

***PARAMO***

**Annual Report for 2021**

**PARAMO, a.s.**

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## 1. Profile

The PARAMO joint-stock company (hereinafter referred to as the 'Company' or 'PARAMO') was created by a transformation from a state-owned company, PARAMO Pardubice, on the 1.1.1994 and followed up on the tradition of oil processing, which commenced as far back as in 1889.

The joint-stock company PARAMO Pardubice was founded for an indefinite term without a call for subscription of shares by the National Property Fund of the Czech Republic, as the sole founder on the basis of the instrument of incorporation (containing a decision of the founder within the meaning of the provisions of Sec. 172, Paragraphs 2, 3 and Sec. 171, Paragraph 1 of Act No. 513/1991 Coll., Commercial Code) of the 18. November 1993 in the form of a notarial deed. The Company is entitled to establish other legal entities or to participate in any legal entities already in existence.

PARAMO was privatised in the second wave of the coupon privatisation in 1993-1994, whereby more than 70% of the shares were transferred to the administration of the Czech National Property Fund. UNIPETROL bought this share bundle in 2000, which subsequently concentrated domestic production and sales of lubricating oils after the acquisition of KORAMO. In 2003 KORAMO was incorporated into PARAMO. UNIPETROL increased its 73.53 % share of PARAMO's equity capital in November 2007 to 88.04% when it bought 14.51% of the shares in the Pardubice refinery from the MEI Group companies. In August 2008 UNIPETROL bought 3.73% of PARAMO's shares from the PKN Orlen, achieving a 91.77% share in the equity capital of the refinery. Subsequently, in January 2009, it decided to purchase all other PARAMO shares. Unipetrol thus became the sole shareholder of PARAMO, which was in renamed in 2021 to ORLEN Unipetrol.

PARAMO joint-stock company is a holder of certificates confirming a correct focus of the quality management system in accordance with the ISO 9001:2015 standard, the environmental management system according to ISO 14001:2015 and the occupational safety and health management system according to ČSN ISO 45001:2018. In its production activities, the company prefers to eliminate or significantly reduce sources of potential risks to the environment.

PARAMO is a well-known producer of automotive oils, machining, technological and preservative products, plastic lubricants, asphalt insulation products and road asphalts. These products have been placed on the domestic and foreign markets. As part of reorganization of the oil section production, which began during 2021, the production of plastic lubricants was terminated in the same year and the production of final oils was reduced.

As of December 31, 2021, the joint-stock company, managed by specialist Directors and the Director General, had 376 employees.

## 2. Major events of the year

- There were no significant events in 2021.

## 3. Strategies and objectives

The strategy for the Company future development is based on four pillars.

- Restructuring and reorganization of the lubricant trade.
- Asphalts and asphalt products
- Services - operation of a warehouse and dispatch of fuels
- Cost optimization and performance increase

## 4. Statutory authorities and Company management

### 4.1 Board of Directors - as at 31. December 2021

Janusz Fudała	Chairman of the Board of Directors since 9. April 2018
Marcin Strojny	Vice - Chairman of the Board of Directors since 10. October 2018
Jacek Światała	Member of the Board of Directors since 14. December 2018
Ing. Pavel Ballek	Member of the Board of Directors since 1. October 2020
Adam Sadłowski	Member of the Board of Directors since 1. August 2020

### Changes in the Board of Directors in 2021

No changes were made to the composition of the Board of Directors during 2021.

### 4.2 Supervisory Board - as at 31 December 2021

Tomáš Herink	was appointed as a Member from 1. June 2018
Szymon Gajda	was appointed as a Member from 1. June 2018
Adam Jarosz	was appointed as a Member from 28. May 2019

### Changes in the Supervisory Board in 2021

In 2021, no changes were made to the composition of the Supervisory Board.

### 4.3 Management - as of 31.12.2021

Janusz Fudała	Chief Executive Officer (CEO)
Jacek Światała	Chief Financial Officer (CFO)
Marcin Strojny	Sales Director
Ing. Pavel Ballek	Production/ Technical Director
Adam Sadłowski	Security Director

## 5. Report of the Board of Directors on the Company's business activities and the state of its assets and liabilities for 2021

### 5.1 Company development

The company's financial results in 2021 were still affected by the ongoing wave of the Covid-19 pandemic, which resulted in a shortage of raw materials for the production of final oils at PARAMO. Despite these limitations, this situation was well managed and thanks to the good situation on the final oils market, PARAMO maintained its market position.

The company is included in the raw material flow management model within the ORLEN Unipetrol Group. Joint planning ensures a smooth supply of oil hydrogenates and vacuum distillates for the production of base, lubricating and process oils and asphalts.

The market for road and industrial asphalts remained at the planned values, with only AOSI asphalts falling due to higher prices of input raw materials.

The company has started the Synergy process with Orlen Oil (daughter company of PKN Orlen) which required implementing deep reorganisation in area of Production and Sales of base and final oils.

### 5.2 Production

#### Oils

According to the approved strategy, the production of MOGUL brand lubricating oils was gradually replaced by the corporate brand PLATINUM, which has already been successfully introduced in many countries within Europe. The production gradually focused on the production of base oils for own consumption and for sale to other major customers in the Central European market. These oils are produced from oil hydrogenates and hydrocracked oils (OH / HCVD) purchased from ORLEN Unipetrol.

Production at PARAMO gradually focused on the production of process oils for the rubber industry and the production of special industrial oils and liquids, which is concentrated in the Pardubice operations centre. Base oils for the production of machining fluids and cutting oils are supplied from our own production in the city of Kolín.

Within the group, PARAMO participates in product innovation and their introduction into operational practice, mainly in the segment of industrial oils in the automotive industry, but also in the segment of process oils.

#### Asphalts and asphalt products

In the production centre in Pardubice, PARAMO produces a wide range of industrial asphalts intended mainly for industrial and construction purposes and special hard road asphalts intended for applications in road construction and for heavily-stressed asphalt surfaces. In 2021, PARAMO successfully continued in the renewed production of modified asphalt products supplied on the market under the MOFALT brand and similar success was also registered by the other production, PMB ORBITON.

The distributor with exclusive rights is ORLEN Asphalt Česká republika s.r.o. The basic raw material is purchased from ORLEN Unipetrol. Fluxing agents and other additives are purchased on the EU market.

The range of asphalt products complements the product range offered for construction and road construction applications. PARAMO is a major innovator in this field and offers new products, especially in the sector of asphalt varnishes and sealants. The raw materials come from own production. Solvents for the production of the varnishes are purchased on the Central European market.

#### Services - operation of a warehouse and dispatch of fuels

The company provided storage and shipping services for diesel and gasoline for ORLEN Unipetrol and SSHR. In 2021, investments to increase flexibility in fuel production were successfully put into operation. This was a project of automatic mixing of HVO into diesel. The implementation of this project contributed

to the fulfilment of the legislative requirement for addition of biocomponents to final motor fuels within the ORLEN Unipetrol Group. The newly expanded storage capacities for the storage of diesel, motor gasoline and biofuel components (FAME, HVO) were fully utilised. New products at the fuel terminal included, inter alia, diesel with a content of 5-20% HVO. The fuel storage in DS Pardubice is connected by a pipeline to the ČEPRO, a.s. network.

### **5.3 Trade policy and marketing**

The products which were dedicated for ČS BENZINA were produced by Orlen Oil (bottled oils, coolants and summer/winter windscreen liquids) in 100% and delivered on stock at Paramo or external logistic operator. The customer portfolio was provided to a group of authorised distributors and key customers. During the year customers were transferred to the PKN Orlen Group's brand, Platinum Orlen Oil. The process is ongoing.

In the first two quarters of the year, PARAMO handled its production and sales at the global raw material outages without any major problems.

In 2021, PARAMO was also a partner of important motoring events, such as rallies from the Czech Republic Championship series (Rallye Šumava Klatovy, Rallye Bohemia, Barum Czech Rally Zlín, Rallye Český Krumlov). We were also a partner of the 73. *Zlatá přilba (Golden helmet)* of the city of Pardubice and throughout the year, also a partner of the Most Hippodrome and the Sosnová Autodrome.

### **5.4 Services**

In 2021, the company maintained at stable level of its products and services. Complaints and comments from customers are operatively handled jointly by the sales and the production department, including any corrective measures. Such a procedure systematically eliminates the occurrence or repetition of complaints and customer comments on the quality of all products.

### **5.5 Research and development and business/technical service**

In the area of motor fuels that PARAMO releases on the market, data for the calculation of greenhouse gas savings from the supplied petrol and diesel for the past year are summarised. The established continuous monitoring shows that in 2021, too, the addition of bio-alcohol to petrol, methyl ester to diesel and HVO to diesel met the legal emission and volume limit of the content of bio-components in fuels. The set emission savings target was achieved mainly through close cooperation with ORLEN Unipetrol, which is also necessary for the next period.

In the area of diluted asphalts, the increasing pressure to protect the environment and human health was responded to with the introduction of the new LIQUAFALT Green product. This product follows the modern direction of production of diluted asphalts, where the volatile organic thinner is replaced by an environmentally friendly natural-base component. Due to this change, this product does not contain any volatile organic compounds.

In the area of recycled asphalt reuse, PARAMO focused on the segment of recycled modified asphalts, when the new PmB RC product had been prepared for operational testing.

Another task of the development department was the commercial and technical service for asphalts and asphalt products, including their complete certification and compliance with the requirements arising from the legislation concerning chemical substances and their handling (REACH, CLP). This led to the introduction of UFI codes for selected products and their subsequent notification to the European Chemicals Agency.

The development department inter alia supervised the high technical level of the existing and new product portfolio so that its application properties correspond to the constantly evolving needs of the market, modern technologies and production principles.

The range of final oils and asphalt products of the joint-stock company PARAMO was very wide and reflected requirements of its current customers.

In 2021, the tasks of the development plan were addressed, the focus of which was to address the critical shortage of some raw materials for the production of final lubricants.

In the second half of the year, assistance work related to the Synergy project got underway. Furthermore, cooperation was commenced with ORLEN UniCRE, a.s. and the University of Pardubice for implementation of the Biolubricants development project, which will be completed in 2023. Its goal is to develop a heterogeneous catalyst for epoxidation of vegetable oils or esters. This epoxidation leads to a quality improvement of these oils for use in the field of lubricants and process fluids. This project is co-financed by the Operational Programme Enterprise and Innovation for Competitiveness.

## 5.6 Investments

In 2021, investment projects were implemented to address operational cost savings, the renewal of existing facilities and legislative requirements in the area of safety and improvement in the area of the environment. The preparation of projects to be implemented in 2022, 2023 and 2024 has been commenced.

Investments in 2021	Purchase price in MCZK	Location	Financing method
Development construction	16.1	PARAMO	own
Total maintenance construction	24.0	PARAMO	own
- renovation	20.0	PARAMO	own
- security	3.2	PARAMO	own
- ecological	0.8	PARAMO	own
IFRS 16	7.3	PARAMO	own
Total	47.4	PARAMO	own

## 5.7 Employment policy and social programme

As in previous years, the area of human resources was managed by the personnel department of the ORLEN Unipetrol Group. The main tasks included stabilising of HR processes and the organisational structure.

On the basis of collective bargaining, a one-off remuneration in the total amount of CZK 18,000 was approved, a new Edenred benefits system was introduced and severance pay was increased.

The professional development and expertise of staff was promoted to the maximum extent possible. . In addition to the statutory training, required by the legislation, a green light was given to individual training courses necessary for professional development of staff from specific areas, as well as professional conferences and the teaching of foreign languages.

The plan of HR activities in 2021 was adapted to the partial reduction of production within the Kolín locality and the focus on the production of process oils based in Pardubice. The policy and strategy of the ORLEN Unipetrol Group continued to be implemented.

The priority remains to be the care for employees and development of their professional competencies.



## 5.8 Environmental policy

In the field of the environment, in 2021 PARAMO followed up on the positive trends of the recent years. In the course of 2021, no major accident occurred which would be classified according to Act No. 224/2015 Coll. In view of the effects of all external influences, the Company managed to maintain the level of environmental protection at a very high level.

In accordance with the Integrated Prevention Act, the Company has integrated permits specifically for the HS Pardubice (IP refinery) and the HS Kolín centres. Changes to the integrated permits are issued on an ongoing basis in response to changes in the legislation in force or to implementation of investment and restructuring projects.

The production and distribution centres have established water-management emergency plans, approved by government authorities, these are integrated into the IMS documentation.

PARAMO, which is no longer a member of the Association of Chemical Industry of the Czech Republic, and therefore does not have the right to hold a responsible care certificate, nevertheless continues to fully observe all the principles of responsible business in the chemical industry. PARAMO also holds a prestigious Sustainable Development Prize.

The Company was subject to both partial investigations as well as integrated inspections of the Czech Environmental Inspectorate, the Regional Hygiene Station and the Regional authorities. As part of all inspections, it was established that the inspected entity was operated in accordance with all environmental legal regulations.

In connection with the operation of the hydraulic groundwater protection system (HOPV), HS Pardubice changed the integrated permit (2.7.2021), which newly designates PARAMO as the operator of the HOPV system and the remediation drains (previously operated by an external operator and paid for by the Ministry of Finance of the Czech Republic).

In the Kolín centre, as part of the company's restructuring, an application for a change to the integrated permit was submitted to the Regional Office of the Central Bohemian Region on 10. December 2021, in conjunction with cessation of operation of the production units at the Kolín centre. The application also included a project with a plan and schedule of the shutdown work.

In the field of ecological investments, the following investment project concerning environmental protection was implemented in PARAMO in 2021:

- Securing the tanks against excessive extraction - the Kolín centre
- Energy audit 2022 - Pardubice site, Kolín site

Payment of costs related to the remediation of old environmental burdens is addressed by two environmental contracts concluded with FNM, i. e. the Ministry of Finance of the Czech Republic.

At the Časy site, in 2021, work continued on completion of the remediation; remediation and construction extraction took place, including monitoring and 4,281.5 tonnes of contaminated soils were removed. 8,800 m<sup>3</sup> of soil was transported to the interim landfill for the purpose of reclamation.

Rainwater was extracted at the Hlavečnick site, the costs were covered by PARAMO.

In the surroundings of the main plant, locality U Trojice - remediation extraction of water and petroleum hydrocarbons from boreholes of the HOPV system and remediation drains and monitoring took place (until the end of August the costs were covered by the environmental agreement of the Ministry of Finance of the Czech Republic, from September covered by PARAMO).

Monitoring work was carried out at the Nová Ves landfill, and a sorbent (bentonite) application was carried out in November.

At the Kolín site, cultivation work continued after completion of the remediation and monitoring; in May and December, a one-off extraction of 5.5 m3 of petroleum hydrocarbons from the groundwater level took place.

The main priorities in the field of the environment in 2022 are: implementation of works to complete the remediation of the Časy site, continuation of the one-off extraction of petroleum hydrocarbons at the Kolín site, remediation extraction at the U Trojice site, commencement of negotiations with the Ministry of Finance to increase the guarantee of the ecological contract to ensure implementation of remediation at the Hlavečník and the main PARAMO plant locations - stage 1B and operation of production facilities, storage tanks and terminals in accordance with the applicable legislation and ISO 14001:2015 standards.

## **5.9. Financial situation**

In 2021, PARAMO generated a negative economic result of CZK -82,847 thousand.

The main reason for the negative result was the posting of one-off items in the amount of CZK -218,665 thousand. These one-off items are related to the cessation of production of base and final oils at the Kolín production plant due to the optimisation of production within the PKN Group. The most significant item is the increase in reserves and provisions by CZK -206,825 thousand, mainly due to the expected sanitisation and decontamination of technologies at the Kolín production plant. A provision for severance payments with a negative impact on the financial result in the amount of CZK -46,469 thousand was also created. On the other hand, PARAMO achieved sales of CZK 42,927 thousand associated with the sale of the database of final oil customers. Another negative impact was the ongoing revaluation of containers. The total impact on result was CZK -8,298 thousand.

The profit/-loss from current activities adjusted for one-off items amounted to CZK 135,818 thous. mainly due to active profitability management in the main product groups associated with cost optimisation. The high difference between the VGO price (costs) and the SN 150 price, which is used to calculate customer prices, was successfully applied. As a result, the unit margin (margin per 1 tonne) is better in the main product groups (Final Oils & Base Oils) compared to the previous years. An improvement in the volume of final production in tonnes by 2% compared to 2020 had a minimal effect on improving profitability in 2021.

The company was financed through a short-term cash pooling loan. The company is included in international cash pooling structures within PKN Orlen.

As part of the optimisation of fixed costs, constant control of key items continued.

Great attention continued to be paid to the minimisation of working capital, i.e. work with receivables, in particular the minimisation of the risk of bad debts and the optimisation of stocks of raw materials, and semi-finished and finished products.

## 6. Structure of the Company and of the Group

### 6.1 The Group structure

The joint-stock company PARAMO is part of the ORLEN Unipetrol Group. As of December 31, 2021, ORLEN Unipetrol a.s. owned a 100% stake in the share capital of PARAMO, a.s.. The owner of ORLEN Unipetrol a.s. is the Polish company PKN ORLEN S.A..

#### Entities controlling the issuer

The controlling entity	Amount of the share entitling to vote as of 31.12.2021	Control Agreement
ORLEN Unipetrol a.s. Milevská 2095/5, Prague 4, Postal Code 140 00 Co. Reg. No.: 61672190	100%	No

There is no control agreement entered into between the issuer and the above company.

#### The structure of the main shareholders of PARAMO, a.s.

Shareholders	% share in the registered capital
ORLEN Unipetrol a.s.	100

#### Restrictions on tradability of PARAMO shares

Due to the transfer of all other shares of PARAMO, a.s. to the main shareholder, ORLEN Unipetrol a.s., trading was suspended with effect from 27. February 2009 and the PARAMO, a.s. shares on the Prague Stock Exchange a.s. were delisted from trading with effect from 4. March 2009.

