	(34 964)	(24 200)
Purchase/(Sale), net	12 311	8 249
Estimated annual consumption	41 960	21 921

As at 31 December 2024 the market value of one EUA allowance (European Union Emission Allowance amounted to EUR 73.00 (as at 31 December 2023: EUR 80.37).

16. OTHER NON-CURRENT ASSETS

	31/12/2024	31/12/2023
Other non-current receivables	22 549	43 596
Financial assets	22 549	43 596

17. INVENTORIES

SELECTED ACCOUNTING PRINCIPLES

Inventories

Inventories are assets held for sale in the ordinary course of business, or in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories comprise products, semi-finished products and work in progress, merchandise and materials.

Finished goods, semi-finished products and work in progress are measured initially at production cost. Production costs include costs of materials and costs of conversion for the production period. Costs of production also include a systematic allocation of fixed and variable production overheads estimated for normal production level.

Finished goods, semi-finished products and work in progress shall be measured at the end of the reporting period at the lower of cost or net realizable value, after deducting any impairment losses.

Disposals of finished goods, semi-finished products and work in progress are determined based on the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items produced during the reporting period.

Merchandise and materials are measured initially at acquisition cost.

As at the end of the reporting period merchandise and raw materials are measured at the lower of cost or net realizable value, considering any impairment allowances. Disposals of merchandise and raw materials are determined based on the weighted average acquisition cost or production cost formula except for inventories which, due to technical parameters and/or the specifics of the production process, are issued from the warehouse according to the order in which they are received (e.g. materials, printing materials) –outgoing according to FIFO method. Impairment tests for specific items of inventories are carried out on a current basis during an annual reporting period Write-down to net realizable value concerns raw materials and merchandise that are damaged, obsolete or its sales prices have fallen.

Raw materials held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realizable value, the materials are written down to net realizable value.

Recognition and reversal of impairment allowances of inventories is recognized in cost of sales.

ESTIMATES

Net realizable value from sale of inventories

In the event that the purchase price or production cost of inventories are not recoverable, the Company determines the amount of inventory write-offs based on estimates of their net realizable value.

Inventories which have lost their functional properties, usefulness or have dropped their selling prices are subject to revaluation to the level of net realizable sale prices.

At the end of each month, the Company compares the purchase prices of inventories (average purchase price for a given group of inventories) or inventory manufacturing costs (average production cost for a given group of inventories) with their achievable net value, which is the estimated selling price in the ordinary course of business economic activity reduced by the estimated costs of preparation of the sale and estimated costs necessary to complete the sale.

17. INVENTORIES (continued)

In practice, realizable values are determined on the basis of the actual selling prices of inventories (both retail and wholesale) for transactions made on the last day of the month and on the first day of the month following the day on which the inventory impairment analysis is prepared, no later than, in which the books of accounts are closed and taking into account the current rotation cycle, as well as taking into account the execution prices include in the actual contracts signed as at the balance sheet date.

The value of materials intended for use in the production process is not written down below the purchase price, if it is expected that the finished products, for the production of which they will be used, will be sold for amounts higher or equal to the estimated production costs determined on the basis of historical date. However, if the cost of manufacturing products is higher than the net realizable value, the value of the materials is written down to the level of the net realizable value.

For intermediates and products in progress, verification the necessity to make a write-off takes place by comparing the cost of production with the actual prices of sale, taking into account dedicated price formulas that define the degree of their processing in relation to finished products.

Depending on the type of inventories, the Company makes individual and collective write-offs.

Individual write-offs are made when, as a result of analyses and comparisons, the net realizable value is lower than the purchase price of a given inventory component or its production cost, in the value of this difference. If there is a change in the net realizable value, than the creation or reversal of write-offs in the amount of this change is recognised.

Collective impairment allowances apply when you group together similar or related items of inventory that originate in the same product line, have a similar purpose or end-use, produced and sold in the same facility, and that cannot be practically assessed in isolation from other items derived from the same product line and relate mainly to stocks of cured oil and petroleum products.

At the end of each month, the total value of the write-off of the inventory group is determined. The change in the value of the collective write-off at the end of the next reporting period is the amount of:

- recognition of a write-off (increase in the write-off value compared to the write-off value at the end of the previous reporting period);
- reversal of the write-off (decrease in the write off value compared to the write-off value at the end of the previous reporting period);
- use of the write-off (reduction of the write-off due to the use, sale or liquidation of components for which the write-off was created).

Recognition and reversal of impairment allowances on both individual and collective inventories are recognised in cost of sales.

	31/12/2024	31/12/2023
Raw materials	100 739	146 929
Work in progress	87 410	73 510
Finished goods	68 581	75 183
Merchandise	19	-
Spare parts	3 634	3 126
Inventories, net	260 383	298 748
Impairment allowances of inventories to net realisable value	41 186	32 536
Inventories, gross	301 569	331 284

Change in impairment allowances to net realizable value

	2024	2023
At the beginning of the year	32 536	46 104
Recognition	9 947	720
Reversal	(1 297)	(14 288)
	41 186	32 536

Changes in the net realizable value allowances for inventories amount to CZK 8 651 thousand and are shown in the costs of sales (2023: CZK 13 568 thousand) presented in note 9.1.

18. TRADE AND OTHER RECEIVABLES

SELECTED ACCOUNTING PRINCIPLES

Receivables

Receivables, excluding trade receivables, are recognized initially at a fair value and subsequently, at amortized cost using the effective interest rate including expected credit loss. On initial recognition, the Company measures trade receivables that do not have a significant financing component at their transaction price.

After the initial recognition, these receivables, except for the portfolio of receivables transferred to non-recourse factoring within the limit granted to the Company, are valued at amortized cost adjusted for any loss allowance for expected credit loss. Receivables subject to non-recourse factoring are measured at fair value through profit or loss.

The Company applies simplified method of valuation of receivables measured at amortized cost.

Receivables accounted at amortised cost, where the Company applies simplifications, are accounted at the initial recognition in the amount due, and later, including at the end of the reporting period, in the amount of the payment due less impairment allowances.

ESTIMATES

Impairment of trade and other receivables

Recognition and reversal of impairment losses of receivables are recognized in other operating activity in relation to the principal amount and in financial activities in relation to interest for delayed payments.

As default the Company considers the event when the customer does not meet obligations after 90 days from maturity of receivables.

For the purpose of estimating the expected credit loss, the Company uses the provision matrix, which was estimated based on historical levels of repayment and recoveries from receivables from customers. The Company includes information on the future in parameters used in the expected loss estimation model, through the management adjustment of the basis default probability rates.

The Company does not monitor changes in the credit risk during life of instrument. The Company estimates the expected credit loss until maturity of the instrument. The expected credit loss is calculated when the receivables are recognised in the statement of financial position and is updated on each subsequent day ending the reporting period.

	31/12/2024	31/12/2023
Trade receivables	234 168	304 642
Other	780 167	821 545
Financial assets	1 014 335	1 126 187
Receivables from subsidies		2 950
Other taxation, duty, social security receivables	8 786	53 355
Prepayments and deferred costs	710	1 105
Non-financial assets	9 496	57 410
Receivables, net	1 023 831	1 183 597
Expected credit loss	183 575	192 258
Receivables, gross	1 207 406	1 375 855

Trade receivables result primarily from sales of finished goods and sales of merchandise. The management considers that the carrying amount of trade receivables approximates their fair value. The average credit period on sales of goods, merchandise and services is 56 days.