#### Acquisition of own shares and provisional certificates

As of December 31, 2021, the Company did not hold any own shares or provisional certificates.

#### Divisions of the business undertaking

As of the 31. December 2021, the Company has no divisions abroad.

### 6.2 Organizational structure of the company

All expert directors are subordinate to the Director General; they manage the business, financial, production and security sectors. Directly subordinate to the Director General are also the departments of integrated systems and internal audits, and the Company's lawyer.

PARAMO, a.s. has been a part of the ORLEN Unipetrol Group since 2000. The owner of ORLEN Unipetrol a.s. is the Polish company, PKN ORLEN S.A.

## 7. Shareholding interests

### 7.1 Company subsidiaries

PARAMO, a.s. does not have any subsidiaries.

### 7.2 Other shareholding interests

Information of this kind is set out in the Annex to the financial statements.

## 8. Audit Report

The Audit Report is set out in Annex No. 1

## 9. PARAMO, a.s. Financial Statements

The financial statements are provided in Annex No. 2.

## 10. Reports on Relations between the Related Entities

The Report on Relations between Related Entities is set out in Annex No. 3

## 11. Significant subsequent events

The Company management is not aware of any other events occurring after the date of the financial statements that would have a significant impact on the financial statements as of the 31. December 2021.

## 12. Identification and contact details

Business name:	PARAMO, a.s.
Registered office:	Přerovská 560, Svítkov, Pardubice
Postal Code:	530 06
Co. Reg. No.:	48 17 33 55
TAT Reg No.:	CZ699000139
Registration court:	Regional Court in Hradec Králové
The number under which the company is registered:	Section B, Insert No. 992
Telephone:	466 810 111
Fax:	466 335 019
e-mail:	paramo@paramo.cz
http:	www.paramo.cz
Bank details:	Česká spořitelna, a.s., Praha
Account number:	1236912/0800
Shareholders' agenda dept. contact:	PARAMO, a.s., Přerovská 560, Svítkov, 530 06 Pardubice
The law and the legal regulation under which the issuer was established:	The law of the Czech Republic
Legal regulation:	Act No. 104/1990 Coll., On joint stock companies
Legal form:	Joint-stock company
Date of establishment:	year 1994 (the company was created in 1889)
Established for an indefinite term.	

### 13. Information on the persons responsible for the annual report

Janusz Fudała  
Chairman of the Board of Directors  
PARAMO, a.s.  
ID No.: 48 17 33 55

Jacek Świtała  
Member of the Board  
PARAMO, a.s.  
ID No.: 48 17 33 55

Adam Sadłowski  
Member of the Board  
PARAMO, a.s.  
ID No.: 48173335

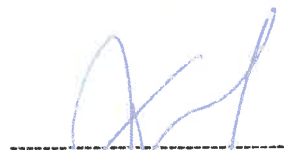
Marcin Strojny  
Vice-Chairman of the Board of Directors  
PARAMO, a.s.  
ID No.: 48 17 33 55

Pavel Ballek  
Member of the Board  
PARAMO, a.s.  
ID No.: 48 17 33 55

#### DECLARATION OF HONOUR

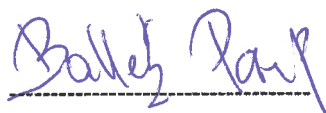
The data provided in the Annual Report corresponds to the facts and no material circumstances which could affect the precise and correct assessment of the PARAMO joint stock company have been omitted or distorted in any way.

In Pardubice on 8.3. 2022

  
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Janusz Fudała  
Chairman of the Board of Directors

  
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Marcin Strojny  
Vice-Chairman of the Board of Directors

  
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Jacek Świtała  
Member of the Board

  
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Pavel Ballek  
Member of the Board

  
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Adam Sadłowski  
Member of the Board

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of PARAMO, a.s.

Having its registered office at: Přerovská 560, Svítkov, 530 06 Pardubice

#### Qualified Opinion

We have audited the accompanying financial statements of PARAMO, a.s. (hereinafter also the "Company") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and 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 a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of PARAMO, a.s. as at 31 December 2021, 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 EU.

#### Basis for Qualified Opinion

As disclosed in Note 16.4 to the financial statements, the Company is preparing the restructuring program for some of the Company's assets. The management has recorded the provision amounting to CZK 30 million, however an additional liability may potentially exist in relation to this program. We were unable to satisfy ourselves as to the completeness of 'Provisions' and 'Deferred tax assets' presented in the statement of financial position as at 31 December 2020. As a result of these matters, we were not able to determine whether it would be necessary to adjust the aforementioned items and the related elements of the profit and loss account and statement of other comprehensive income, statement of changes in equity and statement of cash flows.

As disclosed in Note 8.2 to the financial statements, the Company has performed the impairment analysis resulting in CZK 588 million additional impairment recognized in the financial statements for the year ended 31 December 2020. The management has not performed the evaluation of the market conditions which existed as of 31 December 2019 in order to determine the amount of the potential impairment which may have existed as of that date. Consequently, we were unable to satisfy ourselves as to the valuation of 'Property, plant and equipment', 'Intangible assets' and 'Deferred tax assets' presented in the statement of financial position as at 31 December 2019. As a result of these matters, we were not able to determine whether it would be necessary to adjust the aforementioned items as of 31 December 2019 and related elements of the profit and loss account and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2020.

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 guidelines. 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 qualified opinion.

#### Emphasis of Matter

We draw attention to Note 33 in the financial statements describing management's evaluation of the actual or potential impact of the effects of the military conflict between Ukraine and Russia on the entity. Our opinion is not modified in respect of this matter.



## 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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the completeness of 'Provisions' and 'Deferred tax assets' as at 31 December 2021 and the valuation of 'Property, plant and equipment', 'Intangible assets' and 'Deferred tax assets' as at 31 December 2020 and related balances presented in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years ended 31 December 2020 and 31 December 2021. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

## 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 adopted by the EU 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.

In Prague on 10 March 2022

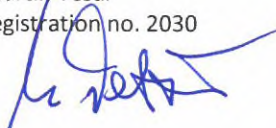
Audit firm:

Deloitte Audit s.r.o.  
registration no. 079



Statutory auditor:

Martin Tesař  
registration no. 2030





**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**

**2021,**

Index;

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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	2021	2020
<b>Statement of profits or loss</b>			
Revenues	3.	2 748 184	2 201 745
Cost of sales	4.	(2 302 658)	(2 006 966)
<b>Gross profit on sales</b>		<b>445 526</b>	<b>194 779</b>
Distribution expenses		(107 224)	(133 996)
Administrative expenses		(130 623)	(117 543)
Other operating income	5.1.	21 667	7 343
Other operating expenses	5.2.	(281 651)	(618 439)
Loss allowance for trade receivables	5.3.	(98)	(2 164)
<b>Loss from operations</b>		<b>(52 403)</b>	<b>(670 020)</b>
Finance income	6.1.	15	3 550
Finance costs	6.2.	(10 520)	(11 083)
<b>Net finance costs</b>		<b>(10 505)</b>	<b>(7 533)</b>
<b>Loss before tax</b>		<b>(62 908)</b>	<b>(677 553)</b>
Tax expense	7.	(19 939)	(9 257)
<b>Net loss</b>		<b>(82 847)</b>	<b>(686 810)</b>
<b>Other comprehensive income</b>			
<b>items which will not be reclassified subsequently into profit or loss</b>		<b>984</b>	<b>(105)</b>
Actuarial gains and losses	16.1.	984	(105)
		<b>984</b>	<b>(105)</b>
<b>Total net comprehensive income</b>		<b>(81 863)</b>	<b>(686 915)</b>

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8 - 48.

STATEMENT OF FINANCIAL POSITION

	Note	31/12/2021	31/12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8.	501 744	510 379
Investment property	9.	23 486	24 475
Intangible assets	10.	65 877	28 568
Deferred tax assets	7.	-	9 491
Other non-current assets	11.	13 439	20 122
		<b>604 546</b>	<b>593 035</b>
<b>Current assets</b>			
Inventories	12.	548 022	558 460
Trade and other receivables	13.	806 635	724 073
Cash and cash equivalents	14.	1 210	1 918
		<b>1 355 867</b>	<b>1 284 451</b>
<b>Total assets</b>		<b>1 960 413</b>	<b>1 877 486</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15.	2 036 078	2 036 078
Retained earnings	15.2.	(1 691 601)	(1 609 739)
<b>Total equity</b>		<b>344 477</b>	<b>426 339</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	16.	90 719	38 334
Lease liabilities	22.	3 900	4 399
		<b>94 619</b>	<b>42 733</b>
<b>Current liabilities</b>			
Trade and other liabilities	17.	810 424	742 049
Liabilities from contracts with customers	17.1.	1 153	1 569
Loans, borrowings	18.	10	10
Current tax liabilities		8 181	-
Provisions	16.	220 595	24 436
Deferred income	19.	5 643	-
Lease liabilities	22.	3 535	4 132
Other financial liabilities	20.	471 776	636 218
		<b>1 521 317</b>	<b>1 408 414</b>
<b>Total liabilities</b>		<b>1 615 936</b>	<b>1 451 147</b>
<b>Total equity and liabilities</b>		<b>1 960 413</b>	<b>1 877 486</b>

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8 - 48.



STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total equity
Note	15.1.	15.2.	
01/01/2021	2 036 078	(1 609 740)	426 338
Net loss	-	(82 847)	(82 847)
Items of other comprehensive income	-	984	984
<b>Total net comprehensive income</b>	-	<b>(81 863)</b>	<b>(81 863)</b>
<b>31/12/2021</b>	<b>2 036 078</b>	<b>(1 691 601)</b>	<b>344 477</b>
01/01/2020	2 036 078	(922 825)	1 113 253
Net loss	-	(686 810)	(686 810)
Items of other comprehensive income	-	(105)	(105)
<b>Total net comprehensive income</b>	-	<b>(686 915)</b>	<b>(686 915)</b>
<b>31/12/2020</b>	<b>2 036 078</b>	<b>(1 609 740)</b>	<b>426 338</b>

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8 - 48.

STATEMENT OF CASH FLOWS

	Note	2021	2020
<b>Cash flows from operating activities</b>			
<b>Loss before tax</b>		<b>(62 908)</b>	<b>(677 553)</b>
Adjustments for:			
Depreciation and amortisation	4.2.	11 384	80 235
Foreign exchange (gain)/loss		8	(4)
Interest and dividends, net		8 327	10 785
Recognition of impairment allowances of property plant and equipment, intangible assets and right of use assets	8.2.	44 569	587 571
Profit on investing activities		(7 448)	(7 379)
Change in provisions		273 268	54 189
Other adjustments including:		(54 160)	(26 366)
Settlement of subsidies for CO <sub>2</sub> allowances		(60 720)	(26 738)
Movements in liabilities from contracts with customers		(416)	372
Change in working capital	15.3.2.	(20 004)	62 573
inventories, including:		10 439	99 583
change in impairment allowances of inventories to net realisable value		35 065	19 850
receivables, including:		(82 555)	94 344
change in impairment allowances to receivables		(209)	(309)
liabilities		52 112	(131 354)
Income tax (paid)		(2 268)	-
<b>Net cash from operating activities</b>		<b>190 768</b>	<b>84 051</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(21 283)	(12 612)
Disposal of property, plant and equipment and intangible assets		94	1 107
Other		3 456	3 410
<b>Net cash used in investing activities</b>		<b>(17 733)</b>	<b>(8 095)</b>
<b>Cash flows from financing activities</b>			
Outflows from loans and borrowings		-	(2)
Outflows from cash pool liabilities		(165 477)	(58 003)
Interest paid		(7 293)	(10 803)
Payments of liabilities under lease agreements		(6 343)	(7 313)
Other		5 378	(1 065)
<b>Net cash used in financing activities</b>		<b>(173 735)</b>	<b>(77 186)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(700)</b>	<b>(1 230)</b>
Effect of changes in exchange rates		(8)	4
Cash and cash equivalents, beginning of the year		1 918	3 144
<b>Cash and cash equivalents, end of the year</b>	14.	<b>1 210</b>	<b>1 918</b>

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8 - 48.



## 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. Information about rebranding of the sole shareholder is presented in the note 31.

#### *Statutory and supervisory bodies*

Members of the statutory and supervisory bodies of PARAMO, a.s. as at 31 December 2021 were as follows:

	Position	Name
<b>Board of Directors</b>	Chairman	Janusz Fudala
	Vice-chairman	Marcin Strojny
	Member	Adam Sadlowski
	Member	Pavel Ballek
	Member	Jacek Świtala
<b>Supervisory Board</b>	Chairman	Tomáš Herink
	Member	Adam Jarosz
	Member	Szymon Gajda

#### *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 2021. 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 2021, results of its operations and cash flows for the year ended 31 December 2021.

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. Applied accounting policies are listed in note 27.

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

**3. REVENUES**

	2021	2020
Revenues from sales of finished goods and services, net	2 640 584	2 118 463
<i>revenues from contract with customers</i>	2 631 218	2 109 143
<i>excluded from scope of IFRS 15</i>	9 366	9 303
<b>Revenues from sales of finished goods and services, net</b>	<b>2 640 584</b>	<b>2 118 463</b>
Revenues from sales of merchandise and raw materials, net	107 600	83 282
<i>revenues from contract with customers</i>	107 600	83 282
<b>Revenues from sales of merchandise and raw materials, net</b>	<b>107 600</b>	<b>83 282</b>
	<b>2 748 184</b>	<b>2 201 745</b>
<i>revenue from contracts with customers</i>	2 738 819	2 192 442

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

**3.1. Revenues by assortments**

	2021	2020
<b>Revenues from contracts with customers</b>	<b>2 738 819</b>	<b>2 192 442</b>
Medium distillates	80 627	34 191
Heavy fractions	1 474 339	1 110 958
Lubricants	805 352	751 391
Others	222 197	177 062
Services	156 304	118 840
<b>excluded from scope of IFRS 15</b>	<b>9 365</b>	<b>9 303</b>
	<b>2 748 184</b>	<b>2 201 745</b>

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

**3.2. Revenues by geographical division**

	2021	2020
<b>Revenues from contracts with customers</b>	<b>2 738 819</b>	<b>2 192 442</b>
Czech Republic	1 514 635	1 268 188
Germany	275 495	212 066
Poland	305 304	193 764
Slovakia	204 402	191 347
Other countries	438 983	327 077
<b>excluded from scope of IFRS 15</b>	<b>9 365</b>	<b>9 303</b>
Czech Republic	9 365	9 303
	<b>2 748 184</b>	<b>2 201 745</b>

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

**3.3. Revenues from contracts with customers by type of contract**

	2021	2020
Based on a fixed price contracts	1 868 070	1 586 869
Based on a variable price contracts	870 749	605 573
	<b>2 738 819</b>	<b>2 192 442</b>

**3.4. Revenues from contracts with customers the moment of revenue recognition**

	2021	2020
At the a point in time	2 712 274	2 166 178
Over time	26 545	26 264
	<b>2 738 819</b>	<b>2 192 442</b>

**3.5. Revenues from contracts with customers duration of the contract**

	2021	2020
Short - term	2 738 819	2 192 442
	<b>2 738 819</b>	<b>2 192 442</b>

#### 4. OPERATING EXPENSES

##### 4.1. Cost of sales

	2021	2020
Cost of finished goods and services sold	(2 208 154)	(1 935 441)
Cost of merchandise and raw materials sold	(94 504)	(71 525)
	<b>(2 302 658)</b>	<b>(2 006 966)</b>

##### 4.2. Cost by nature

	2021	2020
Materials and energy	(1 772 908)	(1 435 478)
Cost of merchandise and raw materials sold	(94 504)	(71 525)
External services	(239 623)	(254 593)
Employee benefits	(326 042)	(323 018)
Depreciation and amortization	(11 384)	(80 235)
Taxes and charges	(5 453)	(6 574)
Other	(306 957)	(642 220)
	<b>(2 756 871)</b>	<b>(2 813 643)</b>
Change in inventories	(65 285)	(63 301)
<b>Operating expenses</b>	<b>(2 822 156)</b>	<b>(2 876 944)</b>
Distribution expenses	107 224	133 996
Administrative expenses	130 623	117 543
Other operating expenses	281 651	618 439
<b>Cost of sales</b>	<b>(2 302 658)</b>	<b>(2 006 966)</b>

##### 4.3. Employee benefits costs

	2021	2020
Payroll expenses	(227 439)	(232 162)
Future benefits expenses	(5 820)	31
Social security expenses	(77 594)	(78 452)
Other employee benefits expenses	(15 189)	(12 435)
	<b>(326 042)</b>	<b>(323 018)</b>

2021	Employees	Board of Directors	Supervisory Board	Total
Wages and salaries	(221 787)	(5 241)	(411)	(227 439)
Social and health insurance	(75 920)	(1 562)	(112)	(77 594)
Social expense	(14 632)	(557)	-	(15 189)
Change of employee benefits provision	(5 820)	-	-	(5 820)
	<b>(318 159)</b>	<b>(7 360)</b>	<b>(523)</b>	<b>(326 042)</b>
Number of employees average per year				412
Number of employees as at balance sheet day				380

2020	Employees	Board of Directors	Supervisory Board	Total
Wages and salaries	(226 278)	(4 985)	(899)	(232 162)
Social and health insurance	(76 870)	(1 320)	(262)	(78 452)
Social expense	(12 185)	(239)	(10)	(12 434)
Change of employee benefits provision	30	-	-	30
	<b>(315 303)</b>	<b>(6 544)</b>	<b>(1 171)</b>	<b>(323 018)</b>
Number of employees average per year				452
Number of employees as at balance sheet day				451

## 5. OTHER OPERATING INCOME AND EXPENSES

### 5.1. Other operating income

	2021	2020
Profit on sale of non-current non-financial assets	2 406	818
Reversal of provisions	18 137	-
Reversal of impairment allowances of property, plant and equipment, intangible assets and right of use assets	291	-
Penalties and compensations	343	323
Release of grant in excess of consumption of CO <sub>2</sub> allowances	-	2 999
Revaluation of investment properties	-	3 180
Other	490	23
	<b>21 667</b>	<b>7 343</b>

### 5.2. Other operating expense

	2021	2020
Loss on sale of non-current non-financial assets	-	(21)
Recognition of provisions	(234 302)	(30 480)
Recognition of impairment allowances of property, plant and equipment, intangible assets and right of use assets	(44 569)	(587 571)
Recognition of grant in excess of consumption of CO <sub>2</sub> allowances	(989)	-
Donations	(220)	(15)
Other	(1 571)	(352)
	<b>(281 651)</b>	<b>(618 439)</b>

### 5.3. Loss allowance for trade receivables

Loss relates to impairment of trade receivables at the amount of CZK 98 thousand was recognized based on the expected credit loss model (2020: CZK 2 164 thousand).

## 6. FINANCE INCOME AND FINANCE COSTS

### 6.1. Finance income

	2021	2020
Interest	15	5
Foreign exchange gain	-	3 545
	<b>15</b>	<b>3 550</b>

### 6.2. Finance costs

	2021	2020
Interest	(8 422)	(9 723)
Foreign exchange loss	(1 801)	-
Other	(297)	(1 360)
	<b>(10 520)</b>	<b>(11 083)</b>

## 7. TAX CREDIT/(EXPENSE)

Domestic income tax is calculated in accordance with Czech tax regulations at the rate of 19 % in 2021 (2020: 19 %) of the estimated taxable income for the year. The deferred tax has been calculated using tax rate approved for years 2022 and forward i.e. 19 %.

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

	2021	2020
Loss for the year	(82 847)	(686 810)
Total tax credit	(19 939)	(9 257)
Loss excluding income tax	(62 908)	(677 553)
Tax using domestic income tax rate	11 953	128 735
Non-deductible expenses	(1 584)	(7 946)
Tax exempt income	20	20
Change in not recognized deferred tax assets	(30 659)	(130 065)
Other	332	-
<b>Income tax credit (expense)</b>	<b>(19 939)</b>	<b>(9 257)</b>
<b>Effective tax rate</b>	<b>31.7%</b>	<b>1.4%</b>



## 7.2. Deferred tax

Deferred income taxes result from future tax benefits and costs related to the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. The deferred income taxes have been calculated using the tax rate expected to apply to periods when the respective asset is realized or liability is settled (i.e. 19 % in 2022 and forward).

The movements in deferred tax assets and liabilities were as follows:

	31/12/2020	Deferred tax recognized in statement of Profit or loss	31/12/2021
<b>Deferred tax assets</b>			
Unused tax losses carried forward	9 491	(9 491)	-
	<b>9 491</b>	<b>(9 491)</b>	<b>-</b>

	31/12/2019	Deferred tax recognized in statement of Profit or loss	31/12/2020
<b>Deferred tax assets</b>			
Unused tax losses carried forward	18 748	(9 257)	9 491
	<b>18 748</b>	<b>(9 257)</b>	<b>9 491</b>

## EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

## 8. PROPERTY, PLANT AND EQUIPMENT

### 8.1. Changes in property, plant and equipment:

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
<b>01/01/2021</b>						
<b>Net carrying value</b>						
Gross carrying value	343 076	1 760 480	3 441 101	70 582	1 062	<b>5 616 301</b>
Accumulated depreciation, impairment allowances	-	(1 686 623)	(3 348 616)	(69 621)	(1 062)	<b>(5 105 922)</b>
	<b>343 076</b>	<b>73 856</b>	<b>92 486</b>	<b>961</b>	<b>-</b>	<b>510 379</b>
<b>increase/(decrease) net</b>						
Investment expenditures	-	-	-	-	37 372	<b>37 372</b>
Depreciations	-	(3 552)	(7 714)	(116)	-	<b>(11 382)</b>
Impairment allowances	-	14 959	(916)	(1 009)	(19 721)	<b>(6 687)</b>
Reclassifications	-	(15 870)	1 670	1 064	(14 631)	<b>(27 767)</b>
Liquidation	-	-	(27)	(51)	-	<b>(78)</b>
Other decreases	-	-	-	-	(92)	<b>(92)</b>
<b>31/12/2021</b>						
<b>Net carrying value</b>	<b>343 076</b>	<b>69 394</b>	<b>85 497</b>	<b>849</b>	<b>2 928</b>	<b>501 744</b>
Gross carrying value	343 076	1 762 263	3 441 053	71 440	23 711	<b>5 641 543</b>
Accumulated depreciation, impairment allowances	-	(1 692 869)	(3 355 555)	(70 591)	(20 783)	<b>(5 139 799)</b>
	<b>343 076</b>	<b>69 394</b>	<b>85 497</b>	<b>849</b>	<b>2 928</b>	<b>501 744</b>
<b>01/01/2020</b>						
<b>Net carrying value</b>						
Gross carrying value	343 385	1 761 233	3 425 237	69 385	23 272	<b>5 622 512</b>
Accumulated depreciation, impairment allowances	-	(1 272 898)	(3 153 414)	(58 445)	-	<b>(4 484 757)</b>
	<b>343 385</b>	<b>488 335</b>	<b>271 823</b>	<b>10 940</b>	<b>23 272</b>	<b>1 137 755</b>
<b>increase/(decrease) net</b>						
Investment expenditures	-	-	-	-	14 766	<b>14 766</b>
Depreciations	-	(31 901)	(38 346)	(2 319)	-	<b>(72 566)</b>
Impairment allowances	-	(383 931)	(171 487)	(9 383)	(1 062)	<b>(565 863)</b>
Reclassifications	-	3 088	30 496	1 744	(36 976)	<b>(1 648)</b>
Sale	(309)	-	-	-	-	<b>(309)</b>
Liquidation	-	(1 735)	-	(21)	-	<b>(1 756)</b>
<b>31/12/2020</b>						
<b>Net carrying value</b>	<b>343 076</b>	<b>73 856</b>	<b>92 486</b>	<b>961</b>	<b>-</b>	<b>510 379</b>

## 8.2. 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 2021 an impairment provision in relation to property, plant and equipment amounted to CZK 878 810 thousand (CZK 872 123 thousand as at 31 December 2020).

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
01/01/2021	-	531 709	329 941	9 411	1 062	872 123
Recognition	-	526	-	-	34 364	34 890
Reversal	-	-	-	-	(266)	(266)
Reclassification	-	(15 485)	943	1 060	(14 285)	(27 767)
Other decreases	-	-	(27)	(51)	(92)	(170)
	-	<b>516 750</b>	<b>330 857</b>	<b>10 420</b>	<b>20 783</b>	<b>878 810</b>
increase/(decrease) net*	-	(14 959)	916	1 009	19 721	6 687
01/01/2020	-	147 778	158 454	27	-	306 259
Recognition	-	385 666	171 487	9 384	1 062	567 599
Other decreases	-	(1 735)	-	-	-	(1 735)
	-	<b>531 709</b>	<b>329 941</b>	<b>9 411</b>	<b>1 062</b>	<b>872 123</b>
increase/(decrease) net*	-	383 931	171 487	9 384	1 062	565 863

\*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 2022-2030 for purposes of impairment analysis as at 31 December 2021

As at 31 December 2021 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 2021 the tests were carried out for both CGUs based on the most recent available financial projections for the years 2022-2030.

Impairment analysis on Paramo assets' as at 31 December 2021 was based on following financial data:

- non-audited financial statements as at 31 December 2021,
- financial projections for years 2022-2030 included in Business plan for 2022 and projections for the year 2023-2030,
- necessary adjustments mainly relating to capital expenditures and effectiveness activities for years 2022-2030, 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 CO<sub>2</sub> allowances), right of use and net working capital were derived from non-audited financial statements as at 31 December 2021.

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 2021 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 2021

	Refinery CGU
Cost of capital	9.41%
Cost of debt after tax	3.25%
Capital structure	67.48%
<b>Nominal discount rate</b>	<b>7.41%</b>
Long term inflation rate	2.00%

## 8.2. 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 2021

Based on result of the impairment analysis an impairment charge in the amount of CZK 44 131 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 2020

The results of impairment analysis as at 31 December 2020 and impact on Paramo separate financial statements (in MCZK)

CGU	Fixed assets	Righ of use	Net working capital	VIU	Recognition of impairment
Oil and asphalt production	580	8	633	248	588
Logistic services	167	-	(5)	188	-

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.

### Sensitivity analysis of the value in use as at 31 December 2021

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.

## 8.3. Other information on property, plant and equipment

	31/12/2021	31/12/2020
The gross carrying value of all fully depreciated property, plant and equipment still in use	1 860 639	1 908 452

## 9. INVESTMENT PROPERTY

Investment property at 31 December 2021 comprised the lands and buildings owned by the Company and leased to third parties. The changes recorded during the year 2021 are presented in the following table:

	2021	2020
At the beginning of the year	24 475	21 294
Fair value measurement	(989)	3 181
increase	-	3 181
decrease	(989)	-
	23 486	24 475

Rental income amounted to CZK 3 461 thousand in 2021 (2020: CZK 3 401 thousand). Operating costs related to the investment property in reporting period amounted to CZK 328 thousand in 2021 (2020: CZK 137 thousand).

### 9.1. Fair value of investment property measurement

Investment property as at 31 December 2021 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 6.20% was used for the calculation of the investment property fair value. In the year ended 31 December 2021 and the comparative period there were no change in measurement approach.

	Carrying amount	Fair value	Fair value hierarchy	
			Level 2	Level 3
31/12/2021	23 486	23 486	-	23 486
31/12/2020	24 475	24 475	-	24 475

### 9.2. 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	(1 040)	-1 pp	1 040

## 10. INTANGIBLE ASSETS

### 10.1. Changes in intangible assets

The Company as at 31 December 2021 and 31 December 2020 did not possess internally generated intangible assets.

	Software	Licenses, patents and trade marks	Assets under development	CO <sub>2</sub> emission allowance	Other	Total
<b>01/01/2021</b>						
<b>Net carrying value</b>						
Gross carrying value	52 250	19 585	-	28 553	9 479	109 867
Accumulated depreciation, impairment allowances	(52 235)	(19 585)	-	-	(9 479)	(81 299)
	<b>15</b>	<b>-</b>	<b>-</b>	<b>28 553</b>	<b>-</b>	<b>28 568</b>
<b>increase/(decrease) net</b>						
Investment expenditures	-	-	2 701	-	-	2 701
Amortization	(3)	-	-	-	-	(3)
Impairment allowances	19	-	(2 252)	-	-	(2 233)
Reclassifications	2	-	(119)	-	-	(117)
Liquidation	(20)	-	-	-	-	(20)
Other increases	-	-	-	36 981	-	36 981
<b>31/12/2021</b>						
<b>Net carrying value</b>	<b>13</b>	<b>-</b>	<b>330</b>	<b>65 534</b>	<b>-</b>	<b>65 877</b>
Gross carrying value	52 040	19 585	2 582	65 534	9 479	149 220
Accumulated depreciation, impairment allowances	(52 027)	(19 585)	(2 252)	-	(9 479)	(83 343)
	<b>13</b>	<b>-</b>	<b>330</b>	<b>65 534</b>	<b>-</b>	<b>65 877</b>
<b>01/01/2020</b>						
<b>Net carrying value</b>						
Gross carrying value	50 607	19 585	-	23 867	9 479	103 538
Accumulated depreciation, impairment allowances	(50 222)	(9 670)	-	-	(9 333)	(69 225)
	<b>385</b>	<b>9 915</b>	<b>-</b>	<b>23 867</b>	<b>146</b>	<b>34 313</b>
<b>increase/(decrease) net</b>						
Investment expenditures	-	-	51	-	-	51
Amortization	(89)	(63)	-	-	(46)	(198)
Impairment allowances	(1 981)	(9 852)	-	-	(100)	(11 933)
Reclassifications	1 700	-	(51)	-	-	1 649
Other increases	-	-	-	4 686	-	4 686
<b>31/12/2020</b>						
<b>Net carrying value</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>28 553</b>	<b>-</b>	<b>28 568</b>



## 10.2. Changes in intangible assets impairment

### Recognition and release of impairment to intangible assets

	Software	Licenses, patents and trade marks	Assets under development	CO <sub>2</sub> emission allowance	Other	Total
01/01/2021	1 981	9 851	-	-	100	11 932
Recognition	-	-	2 371	-	-	2 371
Reclassifications	1	-	(119)	-	-	(118)
Other decreases	(20)	-	-	-	-	(20)
	<b>1 962</b>	<b>9 851</b>	<b>2 252</b>	<b>-</b>	<b>100</b>	<b>14 165</b>
increase/(decrease) net	(19)	-	2 252	-	-	2 233
01/01/2020	1 981	9 851	-	-	100	11 932
Recognition	-	-	-	-	-	-
	<b>1 981</b>	<b>9 851</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>11 932</b>
increase/(decrease) net	1 981	9 851	-	-	100	11 932

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

## 10.3. Other information on intangible assets

	31/12/2021	31/12/2020
The gross carrying value of all fully depreciated intangible assets still in use	56 658	56 658

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.

### CO<sub>2</sub> emission rights

The Company received CO<sub>2</sub> emission allowances on 17 February 2021 for Kolin plant in the amount of 19 150 tons / 73.28 EUR and for Pardubice plant on 8 September 2021 in the amount 19 591 tons / 62.39 EUR.

	31/12/2021	
	Value	Quantity (in tonnes)
At the beginning of the year	28 553	48 168
Granted free of charge for the year	60 720	35 101
Settlement for the year	(23 739)	(40 087)
	<b>65 534</b>	<b>43 182</b>
Estimated annual consumption	59 920	40 149

As at 31 December 2021 the market value of one EUA allowance (European Union Emission Allowance) allocated to installations according to National Allocation Program (NAP) amounted to EUR 80.65 (as at 31 December 2020: EUR 32.54).

## 11. OTHER NON-CURRENT ASSETS

	31/12/2021	31/12/2020
Other non-current receivables	13 317	20 000
<b>Financial assets</b>	<b>13 317</b>	<b>20 000</b>
Prepayments	122	122
<b>Non-financial assets</b>	<b>122</b>	<b>122</b>
	<b>13 439</b>	<b>20 122</b>

## 12. INVENTORIES

	31/12/2021	31/12/2020
Raw materials	251 393	203 110
Work in progress	200 172	213 305
Finished goods	80 832	125 245
Merchandise	12 329	14 485
Spare parts	3 296	2 315
<b>Inventories, net</b>	<b>548 022</b>	<b>558 460</b>
Impairment allowances of inventories to net realisable value	89 889	54 824
<b>Inventories, gross</b>	<b>637 911</b>	<b>613 284</b>

## 12. INVENTORIES (CONTINUED)

### Change in impairment allowances to net realizable value

	2021	2020
At the beginning of the year	54 824	34 974
Recognition	38 135	21 229
Reversal	(3 070)	(1 379)
	<b>89 889</b>	<b>54 824</b>

Changes in the net realizable value allowances for inventories amount to CZK 35 065 thousand and are shown in the costs of sales (2020: CZK 19 850 thousand) presented in note 4.1.

## 13. TRADE AND OTHER RECEIVABLES

	31/12/2021	31/12/2020
Trade receivables	332 612	264 705
Other	472 822	458 110
<b>Financial assets</b>	<b>805 434</b>	<b>722 815</b>
Prepayments and deferred costs	1 201	1 258
<b>Non-financial assets</b>	<b>1 201</b>	<b>1 258</b>
<b>Receivables, net</b>	<b>806 635</b>	<b>724 073</b>
Expected credit loss	198 469	198 678
<b>Receivables, gross</b>	<b>1 005 104</b>	<b>922 751</b>

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 54.35 days.

Other receivables, in amount of CZK 472 822 thousand as at 31 December 2021 (CZK 458 110 thousand as at 31 December 2020), 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 21 and detailed information about receivables from related parties is presented in note 25.

## 14. CASH AND CASH EQUIVALENTS

	31/12/2021	31/12/2020
Cash on hand and in bank	1 210	1 918
	<b>1 210</b>	<b>1 918</b>

The carrying amount of these assets approximates their fair value.

## 15. SHAREHOLDERS' EQUITY

### 15.1. Share capital

The share capital as at 31 December 2021 amounted to CZK 2 036 078 thousand (2020: CZK 2 036 078 thousand). It represents 2 036 078 pieces (2020: 2 036 078 pieces) of equity shares, each with a nominal value of CZK 1 000. All shares have been fully paid and bear equal voting rights.

### 15.2. Retained earnings

ORLEN Unipetrol a.s., as the sole owner of the Company, decided on the transfer of the loss for the year 2020 to retained earnings.

### 15.3. 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 31.

The Company monitors equity debt ratio (net financial leverage). As at 31 December 2021 and 31 December 2020 Company's financial leverage amounted to (0.35 %) and (0.45 %), respectively.