Other receivables, in amount of CZK 780 167 thousand as at 31 December 2024 (31 December 2023: CZK 821 545 thousand), represent the receivables from ORLEN Unipetrol RPA s.r.o. that organises centralized settlement of the excise tax liability.

The Company exposure to credit and currency risk related to trade and other receivables is disclosed in note 27 and detailed information about receivables from related parties is presented in note 30.

19. CASH AND CASH EQUIVALENTS

SELECTED ACCOUNTING PRINCIPLES

Cash

Cash comprises cash on hand and in bank accounts as well as cash in transit. Cash equivalents are short-term, highly liquid investments (of original maturity up to three months) that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

	31/12/2024	31/12/2023
Cash on hand and in bank	875	975
	875	975

The carrying amount of these assets approximates their fair value.

20. SHAREHOLDERS' EQUITY

SELECTED ACCOUNTING PRINCIPLES

Share capital

The share capital is paid by shareholders and is stated at nominal value in accordance with the parent company's articles of association and the entry in the Commercial Register.

Retained earnings

Retained earnings include:

- the amounts arising from profit distribution/loss cover,
- the undistributed result from prior periods,
- the current reporting period profit/loss,
- the corrections (profit/loss) of prior period errors,
- changes in accounting principles,
- reserve capital created from the distribution of profits and used in accordance with the Commercial Company Code
- other reserve capital as additional payments to equity,
- actuarial gains and losses from retirement benefits.

Profit per share

Basic profit/(loss) per share is calculated by dividing the net profit or loss for a given period which is attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period. The Company has no potential dilutive shares.

20.1. Share capital

The share capital as at 31 December 2024 amounted to CZK 203 607 thousand (2023: CZK 203 607 thousand). It represents 2 036 078 pieces of equity shares, each with a nominal value of CZK 100 (2023: 2 036 078 pieces each with a nominal value of CZK 100). All shares have been fully paid and bear equal voting rights.

On 24 October 2023 the sole shareholder of the Company decided on decrease in share capital of the Company at the amount of CZK 1 832 470 thousand.

20.2. Retained earnings

ORLEN Unipetrol a.s., as the sole owner of the Company, decided on the transfer of the loss for the year 2023 to retained earnings.

20.3. Equity management policy

Equity management is performed on the Group level in order to protect the Group's ability to continue its operations as a going concern while maximizing returns for shareholders. The statement of the sole Company's shareholder is disclosed in the note 34.

The Company monitors equity debt ratio (net financial leverage). As at 31 December 2024 and 31 December 2023 Company's financial leverage amounted to (0.68 %) and (0.44 %) respectively.

Net financial leverage = net debt / equity x 100

Net debt = Non-current loans and borrowings + current loans and borrowings - cash and cash equivalents

20.3.1. Net debt

	31/12/2024	31/12/2023
Cash on hand and in bank	875	975
Bank loans and borrowings	(6)	(12)
Bank loans and borrowings current	(6)	(12)
	869	963

20.3.2. Changes in working capital

	Inventories	Receivables	Liabilities	Working capital
31/12/2023	298 749	1 183 597	1 064 087	418 259
31/12/2024	260 383	1 023 831	1 037 753	246 461
Change from statement of financial position	38 366	159 766	(26 334)	171 798
Movements in receivables from subsidies	-	(2 948)	-	(2 948)
Movements in investing liabilities	-	-	(39 662)	(39 662)
Change in working capital in Cash flow statement	38 366	156 818	(65 996)	129 188

21. PROVISIONS

SELECTED ACCOUNTING PRINCIPLES

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Provisions are not recognized for future operating losses.

Environmental provision

The Company creates provisions for future liabilities due to reclamation of contaminated land or water or elimination of harmful substances if there is such a legal or constructive obligation. The environmental provision for reclamation is periodically reviewed on the basis of expert assessment.

Jubilee bonuses and retirement benefits provision

Under the Company's remuneration plans, its employees are entitled to jubilee bonuses and retirement benefits. Jubilee bonuses are paid to employees after the elapsing of a defined number of years in service. Retirement benefits are paid once at retirement. The amount of retirement benefits and jubilee bonuses depends on the number of years of service and an employee's average remuneration.

The jubilee bonuses are other long-term employee benefits, whereas retirement and pension benefits are classified as retirement defined benefit plans.

The provision for jubilee bonuses, retirement and pension benefits is created in order to allocate costs to relevant periods.

The present value of those liabilities is estimated at the end of each reporting period by an independent actuary and adjusted if there are any material indications impacting the value of the liabilities. The accumulated liabilities equal discounted future payments, considering the demographic and financial assumptions including employee rotation, planned increase of remuneration and relate to the period ended at the last day of the reporting year. Actuarial gains and losses from:

- post employment benefits are recognized in components of other comprehensive income,
- other employment benefits, including jubilee bonuses, are recognized in the statement of profit and loss.

Shield programs provision

Shield programs provision (restructuring provision) is created when the Company initiates a restructuring plan or announces the main features of a restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the restructuring will be carried out. A restructuring provision shall include only the direct expenditures arising from the restructuring, i.e. connected with the termination of employment (paid leave payments and compensations), termination of lease contracts, dismantling of assets.

Provision for CO₂ emission allowances

The Company creates a provision for the estimated CO₂ emissions during the reporting period in operating activity costs (taxes and charges). Provision is recognized based on the value of allowances taking into account the weighted average method. In case of a shortage of allowances, the provision is created based on the purchase price of allowance in forward contracts concluded by the Company for own-use for the purpose of fulfilment of the redemption obligation by Parent company and Company entities (or purchase prices from other binding purchase agreements) or market quotations of allowances at the reporting date.

Other provision

Other provisions include mainly provisions for legal proceedings and are recognized after consideration of all available information, including opinions of independent experts. If on the basis of such information it is more likely than not that a present obligation exists at the end of the reporting period, the Company recognizes a provision (if the recognition criteria are met).

If it is more probable that no present obligation exists or when the reliable estimate of the amount of obligation cannot be made at the end of the reporting period, the Company discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

ESTIMATES

Recognition of provisions requires estimates of the probable outflow of resources embodying economic benefits and making the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provision are recognized when the probability of outflow of resources embodying economic benefits is higher than 50%.

	Non-current		Current		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Environmental provision	-	-	811	811	811	811
Jubilee bonuses and post-employment benefits provision	5 995	7 370	600	638	6 595	8 008
Provision for legal disputes	-	-	3 525	2 969	3 525	2 969
Shield programs provision	-	-	313	2 053	313	2 053
Provision for CO ₂ emission allowances	-	-	41 960	48 089	41 960	48 089
	5 995	7 370	47 209	54 560	53 204	61 930

21. PROVISIONS (continued)

Change in provisions in 2024

	Environmental provision	Jubilee bonuses and post-employment benefits provision	Provision for legal disputes	Shield programs provision	Provision for CO ₂ emission allowances	Total
01/01/2024	811	8 008	2 969	2 053	48 089	61 930
Recognition	-	297	556	-	41 960	42 813
Usage	-	(284)	-	(320)	(48 089)	(48 693)
Reversal	-	(1 426)	-	(1 420)	-	(2 846)
	811	6 595	3 525	313	41 960	53 204

Change in provisions in 2023

	Environmental provision	Jubilee bonuses and post-employment benefits provision	Provision for legal disputes	Shield programs provision	Provision for CO ₂ emission allowances	Total
31/12/2023	186 331	7 211	-	2 331	56 924	252 797
Merger by spin-off	(185 520)	(1 047)	-	-	-	(186 567)
01/01/2023	811	6 164	-	2 331	56 924	66 230
Recognition	-	2 447	2 969	-	43 176	48 592
Usage	-	(603)	-	(278)	(52 011)	(52 892)
	811	8 008	2 969	2 053	48 089	61 930

21.1. Environmental provision

The Company approved the restructuring program for Company's assets in Kolin site. The Company recognized a provision in respect of costs connected with decontamination of these assets in the amount of CZK 811 thousand (2023: CZK 811 thousand).