Net financial leverage = net debt / equity x 100

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

#### 15.3.1. Net debt

	31/12/2021	31/12/2020
Cash on hand and in bank	1 210	1 918
Bank loans and borrowings	(10)	(10)
Bank loans and borrowings current	(10)	(10)
	<b>1 200</b>	<b>1 908</b>

### 15.3.2. Changes in working capital

	Inventories	Receivables	Liabilities	Working capital
31/12/2020	558 460	724 073	742 049	540 484
31/12/2021	548 022	806 635	810 424	544 233
<b>Change from statement of financial position</b>	<b>10 438</b>	<b>(82 562)</b>	<b>68 375</b>	<b>(3 749)</b>
Movements in investing liabilities			(16 263)	(16 263)
Other	1	7	-	8
<b>Statement of cash flows</b>	<b>10 439</b>	<b>(82 555)</b>	<b>52 112</b>	<b>(20 004)</b>

### 16. PROVISIONS

	Non-current		Current		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Environmental provision	79 031	-	121 145	-	200 176	-
Jubilee bonuses and post-employment benefits provision	11 688	7 854	1 792	696	13 480	8 550
Shield programs provision	-	-	37 738	-	37 738	-
Provision for CO <sub>2</sub> emission allowances	-	-	59 920	23 740	59 920	23 740
Other provision	-	30 480	-	-	-	30 480
	<b>90 719</b>	<b>38 334</b>	<b>220 595</b>	<b>24 436</b>	<b>311 314</b>	<b>62 770</b>

#### Change in provisions in 2021

	Environmental provision	Jubilee bonuses and post-employment benefits provision	Shield programs provision	Provision for CO <sub>2</sub> emission allowances	Other provision	Total
<b>01/01/2021</b>	-	8 550	-	23 740	30 480	62 770
Recognition	169 696	5 732	64 606	59 919	-	299 953
Reclassification	30 480	-	-	-	(30 480)	-
Usage	-	(802)	(8 731)	(23 739)	-	(33 272)
Reversal	-	-	(18 137)	-	-	(18 137)
	<b>200 176</b>	<b>13 480</b>	<b>37 738</b>	<b>59 920</b>	<b>-</b>	<b>311 314</b>

#### Change in provisions in 2020

	Environmental provision	Jubilee bonuses and post-employment benefits provision	Shield programs provision	Provision for CO <sub>2</sub> emission allowances	Other provision	Total
<b>01/01/2020</b>	-	8 477	-	22 052	-	30 529
Recognition	-	789	-	23 740	30 480	55 009
Usage	-	(716)	-	(22 052)	-	(22 768)
	<b>-</b>	<b>8 550</b>	<b>-</b>	<b>23 740</b>	<b>30 480</b>	<b>62 770</b>

#### 16.1. 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 200 176 CZK thousand (2020: 30 480 CZK thousand).

#### 16.2. 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 2.70 % p.a. in 2021 (2020: 1.1%), assumptions used were based on the Collective agreement.

### 16.2.1. Change in employee benefits

	Provision for jubilee bonuses	Post-employment benefits	Total
<b>01/01/2021</b>	3 490	5 060	8 550
Current service cost	250	454	704
Interest expense	38	56	94
Actuarial gains and losses net	(527)	(984)	(1 511)
<i>demographic assumptions</i>	(137)	(206)	(343)
<i>financial assumptions</i>	(287)	(571)	(858)
<i>other</i>	(103)	(207)	(310)
Past employment costs	984	5 462	6 446
Payments under program	(394)	(409)	(803)
	<b>3 841</b>	<b>9 639</b>	<b>13 480</b>

	Provision for jubilee bonuses	Post-employment benefits	Total
<b>01/01/2020</b>	3 643	4 833	8 476
Current service cost	249	267	516
Interest expense	51	68	119
Actuarial gains and losses net	48	105	153
<i>demographic assumptions</i>	(29)	(24)	(53)
<i>financial assumptions</i>	71	142	213
<i>other</i>	6	(13)	(7)
Payments under program	(501)	(213)	(714)
	<b>3 490</b>	<b>5 060</b>	<b>8 550</b>

### 16.2.2. Division of employee benefits liabilities by employees

	Active employees		Pensioners		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Czech Republic	13 480	8 550	-	-	13 480	8 550
	<b>13 480</b>	<b>8 550</b>			<b>13 480</b>	<b>8 550</b>

### 16.2.3. Geographical division of employee benefits liabilities

	Provision for jubilee bonuses		Post-employment benefits		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Czech Republic	3 841	3 490	9 639	5 060	13 480	8 550
	<b>3 841</b>	<b>3 490</b>	<b>9 639</b>	<b>5 060</b>	<b>13 480</b>	<b>8 550</b>

### 16.2.4. 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 349 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 2021 there were no funded plans and the Company did not pay contributions to fund liabilities.

### 16.2.5. Employee benefits maturity and payments of liabilities analysis

#### 16.2.5.1. Maturity of employee benefits analysis

	Provision for jubilee bonuses		Post-employment benefits		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Less than one year	600	335	1 192	361	1 792	696
Between one and three years	803	673	1 402	862	2 205	1 535
Between three and five years	581	606	1 100	483	1 680	1 089
Later than five years	1 859	1 876	5 944	3 354	7 803	5 230
	<b>3 843</b>	<b>3 490</b>	<b>9 638</b>	<b>5 060</b>	<b>13 480</b>	<b>8 550</b>
Prior year's assumption to be used, the provision will be lower (-)/higher(+)					1 201	(159)



16.2.5.2. Ageing of employee benefits payments analysis

	Provision for jubilee bonuses		Post-employment benefits		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Less than one year	628	343	1 246	382	1 874	725
Between one and three years	931	759	1 574	949	2 506	1 708
Between three and five years	788	765	1 429	595	2 217	1 359
Later than five years	4 771	4 462	15 259	7 681	20 030	12 144
	<b>7 118</b>	<b>6 329</b>	<b>19 508</b>	<b>9 607</b>	<b>26 626</b>	<b>15 936</b>

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

	31/12/2021	31/12/2020
<b>In profit and loss</b>		
Current service cost	(704)	(516)
Interest expense	(94)	(119)
Actuarial gains and losses net	527	(48)
<i>demographic assumptions</i>	137	29
<i>financial assumptions</i>	287	(71)
<i>other</i>	103	(6)
Past employment costs	(6 445)	-
Payments under program	803	714
	<b>(5 913)</b>	<b>31</b>
<b>In components of other comprehensive income</b>		
Gains and losses arising from changes	984	(105)
<i>demographic assumptions</i>	206	24
<i>financial assumptions</i>	571	(142)
<i>other</i>	207	13
	<b>984</b>	<b>(105)</b>
	<b>(4 929)</b>	<b>(74)</b>

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

	31/12/2021	31/12/2020
Administrative expenses	(5 820)	31
Interest expense	(94)	-
	<b>(5 914)</b>	<b>31</b>

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. Additional information about the retirement benefits is in the note 27.3.23.

16.3. Provisions on CO<sub>2</sub> allowances

Provisions on CO<sub>2</sub> allowances are created for estimated CO<sub>2</sub> emissions in the reporting period.

16.4. Other provisions

The Company was preparing the restructuring program for some of the Company's assets in 2020. The program was not approved in 2020, however the Company decided to recognize a provision in respect of costs connected with decontamination in the amount of CZK 30 480 thousand.

17. TRADE AND OTHER LIABILITIES

	31/12/2021	31/12/2020
Trade liabilities	259 655	214 649
Investment liabilities	26 833	6 161
<b>Financial liabilities</b>	<b>286 488</b>	<b>220 810</b>
Payroll liabilities	34 541	39 004
Excise tax and fuel charge	467 548	458 581
Value added tax	2 480	3 131
Other taxation, duties, social security and other benefits	10 491	11 593
Accruals	8 876	8 930
holiday pay accrual	1 208	1 511
wages accrual	7 668	7 419
<b>Non-financial liabilities</b>	<b>523 936</b>	<b>521 239</b>
	<b>810 424</b>	<b>742 049</b>

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

**17.1. Liabilities from contracts with customers**

	31/12/2021	31/12/2020
Prepayments for deliveries	1 153	1 569

**18. LOANS AND BORROWINGS**

	Non-current		Current		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Bank loans	-	-	10	10	10	10
	-	-	10	10	10	10

**By currency (translated into CZK)/by interest rate**

	31/12/2021	31/12/2020
CZK/PRIBOR	10	10
	10	10

**19. DEFERRED INCOME**

	31/12/2021	31/12/2020
<b>Current</b>		
Other grants	5 643	-
	5 643	-

**20. OTHER FINANCIAL LIABILITIES**

	31/12/2021	31/12/2020
Cash pool	471 776	636 218
	471 776	636 218

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.

EXPLANATORY NOTES TO FINANCIAL INSTRUMENTS AND FINANCIAL RISK

21. FINANCIAL INSTRUMENTS

21.1. Financial instruments by category and class

Financial assets

31/12/2021

Financial instruments by class	Note	Financial instruments by category	
		Financial assets measured at amortized cost	Total
Trade and other receivables	13.	805 434	805 434
Cash and cash equivalents	14.	1 210	1 210
Other	11.	13 317	13 317
		<b>819 961</b>	<b>819 961</b>

31/12/2020

Financial instruments by class	Note	Financial instruments by category	
		Financial assets measured at amortized cost	Total
Trade and other receivables	13.	722 815	722 815
Cash and cash equivalents	14.	1 918	1 918
Other	11.	20 000	20 000
		<b>744 733</b>	<b>744 733</b>

Financial liabilities

31/12/2021

Financial instruments by class	Note	Financial instruments by category		Total
		Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	
Borrowings	18.	10	-	10
Trade and other liabilities and accruals	17.	286 488	-	286 488
Cash pool	19.	471 776	-	471 776
Lease liabilities	22.	-	7 435	7 435
		<b>758 274</b>	<b>7 435</b>	<b>765 709</b>

31/12/2020

Financial instruments by class	Note	Financial instruments by category		Total
		Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	
Borrowings	18.	10	-	10
Trade and other liabilities and accruals	17.	220 810	-	220 810
Cash pool	19.	636 218	-	636 218
Lease liabilities	22.	-	8 531	8 531
		<b>857 038</b>	<b>8 531</b>	<b>865 569</b>

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

2021

	Financial instruments by category			Total
	Financial assets and liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9	
Interest income	15	-	-	15
Interest costs	-	(8 196)	(226)	(8 422)
Foreign exchange gain/(loss)	(7 473)	5 672	-	(1 801)
Other	-	(297)	-	(297)
	<b>(7 458)</b>	<b>(2 821)</b>	<b>(226)</b>	<b>(10 505)</b>

2020

	Financial instruments by category			Total
	Financial assets and liabilities at fair value through profit or loss	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9	
Interest income	5	-	-	5
Interest costs	-	(9 499)	(224)	(9 723)
Foreign exchange gain/(loss)	6 043	(2 498)	-	3 545
Other	-	(1 360)	-	(1 360)
	<b>6 048</b>	<b>(13 357)</b>	<b>(224)</b>	<b>(7 533)</b>

### 21.3. Fair value measurement

		31/12/2021		31/12/2020	
	Note	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>					
Trade and other receivables	13.	805 434	805 434	722 815	722 815
Cash and cash equivalents	14.	1 210	1 210	1 918	1 918
Other financial assets	11.	13 317	13 317	20 000	20 000
		<b>819 961</b>	<b>819 961</b>	<b>744 733</b>	<b>744 733</b>
<b>Financial liabilities</b>					
Borrowings	18.	10	10	10	10
Cash pool	19.	471 776	471 776	636 218	636 218
Financial lease	22.	7 435	7 435	8 532	8 532
Trade and other liabilities and accruals	17.	286 488	286 488	220 809	220 809
		<b>765 709</b>	<b>765 709</b>	<b>865 569</b>	<b>865 569</b>

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 2021 and the comparative period there were no transfers between Levels 1, 2 and 3 in the Group.

Fair value of shares quoted on active markets is determined based on market quotations (so called 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 (so called Level 2) and data to valuation, which are not based on observable market data (Level 3).

### 21.4. 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 Group'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 Group 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.

#### 21.4.1. 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 2021

Financial instruments by class	EUR	USD	PLN	Total after translation to CZK
<b>Financial assets</b>				
Trade and other receivables	4 166	372	246	111 740
Cash and cash equivalents	6	-	-	142
	<b>4 172</b>	<b>372</b>	<b>246</b>	<b>111 882</b>
<b>Financial liabilities</b>				
Trade and other liabilities and accruals	3 784	-	1	94 074
	<b>3 784</b>	<b>-</b>	<b>1</b>	<b>94 074</b>

#### Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2020

Financial instruments by class	EUR	USD	PLN	Total after translation to CZK
<b>Financial assets</b>				
Trade and other receivables	3 585	247	-	99 365
Cash and cash equivalents	6	-	-	150
	<b>3 591</b>	<b>247</b>	<b>-</b>	<b>99 515</b>
<b>Financial liabilities</b>				
Trade and other liabilities and accruals	1 914	-	-	50 236
	<b>1 914</b>	<b>-</b>	<b>-</b>	<b>50 236</b>



#### 21.4.1. Currency risk (continued)

##### Sensitivity analysis for currency changes risk

The influence of potential changes in carrying amounts of financial instruments as at 31 December 2021 and as at 31 December 2020 arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency on profit before tax.

	EUR/CZK		USD/CZK		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Influence on profit before tax	1 447	6 601	1 226	791	2 672	7 392
<b>Total</b>	<b>1 447</b>	<b>6 601</b>	<b>1 226</b>	<b>791</b>	<b>2 672</b>	<b>7 392</b>

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.

#### 21.4.2. 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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>Financial liabilities</b>				
Loans	10	10	10	10
Cash pool	471 776	636 218	471 776	636 218
	<b>471 786</b>	<b>636 228</b>	<b>471 786</b>	<b>636 228</b>

##### 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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
PRIBOR	+0.5 pp	+0.5 pp	(2 359)	(3 181)	(2 359)	(3 181)
			<b>(2 359)</b>	<b>(3 181)</b>	<b>(2 359)</b>	<b>(3 181)</b>

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 2021 and 31 December 2020. The influence of interest rates changes was presented on annual basis. In case of decrease of interests rates by 0.5 pp, sensitivity analysis assumes the same value as in the table above only with the opposite sign.

#### 21.4.3. 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	31/12/2021				Total	Carrying amount
		Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years		
Loans	18.	10	-	-	-	10	10
Cash pool - undiscounted value	19.	471 776	-	-	-	471 776	471 776
Trade and other liabilities	17.	286 488	-	-	-	286 488	286 488
Lease liabilities	22.	3 535	3 286	672	-	7 493	7 435
		<b>761 809</b>	<b>3 286</b>	<b>672</b>	<b>-</b>	<b>765 767</b>	<b>765 709</b>

	Note	31/12/2020				Total	Carrying amount
		Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years		
Loans	18.	10	-	-	-	10	10
Cash pool - undiscounted value	19.	636 218	-	-	-	636 218	636 218
Trade and other liabilities	17.	220 810	-	-	-	220 810	220 810
Lease liabilities	22.	4 133	3 614	914	-	8 660	8 531
		<b>861 171</b>	<b>3 614</b>	<b>914</b>	<b>-</b>	<b>865 698</b>	<b>865 569</b>

#### 21.4.3. Liquidity and credit 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.

#### 21.4.4. 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.

Based on the analysis of receivables the counterparties were divided into following groups:

- I group – counterparties with good or very good history of cooperation in the current year,
- II group – other counterparties.

#### The division of not past due receivables

	31/12/2021	31/12/2020
Group I	794 390	714 855
	<b>794 390</b>	<b>714 855</b>

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

	31/12/2021	31/12/2020
Up to 1 month	23 444	7 277
From 1 to 3 months	507	278
	<b>23 951</b>	<b>7 555</b>

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

	31/12/2021	31/12/2020
At the beginning of the year	198 678	198 987
Recognition	113	2 165
Reversal	(15)	-
Usage	(203)	(2 476)
Foreign exchange differences	(104)	2
	<b>198 469</b>	<b>198 678</b>

#### 21.4.4. Credit risk (continued)

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 2021

2021	Trade receivables, gross value	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net value
Current	308 860	199	0.0006	308 661
from 1 to 30 days	23 493	49	0.0021	23 444
from 31 to 60 days	514	7	0.0136	507
from 61 to 90 days	27	27	1.0000	-
more than 90 days past due	198 187	198 187	1.0000	-
	<b>531 081</b>	<b>198 469</b>		<b>332 612</b>

##### Ageing analysis of trade receivables and expected credit loss as at 31 December 2020

2020	Trade receivables, gross value	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net value
Current	257 333	183	0.0007	257 150
from 1 to 30 days	7 305	28	0.0038	7 277
from 31 to 60 days	284	6	0.0211	278
more than 90 days past due	198 461	198 461	1.0000	-
	<b>463 383</b>	<b>198 678</b>		<b>264 705</b>

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.

#### 21.4.5. Emission allowances risk

The Company monitors the emission allowances granted to the Company under National Allocation Plan and CO<sub>2</sub> 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

### 22. LEASE

#### 22.1. The Company as a lessee

##### Change in right of use assets

	Vehicles and other	Total
<b>01/01/2021</b>		
<b>Net carrying amount</b>		
Gross carrying amount	21 042	21 042
Accumulated depreciation and impairment allowances	(21 042)	(21 042)
	-	-
<b>increase/(decrease), net</b>		
New lease agreements	7 284	7 284
Impairment allowances	(7 284)	(7 284)
	-	-
<b>31/12/2021</b>		
<b>Net carrying amount</b>		
Gross carrying amount	15 479	15 479
Accumulated depreciation and impairment allowances	(15 479)	(15 479)
	-	-
<b>01/01/2020</b>		
<b>Net carrying amount</b>		
Gross carrying amount	15 380	15 380
Accumulated depreciation and impairment allowances	(7 115)	(7 115)
	8 265	8 265
<b>increase/(decrease), net</b>		
Depreciation	(7 471)	(7 471)
New lease agreements, increase in leasing remuneration	7 275	7 275
Impairment allowances	(8 040)	(8 040)
Other	(29)	(29)
	-	-
<b>31/12/2020</b>		
<b>Net carrying amount</b>	-	-

##### Balances of lease liabilities

	31/12/2021	31/12/2020
Current	3 900	4 399
Non-current	3 535	4 132
	7 435	8 531

##### Maturity analysis lease liabilities

	31/12/2021	31/12/2020
up to 1 year	3 535	4 132
from 1 to 2 years	2 093	1 998
from 2 to 3 years	1 193	1 616
from 3 to 4 years	473	916
from 4 to 5 years	200	-
	7 494	8 662
Discount	(59)	(131)
	7 435	8 531

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

	2021	2020
<b>Costs due to:</b>		
interest on lease	(15 045)	(17 047)
Finance cost	(226)	(224)
short-term lease	(14 819)	(16 823)
Cost by nature: External Service		

#### 22.2. 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 9.



## 22.2. The company as a lessor (continued)

### Maturity analysis for undiscounted lease payments

	31/12/2021	31/12/2020
up to 1 year	5 039	5 050
from 1 to 2 years	5 039	5 050
from 2 to 3 years	5 036	5 050
from 3 to 4 years	5 032	5 050
from 4 to 5 years	5 028	5 050
over 5	33 520	35 140
	<b>58 694</b>	<b>60 389</b>

## 23. INVESTMENT EXPENDITURES INCURRED AND FUTURE COMMITMENTS RESULTING FROM SIGNED INVESTMENT CONTRACTS

The total value of investment expenditures including capitalized interest costs incurred in 2021 and 2020 amounted to CZK 47 382 thousand and CZK 25 272 thousand respectively.

As at 31 December 2021 and as 31 December 2020 the value of future commitments resulting from contracts signed to this date amounted to CZK 11 217 thousand and CZK 4 824 thousand respectively.

## 24. 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 31/12/2021	Unused funds as at 31/12/2021
PARAMO, a.s. / premises in Pardubice	1 241 502	993 355	248 147
PARAMO, a.s. / premises in Kolín	1 906 590	1 902 217	4 373
	<b>3 148 092</b>	<b>2 895 572</b>	<b>252 520</b>

	Total amount of funds to be provided	Used funds as at 31/12/2020	Unused funds as at 31/12/2020
PARAMO, a.s. / premises in Pardubice	1 241 502	956 740	284 762
PARAMO, a.s. / premises in Kolín	1 906 590	1 900 844	5 746
	<b>3 148 092</b>	<b>2 857 584</b>	<b>290 508</b>

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

## 25. RELATED PARTY TRANSACTIONS

### 25.1. Material transactions concluded by the Company with related parties

In 2021 and in 2020 there were no transactions concluded by the Company with related parties on other than arm's length terms.

### 25.2. Transactions with key management personnel

In 2021 and in 2020 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 2021 and as at 31 December 2020 there were no significant transactions concluded with members of the Board of Directors, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

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

As at 31 December 2021 and as at 31 December 2020 members of the key management personnel of the Company submitted statements that they have not concluded any transaction with related parties.

#### 25.4. Transactions and balances of settlements of the Company with related parties

##### Parent company and ultimate controlling party

The controlling party is Polski Koncern Naftowy ORLEN S.A., which held a majority (100%, resp. 100%) of shares in the parent company ORLEN Unipetrol a.s. in 2021 and 2020.

2021	PKN Orlen	ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Sales	-	-	821 052
Purchases	-	2 885	1 272 422
Finance costs	-	8 192	-

31/12/2021	PKN Orlen	ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
None-current receivables	-	-	13 317
Trade and other receivables	-	-	561 145
Trade and other liabilities, including loans	-	474 646	114 248

2020	PKN Orlen	ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Sales	-	-	626 717
Purchases	-	3 315	1 015 008
Finance costs	-	10 566	-

31/12/2020	PKN Orlen	ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Trade and other receivables	-	-	488 431
Trade and other liabilities, including loans	-	639 024	74 603

#### 26. 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.

##### 26.1. Key management personnel and statutory bodies' members' compensation

	31/12/2021	31/12/2020
Short-term employee benefits	(10 790)	(10 117)
Termination benefits	-	(554)
	(10 790)	(10 671)

Further detailed information regarding remuneration of key management personnel is included in note 4.3.

##### 26.2. Bonus system for key executive personnel of the Company

In 2021 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.

## 27. ACCOUNTING PRINCIPLES

### 27.1. Impact of IFRS amendments and interpretations on financial statements of the Company

#### 27.1.1. Binding amendments to IFRSs and interpretations

Standards and interpretations adopted by the EU	Impact on financial statements
Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9	no impact
Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2	no impact
Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions	no impact

#### 27.1.2. 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	Possible impact on financial statements
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	no impact expected
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract	no impact expected
Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework with amendments to IFRS 3	no impact expected
IFRS 17 Insurance Contracts	no impact expected
Amendments to various standards due to "Improvements to IFRSs (cycle 2018-2020)"	no impact expected

#### 27.1.3. 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 adopted by the EU in issue but not yet effective	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	no impact expected
Amendments to IFRS 17 Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	no impact expected
Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current	no impact expected
Amendments to IAS 1 Presentation of Financial Statements and the IASB guidelines on disclosures regarding accounting policies in practice – The requirement to disclosure material information on accounting policies	no impact expected
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	no impact expected
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	no impact expected

### 27.2. Functional currency and presentation currency of financial statements

These separate 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.

### 27.3. Applied accounting policies

#### 27.3.1. 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.



### 27.3.2. Revenues

The Company applies the principles of IFRS 15 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: goods or services (or a bundle of goods or services) that can be separated or groups of separate goods or services which are basically the same and for which the transfer to the customer is of the same nature.

#### *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.

#### *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.

### 27.3.3. Costs

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.

Additional costs of contract inception and costs of performance of the contract

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

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



#### 27.3.4. Other operating income and expenses

Other operating revenues and expenses indirectly refer to operating activity and are incidental.

Other operating income includes, in particular income from liquidation and sale of non-financial non-current assets, surplus assets, return of court fees, penalties earned, excess of grants received to revenues over the value of costs, assets received free of charge, settlement of grants related to assets, reversal of receivable impairment allowances, non-current assets and intangible assets, right of use assets and some provisions, compensations earned and revaluation gains, valuation and gain on the sale of investment property, settlement and valuation of derivative financial instruments (in scope of exposure to risk related to operating activity).

Other operating expenses include in particular loss on liquidation and sale of non-financial non-current assets, assets deficit, court fees, contractual penalties and fines, penalties for non-compliance with environmental protection regulations, cash and tangible assets transferred free of charge, settlement of grants related to assets, impairment allowances (except those that are recognized as financial costs and cost of sales), compensation paid, write-off of construction in progress which have not produced the desired economic effect, cost of recovery of receivables and revaluation losses, valuation and loss on sale of investment property, settlement and valuation of derivative financial instruments (in scope of exposure to risk related to operating activity).

#### 27.3.5. Finance income and costs

Finance income and costs are related to financial operations, including obtaining financing sources and its servicing.

Finance income includes, in particular, income from the sale of shares and other securities, dividends received, interest earned on cash in bank accounts, term deposits and loans granted, increase in the value of financial assets and net foreign exchange gains, settlement and valuation of derivative financial instruments (in terms of exposure to risk related to financial activity). Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Finance costs include, in particular, loss on sale of shares and securities and costs associated with such sale, impairment losses relating to financial assets such as shares, securities and interest, net foreign exchange losses, interest on own bonds and other securities issued, interest on lease, commissions on bank loans, borrowings and guarantees, interest and other costs of a similar nature accrued on provisions created (including actuarial provisions), settlement and valuation of derivative financial instruments (in terms of exposure to risk related to financial activity).

#### 27.3.6. Losses due to impairment of financial instruments

The losses due to impairment of financial instruments include in particular:

- Losses due to impairment of receivables,
- Losses due to impairment of interest on receivables,
- Reversal of losses due to impairment of receivables,
- Reversal of losses due to impairment of interest on receivables,
- Losses due to impairment of loans granted,
- Reversal of losses due to impairment of loans granted,
- Losses due to impairment of other financial instruments,
- Reversal of losses due to impairment of other financial instruments.

#### 27.3.7. Tax expense

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 there is a legally enforceable right to offset the recognized amounts.

The transactions settled directly in equity are recognized in equity.

#### 27.3.8. Profit/(loss) 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.

#### 27.3.9. 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 cost of an item of property, plant and equipment also includes estimated 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.

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 Group 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 27.3.27 – Government 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.

Land, precious metal and pieces of art are not depreciated. Their value is decreased by impairment allowances. 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.

#### 27.3.10. Investment property

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

#### 27.3.11. 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). An intangible asset that is acquired in a business combination, is recognized initially at fair value.

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.

#### 27.3.12. Carbon dioxide emission allowances

CO<sub>2</sub> emission rights are initially recognized as intangible assets, which are not amortized (assuming the high residual value), and tested for impairment.

Granted emission allowances should be recognised and included as separate items as intangible assets in correspondence with deferred income at fair value as on the date of registration (grant in scope of IAS 20). Purchased allowances should be recognised as intangible assets at purchase price.

If the allowances in a given year were not registered on the account under the date resulting from regulations, they should be recognized as receivable at the reporting date in correspondence with deferred income (as separate items) in the fair value of allowances due at the reporting date. The receivable is settled at the moment of allowances registration in the subsequent period by the disclosure of intangible assets in the amount determined in accordance with point. Deferred income should also be re-evaluated.

For the estimated CO<sub>2</sub> emission during the reporting period, a provision is created in costs of operating activity (taxes and charges).

Grants should be settled on a systematic basis to ensure proportionality with the related costs which the grants are intended to compensate. Consequently, the cost of recognition of the provision in the statement of profit or loss and other comprehensive income is compensated by a decrease of deferred income (grants) and takes into consideration the proportion of the estimated quantity of emission (accumulated) to the quantity of evaluated annual emission.

Granted/purchased CO<sub>2</sub> emission allowances are amortized against the carrying value of provision, as its settlement. Outgoing of allowances is recognized using the average weighted method.



### 27.3.13. Right of use assets

At the commencement date, the Company measures the right of use assets at cost.

The cost of the right of use asset comprises:

- the amount of the initial measurement of the lease liability;
- all lease payments paid on or before the date of commencement, less any lease incentives received;
- all initial costs directly incurred by the lessee;
- 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 are 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.

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.

After the commencement date, the lessee shall measure the right of use asset applying the cost model.

- in applying the cost model, the lessee shall measure the cost of the right of use asset, less any accumulated amortization and any accumulated impairment losses and combined losses on account of loss of value.
- corrected in respect of any updates to the measurement of lease liability not resulting in the necessity for recognition of a separate asset.

Right of use assets shall be depreciated linearly over the shortest of the following two periods: the period of lease or the period of utilization of the underlying assets. 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 shall be determined in the same manner as for tangible fixed assets.

The lessee shall apply IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

### 27.3.14. Impairment of property, plant and equipment, intangible assets and right of use assets

At the end of the reporting period the Company assesses whether there are indicators that an asset or cash generating unit (CGU) may be impaired or any indicators that the previously recognized impairment should be reversed. If any such indicator exists, the Company shall estimate the recoverable amount of the asset (CGU).

The recoverable amount of other assets is the higher of the fair value less costs to sell and value in use.

Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less costs to sell.

Value in use is the present value of the future cash flows expected to be derived from an asset or CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Assets that do not generate independent cash flows are grouped at the lowest level at which cash flows, independent from cash flows from other assets, are generated (cash generating units).

To the cash generating unit the following assets are allocated:

- goodwill, if it may be assumed, that the cash generating unit benefited from the synergies associated with a business combination with another entity,
- corporate assets, if they may be allocated on a reasonable and coherent basis.

If there are external or internal indicators that the carrying amount of an asset as at the end of the reporting period may not be recoverable, impairment tests are carried out. The tests are also carried out annually for intangible assets with an indefinite useful life and for goodwill.

When the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, the carrying amount is decreased to the recoverable amount by an adequate impairment allowance charged against cost in profit or loss.

The impairment loss shall be allocated to the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

At the end of each reporting period an assessment shall be made whether an impairment loss recognized in prior periods for an asset shall be partly or completely reversed. Indications of a potential decrease in an impairment loss mainly mirror the indications of a potential impairment loss in prior periods.

A reversal of an impairment loss for an asset other than goodwill shall be recognized immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard.

### **27.3.15. 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/electricity goods, 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 or obsolete.

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.

### **27.3.16. Trade and other 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 Group, 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 if it does not distort information concluded in the statement of financial position, in particular when the period until the repayment date is not long.

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.

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. From 1 January 2018 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.

### **27.3.17. Cash and cash equivalents**

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.

#### 27.3.18. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale.

Non-current assets are classified as held for sale when the following criteria are simultaneously met:

- the sales were declared by the appropriate level of management;
- the assets are available for an immediate sale in their present condition;
- an active program to locate a buyer has been initiated;
- the sale transaction is highly probable and can be settled within 12 months following the sale decision;
- the selling price is reasonable in relation to its current fair value;
- it is unlikely that significant changes to the sales plan of these assets will be introduced.

The classification of assets into this category is made in the reporting period when the classification criteria are met. If the criteria for classification of a non-current asset as held for sale are met after the reporting period, an entity shall not classify a non-current asset as held for sale in those financial statements when issued.

Immediately, before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (excluding financial assets) are measured at the lower of their carrying amount or fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the Company's accounting policies. While a non-current asset is classified as held for sale it shall not be depreciated (or amortized). A gain is recognized for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been previously recognized.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

The Company re-present the disclosures presented with reference to the discontinued operation for prior periods included in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

If the Company ceases to classify discontinued operations, the results of operations previously included under discontinued operations are reclassified and included in the results from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.

#### 27.3.19. Equity

Equity is recorded in the accounting records by type, in accordance with statutory regulations and the Company's articles of association. Equity includes:

##### 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.

##### Hedging reserve

The hedging reserve relates to valuation and settlement of hedging instruments that meet the criteria of cash flow hedge accounting. The Company applies cash flow hedge accounting to hedge commodity risk, exchange rate risk and interest rate risk. Changes in fair value, which are an ineffective part of the hedge relationship, are recognized in the statement of profit or loss.

##### Revaluation reserve

The revaluation reserve includes revaluation of items, which, according to the Company's regulations, relates to the revaluation reserve, including particularly:

- change in the fair value of the available-for-sale financial assets;
- differences between the net carrying value and the fair value of an investment property at the date of reclassification from the property occupied by the Company to an investment property.

##### 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 Group Code,
- other reserve capital as additional payments to equity,
- actuarial gains and losses from retirement benefits.



#### **27.3.20. Trade and other 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, in particular when the period until settlement of the liability is not long.

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.

#### **27.3.21. 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 amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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.

#### **27.3.22. 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.

#### **27.3.23. Jubilee bonuses and retirement benefits**

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.

#### **27.3.24. Shield programs**

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.

#### **27.3.25. CO<sub>2</sub> emissions costs**

The Company creates a provision for the estimated CO<sub>2</sub> 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 Group for own-use for the purpose of fulfilment of the redemption obligation by Parent company and Group entities (or purchase prices from other binding purchase agreements) or market quotations of allowances at the reporting date.

#### **27.3.26. Other provisions**

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 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.

#### 27.3.27. Government grant

Government grants are transfers of resources to the Company by the government, government agencies and similar bodies whether local, national or international, in return for past or future compliance with certain conditions relating to the activities of the entity.

Government grants are recognized in the statement of financial position as deferred income when there is reasonable assurance that it will be received and that the Company will comply with the conditions attached to it.

Grants related to costs are presented as compensation to the given cost in the period they are incurred. Surplus of the received grant over the value of the given cost is presented as other operating income.

If the government grant relates to assets, excluding investment property, they are recognized as deferred income and disclosed separately as liabilities in the statement of the financial position. A grant is recognized in other operating income on systematic basis over the useful life of the asset. The treatment regarding CO<sub>2</sub> emission allowances granted is described in note 20.4.5.

#### 27.3.28. Statement of cash flows

The statement of cash flows is prepared using the indirect method.

Cash and cash equivalents included in the statement of cash flows and in the consolidated statement of financial position are identical.

Dividends received are included under cash flows from investing activities.

Dividends paid are included under cash flows from financing activities.

Interest received from finance leases, loans granted, short-term securities and the cash pool system are included under cash flows from investing activities. Other interests received are presented in cash flows from operating activities.

Interest paid and provisions on bank loans and borrowings received, cash pool facility, debt securities issued and finance leases are included under cash flows from financing activities. Other interests paid are included under cash flows from operating activities.

Proceeds and outflows due to the settlement of derivatives which are not recognized as hedge position are included under cash flows from investing activities.

Lease payment expenditures in relation to short-term and low-cost leases as well as variable lease payments not included in the valuation of the lease liability are included under cash flows from financing activities.

#### 27.3.29. Financial instruments

##### 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 options.

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

The Company uses simplified methods of valuation of financial assets and liabilities measured at amortized cost if it does not distort information included in the statement of financial position, in particular when the period until the repayment of debt or settlement of the liability is not long.

Financial assets measured at amortized cost, where the Company applies simplifications, are accounted at 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.

Financial liabilities for which the Company applies simplifications are measured at initial recognition and at a later date, including at the end of the reporting period, in the amount of payment due less expected credit loss impairment allowances.

With regard to equity instrument, in particular quoted/unquoted shares held for trading, the Company classifies the instruments as measured at fair value through other comprehensive income.

Gains and losses resulting from changes in fair value of derivatives, for which hedge accounting is not applicable, are recognized in the current year profit or loss.

The Company classifies financial assets into one of the following categories:

- measured at amortized cost,
- measured at fair value through other comprehensive income,
- measured at fair value through profit or loss,
- hedging financial instruments.

The Company classifies debt financial assets to the appropriate category depending on the business model of financial assets management and on the characteristics of contractual cash flows for a given financial asset.

The Company as assets measured at amortized cost classifies trade receivables, loans granted, other financial receivables as well as cash and cash equivalents.

At the moment of initial recognition, the Company classifies equity instruments, i.e. shares in other entities, to the category of financial instruments measured at fair value through other comprehensive income.

### 27.3.29 Financial instruments (continued)

The Company classifies to assets measured at fair value through profit or loss derivatives that are not designated for hedge accounting and hedged items that are measured in accordance with hedge accounting principles.

The Company classifies financial liabilities into one of the following categories:

- measured at amortized cost,
- measured at fair value through profit or loss,
- hedging financial instruments.

The Company as liabilities measured at amortized cost classifies trade liabilities, loans, borrowings and bonds. Liabilities on derivatives not designated for hedge accounting are classified by the Company as measured at fair value through profit or loss.