21.2. Provision for jubilee bonuses and retirement benefits

The Company realizes the program of paying out retirement benefits and jubilee bonuses in line with remuneration policies in force. The jubilee bonuses are paid to employees after elapse of a defined number of years in service. The retirement benefits are paid as one-time payments at retirement. The amount of retirement benefits as well as jubilee bonuses depends on the number of years of service and average employee's salary. The base for the calculation of provision for an employee is expected benefit, which the Company is obliged to pay in accordance with internal regulation.

The present value of these obligations is estimated at the end of each reporting year and adjusted if there are any material indications impacting the value of the obligations. The accrued liabilities equal discounted future payments, considering employee rotation.

The employment benefit provisions for retirement and anniversary benefits received by employees were created using discount rate 3.90 % p.a. in 2024 (2023: 3.70 %), assumptions used were based on the Collective agreement.

21.2.1. Change in employee benefits

	Provision for jubilee bonuses	Post-employment benefits	Total
01/01/2024	2 401	5 607	8 008
Current service cost	134	224	358
Interest expense	89	208	297
Actuarial gains and losses net	(618)	(1 167)	(1 785)
<i>demographic assumptions</i>	15	(29)	(14)
<i>financial assumptions</i>	(23)	(63)	(86)
<i>other</i>	(610)	(1 075)	(1 685)
Payments under program	-	(283)	(283)
	2 006	4 589	6 595
	Provision for jubilee bonuses	Post-employment benefits	Total
01/01/2023	2 207	5 004	7 211
Current service cost	132	226	358
Interest expense	104	235	339
Actuarial gains and losses net	(41)	745	704
<i>demographic assumptions</i>	85	206	291
<i>financial assumptions</i>	127	462	589
<i>other</i>	(253)	77	(176)
Payments under program	-	(604)	(604)
	2 402	5 606	8 008

21.2.2. Division of employee benefits liabilities by employees

	Active employees		Pensioners		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Czech Republic	6 595	8 008	-	-	6 595	8 008
					6 595	8 008

21.2.3. Geographical division of employee benefits liabilities

	Provision for jubilee bonuses		Post-employment benefits		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Czech Republic	2 006	2 402	4 589	5 606	6 595	8 008
					6 595	8 008

21.2.4. Sensitivity analysis to changes in actuarial assumptions

The Company analysed the impact of the financial and demographic assumptions and calculated that the changes of ratios: remuneration ratio by +/- 0.5 p.p., the discount rate by +/- 0.5 p.p. and the rate of turnover by +/- 0.5 p.p. are not higher than CZK 371 thousand. Therefore, the Company does not present any detailed information. The Company carries out the employee benefit payments from current resources. As at 31 December 2024 there were no funded plans and the Company did not pay contributions to fund liabilities.

21.2.5. Employee benefits maturity and payments of liabilities analysis

21.2.5.1. Maturity of employee benefits analysis

	Provision for jubilee bonuses		Post-employment benefits		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Less than one year	245	339	356	299	601	638
Between one and three years	490	494	649	658	1 139	1 152
Between three and five years	324	465	697	901	1 021	1 366
Later than five years	947	1 103	2 887	3 749	3 834	4 852
	2 006	2 401	4 589	5 607	6 595	8 008
Prior year's assumption to be used, the provision will be lower (-)/higher(+)					100	(880)

21.2.5.2. Ageing of employee benefits payments analysis

	Provision for jubilee bonuses		Post-employment benefits		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Less than one year	256	354	372	315	628	669
Between one and three years	600	581	743	776	1 343	1 357
Between three and five years	472	659	914	1 209	1 386	1 868
Later than five years	2 839	3 037	8 930	10 311	11 769	13 348
	4 167	4 631	10 959	12 611	15 126	17 242

21.2.5.3. Changes in employee benefits obligations recognized in profit or loss and other comprehensive income

	31/12/2024	31/12/2023
In profit and loss		
Current service cost	(357)	(1 405)
Interest expense	(297)	(339)
Actuarial gains and losses net	618	41
<i>demographic assumptions</i>	(15)	(85)
<i>financial assumptions</i>	23	(127)
<i>other</i>	610	253
Past employment costs	-	-
Payments under program	283	604
	247	(1 099)
In components of other comprehensive income		
Gains and losses arising from changes	1 167	(746)
<i>demographic assumptions</i>	29	206
<i>financial assumptions</i>	63	(462)
<i>other</i>	1 075	(76)
	1 167	(745)
	1 414	(1 844)

21. PROVISIONS (continued)

Provisions for employee benefits recognized in profit or loss were allocated as follows:

	31/12/2024	31/12/2023
Administrative expenses	544	(760)
Interest expense	(297)	(339)
	247	(1 099)

Based on current legislation, the Company is obliged to pay contributions to the national pension insurance. These costs are recognized as expenses on social security and health insurances. The Company does not have any other commitments in this respect.

21.3. Provisions on CO₂ allowances

Provisions on CO₂ allowances are created for estimated CO₂ emissions in the reporting period.

22. TRADE AND OTHER LIABILITIES

SELECTED ACCOUNTING PRINCIPLES

Liabilities

Liabilities, including trade liabilities, are initially stated at fair value, increased by, in the case of financial liability not qualified as those measured at fair value through profit or loss, transaction cost and subsequently, at amortized cost using the effective interest rate method.

The Company applies simplified methods of valuation of liabilities measured at amortized cost if it does not distort information included in the statement of financial position.

Accruals are liabilities due for goods received or services provided, but not paid, invoiced or formally agreed with the seller, together with amounts due to employees.

Although it is sometimes necessary to estimate the amount or timing of accruals, the related uncertainty is generally much lower than it is for provisions.

	31/12/2024	31/12/2023
Trade liabilities	116 326	178 962
Investment liabilities	103 185	53 398
Financial liabilities	219 511	232 360
Payroll liabilities	23 420	20 448
Excise tax and fuel charge	780 297	798 580
Other taxation, duties, social security and other benefits	7 663	6 391
Accruals	6 862	6 308
holiday pay accrual	629	396
wages accrual	6 233	5 912
Non-financial liabilities	818 242	831 727
	1 037 753	1 064 087

The management considers that the carrying amount of trade and other payables and accruals approximate their fair value.

22.1. Liabilities from contracts with customers

	31/12/2024	31/12/2023
Prepayments for deliveries	-	500

23. LOANS AND BORROWINGS

	Non-current		Current		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Bank loans	-	-	6	12	6	12
	-	-	6	12	6	12

By currency (translated into CZK)/by interest rate

	31/12/2024	31/12/2023
CZK/PRIBOR	6	12
	6	12

24. DEFERRED INCOME

SELECTED ACCOUNTING PRINCIPLES

Grants

Grants are recognized when there is reasonable assurance that the grant will be received and met all the conditions associated with it. Grant related to property, plant and equipment are recognised as deferred income and is recognised in other operating income on a systematic basis over the useful life of the asset.