The Company classifies to the category of hedging financial instruments, financial assets and liabilities which constitute derivative hedging cash flows and fair value.

#### *Measurement of financial assets at amortized cost*

The Company applies the effective interest rate method to measure financial assets at amortized cost.

Trade receivables after initial recognition are measured at amortized cost using the effective interest rate method, including impairment allowances, while trade receivables with a maturity of less than 12 months from the date of recognition (i.e. not including the financing component) and not appointed to factoring, are not discounted and are measured at nominal value.

#### *Measurement of financial assets at fair value through other comprehensive income*

Gains and losses on a financial asset constituting an equity instrument for which was applied the option of fair value through other comprehensive income is recognized in other comprehensive income, except for revenues from received dividends.

#### *Measurement of financial assets at fair value through profit or loss*

Gains or losses on the measurement of a financial asset that is classified as measured at fair value through profit or loss are recognized in profit or loss during the period in which they were recognized. Gains or losses from the valuation of items measured at fair value through profit or loss also include interest and dividend income.

#### *Measurement of hedging financial instruments*

Hedging financial instruments are measured in accordance with the principles of hedge accounting.

### **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 capital assets and contract assets).

The Company uses the following models for determining impairment allowances:

- general model (basic),
- simplified 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. Indications may include changes in the debtor's rating, serious financial problems of the debtor, a significant unfavourable change in its economic, legal or market environment.

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.

The Company includes information about the future in the parameters of the expected loss estimation model by calculating the probability parameters of insolvency based on current market quotes.

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.

In particular, in case of insolvency ("default") event, the Company recognizes that the contractor defaulted after expiration 90 days after the due date of receivables.

For the purpose of estimating the expected credit loss, the Company applies the provision matrix estimated on the basis of historical levels of repayment and recoveries from receivables from contractors.

The Company includes information about the future in the applied parameters in the expected credit loss estimation model, through the management adjustment of the basic insolvency probability parameters.

The expected credit loss is calculated when the receivable is recognized in the statement of financial position and is updated on each subsequent day ending the reporting period, depending on the number of overdue days of the receivable.



### 27.3.29 Financial instruments (continued)

For debt financial instruments measured at fair value through other comprehensive income, losses or gains (reversal of loss) due to impairment, regardless of the stage in which the write-down is calculated, are recognized in profit or loss in correspondence with other comprehensive income (the impairment allowance does not reduce the carrying amount of the financial asset).

The expected credit loss calculated at the moment of initial recognition of the financial asset, and any subsequent increase of the expected credit loss, regardless of the stage in which the write-down is calculated, are recognized in the profit or loss.

The Company discloses in the notes financial assets, for which the terms were renegotiated and which would otherwise be overdue or impaired. For assets measured at amortized cost using effective interest rate, the carrying amount of the asset is recalculated by discounting future cash flows (reassessed) using the initial interest rate of a financial asset. The adjustment is recognized as a revenue or expense for the period, respectively.

#### Transfers

In the Company, there were no particular circumstances for the reclassification of financial instruments measured at fair value through profit or loss.

### 27.3.30. 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:

- a) the amount of the initial measurement of the lease liability,
- b) all lease payments made on or before the date of commencement, less any lease incentives received,
- c) all initial costs directly incurred by the lessee, and
- d) 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.

Variable payments, which do not depend on an index or a rate should not be taken into account when calculating lease liability. Such payments are recognised in the profit or loss 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 lease interest rate 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:

- a) 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
- b) the Company's 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.

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

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

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

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) decreasing the carrying amount to reflect any lease payments made, and

### 27.3.30 Lease (continued)

c) 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 as 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.

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:

- a) Land, including:
  - perpetual usufruct of land for a fixed period of up to 99 years,
  - land for petrol stations and motorway service areas concluded for a specified period up to 30 years and for an indefinite period.
- b) Buildings and construction, including petrol stations, storage tank, office spaces for a fixed period up to 30 years.
- c) Vehicles and other, including:
  - railway tank concluded for a specified period of 3 to 10 years,
  - cars for a fixed period up to 3 years,
  - locomotives for a fixed period up to 3 years.

#### *Impairment*

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

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

##### a) 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.

##### b) 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:

- a) 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
- b) the underlying asset is not highly dependent on or related to other assets.



### 27.3.30 Lease (continued)

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.

In cases where expenditure incurred in connection with the contract is substantial, 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.

*Professional judgement*

Determining the lease term

In determining the lease term, the Company considers in 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.

*Estimations*

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.

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.

### The Company as a Lessor

When the Company is the lessor, the lease shall be classified as finance or operating lease at 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.

### 27.3.30 Lease (continued)

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.

- a) fixed lease payments, including of in-substance fixed lease payments, minus any lease incentives;
- b) variable lease payments, that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) all guaranteed residual values awarded to the lessor by the lessee, an entity connected to the lessee or an independent third party;
- d) the exercise price, of a purchase option if the lessee is reasonably certain to exercise that option;
- e) 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.

- a) lease payments and
- b) 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.

The methods of calculating of impairment allowances for assets used under finance lease are similar to the ones applied for assets owned by the Company.

### Subleases

In respect of subleases, the Company operates as both a lessee and lessor in relation to the same underlying assets. Such contracts are classified as operational or finance leases using the same criteria applied by the lessor, however they are considered in relation to right of use as part of the main lease rather than in relation to the underlying assets. If the main lease is a short-term lease, the Company classifies the sublease as an operational lease.

### 27.3.31. Contingent assets and liabilities

The Company discloses at the end of reporting period information on contingent assets if the inflow of resources embodying economic benefits is probable. If it is practicable the Company estimates the financial impact of contingent assets valuing them according to the principles of valuation provisions.

At the end of reporting period the Company discloses information on contingent liabilities if:

- it has a possible obligation, which arose as a result of past events, the existence of which will be confirmed only when one or more uncertain future events occur that are not fully controlled by the Company, or
- it has a current obligation, which arose as a result of past events, but an outflow of funds have economic benefits in it, is not probable or the Company is not able to value liabilities reliably enough.

The Company does not disclose the contingent liability when the probability of outflow of funds included economic benefits is remote.

## **28. APPLICATION OF PROFESSIONAL JUDGEMENTS AND ASSUMPTIONS**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the matters of considerable weight, the Company's management bases its estimates on opinions of independent experts. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in notes: 7. Tax expense, 8. Property, plant and equipment and 10. Intangibles assets in relation to impairment, 8. Impairment of property, plant and equipment and intangible assets, 12. Changes in impairment allowances of inventories to net realizable value, 21.4.4. Changes in impairment allowances of trade and other receivables, 21. Financial instruments and 29. Contingent assets and liabilities.

The accounting policies described above have been applied consistently to all periods presented in these financial statements.

## **29. 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.

### 30. THE PARENT COMPANY AND STRUCTURE OF THE CONSOLIDATED GROUP

#### 30.1. Group structure

The following table shows subsidiaries and joint operations forming the consolidated group of ORLEN Unipetrol a.s., and the parent company's interest in the capital of subsidiaries and joint operations 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 2021).

Name and place of business	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries	Operating segment	Website
<b>Parent company</b>				
ORLEN Unipetrol a.s. Milevská 2095/5, 140 00 Praha 4, Czech Republic			Corporate Functions	www.unipetrol.cz
<b>Subsidiaries consolidated in full method</b>				
HC VERVA Litvínov, a.s. S.K. Neumanna 1598, Litvínov Czech Republic	--	70.95%	Corporate Functions	www.hokej-litvinov.cz
Nadace ORLEN Unipetrol Záluží 1, 436 01 Litvínov, Czech Republic	--	100.00%	Corporate Functions	www.nadaceunipetrol.cz
PARAMO, a.s. Přerovská 560, Svítkov, 530 06 Pardubice, Czech Republic	100.00%	--	Refining	www.paramo.cz
PETROTRANS, s.r.o. Střelnická 2221, 182 00 Praha 8, Czech Republic	0.63%	99.37%	Refining	www.petrotrans.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.unipetrol.de
ORLEN Unipetrol Doprava s.r.o. Litvínov - Růžodol č.p. 4, 436 70 Litvínov, Czech Republic	0.12%	99.88%	Refining	www.unipetrol-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.unipetrolrpa.cz
ORLEN Unipetrol Hungary Kft. 2040 Budaörs, Puskás Tivadar utca 12, Hungary	--	100.00%	Refining	www.unipetrol.hu
ORLEN Unipetrol Slovakia s.r.o. Kalinčiaková 14083/33A, 831 04 Bratislava, Slovak Republic	13.04%	86.96%	Refining Retail	www.unipetrol.sk
ORLEN Unicre a.s. Revoluční 84/č.p. 1521, Ústí nad Labem, Czech Republic	100.00%	--	Corporate functions	www.vuanch.cz

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

#### 31. 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 2021 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 2021 statutory financial statements issuance.  
Based on the above facts, the financial statements have been prepared on a going concern basis.



## 32. IMPACT OF CORONAVIRUS PANDEMIC ON COMPANY'S OPERATIONS

### Basis of preparation of the financial statements

As part of the assessment of the Company's ability to continue as a going concern, the management analysed the existing risks, and in particular assessed the impact of the COVID-19 pandemic on the Company's operations in the Business plan 2022 and inputs to the impairment model, which is described in more detail in Note 8.2. Despite continuous dynamic changes in the economic, legal and regulatory environment related to COVID-19 pandemic based on the analysis performed, the Company's management does not identify the risk of going concern in the foreseeable future.

### Impact of coronavirus pandemic on Company's operations

The outbreak of the SARS-Cov-2 coronavirus causing the COVID-19 disease had a huge impact on the global economy and the situation in the country. The COVID-19 pandemic caused disruptions in both the economic and administrative system and contributed to significant changes in the market environment, which affected the Company's financial situation in 2021.

Since the outbreak of the pandemic the Company has taken a number of actions in order to adapt to constantly changing business environment, as well as to prevent the spread of COVID-19 infections among its employees. Below the Company presented the impact of the coronavirus pandemic on selected areas of the Company's operations.

### Actions taken by the Company in connection with COVID-19 pandemic

The Company has taken a number of actions in connection with COVID-19 pandemic, especially it developed emergency action plans to ensure the continuity of operations of critical infrastructure, ensuring realisation of the turnaround and the provision of key services delivered by the Company. The Company selected a group of super-critical employees to which separate rules connected with dealing with pandemic situation apply.

During 2021 there were no disruptions in any area of operations within the Company and there were no threats to the supply chain, both with respect to purchase of raw materials and goods, as well as in the field of internal logistic. The Company has taken a number of preventive measures in order to limit the spread of the virus at the premises and protection of employees. The Company adjusts its operations on an ongoing basis to the changing epidemiological situation.

### Prosocial activities taken by the ORLEN Unipetrol Group in the fight against coronavirus

During 2021 the Group has donated 760 litres of own disinfectants and Stop Café gift packages for paramedics at the Most Hospital as a thank you for the extreme work commitment. The packages were prepared by the employees of the ORLEN Unipetrol Group. .

In order to increase safety of customers, the multifunctional air purifiers were installed at retail petrol stations, to eliminate the COVID-19 and other viruses and bacteria by using UVC radiation.

### Analysis of impact of changes in economic situation on valuation of assets and liabilities of the Company

#### Impairment of property plant and equipment, intangible assets and right-of-use assets

Situation related to the COVID-19 pandemic, in particular the changes in the conditions for conducting business activity and the destabilization on markets of fuel and crude oil products, resulting in high volatility of prices and fluctuations in demand, which in the medium and long term will affect the domestic and global economic situation, was one of the indicators to perform impairment tests on assets.

Additional information are included in note 8.2.

#### Estimation of expected credit loss ECL

As at 31 December 2021 the Company performed detailed analysis of changes in macroeconomic environment caused by coronavirus pandemic on expected credit loss calculation in terms of the potential need to modify the assumptions made for estimations and including additional risk factor related to current economic situation and forecasts for the future.

As at 31 December 2021, based on performed analysis, the Company did not identify any indicators for modification of assumptions taken for estimation of expected credit loss.

### Liquidity situation

In 2021 the Company continued its current policy with respect to liquidity management process. As at the date of preparation of this annual financial statements the financial situation of the Company is stable and in the Company's opinion, the ongoing coronavirus pandemic has not changed the overall level of liquidity risk in the Company. The Company does not identify currently and within the next 12 months problems with liquidity. The Company also does not see risk of default on loans or other financing agreements.

### Other accounting estimates

As at the date of preparation of this annual financial statements the Company does not identify any significant risks related to potential breach of the terms of commercial contracts and supply contracts.



### 33. EVENTS AFTER THE REPORTING DATE

#### 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 2022, 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.

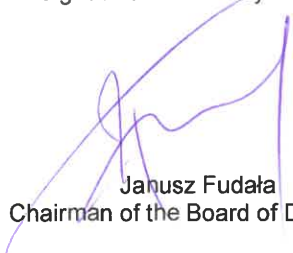
The Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2021.

### 34. 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 (disclosed in note 27) 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 8 March 2022.

Signature of statutory bodies:



Janusz Fudała  
Chairman of the Board of Directors



Marcin Strojny  
Vice-chairman of the Board of Directors

**REPORT ON RELATIONS BETWEEN THE CONTROLLING PERSON  
AND THE CONTROLLED PERSON**

**AND**

**BETWEEN THE CONTROLLED PERSON AND OTHER PERSONS  
CONTROLLED BY THE SAME CONTROLLING PERSON**

**in 2021**

**in accordance with article 82 of the Act No. 90/2012 Coll., on Business Companies and Cooperatives  
(on Business Corporations), as amended (hereinafter the „Act on Business Corporations“)**

Financial period from 1 January 2021 to 31 December 2021 is the vesting period for this Report on relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person (hereinafter the „Report on Relations“).

#### The structure of relations between the entities

##### **Controlled Person**

PARAMO, a.s. with registered office at Přerovská 560, Svítkov, 530 06 Pardubice, Corporate ID: 48173355, entered in the Commercial Register maintained by the Regional Court in Hradec Králové, Section B, Enclosure 992 (hereinafter „PARAMO, a.s.“).

##### **Controlling Persons**

ORLEN Unipetrol a.s. with registered office at Milevská 2095/5, 140 00 Praha 4, Corporate ID: 61672190, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Enclosure 3020 (hereinafter „ORLEN Unipetrol a.s.“).

Polski Koncern Naftowy Spółka Akcyjna with registered office at Chemików 7, PŁOCK, Poland (hereinafter „Polski Koncern Naftowy Spółka Akcyjna“) is the sole shareholder of ORLEN Unipetrol a.s.

##### **Other Controlled Persons**

The entities controlled by the Controlling Person – Polski Koncern Naftowy Spółka Akcyjna are members of business group „PKN ORLEN S.A.“, whose scheme is shown in Appendix No. 2.

The entities controlled by ORLEN Unipetrol a.s. are members of PKN ORLEN S.A. business group and are also members of „ORLEN Unipetrol“ business group, whose scheme is shown in Appendix No. 1.

#### The role of the Controlled Person

The role of PARAMO, a.s. within the business group is sale of products from crude oil, the production, processing and sale of chemicals and the production and final processing of oils and asphalts.

#### The method and means of controlling

ORLEN Unipetrol a.s. is the sole shareholder of PARAMO, and has direct influence in PARAMO, a.s.

Polski Koncern Naftowy Spółka Akcyjna is the sole shareholder of ORLEN Unipetrol a.s. and has indirect influence in PARAMO, a.s. through UNIPETROL a.s.

#### The list of actions undertaken in the last financial period made on instigation or in the interest of the Controlling Person or entities controlled by such entity, on condition such actions concern assets exceeding 10% of the controlled entity's equity capital identified in the last financial statements

In the vesting period there were actions carried out in accordance with article 82 (2d) of the Act on Business Corporations. The list of mutual agreements with the details is enclosed in Appendix No. 3., the list of transactions and balances of the Company with related parties is presented in the note 24 of the Separate financial statements of PARAMO, a.s. for the year 2021.

#### The list of mutual agreements between the Controlled Person and the Controlling Person or between the Controlled Persons

The mutual agreements between PARAMO, a.s. and ORLEN Unipetrol a.s. and Polski Koncern Naftowy Spółka Akcyjna and Other Controlled Persons were concluded on the standard terms, while agreed and provided performances or counter-performances were based on the standard terms of business relations.

The list of mutual agreements with the details is enclosed in Appendix No. 3.

#### The conclusion

The statutory representatives of PARAMO, a.s. based on available information declare that PARAMO, a.s. incurred no detriment, special advantage or disadvantage in accordance with the article 82 (4) of the Act of Business Corporations as a result of any contracts, acts or measures taken between entities in business group. No risks arise from the relations between entities in business group to PARAMO, a.s. except those arising from standard participation in international business group.

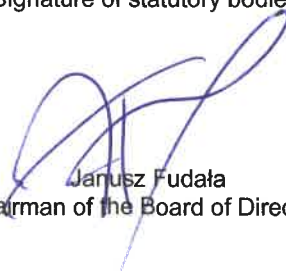

The statutory representatives prepared the Report on Relations based on information available on the date of the Report on Relations.

The Report on Relations is to be read in conjunction with the Appendix No. 1, 2 and 3.

Pardubice, 8 March 2022

On behalf of statutory representatives of PARAMO, a.s.

Signature of statutory bodies:

	<b>PARAMO</b> PARAMO, a.s. Přerovská 560 530 06 Pardubice	
Janusz Fudała Chairman of the Board of Directors		Marcin Strojny Vice-chairman of the Board of Directors



**Appendix No. 1**  
**CAPITAL GROUP OF ORLEN Unipetrol a.s. – CONTROLLED COMPANIES**  
**1 January – 31 December 2021**

Company controlled by ORLEN Unipetrol a.s.		Residence	Shares in directly and indirectly controlled company in %		Note
			as at 1.1.2021	as at 31.12.2021	
Companies with direct share of ORLEN Unipetrol a.s.					Since 1.1.2021 change of the business name from UNIPETROL, a.s. to ORLEN Unipetrol a.s.
Companies with indirect share of ORLEN Unipetrol a.s.					
1. ORLEN Unipetrol RPA s.r.o., IČ 275 97 075	Litvínov, Záluží 1, Czech Republic	100.00	100.00	From 1.2.2021 change of the business name from UNIPETROL RPA, s.r.o.	
1.1 HC VERRA Litvínov, a.s. IČ 640 48 098	Litvínov, S.K. Neumanna 1598, Česká republika	70.95	70.95		
1.2 ORLEN Unipetrol Doprava s.r.o., IČ 640 49 701	Litvínov, Růžodol 4, Czech Republic	99.88	99.88	0.12% of share owned by ORLEN Unipetrol a.s. From 1.2.2021 change of the business name from UNIPETROL DOPRAVA, s.r.o.	
1.3 ORLEN Unipetrol Deutschland GmbH, IČ HRB 34346	Langen, Paul-Ehrlich-Strasse 1B, Germany	99.90	99.90	0.10% of share owned by ORLEN Unipetrol a.s. From 1.2.2021 change of the business name from UNIPETROL Deutschland GmbH	
1.4 ORLEN Unipetrol Slovakia s.r.o., IČ 357 77 087	Bratislava, Kalinčiaková 14083/33A, Slovakia	86.96	86.96	13.04% of share owned by ORLEN Unipetrol a.s. From 1.2.2021 change of the business name from UNIPETROL Slovensko s.r.o.	
1.5 ORLEN Unipetrol Hungary Kft., IČ 13-09-181774	2040 Budaörs, Puskás Tivadar utca 12, Hungary	100.00	100.00	From 1.2.2021 change of the business name from UNIPETROL RPA Hungary Kft.	
1.6 SPOLANA s.r.o., IČ 451 47 787	Neratovice, ul. Práce 657, Czech Republic	100.00	100.00		
1.7 Nadace ORLEN Unipetrol, IČ 056 61 544	Litvínov, Záluží 1, Czech Republic	100.00	100.00	From 1.2.2021 change of the name from Nadace Unipetrol	
1.8 PETROTRANS, s.r.o., IČ 251 23 041	Praha 8, Libeň, Střelnická 2221/50, Czech Republic	99.37	99.37	0.63% of share owned by ORLEN UNIPETROL a.s.	
2. ORLEN UniCRE a.s., IČ 622 43 136	Ústí nad Labem, Revoluční 1521/ 84, Czech Republic	100.00	100.00	From 1.1.2021 change of the business name from Unipetrol výzkumně vzdělávací centrum, a.s.	
3. PARAMO, a.s., IČ 481 73 355	Pardubice, Svítkov, Přerovská 560, Czech Republic	100.00	100.00		
4. Butadien Kralupy a.s., IČ 278 93 995	Kralupy nad Vltavou, O. Wichterleho 810, Czech Republic	51.00	51.00	49.00% of shares owned by SYNTHOS Kralupy a.s.	
Other companies with share of ORLEN Unipetrol a.s.					
1. UNIVERSAL BANKA, a.s, IČ 482 64 865	Praha 1, Senovážné náměstí 1588/4, Czech Republic	16.45	16.45	12.24% of shares owned by ORLEN Unipetrol RPA s.r.o.	
2. ORLEN HOLDING MALTA LIMITED, IČ C 39945	Level 3, Triq ir-Rampa ta' San Giljan, Balluta Bay, St Julians, STJ1062, Malta	0.50	0.50	99.50% of share owned by PKN ORLEN S.A.	

**Appendix No. 2**  
**CAPITAL GROUP OF PKN ORLEN S.A. - CONTROLLED COMPANIES**  
**1 January – 31 December 2021**

Company controlled by PKN ORLEN S.A.	Residence	Shares in directly and indirectly controlled company in %		Note
		as at 1.1.2021	as at 31.12.2021	
<b>1. ORLEN Unipetrol a.s.</b>	<b>Prague</b>	<b>100.00%</b>	<b>100.00%</b>	<b>From 01.01.2021 change of the business name to ORLEN Unipetrol a.s.</b>
<b>2. AB ORLEN Lietuva</b>	<b>Juodeikiai</b>	<b>100.00%</b>	<b>100.00%</b>	
2.1 SIA ORLEN Latvija	Riga, Latvia	100.00%	100.00%	
2.2 ORLEN Eesti OU	Tallin, Estonia	100.00%	100.00%	
2.3 UAB Mockavos terminalas	Lazdijų r. sav	-	100.00%	On 15.06.2021 purchased 100% shares by AB ORLEN Lietuva
<b>3. AB ORLEN Baltics Retail (previously AB Ventus Nafta)</b>	<b>Vilnius</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>4. ANWIL S.A.</b>	<b>Włocławek</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>5. Inowrocławskie Kopalnie Soli "SOLINO" S.A.</b>	<b>Inowrocław</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>6. Kopalnia Soli Lubień sp. z o.o.</b>	<b>Warszawa</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>7. ORLEN Administracja Sp. z o.o.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>8. ORLEN Asphalt sp. z o.o.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
8.1 ORLEN Asphalt Česká republika s.r.o.	Pardubice	100.00%	100.00%	
<b>9. ORLEN Serwis S.A.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
9.1 ORLEN Service Česká republika s.r.o.	Litvinov	100.00%	100.00%	
9.2 UAB ORLEN Service Lietuva (previously UAB EMAS)	Juodeikiai	100.00%	100.00%	
<b>10. ORLEN Budonaft Sp. z o.o.</b>	<b>Limanowa</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>11. ORLEN Centrum Serwisowe Sp. z o.o.</b>	<b>Opole</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>12. ORLEN Deutschland GmbH</b>	<b>Elmshorn</b>	<b>100.00%</b>	<b>100.00%</b>	
12.1 ORLEN Detuschland Betriebsgesellschaft mbH	Hamburg	100.00%	100.00%	
<b>13. ORLEN EKO Sp. z o.o.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
13.1 ORLEN EkoUtylizacja Sp. z o.o.	Płock	-	100.00%	On 04.10.2021 setting up a new company with 100% shares interest by ORLEN Eko Sp. z o.o. On 28.12.2021 change of company name (from ORLEN EkoUtylizacja Sp. z o.o. w organizacji).
<b>14. Orlen Holding Malta Limited</b>	<b>St. Julians, Malta</b>	<b>100.00%</b>	<b>100.00%</b>	<b>99.5% owned by PKN ORLEN S.A., remaining part by ORLEN Unipetrol a.s.</b>
14.1 Orlen Insurance Ltd.	St. Julians, Malta	100.00%	100.00%	99.99% owned by Orlen Holding Malta, remaining part by PKN ORLEN S.A.
<b>15. ORLEN KolTrans S.A.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>16. ORLEN Centrum Usług Korporacyjnych sp. z o.o.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
16.1 Energa Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	-	100.00%	On 22.12.2021 purchased 100% shares by ORLEN Centrum Usług Korporacyjnych sp. z o.o.
<b>17. Orlen Laboratorium S.A.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>18. ORLEN Ochrona Sp. z o.o.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
18.1 ORLEN Apsauga UAB	Juodeikiai	100.00%	100.00%	
18.2 Energa Ochrona Sp. z o.o.	Gdańsk	-	100.00%	On 31.07.2021 purchased 100% shares by ORLEN Ochrona sp. z o.o.
<b>19. ORLEN OIL Sp. z o.o.</b>	<b>Kraków</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>20. ORLEN Paliwa Sp. z o.o.</b>	<b>Wielka</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>21. ORLEN Projekt S.A.</b>	<b>Płock</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>22. ORLEN Upstream Sp. z o.o.</b>	<b>Warszawa</b>	<b>100.00%</b>	<b>100.00%</b>	
22.1. Orlen Upstream Canada Ltd	Calgary	100.00%	100.00%	
22.2 KCK Atlantic Holdings Ltd.	Calgary	100.00%	100.00%	
<b>23. ORLEN Aviation Sp. z o.o.</b>	<b>Warszawa</b>	<b>100.00%</b>	<b>100.00%</b>	
<b>24. ORLEN Południe S.A.</b>	<b>Trzebinia</b>	<b>100.00%</b>	<b>100.00%</b>	
24.1 KONSORCJUM OLEJÓW PRZEPRACOWANYCH - ORGANIZACJA ODZYSKU OPAKOWAŃ I OLEJÓW S.A.	Jedlicze	89.00%	89.00%	
<b>25. Ship - Service S.A. w likwidacji</b>	<b>Warszawa</b>	<b>60.86%</b>	<b>60.86%</b>	<b>On 29.10.2021 change of company name (from Ship-Service S.A.)</b>
<b>26. ORLEN Capital AB</b>	<b>Stockholm</b>	<b>100.00%</b>	<b>100.00%</b>	

27. Baltic Power Sp. z o.o.	Warszawa	100.00%	51.41%	On 20.05.2021 joining to the company second shareholder NP Baltic Wind B.V. which purchased 48.56% shares of Baltic Power Sp. z o.o. On 25.11.2021 NP Baltic Wind B.V. purchased 0.02% shares of Baltic Power Sp. z o.o.
28. Basell Orlen Polyolefins Sp. z o.o.	Płock	50.00%	50.00%	
28.1 Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.	Płock	100.00%	100.00%	
29. Płocki Park Przemysłowo-Technologiczny S.A.	Płock	50.00%	50.00%	
29.1 Centrum Edukacji Sp. z o.o.	Płock	69.43%	69.43%	
30. ORLEN Usługi Finansowe	Warszawa	100.00%	100.00%	
31. Sigma BIS S.A.	Warszawa	66.00%	66.00%	
32. ORLEN Neptun I Sp. z o.o.	Warszawa	100.00%	100.00%	On 15.03.2021 change of company name (from Wind 1 Sp. z o.o. w organizacji). On 30.04.2021 change of company name (from ORLEN Wind 1 Sp. z o.o.)
33. ORLEN Neptun II Sp. z o.o.	Warszawa	100.00%	100.00%	On 18.03.2021 change of company name (from Wind 2 Sp. z o.o. w organizacji). On 28.04.2021 change of company name (from ORLEN Wind 2 Sp. z o.o.)
34. ORLEN Wind 3 Sp. z o.o.	Warszawa	100.00%	100.00%	On 10.03.2021 change of company name (from Wind 3 Sp. z o.o. w organizacji)
34.1 Livingstone Sp. z o.o.	Warszawa	-	100.00%	On 11.02.2021 purchased 100% shares by ORLEN Wind 3 Sp. z o.o.
34.2 Nowotna Farma Wiatrowa sp. z o.o.	Gdańsk	-	100.00%	On 14.04.2021 purchased 100% shares by ORLEN Wind 3 Sp. z o.o.
35. ORLEN INTERNATIONAL TRADING (SUZHOU) Co., Ltd.	Suzhou	100.00%	100.00%	
36. ORLEN VC sp. z o.o.	Warszawa	100.00%	100.00%	On 02.03.2021 change of company name (from ORLEN VC sp. z o.o. w organizacji)
37. ENERGA S.A.	Gdańsk	90.92%	90.92%	
37.1 Energa Informatyka i Technologie Sp. z o.o.	Gdańsk	100.00%	100.00%	
37.2 Energa Invest Sp. z o.o.	Gdańsk	100.00%	100.00%	
37.3 Energa Logistyka Sp. z o.o.	Płock	100.00%	100.00%	
37.4 Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	Gdańsk	100.00%	100.00%	
37.5 Energa Finance AB	Stockholm	100.00%	100.00%	
37.6 ECARB Sp. z o.o.	Gdańsk	64.60%	64.60%	
37.7 ENERGA-OBROT S.A.	Gdańsk	100.00%	100.00%	
37.7.1 ENERGA SLOVAKIA s.r.o.	Bratislava	100.00%	100.00%	
37.8 Enspirion Sp. z o.o.	Gdańsk	100.00%	100.00%	
37.9 ENERGA Oświetlenie Sp. z o.o.	Sopot	100.00%	100.00%	
37.10 ENERGA-OPERATOR SA	Gdańsk	100.00%	100.00%	
37.10.1 ENERGA-OPERATOR Wykonawstwo Elektroenergetyczne Sp. z o.o.	Ślupsk	100.00%	100.00%	
37.11 Energa OZE S.A.	Gdańsk	100.00%	100.00%	
37.12.1 Energa Elektrownie Ostrołęka S.A.	Ostrołęka	89.64%	89.64%	
37.12.1.1 Energa Ciepło Ostrołęka Sp. z o.o.	Ostrołęka	100.00%	100.00%	
37.12.1.2 Energa Serwis Sp. z o.o.	Ostrołęka	64.18%	64.18%	
37.12.2 ENERGA MFW 1 Sp. z o.o.	Gdańsk	-	100.00%	On 26.03.2021 setting up a new company with 100% shares interest of Energa OZE S.A. On 01.07.2021 change of company name (from ENERGA MFW 1 Sp. z o.o. w organizacji).
37.12.3 ENERGA MFW 2 Sp. z o.o.	Gdańsk	-	100.00%	On 26.03.2021 setting up a new company with 100% shares interest of Energa OZE S.A. On 17.06.2021 change of company name (from ENERGA MFW 2 Sp. z o.o. w organizacji).
37.13 Energa Kogeneracja Sp. z o.o.	Elbląg	64.59%	64.59%	
37.13.1 Energa Ciepło Kaliskie Sp. z o.o.	Kalisz	91.24%	91.24%	
37.14 CCGT Gdańsk Sp. z o.o.	Gdańsk	100.00%	100.00%	
37.16 CCGT Grudziądz Sp. z o.o.	Grudziądz	100.00%	100.00%	
37.17 CCGT Ostrołęka Sp. z o.o.	Ostrołęka	-	100.00%	On 11.01.2021 setting up a new company with 100% shares interest of ENERGA S.A.

37.18 Energa Green Development Sp. z o.o.	Gdańsk	-	100.00%	On 20.01.2021 setting up a new company with 100% shares interest of ENERGA S.A.
37.19 Elektrownia Ostrołęka Sp. z o.o.	Ostrołęka	50.00%	50.00%	
<b>38. RUCH S.A.</b>	<b>Warszawa</b>	<b>64.94%</b>	<b>64.94%</b>	
38.1 Ruch Marketing Sp. z o.o.	Warszawa	100.00%	100.00%	
38.2 Ruch Nieruchomosci V Sp. z o.o.	Warszawa	100.00%	100.00%	
38.3 Fincores Business Solutions Sp. z o. o.	Warszawa	100.00%	100.00%	
<b>39. ORLEN Neptun III sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 13.05.2021 change of company name (from Neptun III Sp. z o.o. w organizacji).</b>
<b>40. ORLEN Neptun IV sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 14.05.2021 change of company name (from Neptun IV Sp. z o.o. w organizacji).</b>
<b>41. ORLEN Neptun V sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 17.05.2021 change of company name (from Neptun V Sp. z o.o. w organizacji).</b>
<b>42. ORLEN Neptun VI sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 12.05.2021 change of company name (from Neptun VI Sp. z o.o. w organizacji).</b>
<b>43. ORLEN Neptun VII sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 21.05.2021 change of company name (from Neptun VII Sp. z o.o. w organizacji).</b>
<b>44. ORLEN Neptun VIII sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 21.05.2021 change of company name (from Neptun VIII Sp. z o.o. w organizacji).</b>
<b>45. ORLEN Neptun IX sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 25.05.2021 change of company name (from Neptun IX Sp. z o.o. w organizacji).</b>
<b>46. ORLEN Neptun X sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 27.05.2021 change of company name (from Neptun X Sp. z o.o. w organizacji).</b>
<b>47. ORLEN Neptun XI sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 14.05.2021 change of company name (from Neptun XI Sp. z o.o. w organizacji).</b>
<b>48. ORLEN Energia sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 30.03.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 28.04.2021 change of company name (from ORLEN Energia Sp. z o.o. w organizacji).</b>
<b>49. ORLEN Olefiny sp. z o.o.</b>	<b>Płock</b>	<b>-</b>	<b>100.00%</b>	<b>On 14.05.2021 setting up a new company with 100% shares interest of PKN ORLEN S.A. On 18.06.2021 change of company name (from ORLEN Olefiny Sp. z o.o. w organizacji).</b>
<b>50. Polska Press Sp. z o.o.</b>	<b>Warszawa</b>	<b>-</b>	<b>100.00%</b>	<b>On 01.03.2021 purchased 100% shares by PKN ORLEN S.A.</b>
50.1 Pro Media Sp. z o.o.	Opole	-	53.00%	
<b>51. ORLEN Transport Sp. z o.o. (previously OTP Sp. z o.o.)</b>	<b>Płock</b>	<b>-</b>	<b>100.00%</b>	<b>On 31.03.2021 purchased 100% shares by PKN ORLEN S.A. On 22.06.2021 change of company name (from OTP Sp. z o.o.)</b>