Grants related to costs are recognised as decrease of costs at the period they are incurred and the surplus amount of the received grant over the value of the given cost is recognised as other operating income.

	31/12/2024	31/12/2023
Current		
Other grants	-	2 950
	-	2 950

25. OTHER FINANCIAL LIABILITIES

	31/12/2024	31/12/2023
Cash pool	623 310	663 096
	623 310	663 096

Based on a loan agreement with the parent company ORLEN Unipetrol a.s., the Company may utilize short-term unsecured loans in the form of overdrafts (cash pool) or loans. Interest is paid on the first working day after the close of the reporting period. The interest rates are based on appropriate inter-bank rates and the fair value of the loans approximated its carrying amount.

26. LEASE

SELECTED ACCOUNTING PRINCIPLES

Lease

The Company as a lessee

Rights resulting from lease, rental, hire or other agreements which meet the definition of a lease as per IFRS 16 are recognised as right of use underlying assets within the framework of non-current assets with a corresponding lease liabilities.

Initial recognition and measurement

The Company recognises the right of use asset as well as the lease liability on the date of commencement of the lease.

On the date of commencement the Company measured the right of use asset at cost.

The cost of the right of use asset is inclusive of the following:

- the amount of the initial measurement of the lease liability,
- all lease payments made on or before the date of commencement, less any lease incentives received,
- all initial costs directly incurred by the lessee, and
- estimated costs to be incurred by the lessee in connection with the dismantling and removal of underlying assets, the refurbishment of premises within which they were located, or the refurbishment of underlying assets to the condition required by the terms and conditions of the lease, unless these costs are incurred with the aim of creating stocks.

Lease payments included in the evaluation of lease liability include:

- fixed lease payments;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts that are expected to be paid by the lessee as part of the guaranteed residual value;
- the call exercise price, should it be assumed with reasonable certainty that the Company shall decide to exercise the call option;
- penalty payments for termination of a lease, unless it can be assumed with reasonable certainty that the Company shall not terminate the lease.

Other variable payments, which do not depend on an index or a rate and do not have a set minimal level, should not be taken into account when calculating lease liability. Such payments are recognized in the profit and loss account in the period of the occurrence which renders them payable.

The lease liability on the commencement date shall be calculated on the basis of the current lease payments that are payable by that date and discounted by the incremental borrowing rates of the lessee.

The Company does not discount lease liabilities by the interest rate implicit in the lease as the calculation of such rates requires information known only to the lessor (the non-guaranteed final value of the leased asset as well as the direct costs incurred by the lessor).

Determining the lessee's incremental borrowing rate

Lessee's incremental borrowing rates were specified as the sum of:

- the risk free rate, based on the Interest Rate Swap (IRS) in accordance with the maturity of the discount rate, and the relevant basic rate for the given currency, as well as
- the ORLEN Company's matrix set credit risk premium based on the credit margin calculated inclusive of the credit risk segmentation of all companies which have entered into lease agreements.

Subsequent measurement

After the commencement date, the Company measures the right of use asset applying the cost model (cost pricing model).

In applying the cost model, the Company shall measure the cost of the right of use asset:

- less any accumulated depreciation and accumulated impairment losses; and
- adjusted in respect of any updates to the measurement of lease liability not resulting in the necessity for recognition of a separate asset.



26. LEASE (continued)

After the date of commencement the Company shall measure the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- decreasing the carrying amount to reflect any lease payments made, and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to revise in-substance fixed lease payments.

The Company shall remeasure the lease liability in cases where there is a change in future lease payments as a result of a change in the index or rate used to determine lease payments (e.g. a change in payment associated with the right of perpetual use), in cases where there is a change in the amount expected by the Company to be payable under the residual amount guarantee, or if the Company reassesses the likelihood of the exercise of the call option, or the extension or termination of the lease.

Updating the lease liability also adjusts the value of the right of use asset. In a situation where the carrying amount of the right of use asset has been reduced to zero, further reductions in the measurement of the lease liability shall be recognised by the Company in the statement of profit or loss.

Depreciation

The right of use asset is depreciated linearly over the shorter of the following two periods: the period of lease or the useful life of the underlying asset. However in cases where the Company can be reasonably sure that it will regain ownership of the asset prior to the end of the lease term, right of use shall be depreciated from the day of commencement of the lease until the end of the useful life of the asset.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right of use asset reflects the fact that the Company will exercise the call option, the lessee shall depreciate the right of use asset from the date of commencement until the end of the useful life of the underlying assets. Otherwise the Company shall depreciate the right of use asset from the date of commencement of the lease until the end of the useful life of the asset or the lease term, whichever is sooner.

In determining the lease term, the Company shall consider all important facts and incidents behind the economic incentives to make use of the option to extend the lease or not to exercise the option of its termination. The useful life of right of use assets is shall be determined in the same manner as for tangible fixed assets.

The useful life of right of use asset is determined in the same manner as for property, plant and equipment.

The Company has leases agreements regarding mainly:

Vehicles

Impairment

The Company applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account appropriately for any impairment loss identified.

Exemptions, simplifications and practical solutions in the application of IFRS 16

Exemptions

Following agreements within the Company are not included within the scope of IFRS 16:

- lease for the exploration or use of natural resources,
- licences granted and recognised in accordance with IFRS 15 – "Revenue from Contracts with Customers", and
- lease of intangible assets in accordance with IAS 38 - Intangible Assets.

The Company does not apply IFRS 16 to lease agreements or similar for intangible assets.

Simplifications and practical solutions

Short-term lease

The Company applies a practical solution for asset classes in relation to short-term lease contracts, which are characterised by a maximum possible contract term of up to 12 months, including any options to extend.

Simplifications regarding these contracts involve the settlement of lease payments as costs:

- on a straight-line basis, for the duration of the lease agreement, or
- another systematic method, if it better reflects the way of spreading the benefits gained by the user in time.

Leases of low-value assets

The Company does not apply the rules concerning recognition, measurement and presentation outlined in IFRS 16 to lease agreements of low-value assets.

As low-value assets are considered assets which, when are new, have the value up to CZK 100 thousand for each concluded lease agreement.

Simplifications in respect of such contracts are due to the settlement of costs on:

- a straight-line basis for the term of the lease contract; or
- another systematic method basis should it be more representative of the time pattern of the user's benefit.

An asset covered by a lease must not be counted as a low-value asset if the asset would typically not be of low value when new.

As low-value items, the Company includes for example: gas cylinders, coffee machines, and small items of furniture.

The underlying asset may have a low-value only if:

- the Company lessee may benefit from use of the underlying asset itself or in conjunction with other resources which are readily available to him, and
- the underlying asset is not highly dependent on or related to other assets.

If the Company lessee transfers asset into subleasing or expects the asset to be transferred to subleasing, then the main lease does not qualify as lease of a low-value asset.

Determining the lease term: indefinite contracts

When establishing the term for indefinite leases contracts, the Company determines the lease period, in which termination of the contract will not be justified by making makes a professional judgment and taking into account, among others:

- expenditure incurred in connection with the contract or
- potential costs connected with the termination of the lease contract, including the costs involved in obtaining a new lease contracts, such as negotiation costs; reallocation costs, costs of identifying other underlying asset suitable for the lessee's needs; costs of integrating a new asset into the Company's operations; or termination penalties and similar costs, including costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location or
- existing business plans and other existing contracts justifying the use of the leased item in the given period.

In cases where the costs connected with the termination of the lease contract are substantial, the lease term adopted is equal to that adopted for the depreciation period of a similar fixed asset with parameters similar to the subject of the lease.

26. LEASE (continued)

In cases where expenditure incurred in connection with the contract is more than insignificant, the lease term adopted is equal to that of the expected period of economic benefits derived from the incurred expenses.

The value of the incurred expenses represents a separate asset to the right of use asset.

Separating non-lease components

From contracts, that include lease and non-lease components, the Company separates and recognises non-lease components separately for all asset classes e.g. service of assets constituting the subject of the contract and allocates consideration based on the terms of the contract, unless all non-lease items are considered immaterial in the context of the whole contract.

The Company as a Lessor

When the Company is the lessor, the lease is classified as finance or operating lease at the inception date of the lease.

In order to classify a lease as described above, the Company assesses whether all risks and rewards associated with ownership of the underlying assets are transferred substantially to the lessee. In case of the substantial transfer of all risks and rewards, the leasing is classified as a finance lease. If the substantial transfer of risks and rewards does not take place it is classified as an operations lease.

Determination of whether the risks and rewards are to be transferred is carried out based on an assessment of the content of the economic transaction.

When assessing the classification of leases the Company considers some situations, such as whether ownership of the asset is to be transferred to the lessee before the end of the lease term as well as the relationship between the lease terms and the useful life of the asset in questions, even in cases where the legal title of the asset is not to be transferred.

If a contract contains both lease and non-lease components, the Company shall allocate the consideration in the contract to each lease component in accordance with IFRS 15.

On the date of commencement of the lease the lessor recognizes any assets leased as part of a financial lease in its statement of financial position and includes them as receivables equal to the value of the net investment in the lease. Net investment in the lease is gross investment in the lease discounted at the interest rate implicit in the lease.

On the date of commencement of the lease, lease payments included in the measurement of the net investment in the lease comprise of the following payments for the right of use of the underlying assets, which have not yet been received on the date of commencement.

- *fixed lease payments, including in-substance fixed payments, less any lease incentives;*
- *variable lease payments, that depend on an index or a rate, initially measured using the index or rate as at the commencement date;*
- *all guaranteed residual values awarded to the lessor by the lessee, an entity connected to the lessee or an independent third party;*
- *the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;*
- *payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.*

If the Company conveyed to another entity the right to use an asset under the finance lease, the present value of the minimum lease payments and unguaranteed residual value is recognised in the statement of financial position as receivables with the division into short and long-term part. The minimum lease payments and unguaranteed residual value are discounted using interest rate implicit in the lease, i.e. rate at which the sum present value of the minimum lease payments, unguaranteed residual value and initial direct costs of conclusion of a contract equal the fair value of the leased asset.

Lease payments and any unguaranteed residual value is equal to the sum of:

- i) *the fair value of the leased asset and*
- ii) *any initial direct costs of the lessor.*

Assets leased by the Company to other entities for use on the basis of an operational lease are accounted for as Company's assets. Lease payments from operations leases are recognised by the lessor linearly as revenue from the sale of products and services.

PROFESSIONAL JUDGEMENT

Determining the lease term

In determining the lease term, the Company considers all important facts and events resulting in existence of the economic incentives to make use of the option to extend the lease or not to exercise the option of its termination.

The Company also makes a professional judgment to determine the period of contract enforceability (lease term in which termination of the contract will not be justified) in the case of contracts concluded for an indefinite period.

An assessment of a lease term is carried out on the date of commencement of the lease. A reassessment is made upon the occurrence of either a significant event or a significant change in circumstances, that the lessee controls, that impact such an assessment.

ESTIMATES

The useful life of right of use asset

The estimated useful life of right of use asset is determined in the same manner as for property, plant and equipment, when the useful life of the right of use asset covers the irrevocable lease period and the useful life of the property, plant and equipment resulting from the highly probable use of an option his redemption.

Determining the lessee's incremental borrowing rate

Due to the fact that the Company does not have information regarding the interest rate for lease contracts, it uses the incremental borrowing rate to measure lease liabilities, that the Company would have to pay, to borrow, over a similar term and with a similar security, the funds in a given currency necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

26.1. The Company as a lessee

Change in right of use assets

	Vehicles and other	Total
01/01/2024		
Net carrying amount		
Gross carrying amount	12 700	12 700
Accumulated depreciation and impairment allowances	(12 700)	(12 700)
	-	-
increase/(decrease), net		
New lease agreements	996	996
Impairment allowances	(996)	(996)
	-	-
31/12/2024		
Net carrying amount		
Gross carrying amount	10 961	10 961
Accumulated depreciation and impairment allowances	(10 961)	(10 961)
	-	-
01/01/2023		
Net carrying amount		
Gross carrying amount	12 700	12 700
Accumulated depreciation and impairment allowances	(12 700)	(12 700)
	-	-
increase/(decrease), net		
New lease agreements, increase in leasing remuneration	7 879	7 879
Impairment allowances	(7 879)	(7 879)
	-	-
31/12/2023		
Net carrying amount	-	-

Balances of lease liabilities

	31/12/2024	31/12/2023
Current	1 850	2 127
Non-current	4 912	6 551
	6 762	8 678

Maturity analysis lease liabilities

	31/12/2024	31/12/2023
up to 1 year	1 850	2 127
from 1 to 2 years	2 115	2 389
from 2 to 3 years	1 972	2 106
from 3 to 4 years	1 563	1 806
from 4 to 5 years	-	1 497
	7 500	9 925
Discount	(738)	(1 247)
	6 762	8 678

Amount of lease contracts recognized in the statement of profit or loss and other comprehensive income

	2024	2023
Costs due to:		
interest on lease	(4 819)	(4 581)
short-term lease	(716)	(221)
Finance cost	(4 103)	(4 360)
Cost by nature: External Service		

26.2. The Company as a lessor

Operating leases relate to the investment property owned by the Company with lease terms of 3 years or with lease terms for indefinite period.

Rental income earned by the Company from its investment property and direct operating expenses arising on the investment property for the year are set out in note 14.

Maturity analysis for undiscounted lease payments

	31/12/2024	31/12/2023
up to 1 year	1 902	1 730
from 1 to 2 years	1 907	1 721
from 2 to 3 years	1 912	1 726
from 3 to 4 years	1 914	1 731
from 4 to 5 years	1 914	1 728
over 5	12 127	12 007
	21 676	20 643

EXPLANATORY NOTES TO FINANCIAL INSTRUMENTS AND FINANCIAL RISK

27. FINANCIAL INSTRUMENTS

SELECTED ACCOUNTING PRINCIPLES

Financial instruments

The Company recognises a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual of the instrument.

The Company derecognises a financial asset in the statement of financial position when:

- the contractual rights to the cash flows from the financial asset expired; or
- the Company transferred the financial asset to another entity, and the transfer qualified for derecognition.

The Company removes a financial liability from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Measurement of financial assets and liabilities

At initial recognition, the Company measures financial assets and liabilities not qualified as at fair value through profit or loss (i.e. held for trading) at their fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The Company does not classify instruments as measured at fair value through profit or loss upon initial recognition, i.e. does not apply the fair value option.

At the end of the reporting period, the Company measures item of financial assets and liabilities at amortised cost using effective interest rate method, except for derivatives, which are measured at fair value.

With regard to equity instruments, in particular quoted/unquoted shares held for the purpose of obtaining contractual cash flows representing only principal and interest payments as well as in order to sell, the Company classifies the instruments as measured at fair value through other comprehensive income.