The name of the contract	Company	Valid from	Valid until	Date of closing
Trade secret transfer agreement	<b>ORLEN Unipetrol, a.s.</b>	01.10.2020	30.9.2023	
Contract No. 0047-2020 on insurance and its administration - liability insurance - 1st layer	<b>ORLEN Unipetrol, a.s.</b>	01.05.2021	30.4.2022	
Framework agreement on ensuring the provision of certain information and access to information systems	<b>ORLEN Unipetrol, a.s.</b>	01.01.2019	indefinite	
Agreement on ensuring the development and use of a common information environment for monitoring the surroundings of the Unipetrol Group, as amended	<b>ORLEN Unipetrol, a.s.</b>	01.01.2008	indefinite	28.04.2008
CLA contract, as amended	<b>ORLEN Unipetrol, a.s.</b>	01.01.2008	indefinite	01.01.2008
Framework contract on cost transfer	<b>ORLEN Unipetrol, a.s.</b>	06.12.2007	indefinite	06.12.2007
Loan agreement	<b>ORLEN Unipetrol, a.s.</b>	23.07.2007	indefinite	23.07.2007
Loan agreement	<b>ORLEN Unipetrol, a.s.</b>	16.06.2008	indefinite	16.06.2008
CLA contract - area of internal audit	<b>ORLEN Unipetrol, a.s.</b>	01.01.2016	indefinite	01.03.2016
Mandate agreement on the operation of the railway on the Kolín I. and II siding.	<b>ORLEN Unipetrol Doprava s.r.o.</b>	01.11.2003	indefinite	01.11.2003
Mandate contract for the operation of the PARAMO siding	<b>ORLEN Unipetrol Doprava s.r.o.</b>	31.12.2003	indefinite	31.12.2003
Work contract - maintenance of the siding	<b>ORLEN Unipetrol Doprava s.r.o.</b>	01.01.2016	31.12.2021	29.06.2016

Contract for the provision of transport services on railways - PARAMO Pardubice siding, PARAMO Kolín I and PARAMO Kolín II - port	<b>ORLEN Unipetrol Doprava s.r.o.</b>	01.01.2017	indefinite	10.03.2017
Contract for the lease of railway freight wagons	<b>ORLEN Unipetrol Doprava s.r.o.</b>	01.01.2020	indefinite	28.01.2020
Purchase contract for fuel supplies	<b>ORLEN Unipetrol Doprava s.r.o.</b>	01.01.2002	indefinite	20.12.2001
Contract for the lease of 2 passenger cars	<b>ORLEN Unipetrol Doprava s.r.o.</b>	31.03.2004	indefinite	31.03.2004
Contract for the lease of non-residential premises and for the provision of related services No. 306/2004	<b>ORLEN Unipetrol Doprava s.r.o.</b>	01.01.2005	indefinite	22.12.2004
Framework contract for the supply of oils and lubricants	<b>ORLEN Unipetrol Doprava s.r.o.</b>	01.01.2017	indefinite	27.04.2017
Framework agreement for the supply of oils and lubricants	<b>SPOLANA s.r.o.</b>	01.01.2017	indefinite	31.03.2017
Contract for the lease of space used for business	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.04.2017	indefinite	03.05.2018
Supplies of oils and lubricants	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2017	indefinite	31.12.2017
Supplies of oils and lubricants	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2017	indefinite	31.03.2017
Lease agreement	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2012	indefinite	21.09.2012
Amendment No. 1 to the lease agreement	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2015	indefinite	01.01.2015
Amendment No. 2 to the lease agreement	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.12.2018	indefinite	07.03.2019
Service contract	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2016	indefinite	08.03.2016
Service contract - Appendix No. 1	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.06.2016	indefinite	09.08.2016
Service contract - Appendix No. 2	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.06.2017	indefinite	23.08.2017
Service Agreement - Supplement No. 3 (SLA) _Paramo	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2018	indefinite	15.05.2018
Service Agreement - Supplement No. 4 (SLA) _Paramo	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.06.2018	indefinite	17.07.2018
Service Agreement - Supplement No. 5 (SLA) _Paramo	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2019	indefinite	20.05.2019

Service Agreement - Supplement No. 6(SLA) _Paramo	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2020	indefinite	30.04.2020
Service Agreement - Supplement No. 7 (SLA) _Paramo	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2021	indefinite	27.04.2021
stored by HVO	<b>ORLEN Unipetrol RPA s.r.o.</b>	15.10.2019	indefinite	29.11.2019
purchase of nivol	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2017	indefinite	14.01.2017
Frame Contract: Unipetrol + Paramo taking part in motor fuels auctions	<b>ORLEN Unipetrol RPA s.r.o.</b>	15.01.2015	indefinite	14.01.2015
Paramo - Contract for brokering goods	<b>ORLEN Unipetrol RPA s.r.o.</b>	08.07.2021	31.3.2023	Neuvedeno
Insurance contract and its administration - liability insurance - 2nd layer	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.05.2021	30.4.2022	19.10.2021
Trade secret transfer agreement	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.11.2020	31.10.2023	06.11.2020
PARAMO PERSONAL DATA PROCESSING AGREEMENT	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2019	indefinite	17.09.2019
Company agreement for the purpose of fulfilling obligations in reporting the reduction of greenhouse gas emissions in accordance with the Air Protection Act	<b>ORLEN Unipetrol RPA s.r.o.</b>	09.03.2018	9.3.2021	08.03.2018
Amendment to the company agreement due to legislative changes	<b>ORLEN Unipetrol RPA s.r.o.</b>	20.04.2020	indefinite	05.05.2020
Amendment to the company agreement due to the extension of the association, addition of data on the transfer of emissions and affidavit for 2020	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.03.2021	1.3.2024	23.03.2021
AGREEMENT ON INTERMEDIATION AND RE - BILLING OF ELECTRICITY SUPPLY	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2017	indefinite	22.12.2016
Change in the planned costs of business services, extension of validity and effectiveness of the contract	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2019	31.12.2021	09.05.2019
Change in the planned costs of business services, extension of the contract	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2020	indefinite	23.06.2020
Change in planned costs of business services	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2021	indefinite	09.02.2021
Trade secret protection	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.06.2007	indefinite	20.07.2007

Sale and purchase of Road Asphalt 2020	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2020	indefinite	28.04.2020
Contract for the purchase and sale of oil hydrogenates No. 3324/2016 / HVD / LVD - PARAMO, a.s.	<b>ORLEN Unipetrol RPA s.r.o.</b>	22.11.2016	indefinite	22.08.2017
sale of asphalt from 1 January 2016 / transition to transfer pricing	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2016	indefinite	01.01.2016
Contract for storage and provision of other services	<b>ORLEN Unipetrol RPA s.r.o.</b>	15.10.2014	indefinite	13.10.2014
updating rates for storage and handling of asphalt products	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.11.2021	indefinite	01.11.2021
Agreement on the provision of services between PARAMO, a.s. and UNIPETROL RPA, s.r.o.	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2013	indefinite	25.09.2013
Amendment No. 1 to the Agreement on the Provision of Services between PARAMO, a.s. and UNIPETROL RPA, s.r.o.	<b>ORLEN Unipetrol RPA s.r.o.</b>	28.03.2017	indefinite	30.03.2017
Contract for storage and provision of other services	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.07.2012	indefinite	11.07.2012
Specification of the place of delivery	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.02.2017	indefinite	05.04.2017
increase in storage fee + additives	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2019	indefinite	14.02.2019
increase of additives. fee	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.10.2021	indefinite	Neuvedeno
Contract for arranging the purchase of private goods	<b>ORLEN Unipetrol RPA s.r.o.</b>	17.06.2019	31.3.2021	20.08.2019
Appendix No.1	<b>ORLEN Unipetrol RPA s.r.o.</b>	03.12.2020	31.3.2021	20.08.2019
Collection of goods 2018	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2018	indefinite	01.01.2018
RS on the use of the Benzina payment card	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.04.2015	indefinite	01.04.2015
Contract for arranging the purchase of private goods	<b>ORLEN Unipetrol RPA s.r.o.</b>	17.06.2019	31.3.2021	20.08.2019
Appendix No.1	<b>ORLEN Unipetrol RPA s.r.o.</b>	03.12.2020	31.3.2021	20.01.2021
Collection of goods 2018	<b>ORLEN Unipetrol RPA s.r.o.</b>	01.01.2018	indefinite	01.01.2018
Appendix No. 1 - change of contact persons	<b>ORLEN Asfalt Česká republika s.r.o.</b>	15.03.2013	indefinite	
Framework purchase and sale contract on a fixed price	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.12.2021	indefinite	30.11.2021
SLA	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.04.2014	indefinite	25.03.2014
Framework purchase and sale agreement - for OACR	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.12.2020	indefinite	30.11.2021



Contract of sale and purchase for asphalt deliveries - OACR	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2020	indefinite	19.05.2020
Appendix No. 1 - change of point 5.3	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2020	indefinite	29.05.2020
Personal data processing agreement	<b>ORLEN Asfalt Česká republika s.r.o.</b>	04.06.2019	indefinite	19.06.2019
Sale of asphalt OACR	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2016	indefinite	01.01.2016
Sale of asphalt OACR	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2016	indefinite	01.01.2016
Sale of asphalt OACR	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2016	indefinite	01.01.2016
SALE AND PURCHASE AGREEMENT	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2016	indefinite	01.01.2016
	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2016	indefinite	
Appendix No. 1 - change of contact persons	<b>ORLEN Asfalt Česká republika s.r.o.</b>	15.03.2013	indefinite	
Appendix No. 2/2014	<b>ORLEN Asfalt Česká republika s.r.o.</b>	01.01.2014	indefinite	
Information protection	<b>ORLEN Asfalt Sp. z o.o.</b>	01.04.2019	1.4.2029	19.02.2019
Annex 1 to the OA / GD / 8/2019 data confidentiality agreement	<b>ORLEN Asfalt Sp. z o.o.</b>	16.04.2021	indefinite	07.06.2021
Commercial space for rent	<b>ORLEN Ochrana Sp. z o. o.</b>	01.03.2012	indefinite	
Supplement No. 1 to the lease of non-residential premises	<b>ORLEN Ochrana Sp. z o. o.</b>	01.07.2012	indefinite	
The lease of non-residential premises	<b>ORLEN Ochrana Sp. z o. o.</b>	01.12.2012	indefinite	
The lease of non-residential premises	<b>ORLEN Ochrana Sp. z o. o.</b>	01.04.2013	indefinite	
Definition of mutual rights and obligations in the processing of personal data	<b>ORLEN Ochrana Sp. z o. o.</b>	30.07.2019	indefinite	24.10.2019
Definition of mutual rights and obligations in the processing of personal data	<b>ORLEN Ochrana Sp. z o. o.</b>	30.07.2019	indefinite	24.10.2019
Definition of mutual rights and obligations in the processing of personal data	<b>ORLEN Ochrana Sp. z o. o.</b>	30.07.2019	indefinite	26.10.2019
Amendment No. 3 to the contract on the conditions for providing cleaning services dated 23 April 2012	<b>ORLEN Ochrana Sp. z o. o.</b>	01.08.2014	indefinite	01.08.2014
Ensuring security of property in HS Kolín	<b>ORLEN Ochrana Sp. z o. o.</b>	01.03.2012	indefinite	
Performance of specialized internship service (change of scope of services)	<b>ORLEN Ochrana Sp. z o. o.</b>	01.06.2014	indefinite	30.05.2014

Providing of physical security services	<b>ORLEN Ochrona Sp. z o. o.</b>	01.02.2015	indefinite	19.01.2015
Providing of physical security services in HS Kolín	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	16.03.2016
Providing of physical security services	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	10.10.2016
Providing of physical security services in HS Kolín	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	08.02.2017
Providing security services in HS Kolín	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2018	indefinite	08.02.2018
Providing of physical security services	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2019	indefinite	28.02.2019
New "Appendix No. 1" Instructions for security PARAMO Kolín.	<b>ORLEN Ochrona Sp. z o. o.</b>	15.10.2019	indefinite	05.12.2019
Providing physical security services in HS Kolín	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2020	indefinite	12.05.2020
Providing of physical security services in the HS Kolín building.	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2021	indefinite	
Ensuring security of property in HS Pardubice	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	
Ensuring physical security services	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	25.07.2012
Ensuring security of property in HS Pardubice	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	19.01.2015
Ensuring security of property in HS Pardubice	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	01.10.2015
Ensuring physical security services	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	23.02.2016
Ensuring physical security services	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	10.10.2016
Ensuring security of property in HS Pardubice	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	08.02.2017
Building security in HS Pardubice.	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2018	indefinite	08.02.2018
Providing physical security services in HS Pardubice	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2019	indefinite	28.02.2019
New "Appendix No. 1" Instructions for security PARAMO Pardubice	<b>ORLEN Ochrona Sp. z o. o.</b>	15.10.2019	indefinite	
Provision of physical security services in HS Pardubice	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2020	indefinite	12.05.2020
Provision of physical security services in the HS Pardubice building	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2021	indefinite	
Ensuring routine cleaning, maintenance of greenery	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	

Appendix No. 1 cleaning service	<b>ORLEN Ochrona Sp. z o. o.</b>	01.07.2012	indefinite	
Provision of reception staff and training activities.	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2014	indefinite	
Maintenance of greenery and gravel areas	<b>ORLEN Ochrona Sp. z o. o.</b>	01.02.2015	indefinite	27.01.2015
Ensuring the management of car rental	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	01.04.2015
Providing cleaning services in HS Pardubice and Kolín	<b>ORLEN Ochrona Sp. z o. o.</b>	23.04.2012	indefinite	16.03.2016
Providing cleaning services, reception, archive, car rental and training	<b>ORLEN Ochrona Sp. z o. o.</b>	01.03.2012	indefinite	08.02.2017
Provision of cleaning services, reception, office, rental, training center.	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2018	indefinite	08.02.2018
Providing cleaning services, training ex. companies, receptions, offices	<b>ORLEN Ochrona Sp. z o. o.</b>	11.06.2018	indefinite	04.03.2019
Providing cleaning services. training ex. companies, reception, office	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2019	indefinite	04.03.2019
Conditions for providing cleaning and support services, price increases.	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2020	indefinite	27.05.2020
Amendment No. 12 to the Contract on the provision of cleaning services, increase in the price for services at the reception and in the office	<b>ORLEN Ochrona Sp. z o. o.</b>	01.01.2021	indefinite	
Camera system service activities	<b>ORLEN Ochrona Sp. z o. o.</b>	25.06.2012	indefinite	
Providing service activities on the camera system	<b>ORLEN Ochrona Sp. z o. o.</b>	25.06.2012	indefinite	19.01.2016
Purchase of oils	<b>ORLEN OIL Sp. z o.o.</b>	19.12.2013	indefinite	
Amendment No. 2 to the Sales Agreement dated 19 December 2013	<b>ORLEN OIL Sp. z o.o.</b>	19.12.2013	indefinite	31.12.2014
Production of plastic lubricants	<b>ORLEN OIL Sp. z o.o.</b>	26.09.2013	indefinite	
Production of plastic lubricants II	<b>ORLEN OIL Sp. z o.o.</b>	22.11.2013	indefinite	
Participation in the PIMS and Benchmarking program	<b>ORLEN OIL Sp. z o.o.</b>	25.11.2011	indefinite	
Confidentiality Agreement Segment oil	<b>ORLEN OIL Sp. z o.o.</b>	17.06.2009	indefinite	
přepracování základového oleje	<b>ORLEN OIL Sp. z o.o.</b>	10.04.2009	indefinite	
Participation in the PIMS and Benchmarking program	<b>ORLEN OIL Sp. z o.o.</b>	25.03.2009	indefinite	
DATABASE SALES	<b>ORLEN OIL Sp. z o.o.</b>	30.12.2021	indefinite	31.12.2021
SERVICE CONTRACT	<b>ORLEN OIL Sp. z o.o.</b>	20.12.2021	20.12.2023	

DATEBASE SALES AGREEMENT	<b>ORLEN OIL Sp. z o.o.</b>	31.05.2021	indefinite	27.05.2021
Umowa o zachowaniu poufności / Confidentiality agreement	<b>ORLEN OIL Sp. z o.o.</b>	01.09.2020	indefinite	05.11.2020
Mutual payment for PWC consulting services	<b>ORLEN OIL Sp. z o.o.</b>	27.01.2020	indefinite	31.01.2020
Production, purchase and sale of goods	<b>ORLEN OIL Sp. z o.o.</b>	01.12.2017	indefinite	
Sales and supply of lubricants	<b>ORLEN OIL Sp. z o.o.</b>	15.04.2016	indefinite	20.05.2016
Sales and supply of lubricants	<b>ORLEN OIL Sp. z o.o.</b>	05.05.2014	indefinite	
Sales contract	<b>ORLEN OIL Sp. z o.o.</b>	30.09.2015	indefinite	30.09.2015
THE PIMS LUBRICANTS OPERATIONS BENCHMARKING PROJECT 2014	<b>ORLEN OIL Sp. z o.o.</b>	10.03.2015	indefinite	10.03.2015
Amendment to the sales contract dated 19.12.2013	<b>ORLEN OIL Sp. z o.o.</b>	19.12.2013	indefinite	19.12.2013
Sales and supply of lubricants	<b>ORLEN OIL Sp. z o.o.</b>	05.05.2014	indefinite	05.05.2014
Operating cost sharing sl. car - K. Pietrzyk	<b>ORLEN OIL Sp. z o.o.</b>	01.01.2014	indefinite	01.01.2014
Contract for the sale and purchase of vacuum distillates P23 and P24	<b>ORLEN OIL spolka z.o.o.</b>	01.11.2014	indefinite	
Appendix No.1	<b>ORLEN OIL spolka z.o.o.</b>	19.12.2013	indefinite	
Appendix No.2	<b>ORLEN OIL spolka z.o.o.</b>	31.12.2014	indefinite	
Slackwax paraffin slacks	<b>ORLEN Południe S.A.</b>	01.04.2020	indefinite	
Rental of non-residential premises and parking space	<b>PETROTRANS, s.r.o.</b>	01.05.2019	indefinite	
Land for rent and steel shed	<b>PETROTRANS, s.r.o.</b>	01.01.2013	indefinite	
transportation of things	<b>PETROTRANS, s.r.o.</b>	30.09.2008	indefinite	
Appendix No.1 - transport	<b>PETROTRANS, s.r.o.</b>	01.09.2009	indefinite	
Appendix No.2  Contracts for the carriage of goods No. 14 / Do / 2008 - prices for 2010, according to tender 11/2009	<b>PETROTRANS, s.r.o.</b>	25.06.2010	indefinite	
Appendix No.3  Contracts for the carriage of goods No. 14 / Do / 2008 - prices according to the tender for 2011	<b>PETROTRANS, s.r.o.</b>	18.05.2011	indefinite	