Impairment of financial assets

The Company recognizes impairment allowances due to expected credit losses on financial assets measured at amortized cost or measured at fair value through other comprehensive income (with the exception of investments in equity instruments).

The Company uses the following models for determining impairment allowances:

- General model

The general model is applied by the Company for financial assets measured at amortized cost-other than trade receivables and for debt instruments measured at fair value through other comprehensive income.

In the general model, the Company monitors the changes in the level of credit risk associated with a given financial asset and classifies financial assets to one of the three stages of impairment allowances based on the observation of the change in the credit risk level in relation to the initial recognition of the instrument.

Depending on the classification to particular stages, the impairment allowance is estimated in the 12-month horizon (stage 1) or in the life horizon of the instrument (stage 2 and stage 3).

On each day ending the reporting period, the Company considers the indications resulting in the classification of financial assets to particular stages of determining impairment allowances.

For the purpose of estimating the expected credit loss, the Company applies default probability levels based on market credit quotes of derivatives for entities with a given rating and from a given sector.

- Simplified model

The simplified model is applied by the Company for trade receivables.

In the simplified model, the Company does not monitor changes in the credit risk level during the life and estimates the expected credit loss in the horizon up to maturity of the instrument.

Fair value measurement

The Company maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs to estimate the fair value, i.e. the price at which an orderly transaction to transfer the liability or equity instrument would take place between market participants as at the measurement date under current market conditions.

The Company measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves for currencies and commodities quoted on active markets.

The fair value of derivative instruments is based on discounted future cash flows of the transactions, calculated based on the difference between the forward rate and the transaction. Forward exchange rate is not modelled as a separate risk factor, but is derived from the relevant spot rate and forward interest rate for foreign currencies in relation to CZK.

PROFESSIONAL JUDGEMENT

Financial instruments

The Management Board assesses the classification of financial instruments, nature and extent of risk related to financial instruments and application of hedge accounting. The Company classifies financial instruments into individual categories based on the assessment of the business model, taking into account the purpose of their purchase and the nature of the acquired assets as well as assessment of the profile of contractual cash flows.

27.1. Financial instruments by category and class

Financial assets

31/12/2024

Financial instruments by class	Note	Financial instruments by category	
		Financial assets measured at amortized cost	Total
Trade and other receivables	18.	1 014 335	1 014 335
Cash and cash equivalents	19.	875	875
Other	16.	22 549	22 549
		1 037 759	1 037 759

31/12/2023

Financial instruments by class	Note	Financial instruments by category	
		Financial assets measured at amortized cost	Total
Trade and other receivables	18.	1 126 187	1 126 187
Cash and cash equivalents	19.	975	975
Other	16.	43 596	43 596
		1 170 758	1 170 758

Financial liabilities

31/12/2024

Financial instruments by class	Note	Financial instruments by category		Total
		Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	
Loans and borrowings	23.	6	-	6
Trade and other liabilities and accruals	22.	219 511	-	219 511
Cash pool	23.	623 310	-	623 310
Lease liabilities	26.	-	6 762	6 762
		842 827	6 762	849 589

31/12/2023

Financial instruments by class	Note	Financial instruments by category		Total
		Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	
Loans and borrowings	23.	12	-	12
Trade and other liabilities and accruals	22.	232 360	-	232 360
Cash pool	23.	663 096	-	663 096
Lease liabilities	26.	-	8 678	8 678
		895 468	8 678	904 146

27.2. Income, costs, gain and loss in the separate statement of profit or loss and other comprehensive income

2024

	Financial instruments by category			Total
	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	
Interest income	1	-	-	1
Interest costs	-	(36 201)	(716)	(36 917)
Foreign exchange gain/(loss)	3 575	(270)	-	3 305
Other	-	(147)	-	(147)
	3 576	(36 618)	(716)	(33 759)

2023

	Financial instruments by category			Total
	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	
Interest costs	-	(46 484)	(221)	(46 705)
Foreign exchange gain/(loss)	8 670	(929)	-	7 741
Other	-	(818)	-	(818)
	8 670	(48 231)	(221)	(39 782)

27.3. Fair value measurement

	Note	31/12/2024		31/12/2023	
		Fair value	Carrying amount	Fair value	Carrying amount
Financial assets					
Trade and other receivables	18.	1 014 335	1 014 335	1 126 187	1 126 187
Cash and cash equivalents	19.	875	875	975	975
Other financial assets	16.	22 549	22 549	43 596	43 596
		1 037 759	1 037 759	1 170 758	1 170 758
Financial liabilities					
Loans and borrowings	23.	6	6	12	12
Cash pool	23.	623 310	623 310	663 096	663 096
Financial lease	26.	6 762	6 762	8 678	8 678
Trade and other liabilities and accruals	22.	219 511	219 511	232 360	232 360
		849 589	849 589	904 146	904 146

Financial assets and liabilities carried at fair value by the Company belong to Level 2 as defined by IFRS.

In the year ended 31 December 2024 and the comparative period there were no transfers between Levels 1, 2 and 3 in the Company.

Fair value of shares quoted on active markets is determined based on market quotations (Level 1). In other cases, fair value is determined based on other input data, apart from market quotations, which are directly or indirectly possible to observe (Level 2) and data to valuation, which are not based on observable market data (Level 3).

27.4. Risk identification

The Company's activities are exposed to many different types of risk. Risk management is mainly focused on the unpredictability of financial markets and aims to minimize any potential negative impacts on the Company's financial results. The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the risks outlined below relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including commodity risk, foreign currency risk, interest rate risk and other market price risk), credit risk and liquidity risk.

27.4.1. Currency risk

The currency risk arises most significantly from the exposure of trade payables and receivables denominated in foreign currencies, and the foreign currency denominated loans and borrowings. Foreign exchange risk regarding trade payables and receivables is mostly covered by natural hedging of trade payables and receivables denominated in the same currencies. Hedging instruments (forwards, currency swaps) also could be used, to cover significant foreign exchange risk exposure of trade payables and receivables not covered by natural hedging.

Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2024

Financial instruments by class	EUR	USD	PLN	Total after translation to CZK
Financial assets				
Trade and other receivables	2 704	-	383	68 096
Cash and cash equivalents	5	-	-	131
	2 709	-	383	68 227
Financial liabilities				
Trade and other liabilities and accruals	105	-	-	2 633
	105	-	-	2 633

Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2023

Financial instruments by class	EUR	USD	PLN	Total after translation to CZK
Financial assets				
Trade and other receivables	3 632	-	383	89 810
Cash and cash equivalents	5	-	-	132
	3 637	-	383	89 942
Financial liabilities				
Trade and other liabilities and accruals	623	-	2	15 421
	623	-	2	15 421

27.4.1. Currency risk (continued)

Sensitivity analysis for currency changes risk

The influence of potential changes in carrying amounts of financial instruments as at 31 December 2024 and as at 31 December 2023 arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency on profit before tax.

	EUR/CZK		USD/CZK		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Influence on profit before tax	9 839	11 179	-	-	9 839	11 179
Total	9 839	11 179	-	-	9 839	11 179

In case of decrease of currency rates by 15%, sensitivity analysis assumes the same value as in the table above only with the opposite sign. Variations of currency rates described above were calculated based on historical volatility of particular currency rates and analysts' forecasts.

Sensitivity of financial instruments for currency risk was calculated as a difference between the initial carrying amount of financial instruments (excluding derivative instruments) and their potential carrying amount calculated using assumed increases/(decreases) in currency rates.

27.4.2. Interest rate risk

The Company is exposed to the risk of volatility of cash flows arising from interest rate loans and cash pool arrangements granted and taken.

Interest rate structure of financial instruments:

	PRIBOR		Carrying amount	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Financial liabilities				
Loans and borrowings	6	12	6	12
Cash pool	623 310	663 096	623 310	663 096
	623 316	663 108	623 316	663 108

Sensitivity analysis for interest rate risk

The influence of financial instruments on profit before tax due to changes in significant interest rates:

Interest rate	Assumed variation		Influence on profit before tax		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
PRIBOR	+0.5 pp	+0.5 pp	(3 117)	(3 316)	(3 117)	(3 316)
			(3 117)	(3 316)	(3 117)	(3 316)

The above interest rates variations were calculated based on observations of interest rates fluctuations in the current and prior year as well as on the basis of available forecasts. The sensitivity analysis was performed on the basis of instruments held as at 31 December 2024 and 31 December 2023. The influence of interest rates changes was presented on annual basis. In case of decrease of interest rates by 0.5 pp, sensitivity analysis assumes the same value as in the table above only with the opposite sign.

27.4.3. Liquidity and credit risk

Liquidity risk

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities using the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Maturity analysis of financial liabilities

	Note	31/12/2024				Total	Carrying amount
		Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years		
Loans and borrowings	23.	6	-	-	-	6	6
Cash pool	23.	623 310	-	-	-	623 310	623 310
Trade and other liabilities	22.	219 511	-	-	-	219 511	219 511
Lease liabilities	26.	1 850	4 087	1 563	-	7 500	6 762
		844 677	4 087	1 563	-	850 327	849 589

	Note	31/12/2023				Total	Carrying amount
		Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years		
Loans and borrowings	23.	12	-	-	-	12	12
Cash pool	23.	663 096	-	-	-	663 096	663 096
Trade and other liabilities	22.	232 360	-	-	-	232 360	232 360
Lease liabilities	26.	2 127	4 494	3 303	-	9 924	8 678
		897 595	4 494	3 303	-	905 392	904 146

27.4.3. Liquidity risk (continued)

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate liquid funds, borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has available a credit limit from ORLEN Unipetrol a.s., based on which the Company may draw short-term loans up to CZK 1 300 000 thousand.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of financial position are net of impairment losses, estimated by the Company's management based on prior experience and their assessment of the credit status of its customers.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management. Before accepting any new customer, the Company uses own or an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of debtors and, where appropriate, credit guarantee insurance cover is purchased or sufficient collateral on debtor's assets obtained.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The aging analysis of trade receivables past due, but not impaired

	31/12/2024	31/12/2023
Up to 1 month	7 694	6 362
From 1 to 3 months	-	128
	7 694	6 490

The Company sets impairment charges based on analysis of customers' creditworthiness and ageing of receivables.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the debtor from the date credit was initially granted up to the reporting date. Accordingly, the management considers that there is no further credit risk allowance required in excess of the allowance for impairment charges. Increases and reversals of impairment allowances in respect of principal amount of trade and other receivables are included in other operating expense or income and in respect of interest for delayed payments in financial expense or income.

Change in expected credit loss of trade and other receivables

	31/12/2024	31/12/2023
At the beginning of the year	192 258	195 102
Recognition	8	1 042
Reversal	(244)	(217)
Usage	(8 622)	(3 716)
Foreign exchange differences	175	47
	183 575	192 258

The Company management believes that the risk of impaired financial assets is reflected by recognition of an impairment.

Ageing analysis of trade receivables and expected credit loss as at 31 December 2024

2024	Trade receivables, gross value	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net value
Current	226 485	11	0.0000	226 474
from 1 to 30 days	7 696	2	0.0003	7 694
from 61 to 90 days	5	5	1.0000	-
more than 90 days past due	183 558	183 558	1.0000	-
	417 744	183 575		234 168



27.4.3. Credit risk (continued)

Ageing analysis of trade receivables and expected credit loss as at 31 December 2023

2023	Trade receivables, gross value	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net value
Current	298 264	112	0.0004	298 152
from 1 to 30 days	6 386	24	0.0038	6 362
from 31 to 60 days	128	-	0.0000	128
more than 90 days past due	192 122	192 122	1.0000	-
	496 900	192 258		304 642

The Company sets impairment charges based on analysis of customers' creditworthiness and ageing of receivables. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the debtor from the date credit was initially granted up to the reporting date. Accordingly, the management considers that there is no further credit risk allowance required in excess of the allowance for impairment charges.

Increases and reversals of impairment allowances in respect of the principal amount of trade and other receivables are included in other operating expense or income and in respect of interest for delayed payments in financial expense or income.

The carrying amount of financial assets represents the maximum credit exposure.

The maximum credit risk in respect of each class of financial assets is equal to the carrying value.

27.4.4. Emission allowances risk

The Company monitors the emission allowances granted to the Company under National Allocation Plan and CO₂ emissions planned. The Company might enter into transactions on emission allowances market in order to cover for shortages or utilize the excess of obtained emission allowances over the required amount.

OTHER EXPLANATORY NOTES

28. INVESTMENT EXPENDITURES INCURRED AND FUTURE COMMITMENTS RESULTING FROM SIGNED INVESTMENT CONTRACTS

The total value of investment expenditures including capitalized interest costs incurred in 2024 and 2023 amounted to CZK 185 285 thousand and CZK 106 611 thousand respectively.

As at 31 December 2024 and as 31 December 2023 the value of future commitments resulting from contracts signed to this date amounted to CZK 170 846 thousand and CZK 154 777 thousand respectively.

29. PAST ENVIRONMENTAL LIABILITIES

The Company is the recipient of funds provided by the National Property Fund of the Czech Republic for settling environmental liabilities relating to historic environmental damage.

An overview of funds provided by the National Property Fund (currently administered by the Ministry of Finance) for the environmental contracts is provided below:

	Total amount of funds to be provided	Used funds as at 31/12/2024	Unused funds as at 31/12/2024
PARAMO, a.s. / premises in Pardubice	1 241 502	1 238 241	3 261
	1 241 502	1 238 241	3 261

	Total amount of funds to be provided	Used funds as at 31/12/2023	Unused funds as at 31/12/2023
PARAMO, a.s. / premises in Pardubice	1 241 502	1 202 614	38 888
	1 241 502	1 202 614	38 888

The management of the Company did not identify any other environmental liabilities which are not covered with funds mentioned above.

30. RELATED PARTY TRANSACTIONS

30.1. Material transactions concluded by the Company with related parties

In 2024 and in 2023 there were no transactions concluded by the Company with related parties on other than arm's length terms.

30.2. Transactions with key management personnel

In 2024 and in 2023 the Company did not grant to key management personnel and their relatives any advances, borrowings, loans, guarantees and commitments or other agreements obliging them to render services to Company and related parties. As at 31 December 2024 and as at 31 December 2023 there were no significant transactions concluded with members of the Board of Directors, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

30.3. Transaction with related parties concluded by key management personnel of the Company

As at 31 December 2024 and as at 31 December 2023 members of the key management personnel of the Company submitted statements that they have not concluded any transaction with related parties.

30.4. Transactions and balances of settlements of the Company with related parties

Parent company and ultimate controlling party

The controlling party is ORLEN S.A., which held a majority (100%, resp. 100%) of shares in the parent company ORLEN Unipetrol a.s. in 2024 and 2023.

2024	ORLEN S.A.	ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLEN S.A.
Sales	-	-	759 773
Purchases	-	2 186	820 756
Finance costs	-	35 904	-

31/12/2024	ORLEN S.A.	ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLEN S.A.
None-current receivables	-	-	22 548
Trade and other receivables	-	-	924 238
Trade and other liabilities, including loans	-	624 692	49 329

2023	ORLEN S.A.	ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLEN S.A.
Sales	-	-	855 926
Purchases	44 260	3 073	930 922
Finance costs	-	46 795	-

31/12/2023	ORLEN S.A.	ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLEN S.A.
None-current receivables	-	-	43 596
Trade and other receivables	-	-	1 026 392
Trade and other liabilities, including loans	-	666 264	95 060

31. REMUNERATION PAID AND DUE OR POTENTIALLY DUE TO THE BOARD OF DIRECTORS, THE SUPERVISORY BOARD AND OTHER MEMBERS OF KEY EXECUTIVE PERSONNEL OF THE PARENT COMPANY AND THE GROUP COMPANIES

The Board of Directors, the Supervisory Board's and other key executive personnel's remuneration includes short term employee benefits, retirement benefits, other long-term employee benefits and termination benefits paid, due and potentially due during the period.

31.1. Key management personnel and statutory bodies' members' compensation

	31/12/2024	31/12/2023
Short-term employee benefits	(9 218)	(9 065)
Termination benefits	(482)	-
	(9 700)	(9 065)

Further detailed information regarding remuneration of key management personnel is included in note 9.3.

31.2. Bonus system for key executive personnel of the Company

In 2024 the key executive personnel was participating in the annual MBO bonus system (management by objectives). The regulations applicable to Management Board, directors directly reporting to Management Boards of entities and other key positions have certain common features. The persons subject to the above mentioned systems are remunerated for the accomplishment of specific goals set at the beginning of the bonus period, by the Supervisory Board for the Management Board Members and by the Management Board members for the key executive personnel. The bonus systems are structured in such way, so as to promote the cooperation between individual employees in view to achieve the best possible results for the Company. The goals so-said are qualitative or quantitative (measurable) and are accounted for following the end of the year for which they were set, on the rules adopted in the applicable Bonus System Regulations. Regulation gives the possibility to promote employees, who significantly contribute to results generated by the Company.

32. CONTINGENT ASSETS AND LIABILITIES

Purchase of shares of PARAMO, a.s.

In January 2009 ORLEN Unipetrol a.s. effected a squeeze out of PARAMO, a.s. shares and became sole shareholder of PARAMO, a.s.

In accordance with the resolutions of the Extraordinary General Meeting of PARAMO, a.s. of 6 January 2009, all other shares in PARAMO, a.s. were transferred to the Company and the Company provided to the other shareholders of PARAMO, a.s. monetary consideration of CZK 977 per share of PARAMO, a.s.

In connection with the squeeze-out, certain minority shareholders of PARAMO, a.s. filed a petition with the Regional Court in Hradec Králové for a review of the adequacy of compensation within the meaning of the Czech Commercial Code. The case is now pending at the Regional Court in Hradec Králové.

On 23 June 2015 the court decided to appoint another expert witness - Expert Group s.r.o. having its registered seat at Radniční 133/1, České Budějovice - to provide a valuation of the PARAMO, a.s. shares.

The Expert Group s.r.o. valuation report regarding of PARAMO, a.s. shares received by ORLEN Unipetrol a.s. on 1 December 2016 provides for PARAMO, a.s. share value as at:

- a) 6 January 2009 – CZK 1 853/share;
- b) 4 March 2009 – CZK 1 691.53/share.

ORLEN Unipetrol a.s. submitted two independent expert reports to the court – one expert report reviewed conclusions made by the Expert Group s.r.o. report and the other expert report provided valuation of PARAMO, a.s. and comments on methodology applied by Expert Group s.r.o. and reliability of their conclusions. The court expert determined value of PARAMO, a.s. share at CZK 909/share as at 6 January 2009 and CZK 905/share as at 4 March 2009.

On 8 August 2019 the court ruled to dismiss the petition of the minority shareholders in full. During October 2019, all claimants filed an appeal against the first instance court filing.

On 3 August 2021, the High Court in Prague (in its position of appellate court) resolved to annul the decision of the Regional Court in Hradec Králové and returned the case to the Regional Court in Hradec Králové.

On 12 January 2022, the Regional Court in Hradec Králové again resolved to dismiss the petition of the minority shareholders in full. The minority shareholders filed an appeal against the decision of the Regional Court in Hradec Králové. On 1 September 2023 the High Court in Prague resolved to annul the Regional Court in Hradec Králové decision and returned the case to the first instance court.

The dispute is still pending at the regional court in Hradec Králové.

33. THE STATEMENT OF THE COMPANY'S SHAREHOLDER

ORLEN Unipetrol a.s. as the sole shareholder of the Company confirmed its continuing interest in successful operation of the Company and declared that it will, within the limits allowed under applicable laws, use its influence on the Company's management and exercise its rights as a sole shareholder of the Company in such a way that the Company would meet its obligations towards third parties covering at least the period of 12 months from the date of the Company's 2024 statutory financial statements.

ORLEN Unipetrol a.s. is ready to continue to provide loan financing to the Company at least for the period of 12 months from the date of the Company's 2024 statutory financial statements issuance.

Based on the above facts, the financial statements have been prepared on a going concern basis.

34. IMPACT OF THE RUSSIAN INVASION OF UKRAINE

Basis for the preparation of financial statements

As part of the assessment of the Company's ability to continue as a going concern, management analysed the risks associated with the Russian invasion of Ukraine to the activities of its companies. The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus. The Company performed a detailed analysis of sales realized on the Ukrainian and Russian markets. Due to low sales volumes in this territory, the Company did not identify any indicators to adjust the assumptions made to estimate the expected credit loss.

However, the impact on the general economical situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities including long term assets within the next financial year. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

The longer-term impact may also affect trading volumes, cash flows, costs and pricing of the sold production with related impact on profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

The Group has taken number of measures in connection with the situation in Ukraine, in particular developing emergency action plans to ensure the continuity of critical infrastructure operations, ensure the realization of revenues and provide key services provided by the Group. During 2024, there were no major interruptions in any of the Group's areas of activity, nor were there any threats in the supply chain, both in the area of purchasing raw materials and goods and in the area of internal logistics.



35. EVENTS AFTER THE REPORTING DATE

Changes in the Supervisory Board in 2025 were as follows:

Position	Change	Date of change	Name
Chairman	Recalled from the office	with the effect as of 14 January 2025	Jacek Świtała
Member	Recalled from the office	with the effect as of 15 January 2025	Konrad Szykuła
Chairman	Elected to the office	with the effect as of 15 January 2025	Konrad Szykuła
Vice-chairman	Elected to the office	with the effect as of 15 January 2025	Milan Brejchal

The Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2024.

36. STATEMENTS OF THE MANAGEMENT BOARD AND APPROVAL OF THE FINANCIAL STATEMENTS

The Management Board of PARAMO, a.s. hereby declares that to the best of their knowledge the foregoing separate financial statements and comparative data were prepared in compliance with the accounting principles applicable to the Company in force and that they reflect true and fair view on financial position and financial result, including basic risks and exposures.

The separate financial statements were authorized for issue by the Company's statutory representatives on 26 February 2025.

Signature of statutory bodies:

Konrad Szykuła
Chairman of the Board of Directors

Ing. Milan Brejchal
Vice-chairman of the Board of Directors

